

Brian Gibbons AM / AC
Minister for Social Justice and Local Government
Y Gweinidog dros Gyfiawnder Cymdeithasol a, Llywodraeth Leol



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

To: Leaders of County and County Borough
Councils

Cardiff Bay
Cardiff CF99 1NA
029 2082 5111
GTN: 1208
Fax: 029 2089 8131

Copy: Chief Executives and Chief Finance
Officers

8 December 2009

Dear Leader

Local Government Revenue and Capital Settlements 2010-11

I have announced today details of the final local government revenue settlement for unitary authorities in Wales for 2010-11.

This information, combined with the details I am making available on the range of revenue and capital grants that will be provided to local government outside of the settlement, will provide authorities with much of the information they require to set their budgets and associated council tax levels for the next financial year.

Prior to determining the final settlement, I considered in detail the nineteen responses received to the consultation on the provisional settlement. The provisional settlement was also discussed at the Partnership Council meeting on November 12 and with the Local Government Health and Well Being Committee at its meeting on October 14.

The overall increase in revenue support grant and non-domestic rates funding for 2010-2011 over 2009-2010 is broadly unchanged before taking account of transfers. After adjustment for transfers the increase is slightly higher as a result of the inclusion of a revised estimate for the transfer of the Fairer Charging Grant, reflecting more up to date estimates from authorities of their income foregone in 2009-10 plus an uplift for 2010-11 in line with the overall increase in the revenue settlement. Also included in the final settlement is the Mental Health Carers Grant worth £4 million in line with our commitment to reduce the amount of funding provided through specific grant. This builds on the substantial funding identified in the provisional settlement as transferring in from specific grants.

The final settlement also reflects a reduction, equivalent to the amount transferred into the settlement in 2008-09, to meet local authorities' liabilities for court fees in child care proceedings. The detail on the future funding arrangements of court fees for 2010-11 onwards will be finalised as part of the Ministry of Justice response to the Plowden Review.

There are further changes in the individual authority allocations. These changes largely reflect the inclusion of the more up to date taxbase data. There are other changes as detailed in the table below which have a marginal effect on the distribution.

Table 1

Changes to the basis of distribution since the provisional announcement

Distributional changes	Impact on settlement
1. Updated taxbase figures. 2. Take account of revisions to indicator data: National Parks levies – updated data available, Tourism data – updated data available for Blaenau Gwent 3. Take account of revisions to capital charges data: Unhypothecated Supported Borrowing data updated due to adjustment for HRA supported borrowing. Updated pool rate Data indicators in the General Capital Fund model 4. Updated the estimate of the Distributable Amount (NDR).	Distributional effect on RSG. Distributional effect on SSAs and consequently RSG. Distributional effect on SSAs and consequently RSG. Distributional effect on RSG and NDR.

With regard to the capital settlement, the capital allocation for 2010-11, including specific capital grants will be £576 million a revision down by £1 million on the provisional settlement figure.

Enclosed with this letter are details of the revenue and capital grants to be provided to local government in 2010-11. I am also arranging for you to receive a more detailed proforma setting out the settlement for your Authority.

In conclusion I would echo the views of local government in their response to the provisional settlement that it is “fair but challenging”.

I will now proceed to lay the local government finance report for 2010-11 for approval by the National Assembly for Wales on 12th January.

Yours sincerely



Brian Gibbons AM
Minister for Social Justice and Local Government