

1. The WLGA welcomes the invitation to provide comment on the draft Budget Proposals for 2019-2020 in particular on those areas which fall within the remit of the Committee.

Background

2. The WLGA has previously circulated a budget document¹ to all AMs which provides an insight into the overall cuts and challenges faced by local authorities over the last decade of austerity.
3. For local services in Wales this has meant that funding from the Welsh Government has contracted by over £1bn, nearly 25,00 jobs have been lost and, some local government services are spending at levels that pre-date devolution and have been hollowed out. The paradox for the local tax payer is that they actually 'pay more for less', as the costs of national decisions are unfunded or partially funded and the council tax payer picks up the tab.
4. At the time of writing, we were still absorbing much of the detail of the announcement of the Local Government Provisional Settlement. Our initial reaction is set out in the press release at annex I and we are awaiting much of the detail on specific revenue and capital grants. The key cost pressures are well documented. At the time of the setting out budget details for 2018-19, an indicative level of grant was set out for 2019-20 which would have meant a reduction of -1%. In the latest announcement the level of reduction is set at -0.3%. Resources have been found to plug some of the gap and we assume this is made of the additional funds from UK Government for teachers pay, money for free school meals and an additional £20m for social care. This leaves local services facing a £262m budget gap before any council tax increases are factored in. As councils are facing a planned reduction of £57m before the restoration of some grants and RSG the overall or gross budget gap is £317m.
5. We are equally aware that the pressures on Welsh Government budgets are enormous and that in the year of the 70th birthday of the NHS basic local government preventative services do not have an equal political profile how then is this reconciled with the principles of the Well-being of Future Generations Act which calls for more investment in preventative measures, as housing, education, leisure and community services all have an impact on wellbeing?
6. The general themes which emerge from a WLGA survey of local authorities are stark and require detailed discussion with Welsh Government and decisive action to follow. Unless we invest in preventative spend the whole system approach to the delivery of health and social care set out in "A Healthier Wales" is not possible. The Health Foundation's 2016 assessment of future

¹ [Fair and Sustainable Funding for Essential Local Services](#)

funding needs for health and social care in Wales to 2030-2031 implies that, assuming an annual 1% improvement in efficiency (£70 million a year), day-to-day spending on the NHS would need to increase by 2.9% a year in real terms – just over £200 million a year at current prices – to meet cost and demand pressures. We cannot keep going on like this, storing up problems for the future. Over the long term, linking in with the overall Welsh Government budget process, we need a fundamental review of Wales' priorities and how services are funded, ultimately with a view of improving outcomes. We must prioritise and invest in those services that prevent negative outcomes in the future and contribute most to sustainable economic growth. Indeed, this is now a requirement under the Well-being of Future Generations (Wales) Act 2015. Our priorities should align with the goals of that Act. In pursuing them it is important that time is invested at inception to identify the most sustainable way forward. That means early involvement of stakeholders and collaboration with appropriate partners. It also means developing integrated approaches designed to deliver the best 'whole life' outcomes and counter any negative trends. The funding framework should support this

7. A few years ago, the WLGA ran a programme of support for local authority 'early adopters' of the WFG Act's requirements. A key lesson from this work was the importance of using the Act 'upstream' in policy development. If the Act is used to think through projects or initiatives at the outset it is a helpful framework for making sure that they are being approached in a rounded (non-silo) way. That is far better than the 'retro-fit' approach, where the Act is seen as an interference in something that has already been committed. That is an important lesson that can make the Act a force for good as opposed to being something to 'find your way around'.
8. As a sector that contributes a lot to the preventative agenda we have been happy to work with the Future Generations Commissioner to embed WFG Act principles and ways of working in our elected member training and policy-making in local authorities. The Welsh Government's own definition of prevention is a step forward and we were happy to play our part in developing that. However it is clear that the WG's budget setting process is immune from such considerations the Future Generations Commissioner herself points this out in a recent blog:

"The reality is that the NHS is sucking up an increasing share of the budget every year to treat illness and this is at the cost of services which have a focus on keeping people well in the first place such as libraries and community centres, social care and leisure services.

International evidence demonstrates that the vast majority of services which have the biggest effect a nation's health and well-being are outside the healthcare services and yet in Wales we are spending 50% of our budget on services directed at treating ill health rather than keeping people well in the first place. With an ageing and increasing population that position is quite simply unsustainable."

9. Many local services that are preventative in nature or enhance the prospects of future generations are being hollowed out. Figures [from Base estimate: *RO (2001-02 & 2009-10) and RA returns (2017-18)*] shows some of the largest reductions have been in the libraries and leisure services that the Future Generations Commissioner talks about. Social care spending has hardly changed over the period of austerity. For smaller budgets such as planning and regulatory services cuts have been catastrophic, and these are the services that play a vital role in regeneration and keeping communities safe.
10. Councils play an integral role in promoting healthy lives across communities and providing access for all to services which can improve their health and well-being. This includes providing sport facilities, leisure centres, libraries, museums and parks, as well as organising or promoting cultural activities. These services form the fabric of communities and are geared to ensure that those who have least access and are least financially advantaged can use the services. The cultural and social benefits of these services also encourage people to come into and participate in their communities and are very often tourist attractions in their own rights, thus helping to grow inclusive local economies. Spending on culture and recreation fell by 42% between 2009-10 and 2017-18 and spending on libraries fell by 35%. Important local services are being hollowed out.
11. These services are under significant threat, due to cost pressures which have seen budgets decimated by almost 51% to levels of funding last seen in the mid-1990s. The total budget for Public Protection Services is typically less than a half of one percent of the local government budget. Further reductions would have severe consequences.
12. For Trading Standards and Environmental Health Services there has been a sharp decline in the workforce, worryingly, these are officers with specialist skills and knowledge not available elsewhere in local government. Statutory competency requirements will be breached, leading to legal challenge and review. Both workforces have an ageing demographic and very few new entrants. Qualifications, training and recruitment is at a critical point for sustainability. If this trend continues for the next five years public protection services will break, and those unique protections will be lost from local government. Given the potential of substantial regulatory change in the aftermath of Brexit and strong demand from SME's for regulatory advice and support, there is a severe risk that Wales will be very poorly placed to respond to the many and diverse challenges, routinely dealt with by public protection departments.
13. Each of the 25 planning authorities in Wales (22 local authorities and 3 national parks authorities) sets the framework for the development and use of land within their area through the preparation of a Local Development Plan. They are collaborating at a regional level to coordinate strategic land use planning matters and support sustainable regional development across

authority areas. The Planning service plays a vital role in promoting and controlling building development, protecting and conserving the environment, supporting business and economic development, protecting architectural heritage and encouraging high standards of building design and environmental management. It therefore fundamentally shapes the places and environments in which communities and businesses operate. The achievement of inclusive and sustainable growth depends heavily on the planning system being able to identify and facilitate spatial relationships based on good connectivity, efficient interaction and the minimisation of unnecessary journeys. However, successive cuts since 2009-10 have seen Planning budgets roughly halved, reducing the capacity of authorities to pursue these ends.

14. Planning and preparing for Brexit remains problematic because of the high level of uncertainty surrounding the process. Each day there is news emerging, sometimes suggesting a deal is close but on other occasions highlighting major hurdles (not least concerns around the Irish border), with no obvious way forward. Even if a withdrawal agreement is brokered, a deal on future relationships between the UK and EU (e.g. on trade and on existing joint working arrangements/institutions) still needs to be agreed. It remains less than clear how any withdrawal agreement will get successfully through the UK Houses of Parliament. Given that the 27 Member States and EU Parliament also have to approve any deal (by a majority) the deadline of 29th March is very challenging.

15. If a deal on withdrawal is agreed in time, there is still the distinct possibility of a cloud of uncertainty over a wide range of day-to-day working arrangements that have still to be bottomed out (e.g. around legislative certainty; product safety; customs requirements; mutual recognition of an array of qualifications, accreditations and other documentation). A transition period to December 2020 would follow a deal, allowing time to work these matters through. However, there are still likely to be some temporary uncertainties and disruption. Communication will be key. In the event of no deal, the situation will be far more complex and the uncertainties even greater. The EU has been issuing Preparedness Notices setting out the implications of 'no deal' (here) and UK Government has likewise been issuing a ranging of Technical Notices (here). Local authorities need to be geared up to deal not only with the impacts on themselves but also, in their community leadership role, on local businesses, residents and partner organisations.

16. Welsh Government introduced a £50m EU Transition Fund to assist private, public and third sector organisations in their preparations for Brexit. WLGA bid for, and was awarded, £150,000 to run a support programme for local authorities during 2018/19. A series of events is being arranged covering a range of topics and various resources, materials and research will be

generated and shared. The first events have taken place and have covered the settled status scheme for non-UK EU nationals and issues relating to the Environment. All presentations from events and other materials produced are being uploaded onto the WLGA website: see Brexit Transition Support Programme for Welsh local authorities - WLGA.

17. Freedom of Information requests have been issued to local authorities by the media seeking information on the steps they are taking to prepare for Brexit – see for example: This is what all of Wales’ councils are doing about Brexit - Wales Online. The responses show that relatively little has been done to date. This is largely because of the uncertainty around the deal under negotiation with the EU and the implications of the outcome – including the possibility of ‘no deal’. At a time of scarce resources, it is difficult for local authorities to allocate officer time and resources to investigate a range of potential scenarios. Several authorities refer to working with the WLGA to help identify steps they may need to take. The WLGA has identified a range of issues for LAs to consider and these are included on its web pages. However, authorities will need to invest some time using local knowledge to gauge how significant some of these issues could be in their areas.
18. WLGA continues to work closely with its counterparts in the LGA, COSLA and NILGA, sharing intelligence and information. As part of the WLGA Support Programme officers a delegation of Members from NILGA is visiting Wales to exchange views on regional development post-Brexit. They will be meeting Members involved in City Deals and Growth Deals from each of the regional collaborations in Wales. A major concern is in relation to the future of funding for regional development once the UK is no longer a member of the EU. Although the UK Treasury has issued a guarantee honouring funding commitments in the current EU-funded programmes there is a lack of clarity over successor arrangements.
19. The UK Government has announced there will be a Shared Prosperity Fund (SPF) which will replace current EU funding. Little detail has been released to date but, in that which has been, the language used refers to Mayoral Combined Authorities, Local Enterprise Partnerships and Local Industrial Strategies. None of these terms relates to Wales. Furthermore, Local Industrial Strategies are already being piloted in parts of England, raising fears that Wales could lose out in any future competitive bidding process. Welsh Government’s view is that economic development is devolved and an amount of funding - equivalent to what Wales would have received had the UK remained in the EU - should pass to Wales. WLGA has supported this position and called for the funding to be devolved further, down to the regional partnerships. However, although there have been UK Government statements about respecting the devolution settlement, the indications to date are that the fund will be administered at a UK level.
20. WLGA continues to participate in a range of Brexit working groups established by Welsh Government including the First Minister’s EU Advisory Group (chaired

by Mark Drakeford), a Roundtable established by Lesley Griffiths to consider agricultural and rural issues, a health and social care group and one focused on the economy. Information from these meetings, and other sources, is communicated to local authorities via regular bulletins to all local authorities. The Welsh Government consultation on Brexit - and Our Land sets out proposals for replacing the Common Agricultural Policy. WLGA is responding to the consultation setting out concerns over the speed of change (and the risks if other parts of the UK respond in different ways and to different timescales) and also raising questions over the future support for rural development activity. Similar concerns exist over the future of support for skills development if the SPF is focused on ERDF-type interventions.

21. In our submissions to the last Finance Sub Group, and every submission since 2012, we have highlighted the squeeze on other services. This is less a political choice and more a mathematical certainty for councils. The 15% spend on all other services falls to 5% by 2021-22. On top of the large declines in spend that we have repeatedly set out to Welsh Government, those services that are left will be subject to reductions that will leave them decimated.
22. Councils are reporting that remaining leisure facilities and libraries will now be slated for reorganisation and eventual closure. Plans for service withdrawal include roads and transport services that contribute directly to economic growth; and funding for highways, public transport and street cleansing is likely to be scaled back significantly. Others report the loss of key community services for the want of tens of thousands of pounds: youth services, contact centres and tourism facilities are likely to disappear.
23. Local authorities collected 1.6m tonnes of municipal waste from households across Wales according to the latest published data for 2016-17. The percentage of this material that was prepared for reuse, recycling or composting continued to increase to 64%, above the current target of 58%. It places Wales second in the world for the recycling of household waste. The target will rise to 70% in 2024-25 so continued progress is needed. For many years now, Welsh Government has supported local authorities with grants to develop recycling services and assistance in the procurement of treatment facilities. Recent progress, though, has had to be made in the face of a reduction in the level of that grant support. On a like-for-like basis, grant funding has reduced by third from the peak. Since every percentage increase is successively more difficult to achieve, the likelihood of maintaining the upward trend reduces. This raises the prospects of local authorities being fined for missing targets, only adding to their financial difficulties.
24. To maintain progress, further planned reductions in funding need to be revisited. In addition, work is needed to encourage – and where necessary enforce – changes in household behaviour to ensure the recycling facilities provided by councils are fully used. There is also a need for investment in new reprocessing facilities so that materials have a ready domestic market and can

be turned into new products as part of a 'circular resource economy'. Councils continue to provide advice and to signpost households to various sources of support to help improve energy efficiency. They have also taken steps to improve their own energy efficiency by switching to LED street lighting and to generate more of the energy they use from renewable sources (around 300 schemes generating nearly 30,000 MWh at the end of 2016).

25. On the economic development front, there is major uncertainty over future funding as European funding will come to an end once the UK leaves the EU. At present, little detail has been released about the successor programme, the Shared Prosperity Fund. It is unclear if local match funding will be a requirement. Economic development budgets have been severely squeezed as a result of the financial pressures local authorities face. Regional collaboration has helped to sustain this area of local government activity. With Brexit concerns looming, though, it is vital that authorities retain capacity to build local economic resilience. It is a vital preventative service in that a failing local economy will pile additional pressures on local government services such as housing/homelessness, mental health, substance misuse, community safety.
26. Local authorities across Wales have been working together regionally to promote economic development in ways that will benefit all communities. Although official unemployment in Wales has fallen to 4.4% (May 2018), low productivity, low wages and job insecurity remain major issues. City Deals have been secured with the UK Government and the Welsh Government for the Cardiff Capital Region and for Swansea Bay, while Growth Deals are being pursued by North Wales and Growing Mid Wales. The deals are intended to improve productivity, raise skills and connect communities with new opportunities. Local authorities work closely with the private sector not only in terms of the direct business support they offer but also in relation to a range of other issues such as transport, waste, trading standards, environmental health, education and skills development, care services and housing demand. As well as being major employers, employing around 10% of the total Welsh workforce, councils also spend around £3.5 billion on local and national businesses through procurement.
27. Several of the services delivered by local authorities are chargeable services (e.g. planning applications, consenting for works, interventions and abstractions in rivers and watercourses and with the up and coming implementation of Schedule 3 of the Flood and Water Management Act 2010 introducing Sustainable Urban Drainage (SUDS) into new developments and applications being made to SUDS Approval Bodies (SABs)) the charges determined by Welsh Government do not reflect the full cost incurred by Local Authorities – a further drain upon the budgets allocated.
28. Paragraph 6.72 in the budget statement suggests that in March 2019 Welsh Government will publish its Low Carbon Delivery Plan which will set out policies and proposals to help deliver emissions savings as we move towards a low carbon economy. It would appear therefore that the allocation of funding

has not been allocated against any, as yet, published policies or proposals. The consultation on the Low Carbon Delivery Plan has just concluded.

29. Through work with our members the WLGA estimates of real-terms savings of around 22% since 2009-10 and some authorities reporting reductions of up to 30%. This has largely been found from efficiencies or cuts. This equates to an annual efficiency target of around 3% but we are now at the point when cuts will bite deeper and more quickly as the opportunity for efficiencies disappears.
30. The impact on services will be severe. The published provisional settlement this year will mean that elected members will face impossible decisions and will be left with little choice but to start looking at the two large services and what remains of what is left of other small areas of spend.
31. Since the financial crisis, the wave of austerity has yielded a country that has grown accustomed to living with less, even as many measures of social wellbeing – crime rates, drug addiction, infant mortality, childhood poverty and homelessness – point to a deteriorating quality of life.
32. When it comes to public services across the UK, it is local services, that by any objective measures, are doing the heavy lifting. It is difficult to argue with the Shadow Chancellor John McDonnell MP's proposition that councils have been used as "human shields" to absorb deep spending cuts by the Treasury. In the same way, the words of Lord Porter, the Conservative leader of the LGA, resonate in the findings of the WLGA survey, namely that "Councils now spend less on early intervention, support for the voluntary sector has been reduced, rural bus services have been scaled back, libraries have been closed and other services have also taken a hit. More and more councils are struggling to balance their books and others are considering whether they have the funding to even deliver their statutory requirements".
33. WLGA has publicly and regularly recognised the progressive role played by Welsh Government in offering protection to councils in Wales that has avoided what appears to be an existential crisis for large councils with social care responsibilities across England. The problem, however, remains that austerity is now approaching a decade in longevity. The choices Welsh councils are faced with are getting harder, the decisions more difficult and the impacts more unpalatable. Welsh councils now look to Welsh Government to make decisions which can seek to offset the worse impacts of this and provide budgetary respite particularly in terms of greater investment in prevention

A 'Bread and Butter' budget, but local government gets the crumbs - again

Tuesday, 09 October 2018

The announcement of the provisional settlement for local government today is a deeply disappointing outcome for councils across Wales with the gravest implications for local services.

In particular, councils have issued a warning to Welsh Government of the severe consequences for school budgets due to the failure of this outcome to meet a massive range of wage, pension and demographic pressures. At the most optimistic level, this amounts to a £57m gap which equates to a loss of 1,300 teachers or 2,400 teaching assistants or a combination of both. Yet again, the exhausted narrative of 'additional' and 'extra' funding in Welsh Government press releases needs to be treated with scepticism. Today's settlement simply does not provide enough resources to fund local services, particularly when compared to areas which the Welsh Government directly control, like the NHS. To be first in the queue for resources from Westminster which may not materialise because of Brexit is cold comfort to local government.

The views of the WLGA's political groups below summarise the feelings of the 22 local authorities.

Councillor Anthony Hunt (Torfaen), WLGA Finance Spokesperson and Labour Group said:

"It is with deep regret that we have received today's provisional settlement. I know my colleagues in Welsh Government have had tough decisions to make thanks to austerity. But I fear that the wrong decisions have been taken in this budget."

"Councils in Wales provide vital local services. We are at the forefront of the preventative and early intervention agenda that forms an important part of the Welsh Government's own Wellbeing of Future Generations Act. Yet looking at the budget, the funding of those services appears not to be a priority."

"As well as having to deal with cuts upon cuts, the build-up of pressures in areas such as looked after children and services for older or vulnerable people are completely outstripping our existing resources. To cut these services further makes no sense; doing so will only place more pressure on other public services including the NHS."

"As Labour leaders in Wales, we call on the Welsh Government to enter into immediate dialogue with councils to see how we can work together to avert what will otherwise be a deepening crisis in the funding of our children's schools, social care for vulnerable people and the other vital services that people value and rely on. As councils, we have tightly managed our budget throughout austerity, making efficiency savings year after year. But, after eight years of deep cuts, we are fast reaching breaking point for local services."

Councillor Peter Fox (Monmouthshire), WLGA Conservative Group Leader said:

"After eight years of cuts where budgets have fallen by a quarter, Welsh Government had a real opportunity to end austerity in Wales. With £370m new monies arriving from Westminster, an imaginative approach to funding preventative services to keep people out of hospitals was needed. Instead, the Welsh Government has given the NHS a 7% increase and cut council budgets for the eighth year in succession."

"In glossy strategies such as 'Prosperity for All' and 'Healthier Wales', the Welsh Government claim that social care is one of their top priorities; there is no evidence to support this. Indeed, of the £370m available, social care will only receive £30m - short on pound notes but weighted down in bureaucracy."

"In short, lots of fine words but no matching funding commitment. This budget is full of tired and outdated thinking. Ironically, Welsh Government are giving us more money to pay for tarmac when local services have 'run out of road'."

Councillor Emlyn Dole (Carmarthenshire), WLGA Plaid Cymru Group Leader said:

"For councils across Wales, it is difficult to stress the sense of disbelief at today's provisional settlement. The Welsh Government has promised more powers and more flexibilities to councils over the past two years but have again siphoned off money for core services into a range of specific grants to spend on their pet projects.

"In addition, it appears that local government has been using the wrong tactics over the recent period: rather than carefully balancing our budgets and delivering huge cuts, perhaps we should have run huge deficits, like the NHS, who are constantly bailed out and rewarded."

"With the money we have available, we cannot protect core services - and this tragically means cuts to schools and social services. We are concerned that teachers' jobs will go and front-line services will be cut. This budget may hit the Welsh Government target of putting more money into hospitals but completely misses the point that investment in prevention is the way forward."

Councillor Hugh Evans (Denbighshire), WLGA Independent Group Leader said:

"Having seen today's budget announcement, I want to place on record a clear warning. There is barely a week goes by when AMs, MPs and others call on my council for extra 'investment' in one service or another. Our budget gap before any council tax rise is £11.5m. None of these worthy requests ever identify where this money is to come from, or what we should cut to pay for them. I say publicly today that, if you vote for this budget in the National Assembly, you must now accept full responsibility for what will be the deep cuts to services which are treasured by our communities.

"This is not just about social care; it means less food inspections, cuts to disabled facility grants, the closure of family centres, less grass cutting, the end of youth services and much more."

"Councils have crossed the Rubicon with this budget and we now face choices on core services that, as the elected leader of Denbighshire, I never imagined we would have to make."

"Even at this eleventh hour, the Welsh Government should reconsider these decisions and come forward with a new budget which is more equitable and far less damaging to our communities. I will be asking all our elected Assembly members to work harder on our behalf and challenge Cardiff Bay to support public services for the whole of Wales"
