

Date: 13 January 2016

Time: 9.00am to 10.30am

Title: Evidence Paper - Local Government, Draft Budget Allocations for 2016-17

1. Introduction

This paper provides comments and information to the Committee regarding the Local Government (LG) programme budget proposals outlined within the Draft Budget, which was laid on 8 December 2016.

As requested by the Committee, a breakdown of the Draft Budget figures by Budget Expenditure Line (BEL) is attached at Annex 1.

2. Background

Compared to the 2015-16 baseline figures, the total DEL allocation for Local Government has decreased by £87.8m in 2016-17. Within this overall position there are additional allocations of £21m for social services and £34.8m in respect of frontline schools funding.

The following table shows the overall effect on the LG Departmental Expenditure Limit (DEL) baseline budget. This does not include Annually Managed Expenditure (AME), which is outside the Welsh Government's DEL. The AME Budget for Local Government is set out in Annex 1. With the devolution of non-domestic rates (NDR) from 1 April 2015, the provision for local government which is funded through the NDR Pool (£977 million for 2016-17) is now recorded as AME.

Summary Financial Tables

	2015-16 Supplementary Budget £000	2015-16 Baseline £000	2016-17 Changes £000	2016-17 New Plans Draft Budget £000
Resource DEL	3,430,187	3,432,187	-87,784	3,344,403
Capital DEL	22,920	22,920	0	22,920
DEL Baseline	3,453,107	3,455,107	-87,784	3,367,323

3. Budget Overview

Local Government Department has four main roles:

- To provide a legislative and funding framework for Local Authorities in Wales which promotes openness, transparency and accountability in the improvement of local public services;
- To work with partners (including social partners) to support more effective public service delivery as part of One Welsh Public Service, including through Local Government reform;
- To tackle anti-social behaviour and crime (including the fear of crime), and to work to reduce the incidence and impact of fires and other emergencies; and
- To provide national leadership, supporting public services to work together effectively, and make the most effective use of public money to deliver shared outcomes.

Our approach is set out in the themes identified in Chapters 2 and 7 of the Programme for Government. In this context, our aims refer not just to Local Government but underline a partnership approach and apply to the wider public service in Wales. They include:

- Strengthening local democracy;
- Supporting continuous improvement in public services;
- Ensuring our funding supports stronger and more effective service delivery, including supporting the delivery of preventative services;
- Securing effective collaboration between public services; and
- Ensuring safer communities for all.

We have also considered how our use of funding within the Department can support the delivery of the principles set out in the Well-being of Future Generations (Wales) Act 2015. The Local Government Department's budget is a critical enabler for other public service bodies in fulfilling the requirements of the Act. The five ways of working contained in the sustainable development principle as defined in the Act: of integration, collaboration, involvement, long-term thinking and prevention, are at the heart of our approach to Local Government reform and are firmly embedded in how we go about making funding available.

In practical terms, this is reflected in our vision for One Welsh Public Service and the values and behaviours which underpin it. Based on achieving the well-being goals set out in the Act, the vision provides us with a common purpose and shared focus to achieve a better and lasting quality of life, as articulated in the 'Wales We Want' consultation.

4. Programme for Government commitments

In 2011, we put forward the most ambitious and comprehensive Programme for Government since devolution, which now includes 547 separate commitments covering the breadth of the services we are responsible for. We did so in the knowledge that the outlook for public finances was challenging. We published the final Programme for Government annual report in June 2015 which showed that more than 95 per cent of our commitments have either been delivered, or are on track to be delivered by the end of this Assembly term.

Dealing with austerity has been a major test for the Welsh Government and devolution as a whole, but we have delivered by maintaining a firm focus on delivery and supporting those most in need. We have done this through focussing our resources on four overarching priorities for Wales, on health and health services, educational attainment, growth and jobs, and supporting children,

families and deprived communities. Despite the challenges presented by the late timing of the UK Spending Review 2015, we have used planning for the Draft Budget 2016-17 as an opportunity to look ahead to target investment in sustainable outcomes and wholeheartedly adopt the Well-being of Future Generations framework, setting an example for the partners we support financially.

The following paragraphs outline our spending plans aligned to the Programme for Government commitments and our approach in each area to sustainable development and preventative spending. Section 5 below highlights our key policies for supporting the delivery of our commitments.

Community Support Officers

Provision has been made for a further year of funding for the 500 additional Community Support Officers recruited under the Programme for Government commitment. The recruitment target was met in October 2013 and the impact of the additional CSOs has been evaluated through externally commissioned research, carried out by the Universities Police Sciences Institute (UPSI). The report, published in February 2016, assessed the work of CSOs and gauged their effects in making communities feel safer.

The research shows that, at a time when the UK Government is cutting back on police funding leading to officer numbers declining in England, Wales is not showing the same level of decline. The research suggests our additional officers are visible on our streets and that they are meeting the public's expectations by dealing with low-level crime and anti-social behaviour. This was one of the main drivers behind this project – to add a visible police presence which would help to reassure the public.

Our CSOs represent a significant contribution to the number of officers on the beat and have a crucial role to play in their communities. They are working with local primary schools on crime prevention; providing reassurance to over-60s groups; helping local businesses address shoplifting, as well as taking part in searches, seizures of alcohol and tobacco and house to house inquiries for criminal investigations. They are also active in Communities First Clusters, supporting the tackling poverty agenda.

Local Government

Local Government expenditure is key to supporting education, social care, housing and a range of other services which are designed to give people the best opportunity for healthy, prosperous lives. These investments make an important contribution to all of our Budget themes, including Health and Well-being, Growth and Sustainable Jobs, Educational Attainment and Supporting Children, Families and Deprived Communities.

Within the overall reductions to the Welsh Government budget, our aim has been to minimise the impact on Local Authorities and protect front-line services so far as possible. In turn this aims to limit the impact on equalities at a local level. In doing this we have critically reviewed our other programmes, encouraging rolling specific grants into the Revenue Support Grant to provide local authorities with greater flexibility as to how they apply the resources; reducing bureaucracy

through driving single integrated planning; and providing support for transforming and improving services.

In terms of Educational Attainment, protecting frontline spending in schools remains a priority and in the Draft Budget, we continue our contribution to protecting schools funding at 1% above changes to the Wales DEL. In total, this means that we are providing an additional £39.7m for schools in 2016-17, £34.8m of which will be allocated through the Revenue Support Grant.

We remain committed to the delivery of frontline services, particularly the important links between health and social services. In addition to the protection we have given to health funding in the Welsh Government budget, we have also cushioned local authorities from the full impact of the UK Government's reductions to our Budget. Whilst the cumulative reductions to our Budget mean we cannot continue to fund everything at the same level, we have recognised the importance of **social services** to the sustainability of the health service and the well-being of communities. We have listened to the concerns of local government in Wales and we are investing an additional £21m in 2016-17 in recognition of the pressures on social services in Wales.

In total, we are allocating £4.266bn to the **Funding Support for Local Government Action** in 2016-17, which provides unhypothecated revenue funding for Local Authorities and the Police to carry out their core functions and duties. This allocation includes the Annually Managed Expenditure (AME) provision of £977m for local government which is funded through the Non Domestic Rates Pool. This represents a good settlement for Local Government, and follows a number of years of budget stability during which the Welsh Government encouraged and supported Local Government to invest in transforming services in preparation for challenging settlements ahead.

In line with this approach, the £31.1m **Local Government Improvement Action** funding which has supported Local Authorities to build corporate capacity and incentivise improvements in service delivery will be mainstreamed into the RSG. This will provide Local Authorities with greater flexibility in making choices about how to focus investment to drive performance improvement. More broadly we have made clear our intention to move grant funding that underpins core services into the RSG where practicable. This takes the total of annual funding moved into the RSG since the beginning of the 2010 Spending Review to over £190 million.

We continue to work with Local Authorities to shift investment towards preventative spend within each service area as well as supporting specific initiatives that enable new approaches to be tested. In many cases the funding we provide to support communities and services across Wales, is also key preventative spend and works directly to tackle poverty. Through the Effective Services for Vulnerable Groups programme board, senior leaders from across public services come together to test approaches and distil lessons that can apply to services across Wales. Part of this programme is supporting the shift to preventative approaches through projects aimed at early intervention (missing children; domestic abuse); and on joined up services (e.g. on enabling older people to live independently for as long as possible or adoption of team around the family approaches). There are also links here with providing joined up services for young people who are NEET, a key priority within the Tackling Poverty Action Plan.

In looking ahead, we have set out a clear vision for One Welsh Public Service focused on agencies working together and with citizens to improve their lives. Local Authorities have a central role to play in this. Our vision states:

- We want public services which equip and enable people to achieve what matters to them with support from family, friends and communities and not to create or try to justify ongoing provision where it is not needed;
- We want public services to focus on resolving underlying problems;
- We recognise that shifting the balance towards prevention takes time but we need to be bold at a time when resources are scarce;
- We recognise that digital technology has transformed the way people live their lives and we want public services to use digital approaches to transform the way they interact with citizens;
- We want citizens to be part of the design and delivery of all public services;
- We want public services to have flexibility to meet local needs and requirements – and we want Welsh Government to provide much greater flexibility to enable that to happen;
- We want citizens' experience of public services to be joined-up, efficient and effective provision which is relevant to them;
- We want to empower the public service workforce to do their jobs and to work with social partners in delivering service change;
- We want to incentivise the public service workforce to be innovative and to be constantly looking for ways to improve the services they provide.

This vision is at the heart of the change which Local Government reform is intended to catalyse. It also reflects the shift which the Well-being of Future Generations (Wales) Act is intended to drive in public service delivery.

Domestic Abuse

In 2016-17, we are increasing funding for the Domestic Abuse Action to £4.5m resource and £1m capital to support the implementation of the Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015. We support victims of violence against women, domestic abuse and sexual violence by providing funding to third sector and statutory organisations to deliver services to victims and to raise awareness. The capital allocation provides support for a range of capital works to help improve the infrastructure of service provision across Wales resulting in improved access to these vital services for victims.

The Domestic Abuse budgets make an important contribution to the preventative spend and tackling poverty agendas. The annual cost of domestic abuse in Wales is estimated to be £826.4m and evidence from Co-ordinated Action Against Domestic Abuse (CAADA) suggests that, every £1 spent towards domestic abuse services saves the public purse £2.90. Emerging evidence also suggests that victims in poverty are more likely to experience gender-based violence, domestic abuse and sexual violence. The Domestic Abuse Services Grant supports these vulnerable people through ensuring services are available to all, regardless of gender, ethnicity or social standing.

Promoting Positive Engagement for Young People

We are continuing the funding to this Action in 2016-17 with a reduction in budget to £4.420m, and this will continue to support a range of initiatives aimed at preventing and reducing youth crime. This is predominantly through the Promoting Positive Engagement for Young People (at Risk of Offending), formerly known as the Youth Crime Prevention Fund. This funding will continue to focus on projects that have the closest interaction with devolved responsibilities and will target those most at risk. Embedding early intervention in line with the sustainable development principle of prevention will enable public bodies to meet the requirements of the Well-being of Future Generations (Wales) Act 2015.

Fire and Rescue Services

In 2016-17, we are allocating £5.1m revenue and £1.7m capital through the Fire and Rescue Services Action. This investment, which contributes towards Supporting Children, Families and Deprived Communities, aims to reduce the incidents of fire and response calls out by the Fire and Rescue Authorities (FRAs) by implementing and supporting interventions, advice and preventative equipment. There has been a particular emphasis on reducing arson and other fire-related crime, which – despite the outbreak of grass fires last Easter – has had a major impact. The number of deliberate fires has fallen by two-thirds since responsibility was devolved ten years ago; and fewer than 5% of those who participate in the FRAs' most intensive programmes for known and likely offenders go on to reoffend.

This funding will also support the FRAs' resilience capability: to respond to major incidents and disasters, by providing specialised equipment, training in its use, and overall national-level management of FRA capability. This includes capacity to respond to a marauding terrorist firearms attack (MTFA), where FRAs can provide vital support in extracting casualties from the scene. This is clearly of the utmost importance in the current security climate, but is a highly specialised role requiring significant extra equipment and training. Plans to enhance MTFA response capability in Wales, supported by this funding, are already well advanced.

Whilst this overall budget has been reduced, the revised budget has been allocated in the context of long-term trends in the incidence and severity of fire, and its impact on the work of the fire service. The following evidence highlights this:

- There has been a major, sustained and long-term reduction in the incidence of fires across Wales. 2014-15 figures show 56% fewer fires than in 2004-5, and 58% fewer casualties.
- Data for different categories of fires also show a sustained reduction in the longer term. These include fires in dwellings and deliberately-set fires. Malicious false alarms are also falling.
- While there is some detailed variation, in general these trends are sustained by all three Welsh fire services.

These trends are similar to or greater than in England. They reflect both the preventative work undertaken by fire services and societal changes such as a reduced incidence of smoking and tighter fire safety regulations (for instance relating to building and furnishing materials).

The work of fire services is increasingly focused on preventing fires, reducing the risk of fire and improving fire awareness and fire safety, rather than on responding to incidents. In other words, preventative work is increasingly the substantial core business of the service, and is managed and funded accordingly. In this context, real-terms expenditure and capacity of Welsh fire services has fallen only marginally in the past 10 years.

In managing this revised budget we will consider how to focus on the most effective interventions and the balance between preventative and responsive activity. Community Fire Safety grants have hitherto been used to fund some of this preventative activity, including work with vulnerable groups in particular:

- Home Fire Safety Checks: provide advice on safety in the home and smoke detectors where appropriate (including hard of hearing alarms and other specialist intervention/preventative equipment to protect the most vulnerable)
- Youth initiatives (such as Phoenix and Crime & Consequences): where children who are identified as at the cusp of offending or have offended take part in a programme of activity.
- Arson reduction: working with other agencies to target incidents of arson and anti social behaviour. Intervention ranges from overt presence in areas where deliberate fire setting is known to occur to education and police action.
- Road Safety: Working with other agencies such as Local Authorities, Police and Ambulance Service on work to reduce road traffic collisions. Work focusses on those at risk of danger (usually 17-24 year age group). This road safety intervention is targeted at young drivers of vehicles and the cause and effects of their actions

It should also be possible to reduce the amount spent on resilience capability by adopting newer and more efficient operational approaches, and a more streamlined approach to overall management, without compromising the ability to respond.

Inspectorates

The Health Inspectorate Wales funding has been increased in recognition of the key role it fulfils in ensuring the quality of a range of healthcare interventions and settings. Care and Social Services Inspectorate Wales and Estyn have been allocated additional funding to keep their cuts down to manageable levels.

5. Key Policies

Local Government

We have engaged extensively with Local Government regarding the settlement for 2016-17 and have provided Authorities with as much information as possible, as early as possible, without pre-empting the publication of the Draft Budget and its formal consideration by the Assembly. Finance matters have been considered in detail at meetings of the Partnership Council for Wales and its Finance Sub Group. I also co-hosted a seminar with the WLGA on 19 November to draw

out a collective understanding of the challenges and opportunities for Local Government in Wales over the Spending Review period.

Officials from the Welsh Government and Local Government have worked together to consider the impact of the late announcement of the outcome of the 2015 Spending Review on the budget-setting processes for Local Government. They concluded that whilst the timetable presents challenges for Local Authorities and Police and Crime Commissioners (PCCs) in setting budgets, it does not result in any legal or financial impediment to the process. I wrote jointly with the Leader of the WLGA to all Local Authorities and PCCs to that effect in October.

The Distribution Sub Group, a working group which supports the Finance Sub Group of the Partnership Council for Wales, has continued its work on the detail of the formula for distributing funding between the 22 Unitary Authorities in Wales to ensure the indicators used are up-to-date and provide the best available measures of relative need.

Council Tax Reduction Schemes for 2016-17 will be funded on the same basis as in 2015-16. The arrangements maintain entitlements for households which are eligible for a reduction in their council tax bills under the Scheme.

Local Government Reform

In February 2015 the Welsh Government published a further White Paper on the reform of Local Government 'Power to Local People', and in June further proposals regarding the mergers of Local Authorities were set out. These were brought together with the publication of the Draft Local Government (Wales) Bill for consultation in November. The consultation package includes: Draft Bill, Consultation Paper, Explanatory Notes, Explanatory Memorandum, Welsh Language Impact Assessment, Equalities Impact Assessment, Children's Rights Impact Assessment and Regulatory Impact Assessment.

The Regulatory Impact Assessment (RIA) for this Draft Bill indicates that proposals for Local Government Reform could result in net savings of up to £650m over ten years and would pay for itself in two to three years. This is in line with previous analysis published by CIPFA on behalf of the WLGA. The RIA sets out the growing financial pressures on local services in Wales. These pressures are likely to continue for at least the next decade, whilst the demand for some services increases. Faced with these challenges, inaction is not an option.

The severe financial pressures also mean it is not realistic to expect the Welsh Government to provide large injections of cash to meet the cost of mergers. One of the guiding principles must be to manage them in such a way to maximise the benefits and minimise the costs. The Local Government (Wales) Act 2015, which received Royal Assent in November 2015, enables early preparations to be made, for example, through the establishment of Transition Committees, to ensure all opportunities are taken to maximise the benefits of merger. However, Local Government Reform is about much more than structures, it is about better services and outcomes for people and communities through putting in place improved performance management arrangements, better governance, and stronger democracy, as well as making better use of limited resources.

Review of Funding Flexibilities

In line with our vision of creating One Welsh Public Service that works together to deliver better outcomes for citizens, we are looking to redefine the mechanisms which provide assurance about the outcomes being delivered through the significant funding we make available for Local Authorities. As part of this work we are working with representatives from Local Authorities to look again at the scope to increase funding flexibilities for Local Authorities and, where appropriate, to move funding out of specific grants and into the unhyphocated funding stream.

In discussion with Local Authorities, we continue to explore scope to do more both for 2016-17 and to develop further options for an incoming administration to consider in relation to 2017-18. Extensive engagement with Ministerial colleagues continues and as well as making progress for 2016-17, it is intended that significant further work takes place for 2017-18.

We welcome the steps Local Government is taking to identify ways in which they could provide assurances as to improved performance delivery if funding arrangements were simplified.

Administration Costs

Authorities also need to continue to pursue opportunities to make administrative savings, while protecting as far as possible the services Local Government provides and on which we all rely. An independent report by KPMG based on 2013-14 data, evidenced that Welsh Authorities had the capacity to make significant savings of up to £151 million per annum through adopting more efficient practices, benchmarking against equivalent Authorities in England and transforming their administrative functions. We continue to work with Local Authorities through the Resource Efficiencies Group to support them to deliver these savings.

Transparency in Local Government

As part of our Reforming Local Government programme, we have consulted upon and continue to develop a wide range of proposals to create greater transparency in Local Government such as compulsory broadcasting of meetings and greater involvement of the public in decision making.

We will continue to provide funding from within the Building Local Democracy budget to follow through on the recommendations of the report of the Expert Group on Local Government Diversity, with the aim of a diverse set of candidates standing for election to local government in 2017.

Youth Justice

Our commitment to improving the lives of vulnerable children and young people is demonstrated by our decision to continue the funding for Promoting Positive Engagement for Young People (At Risk of Offending) at £4.420 million in 2016-17. The fund, formerly known as the Youth Crime Prevention Fund, will continue to support a range of initiatives aimed at preventing and reducing youth crime. The fund is contributing to the achievements of the youth justice system in recent years which has seen reducing numbers of first time entrants. Between the financial years 2012/13

and 2013/14 there was a 26.5% reduction in FTE in Wales¹. The numbers of children and young people in custody continue to fall and in June 2014 there were 47 young people from Wales in custody¹. The funding is allocated via a funding formula and is distributed to Youth Offending Teams or Community Safety Partnerships in Wales to support local and regional projects. Continuing the funding will assist in delivering Children and Young People First, a joint Welsh Government Youth Justice Board strategy to improve services for young people from Wales at risk of becoming involved in, or in, the youth justice system. The strategy was launched and published in July 2014, and continues the Welsh Government's long-standing approach to youth justice, which is to treat those involved in offending behaviour, or at risk of offending, as children and young people first. This is in line with the United Nations Convention on the Rights of the Child (UNCRC), and with Welsh Ministers' duties under the Children and Young Persons (Wales) Measure 2011 to have regard to the Convention.

Community Safety

We are protecting funding for Community Support Officers (CSOs) with £16.8m in 2016-17 to maintain our Programme for Government commitment to put 500 CSOs on the beat. This investment makes an important contribution to preventive spend as CSOs work with local primary schools on crime prevention; providing reassurance to over-60s groups; helping local businesses address shoplifting, as well as taking part in searches, seizures of alcohol and tobacco and house to house inquiries for criminal investigations.

The Welsh Government does not provide core funding directly to Fire and Rescue Authorities (FRAs): provision is included within the RSG for Local Authorities. The additional funding we do provide is, as noted above, focused on improving fire safety and on responding to major disasters. The former, in particular, has a strong emphasis on prevention and sustainability. It has contributed to the significant long-term decline in fires and fire casualties, both of which have fallen by over 50% since responsibility was devolved. In turn, this has created capacity within FRAs to address other risks and hazards, such as falls in the home – many of which are readily preventable. The Welsh Government and FRAs aim to capitalise on that potential in the coming year by diversifying firefighters' roles in this area.

Many risks of fire are closely associated with protected characteristics. Disabled people, older people, children and single parents, for instance, are at particular risk either of suffering a fire at home and/or being unable to escape from it. The programmes which the Welsh Government funds focus expressly on those most at risk, and on taking measures appropriate to each case.

It is not possible accurately to measure the effectiveness of preventative measures like these, as one can never know how many incidents would have occurred if, and only if, the measures had not been put in place. However, the Welsh Government monitors and evaluates these programmes robustly, in terms of the levels of service delivered, the extent of its focus on at-risk groups, and by using qualitative techniques such as case studies of individual interventions.

Monitoring and Evaluation to Demonstrate Value for Money

¹ " Note these figures are a monthly snapshot of the custodial population, taken on the last Friday of the month or first Friday of the following month, depending on which is nearer to the actual month end"

Key Local Authority services performance information for 2014-15 and previous years is published on the Welsh Government website.

Within the funding support for local government is provision for council tax reduction schemes. The arrangements for council tax support were subject to a comprehensive review during 2013 and 2014 schemes. The review included detailed consideration of numerous sources of evidence regarding the experiences and impacts of schemes in 2013-14 including work carried out by the Institute for Fiscal Studies, the National Audit Office and our own analysis of data collected from each Authority in Wales.

Evaluation work underway on LSB activity and the Regional Collaboration Fund will further enhance the information and evidence we hold on delivering new approaches/ best practice and provide more evidence to help quantifiable evidence for future planning.

The Welsh Government continues to work with the FRAs in challenging times to provide better and more efficient services by targeting resources to achieve better outcomes and to make communities safer from the dangers of fire.

The “2012 Onwards” Framework sets out an increase focus on improving efficiency and value for money, FRAs need to be innovative in planning and designing their services and consider the most effective use of staff in terms of delivering both front line and support services.

Equality, Sustainability and Consideration for the Welsh language

While it is for each Local Authority to determine the actions it will take, to mitigate the impacts of austerity we have attempted to target investment at protected groups which will be impacted. To offset the impacts to communities, we have invested in frontline education and social services delivery through the Revenue Support Grant, used our levers on infrastructure and innovative finance and protected those programmes aimed at equality, community regeneration, sustainability and climate change.

Each Local Authority is an autonomous, democratically elected body which is accountable to its electorate for the decisions it makes. Authorities have a series of statutory duties and functions, and powers to provide a range of other functions and services. They deliver a range of key services many of which, by their nature, are targeted towards people with protected characteristics and make a significant contribution to tackling poverty. For example, Local Authorities have statutory duties to protect children and vulnerable adults and to provide education services. They also have duties to provide many other services, as well as a duty to promote the social, economic and environmental well-being of their communities. It is not possible for us to identify the equality impact of the general revenue funding reduction on each Local Authority service with precision. This is because it will vary locally from Authority to Authority depending on the decisions each makes in the coming months about its individual budget. For example, some Authorities may join with others to deliver services, some may review their charging policies, some may draw on reserves, some may look to outsource services, others may look to raise Council Tax in order to mitigate and manage these reductions. Each Authority will make decisions based on local need

and priorities and must assess the impact of its proposals and decisions on protected groups and in relation to their wider functions.

We have protected Local Government in Wales from the worst of the cuts to public funding. In providing this protection, we made it clear this was to enable Local Government to rethink and reform services in order to prepare for the challenges ahead. This approach has been underpinned by a programme of work taken forward in conjunction with other public service partners under the auspices of the Partnership Council for Wales to support collaboration, innovation and the redesign of services.

Local Government in Wales has continued to be better supported compared with Authorities in England. Since 2010-11, spending on local services in England has decreased by around 10% in cash terms, while in Wales it has increased by 2.5%. Spending by Local Government in Wales per head of population is approximately £423 higher in 2015-16 than in England.

The challenges are testing but short-term decisions, for example to close leisure centres or libraries without consideration of the longer term impacts on health and literacy, will store up problems for the future and will not provide a sustainable approach to managing the budget reductions.

Alongside these budget considerations, Local Authorities across Wales are subject to statutory duties in relation to the Welsh Language. Local Authorities must undertake their own equality and Welsh Language impact assessments as they progress through their budget-setting processes and we expect these to consider fully the implications of their proposed spending decisions. The Welsh Government has shared information with Local Government on best practice in engaging local populations in the budget-setting process.

6. Provision for Legislation

Legislation	Action/SPA	Resource/Capita	£
Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015.	Domestic Abuse	Resource	468,700
LG (Democracy) Act 2013	Building Local Democracy	Resource	10,000
LG (Wales) Act 2015	Funding Support for Local Government	Resource	125,000
LG (Wales) Bill (working title)	Funding Support for Local Government	Resource	0
Well-being of Future Generations (Wales) Act 2013	Funding Support for Local Government	Resource	2,500

Local Government (Wales) Act 2015

This was introduced in January 2015, and received Royal assent on 26 November. The Act provides the powers necessary to enable and facilitate preparatory work for a programme of Local Authority mergers. It enables the Local Democracy and Boundary Commission for Wales and the Independent Remuneration Panel for Wales to commence work on electoral arrangements and remuneration for proposed new authorities. It includes powers for the Welsh Ministers to require Authorities to establish Joint Transition Committees to prepare for merger and powers to enable Ministers to take steps to prevent actions by existing or shadow authorities which might be prejudicial to the new merged authorities. The financial impact of the Act in 2016-17 arises from funding the Local Democracy and Boundary Commission to begin work on reviews of electoral arrangements for proposed new principal areas.

Local Government (Wales) Bill

This Bill is the main legislative vehicle for the merger and reform of Local Authorities under the Welsh Government's Reforming Local Government Programme. A draft Bill was issued for consultation in the autumn 2015, prior to introduction into the National Assembly following the 2016 elections. As such, this Bill has no financial impact in 2016-17.

Violence Against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015

The Violence against Women, Domestic Abuse and Sexual Violence (Wales) Act 2015 received Royal Assent in April 2015. The provisions of the Act are intended to ensure a focus across the public sector on the prevention of these issues, the protection of victims and the support for those affected by such issues. The Act aims to change Welsh infrastructure, creating stronger leadership and ensuring a stronger, and more consistent, focus on tackling these issues. The financial impact for 2016/17 relates to the continued implementation of the National Training Framework, the piloting of 'Ask and Act' (a principles based approach to targeted enquiry) and the costs of the National Adviser.

LOCAL GOVERNMENT MAIN EXPENDITURE GROUP (MEG)						
RESOURCE BUDGET - Departmental Expenditure Limit						
SPA	Actions	BEL Title	BEL Number	2015-16 Baseline	2016-17 Changes	2016-17 New Plans Draft Budget
Local Government Funding	Funding Support for Local Government	Local Govt General Revenue Funding (JRSG & NDR)	840	3,178,465	-53,859	3,124,606
		Police General Revenue Funding	860	136,000		136,000
		Local Govt Revenue Consequences	885	3,787		3,787
		Non Domestic Rates Collection Costs	940	5,172		5,172
		Community Support Officers	830	16,787		16,787
		Emergency Financial Assistance Scheme	1600	1		1
		Transformation & Legislation	887	2,945	-690	2,255
	Valuation Services	Valuation Office Agency	1500	8,561		8,561
		Valuation Tribunal for Wales	1540	1,200	-126	1,074
		CTRS & Related Analysis	1550	150	-50	100
		SPA / ACTION Total		3,353,068	-54,725	3,298,343
Safer Communities	Fire and Rescue Services	Fire & Rescue Services	1265	4,777	-478	4,299
		Community Fire Safety	1698	0	848	848
	Fire and Rescue Services National Framework	Community Fire Safety	1698	1,030	-1,030	0
	Domestic Abuse	Domestic Violence Services Grant	541	4,100	400	4,500
	Promoting Positive Engagement for Young People	Youth Justice Services	1681	5,200	-780	4,420
	Total Safer Communities			15,107	-1,040	14,067

SPA	Actions	BEL Title	BEL Number	2015-16 Provisional Baseline	2016-17 Changes	2016-17 New Plans Draft Budget
Improving Services, Collaboration and Democracy	Building Local Democracy	Local Government Boundary Commission	1440	520	52	572
		Local Government Scrutiny & Standards	1462	301	-175	126
	Local Government Improvement	Outcome Agreement	880	31,100	-31,100	0
		Improvement & Audit	1571	1,191	-731	460
		Local Government Research	1665	350	-350	0
	Academi Wales	Academi Wales	7093	0	1,109	1,109
	Supporting Collaboration and Reform	Local Government Regulation	1574	160	-16	144
		Partnerships and Transformation	1575	760	-30	730
		Public Service Reform	7089	255	-255	0
		Regulation & Engagement Framework	7097	194	-194	0
	Total Improving Services, Collaboration and Democracy			34,831	-31,690	3,141
Care and Social Services Inspectorate	Care and Social Services Inspectorate	Care and Social Services Inspectorate	6775	14,461	-508	13,953
	Total Care and Social Services Inspectorate			14,461	-508	13,953
Healthcare Inspectorate Wales	Healthcare Inspectorate Wales	Healthcare Inspectorate for Wales	6785	3,056	530	3,586
	Total Healthcare Inspectorate Wales			3,056	530	3,586
Estyn	Estyn	Estyn	6280	11,664	-351	11,313
	Total Estyn			11,664	-351	11,313
	Total Resource - Local Government			3,432,187	-87,784	3,344,403

CAPITAL BUDGET - Departmental Expenditure Limit						
SPA	Actions			2015-16 Baseline	2016-17 Changes	2016-17 New Plans Draft Budget
Local Government Funding	Local Government General Capital Funding	General Capital Funding	1675	20,000		20,000
	Total Local Government Funding			20,000	0	20,000
Safer Communities	Fire and Rescue Services	Fire & Rescue Services Resilience	1265	1,000		1,000
		Community Fire Safety	1698	0	670	670
	Fire and Rescue Services National Framework	Community Fire Safety	1698	670	-670	0
	Domestic Abuse	Domestic Violence Services Grant	541	969		969
	Total Safer Communities			2,639	0	2,639
Estyn	Estyn	Estyn - Programme Expenditure	6280	281		281
	Total Estyn			281	0	281
	Total Capital - Local Government			22,920	0	22,920
RESOURCE BUDGET - Annually Managed Expenditure						
SPA	Actions			2015-16 Baseline	2016-17 Changes	2016-17 New Plans Draft Budget
Local Government Funding	Funding Support for Local Government	Fire Service Pensions	1699	24,593		24,593
		Non Domestic Rates - AME	870	977,000		977,000
	Total Local Government Funding			1,001,593		1,001,593
	Total AME - Local Government			1,001,593		1,001,593

	Local Government - Summary			2015-16 Baseline	2016-17 Changes	2016-17 New Plans Draft Budget
	Resource DEL			3,432,187	-87,784	3,344,403
	Capital DEL			22,920	0	22,920
	Total DEL			3,455,107	-87,784	3,367,323
	Total Annually Managed Expenditure			1,001,593		1,001,593
	Total - Local Government			4,456,700	-87,784	4,368,916

Integrated Impact Assessment (IIA) on the Budget 2016-17

MEG – LOCAL GOVERNMENT

OVERVIEW OF THE PORTFOLIO

The Local Government portfolio provides the legislative and funding framework for Local Authorities in Wales, promoting openness, transparency and accountability for the improvement of public services. Along with specific provision for priority programmes and relevant bodies, the MEG provides core funding for County and County Borough Councils, Police and Crime Commissioners and Fire and Rescue Authorities.

SPEND PROFILE

Resource DEL Limit			£000
SPA	2015-16 Baseline	2016-17 Changes	2016-17 New Plans Draft Budget
Local Government Funding	3,353,068	-54,725	3,298,343
Safer Communities	15,107	-1,040	14,067
Improving Services, Collaboration and Democracy	34,831	-31,690	3,141
Care and Social Services Inspectorates	14,461	-508	13,953
Health Inspectorate Wales	3,056	530	3,586
Estyn	11,664	-351	11,313
Total	3,432,187	-87,784	3,344,403
Capital DEL			£000
SPA	2015-16 Baseline	2016-17 Changes	2016-17 New Plans Draft Budget
Local Government Funding	20,000	0	20,000
Safer Communities	2,639	0	2,639
Estyn	281	0	281
Total	22,920	0	22,920

KEY CHANGES TO SPEND

Local Government Funding SPA

- Funding Support for Local Government (Revenue) Action – reduced £54.5 million
- Non-Domestic Rates - with the financial devolution of Non-Domestic Rates from 1 April 2015, provision for Local Government from the NDR Pool is now recorded as Annually Managed Expenditure rather than DEL. Provision for 2016-17 is £977 million.

Safer Communities SPA

- Net reduction on Fire and Rescue Action of £0.660m
- Increase in the Domestic Abuse Action of £0.400m
- Reduction in the Promoting Positive Engagement for Young People Action of £0.780m

Improving Services , Collaboration and Democracy SPA

- Local Government Improvement Action – reduced by £32.2 million (31.1m mainstreamed into the RSG)
- Reduction in the Supporting Collaboration and Reform Action of £0.495m
- Transfer into the MEG of Academi Wales

Inspectorates

- Reduction to Care and Social Services Inspectorate of £0.508m
- Increase to Health Inspectorate Wales of £0.530m
- Reduction to Estyn Action of £0.351m

IMPACTS OF CHANGES

The majority of the programmes in the Local Government MEG provide funding directly to Local Authorities or other public bodies to deliver the front-line services which people rely on every day or to support improvement, greater efficiency and more effective collaboration across public services.

Funding Support for Local Government (Revenue) Action

This Action includes provision for general revenue funding for Unitary Authorities, general revenue funding for police services in Wales and Community Support Officer Grant.

This Action is by far the largest within the Local Government budget and it is, in turn, largely allocated to the general revenue funding for Unitary Authorities. The overall budget reductions mean a reduction to this budget is unavoidable. However, within this, our aim has been to minimise the impact on Local Authorities and protect front-line services to limit the impacts on equalities at the local level.

This has involved critically reviewing our other programmes, encouraging the rolling-in of specific grants into revenue support grant to provide greater flexibility, reducing bureaucracy through single integrated planning, ensuring the funding implications of new devolved responsibilities placed on Local Authorities are considered, and providing support for transforming and improving services. The Welsh Government engages extensively with Local Government through the Partnership Council for Wales and its sub groups to consider the financial challenges and the approaches to dealing with them.

Each Local Authority is an autonomous, democratically elected body which is accountable to its electorate for the decisions it makes. Authorities have a series of statutory duties and functions, and powers to provide a range of other functions and services. They deliver a range of key services many of which, by their nature, are targeted towards people with protected characteristics and make a significant contribution to tackling poverty. For example, Local Authorities have statutory duties to protect children and vulnerable adults and to provide education services. They also have duties to provide many other services, as well as a duty to promote the social, economic and environmental well-being of their communities.

It is not possible for us to identify the equality impact of the general revenue funding reduction on each Local Authority service with precision. This is because it will vary locally from Authority to Authority depending on the decisions each makes about its individual budget. For example, some Authorities may join with others to deliver services, some may review their charging policies, some may draw on reserves, some may look to outsource services, others may look to raise Council Tax in order to mitigate and manage these reductions. Each Authority will make decisions based on local need and priorities and must assess the impact of its proposals and decisions on protected groups and in relation to their wider functions. Local Authorities are subject to statutory duties in relation to the Welsh Language and each Authority must undertake their own Welsh Language Impact Assessment in considering and setting its budget.

The combined effects of these decisions will vary from place to place but the Welsh Government has been supporting and encouraging Authorities to take a strategic and long-term approach to managing their budgets. Local Government in Wales has been protected from the worst of the cuts to public funding. In providing this protection, we made it clear this was to enable Local Government to rethink and reform services in order to prepare for the challenges ahead. This approach was underpinned by a programme of work taken forward in conjunction with other public service partners under the auspices of the Partnership Council for Wales to support collaboration, innovation and the redesign of services.

The challenges are testing but short-term decisions, for example to close leisure centres or libraries without consideration of the longer term impacts on health and literacy, will

store up problems for the future and will not provide a sustainable approach to managing the budget reductions.

Alongside these budget considerations, Local Authorities must undertake their own equality impact assessments as they progress through their budget-setting processes and we expect these to consider fully the implications of their proposed spending decisions.

While it is for each Local Authority to determine the actions it will take, to mitigate the impacts of austerity we have attempted to target investment at protected groups which will be impacted. To offset the impacts to communities, we have invested in frontline education and social services delivery through the Revenue Support Grant, used our levers on infrastructure and innovative finance and protected those programmes aimed at equality, community regeneration, sustainability and climate change.

The general revenue funding for police services aligns with Home Office plans in accordance with long-standing arrangements. Police services in Wales are mainly funded through Home Office Police Grant, Welsh Government revenue support grant and non-domestic rates, and through council tax. Since the beginning of the 2010 Spending Review period, the Welsh Government contribution to the funding has mirrored Home Office plans to ensure that each police force in England and Wales receives the same percentage reduction in its funding. As with Local Authorities, Police and Crime Commissioners have statutory responsibilities in relation to the setting of their budgets and are responsible for assessing the impact of their decisions.

Funding for the additional 500 Community Support Officers has been protected as one of the "Five for a Fairer Future" commitments in the Programme for Government. All 500 CSOs have now been recruited and deployed and the funding provides for this level of front-line resource to be maintained.

CSOs have a crucial role to play in their communities. Welsh Government funded CSOs are working with local primary schools on crime prevention; providing reassurance to over-60s groups; helping local businesses address shoplifting, as well as taking part in searches, seizures of alcohol and tobacco and house to house inquiries for criminal investigations. They are also active in Communities First Clusters, supporting the tackling poverty agenda. The additional 500 Welsh Government CSOs represent a significant contribution to the number of officers on the beat in Wales.

We commissioned the Universities' Police Science Institute at Cardiff University (UPSI) to appraise the impact of the additional 500 CSOs across the Welsh Forces and British Transport Police. The report, published in February 2015, assessed the work of CSOs and gauged their effects in making communities feel safer. The research shows that, at a time when the UK Government is cutting back on police funding leading to officer numbers declining in England, Wales is not showing the same level of decline. The research suggests our additional officers are visible on our streets and that they are

meeting the public's expectations by dealing with low-level crime and anti-social behaviour.

Fire & Rescue Services Action

In assessing the impact of reductions to the Community Fire Safety Revenue budget, it is important to understand long-term trends in the incidence and severity of fire, and thus on the work of the fire service. The following highlight this:

- There has been a major, sustained and long-term reduction in the incidence of fires across Wales. 2014-15 figures show 56% fewer fires than in 2004-5, and 58% fewer casualties.
- Data for different categories of fires also show a sustained reduction in the longer term. These include fires in dwellings and deliberately-set fires. Malicious false alarms are also falling.
- While there is some detailed variation, in general these trends are sustained by all three Welsh fire services.

These trends are similar to or greater than in England. They reflect both the preventative work undertaken by fire services and wider changes such as a reduced incidence of smoking and tighter fire safety regulations (for instance relating to building and furnishing materials). It is not possible to disentangle the two and to establish exactly how effective preventative work by the fire service is or has been.

As a result of the steep decline in the incidence of fire, the work of fire services is increasingly focused on preventing fires, reducing the risk of fire and improving fire awareness and fire safety, rather than on responding to incidents. In other words, preventative work is increasingly the substantial core business of the service, and is managed and funded accordingly. It should be noted in this context that real-terms expenditure and capacity of Welsh fire services has fallen only marginally in the past 10 years, while the number of incidents has fallen markedly. As Fire and Rescue Authorities themselves acknowledge, this reflects the increasing deployment of core resources into preventative rather than responsive roles.

Community Fire Safety grants have hitherto been used to fund some of this preventative activity, including work with vulnerable groups in particular:

- o Home Fire Safety Checks: providing advice on safety in the home and appropriate equipment. Several protected characteristics, notably age and disability, are strongly associated with a greater risk of fire, and these checks are and will continue to be targeted accordingly. They entail bespoke interventions and equipment to reflect the circumstances of each case. For instance, those with a hearing impairment can receive

a visual rather than an aural smoke alarm. People with a mobility impairment may be unable to escape a fire, so need a fire suppression system.

- o Youth initiatives (Phoenix and Crime & Consequences): where children who are identified as at the cusp of offending or have offended take part in a programme of activity to divert them away from crime and develop more positive attitudes and behaviours in general.
- o Arson reduction: working with other agencies to target incidents of arson and anti social behaviour. Intervention ranges from overt presence in areas where deliberate fire setting is known to occur to education and police action.
- o Road Safety: Working with other agencies such as Local Authorities, Police and Ambulance Service on work to reduce road traffic collisions. Work focusses on those at risk of danger (usually 17-24 year age group). This road safety intervention is targeted at young drivers of vehicles and the cause and effects of their actions

The exact effects of the reduction proposed for 2016-17 will be fully discussed with Fire and Rescue Authorities. Our aim will be to safeguard programmes which have the greatest tangible effect on reducing fire risk, especially to vulnerable people.

Domestic Abuse Services Grant

The £4.1million Domestic Abuse Services Grant revenue budget has been increased by £400,000 in 2016-17 to contribute to the costs of implementation of the Violence against Women, Domestic Abuse and Sexual Violence Act 2015.

The programme provides funding to both third and statutory organisations to support victims of violence against women, domestic abuse and sexual violence. In particular, over the next few years, the budget will support the implementation of the Act and a range of supporting policy and programmes. From 2014-15 an extensive resource has been invested in the development and implementation of the National Training Framework and “Ask and Act” (more than £500,000 over the next three years), as well as our Healthy Relationships agenda which will continue to be delivered throughout schools in Wales over the next year at a cost of £500,000.

The Welsh Government recognises victims can be from across the whole spectrum of society, including older people, all ethnicities, religions and beliefs, people with disabilities and people from the Lesbian Gay Bisexual and Transgender community. Children and young people are often directly impacted upon as a result of domestic abuse and violence. Their right to be protected will be supported further as a result of this increase. The Act therefore addresses violence and abuse perpetrated against all people in Wales, irrespective of gender, age or sexual orientation. The Act also

addresses violence perpetrated against a woman or man arising directly or indirectly from values, beliefs or customs relating to gender or sexual orientation.

The estimated additional costs of this Act are between £1.1 million and £2 million per annum during the next three financial years (2016-17 to 2018-19). These costs need to be set in the context of the estimated annual cost of domestic abuse alone in Wales, which is thought to be in the region of £826.4 million. This is a combination of service costs comprising the: criminal justice system; healthcare; social services; housing and refuges; and civil legal costs. It also includes costs related to lost economic output and human and emotional costs.

A budget of £4.5 million will help to ensure a strong infrastructure is maintained, effective services are in place across Wales in both Welsh and English, and awareness raising and preventative measures are provided for those who experience violence against women, domestic abuse and sexual violence. This funding will therefore have a positive impact on equality because of its direct benefit to people within the particular protected groups. There are also links with the tackling poverty agenda – as we know that in some circumstances, households experiencing domestic abuse are at greater risk of living in a low income household.

Promoting Positive Engagement for Young People (At Risk of Offending)

Our commitment to improving the lives of vulnerable children and young people is demonstrated by our decision to maintain the funding for Promoting Positive Engagement for Young People (At Risk of Offending) at £4.420 million in 2016-17. The fund, which was formerly known as the Youth Crime Prevention Fund, will continue to support a range of initiatives aimed at preventing and reducing youth crime. The funding is allocated via a funding formula and is distributed to Youth Offending Teams or Community Safety Partnerships in Wales to support local and regional projects.

Continuing this funding will assist in delivering Children and Young People First, a joint Welsh Government Youth Justice Board strategy to improve services for young people from Wales at risk of becoming involved in, or in, the youth justice system. The strategy was launched and published in July 2014, and continues the Welsh Government's long-standing approach to youth justice, which is to treat those involved in offending behaviour, or at risk of offending, as children and young people first. This is in line with the United Nations Convention on the Rights of the Child (UNCRC), and with Welsh Ministers' duties under the Children and Young Persons (Wales) Measure 2011 to have regard to the Convention.

This funding helps to further the aims of the UNCRC, and has a positive impact on equality because of its direct benefit to children and young people who are at risk of offending, and who often face exclusion and disadvantage. We know that children and young people from low income households are more likely to be involved in crime and anti-social behaviour, so continuing this funding and preventing youth crime will have a positive impact on the poorest communities in Wales. We also know that young

offenders are more at risk of living in poverty as adults. It is critical that vulnerable groups (such as those at risk of offending) receive support and access to the services they need – thereby contributing to the Welsh Government’s aim of preventing poverty in the longer term. The youth justice system in Wales has achieved a great deal in recent years on reducing the number of first time entrants into the youth justice system, with a 34% reduction between Jan – Dec 2011 and 2013; meaning that fewer young people are coming into the system. In addition, the number of children and young people in custody has fallen between March 2011 and March 2014, from 93 to 49.

Local Government Improvement Action

The provision for Local Government Improvement supports a number of existing programmes which see the Welsh Government working with Local Authorities, the Wales Audit Office and others to develop the corporate improvement capacity of local government in line with the Local Government Measure 2009. The reductions will be achieved through efficiency savings and a refocusing of effort towards the improvement agenda set out in the *Reforming Local Government* White Paper. There is no evidence to suggest these changes would have a differential effect on particular groups or communities as the budgets are for corporate improvement action not service delivery.

Supporting Collaboration and Reform Action

Decrease of funding (by £0.5m) for supporting collaboration and reform, related primarily to the decision in 2014-15 not to proceed with a Welsh Public Sector Performance Management IT system; and to the end of the ESF funded Local Service Board project in May 2015.

Bringing the **Welsh Public Sector Performance Management IT system** project to a close returns the costs expected of around £500k to £1m per year over the 7 year period of the contract back into front line services. Lessons from the procurement will also be fed into the Government’s response to the performance elements of the Commission on Public Service Governance and Delivery.

Local Service Boards have a key role to play in working together to improve the well-being of the people, communities and areas they serve. The end of the ESF LSB project has potential negative impacts for their ability to do so effectively, given the role the funding has played in developing LSBs, the Third Sector’s inputs, outputs and emerging outcomes from delivery projects, wider engagement including with protected groups, plus sharing good practice on collaboration and service delivery at a local and regional level.

If LSB support is not retained at some level into 2016-17 the public services and LSBs in particular could lose knowledge of the projects outcomes and the ability to support

LSB monitoring of any mainstreaming of project outcomes, citizen engagement and the existing networks which can add value to LSBs work.

To further mitigate some funding has been maintained in 2016-17 to provide some support for Local Service Boards to build their capacity and capability to undertake robust assessment of local needs and to prepare the ground for the development and requirements set out in the WFG Bill. We will also if possible look to use EU income received in 2015-16 to provide additional support.

Integrated planning ensures the needs of people with protected characteristics form part of a wider consideration of well-being and a more holistic approach to the planning and delivery of public services. The impacts of outcomes and evidence from evaluations of the LSB delivery projects on people with protected characteristics are also relevant here and without continuing LSB support this may be lost.

There is currently a lack of data/evidence at a national level to fully assess and quantify impact on the loss of LSB ESF funding to the development of LSBs and local partnership working.

While there has been a reduction in the amount of funding for **supporting the design and delivery of services** a significant proportion has been retained to support reshaping the way we think about and deliver public services to meet current and future needs of the people of Wales. A core theme of this programme of work is supporting the shift to preventative approaches through projects on earlier intervention (missing children; domestic abuse); and on joined up services (e.g. on enabling older people to live independently for as long as possible or adoption of team around the family approaches). These projects are identifying and sharing best practice on joining up services through national, regional and local leadership groups. There are also links here with the tackling poverty agenda – particularly in terms of providing joined up services for young people who are NEET (which is a key priority within the Tackling Poverty Action Plan).

Inspectorates

The Inspectorates are not my direct responsibility but are within the Local Government MEG to ensure an appropriate segregation between policy and funding responsibilities. The Inspectorates undertake important work but are subject to a proportion of the cuts imposed on Welsh Government. However, in acknowledgement of their crucial roles and in discussion with relevant Ministerial colleagues, the Inspectorates have been afforded a degree of protection. In fact, the Health Inspectorate Wales funding has been increased in recognition of the key role it fulfils in ensuring the quality of a range of healthcare interventions and settings. Care and Social Services Inspectorate Wales and Estyn have been allocated additional funding to keep their reductions to manageable levels.

Engagement

- Extensive formal consultation with Local Government and public service partners through Partnership Council for Wales and its sub groups – Finance Sub Group and Reform Delivery Group, supported by the Public Service Leadership Group and official working groups such as Distribution Sub Group and Capital Finance and Investment Group. The formal consultative process in support of the Local Government is one of the most extensive in government. The formal mechanisms are complemented by extensive informal engagement between Ministers, elected representatives and officials.
- Public consultation exercises have been held in connection with all significant areas of policy development.

Evidence

- Numerous papers and analyses developed specifically in connection with the engagement arrangements outlined above. Welsh Government analyses including *Local Authority Services Performance 2014-15*, *Comparison of Regional Collaborative Areas 2014*. Wales Audit Office reports including *Meeting the Financial Challenges Facing Local Government in Wales*. Material submitted by Local Government including *Local Government Expenditure in Wales: Recent Trends and Future Pressures*.
- Within the funding support for local government is provision for council tax reduction schemes. The arrangements for council tax support were subject to a comprehensive review during 2013 and 2014 schemes. The review included detailed consideration of numerous sources of evidence regarding the experiences and impacts of schemes in 2013-14 including work carried out by the Institute for Fiscal Studies, the National Audit Office and our own analysis of data collected from each Authority in Wales.

Continuous improvement

- In November 2015 the Welsh Government published the Draft Local Government (Wales) Bill and accompanying documentation. This included a Welsh Language Impact Assessment, an Equalities Impact Assessment, a Childrens' Rights Impact Assessment and a Regulatory Impact Assessment. WIn 2015, the Minister for Public Services again asked each Authority for information on the approach it had taken to consultation and public engagement in setting its budget. The responses were analysed and a summary of the best examples was promoted to Authorities across Wales.

- Review of Funding Flexibilities for Local Government. This review looked at the options for increasing the flexibility with which Local Authorities can make use of the resources provided to them by the Welsh Government. It focused in particular on the scope to reduce the proportion of funding provided for specific purposes rather than as general funding which Local Authorities can use for any purpose within the powers available to them.
- Evaluation work underway will further enhance the information and evidence we hold on LSB activity and will help provide more quantifiable evidence for future business and budget planning and impact assessments.
- The Welsh Government continues to work with the FRAs in challenging times to provide better and more efficient services by targeting resources to achieve better outcomes and to make communities safer from the dangers of fire.
- The “2012 Onwards” Framework sets out an increase focus on improving efficiency and value for money, FRAs need to be innovative in planning and designing their services and consider the most effective use of staff in terms of delivering both front line and support services.