

Petition: Fair Funding for Neath Port Talbot County Borough Council and all other Local Authorities.

Y Pwyllgor Deisebau | 23 Hydref 2018
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Research Briefing:

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Petition title: Fair Funding for Neath Port Talbot County Borough Council and all other Local Authorities.

Text of petition:

The Welsh Government need to go through their budgets line by line and eliminate wasteful spending to ensure that they protect public services in across Wales. We use Neath Port Talbot as an example, throughout this petition, being residents and employees of NPTCBC, but with the understanding that every unitary authority in Wales is under extreme financial pressure.

We agree that every authority has a role to play in eliminating wasteful spending, but when considering service provision now, the only question in each authority is "Is it good enough?" rather than "Is it Best Practice?"; but Neath Port Talbot Council have eliminated any wasteful spending and is now at the position whereby it needs to consider closing non-statutory services such as parks and leisure, in direct contradiction of Welsh Government legislation such as the Future Generations and Social Services and Well-Being Acts, and we are now down to the bare bones.

The Welsh Government now need to spend smarter not spend less, without smart spending by Welsh Government our community will see key services scaled back or lost. Further budget cuts will devastate local jobs, services and communities. Neath Port Talbot County Borough Council are a major employer and any more reduction of funding will have a huge impact on the local economy as it will in each Local Authority in Wales.

Neath Port Talbot County Borough Council is one of the most deprived councils in Wales and requires additional funding to maintain the services provided to the most vulnerable within the Borough. Neath Port Talbot County Borough Council are the major employer in the area and any reduction in funding will have a detrimental impact on employment and the ability for these vital services to be sustainable and remain in-house. Budget cuts will result in more deprivation in our communities, compulsory redundancies with services gone forever.

Lack of funding to Neath Port Talbot County Borough Council results in disruptive, costly and poor quality service provision; the loss of employment opportunities, employees terms and conditions and most importantly the loss of democratic accountability if services are lost to the private or third sector and the depletion of reserve budgets. We agree with Welsh Government's vision that everybody in Wales should live in well-connected vibrant, viable and sustainable communities with a strong local economy and good quality of life. In order for this vision to succeed we must safeguard public services which will ensure the safety and wellbeing of our residents across Wales with better outcomes for all.

Wiser allocation of finances is essential to ensure a vibrant, integrative social care model fit for the 21st Century. Local Authorities in Wales require the transformational funding to be awarded to them in order that delayed transfers of care from hospital provisions is not the outcome for vulnerable and often frail residents. Welsh Government must come to the determination that unitary authorities should not be the poor relation when allocating the public purse nor should it be expected to implement expensive legislation without the appropriate funding being awarded.

Background

The majority of the general revenue funding for local authorities in Wales is provided directly by the Welsh Government through the **Revenue Support Grant (RSG)** and through redistributed business rates. This equates to **around 75% of a local authority's budget**. The remainder is collected via council tax and other fees and income streams. Unitary authorities can also access grants from a variety of sources, as well as from their reserves.

The provisional local government settlement for 2019–20 shows that Aggregate External Finance (AEF), which is the general revenue funding available to local authorities, **will reduce by 0.3% compared to 2018–19** (adjusted).

Total AEF for 2019–20 is expected to be £4.2 billion, a reduction of £12.3 million. AEF is made up of Revenue Support Grant (RSG) and Redistributed Non-Domestic Rates (NDR) (also known

as business rates), and whilst there is an overall reduction, NDR is due to increase slightly from £997.5 million to £1.0 billion.

Out of the 22 local authorities, **7 will receive a (cash) increase in 2019–20**, with Cardiff receiving the highest increase of 0.4%. The remaining 15 local authorities will see a reduction in funding. Of those 15 authorities, **5 are receiving top-up funding** (referred to as “floor-funding”) to ensure funding does not reduce more than 1%. **In real terms, all local authorities will receive a cut in funding.**

Welsh Government priorities

In his letter to the Chair of the Petitions Committee, the Cabinet Secretary for Finance, Mark Drakeford, states that the Welsh Government has, and will continue, to do all it can to protect frontline services from the worst impact of austerity. He goes on to note that the **Welsh budget will be 5% lower in real terms in 2019–20** (on a like-for-like basis), than it was in 2010–11. This is equivalent to £800m less to spend on public services in Wales. The Cabinet Secretary states that if spending had kept pace with the growth in GDP since 2010–11, the Welsh Government would have an additional £4bn to spend on public services in 2019–20, more than 20% extra compared to the Welsh Government’s actual budget.

Mr Drakeford notes that in setting indicative plans for 2019–10 when they were published last year, the Welsh Government acknowledged that this represented a **cash cut for local government at a time when authorities are facing pressures due to an ageing population, pay and other inflationary pressures**. It was against this backdrop that the Cabinet secretary states that the Welsh Government allocated an additional £60m over two years to local government in the final Budget 2018–19.

The Welsh Government’s outline draft budget was published on 2 October, while the local government settlement was published on 9 October. The detailed spending plans will be published on 23 October.

In the [Outline Draft Budget Narrative](#), the Finance Secretary in his Foreword notes:

During the first half of this Assembly term, I have taken a rigorous approach towards budget planning, using the new Wales Reserve to carry forward as much revenue as possible, in a bid to offset further austerity cuts. As well as using some of this Wales Reserve funding this year, we will once again **invest in our priority areas** – in the **Welsh NHS; in local government; in education and in social services**.

Three of the four priority areas are specific to local government services. The Finance Secretary goes on to note:

Through our collective investments, this is a **better settlement than expected** for local government reflecting our priority to **protect frontline services** against the worst impacts of austerity.

Alun Davies, Cabinet Secretary for Local Government and Public Services in a [letter to the Leaders of Local Authorities in Wales](#) explains that Welsh Government recognise the pressures facing authorities, and that the Welsh Government will:

Continue to do all that we can to shield them from the worst effects of austerity. Following the UK Autumn Budget on 29 October, Local Government is the Government's priority for additional funding in the event of additional resources being made available to the Welsh Government.

Local Government perspective

The Welsh Local Government Association has warned of the increasing challenges and pressures on their services, and have been subject to significant reductions in their budgets over the last few years.

In their most recent press release on the Welsh Government's provisional settlement for local authorities in Wales, the WLGA note that funding from the Welsh Government to local authorities has contracted by over £1 billion since austerity, and now warn of 'severe consequences for school budgets' which could equate to significant loss of school teachers and assistants. They continue by noting that the settlement '**simply does not provide enough resources to fund local services**, particularly when compared to areas which the Welsh Government directly control'.

The WLGA recently conducted a survey with leaders of local authorities relating to their finances. The evidence, they note shows that the 'core service infrastructure of some of the poorest communities in Wales is threatened as never before'. One return noted areas in terms of the decisions the authority might have to make in the following year to reconcile its budget. These included among others:

- Severely reducing the support for those with additional learning needs in education.
- Closing most libraries.
- Closing civic amenity centres and recycling centres.
- Severely reducing street cleaning activity.
- Implementing severe reductions on assistance to the elderly.
- Significantly constraining services to those with severe learning disabilities.

These themes are apparently common throughout the survey responses according to the WLGA.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.