



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT

Title: Provisional Local Government Revenue and
Capital Settlements 2009- 10

Date: 15 October 2008

By: Brian Gibbons, Minister for Social Justice and Local
Government

Today I am announcing the details of the provisional 2009-10 revenue and capital settlements for the 22 unitary authorities in Wales.

The Revenue Settlement

For 2009-10, local authorities in Wales will receive an increase in revenue support through the main settlement of approximately 2.9%. This takes account of the additional £10 million announced for local government in the Assembly Government's draft budget announcement last week. It also includes £3.7 million included in the budget for supporting the extension of free school transport as set out in the Assembly's Learner Travel Measure.

Overall the Revenue Support Grant (RSG) will increase by £109 million compared with 2008-09. This means £3.9 billion to support the delivery of key services like education and social services in Wales next year.

In 2010-11 this will rise again by a further £115 million to over £4 billion.

The additional resources demonstrate the Assembly Government's commitment to assist local government, so far as resources and other commitments allow, to help meet the cost pressures they face in these challenging economic times and tough fiscal environment.

Local authorities will continue to benefit from additional £53 million non-hypothecated funding provided through the Deprivation Grant and the Improvement Agreement Grant.

Specific Grants

In addition to the non ring fenced support, the Assembly Government will provide a significant level (over £650 million) of specific grants from across the range of Assembly Government Departments to local authorities to support the delivery of specific services and initiatives. The most significant increase in terms of individual specific grants is an additional £20 million in 2009-10 rising to an additional £40 million in 2010-11 to support the roll out of the Foundation Phase. There are also additional resources to ensure the continued delivery of the concessionary fares scheme and post 16 education arrangements.

Distribution between Authorities

The implications of the overall settlement for individual authorities are dependent on the standard spending assessment (SSA) formula. A table setting out the details of the settlement for each authority accompanies this statement. The distribution reflects the inclusion of a floor arrangement to ensure that every authority has an increase in funding of at least 1.5% next year. The authority receiving the largest increase next year is Carmarthenshire with an increase of 4.2%, followed by Bridgend and Cardiff with increases of 4.1% and 4.0% respectively. Three authorities will receive

the minimum increase of 1.5%. These are the Isle of Anglesey, Powys and Blaenau Gwent.

It is important that the distribution formula reflects as accurately as possible each authority's need to spend to meet its responsibilities. I also recognise that authorities need to have a degree of stability in their funding to manage service delivery and avoid putting undue pressure on council tax rises. Therefore I have agreed that there will be no changes to the formula for 2009-10 other than the phasing in of existing formula changes. These phasing arrangements have been agreed with local government through the Welsh Local Government Association.

Factors that have influenced the distribution of resources across authorities largely reflect the changes in each authority's relative share of the overall population in Wales and specific groupings such as pupil numbers.

Capital Settlement

With regard to the capital settlement, the capital allocation for 2009-10, including specific capital grants, will amount to £636 million.

The General Capital Fund totals £217 million. This is unencumbered capital funding of which £54 million is paid as capital grant, the remainder, around £163 million, is provided as support for borrowing.

In addition local authorities will also have access to the £400m available this year and the next two years through the Assembly Government's new Strategic Capital Investment Board to fund strategic, mission critical capital projects. The Board's Investment Plan is in the final stages of development. The Minister for Finance and Public Service Delivery will be making an announcement soon on projects to be taken forward under the plan.

Further detailed tables including individual allocations of specific revenue grants will be available on the Welsh Assembly Government's internet site.

Three Year Settlements

As part of the three year settlement announcement last year, we published indicative SSA and Aggregate External Finance allocations for 2009-2010 and 2010-2011. The range of increases published today for 2009-10 reflects the changes in each authority's relative share of the overall population in Wales and specific groupings such as pupil numbers.

This is in line with the agreed arrangements for the first cycle of three year settlements. Prior to announcing the next cycle of multi year settlements we will review the experience of this cycle.

Conclusion

I have made this information available now in order that authorities are able to plan their budgets knowing what they can expect to receive from the Welsh Assembly Government.

We face uniquely challenging economic and financial times for government, businesses and citizens alike. The strong growth in public finances at the levels we have seen in the last decade is now at an end and the outlook is for much more restrained uplifts. Within this difficult context the Assembly Government aims to support local government to ensure that it is able to maintain the key services that are vital to the people of Wales.

The announcement today commences the formal consultation with local authorities on the provisional settlement. I look forward to considering the responses that are received.

WELSH LOCAL GOVERNMENT SETTLEMENT 2009-10

Provisional

Table A: Increase in Aggregate External Finance (AEF)¹

	£000s		
	Final 2008-09 AEF	Provisional AEF 2009-10	
		AEF	% increase
Isle of Anglesey	91,284	92,653	1.5%
Gwynedd	163,320	166,889	2.2%
Conwy	141,059	143,575	1.8%
Denbighshire	129,125	133,676	3.5%
Flintshire	176,723	181,502	2.7%
Wrexham	150,414	155,937	3.7%
Powys	175,314	177,944	1.5%
Ceredigion	95,680	98,322	2.8%
Pembrokeshire	154,480	159,155	3.0%
Carmarthenshire	235,159	245,077	4.2%
Swansea	285,600	294,026	3.0%
Neath Port Talbot	187,855	191,984	2.2%
Bridgend	167,569	174,508	4.1%
The Vale of Glamorgan	142,155	147,642	3.9%
Rhondda Cynon Taff	328,247	334,035	1.8%
Merthyr Tydfil	81,222	83,160	2.4%
Caerphilly	238,072	244,613	2.7%
Blaenau Gwent	103,012	104,558	1.5%
Torfaen	125,043	128,052	2.4%
Monmouthshire	93,766	97,239	3.7%
Newport	184,701	189,386	2.5%
Cardiff	364,751	379,384	4.0%
Wales	3,814,554	3,923,315	2.9%

¹ AEF includes Revenue Support Grant and Redistributed National Non-Domestic Rate Income