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Llywodraeth Cymru
Welsh Government

Welsh Government

Consultation – summary of response

Provisional Local Government Settlement 2019-2020

February 2019

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.

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Summary of Main Comments

NB: The following reflect the respondents' views and interpretations as given in their responses.

Wrexham County Council – Provisional Settlement of -0.6%

Wrexham are disappointed the Welsh Government has again made reductions to the Local Government and Public Services budget whilst protecting other services (other than Central Services and Admin). As local authorities play a vital role in health and social care they feel it is unjust that the Health and Social Care budget will increase by 7.3% and Local Government and Public Bodies will reduce by 0.6%. It was announced that in recognition of the important role authorities have in delivering core social services, a further £20m has been included in the settlement to help ease these pressures.

Additional money for new responsibilities i.e. teachers' pay (£3m) and free school meals (£5.6m) has also been included in the settlement yet the overall settlement (adjusted for transfers) has reduced by £12.2m i.e. 0.3% reduction compared to 2018-19.

The additional £20m funding for social care falls short of the social care pressures local authorities face and in 2018-19, most authorities in Wales are experiencing significant pressures in Looked After Children. The increase in the National Living Wages next April (£7.83 to £8.21, i.e. 4.9%) will also impact on what local authorities will need to pay to external social care providers during 2019-20.

The UK Autumn Budget announcement suggested additional revenue consequential for Welsh Government in 2018-19 and 2019-20 (£486m). Following publication of the Provisional Settlement, the Cabinet Secretary for Local Government and Public Services stated that, in the event of additional funding being made available to Wales; local government would be a key priority for that funding. Wrexham hope that in view of significant pressures the Council faces, the Welsh Government will passport all the additional funding to local government

They welcome the decision to maintain the Education Improvement and Pupil Deprivation grants at 2018-19 levels and the additional support for Ethnic, Minority, Gypsy Roma Traveller Learners.

Wrexham schools are under significant pressure with increasing number of schools operating under approved licensed deficit conditions - the transfer of the new Schools Funding grant (£15m into the RSG would assist in safeguarding teachers and teaching assistant posts which are currently under threat.

The Council considers the £30m Social Services grant should be transferred to the RSG to help pressures in looked after children as well as domiciliary care.

They welcome the introduction of a two grant approach in relation to the Flexible Funding Project and alongside Welsh Government's commitment; it will remain in place for the rest of the Assembly term. Wrexham are pleased the total funding for the grants has been maintained at comparable levels to 2018-19 and the decision to protect funding for key preventative services provides the opportunity for authorities to develop more strategic and long term approaches in these areas.

They are disappointed the 2019-20 Sustainable Waste Management grant was not available in time for the Provisional Settlement publication. They have seen an 18% cumulative reduction in the grant since 2015-16 which has put immense pressure on them in funding their recycling service as these collection costs cannot be reduced without reducing their recycling rates. Wrexham hopes the planned cuts will not go ahead; not the

£2.8m announced unexpectedly in the budget last year, or the £2m efficiency cut that has happened annually over recent years.

Wrexham is aware the Department of Education is proposing to provide more funding to cover additional pension costs to state schools in England and if additional funding is not made available to local authorities in Wales, it will inevitably impact on school standards which is a priority for Welsh Government.

The capital grant has remained at the same level since 2013-14. Despite the Council reviewing and rationalising its property assets, they have been unable to invest in its remaining assets to a satisfactory standard and significant investment is required to address a backlog of maintenance. The Council wrote to the Welsh Government seeking an increase in future Local Government capital funding and are disappointed there has been no increase for 2019-20.

Continued Welsh Government financial support is positive for the Council Tax Reduction scheme but the resource continues at the same level as when introduced in 2013-14 and continues to be an additional financial pressure for them.

As no indicative settlement figures have been provided for 2020-21 and future years, it is difficult for Councils to prepare medium term financial strategies without an indication of future funding. Consideration should be given to providing earlier settlement figures with the Welsh Government offering any Councils the option to take up a multi-year funding settlements, thus providing funding stability and certainty, and enabling proactive planning of service delivery.

Pembrokeshire County Council – Provisional Settlement of -0.4%

Pembrokeshire have a number of issues they consider to be critical regarding the provisional settlement. They think a review of the funding formula is required to change the 'standard tax element' of the council tax calculation as they continue to be penalised for having the lowest Council Tax Band D in Wales. Their 2018-19 Council Tax for this Band is £993.54 despite a 12.5% increase but the 'standard tax element' used in the formula was £1,170.48 and Welsh Government assume this income is raised at that level. Amending the formula to actual Council Tax would have seen Pembrokeshire gaining £10.9m for 2018-19. Funding generated in changing the formula would enable them to invest the additional resources in local services that have already suffered.

In 2019-20 Pembrokeshire's Standard Spending Assessment (SSA) is £230.386m and if an AEF of £161.656m is received, they would need to generate £68.73m from Council Tax in order to reach SSA resulting in 28% Council Tax for next year. As their net expenditure for 2018-19 was £10.9m under SSA, and Rhondda Cynon Taf £16.6m above SSA, they question how it can be justifiable or sustainable when both have to provide the same services.

Ongoing protection of health services at the expense of Local Government is not fair, equitable or sustainable and Local Government funding is insufficient to ensure protection and sustainability of local service provision. The Council is looking, for the first time, at the cessation of services for 2019-20 with radical changes of other services to ensure some service provision remains.

Pembrokeshire are disappointed no indicative settlements for 2020-21 or future years are available.

They feel that free school meals, teachers pay award and core social services 'additional' funding masks what would have been a more significant reduction in the settlement and the continued maintaining of the Council Tax Reduction Scheme funding is really an annual cut as expenditure increases year on year.

The annual level of the General Capital Fund is effectively a further cut due to significant annual inflation in this area.

They note the numerous funding streams outlined as specific grants in the 2019-20 Provisional Settlement but understood it was Welsh Government policy to move as many grants as possible into the settlement.

Due to funding reductions, they cannot see how they can afford to provide additional opportunities for use of the Welsh Language or treat it no less favourably than the English language therefore additional funding for this would be welcomed. They look forward to consideration being given to their representations resulting in a much improved Final Settlement.

Vale of Glamorgan Council - Provisional Settlement -0.7%

The Council states that understanding the context of the Provisional Settlement is essential in appreciating the impact the proposed reduced funding level will have on local services and tax payers. Local authorities are in their eighth year of austerity which has had a significant financial resilience impact on them in responding to and facing ever increasing challenges. During this austerity, Welsh local public services have faced cuts of at least £1bn.

Vale of Glamorgan has identified and delivered revenue savings since 2010-11 in excess of £50m on a net revenue budget of £222m in 2018-19. They continue to demonstrate sound financial management ensuring efficient and effective public services are provided, but delivering these essential services is becoming increasingly difficult and Vale and other authorities face very challenging and potentially damaging decisions if funding doesn't improve immediately.

Through their own transformation agenda, 'Reshaping Services Strategy' they have reviewed all their activities to ensure only services and support required by their residents is provided, resulting in varying service delivery models being adopted in different services which have been proactive at a time of unprecedented financial pressure.

They have ensured the continuation of library services, considered their generated income, introduced charges for previously free of charge services and sought key events sponsorship. Though there has been some financial return, it is far from the level required to ensure forward financial stability. They are stream lining their processes and working towards services taking advantage of new technology to give residents better access.

Vale of Glamorgan continues to work with other authorities to provide shared services to enable the continuation of service provision as they faced resilience issues due to financial pressures. Significant changes have been to the way they operate to ensure that they continue to deliver their services but they face significant financial pressures and will have to withdraw some services as they struggle to balance their forward budget. As a direct consequence of year on year under funding, services are now under threat which is regrettable especially in the context of the Wellbeing and Future Generations Act.

The Council urges the Cabinet Secretary to consider the cost pressures authorities are under. The overall settlement proposes an average reduction of 0.3% across authorities with 0.7% reduction for Vale of Glamorgan equating to £1.037m cash reduction. As their proposed reduction is below the -1% threshold they will not receive any further support through the settlement process.

As Workforce is key to quality service provision, the impact of pay inflation next year is £3.551m which is needed to meet new pay structure requirements resulting in a net

reduction of 2.3%. Price inflation is another pressure as more services are commissioned rather than directly provided and as this is not currently funded for 2019-20, it will have a direct impact on their service provision.

As the Minimum Funding Commitment (equivalent to 1%) is no longer in place for school funding, the authority has continued to prioritise school funding which is a financial pressure and in 2018-19 schools are required to meet cost pressures of £824,000. Vale of Glamorgan have maintained their support for schools at £2.9m above their IBA which is required due to the low level funding received per pupil from the Welsh Government. There is an impact in the change of the teachers non-funded pension scheme resulting in a cost pressure of £1.8m next year (further 1.2% reduction). The requirements of the Additional Learning Needs and Education Tribunal (Wales) Act 2018 has resulted in considerable unfunded financial pressures and together with increasing complex needs of children and young people, has meant the cost of these needs is in excess of £1m in 2019-20.

Social Care pressures are well known and the impact to meet the National Living Wage has a big effect on the Council as majority of domiciliary support is outsourced. The numbers of people 'aged 65 and over' requiring complex care is growing and there is increasing pressure on the children and young people budget as number of families requiring support and complexity of need within the 'looked after' children population is also growing.

They fully support the funding made available to the Health Service but strongly advocate significant additional funding be made to authority Social Care services to ensure people with complex needs can live and thrive within their own communities. The social care funding is welcomed but how it is to be used is not clear so they request there as few terms and conditions as possible. The Council feels it is time for local government services to be funded on a more equal footing when compared with the NHS.

Their commitment to support education and social care budgets has resulted in considerable savings having to be met from other services (public protection, waste and transport) therefore they are unable to be proactive.

The loss of recycling income and continued erosion of the Single Revenue Grant is a considerable pressure and as a high performing low cost authority regarding this service, they cannot respond to pressures through increased efficiencies.

Vale of Glamorgan requests that the quantum available to Local Government is considered again in coming years whilst acknowledging all authorities face issues they have outlined in their response. They trust new money made available to the Welsh Government will find its way to Councils and they will be 'front of the queue' as announced by the First Minister.

They request that changes be made to the settlement i.e. Immediate transfer of £15m for schools to RSG; removal of grant conditions for the £30m social care; designate £30m aligned to the Regional Partnership Boards to be set as 'Local Government Preventative Services Fund; and raise the funding floor from -0.1% and settlement that reflects the general inflationary uplift.

Isle of Anglesey County - Chair of Corporate Scrutiny Committee - Provisional Settlement of -1.0%

Isle of Anglesey's Committee scrutinised the Council's initial 2019-20 budget proposals along with the Provisional Settlement and have expressed concerns that the settlement implications could leave the Council with a considerable financial gap to plug.

The Committee are concerned and disappointed with the provisional settlement and press for additional funding in the final settlement. They urge the Welsh Government to consider the implications on the Council's overall financial position and to ensure there is additional funding for Isle of Anglesey County Council in the final settlement.

Cardiff County Council - Provisional Settlement of 0.4%

Cardiff Council considers this is a difficult settlement for the Welsh Local Government and Cardiff's position is no exception. They feel their settlement is a significant reduction in real terms and though above the Welsh average, is indicative of relative demand. With a budget gap of £35m, the 'like for like' cash increase of £1.7m they will receive for 2019-20 doesn't compare with anticipated pay, price and demand pressures they face. Addressing this gap in their plans, following a sustained period of financial challenge, includes over £19m in directorate savings, council tax increase, use of reserves and schools' growth restriction but these measures will still be insufficient to address the 2019-20 budget gap. This will necessitate a supplementary measure of deleting a £4million financial resilience budget making it impossible to continue to manage budgets on this scale without lasting detrimental impact, and this is a concern in the context of an estimated £93 million budget gap over the medium term.

There are some specific areas of under funding and though funding to help meet cost of teachers' pay awards was good news, the more significant costs associated with the Teachers Pension Scheme contributions fails to be addressed. With £7million needed for Cardiff schools (£4.3million in 2019-20), they face significant and unavoidable pressures and hope Wales will receive full funding for this pressure in the Final Settlement as schools in England have.

There were some positive features of the next year's specific grant plans i.e. the continued funding for Ethnic, Minority and Gypsy Roma Travellers Learners along with the decision not to proceed with previous planned cuts for other grants. They welcome the additional £30million Social Services grant and that the terms and conditions are broad thus enabling their use to be flexible, but are disappointed the additional £15million grant for Schools comes with specific and additional requirements and therefore, less flexible. It would be more helpful to have additional funds such as Social Services and Schools directed through the Revenue Support Grant as this would give some assurance that amounts would be ongoing. These services face significant pressures and it is important the settlement recognises this as funding has failed to keep pace with these pressures resulting in service level cuts to other services which are becoming untenable over the medium term. In 2019-20 alone, "other services", which account for just 19% of their budget, will bear almost 70% of required savings and these services cannot continue to be the primary funding source for unfunded demand in other areas.

Cardiff Council anticipates the Final Settlement will reflect the commitment made by the Cabinet Secretary for Local Government and Public Services that Local Government will be a priority for any additional resources made available to the Welsh Government.

Torfaen County Borough Council – Provisional Settlement of 0.1%

Torfaen state the provisional settlement has provided another all-Wales average cash reduction of -0.3% with a number of authorities having significantly lower settlements. In real terms the reduction would be much more significant and falls well short of funding levels required to maintain local services.

Though their settlement has marginally increased, they feel it is still well below the inflationary and demand pressures they are facing which will necessitate them having to make very difficult choices to set a balanced budget and service levels will suffer.

The settlement announcement was made more difficult as it stated that extra resources were being made available for Education and Social Care. They feel it is only true in that it has improved the position from a much more difficult forward indication and faced with a broadly cash flat position, they consider it hard to see the 'extra resources'.

Torfaen welcomes the extra grant funding for Social Care, Education and Health and Social Care partnerships but it doesn't make up for the shortfall in the provisional settlement and argue these grants must come with maximum flexibility. The overall level of funding does not compare favourably with the proposed increase for the National Health Service and they feel the funding should be based around the health 'system' (rather than service) and also recognise the key role social care plays in the preventative agenda.

The 'one-year' settlement continues to be disappointing as it doesn't help their medium term service planning. They acknowledge long term planning is not easy but the Council and their regulators expect them to plan on a multi-year basis which is not helped without individual council level forward allocations. Multiyear settlements would assist them achieve their common aims of an effective and joined up public service within the principles of the Well-Being of Future Generations Wales Act.

They are pleased the 'floor mechanism' was retained and that it continues to be additional funding rather than through a 'top slice'.

The Council comment that the All Wales grant information was certainly not complete and the breakdown at individual authority level should be available at the provisional settlement stage. Full detailed grant information is an important part of their budget decisions especially when they have seen unanticipated and late reductions in previous years.

They are pleased the level of Council Tax increase remains a matter for local policy choice. They are very conscious of the pressures on household budgets and are doing their utmost to deliver a balanced budget, however continued funding restraint inevitably puts pressure on Council Tax rises.

They urge the Welsh Government to continue to press for funding of the Teachers' Pension increase agreed by the UK Government as the cost is unaffordable for schools and local government without this additional funding.

Torfaen state it is important the vital services they provide are funded properly and hope there will be some significant positive movement between the provisional and final settlements otherwise stark choices and decisions will have to be faced.

Ceredigion County Council - Provisional Settlement -0.3%

Ceredigion comments they have suffered significant reductions for the past 6 years and together with inflationary pressures, this has resulted in a 25% reduction in their budget (total of £38million), with the Medium Term Financial Strategy forecasting cuts up to £18m.

The new legislative requirements (e.g. the Social Services and Wellbeing Act, Future Generations Act and Welsh Language Act) have caused extra pressures for them. The Teachers Pension increase will also impact on the Fire Authority Levy and along with other inflationary pressures means that Ceredigion is short of £6m and would require a 5% funding increase in order for Council Tax increases to remain low i.e. 4-5%.

Under the provisional settlement, they stand to suffer a further 0.3% cut which includes the teachers' salaries uplift for part of 2019-20; therefore the consequential forthcoming from the promised Westminster settlement is actually non-existent. This, together with the effect of the increase in pensions and inflationary pressures, means their school budget stands to be £2.4m in deficit unless there is a significant uplift before the final budget is

announced. This equates to the loss of 60 teaching posts equivalent to the staffing of one secondary school.

Adult Social Care Services are already under considerable financial strain particularly Learning Disabilities and Mental Health. Ceredigion are looking at a shortfall of £3.4m in the Social Services budget which if not filled, will lead to serious redundancies. The challenges they face to keep initial services open cannot be overstated and the 'project funding pots' which require more and more bureaucracy to run them, are given priority over keeping essential services running at full complement.

They want the Welsh Government to recognise that intervention and preventative services like social care, leisure, public protection and education, should be essential for recognised budget allocations and must include the commitment of the need to fund the whole care sector equally in order to reduce pressure on the health service.

Significant reductions and changes made to the Revenue Support Grant have left a shortfall which needs to be addressed and it cannot be considered and implemented in such a short time scale. The 'lead in time' for implementing the significant changes required, needs a much longer period to plan for than the budget setting period allows.

The Council notes the general capital funding is to be maintained over the next three years which is a cut in real terms and has remained as flat allocations following three years of cuts, amounting to 36%. They are maximising capital receipts and prudential borrowing within their policy framework and affordability levels but it will be increasingly difficult to find the match funding needed for Band B 21C schools projects. They comment on the inequity that coastal counties are asked to match fund essential coastal defence projects at 25% for what are essentially National assets and request an immediate review on these intervention rates. Reducing revenue budgets means that any further borrowing is becoming increasingly untenable for them.

Powys County Council - Provisional Settlement -1.0 %

Though the settlement is an improved position to that projected and the funding floor provides some protection, Powys note that yet again there is an AEF funding reduction to them of -1% or £1.745m. This, together with increasing pay, price and demand pressures will again see them having to make substantial savings. The funding per capita at £1,312 remains below the average for Wales at £1,344.

They consider this Settlement is by far the biggest financial challenge in Wales across the last decade and in order to meet this challenge, they have delivered substantial savings of £73m since 2012-13. To deal with the continued budget reductions, efficiencies have been maximised whilst protecting frontline services and Powys are exploring how to reduce costs through innovation and digital delivery, as well as combining locations and resources within the Council and their partners. They are transforming the way many services are delivered but the continued decline in funding and increasing cost pressures will cause them to consider the withdrawal of some services.

Powys are pleased the role Local Government services play in the health and social care system is again recognised but their additional estimated £820k funding, whilst helpful, does little to meet the significant financial pressure on this service. Pay inflation, impact of the living wage and increase in demand (as the needs of the elderly population become more complex) increases the cost pressure on the Social Care budget and they eagerly await more information regarding the additional £30 million social care targeted funding.

The further transfer of grants into the settlement and the continued amalgamation of some grants is welcomed. The additional grant funding is appreciated but the late notification and the accompanying terms and conditions of the funding streams don't help their short or medium term financial planning. The administrative burden on them along with the

grant audit requirements are costs that could be avoided and the funds used more effectively to support service delivery.

The £15m education investment provided to support young people is also welcomed and they await further information and clarification around the increase funding of the Teacher's Pension. If left unfunded, it will have an impact and be a significant financial pressure on their schools.

The continued provision of one year funding does not provide sufficient clarity for Authorities to effectively manage their financial planning over the medium term therefore confirmation of funding beyond one year would greatly reduce their uncertainty and improve their financial planning.

Powys County Council state it is important Local Government receives the appropriate level of funding from the consequential received from central government.

Flintshire County Council - Provisional Settlement -1.0 %

The Council's unanimous view is that the Provisional Settlement is grossly inadequate to meet local government needs and the specific needs of Flintshire County Council. They strongly feel that local government must be adequately funded in order to sustain local services and continue to meet their mandatory duties.

Local government has not been given sufficient priority in the latest Welsh Government allocation across the public services. Flintshire considers the budget is imbalanced and in urgent need of review as local government is reaching a crisis point.

Flintshire welcomed the specific additional funding to assist local government and the release of funding which was known to be held back for social care however the combined sum of this funding is insufficient.

As the Welsh Government is to receive additional revenue funding from the recent Chancellor's budget, the Council contends the Welsh Government has enough financial flexibility to further improve the Settlement and they call for an improved Final Settlement.

Flintshire's active campaign for fair funding for local government in Wales is pressing for a small number of specific funding interventions which they believe are possible and affordable within the Welsh Government resources. Granting these requests would not de-stabilise the draft Welsh Government budget or put local Assembly Members in the awkward position of having to choose between constituency loyalty and collective responsibility to Welsh Government. Whilst the requests have been met in part, they state that the Settlement as it stands, falls far short of what is needed.

Flintshire have previously made direct approaches to the Welsh Government for financial assistance and relief. They asked why, under the Funding Formula, low funded councils per head of population (including Flintshire) are most exposed to the compound effects of annual reductions in the funding. The disparity in this formula based funding inevitably creates a wide variation in the financial risks to councils and Flintshire is at the extreme end of the continuum of risk.

The expectations of councils continuing to manage reductive budgets whilst absorbing demand-led service pressures have to be realistic. They have warned for several years they would reach a point where options for cost efficiencies of scale have been exhausted and the opportunities for medium-term organisational change and service transformation have been fully exploited - they consider they have now reached that point.

Due to their ambitious and well executed plans, they have saved £85m over the past decade against a net revenue budget circa of £260m. All their services except schools and

commissioned social care have achieved efficiency targets of between 30%-45%. Their fixed schools expenditure accounts for 40% of their revenue budget with demand and entitlement-led social care accounting for a further 25%. They therefore have extremely limited scope to generate further efficiencies of scale and balance the corporate budget when other services have already taken such a strain.

At the time of the Provisional Settlement, their forecast budget gap for 2019-20 was £15.2m and over and above the Revenue Support Grant reduction, it is largely made up of close to £5m for national pay awards costs (including teachers) and social care demand-led and inflationary costs of over £5m. A combined value of £8.5m has also been identified (corporate financing and service options) and prior to the recent announcements, Flintshire was still left with a £6.7m shortfall.

Each and every service in Flintshire has been budget risk assessed in detail. These assessments demonstrate that if they were to proceed with cost reductions next year, they would knowingly place the Council in a high risk position where services might be unsafe, corporate governance might be compromised, and the workforce would be placed under duress – Flintshire are not able or prepared to do this.

The Council therefore only has three options to balance their budget, i.e (i) draw down reserves and balances, (ii) rely on Council Tax and (iii) national solutions with budget concessions from Welsh Government. On the first option, reserves have been used extensively to balance past budgets and they hold a comparatively low level of reserves having already built £1.9m of available reserves into their planned budget solutions for 2019-20. Regarding the second option, a 4.5% illustrative Council Tax rise has already been built into planned budget solutions for next year. They consider it would be both unsustainable and unsafe to draw down any remaining reserves therefore they are fixing their attention on a combination of Council Tax and improved national funding to bridge the remaining gap.

If there are no further improvements to the Settlement, Flintshire would have to adopt a Council Tax rise of 9% upwards to balance next year's budget. Their campaign for local government fair funding makes the case for an additional minimum £5.6m of national funding from the interventions identified, and following impact analysis of the Welsh Government announcements, they estimate they are still £2m+ short of their target.

The Council formally requests the Welsh Government makes greater use of the £59m of revenue 'consequentials' from the Chancellor's budget along with other funds at its disposal in order to improve the Settlement whereby Flintshire will benefit from a further £2m minimum.

Without an improved Settlement the Welsh Government must accept it is knowingly shifting responsibility for paying for local services from national funding to the Council Tax payer. They wish to contain the Council Tax rise for 2019-20 to the 6-7% maximum range but need the Welsh Governments' assistance to do so.

To support this request, they highlight the chronic funding situation in schools education. As statutory education age has no visible priority in the Welsh budget, a number of councils are preparing to reduce their local schools network funding levels. Flintshire are an education authority with a low funding per pupil ratio, and with a growing number of their secondary schools now operating under licensed deficits, they are holding their commitment to maintain schools funding (one of the factors behind their budget deficit for next year). To ensure schools can be funded adequately and Council Tax rises contained, they request additionality on an improved Settlement.

They invite the Welsh Government to review their budget plans and their risk and resilience assessments so that they are assured all reasonable steps have been taken to

secure a balanced budget before turning to the Welsh Government for support. Though their specific requests for budget interventions for 2018-19 were declined, both agreed to some immediate informal peer review work to review and validate their position and strategy and generate further options for making efficiencies. They have enacted the outcomes of this peer review work and already taken those additional efficiencies into account in planning their 2019-20 budget.

Welsh Local Government Association (WLGA)

WLGA states there has been numerous correspondence between WLGA and the Cabinet Secretary for Local Government and Public Services, Cabinet Secretary for Finance and the First Minister regarding the fragility of key local government services in Wales which follows ten years of real terms budget reductions. In the past, all have acknowledged a degree of relative protection that local services receive from Welsh Government.

They feel that the recent 'to-ing fro-ing' reflects one of the messiest settlements in recent memory and that many of the pitfalls that have had to be navigated could have been foreseen and mitigated before the provisional announcement.

Local government appreciates that the 0.3% reduction in aggregate external funding (AEF) is less of a cut than the 1% reduction indicated in last year's settlement but there is a build-up of cost pressures for 2019-20 and beyond. Local services face far greater upward cost pressures than before and though the lifting of the pay cap alone is welcomed, it creates an £82m pressure in 2019-20. WLGA included a table to illustrate the pressures for 2019-20 for various services and total figures if additional funding was included.

The provisional settlement announcement, whether as part of AEF or a specific grant, only goes so far in providing what is needed to meet the £317 million of pressures facing education, social care and other vital local services.

Since the onset of austerity, education and school funding has been prioritised but pressures on school budgets from 2019-20 mean that any ground gained as a result of this relative protection is largely lost. Despite funding announced in the settlement the budget shortfall for schools and education services exceeds £100 million. They welcome funding provided towards teachers' pay award costs which assumes local government will fund the first 1% of additional costs from their existing resources effectively meaning finding £10m from reducing service budgets or increasing council tax.

Despite their pleas for flexibility, the £15 million specific grant funding ring fenced for teachers' professional development means the funding cannot now be used to retain the jobs. The £50 million Teachers' pensions are responsible for half of this additional pressure and Local Government is committed to working with Welsh Government to make the case that the UK Government should follow the Statement of Funding policy. This requires it to fund the financial implications of its own policy changes in relation to Teachers' pensions and Firefighters.

WLGA comments that the settlement identifies funding for social services but doesn't go far enough to address the social care crisis. The Welsh Government's "A Healthier Wales" strategy states its aim is to produce 'a sustainable funding model for health and social care that will stand the test of time'. The Health Foundation has shown the importance of social care to delivering an effective NHS and to achieve this, net spending on adult social care in Wales should increase by 4.1% a year in real terms, equivalent to £65 million a year on average. The system approach to the health and social care delivery as set out in "A Healthier Wales" is not possible unless there is investment in preventative spend. When one part of the public service receives sufficient funding to more than meet its inflationary cost pressures and the other faces unpalatable choices of redundancies and service cuts, it is difficult to move towards a seamless public service.

Children's services cannot be ignored and the WLGA and Association of Directors of Social Services in Wales jointly call for more resources in this area in order to meet massive increases in demand. A recent WLGA survey revealed, for one council, a 72% increase in the number of looked after children subject to full care orders in the last three years, resulting in a 15% overspend on this budget. The potential future impact on mental health services of inadequately funding children and family support services is huge.

They welcome the roads, transport and waste capital investment in addition to the 21st Century Schools programme and are committed to working with Welsh Government to create more capital investment headroom over the coming years.

As a matter of urgency they also wish to take forward the need for more specialised secure accommodation for children across Wales which could translate into immediately improved emotional and resource outcomes and the commissioners of services.

As a consequence of the recent flooding, WLGA state there should be an examination of costs incurred by authorities and the need to invest in flood prevention schemes.

The Disabled facilities grants are at the heart of their preventative approach with the public also caring about highways conditions and road repairs.

The Wales Governance Centre at Cardiff University places the extra consequential money to the Welsh Government at about £58m for 2019-20. WLGA comment that this could have an impact on averting the crisis facing schools, social care and other local services and should not be underestimated.

They continue to make the case for the £58m of the non-NHS related consequential to be put into the RSG and feel there are other actions the Welsh Government could take to help protect local services and jobs:

- Immediately transfer the £15m schools budget into the RSG as this will assist in safeguarding Teacher and Teaching Assistant jobs across Wales.
- Remove all grant conditions on the £30m announced for social care as it could be concentrated on core children's and adult services and will assist in key areas , i.e. delayed transfers of care, supporting residential and domiciliary care, bolstering the looked after children budget etc.
- Designate the £30m aligned to the Regional Partnership Boards to be set as a "Local Government Preventative Services Fund" with the money being used on areas that keep people out of hospital along with preventative measures i.e. disabled facilities grant, GP exercise referral, increased community care support, and the placement of social workers in hospital to assist with discharge of patients etc.
- In order to assist all authorities in partially meeting the increase in workforce costs, the current floor should be raised to -0.3% which would cost £4m and to 0% circa £13m.

WLGA state these proposals are political and practical choices and the Welsh Government can demonstrate the opportunity to improve the situation facing local services.

They feel there are still some future minor issues to be dealt with i.e. whether funding for new responsibilities should be passed through the floor mechanism so that additional funding is not used to prop up the floor and also, which part of the budget bears the risk of a falling NDR pool. From published information, the LG MEG appears to bear the risk

which they don't think was the agreement when the pool devolved to Wales and so they require some clarity.

Austerity has impacted upon every aspect of Welsh communities and all the Councils, along with the Welsh Government look forward to a time when the policy has ended. It is incumbent on all to commit to a political and moral budget solution to secure as much as they can of existing local preventative services across Wales.

Responses sent direct to named Minister/s

Dr Mark Baker, Cabinet Member, Conwy County Borough Council – sent to Dafydd Elis-Thomas, Assembly Member Provisional Settlement -1.0%

Dr Baker, Cabinet Member for Conwy Council is disheartened that Conwy has received the worst settlement in Wales for a second year running and, together with Anglesey, Flintshire and Powys, are all at the bottom of the table with Gwynedd shortly behind. He feels that North Wales is hugely suffering and are being neglected by the Welsh Government. Conwy have made £78 million of savings over the past 6 years and they cannot carry on cutting services.

Wrexham Association of Secondary Headteachers sent to Kirsty Williams, Cabinet Secretary for Education Provisional Settlement -0.6%

The Wrexham Association of Secondary Headteachers present a collective view of secondary schools in Wrexham and are concerned the proposed -0.6% real cut in the settlement will impact on school funding. Education is one of the biggest budget areas for local government so there will be an inevitable negative impact on the funding.

Wrexham schools already face extreme budgetary pressures with many at near breaking point with others being unable to sustain a healthy budget long term. A reduced settlement combined with pay increases, potential pension pressures, reduced grant funding and general inflation, worsen an already difficult financial situation for secondary schools.

They feel the decision to prioritise Health over Local Government is a huge threat for young people across Wrexham. Potential consequences of further cuts in real terms will be a withdrawal of support for families and students most in need, increased class sizes, risk of redundancies in teaching specialists and support staff, along with deepening crisis in recruitment and training of excellent support teachers and future leaders.

They are fully committed to the WG's plans for the new curriculum and to improve outcomes for all new learners but such a significant change has major cost implications. The premise of the 'Successful Futures Agenda' is at complete odds with the current severe cost cutting which will be necessary if the draft settlement remains unchanged.

Wrexham Association of Secondary Headteachers realise there are no easy answers in a time of such prolonged austerity and all levels of Welsh governance face unenviable decisions. They urge the Minister to consider the local government budget allocations particularly the £15 million education grant so that the money reaches the school budgets directly. This will help mitigate the extreme pressures faced by Wrexham Secondary Headteachers and the deepening education funding crisis. They acknowledge other colleagues across Wales will be in similar situations and are also affected.

Councillor David Poole, Leader, Caerphilly County Borough Council – sent to Mark Drakeford Cabinet Secretary for Finance. Provisional Settlement -0.5%

Councillor Poole comments that the provisional budget has placed Caerphilly Council in a position where cuts in basic services will be actively considered. The -0.3% cut along with

pay and superannuation pressures means £15.8m saving has to be made for 2019-20 with £61m over the next 5 years, on top of the £89m already saved.

Caerphilly Council are considering various service cuts including reductions in street cleansing, grass cutting and 'street scene type services' re highways maintenance along with closure of Civic Amenity sites, community, leisure and Youth and Adult centres, libraries and the complete closure of public toilets. A 5% increase in school meals prices, a significant reduction in Meal on Wheels along with a 50% reduction in respite care homes is also being considered.

He states that school budget cuts of £2.1m would result in teacher redundancies with subsequent service reductions and would reduce their ability to fund capital schemes like Band B 21st century schools scheme (which is very unlikely to go ahead).

By 2019-20, the MTFP indicates more savings are needed totalling £44m so big decisions will have to be taken to stop providing some services and significantly reduce others.

Councillor Poole appreciates investment in the NHS is needed but questions the disproportionate investment which will be directly detrimental to Caerphilly social care services and the wider preventative health services. He supports the WG's 'Healthier Wales' strategy but feels the draft budget is not aligned to the vision of integrated emergency and preventative health service. The cuts will mean a decimation of many preventative services leading to added Health Service pressures and he considers this to be a short term view that 'flies in the face' of the overarching principles of the Wellbeing of Future Generations Act.

Pencoed Town Council – sent to First Minister

The Town Council comments on the consequences and period of austerity that has impacted on local government service provision and without additional funding, the level of local authority statutory services will rapidly diminish.

There will be a knock on effect to Town and Community Councils as there is an expectation for these Councils to take on more services which the principal authorities will be unable to continue to provide. Without finances being available they will be unable to undertake these services and the service provision could be withdrawn entirely.

They realise that as a Town Council they are not alone in their plight but as a forward thinking Council they wish to continue to provide sustained and adequate services to the community and ask that local government is first in the queue for additional monies.

Councillor Carol Clement-Williams, Neath Port Talbot County Borough Council sent to Welsh Assembly Ministers. Provisional Settlement 0.2%

Councillor Clement-Williams, Cabinet Member for Finance for Neath Port Talbot County Borough Council comments that local authorities are at breaking point particularly schools, and they cannot continue to manage their budgets with the last 8 years of continued cuts. The Council pleas for the right decisions to be made regarding budgets and for local government to be given the monies it needs to continue to provide services their constituents deserve.

She states that the Cabinet considered the proposed cuts with heavy hearts and is lobbying AMs calling for an improved budget and settlement.

Councillor Clement-Williams comments that the Welsh Government has again prioritised Health funding with an additional £500m whilst the Settlement provides a cut of 0.3% for council services across Wales. Inflation, pay awards, pressures from Teachers Pension

Costs and growth in social care adds a further 2% onto their costs. This will result in Councils having to make extremely difficult decisions in order to balance their budgets which in reality, Welsh Government are giving them less than a year to run their services. As Health and Social Services rely on each other this is not reflected in the settlement and they hope the situation can be improved at the final budgets.

Over the last 8 years of austerity, Neath Port Talbot has had to make savings/cuts of £84m to balance their budget. They now face a further £12m cut and cuts of more than £64m over the next 4 years. They are proposing to close £8m of the £12m gap with £4m coming from reserves or a better settlement.

As the First Minister stated that local government is first in the queue for additional resources, it is imperative the funding is significantly increased to avoid further cuts in school and social care etc and to balance their budget,

Steffan ap Dafydd Labour Councillor for Aberafan Ward Neath Port Talbot County Council sent to Welsh Assembly Ministers. Provisional Settlement 0.2%

Mr Dafydd, on behalf of Aberafan Ward Neath Port Talbot Borough Council, asks the Welsh Government to seek means of better local government funding.

Health is an essential feature of the Equal Society to which all aspire as Democratic Socialists but so too are the services provided by Local Government as they have suffered to the tune of hundreds of millions of £s over recent years. Welsh Government has protected Local Government from the worst excesses of Tory cuts in the earlier years, when compared with England however this is no longer the case.

Councillor Dafydd would like to see a clearer and better form of funding of Health and Social Care and feels there needs to be a better means of effective and efficient funding of HealthCare.

The notion that amalgamating Local Authorities would solve the financing of Local Government is itself problematic as redundancies cost a lot and would add to the cost of cuts. In the same way, amalgamating County Borough Councils would also incur huge costs. Councillor Dafydd appreciates the dilemmas faced but firmly states the services Local Government in Wales provides is in crisis and appeals to the Welsh Government to enable all of local government in Wales to be assisted in sustaining services.

**Simon Knoyle, Neath Port Talbot County Council:
Ward Member for Glynneath sent to Welsh Assembly Ministers.
Provisional Settlement 0.2%**

Councillor Knoyle, Councillor in the Glynneath Ward of Neath Port Talbot County Borough Council has advised of his concern regarding the Council's Provisional Settlement.

As they are already faced with making cuts to their services and facilities within various wards, he states that his ward of Glynneath for example, has been highlighted as being at risk of its Library closing and that it cannot be allowed to go un-noticed and un-challenged.

He states that the predicted levels of cuts required over the next few years to ensure a balanced budget are frightening and doesn't think they will be at all possible bar from having a detrimental and catastrophic effect to the front line services that the Council is required to provide to its residents.

Councillor Knoyle fully supports the information received from Neath Port Talbot's Cabinet Member for Finance and feels the disparity in regards to the Health and Social Care budgets is huge. As they rely on each other and work almost hand in hand at times, the

levels of funding for Social Care not only within his Council but across Wales, must be increased.