

Jane Hutt AC / AM
Y Gweinidog Cyllid
Minister for Finance



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref M (1)/lp
Ein cyf/Our ref JH/00455/13

David Davies MP
16 Maryport Street
Usk
NP15 1AB

19⁵ November 2013

Dear David,

Thank you for your letter concerning reductions in funding for Monmouthshire County Council, as detailed in the Provisional Local Government Settlement on 16 October and changes in the Wales Block Grant between 2008-09 and 2015-16.

Turning firstly to changes in the Wales Block Grant, the figures quoted in your letter in terms of overall changes between 2008-09 and 2015-16 are correct, which means that, over the period, budgets have increased in cash terms. However, inflationary pressures over that time have reduced the purchasing power and after adjusting to reflect these, there has been a reduction in the budget of approximately £1.7bn since 2010-11.

Despite these real terms reductions to the Welsh Block Grant, the Welsh Government has maintained funding support for Local Authorities in Wales in cash terms. This funding was protected to enable Local Government to prepare for, and invest in, transforming the delivery of services in expectation of tougher times ahead. The cumulative impact of successive cuts to our budget is now so significant that we are no longer in a position to continue to shield them from the pressures.

In 2014-15 alone, the UK Government has reduced our budget several times and this cut in funding has meant we have had to make some difficult decisions on our spending priorities. We have been clear on our priorities to protect health, support growth and create jobs and to continue our protection for schools and universal benefits.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

*Wedi'i argraffu ar bapur wedi'i ailgylchu (100%)
paper*

English Enquiry Line 0845 010 3300
Llinell Ymholiadau Cymraeg 0845 010 4400
Correspondence: Jane.Hutt@wales.gsi.gov.uk
Printed on 100% recycled

However, balancing these priorities, even within a broadly cash flat budget, means that other areas must bear reductions and our aim in managing reductions has been to minimise the impact on frontline services.

Importantly, the Provisional Local Government Settlement announced on 16 October still reflects a balanced outcome for Local Government in Wales, set against the constraints imposed on our budget by the UK Government. It also continues to represent a significantly better outcome for Local Authorities in Wales compared to the reductions faced by their counterparts in England.

In terms of the funding allocated to Monmouthshire County Council, it is important to understand that the complexities of the Local Government funding formula mean that it is misleading to compare changes in the funding to individual Local Authorities with changes in the Wales Block Grant more generally. The formula used to allocate funding to local authorities, which is developed every year in partnership with Local Government, uses a range of indicators and also takes account of the additional spend needed as a result of providing services to sparse and deprived populations.

Our focus now is on working alongside Local Government to manage the challenges ahead and to ensure that we continue to deliver for the people of Wales.

I hope this response is helpful.

*Yours ever,
Jane*

Jane Hutt AC / AM
Y Gweinidog Cyllid
Minister for Finance