



Ein cyf/Our ref JB/00509/25

Meryl Lawrence
Corporate Overview and Scrutiny Committee
Bridgend County Borough Council

scrutiny@bridgend.gov.uk

20 August 2025

Dear Meryl,

Thank you for your letter of 09 May to Mark Drakeford AS, Cabinet Secretary for Finance and Welsh Language. I am replying as I am responsible for local government core settlement funding.

I know that demand for services, alongside cost pressures mean that authorities have had to make difficult decisions on services, and council tax in setting budgets and their mid term financial plans. The Welsh Government again prioritised local government and front line public services in its budget decisions. The local government settlement for 2025-2026 provides over £6.1bn in core revenue funding which is an increase of 4.5% compared to 2024-25 on a like for like basis. Bridgend CBC received an additional £10.2 million in the 2025-26 settlement.

The cost of new or changing policies, including any required legislation is always considered as part of policy development and the cost of any legislative changes is considered as part of the regulatory impact assessment. Any additional funding requirement is considered as part of the process of setting the budget.

You mention national insurance (employers' contribution) specifically. Decisions on national insurance contributions are made by the UK Government which based its decisions on funding on the ONS definition of a public sector worker. This does not include individuals employed by agencies who provide services. The increase in employer National Insurance contributions means a £257m extra cost to the Welsh public sector each year. The UK Government has provided £185m, leaving a shortfall of £72m. The Welsh Government has provided an extra £36m to help fund the gap and protect our public services. We have stepped in to help as much as we can, but we cannot afford to cover the entire shortfall. Welsh Government continues to press HM Treasury on this matter and call on the UK Government to treat the public sector the same across the UK and make good on its pledge to fully fund these extra costs.

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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.

The timing of the settlement is directly reliant on the timing of the UK budget and the Welsh budget. However, the settlement also relies on non-domestic rates and announcements in the UK Government's Autumn Statement. We aim to give as much stability and certainty to local authorities in Wales as possible through our budget decisions including multiple year settlement indications and timely information on specific grant funding when we are able. The Cabinet Secretary for Finance made a statement on the expected timing and approach to the Welsh Government budget on 1st of July.

Please be assured I am engaging closely with local authorities on the pressures facing them. I have a regular series of meetings with council leaders collectively as well as meeting individual Leaders. While the outlook is challenging, I welcome the pragmatic way we are working together with local government to ensure we do all we can within the funding available. This engagement will continue alongside preparation for future years budgets, while we await the outcome of the UK Government spending review.

Yours sincerely

A handwritten signature in black ink that reads "Jayne Bryant". The signature is written in a cursive, flowing style.

Jayne Bryant AS/MS

Ysgrifennydd y Cabinet dros Lywodraeth Leol a Thai
Cabinet Secretary for Housing and Local Government