

Funding for local government announced

Local authorities in Wales will receive £4.2bn in core revenue funding and non-domestic rates next year to spend on delivering key services. This includes £2.5m of floor funding to ensure that no authority has to manage with a reduction of more than 1.0%.

In recognition of the important role local authorities play in delivering core social services and the preventative approach at the heart of delivery, this settlement contains a further £20m to help ease those pressures.

We have also provided funding for additional costs arising from changes by the UK Government to teachers' pay, as well as funding for our proposals for new eligibility criteria for free school meals in light of the continued rollout of Universal Credit by the UK Government.

In addition, we are providing £60m capital funding over three years for a local authority road refurbishment scheme to help repair the damage caused by a series of hard winters and this summer's heatwave and access to the £78m local transport fund.

Alun Davies said:

“Last week we set out the context for this year's local government settlement – the uncertainty surrounding the arrangements for leaving the EU, the forthcoming UK Autumn Budget and the UK Government's planned Spending Review in 2019, as well as the continuing constraints on public spending. All of these factors form the backdrop for local authorities' own budget-setting processes for the coming financial year.

“After the announcement of the final Budget last year, authorities were facing the prospect of a 1.0% reduction in core funding for 2019-20, equivalent to a £43m reduction in cash terms.

“We have worked hard, across government, to offer local government the best settlement possible in this ninth year of austerity. We have made further allocations to the local government settlement to mitigate most of the reduction local government had been expecting. As a result, the £43m cut has been reduced to less than £13m, including floor funding, which equates to a reduction of 0.3% on a like-for-like basis compared to the current year.

“The draft Budget last week also included a series of additional grants for local government, including £30m for social care and £15m for education and the restoration of other funding streams where cuts had previously been announced.

“While we have worked hard to offer local government the best settlement possible, we recognise this settlement is a real terms

cut in core funding, at a time when authorities face real pressures from an increase in demand from an ageing population; pay awards and other inflationary pressures.

“As we have made clear in discussions with our colleagues in local government, we recognise the pressures they are facing and will continue to do all we can to shield them from the worst effects of austerity.

“The UK Government will publish its Budget on 29 October. In the event of additional funding being made available to Wales, local government will be a key priority for that funding.”