

# Local Government and Housing Committee

**Date: 18 January 2024**

**Time: 10:30 – 12:00**

**Title: Welsh Government Draft Budget Scrutiny 2024-25**

## Introduction

1. The Draft Budget includes spending plans for 2024-25 which make changes to the indicative budgets published as part of the 2023-24 Final budget. This paper provides evidence to the Committee on the future programme budget proposals in relation to the Local Government budgets within the Finance and Local Government MEG as outlined in the Draft Budget which was laid on 19 December 2023.
2. Annex A provides a breakdown of the relevant Draft Budget figures for the Finance and Local Government Main Expenditure Group (MEG) by Action and Budget Expenditure Line (BEL). These figures are reflected in the table below.

**Table 1: Overview of changes to the BEL tables**

	<b>2024-25 Indicative Budget £'000</b>	<b>2024-25 Draft Budget £'000</b>	<b>Change £'000</b>	<b>% Change</b>
Revenue	4,772,398	4,797,913	25,515	0.5%
Non Cash	0	0	0	
<b>Total Resource</b>	<b>4,772,398</b>	<b>4,797,913</b>	<b>25,515</b>	<b>0.5%</b>
Capital	222,000	222,000	0	0
Financial Transactions	0	0	0	0
<b>Total Capital</b>	<b>222,000</b>	<b>222,000</b>	<b>0</b>	<b>0</b>

### Changes between 2024-25 Indicative and Draft Budgets

- 3. In preparing this Draft Budget we have had to make some incredibly difficult decisions to re-focus our spending plans on essential public services including the NHS. We have reshaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. Spending more in some areas means there is less to spend in other areas.
  
- 4. Local authorities deliver a wide range of public services, often to the most vulnerable in our society or those who are economically disadvantaged. These include significant services for children, through education and social services and a wide range of services for adults who may be facing challenges in their everyday lives, through social services, housing support and other community services. Sixty-six per cent of local authority resources are directed to education and social services. We have therefore protected the local government settlement i.e. the combination of Revenue Support Grant and non-domestic rates otherwise known as “aggregate external funding (AEF) by maintaining the planned 3.1% increase between 2023-24 and 2024-25. This is set out in the table below:

	<b>2023-24 (£000s)</b>	<b>2024-25 (£000s)</b>
RSG Budget	4,504,170	4,555,704
plus share of NDR	1,020,978	1,137,861
Less specified bodies and funding for child burials	-5,258	-5,174
<b>AEF in budget</b>	<b>5,519,890</b>	<b>5,688,391</b>
%change		<b>3.1%</b>

- 5. In order to contribute towards wider Welsh Government pressures, the Finance and Local Government MEG has made savings of **£19.857m** from indicative RDEL budgets in 2024-25. Further savings have also been made to meet additional pressures within the MEG associated with Senedd Reform; implementation of the Social Partnership Bill; and the proposed Visitor Levy to take forward changes to Land Transaction Tax. Allocations from reserves have also been made in respect of:

- Non-Domestic Rates – Rates Relief – £60.295m
  - Non-Domestic Rates Multiplier – £18m
  - Cost of borrowing – £2.235m
  - Floor funding for the Revenue Support Grant – £1.3m
6. The Revenue Support Grant has been reduced by £37m (see paragraph 7 below) mirroring the increase to the non-domestic rates forecast with no impact on the overall unhypothecated funding (AEF) available to local authorities. These changes result in an **overall uplift of £25.208m** to the MEG in 2024-25 compared to the indicative budget. The changes made against the 2024-25 indicative budgets are set out in the following table with additional narrative information provided below.

## Overview of budgetary changes

BEL	BEL description	Indicative 2024-25 Position	2024-25 changes	Revised 2024-25 Position
840	Local Govt Gen Rev Funding	4,574,436	-17,432	4,557,004
875	Non-Domestic Rates - Rates Relief	27,700	51,030	78,730
860	Police General Revenue Funding	112,349	-18	112,331
885	Local Govt PFI Revenue Consequences	2,596	-	2,596
887	Transformation & Legislation	7,584	-910	6,674
940	Non-Domestic Rates Collection Costs	5,172	-	5,172
1600	Emergency Financial Assistance (Ukraine)	20,000	-15,500	4,500
1600	Emergency Financial Assistance	1	-	1
1500	Valuation Office Agency Services	8,561	8,439	17,000
1540	Valuation Tribunal for Wales	1,074	826	1,900
1550	Local Taxation Research & Reform	4,800	-	4,800
1440	Local Democracy and Boundary Commission	750	480	1,230
1462	Local Government Democracy	126	-	126
1463	Election Policy	4,500	-1000	3,500
1571	Improvement & Support	941	-300	641
7093	Academi Wales	1,134	-100	1,034
1574	Community and Town Councils	144	-	144
1575	Public Services Boards	530	-	530
<b>Total Local Government</b>		<b>4,772,398</b>	<b>25,515</b>	<b>4,797,913</b>
1576	Ystadau Cymru	800	-300	500
6775	Care Inspectorate Wales	15,058	-	15,058
6775	Care Inspectorate Wales (Non-cash)	31	-5	26
6785	Health Inspectorate Wales	4,945	-	4,945
6785	Health Inspectorate Wales (Non-cash)	99	-10	89
6280	Estyn Programme Expenditure	15,893	-	15,893
6280	Estyn Programme Expenditure (Non-cash)	200	-	200
4028	Cost of Borrowing	12,139	2,235	14,374
6990	Commercial Procurement Programme Funding	2,368	283	2,651
7096	e-Procurement	3,650	-150	3,500
7090	Welsh Revenue Authority	7927	304	8,231
7090	Welsh Revenue Authority (Non-cash)	228	-	228
7092	Devolved Taxes	749	-100	649
6667	Economic Research	226	-20	206
6665/6666	Invest to Save	6,603	-2,544	4,059
<b>Total budget outside Local Government</b>		<b>70,916</b>	<b>-307</b>	<b>70,609</b>
<b>MEG Total</b>		<b>4,843,314</b>	<b>25,208</b>	<b>4,868,522</b>

## Local Government General Revenue Funding

7. There is a reduction on the face of the budget to this BEL of **£17.432m**, this is the result of a reduction of £37m to the baseline for RSG coupled with an allocation of £18m to support the freeze of the Non-Domestic Rates Multiplier (which also forms part of the Local Government Settlement).
8. Whilst there has been a **reduction of £37m** to the baseline for RSG, this is offset by the increase in the contribution from non-domestic rates which forms part of overall the settlement, maintaining the 3.1% increase in the settlement that was indicatively given as part of the 2023-24 Final Budget. An additional £1.3m has also been allocated to the BEL to provide funding for a floor to ensure no local authority receives less than a 2% increase in settlement.
9. The **allocation of £18m** will be made to cover the cost of capping the increase in the non-domestic rates (NDR) multiplier. The NDR multiplier will increase by 5%, rather than by CPI (6.7%). The NDR multiplier applies to all properties that pay rates in Wales.
10. The NDR multiplier in Wales will increase from 0.535 to 0.562 in 2024-25.

## Non-Domestic Rates Relief

11. The Non-Domestic Rates - Rates Relief BEL has **increased by £51.030m**. This is the result of an allocation of £60.295m of consequential funding as well as the transfer out of £9.265m to the Valuation Office Agency (VOA) Services and Valuation Tribunal for Wales (VTW) BELs to establish a sufficient funding baseline for both bodies in future years. The transfer will support the VOA and VTW in implementing the Local Government Finance (Wales) Bill, particularly the provisions relating to regular or more frequent revaluations for council tax and non-domestic rates.
12. The allocation of consequential funding to the BEL will be added to the existing budget of £18.435m for rates relief (baseline after transfers out to VOA and VTW), this will provide 40% rates relief for retail, leisure and hospitality businesses in 2024-25. This is a reduction from the 75% Retail Leisure and Hospitality Rates Relief (RLHRR) scheme that was provided in 2023-24.
13. The RLHRR scheme will support over 26,000 ratepayers with their bills in 2024-25, continuing to some extent the support that has been provided in the years since the onset of the pandemic.

## Police General Revenue

14. The reduction to the Police General Revenue BEL is due to an increased NDR contribution in respect of the Police Settlement.

## Transformation and Legislation

15. The Transformation and Legislation BEL will be reduced by 12% per cent in 2024-25. Due to the level of savings required across the MEG this budget will release **£910k** to reprioritise against other priorities across Welsh Government. The amount released relates to uncommitted funding allocated to Academi Wales for the All Wales Graduate Programme (£310k), finance reform (£500k) and to support local democracy (£100k).
16. The reduction in funding for finance reform will reduce the funding that is available to support delivery of the reform of council tax and non-domestic rates. This may impact on the implementation of certain aspects of the Local Government Finance (Wales) Bill, if passed, but the effect of the reductions will be managed to minimise their impact.
17. Similarly, releasing funding allocated to support local democracy could mean work on aspects of implementation of the Local Government and Elections (Wales) Act 2021 will be delayed although again, the impact of the budget changes will be carefully managed.
18. A reduction in funding for Academi Wales will mean the All Wales Graduate Programme will be put on hold subject to further discussions around financial support in future budget rounds.

## Emergency Financial Assistance

19. A significant proportion of savings were identified within the Ukraine Humanitarian Response Programme which has been **reduced by £15.5m** compared to the indicative budget for 24-25. This has been possible due to the significant reduction in new arrivals as well as the success of the move on programme which has enabled us to plan to close all our initial accommodation by September 2024. The budget reduction is not reflective of a change in policy and is not expected to have any significant impacts on individuals as the remaining amount should be sufficient to deliver all the key elements of the programme and continue to support Ukrainian people to move to longer term accommodation as part of their local communities.
20. However, we recognise there continues to be risks including that the move-on rate slows or that the number of arrivals increases significantly. While we have mitigations in place to manage a slowdown in move-on rates, a significant increase in arrivals would be less manageable. We believe this scenario to be highly unlikely.

21. The revised £4.5m budget will be used to support the remaining initial accommodation until September 2024 as well as continuing to support a dedicated Contact Centre up to the end of September 2024. We will also continue to work on a pilot scheme to develop suitable hosting placements into formal lodging arrangements which will provide stability for these households if the thank you payments end – this is only likely to be suitable for a small number of households. In addition to this we will extend move on activities to the planned end of the initial accommodation estate to maximize on the number of households supported into longer term accommodation, which has supported the driving down of initial accommodation costs.
22. At this stage, our Ukraine budget does not include provision of any grant funding to local authorities to undertake move-on and integration activities. However, the UK Government has announced a £120m Homelessness Prevention Fund which is provided in lieu of year 2 and 3 tariffs in 2024-25. Wales will receive a proportionate share of this funding which will be allocated to local authorities to assist move-on, integration and to prevent homelessness. We have no confirmation on the funding methodology or amount to be allocated yet and are pressing UK Government for clarification as soon as possible. Any delay or deviation from this funding arrangement will impact our initial accommodation budget and stagnate our move-on rates as local authorities will not be able to support people into private rented sector accommodation.

### **Valuation Office Agency Services and Valuation Tribunal for Wales**

23. The transfers into these BELs are due to a reallocation of funding from the Non-Domestic Rates Relief budget (reduction of £9.265m) to establish a sufficient funding baseline for the Valuation Office Agency (additional £8.439m) and the Valuation Tribunal for Wales (additional £846k) in future years. Revised baselines will enable the delivery of local tax reforms, including the required additional demand for valuation functions as a result of provisions in the Local Government Finance (Wales) Bill, e.g. more frequent revaluations.

### **Local Democracy and Boundary Commission**

24. An **allocation of £480k** has been made as part of the 2024-25 Draft Budget to meet the additional costs associated with Senedd Reform.

## **Election Policy**

25. This budget has been reduced by **£1m** compared to the indicative budget for 2024-25; the impacts of this reduction are considered manageable.

## **Improvement and Support**

26. The **saving of £300k** against the indicative budget relates to funding that has not been committed; this saving is considered manageable without risking any adverse impacts.

## **Academi Wales**

27. The saving of £100k against the indicative budget relates to funding for Elected members programme which is due to end in 2023-24.

## **Programme for Government**

28. The Local Government Directorate supports the delivery of a number of Programme for Government commitments. No new allocations have been made to support the PfG commitments through the 2024-25 draft budget. Details of the PfG commitments and the BELs from which they are supported are set out in Annex A and B.

## **Preventative spend within this portfolio**

29. Funding provided through the revenue support grant is unhypothecated; it is for local authorities to determine priorities for its use. Providing this significant funding in this way means local authorities have the flexibility to plan, fund and deliver their services in the way that works best for their local populations.

30. The Wellbeing of Future Generations Act requires local authorities, alongside other public bodies, in Wales to think about the long-term impact of their decisions, to work better with people, communities and each other. This funding will support work to prevent persistent problems such as poverty, health inequalities and climate change.

31. The majority of capital funding (£180m) to local authorities is unhypothecated and local authorities are free to determine best use of the funding to potentially match fund other specific capital grant schemes or to undertake other capital works. There is a separate budget of £20m for local authorities that they can use to support projects to decarbonise their estates, supporting projects from school buildings, offices to care homes. This funding works alongside other funding streams such as the Sustainable Communities for Learning programme.



## Strategic Integrated Impact Assessment

32. The SIIA continues to identify key trends, strategic and cumulative impacts at portfolio level, across a range of areas, including giving due consideration across the statutory requirements.
33. The SIIA should not be read in isolation. It should be read in conjunction with the wider draft Budget narrative and supporting documents, such as the Chief Economist's report and our updated distributional impact analysis. Following the publication of the draft Budget, we will also publish the summary of all Ministerial evidence to Senedd scrutiny committees.
34. The stark reality of the extraordinary financial circumstances we are facing has necessitated a more fundamental approach. We have re-shaped the indicative spending allocations within our budget to provide extra funding and protection for the services which matter most to people and communities across Wales – the NHS and the core local government settlement, which funds schools, social services and social care and other everyday services. We have done so in line with our priorities to:
- Protect core, frontline public services as far as possible.
  - Deliver the greatest benefit to households which are hardest hit.
  - Prioritise jobs, wherever possible.
  - Work in partnership with other public sector bodies to face this financial storm together.
  - Re-focus funding away from non-devolved areas, which the UK Government should be funding.
35. We have taken this approach to ensure we continue to focus funding where it can have the most positive impacts in the circumstances and taking action to ensure we mitigate direct impacts to people and places, as far as possible. Spending more in some areas means there is less to spend in other areas. Where hard decisions have been required, we have sought to identify those areas where the relative impacts are lesser than their alternatives and we have sought to take action to mitigate impacts as far as possible. Given the circumstances, it has not been possible to avoid negative impacts in all cases.
36. Within my own portfolio I have protected the previously planned uplift to the local government settlement. By taking this action I aim to provide authorities with funding that will enable them to protect as far as possible core funding for schools and social services, but also recognising the value of the range of other services councils provide such as refuse collections and local leisure services.
37. We have made no secret of the difficult budget decisions we have had to make in the current 2023-24 year and as part of our 2024-25 budget decisions. We still have a focus towards those areas of greatest need and therefore have maintained the indicative increase to the local government settlement, as local authorities are responsible for many frontline services on which people depend. However, we are well aware that the ongoing impact of persistently high inflation,

pay pressures, high energy prices and rising demand for services place significant pressures on local authorities. In taking their own decisions about budgets, prioritisation and transformation of services, authorities will be assessing the impact on different groups of service users through their own local impact assessments. The scale of the financial challenges mean that councils will also have to take some very difficult decisions and there will be negative impacts for some service areas due to these ongoing financial pressures.

38. I have also provided additional support through Non-Domestic Rates Relief and have made allocations to the Local Democracy and Boundary Commission to support Senedd Reform as well as allocations to the Valuation Office Agency and the Valuation Tribunal for Wales (VTW) to support delivery of reforms to the local taxes.
39. In its Autumn Statement, published on 22 November 2023, the UK Government announced an increase to the Welsh Government's RDEL of just £167m in 2024-25; this is despite the NHS and local authorities reporting acute challenges. As a result of the constraints on our finances we have been unable to allocate any additional support to local authorities through the Revenue Support Grant in 2024-25. While there has been a reduction of £37m to the baseline for RSG, this is offset by the increase in forecast revenue from non-domestic rates which forms part of overall the settlement. This means that the settlement increase from 2023-24 remains 3.1%.
40. The Welsh Local Government Association has estimated financial pressures of £411m, taking account of this planned increase and an assumed council tax increase of 5%. Local authorities make decisions locally on how the local government settlement is spent. They are subject to their own requirement to complete impact assessments, including equality and children's rights assessments, as well as considering the Wellbeing of Future Generations Act when making decisions. Local authorities deliver a wide range of public services, and these are often to the most vulnerable in our society or those who are economically disadvantaged. Key services include social care, education, and homelessness. In particular, local authorities provide significant services for children through education and social services. They also provide a wide range of services for people with a protected characteristic.
41. The biggest element of a local authorities' costs is staff therefore given the spending and demand pressures and constrained financial envelope there is likely to be pressures on staff number. Currently there are approximately 128,000 people employed by local authorities. On average, every £20m of savings if translated directly into the wage bill would equate to some 400 jobs. This number would be greater if the savings were concentrated on those in lower paid jobs, for example care workers or teaching assistants. Alternatively, if core services were protected, job losses may be disproportionately concentrated in non-statutory services. Impacts will vary between local authorities depending on the local choices made by councillors in their budget processes, the ability of the organisation to make savings, transform services and use reserves; and of course the willingness and ability to increase the level of council tax.

42. Whilst local authorities hold reserves, many of these will be committed to specific purposes. Local authorities may consider using some of their general reserves or repurposing earmarked reserves for short-term non-recurrent spending to support service transformation or radical service redesign to reduce cost or improve efficiency. This can include working together or with other partners.
43. We have taken the decision to cap the increase to the non-domestic rates multiplier for 2024-25 to 5%, at a recurring annual cost of £18m. This is lower than the 6.7% increase that would apply to bills if the multiplier were increased in line with default position of using CPI. All ratepayers who do not already receive full relief benefit from this cap to the multiplier. This is the maximum level of support affordable using all of the consequential funding which came to Wales as a result of decisions announced in the UK Government's Autumn Statement.
44. Almost half of ratepayers, including thousands of small businesses across Wales, will not be affected by an increase in the multiplier, as our generous system of full reliefs mean they do not pay rates at all.
45. We will also be investing an additional £78m to provide a fifth successive year of support for retail, leisure and hospitality businesses with their non-domestic rates bills. This builds on the almost £1bn of support provided through our retail, leisure and hospitality rates relief schemes since 2020-21. Eligible ratepayers will receive 40% non-domestic rates relief for the duration of 2024-25. As in previous years, the relief will be capped at £110,000 per business across Wales.
46. Together with our continued provision of transitional relief for ratepayers following the 2023 non-domestic rates revaluation and new reliefs for ratepayers investing in property improvements and renewable energy, our rates measures will provide £134m of support for 2024-25. This is in addition to our fully-funded permanent relief schemes, which are worth £250m to businesses and other ratepayers every year. Every ratepayer will benefit from this package.

## **Climate Change and Net Zero Wales**

47. The local government capital budget is unchanged compared to the indicative budget for 2024-25. £20m of this will be directed specifically to address decarbonisation and support Net Zero Wales. Revenue funding also exists within the Improvement and Support BEL and the Ystadau Cymru BEL to assist with plans to decarbonise both the Local Government and Welsh Government estates. Procurement choices are a significant driver of carbon emissions and Local Authorities will need to consider how to use their core spending as well as specific funding to continue to work towards net Zero.

## **Gypsy, Roma and Travellers and Ukrainian arrivals**

48. There are no allocations within the FLG MEG to support Gypsy, Roma and Travellers and there have been no specific transfers into the RSG in respect of these communities.
49. Our draft budget in 2024-25 contains a revenue budget of £4.5m within the Emergency Financial Assistance BEL to continue to support our emergency response to the humanitarian crisis in Ukraine. This funding will continue to provide initial accommodation and wrap around support for those that have already arrived in Wales as well as to those who may continue to arrive during 2024-25.
50. Within the Social Justice MEG the Gypsy Traveller Sites capital budget is £3.449m for 2024-25 which is unchanged from the indicative budget published in March 2023. The budget covers the development of new sites, site extensions and refurbishment projects at local authority owned sites across Wales.

EXTRACT FROM FINANCE AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)					
RESOURCE					
Budget Expenditure Line	2024-25 Indicative Budget	2024-25 Draft Budget	Change	% Change	Programme for Government commitments
	£000s	£000s	£000s	£000s	
Local Govt General Revenue Funding	4,574,436	4,557,004	(17,432)	-0.4%	
Non-Domestic Rates Rates Relief	27,700	78,730	51,030	1.8%	
Police General Revenue Funding	112,349	112,331	(18)	0.0%	
Local Govt PFI Revenue Consequences	2,596	2,596	-	0.0%	
Transformation & Legislation	7,584	6,674	(910)	-12.0%	Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services. Expand our Access to Elected Office programme.
Non-Domestic Rates Collection Costs	5,172	5,172	-	0.0%	
Emergency Financial Assistance	20,001	4,501	(15,500)	-0.8%	
<b>Action: Funding Support for Local Government</b>	<b>4,749,838</b>	<b>4,767,008</b>	<b>17,170</b>	<b>0.4%</b>	
Valuation Office Agency Services	8,561	17,000	8,439	98.6%	Seek to reform council tax to ensure a fairer and more progressive system.
Valuation Tribunal for Wales	1,074	1,900	826	76.9%	
Local Taxation Research & Analysis	4,800	4,800	-	0.0%	
<b>Action: Valuation Services</b>	<b>14,435</b>	<b>23,700</b>	<b>9,265</b>		
<b>SPA: Local Government Funding</b>	<b>4,764,273</b>	<b>4,790,708</b>	<b>26,435</b>		
Sponsorship of the Local Democracy and Boundary Expenditure to Promote Local Democracy	750	1,230	480	64.0%	
Election Policy	126	126	-	0.0%	
Election Policy	4,500	3,500	(1,000)	-22.2%	Reform local government elections to reduce the democratic deficit.
<b>Action: Building Local Democracy</b>	<b>5,376</b>	<b>4,856</b>	<b>(520)</b>	<b>-9.7%</b>	
Improvement & Support	941	641	(300)	-31.9%	Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services.
<b>Action: Local Government Improvement</b>	<b>941</b>	<b>641</b>	<b>(300)</b>	<b>-31.9%</b>	
Academi Wales	1,134	1,034	(100)	-8.8%	
<b>Action: Academi Wales</b>	<b>1,134</b>	<b>1,034</b>	<b>(100)</b>	<b>-8.8%</b>	
Community and Town Councils	144	144	-	0.0%	Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services.
Public Services Boards	530	530	-	0.0%	
<b>Action: Supporting Collaboration and Reform</b>	<b>674</b>	<b>674</b>	<b>-</b>	<b>0.0%</b>	
<b>SPA: Improving Services, Collaboration &amp; Democracy</b>	<b>8,125</b>	<b>7,205</b>	<b>(920)</b>	<b>-11.3%</b>	
<b>EXTRACT FROM FINANCE AND LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)</b>	<b>4,772,398</b>	<b>4,797,913</b>	<b>25,515</b>	<b>0.5%</b>	

## **Programme for Government**

### **Seek to reform council tax to ensure a fairer and more progressive system –**

Following a Phase 1 consultation on a fairer council tax in the summer of 2022, I published the summary of responses on 16 December, along with an outline of the next steps. I provided further detail in a statement on 2 May. On 14 November, I launched a Phase 2 consultation seeking views on the scale and pace of reform. Provision for this work is made through the Local Taxation Research and Reform BEL.

Alongside my plans for reforming the council tax system, I set out my plans for reforming the non-domestic rates system on 2 May. I introduced the Local Government Finance (Wales) Bill on 20 November: this includes provisions which will enable improvements to both local taxes and ensure they are better tailored to the needs of Wales. Provision for this work is made through the Local Taxation Research and Reform BEL and through the Valuation Office Agency and Valuation Tribunal for Wales BELs.

### **Strengthen the autonomy and effectiveness of local government to make them more successful in delivering services –**

This Programme for Government commitment is being delivered through the funding for local government sector-led improvement, including around digital transformation (which also delivers against the PfG commitment to deliver the Digital Strategy), through the Transformation and Legislation BEL. Work to improve Community Council financial management and governance is funded by the Community and Town Council BEL and an allocation from the Transformation and Legislation BEL. Other work which will contribute includes our financial reform and work on reforming council tax and increasing democratic participation. This will be funded through the Transformation and Legislation BEL and the Local Taxation Research and Reform BEL.

**Reduce the Administrative burden on local authorities –** Following engagement with local government, hypothecated grants were identified as the most pressing administrative burden to be addressed. Work is underway across all Ministerial portfolio areas to identify grants which can be rolled into RSG, grants which can be amalgamated and opportunities for reducing the reporting burden on these and any other remaining grants. There are no funding implications arising from this work.

### **Explore and develop effective tax, planning and housing measures to ensure the interests of local people are protected –**

As part of the three-pronged approach announced by the Minister for Climate Change in July 2021, the Welsh Government consulted on changes to the local taxes to help local authorities in managing the impact of second homes and self-catered accommodation in their areas. The resulting changes came into effect on 1 April 2023. The Valuation Office Agency and Local Taxation Research and Reform BELs include provision for implementing the changes and monitoring the impact on the local tax-base.

**Reform local government elections to reduce the democratic deficit –** In 2022-23, we held pilots on the use of digital technology to enable flexible voting options for voters in four local authority areas and concluded outreach activity to

promote registration and engagement. These workstreams culminated in the May 2022 local elections. Evaluation of the pilots by the Electoral Commission and of the outreach work by a network of organisations has been received and is informing the next stage of our work in advance of our next scheduled sets of devolved elections in 2026 and 2027. In October 2023 we introduced the Elections and Elected Bodies (Wales) Bill, which takes forwards the proposals in our 2022 White Paper on electoral reform and administration that were supported in our consultation and require primary legislation. These include improved accessibility to the electoral system by electoral registration without registration, establishing an Elections Information Platform and establishing an Electoral Management Board. We have also developed the next stage of our direct engagement support as a new multi-year grant proposal to support work of local authorities and the third sector to build Wales's democratic health. This work is being undertaken in conjunction with work on expanding the Access to Elected Office programme, increasing diversity in democracy and Wales Centre for Public Policy work on defining, measuring, and monitoring democratic health. This work will be funded from the Elections Policy BEL and funding provided to principal councils through the RSG, which also recognises the costs of implementing the Local Government and Elections (Wales) Act 2021.

**Expand our Access to Elected Office programme** – Provisions to deliver an access to elected office fund and other forms of support to candidates with protected characteristics are included in the Elections and Elected Bodies Bill. Should this Bill receive Royal Assent, any costs arising from commencing implementation will be funded from the Transformation and Legislation BEL.

**Delivery of the Local Government Chapter in the Race Equality Action Plan** – The Welsh Government is committed to enabling an anti-racist Wales. As part of this I will ensure the legislative and governance framework for local government promotes actions and decision making that is anti-racist. I am taking forward a range of changes to the legislative framework to ensure local authority governance takes place within a statutory framework that supports equality and diversity and actively promotes anti-racism. This will also enable local government to review its own recruitment, internal human resources policies and complaints processes to ensure they are anti-racist. This work will be funded from the Transformation and Legislation BEL.

**Ensure that each region in Wales has effective and democratically accountable means of developing their future economies** – This commitment is now delivered and complete. Corporate Joint Committees are now established. This is now reflected in the core funding received through the unhypothecated Local Government Settlement, to reflect the fact that undertaking and supporting collaboration between local authorities is part of the core operating model for local government.

**Change the performance framework for local government to better enable innovation, transparency, and local ownership** – This commitment is complete and delivered. A new performance and governance regime was put in place by the Local Government and Elections (Wales) Act 2021. Ongoing support for local authorities to undertake self-assessments and panel assessments is provided through the local government sector-led Improvement and Support Programme, funded through the Transformation and Legislation BEL.





**Keep regional partnership working under review with local partners** – Following extensive discussions with partners and partnerships a report containing several recommendations has been agreed and published by the Partnership Council for Wales. This report is being prepared for publication at which point the commitment will be delivered and complete.

**Explore how the establishment of a National School for Government might contribute to the principle of a One Wales Public Service** – Significant engagement with a range of stakeholders has taken place to ensure a full exploration of options for a National School for Government. A reference group has been established to test emerging insight and recommendations as they develop. This commitment will be delivered and complete upon the submission of a business case in early 2024, with no funding implications arising, the work having been funded through the Academi Wales BEL.

**Reinvigorate our twinning relationships across the EU through a Young People's Twinning Fund** – A survey to establish current levels of twinning across Wales was conducted across local government. Given the current financial context, and the existence of similar programmes (eg Taith), further activity on this commitment has been paused until 2025, when options will be considered. Work to date has been funded through the Academi Wales BEL, but if a fund is to be introduced in 2025-26, additional funding may need to be identified at that stage.