

Commissioned briefing

Council funding in Wales

How Welsh councils are funded, the pressures on their budgets, and how Senedd debate has moved across two terms

Prepared for	Sample briefing
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Date	27 October 2026
Covers	The Senedd record, May 2021 to 25 October 2026

In brief

Welsh councils get most of their money from the annual settlement, council tax and business rates. The Senedd has returned often to whether the settlement keeps pace with demand for social care and schools. The settlement rose 9.4% in 2022-23 and 4.5% in 2026-27, according to the ministers who presented it. In October 2026 the new Plaid Cymru-led Government paused council tax revaluation. The funding formula is under discussion. [14](#) [98](#) [137](#) [109](#)

Settlement 2026-27

Core funding up 4.5 per cent, raised from 2.7 per cent proposed [95](#) [98](#)

Council tax revaluation

Paused in October 2026; legislation to defer it to the next Senedd term [143](#) [137](#)

Rates cut 2027-28

30 per cent cut for eligible hospitality and leisure properties below £51,000 [117](#)

Settlement 2025-26

Draft gave councils £6.1 billion, a 4.3 per cent average rise [91](#)

Finance Bill

Local Government Finance (Wales) Bill passed Stage 4 in July 2024, 40 votes to 14 [86](#) [84](#)

Funding formula

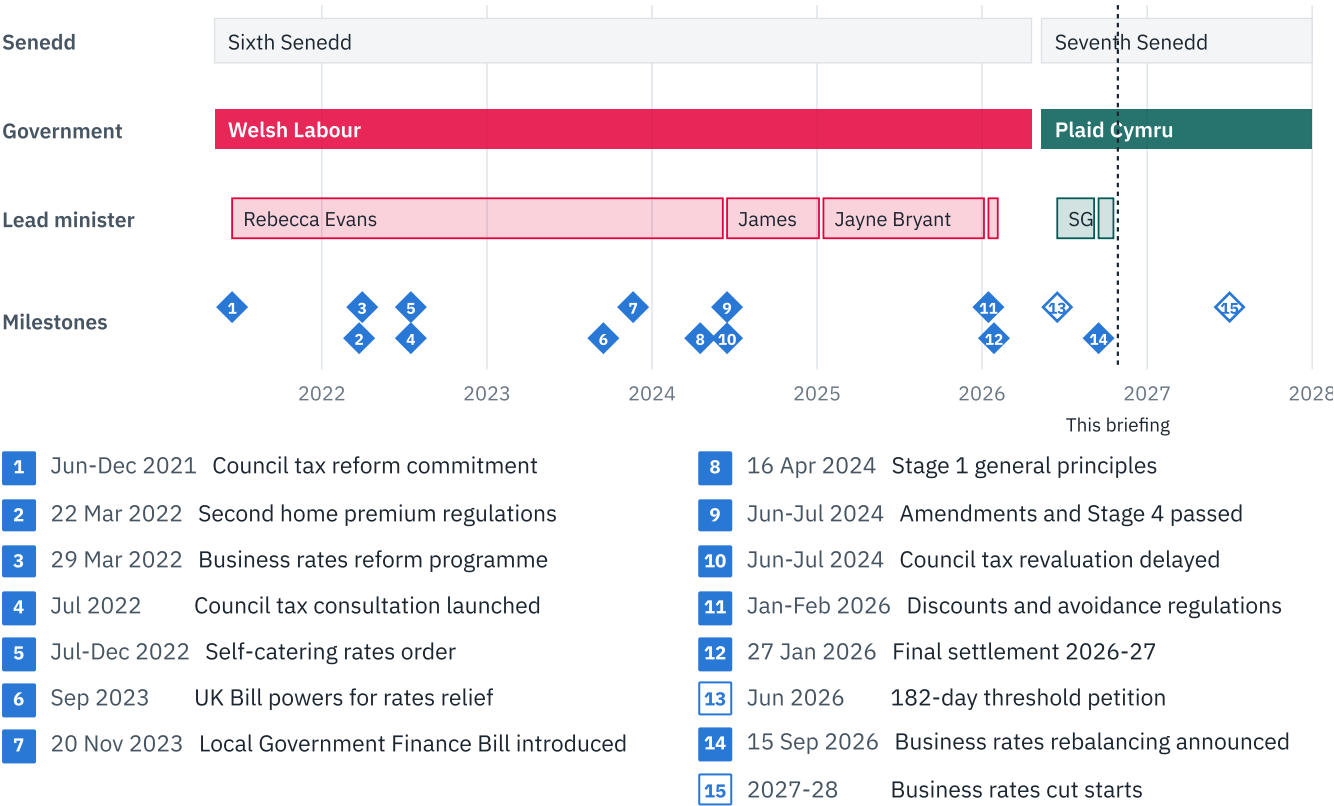
Siân Gwenllïan said in June 2026 that formula work continues [109](#)

State of play

- The 2026-27 settlement gives councils over £6.5 billion, up 4.5% on 2025-26, which Senedd Research says is up from 2.7% first proposed. Jayne Bryant, then Cabinet Secretary, and Mark Drakeford (Welsh Labour) say the budget agreement with Plaid Cymru added £112.8 million. Joel James (Welsh Conservatives) called it flat at best. [98](#) [95](#) [96](#) [100](#)
- On 20 October 2026 Elin Jones, Cabinet Minister for Finance, said the 2028 council tax revaluation will be paused. She said revaluation and a funding formula change together are too much for councils, and the public finances do not allow it. Legislation to defer it to the next Senedd term is to follow. [137](#) [141](#) [143](#)
- Funding formula work continues. Siân Gwenllïan said the work goes on, and First Minister Rhun ap Iorwerth said the aim is a formula, not legislation, that shares money equitably. Audit Wales told a committee in September 2026 that the way funding is allocated does not always help councils get value for money. [109](#) [114](#) [123](#)
- On business rates, Elin Jones announced a 30% cut from 2027-28 for eligible hospitality and leisure properties below £51,000 rateable value. A higher multiplier on the highest value properties would pay for it. Sam Rowlands welcomed the direction but warned of a cliff edge; Cai Parry-Jones (Reform UK) criticised the funding route. [117](#) [120](#) [118](#)
- Reform UK's motion for local referendums on council tax rises above 4.99% was replaced on 14 October 2026 by Plaid Cymru wording on council accountability. The Senedd agreed the amended motion, 51 for and 35 against. [133](#) [135](#)

At a glance

The Senedd terms, the party in government and the lead minister, with the formal milestones set against them.



Lead minister: Rebecca Evans (Jun 2021 to Jun 2024); Julie James (Jun 2024 to Jan 2025); Jayne Bryant (Jan 2025 to Jan 2026); Mark Drakeford (Jan 2026 to Feb 2026); Siân Gwenllïan (Jun 2026 to Sep 2026); Elin Jones (from Sep 2026)

Lead minister bars run from each minister's first appearance in the record to their successor's. Filled diamonds are steps completed; open diamonds are still ahead.

The path to law

Each formal step in making the law and putting it into effect, as recorded in the Senedd.



Jul 2022	Council tax consultation launched Done Rebecca Evans set out the first phase of consultation, saying a revaluation may be needed to change bands and rates. 26 27
Jul-Dec 2022	Self-catering rates order Done An order moved holiday lets to business rates only if let for 182 days; Conservatives tried to annul it, and in December the Senedd agreed an amended motion backing the change. 25 30 31
Sep 2023	UK Bill powers for rates relief Done The Government said it would use powers in the UK Non-Domestic Rating Bill for new reliefs from April 2024 and would legislate for three-yearly revaluations. 42 43
20 Nov 2023	Local Government Finance Bill introduced Done The Bill, covering council tax and business rates, was introduced and presented as a move to three-yearly business rates revaluations. 52 50
16 Apr 2024	Stage 1 general principles Done The Senedd debated the Bill's general principles, with the committee chair noting concern about limited scrutiny of future secondary legislation. 74 75
Jun-Jul 2024	Amendments and Stage 4 passed Done Amendments were debated in June and July, with Rebecca Evans opposing extra consultation duties; Stage 4 passed on 16 July 2024 by 40 votes to 14. 78 82 84 86
Jun-Jul 2024	Council tax revaluation delayed Done Julie James said the Government dropped its planned council tax reform as a step too far for local government; Plaid Cymru criticised the delay to 2028 at earliest. 77 80 83
Jan-Feb 2026	Discounts and avoidance regulations Done Mark Drakeford presented council tax discount and exemption regulations in January, and rates avoidance regulations for councils in February; an amending council tax statement followed in September. 93 104 121
27 Jan 2026	Final settlement 2026-27 Done The 4.5 per cent core funding rise for councils was agreed 26 to 13 with 13 abstentions, after the final budget added £112.8 million. 98 96 102
Jun 2026	182-day threshold petition Still ahead A petition asking for an urgent review of the 182-day holiday let threshold is open with 1,856 signatures. 110
15 Sep 2026	Business rates rebalancing announced Done Elin Jones announced a permanent 30 per cent cut for eligible hospitality and leisure properties below £51,000 from 2027-28, paid for by a higher multiplier on the highest value properties. 117 119
2027-28	Business rates cut starts Still ahead The 30 per cent rates cut is due from 2027-28; Sam Rowlands asked for tapering to avoid a cliff edge at the new eligibility limit. 117 120

Next Senedd term



Defer council tax revaluation Still ahead

The Government says legislation will be brought forward to defer the 2028 revaluation until the next Senedd term; Labour's Huw Thomas expressed bitter disappointment. [143](#) [137](#) [140](#)

Ongoing



Funding formula review Still ahead

Siân Gwenllïan said work on the funding formula continues and the First Minister said ministers are meeting on fair funding; Jayne Bryant asked about engagement with all councils. [109](#) [114](#) [108](#)

How it unfolded

Sixth Senedd, 2021 to 2026

- Jul 2021** ● Rebecca Evans, Minister for Finance, says the Government will look again at local taxation. She also tells the Finance Committee councils want help with a 1.75 per cent teacher pay rise. [3](#) [4](#)
- Dec 2021** ● Evans sets out first steps to reform council tax, which she calls too regressive. She says a public consultation of around 12 weeks will follow. [5](#) [7](#)
- Mar 2022** ● The Senedd debates the 2022-23 settlement, a 9.4 per cent rise. Evans calls it a good settlement. Conservatives say it follows years of underfunding and that the formula is out of date. The motion is agreed with 25 abstentions. [14](#) [15](#) [19](#)
- Mar 2023** ● The 2023-24 settlement, up 7.9 per cent like-for-like, is agreed 29 to 15 with 12 abstentions. Plaid Cymru's Llyr Gruffydd says 12 years of cuts leave councils no slack. [32](#) [33](#) [34](#)
- May 2023** ● Evans says she will deliver a fairer council tax in April 2025 using new valuations, and accepts there will be winners and losers. [40](#)
- Nov 2023** ● The Local Government Finance (Wales) Bill is introduced and presented to the Senedd, with three-yearly business rates revaluations at its centre. [50](#) [52](#)
- Jan 2024** ● The 2024-25 draft budget proposes a 3.1 per cent rise. Evans admits it will still be difficult. Peter Fox (Welsh Conservatives) calls it a huge real-terms cut. [53](#) [54](#)
- Mar 2024** ● After talks with Plaid Cymru, the settlement is raised to 3.3 per cent with an extra £14.4 million in the revenue support grant. The settlement motion is agreed. [68](#) [72](#)
- Jun 2024** ● Julie James says the Government dropped council tax reform as a step too far for local government. Rhun ap Iorwerth later says it is pushed back until after the next election. [77](#) [80](#)
- Jul 2024** ● The Local Government Finance (Wales) Bill passes Stage 4, 40 for and 14 against. Plaid Cymru regrets that council tax reform is postponed until 2028. [86](#) [85](#)
- Jan 2025** ● The 2025-26 draft settlement gives councils £6.1 billion, an average 4.3 per cent rise. The WLGA's Mary Ann Brocklesby says councils were disappointed and still face a gap. [91](#) [87](#) [88](#)
- Jan 2026** ● The 2026-27 final budget adds £112.8 million for local government under an agreement with Plaid Cymru. The settlement motion is agreed, with 13 against and 13 abstaining. [94](#) [96](#) [102](#)

Seventh Senedd, from May 2026

- Jun 2026** ● In the Seventh Senedd, Siân Gwenllïan says funding formula work continues. She says the extra £112.8 million helped keep most council tax rises to around 4 per cent. [109](#)
- Sep 2026** ● Elin Jones announces the 30 per cent business rates cut for hospitality and leisure from 2027-28. Audit Wales briefs the Public Accounts Committee on how Welsh Government funds the 22 councils. [117](#) [122](#)
- Oct 2026** ● The Senedd rejects council tax referendums on 14 October. On 20 October the Government announces that council tax revaluation is paused. [135](#) [137](#) [143](#)

Who has led

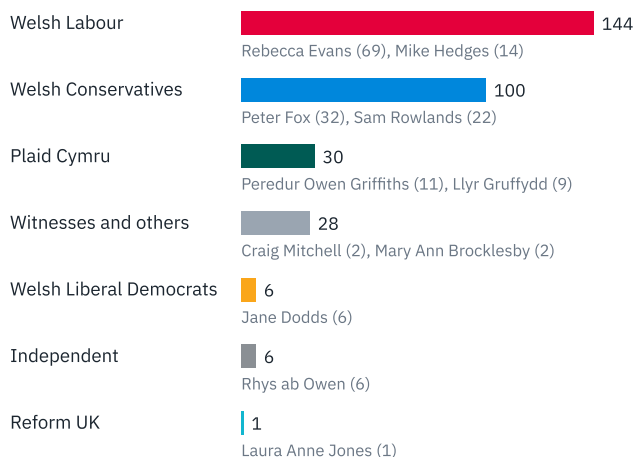
For the Government

- **Mark Drakeford.** First Minister of Wales in June 2021, when he said Welsh Government funding would pay councils' new tutor staff. He spoke again for the Government from January 2025 to February 2026, on the 2025-26 and 2026-27 budgets, the council funding uplift and council tax regulations. [1](#) [92](#) [96](#) [93](#)
- **Rebecca Evans.** Minister for Finance and Local Government from July 2021, the lead voice with 69 contributions. She presented the 2022-23, 2023-24 and 2024-25 settlements and led on council tax reform. As Cabinet Secretary for Finance, Constitution and Cabinet Office she took the Local Government Finance (Wales) Bill to July 2024. [14](#) [32](#) [69](#) [74](#) [84](#)
- **Jane Hutt.** Minister for Social Justice and Chief Whip, seen from May 2023 to January 2024. She defended the council tax reduction scheme and said the 2024-25 settlement was up to £1.3 billion lower in real terms than expected. [41](#) [61](#)
- **Vaughan Gething.** Minister for Economy from December 2022 (defending the self-catering rates change), then First Minister of Wales in April and July 2024, when he said the Government had been honest about council tax reform. [30](#) [76](#) [81](#)
- **Julie James.** Minister for Climate Change in March 2024, on second home premiums raising over £17 million. In June 2024 she said council tax reform was dropped with regret. [73](#) [77](#)
- **Jayne Bryant.** Cabinet Secretary for Housing and Local Government from January 2025 to January 2026, presenting the 4.3 per cent and 4.5 per cent settlements. In June 2026 she appears as a Labour member asking questions. [91](#) [98](#) [108](#)
- **Rhun ap Iorwerth.** Plaid Cymru member who was a critic in the Sixth Senedd on council budgets and council tax. As First Minister of Wales in July 2026 he said the Government is acting on business rates and fair funding. [65](#) [80](#) [114](#)
- **Elin Jones.** Cabinet Minister for Finance (Plaid Cymru) from September 2026. She announced the business rates cut and proposed pausing the 2028 council tax revaluation, through regulations that need a Senedd majority to pass. [117](#) [137](#)
- **Siân Gwenllïan.** Cabinet Minister for Local Government, Housing and Planning (Plaid Cymru) in June 2026. She said funding formula work continues and the extra £112.8 million helped keep council tax rises around 4 per cent. [109](#)

Across the parties

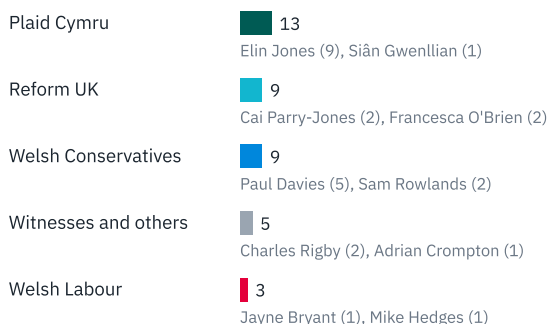
Sixth Senedd, 2021 to 2026

315 contributions



Seventh Senedd, from May 2026

39 contributions



Relevant contributions in the Senedd by party in each term, with the two most frequent voices.

- **Welsh Conservatives, Sixth Senedd.** Peter Fox (32), Sam Rowlands (22) and Janet Finch-Saunders (10) led. They called the funding formula out of date, asked for an independent review, and criticised real-terms cuts and council tax rises. [8](#) [71](#) [58](#) [10](#)
- **Welsh Labour backbenchers, Sixth Senedd.** Mike Hedges (14) and Carolyn Thomas (10) mostly backed the settlements. Thomas said the formula needed addressing, and Hedges said councils are funded through grants, rates, council tax and fees. [17](#) [9](#) [60](#)
- **Plaid Cymru, Sixth Senedd.** Peredur Owen Griffiths (11) and Llyr Gruffydd (9) welcomed reforms, but said settlements fell behind inflation and asked for a higher funding floor. [16](#) [55](#) [59](#)
- **Other voices, Sixth Senedd.** Jane Dodds (Welsh Liberal Democrats) asked about holiday let exemptions and said protection of the core settlement was not enough. Rhys ab Owen (Independent) asked about pavement safety in Cardiff; the answer covered the 2026-27 settlement. [44](#) [66](#) [105](#)
- **Reform UK, Seventh Senedd.** Cai Parry-Jones and Francesca O'Brien led. They criticised the rates funding plan, council tax rises and called for referendums on rises above 4.99 per cent. Laura Anne Jones, counted as Reform UK in January 2026, criticised budget pressures on councils. [118](#) [125](#) [132](#) [97](#)
- **Welsh Conservatives, Seventh Senedd.** Paul Davies (5), Sam Rowlands (2) and Darren Millar (1). Rowlands said his party was right to oppose revaluation and asked for tapering on rates; Davies asked for an up-to-date economic impact assessment of the 182-day threshold for holiday lets. [142](#) [120](#) [115](#)
- **Welsh Labour, Seventh Senedd.** Labour has three contributions. Huw Thomas criticised the revaluation pause, and Mike Hedges questioned Reform's council tax cap. [140](#) [127](#)

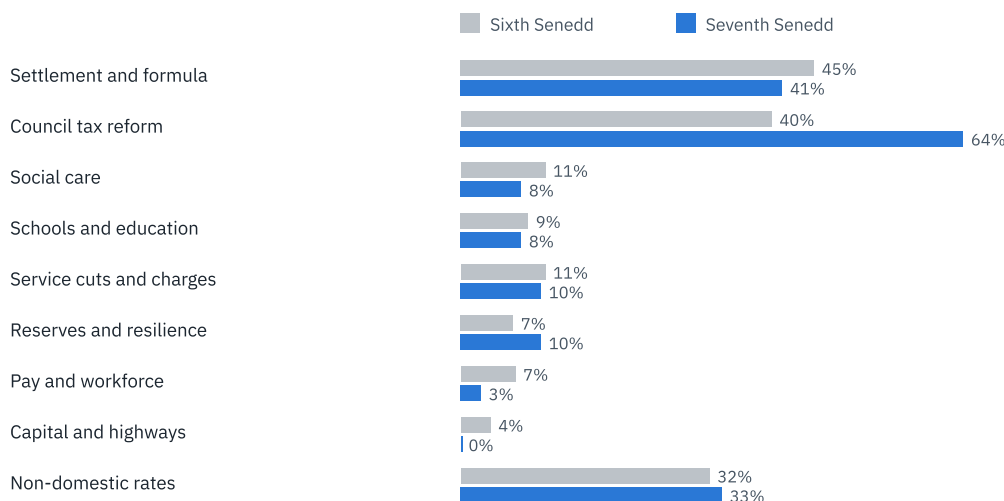
Between the two Senedd terms

- Government changed. In the Sixth Senedd Welsh Labour governed, and Rebecca Evans led on council funding (69 of 315 contributions). In the Seventh, Plaid Cymru governs: Rhun ap Iorwerth is First Minister, Elin Jones is Cabinet Minister for Finance and Siân Gwenllïan leads on local government. [114](#) [117](#) [109](#)
- Questioners changed. Conservatives made 100 of the Sixth Senedd's contributions, mostly critical. In the Seventh, Reform UK has 9 of 39, eight of them critical in late 2026; Conservatives have 9 and Labour 3. [125](#) [142](#) [140](#)
- Council tax rose as an issue: 25 of 39 Seventh Senedd contributions (about 64 per cent) against 125 of 315 (about 40 per cent) in the Sixth. Settlement level stayed similar (16 of 39; 142 of 315). Social care and schools

were each 3 of 39. [125](#) [136](#)

- Council tax position moved. Labour's Government promised a fairer system from 2025, then delayed to 2028. Plaid's Government now pauses 2028 revaluation, citing public finances and an £80 million first-year transition cost. Labour's Huw Thomas called that bitterly disappointing. [40](#) [77](#) [139](#) [140](#)
- Funding settled, formula open. Settlements rose to 4.3 per cent in 2025-26 and 4.5 per cent in 2026-27. Reform wanted referendums above 4.99 per cent; the Senedd rejected the motion and agreed Plaid's wording that councils answer to the people. Formula work continues. [91](#) [98](#) [133](#) [109](#)

What is being discussed



Share of each term's relevant contributions touching each issue. A contribution can touch more than one.

Themes

- **Settlement size against pressures.** Labour minister Rebecca Evans called the 9.4% settlement for 2022-23 good and stable. She called the 7.9% settlement for 2023-24 a stable platform, but said high inflation stopped her calling it good. For 2024-25, Peter Fox (Welsh Conservatives) called the 3.1% rise a real-terms cut. For 2026-27 Jayne Bryant, Cabinet Secretary for Housing and Local Government, presented a 4.5% rise. [14](#) [32](#) [54](#) [98](#)
- **Is the funding formula fit for purpose?.** Conservative members (Fox, James Evans) repeatedly asked for an independent review, saying the data is old and rural and north Wales councils lose out. Rebecca Evans said it is under constant review. In 2026 Reform UK's Tom Montgomery criticised its use of 1991 data, and Siân Gwenllïan, the minister, said work continues. [8](#) [11](#) [70](#) [128](#) [109](#)
- **Council tax reform.** delayed, then paused: Rebecca Evans argued council tax is regressive and promised reform. In July 2024 reform was pushed back to 2028, which Plaid's Rhun ap Iorwerth criticised. In October 2026 Elin Jones, Cabinet Minister for Finance (Plaid Cymru), paused the revaluation, citing cost and the formula work. Labour's Huw Thomas said he was bitterly disappointed. [5](#) [40](#) [80](#) [137](#) [140](#)
- **Council tax rises, reserves and referendums.** Conservative and Reform members linked rising bills to underfunding or to council reserves. Reform members asked for referendums on rises above 4.99%. Labour and Plaid members said rises meet statutory duties and demand, and asked which services a cap would cut. [24](#) [36](#) [132](#) [127](#) [126](#)
- **Business rates and local income.** Rates raise money for councils. Ministers said all of it returns to councils and pointed to relief schemes. Conservatives said the tax burden on firms is too high and opposed the 182-day holiday-let test. In September 2026 Elin Jones announced a 30% cut for eligible hospitality and leisure

properties from 2027-28, funded by a higher multiplier (the rate used to work out bills) on the highest value properties. [28 63 29 117 120](#)

- **Pressure on local services.** Members and witnesses described strain on social care, schools, libraries, leisure and street services. Carolyn Thomas (Welsh Labour) warned of councils facing bankruptcy. A council leader said residents pay more for fewer services. Audit Wales said grant design and late settlements limit value for money. [56 57 46 123 88](#)

The arguments

For

- Rebecca Evans (Welsh Labour), Minister for Finance and Local Government, called the 2022-23 settlement good and both the 2022-23 and 2023-24 settlements a stable platform for planning. For 2023-24 she said high inflation stopped her stressing it was good. Mike Hedges (Welsh Labour) said the 2022-23 one let councils set budgets without cuts or large council tax rises. [14 32 17](#)
- Labour ministers blamed UK Government funding. Jane Hutt said the 2024-25 settlement was worth up to £1.3 billion less in real terms than expected, and Rebecca Evans said the Government protected the core settlement and raised it to 3.3% after listening to Plaid Cymru. [61 53 68](#)
- In 2026, Jayne Bryant presented a 4.5% rise, saying all councils would get over 4%. Plaid's Elin Jones and Peredur Owen Griffiths said Plaid helped secure it; Owen Griffiths said no council would receive under 4.1%. [98 131 99](#)
- Rebecca Evans said council tax is regressive and 20 years out of date, and that reform aims at fairness, not more revenue. Peredur Owen Griffiths (Plaid Cymru) agreed it is regressive and outdated. [47 49 48](#)

Against and concerns

- Sam Rowlands (Welsh Conservatives) said core funding fell 17% since 2010, citing Audit Wales. Peter Fox (Welsh Conservatives) called the 3.1% rise for 2024-25 a real-terms cut that pushes costs onto council tax. [6 15 54 71](#)
- Peredur Owen Griffiths (Plaid Cymru) cited a £354 million funding gap, rising to £750 million by 2027, in January 2024. Carolyn Thomas (Welsh Labour) said the settlement did not cover the pressures of an older, sicker population. [55 56](#)
- Joel James (Welsh Conservatives) said the 2026-27 settlement is flat at best once inflation, pay and demand are counted. Laura Anne Jones (Reform UK) said the budget gives councils new duties without enough money. [100 97](#)
- Members attacked the funding formula. James Evans (Welsh Conservatives) said it is not fit for purpose and called for an independent review. Peter Fox (Welsh Conservatives) said it is out of date and fundamentally wrong, and also called for an independent review. Tom Montgomery (Reform UK) said it uses 1991 census data. [70 37 128](#)
- Huw Thomas (Welsh Labour) was bitterly disappointed at the council tax pause. Audit Wales's Charles Rigby said the way funding is allocated does not always help councils get value for money. [140 123](#)

The moving pieces

- **Settlement level and the funding formula.** The 2026-27 settlement rose 4.5 per cent. Reform's Tom Montgomery says the formula uses out-of-date data from the 1991 census. A review is under discussion, but its scope and timing are open. [98 128 108 114](#)
- **Council tax reform and revaluation.** Revaluation of property values was planned and then delayed to 2028. It is now paused. Elin Jones cites a possible £80 million first-year transition cost. Huw Thomas (Welsh Labour) is

bitterly disappointed; Sam Rowlands says his party was right to oppose it. [139](#) [140](#) [142](#) [83](#)

- **Non-domestic rates.** These are business rates. The Local Government Finance (Wales) Bill, introduced in 2023, provides for three-yearly revaluations. The new 30 per cent cut for hospitality and leisure from 2027-28 would be paid for by a higher multiplier on the highest value properties. [50](#) [117](#) [119](#)
- **Second homes and holiday lets.** The 182-day rule decides whether a holiday let pays business rates or council tax. Reform members criticise it, and Conservative Paul Davies has asked for an up-to-date economic impact assessment. A petition to review it has 1,856 signatures. A separate petition calls for council tax loophole changes. [112](#) [110](#) [106](#) [115](#)
- **Service pressures on councils.** Social care, schools and additional learning needs are the main cost pressures raised. Mike Hedges cites WLGA figures that additional learning needs spending rises 6 per cent in 2026-27. Senedd Research says budgets have been squeezed for over a decade. [101](#) [107](#) [94](#)
- **Grants and funding arrangements.** Audit Wales says allocation does not always help value for money. It says small grants can need heavy reporting and the late settlement squeezes council tax setting. Mark Drakeford earlier argued that moving money into the revenue support grant gives councils flexibility. [123](#) [124](#) [92](#)
- **Council tax levels and referendums.** Reform UK wants referendums above 4.99 per cent. Plaid Cymru and Welsh Labour members ask which services it would cut. The Senedd agreed Plaid's wording on accountability instead. [132](#) [127](#) [129](#) [135](#)

Positions

- **Welsh Government.** Under Welsh Labour (to April 2026), ministers called settlements good while blaming UK funding for limits. Since May 2026 the Plaid Cymru Government has paused council tax revaluation on cost grounds and is acting on rates and the formula. [32](#) [45](#) [98](#) [137](#) [114](#)
- **Welsh Labour.** In government, it backed council tax reform as fairer. In the Seventh Senedd it has three contributions in the counts. Huw Thomas criticised the pause on revaluation, and Mike Hedges questions Reform's referendum plan. [47](#) [140](#) [127](#)
- **Welsh Conservatives.** They consistently argue councils are underfunded and the formula needs independent review, and they criticised council tax rises. Sam Rowlands now says the party was right to oppose revaluation. They welcome parts of the business rates change but warn of a cliff edge. [8](#) [58](#) [142](#) [120](#)
- **Plaid Cymru.** In opposition it called settlements real-terms cuts and council tax regressive. In January 2026, before entering government, it said its intervention secured a 4.5 per cent uplift. In government it argues the public finances do not allow revaluation now. [55](#) [48](#) [99](#) [141](#)
- **Reform UK.** Reform UK members criticise council tax rises, council debt and borrowing, and the funding formula, and back referendums above 4.99 per cent. They also criticise how the business rates cut would be paid for. [132](#) [128](#) [118](#)
- **Welsh Liberal Democrats.** Jane Dodds called the business rates system regressive and sought full reform. She asked a written question on reviewing exemptions under the second homes and holiday lets rules. [51](#) [44](#)

Key votes

February 2022

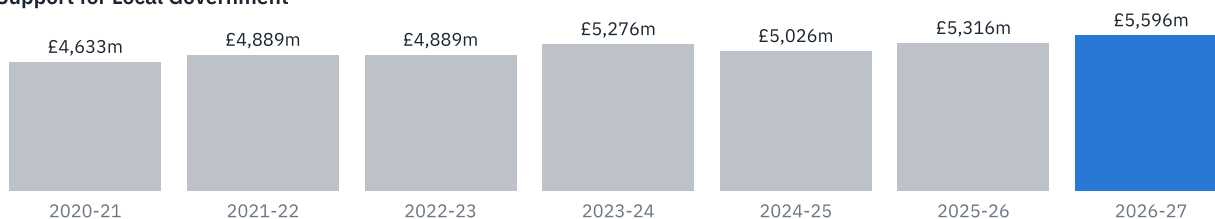
Agreed

Welsh Conservatives debate on local government funding: the motion without amendment was rejected (26 for, 28 against). The motion as amended was agreed (28 for, 26 against). [13](#) [12](#)

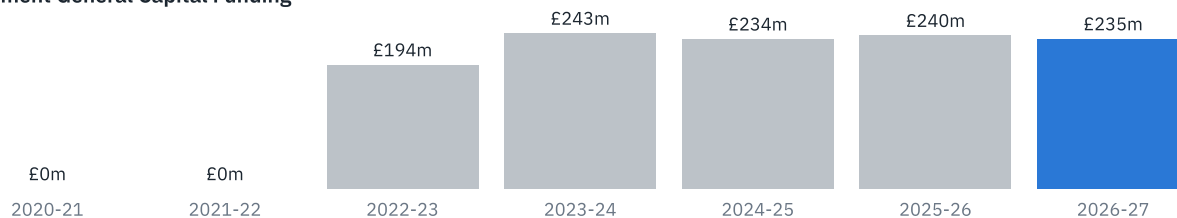
March 2022	Agreed	Local Government Settlement 2022-23 agreed (28 for, 1 against, 25 abstaining). 19
March 2022	Agreed	Council Tax (Long-term Empty Dwellings and Dwellings Occupied Periodically) (Wales) Regulations 2022 agreed (36 for, 13 against). 21
March 2023	Agreed	Local Government Settlement 2023-24 agreed (29 for, 15 against, 12 abstaining). 34
March 2023	Rejected	Welsh Conservatives debate on local government funding: the motion without amendment was rejected (12 for, 36 against). The motion as amended was also rejected (13 for, 35 against). 39 38
January 2024	Agreed	Welsh Conservatives debate on local government funding: the motion as amended was agreed (23 for, 21 against). 62
March 2024	Agreed	Local Government Settlement 2024-25 agreed (28 for, 15 against, 13 abstaining). 72
July 2024	Agreed	Stage 4 of the Local Government Finance (Wales) Bill agreed (40 for, 14 against). 86
January 2026	Agreed	Local Government Settlement 2026-27 agreed (26 for, 13 against, 13 abstaining). 102
October 2026	Agreed	Reform UK motion for referendums on council tax rises above 4.99% was rejected as originally worded (35 for, 51 against). The Plaid Cymru amendment, recognising that councils are accountable to the people of Wales, was agreed (51 for, 35 against), as was the motion as amended. 133 134 135

The money

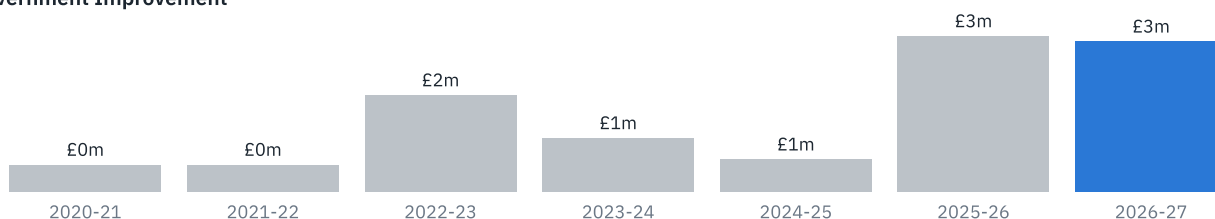
Funding Support for Local Government



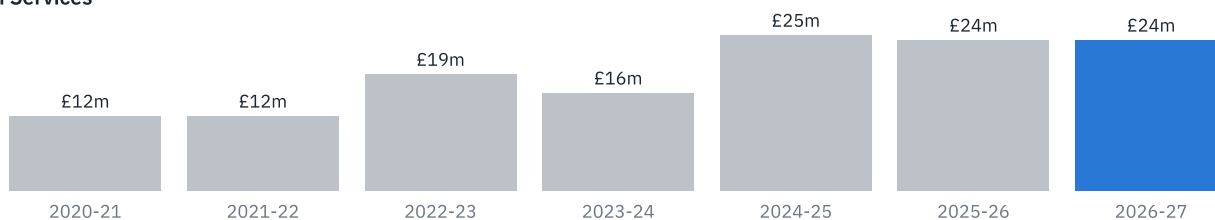
Local Government General Capital Funding



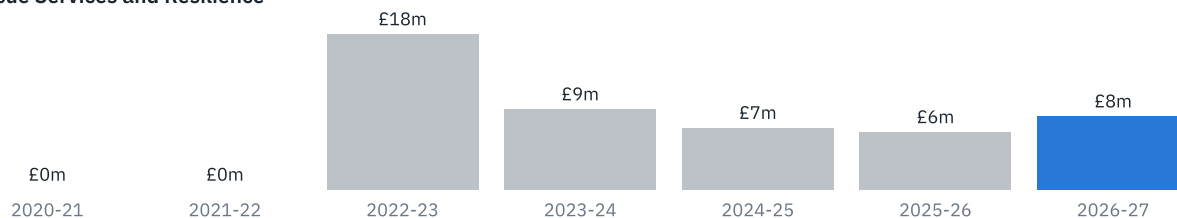
Local Government Improvement



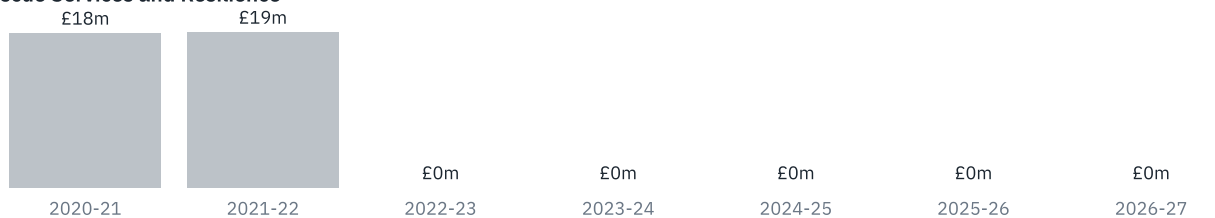
Valuation Services



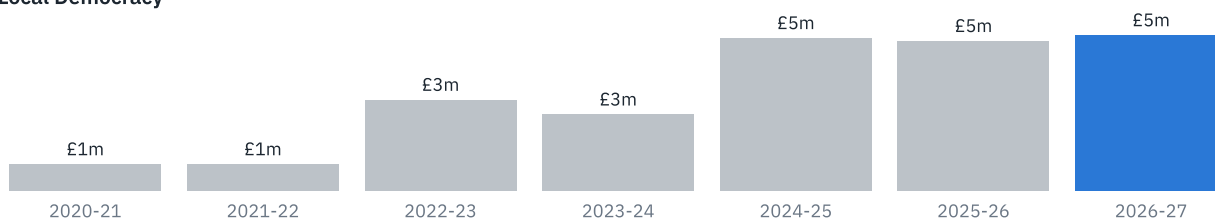
Fire and Rescue Services and Resilience



Fire & Rescue Services and Resilience

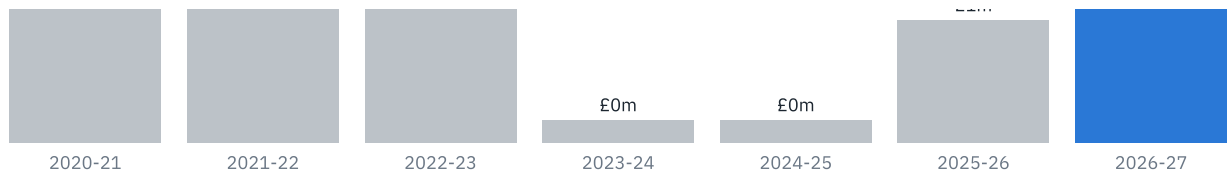


Building Local Democracy

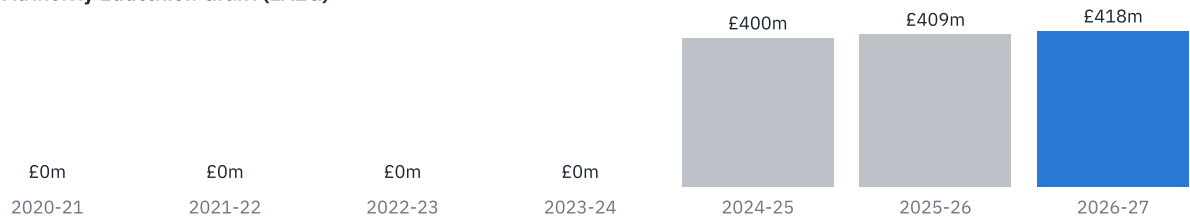


Housing Revenue Funding

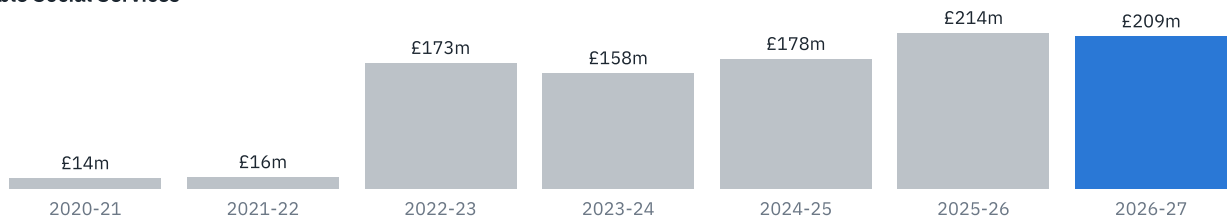




Pre-16 Local Authority Education Grant (LAEG)



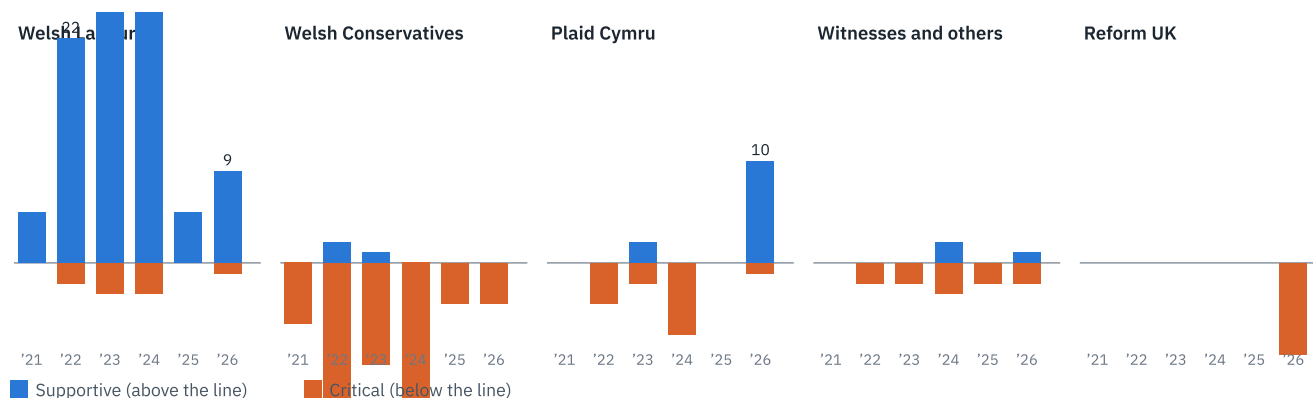
Sustainable Social Services



Welsh Government final budgets, revenue and capital, in real terms at 2026-27 prices. The latest year is highlighted.

- The budget line Funding Support for Local Government rose from £3,738.4 million in 2020-21 to £5,595.7 million in 2026-27. In 2026-27 prices that is £4,632.7 million to £5,595.7 million, about a fifth more in real terms. [144](#)
- The line fell in cash terms in 2024-25, from £4,816 million to £4,767 million. In real terms it fell from £5,276.5 million to £5,025.6 million, before rising again in 2025-26 and 2026-27. This matches the real-terms cut claims made in the 2024-25 budget debates. [144](#) [54](#) [55](#)
- Local government general capital funding was £0 in 2020-21 and 2021-22, then £168 million in 2022-23 and £222 million in 2023-24. In real terms it is £234.6 million in 2026-27, below its 2023-24 level of £243.2 million. The pre-16 education grant line starts in 2024-25 at £379 million. [144](#)
- For 2026-27, Senedd Research says core funding rose 4.5% in the final settlement, up from 2.7% proposed in November. Mark Drakeford (Welsh Labour) tied the extra £112.8 million to the Welsh Government's budget agreement with Plaid Cymru. Joel James (Welsh Conservatives) said it remains flat at best once costs are counted. [95](#) [96](#) [100](#)

How the tone has shifted



Contributions in the Senedd judged supportive or critical of the Welsh Government's approach to funding local government, including the local government settlement and council tax, by party and year. Neutral questions and mixed views are not shown.

- In the Sixth Senedd, 315 relevant contributions: 107 supportive, 98 critical, 45 mixed, 65 neutral. In the Seventh, 39: 11 supportive, 14 critical, 2 mixed, 12 neutral. Council tax was the top aspect in the Seventh (25 of 39), compared with 125 of 315 in the Sixth. [137 98](#)
- The split followed government and opposition. In 2022 H1 Welsh Conservatives were 16 critical of 23, while Welsh Labour were 14 supportive of 21. In 2024 H1 Conservatives were 18 critical of 25. [8 14 54](#)
- Since May 2026 Plaid Cymru's tone has turned supportive (9 supportive, none critical in 2026 H2), and Reform UK is 8 critical of 9. Welsh Labour is now mostly in opposition, with a critical note from Huw Thomas. [99 130 140](#)
- Concern about council reserves and service cuts rose in 2023 and 2024. In 2024 H1 there were 16 contributions on cuts and closures and 10 on reserves. Reserves and referendums returned in late 2026 debates. [37 57 126](#)

Organisations involved

- **Welsh Local Government Association (WLGA).** Represents councils. Jane Dodds cited its figures on cost pressures, and its representatives gave evidence on the 2025-26 draft budget. [87 66](#)
- **Audit Wales.** Reported on how Welsh Government funds councils and described problems with grant design and the late settlement. [123 124](#)
- **Institute for Fiscal Studies (IFS).** Evidence on council tax and funding. David Phillips said the delay to revaluation was disappointing and that the allocation system should stay open to review. [90 89](#)
- **Senedd Research.** Published analysis of the 2026-27 settlement and on the sustainability of local government. [95 107](#)
- **Newsquest.** Warned that removing the newspaper notice for council tax would harm local papers, during scrutiny of the Local Government Finance (Wales) Bill. [64 79](#)
- **HMRC Valuation Office.** Classifies holiday lets against the 182-day test, and appeals go to the Valuation Tribunal for Wales, according to the Welsh Government. [115](#)
- **Bevan Foundation.** Called for councils to be reimbursed for extra costs of benefits, starting with the council tax reduction scheme. [67](#)

What to watch

- Legislation to defer council tax revaluation to the next Senedd term, announced on 20 October 2026, has still to be brought forward. [143](#) [137](#)
- The funding formula review: its scope, timing and how it fits with any later revaluation are unresolved. Ministers say meetings are under way. [114](#) [137](#) [108](#)
- The 30 per cent business rates cut for hospitality and leisure from 2027-28, and whether the eligibility limit is tapered as the Conservatives ask. [117](#) [120](#)
- Open petitions on the 182-day holiday let threshold, lower town business rates and council tax disregards for dementia. [110](#) [111](#) [116](#)
- Audit Wales's work on the local government funding model, and what the Public Accounts Committee does with it. [113](#) [122](#)
- Reform UK continues to call for council tax referendums above 4.99 per cent, despite the Senedd's vote to adopt Plaid Cymru's wording. [138](#) [133](#)

How this briefing was prepared. This briefing draws on everything in the Senedd record that relates to council Funding in Wales between May 2021 and 25 October 2026: 640 contributions in plenary and committee, 66 written questions and answers and 47 other documents, including statements, petitions, votes and Senedd Research. It was compiled with automated analysis, and every statement was checked against the full text of the sources it cites; statements the sources did not support were corrected or removed. Figures on stance (supportive, critical, mixed or neutral) are classifications of what was said and are indicative. It covers the Senedd record only: views expressed elsewhere appear only where they were raised in the Senedd.

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