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Ysgrifennydd y Cabinet dros Gyllid  
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Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref MD/00474/18

David Rowlands AM  
Chair  
Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
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*Dear David,*

Thank you for your letter on 10 September, seeking my views about a petition from NPT Unison about local government funding and the forthcoming Welsh Government budget.

The Welsh Government has, and will continue, to do all it can to protect frontline services from the worst impact of austerity. But the challenge is becoming harder as we enter the ninth year of austerity and face rising costs and pressures. The Welsh budget will be 5% lower in real terms in 2019-20, on a like-for-like basis, than it was in 2010-11 – this is equivalent to £800m less to spend on public services in Wales.

However, if spending had kept pace with the growth in GDP since 2010-11, we would have had an extra £4bn to spend on public services in 2019-20 – more than 20% extra than our actual budget.

In setting indicative plans for 2019-20 when we published them last year, we acknowledged this represented a cash cut for local government at a time when authorities are facing real pressures as a result of an ageing population, pay and other inflationary pressures. It was against this backdrop that we allocated an additional £60m over two years to local government in the final Budget 2018-19.

In preparing the 2019-20 Budget, I have given very careful consideration to the range of important services, which are provided by local government and which are used by hundreds of thousands of people every day across Wales.

I will be setting out the Welsh Government's outline draft Budget next week on 2 October; the local government settlement will be published a week later and the detailed spending plans will be published on 23 October.

The draft Budget will be scrutinised by the National Assembly's Finance Committee in the normal way and the detailed spending plans by the National Assembly's scrutiny committees.

I would be happy to provide further information about the implications of the draft Budget for local government once the detailed spending plans have been published on 23 October, if the Petitions Committee would find that helpful.

*Yours sincerely,*  
*Mark*

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