



To:  
Leaders of County and County Borough Councils in Wales

Copied to:  
Chief Executives and Directors of Finance, County and County Borough Councils in Wales  
Chief Executive and Director of Finance, Welsh Local Government Association

27 February 2024

Dear Colleagues,

Today I am publishing details of the final local government revenue and capital settlement for 2024-25 (the settlement) for county and county borough councils (authorities) in Wales through a cabinet written statement. This is attached for your information. The final *Local Government Finance Report* and additional tables containing details of the final Settlement by individual authority are also being published on the [Welsh Government website](#).

As we have developed the 2024-25 Final Budget, we have prioritised protecting core frontline public services as far as possible; supporting the hardest hit households and prioritising jobs, where we can. Local authorities are key to this.

I have used additional funding allocations for Wales, received as a consequence of UK Government spending decisions in devolved areas in England, to increase the local government settlement by £14.4m. I am also reversing a £10m reduction to the social workforce grant for 2024-25. This reflects the importance of these core public services and responds to calls from local authority Leaders and Senedd Members to prioritise local government if further resources became available.

Adjusting for transfers, the core revenue funding for local government in 2024-25 will increase by 3.3% on a like-for-like basis compared to 2023-24. No authority will receive less than an 2.3% increase. In 2024-25, local authorities will receive £5.72bn from the Welsh Government Revenue Support Grant (RSG) and non-domestic rates (NDR) to deliver key services.

In addition to the core Settlement, I am publishing indicative information on specific revenue and capital grants planned for 2024-25, which amount to over £1.3bn for revenue and over £956m for capital.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

As we discussed through the Finance Sub Group meeting in January, as part of our Programme of Government we are committed to reducing the bureaucratic burden on local government. Your authorities have highlighted grants management and administration as the area with the greatest opportunity for change. The final settlement includes the transfer of 3 revenue grants to the local government revenue grant as well as the amalgamation of other grants to provide larger more flexible grants. These changes are reflected in the accompanying tables providing transparency about the movements so you and other partners can clearly see any changes in funding in the round. This work, with you, will continue.

Social services continue to be a priority for councils and for Welsh Government. Our joint commitment to the real living wage for care workers reflects this. The costs of enabling authorities to continue to meet the additional costs of introducing the Real Living Wage for care workers were included in the indicative budget increase announced last year.

I have again taken the decision to provide all the available funding up front and not hold back funding for in-year recognition of the 2024/25 teachers' pay deal. Authorities' budget planning must therefore accommodate these costs.

I am providing a package of non-domestic rates support which will benefit every ratepayer in Wales. I confirmed this package as part of the Draft Budget. We will cap the increase to the non-domestic rates multiplier for 2024-25 to 5%, at a recurring annual cost of £18m. This is lower than the 6.7% increase that would otherwise apply. We will also be investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. We also continue to support ratepayers with increased liabilities following the 2023 non-domestic rates revaluation. Our transitional relief scheme continues to phase in changes for eligible ratepayers at a cost of £38m in 2024-25. This is in addition to our permanent rates relief schemes.

I recognise that while the recent very high rates of inflation are now decreasing, they are still high by the standards of the last 15 years. Baseline costs for staff and services have increased and are not reducing. Demand for services, alongside cost pressures mean that local authorities have needed to make difficult decisions on services, efficiencies, and council tax in setting budgets. I want to acknowledge the challenges you are facing. We will continue our positive engagement with local government on all matters finance-related through the Finance Sub Group.

I set out the position on capital funding for the Welsh Government as part of today's budget statement. As I set out in my letter to you on the provisional settlement, I have maintained the general capital funding for local authorities at £180m, the indicative level that was set last year and the £20 million capital on our joint priority of decarbonisation. I know this will mean that local authorities will have to look carefully at and prioritise capital programmes to continue to invest to best effect in the provision of public services.

The Chancellor's Autumn Statement referred to the changes to the SCAPE rate, which has implications for the costs of employers' contributions to teachers and fire-fighter pensions. Funding for this is expected to be provided by UK Government during 2024-2025. I have written to the Chief Secretary to the Treasury to press for assurances on the level and timing of this funding. I can assure you that the funding Welsh Government receives for this will be provided to relevant bodies. My officials will keep your officers informed.

I know that you are aware of the need to comply with the general equality duties set out in the Equality Act 2010, and also the specific equality duties where applicable. The equality impacts of budgetary options should be assessed and inform any final decisions. Authorities also need to have taken account of their duties under the Well-being of Future Generations (Wales) Act 2015 and the Welsh language standards in preparing plans for 2023-24.

The Government will now proceed to lay the Local Government Finance Report (No. 1) for 2024-25 for debate in the Senedd on 5 March 2024.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

**Rebecca Evans AS/MS**

Y Gweinidog Cyllid a Llywodraeth Leol  
Minister for Finance and Local Government