



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE **Final Local Government Settlement 2021-22**

DATE **2 March 2021**

BY **Julie James MS, Minister for Housing and Local Government**

Following today's announcement of the Welsh Government's Final Budget, I am publishing details of the core funding allocations for unitary authorities for the forthcoming financial year through the Final Local Government Revenue and Capital Settlements for 2021-22 (the Settlement).

In preparing the final Settlement, I have given careful consideration to the responses I received to the consultation on the provisional settlement, which closed on 9 February. The responses did not identify any matters which required a change of approach for the final Settlement. For 2021-22 local authorities will receive £4.65 billion from the Welsh Government in core revenue funding and non-domestic rates to spend on delivering key services. Adjusting for transfers, the core revenue funding for local government in 2021-22 will increase by 3.8% on a like-for-like basis compared to 2020-21.

In addition to this, I am publishing information on revenue and capital grants planned for 2021-22. These amount to over £1 billion for revenue and over £760 million for capital, with further grants to support local authorities through the pressures faced by the Coronavirus pandemic. We are providing these grant values to enable local authorities to plan their budgets efficiently.

I have allocated all available funding into the provisional settlement to give as much early certainty as I could to authorities. I have no further funding currently available. I am not therefore providing for a funding floor since any floor which would be put in place would have to redistribute funding.

As set out in today's budget, the Welsh Government's funding priorities continue to be health and local government services. This is undoubtedly a good Settlement for local government; however, I am aware a second good settlement in as many years does not make up for 10 years of the UK government's austerity agenda.

I know local government has been facing significant pressures, particularly arising from the COVID-19 pandemic. As part of the budget, the Finance Minister announced that we have extended the Local Government Hardship Fund for 6 months, with £206m to support councils with ongoing additional costs and loss of income due to the pandemic.

In setting the overall Settlement at this level the Government has responded to the negative impact of the pandemic on Non Domestic Rate (NDR) collection and the freeze of the NDR multiplier by a compensating rise in the revenue support grant element of the Settlement.

Attached to this statement is a summary table setting out the Settlement allocations by authority. The allocations are derived using the formula developed and agreed in partnership with local government. As a result of the formula and related data, the table shows the range of the funding allocations, from a 2.0% increase over the 2020-21 settlement to a 5.6% increase.

Further details on the Settlement will be sent to all local authorities and published on the Welsh Government's website:

<https://gov.wales/local-government-revenue-and-capital-settlement-2021-2022>

General capital funding for 2021-22 will be set at £198 million. This includes £20 million for the public highways refurbishment grant and a continuation of an additional £35m provided for in the budget for 2020-2021. This will help enable authorities to continue to respond to our joint priorities of decarbonisation, the climate emergency and economic recovery following Covid-19.

I know that authorities will have already made tough choices in setting their budgets. The setting of budgets, and in turn council tax, is the responsibility of each local authority and authorities will need to take account of the full range of sources of funding available to them, as well as the pressures they face, in setting their budgets for the coming year.

The motion for the Senedd to approve the Local Government Finance Report (No.1) for 2021-22 is scheduled for debate on 9 March 2021.

Summary Table

2021-22 final settlement – comparison of 2020-21 AEF (adjusted for transfers) and 2021-22 final AEF, and distribution of the 2020-21 Council Tax Reduction Schemes funding (distributed within AEF) (£000s)

Unitary authority	2020-21 adjusted AEF ¹	2021-22 final AEF ²	% change on adjusted 2020-21 AEF	Rank	Council Tax Reduction Schemes (within AEF)
Isle of Anglesey	101,369	104,825	3.4%	18	5,186
Gwynedd	188,409	194,793	3.4%	19	8,541
Conwy	161,181	166,906	3.6%	17	9,138
Denbighshire	153,089	158,632	3.6%	16	8,920
Flintshire	199,267	206,778	3.8%	14	9,609
Wrexham	184,569	188,856	2.3%	21	9,062
Powys	184,554	191,897	4.0%	8	8,775
Ceredigion	107,545	109,658	2.0%	22	5,122
Pembrokeshire	172,502	179,387	4.0%	7	8,187
Carmarthenshire	274,355	284,820	3.8%	13	13,996
Swansea	339,445	352,642	3.9%	10	19,264
Neath Port Talbot	227,198	236,680	4.2%	6	15,977
Bridgend	203,540	212,192	4.3%	5	13,088
The Vale Of Glamorgan	160,455	168,316	4.9%	2	9,062
Rhondda Cynon Taf	389,403	404,375	3.8%	11	21,936
Merthyr Tydfil	96,973	101,476	4.6%	3	5,595
Caerphilly	283,708	292,367	3.1%	20	12,372
Blaenau Gwent	116,112	120,361	3.7%	15	8,067
Torfaen	140,308	146,340	4.3%	4	8,331
Monmouthshire	97,673	101,483	3.9%	9	5,753
Newport	228,000	240,796	5.6%	1	10,083
Cardiff	469,913	487,913	3.8%	12	27,934
All Unitary Authorities	4,479,570	4,651,494	3.8%		244,000

Note: Total may not sum correctly due to rounding

1. 2020-21 AEF adjusted transfers of £5.127m (at 2020-21 prices) into the Settlement
2. The 2021-22 final AEF is unchanged from provisional settlement.