

Allocate additional funding to Neath Port Talbot County Borough Council

Y Pwyllgor Deisebau | 06 Chwefror 2023
Petitions Committee | 06 February 2023

Reference: SR234917-1

Petition Number: P-06-1320

Petition title: Allocate additional funding to Neath Port Talbot County Borough Council to ensure its sustainability

Text of petition:

The sustainability of the local government services delivered across Neath Port Talbot will be significantly challenged if additional Government funding is not provided. The ongoing impact of Covid-19 and the war in Ukraine are creating an unprecedented demand on already strained council services. We estimate a shortfall of £5million for 2022-23 and a further £20million for 2023-24. Our communities are struggling with the cost of living crisis and any increase in council tax must be avoided.

We require sufficient additional resources for the Council to continue to support our communities through these crises, maintain the essential services that people rely upon and to bring about long term improvements in the environmental, cultural, social and economic wellbeing of our residents. Without these monies, the only alternative is to cut jobs and services, undermining democratic accountability if services are lost to the private or third sectors and depleting reserves. After over a decade of austerity measures, there are no soft options left. The education of our children and young people, care and support for children and vulnerable people (including those who are homeless, refugees or asylum seekers), maintenance of the public realm and wider Council services will be degraded. Local government terms and conditions will fall further behind public and private sector



comparators compounding the challenges of resourcing our organisation in a highly competitive labour market.

1. Background

The Local Government Settlement

The Welsh Government allocates funding to local authorities through its **Housing and Local Government Main Expenditure Group** (MEG). The main element within the MEG is the Revenue Support Grant (RSG). In the **Draft Budget 2023-24**, the Welsh Government allocated £4.5 billion in general revenue funding for local government. This general funding includes the Revenue Support Grant (RSG), which is the central government grant passed on to local authorities used to finance revenue expenditure to deliver services. This is an increase of £519 million on the **Final Budget 2022-23**.

The **Provisional Local Government Settlement**, which is published alongside the draft budget, includes the total amount of funding local government will receive for the financial year. This means that in addition to the Revenue Support Grant (of £4.49 billion in 2023-24), the provisional settlement also includes redistributed Non-Domestic Rates (better known as business rates).

Non-domestic rates (NDR) are collected by local authorities, pooled together, and redistributed to each authority via the local government funding formula. For 2023-24, a little over £1 billion in NDR is included within the settlement. Overall core funding for local government for 2023-24 is a **little over £5.5 billion**. This is an increase of 7.9 per cent on a like for like basis on the final settlement for 2022-23 financial year.

In addition to the core funding for 2023-24, the settlement also includes almost £1.37 billion in specific grant funding (although some specific grants are still to be decided and values will not appear until the Final Settlement is published). This is funding for targeted policy areas, such as homelessness or rates relief for businesses.

The local government settlement also includes Capital grant funding available to local government. There is £926 million in capital funding allocated for 2023-24,

including £180 million in general capital funding for local authorities. As with specific grants, some specific capital grant funding is yet to be decided. The remaining capital funding is targeted at specific policy areas, such as Sustainable communities for Learning (formerly known as 21st Century Schools) or the Transforming Towns programme (investment in town regeneration).

Funding formula

The local government settlement is distributed to councils on the basis of a formula agreed with local government. The formula consists of a variety of indicators which consider characteristics of a local authority such as; population, sparsity and deprivation among other data.

Elements of the formula are regularly updated and the formula is maintained by the Distribution Sub-Group (DSG). The DSG is comprised of representatives from the Welsh Government, Welsh Local Government Association (WLGA) and independent members and is responsible for maintaining the formula and advising the Partnership Council for Wales and Welsh Ministers on the amount of revenue funding each local authority receives.

The Minister for Finance and Local Government during Plenary 08 March 2022 addressed Member's questions regarding the funding formula, noting that:

The core funding we provide to local government is distributed, of course, through a well-established formula and it is created and developed in collaboration with local government and agreed annually with local government through the finance sub-group of the partnership council for Wales. And the formula is **free of any political agenda and is driven by data** and it does have collective buy-in from local government. The formula is constructed and governed in such a way that it can't be manipulated unfairly by any one authority or group of authorities or by politicians, whether they're locally elected councillors or Welsh Government Ministers.

The Minister went on to state that:

Any change to the formula, of course, would result in winners and losers, and these could be substantial, and that's why I've said previously that, if there is that kind of collective appetite from local government to have that fundamental review, then of course we would act on it together.

Local Authority Distribution 2023-24

As a result of the overall increase of 7.9 per cent in the settlement, no authority is expected to receive less than a **6.5 per cent increase** in its allocation for 2023-24. The overall increase is lower than that received for the 2022-23 financial year however, when authorities received an overall increase of 9.4 per cent on a like-for-like basis.

If the settlement remains unchanged at Final Budget, Monmouthshire will receive the biggest uplift in its allocation (9.3 per cent), followed closely by Cardiff (9 per cent), and Monmouthshire and Newport (both 8.9 per cent). Blaenau Gwent will receive the lowest increase at 6.5 per cent. **Neath Port Talbot County Borough Council is expected to receive a 7.1 per cent uplift in its allocation for 2023-24.**

The table below shows the provisional amount each local authority will receive in Aggregate External Finance (the combined total of RSG and NDR) for 2023-24, and the percentage difference compared to the current year (2022-23). It has been ranked in order, from highest to lowest for ease of reading.

Table 1a: Change in Aggregate External Finance (AEF), adjusted for transfers, by Unitary Authority (£000)

Unitary Authority	2022-23 Final Aggregate External Finance [Note 1]	2023-24 Provisional Aggregate External Finance	Percentage difference	Rank
Monmouthshire	112,020	122,490	9.3%	1
Cardiff	543,810	592,891	9.0%	2
The Vale of Glamorgan	185,931	202,535	8.9%	3
Newport	265,502	289,211	8.9%	4
Powys	210,090	228,388	8.7%	5
Carmarthenshire	311,585	338,017	8.5%	6
Wrexham	207,279	224,621	8.4%	7
Flintshire	232,336	251,747	8.4%	8
Ceredigion	119,238	129,050	8.2%	9
Denbighshire	173,596	187,871	8.2%	10
Pembrokeshire	196,776	212,415	7.9%	11
Isle of Anglesey	114,490	123,555	7.9%	12
Bridgend	232,109	249,895	7.7%	13
Swansea	388,409	417,775	7.6%	14
Torfaen	160,218	172,223	7.5%	15
Conwy	184,915	198,413	7.3%	16
Neath Port Talbot	258,174	276,397	7.1%	17
Merthyr Tydfil	110,704	118,497	7.0%	18
Gwynedd	213,017	227,843	7.0%	19
Caerphilly	317,789	339,610	6.9%	20
Rhondda Cynon Taf	441,596	470,847	6.6%	21
Blaenau Gwent	131,057	139,597	6.5%	22
Total unitary authorities	5,110,643	5,513,888	7.9%	

The Welsh Government also publishes details on *per capita* spend, that is, the amount of core funding per person by authority area. The per capita figures below

are based on the average of 2023 population from the 2018 based local authority population projections and Census 2021 population data.

Table 1c: Aggregate External Finance (AEF) per capita, by Unitary Authority, 2023-24

Unitary Authority	2023-24 Final Aggregate External Finance Funding (£000)	Final Aggregate External Finance per capita (£)	Rank
Blaenau Gwent	139,597	2,047	1
Merthyr Tydfil	118,497	1,976	2
Rhondda Cynon Taf	470,847	1,958	3
Denbighshire	187,871	1,957	4
Neath Port Talbot	276,397	1,925	5
Caerphilly	339,610	1,896	6
Gwynedd	227,843	1,876	7
Torfaen	172,223	1,846	8
Newport	289,211	1,814	9
Ceredigion	129,050	1,813	10
Cardiff	338,017	1,789	11
Isle of Anglesey	123,555	1,781	12
Powys	228,388	1,719	13
Swansea	417,775	1,710	14
Conwy	198,413	1,700	15
Pembrokeshire	212,415	1,700	16
Bridgend	249,895	1,700	17
Wrexham	224,621	1,654	18
Cardiff	592,891	1,621	19
Flintshire	251,747	1,611	20
The Vale of Glamorgan	202,535	1,509	21
Monmouthshire	122,490	1,298	22
Total unitary authorities	5,513,888	1,754	

These figures do not take into account other local authority funding or income streams, such as council tax revenue, specific grant funding or other funding streams via UK Government.

2. Welsh Government action

The Minister notes in an [evidence paper submitted to the Local Government and Housing Committee](#) in advance of scrutiny on the draft budget that in a bid to protect public services, “no reductions to the local government settlement were considered as part of the wider Welsh Government exercise to repurpose budgets”.

In a [letter from the Minister for Finance and Local Government to local authorities](#), the Minister states that:

This Settlement provides you with a stable platform for planning your budgets for the forthcoming financial year and beyond.

The Minister also recognised the challenging context for local authority budgets and difficult decisions that lie ahead:

While this is a relatively good Settlement, building on improved allocations in recent years, I recognise that the rates of inflation we have experienced over the last few months and the forecasts from the OBR of continuing significant levels of inflation means that you will still need to make difficult decisions in setting your budgets and it is important you engage meaningfully with your local communities as you consider your priorities for the forthcoming year.

A seven week consultation period with local authorities has begun on the allocation within the provisional local government settlement, with responses due on 2 February 2023.

3. Welsh Parliament action

The [Senedd will debate the Draft Budget 2023-24 on 7 February 2023](#) and can be viewed on [Senedd TV](#). Senedd Committees which undertook scrutiny of the draft budget in relation to their remit have a reporting deadline of 6 February 2023.

The [Local Government and Housing Committee undertook scrutiny of the Minister for Finance and Local Government on 12 January 2023](#). The focus of the scrutiny session was the local government settlement. The Committee also took evidence from the Welsh Local Government Association (WLGA) during the same session.

The [Finance Committee undertook budget scrutiny of the Minister for Finance and Local Government on 14 December 2022](#). The focus was the Welsh Government budget as a whole. The [Finance Committee also took evidence from the WLGA on the 19 January 2023](#) and undertook further scrutiny of the Minister for Finance and Local Government. During this committee session, Cllr. Anthony Hunt, Leader of Torfaen County Borough Council said that:

The provisional settlement was certainly welcomed and shows, I think, that the Welsh Government are trying their best to prioritise public services. The pressures on us are huge, so it doesn't mean it's going to be easy setting budgets. We estimated around £784 million of pressures by the end of the next financial year. That's a huge amount of pressure. In my own council, for example, our energy bill's going up by £4 million, our social care contracting bill by £4 million, our pay bill by just over £7

million. So, there are huge pressures in the system, but I think the settlement that we've got enables us to have a fighting chance of at least trying to address those pressures so that they don't become catastrophic for the future of the services that we provide.

On 28 February 2023, the Final Budget 2023-24 will be published, with a Final Budget debate in Plenary on 7 March 2023.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.