

Welsh Government

Consultation – summary of response

Provisional Local Government

Settlement 2022-2023

List of responses received from:

Flintshire County Borough Council
Pembrokeshire County Council
Torfaen County Borough Council
Blaenau Gwent County Borough Council

Summary of Main Comments

NB: The following reflect the respondents' views and interpretations as given in their responses.

Flintshire County Council – Provisional Settlement of 9.2 %

The Council welcomes the Aggregate External Finance (AEF) 9.2% increase but still face a significant challenge to safely balance their budget for the next three years. This is due to significant increase in workforce costs, cessation of the hardship fund, significant inflation increases along with service level demands particularly the Care Sector and a considerably reduced AEF annual uplifts for 2023-24 and 2024-25

They will continue to meet their statutory obligations by setting a safe, legal and balanced budget over the next three years but it will be extremely challenging.

Flintshire comment on their belief of the unfairness of funding levels provided to Welsh Councils when compared on a per capita basis. They are the 6th largest Welsh Council by population but currently stand 20th based on this funding. If they received the same amount of per capita funding of the North Wales average, they would have an additional £21m per annum. Neighbouring authority Denbighshire who has similar characteristics will receive funding of £1,808 per capita in 2022-23 compared with £1,476 for Flintshire – a difference of £332 per head of population, and £52.2m per annum on a per capita basis.

They feel there is no justification in large variations of this funding and suggest considering an interim measure of a 'threshold' based approach to help reduce major funding differences between Councils at the top and bottom of the table.

They appreciate any fundamental review of the Local Government Funding Formula would be a long, complex exercise presenting significant challenges, but feel this is the only way forward.

Pembrokeshire County Council - Provisional Settlement of 9.4 %

The Council appreciates 2021-22 has been an unprecedented year due to the pandemic and that the UK Government spending review caused delays in the publication of the settlement. They would therefore welcome a return to receiving the Provisional Settlement in October and the Final Settlement in December in future years. The provision of the indicative Wales-level core revenue funding allocations for 2023-24 and 2024-25 provides them with a level of certainty for their medium term financial planning.

Their 9.4% increase for next year is welcomed but they will still have several additional financial pressures including real living wage for care workers and a potentially a higher pay award for teaching and non-teaching staff than previously anticipated. The £16.9m increase will contribute to dealing with their financial pressures of more than £31m - with Adult and Children's Social Care being under the most significant financial pressures. Even with increased funding, using reserves to fund ongoing Covid-19 pressures and increasing Council Tax by 5%, they will still have a requirement for budget savings of £7.4m.

They anticipate many financial pressures will remain over the medium term so would welcome working with the Minister to identify more financially sustainable funding model for the future. The Council welcomes their indicative settlement uplifts of 3.5% and 2.4% respectively but based on current financial projections for 2023-24 and 2024-25, it only provides a similar level of contribution as in their 2022-23 financial pressures.

The Council requests specific revenue grants be included in the Settlement as un-hypothecated funding as this would reduce the burden of grant management and administration and aid their financial planning. Though unexpected grant funding was welcomed, being advised of it late in the financial year and requiring them to defray it by the end of 2021-22 can be difficult and they request earlier notification in order to plan effectively.

Indicative revenue and capital grant funding for 2023-24 and 2024-25 provides a level of certainty for medium term financial planning. Though some capital grant funding for next year shows as being 'to be confirmed', it still appears there will be an overall reduction of this grant funding, specifically the general capital funding. As authorities are focussed on regeneration and capital projects as they recover from the Covid-19 pandemic, they find this disappointing.

The CTRS funding, whilst maintained for 2022-23, is effectively an annual reduction. Their own CTRS costs are £2m more than the funding received so they would like to see this funding being increased.

Pembrokeshire advises the proposed Settlement may provide opportunities for people to use the Welsh language and treat the Welsh language no less favourably than the English language.

They thank the Minister and the Welsh Government for the continued hardship funding provided throughout the response to the Covid-19 pandemic. They acknowledge the funding ceases on 31 March 2022, but should there be another Covid-19 spike during 2022-23 resulting in a lockdown situation, they hope additional funding will be provided by Welsh Government (or UK Government) to support the resultant financial pressures.

The "partnership approach" between Welsh Government, the WLGA and local authorities in response to COVID 19 has worked well and should continue in the future.

Torfaen County Borough Council- Provisional Settlement of 9.3%

Torfaen states the Welsh Government working in partnership with local government has been instrumental in helping authorities navigate through this most difficult and challenging two years with openness and trust being the cornerstone of their response to the pandemic. The level of positive engagement at both political and officer level throughout has been considerable and has led to significantly better outcomes whilst acknowledging the considerable financial support from the Welsh Government.

As councils emerge from the pandemic and start the recovery journey, the need to work in partnership continues to be important. Funding is needed to sustain and allow investment in vital public services and the provisional settlement is extremely good news for local government in Wales. The uplift in core funding is quite unprecedented and shows the Welsh Government trusts local government to invest in shared aspirations. They recognise the cautionary notes within the accompanying settlement narrative and will take full account of them in their budget deliberations.

The indications of funding for future years was welcomed but they would like to see individual authority grant level information which would also assist them in their medium-term planning.

This year has once again demonstrated the benefits of working together and Torfaen remains committed to working with the Welsh Government to achieve common aspirations for their citizens.

Blaenau Gwent County Borough Council- Provisional Settlement of 8.4%

The Council was pleased to note the overall settlement outcome was significantly better than anticipated and planned for in their Medium Term Financial Strategy.

There were many positive aspects to the settlement at an all-Wales level including the above inflation funding increase, transfers into the settlement and the freezing of the NDR multiplier for a further year.

The indicative funding increases for the 2023-24 and 2024-25 financial years will greatly assist in their medium term financial planning.

The Covid-19 pandemic may still have some impact into the medium term so the Council note, with caution, the transfer of financial risk to local authorities through the settlement.

Including the specific grant information at an early stage is a key developmental opportunity. This needs further consideration at an individual authority level rather than an all-Wales level as it will assist budget planning and ascertain workforce implications