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Ysgrifennydd y Cabinet dros Gyllid a Llywodraeth Leol
Cabinet Secretary for Finance and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref MD/00388/17

Mike Hedges AM
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Dear *Mike*,

Thank you for your letter of 24 May, enclosing further correspondence from Ryan Dansie regarding local authority funding and the petition proposing that the Welsh Government should give rates relief to local authorities for leisure and cultural facilities.

I appreciate the concerns raised regarding the challenges faced by local authorities in Wales, who are supported through a range of funding sources including specific grants, council tax, reserves and income from fees and charges, in addition to Welsh Government funding provided through the local government settlement. Financial planning within each individual local authority needs to take account of all of these and the needs and priorities of the local area.

The Welsh Government will also continue to work with local government to ensure that each authority makes the most effective and efficient use of all the resources available to it. There is clear evidence of the scope for local authorities to deliver administrative efficiencies and redirect the savings towards front-line services. The proposals set out in the White Paper on Local Government Reform are designed to build resilience and to support renewal in local government and equip local authorities with the tools they need to:

- address the ongoing financial challenges faced by public services;
- build a model of prudent public service delivery, which recasts the role and relationship between services and citizens; and
- support the delivery of better outcomes for citizens and enable the improvement of local areas.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Following the White Paper consultation on local government reform, I am continuing to work with local government to develop proposals for a resilient and renewed local government. Enhanced regional working will provide resilience in staffing and finance and enable the design of services at the scale necessary for them to face financial challenges. Local government does not need to wait to pursue these opportunities.

I recognise that leisure centres provide a vital service to local communities and I am aware that some local authorities have, or are considering, outsourcing these services this is in the remit of each individual local authority. The potential reduction in non-domestic rates is only one of a number of factors and drivers taken into account when considering adopting such an approach. Alternative forms of service delivery can have many potential benefits, such as reduced running costs and the provision of better or more community focussed services.

It is also important to recognise that whilst non-domestic rates liabilities for local authority owned leisure centres and cultural facilities are payable by individual local authorities, these authorities are in turn funded by the non-domestic rates raised in Wales. As non-domestic rates collected are redistributed in full to authorities via the local government settlement on an adult population basis, any relief scheme considered would not result in the simple netting-off of the rates liability for each premise in question. There would be complex issues relating to the even distribution of funding to local authorities, particularly given the variable approach taken to alternative forms of service delivery. In addition, if reduced non-domestic rates revenue was collected as a result of any such relief, there would be a commensurate reduction in the funding available to local authorities for the provision of local services.

As I mentioned in my previous correspondence, I am keen to explore how the non-domestic system could operate in future years and I am considering the potential mechanisms for improvement whilst also ensuring that the system is fair and meets the needs of the people in Wales I welcome the views of all interested parties in relation to this .

Best wishes,

Mark

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