



Resourcing local services 2020-21

All our communities rely on local government



CLILC • WLGA

Resourcing local services 2020-21

Wales' councils are the **foundations of our communities**. They provide vital everyday local services, from schools, to housing, to social care, to local transport. They provide a local democratic voice to Wales' diverse communities. In doing so, councils and the services:

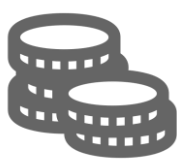
- **protect and the support** the most vulnerable in our communities
- **Tackle inequalities** within and across Wales' communities
- Promote a **fairer Wales** through inclusive growth

Councils are the economic bedrock of Wales:

- employing **over 10% of the Welsh workforce** and educating and training our future workforce
- spending **£3.5bn on goods and services** in national and local economies
- promoting **ambitious economic growth and regional regeneration** across all corners of Wales.

Local services create opportunities for every citizen which help **sustain and strengthen our communities**.

How do councils do this?



£4.2bn

revenue support
from Welsh
Government



£1.4bn

in Council Tax from
residents



£1.5bn

infrastructure
(capital) spending

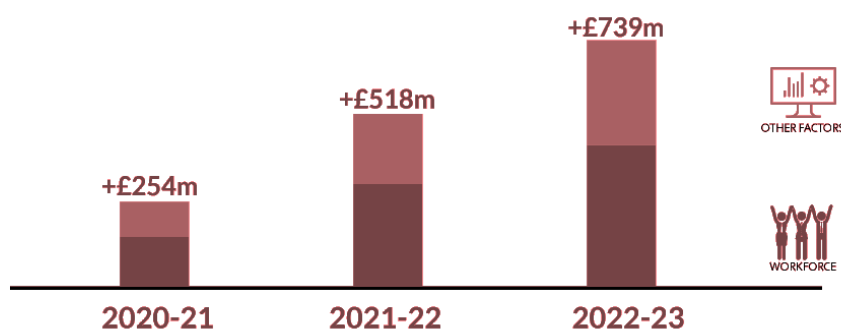


149,000

full time and part
time employees (incl
26k teachers)

What local services need over the next three years

Cumulative pressure



Just to stand still on providing current services, councils would need a revenue increase of £254m (5% of net spend) in 2020-21 and similar amounts thereafter.

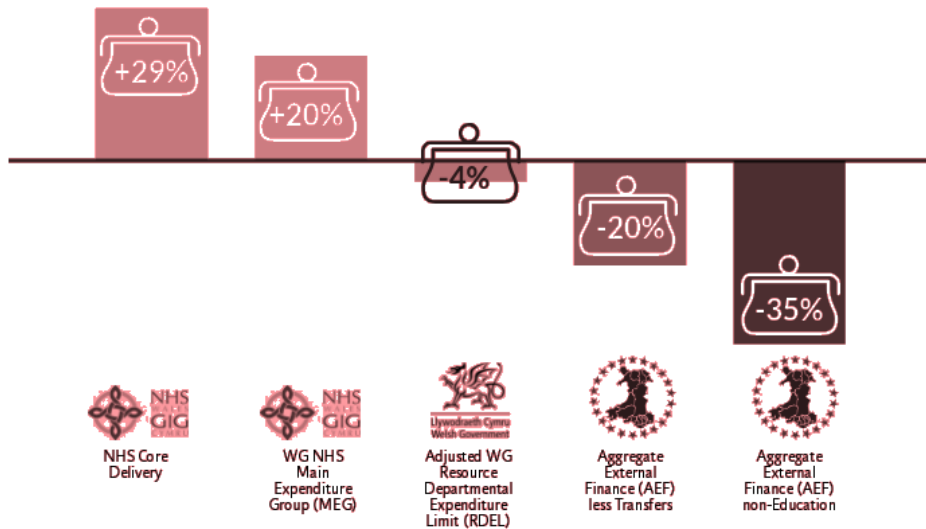
Unavoidable pay and pensions workforce costs are increasingly driving significant inflationary pressures.



Ten years of austerity

Local services have borne the brunt of austerity; core grant funding has reduced by 20% after adjusting for inflation by 2019-20.

Change in Funding since 2009-10



inflation by 2019-20.

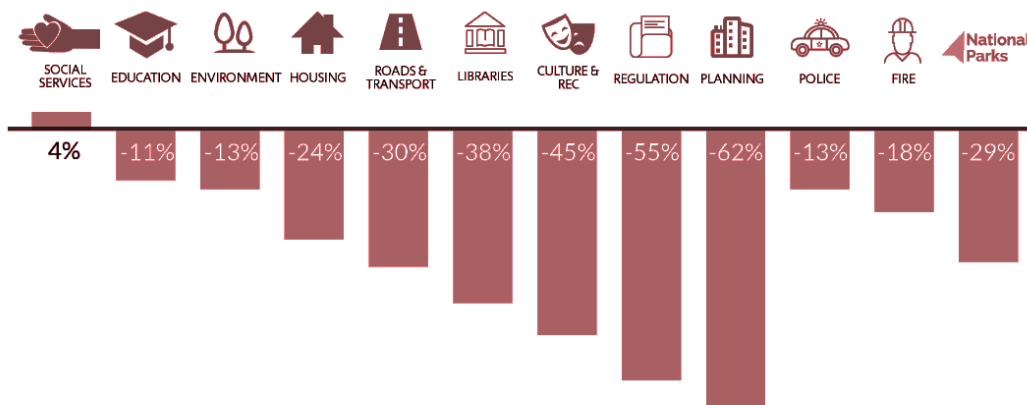
Core funding has fallen by 35%, if you don't include schools funding, as is the case in English local government.

Although schools and social care have been relatively protected, this has not been enough to keep up with demand.

Other local services, those services that are most visible and valued by our communities have been devastated. A decade of cuts has seen the loss of assets, facilities and services that have been a core part of communities for generations; the risk is that once such assets and services are lost, they are unlikely ever to be replaced.

Our services are preventative services, they have an impact on community safety and health and

Service spend change since 2009-10

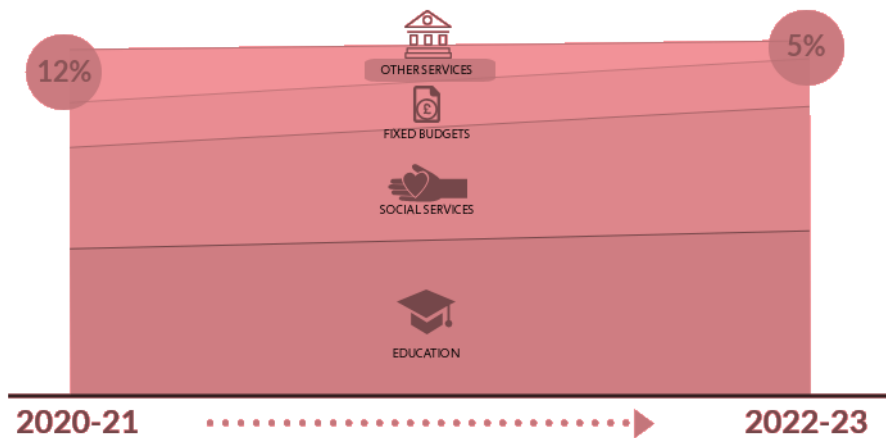


wellbeing. Our services are the **local health service** that can prevent costly burden on the National Health Service.

The structure of budgets for local services

Social Care and Education account for nearly 75% of total net revenue spend on local services.

Budget structure



Another 13% of the budget is fixed: it is outside the control of the council such as debt repayments, support for council taxpayers or levies for other bodies such as fire.

In the past, cuts were visited on the remaining budget which accounts for 12% of the overall budget. It is difficult to see how it can be reduced even more.

On current projections local government will be required to absorb nearly £0.75bn of pressures over the next three years. Either discretionary spend will decline to 5% of budgets or local authorities will start to make cuts in services that have traditionally been protected.

Without more resource schools will have to drastically pull back on teaching and non-teaching staff levels. Social care thresholds will need to increase. Vital spending on key services such as economic development, public protection, waste and culture will be paired back even further.



What services need from the 2020-21 Budget

Local services therefore need sustainable, fair and flexible funding – councils need greater fiscal autonomy and flexibility to respond to local needs and priorities:

Revenue Settlement	A better funding framework
<ul style="list-style-type: none">✓ Full funding of workforce costs and protection of the local government workforce✓ Additional investment in high cost high need services to reflect complex needs✓ No more cuts and local government funding pegged to the Welsh Government Budget✓ A sustainable rent policy for social housing	<ul style="list-style-type: none">✓ New responsibilities to be fully funded✓ Multiyear budget settlements✓ Greater accountability for health budgets✓ Greater flexibility around grant schemes that should ultimately be transferred into the settlement✓ A sustainable approach to the future funding of social care
Local Taxation	Capital Investment, Infrastructure & Growth
<ul style="list-style-type: none">✓ No council tax capping✓ Reform of local taxation to make it fairer✓ Powers to introduce discretionary taxation.	<ul style="list-style-type: none">✓ Increased funding to return investment to pre-2009-10 levels✓ Reduction in the retention rate for 21st Century Schools✓ Access to capital subsidy to enable a significant increase in the supply of affordable and social housing at pace and scale

Longer Term & Future Generations

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.

This is a requirement under the Well-being of Future Generations Act. Our priorities for our communities 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.

Our essential local services

Social Protection, Well-being & Prevention



Children's Services

(£656m, 8.9% of total spend)

Funding cuts, coupled with growing demand for children's social services, has created an extremely challenging environment for councils all over the country as they seek to intervene with families earlier and prevent problems from escalating, recruit and retain more social workers and ensure sufficient placement choice to meet the often complex needs of children and young people. From large rural counties to city councils, it is consistently reported that demand for children's services is putting local authority budgets under enormous pressure.

According to Wales Fiscal Analysis' *Cut to the Bone; Local Government Finances in Wales*, spend on children's social care has increased by £96 million (33%) in real terms since 2009-10, largely a reaction to the increase in demand. Since March 2009, the total number of children in care across Wales has risen from 4,695 to 6,405 in 2018, an increase of 1,710 (36%) in nine years. There has been and is growing concern at these high numbers and local authorities, working with Welsh Government, are working to reduce the number of children in their care and prevent more children coming into the 'looked after' system.

While reducing the number of children in care will reduce some costs for local authorities over time, investment is currently required to provide appropriate and preventative services to achieve these objectives, for example, increased access to therapeutic support and trauma-informed models of care.



Adult Social Care

(£1.3bn, 17% of total spend)



Adult social care is one of our most vital public services. It supports adults of all ages across a wide spectrum of need to live as independently as possible and protects people from harm in vulnerable situations. Nearly 77,000 people received social services from local authorities during 2017-18, with over 130,000 services provided. Demand for services continues to increase – by 2035, the number of people aged over 65 will have increased by a third and the number aged over 85 will have doubled. Spending will have to grow at 4% every year on top of general inflation to meet these pressures.

The health of the population depends on far more than just the quality of health care services. Key determinants of health are largely outside the control of health services and so the quality of, and spending on, social care and other preventative services has one of the strongest impacts on the demand for health care.

Adult social care touches the lives of millions, whether that be people working in the sector, those who receive services, or their informal carers, friends and family. Its paid workforce is larger than that of the NHS. It is a vital connector to other public, private and voluntary sector services. And it contributes some £2.2 billion to our national economy, creating 127,000 jobs.

Support for Carers



Councils provide vital support to unpaid adult and young carers, helping them to manage their caring role. There are more than 370,000 unpaid carers in Wales, with the increase in the older population, we are likely to see more older people in a caring role, with the number of carers over 85 predicted to double in the next 20 years. Councils provide vital support to people, young and old to help them to remain in their caring role.

Councils' ability to continue to provide the vital services and support that is essential to carers is being undermined by the continued cuts to council budgets. Whilst local government has kept the worst consequences of austerity at bay, in recent years its impact is now catching up with councils, threatening services that improve people's lives and their communities, including services vital to supporting carers. If carers are not appropriately supported, it can lead to

increased social isolation and add to pressures on both the carer's finances and their health and wellbeing.

There is a clear case around the need to invest in the early intervention and prevention services that are of benefit to carers and help to prevent unpaid carers being pushed to breaking point.



Affordable Housing and Tackling Homelessness (£148m, 2.0 % of total spend)

For the first time in decades, Councils are now beginning to build significant number of new homes. Councils are also continuing to make significant investment to ensure that their existing stock meets or exceeds the Welsh Housing Quality Standard by 2020. In total, Councils will be spending more than £435m on housing capital projects during the year.



Over 9,000 households were threatened with homelessness last year, and numbers are increasing. Councils have important roles preventing and reducing homelessness and rough sleeping. Early intervention is critical to achieving this and providing debt advice; tackling cases of domestic abuse; benefit help; and assistance with managing rent arrears all contribute to this aim.

Welfare Advice and Support (£22m, 0.3 % of total spend)

Benefit teams across Wales administer payments to around 206,000 Housing Benefit claimants and 277,989 Council Tax Support recipients every year, alongside managing the impact of the roll out of Universal Credit which is now claimed by over 100,000 in Wales (nationally 2 million).



Local Authorities council tax collection rates for 2018/19 are confirmed to be 97.3% of council tax billed, a decrease on the previous year of 0.1 of a percentage point although a better result than England and Scotland (both 97%).

Helping deal with debt and the consequences of debt is an important aspect of Councils' work. The latest figures from Money Advice Service (now Money and Pension Service) noted that the average of over-



indebtedness per local authority has increased from 15.4 to 15.5% in Wales however the detailed report is not yet available to see the details on a LA level.

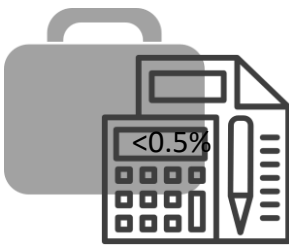


Libraries, Recreation and Leisure

(£191m, 2.6% of total spend)

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 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 45% between 2009-10 and 2018-19 and spending on libraries fell by 38%. Important local services are being hollowed out.

Regulatory & Environmental

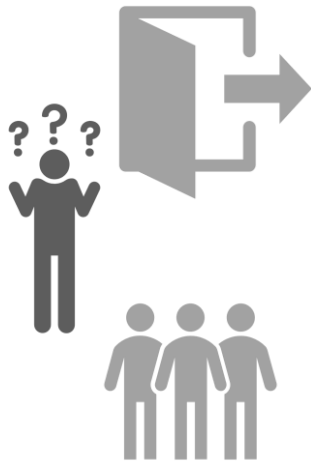


Public Protection - Environmental Health, Licensing, Trading Standards

(£56m, 0.8% of total spend)

These services protect the fundamentals of life, and the public rely on the council to provide them; Food safety, air quality, sanitation, safe work places, safe homes, ensuring what we buy is safe, and the price is correct. Government departments are now eyeing up portions of these local services, projecting them as failing, and looking to take them in to central control. The social safety net which local government has always provided is being taken away, and we are watching it happen.

These services are under significant threat, due to cost pressures which have seen budgets decimated by 55% 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.

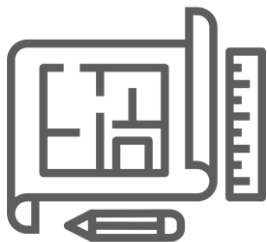


For Trading Standards and Environmental Health Services there has been a sharp decline in the workforce, worryingly, these are officers with specialist skills and knowledge not available elsewhere in local government. Statutory competency requirements will be breached, leading to legal challenge and review. Both workforces have an ageing demographic and very few new entrants. Qualifications, training and recruitment is at a critical point for sustainability.

There is an immediate need to reinvest in these services, to retain local focus on safety of our communities, and to stave off a coveting central government.

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.

Planning & Development Control (£29m, 0.4% of total spend)



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 co-ordinate 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,



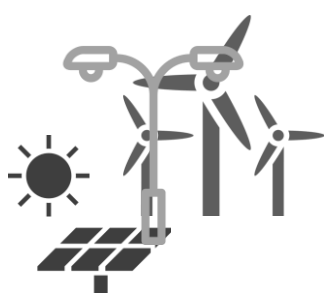
successive cuts since 2009-10 have seen Planning budgets roughly halved, reducing the capacity of authorities to pursue these ends.

Waste Management and Energy Efficiency (£248m, 3.4% of total spend)



Local authorities collected 1.55m tonnes of municipal waste from households across Wales according to the latest published data for 2017-18 (dropping from 1.59m tonnes in 2016-17).

For the first time, there was a small decrease in percentage of this material that was prepared for reuse, recycling or composting. The rate fell slightly between 2016-17 and 2017-18 (from 63.8 to 62.7%). This decrease was partly due to an improvement in the quality of reporting but also reflects the steady reduction in the grant provided to local authorities. The recycling level exceeded the 58% target that applied in 2017/18 and Wales remains second in Europe and third in the world for the recycling of household waste. However, the target rose to 64% for 2019/20 and will rise further 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 40% in real terms from the peak. To maintain progress, WLGA has pressed for further planned reductions in funding to be revisited, to reflect increases in labour and fuel costs. 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.

Inclusive Growth & Economic Growth

Education

(£2.7bn, 37% of total spend)



Public investment in schools and education is an essential part of helping individuals to fulfil their potential and to enable them to contribute meaningfully to sustainable and prosperous communities. A good education system is central to providing equality of opportunity and overcoming differences in socio economic circumstances. Empowering people, through effective schools and skill development, is an effective way of creating employment opportunities and reducing poverty.



Local government is committed to raising standards in education and improving outcomes for learners because of these individual and collective benefits. Councils spend £2.6 billion a year on educating children and young people, with educational services covering early years as well as school-based and community education.



Part of that spend includes local authorities' capital match funding for the multi-billion pound 21st Century Schools investment programme to refurbish and rebuild schools across Wales. The second phase was launched recently with Welsh Government's intervention rate for mainstream schools increasing from 50% during the Band A phase to 65% for Band B, which has been welcomed by local government.



Education in Wales is experiencing major reform and central to these changes is the implementation of a new curriculum for 3-16 year olds, which puts literacy, numeracy and digital competence at the heart of the education system. There are also changes to teacher training and professional development, a greater focus on leadership and an emphasis on schools as inclusive institutions within a self-improving system. Local government supports and promotes all of these reforms, including the proposed changes to Additional Learning Needs (ALN) - but they must be adequately resourced. This means fully funding the increased workforce pay pressures for the forthcoming year - £36m for the teachers' pay award in 2019-20 - as well as the additional teachers' pension costs incurred by employers. There are also other cost pressures associated with successfully delivering the new curriculum and the potentially unpredictable cost of ALN reform. These reforms are welcomed but effective high cost-high need services carry considerable financial burdens for councils. Consultation currently



underway on Elective Home Education also has the potential to add to pressures on council spending,



There is anxiety also over the continued use of specific grants and complicated funding streams used to deliver policy initiatives. In order to deliver these much needed reforms, we must to reduce the complexity and confusion that undermines local flexibility and democratic oversight. The recent Children and Young people's Committee Report on, *School Funding in Wales* highlights the need to simplify the process and provide greater clarity in the way schools are funded.

Inclusive Economic Growth (£20m, 0.3% of total spend)



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 is now 4.5% (May 2019), 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 regional development plans, 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.

Highways, Transport and Infrastructure (£270m, 3.7% of total spend)



The highway infrastructure is critical to all other services and to the efficient operation of local business and social activity. Local authorities have been developing Highway Asset Management Plans

(HAMPs) to enable a more strategic approach to the way they look after this vital asset (e.g. programmes of highway resurfacing to deal with potholes; maintenance programmes for structures). For HAMPs to operate effectively, the level of funding must be sufficient to enable councils to follow up on the recommendations they generate. Revenue funding has reduced by 26%.

An increasing share of local authority highways funding has been supporting the development of smaller-scale, active travel routes for walking and cycling. Bus services are being encouraged to form part of more integrated approaches, including 'metro' developments as part of the city/regional deals. Councils are having to consider what transport will look like in the future. Answers to questions about the future role of autonomous vehicles, electric, hydrogen and hybrid cars and buses, car clubs and active travel will help to determine the investment needed in infrastructure for the future. The need to decarbonise transport to meet targets in the Climate Change Act and Environment Act will be a fundamental consideration here. Welsh Government has recently pledged not only to accept the Committee on Climate Change (CCC) recommendation for a 95% reduction in greenhouse gas emissions in Wales by 2050 but seek to go further and achieve 'net-zero'.



Connectivity involves more than the highway network. Increasingly, digital connectivity and (high speed) broadband is a vital consideration for households, tourists and businesses. Local authorities have worked with Welsh Government and service providers to facilitate the roll out of superfast broadband. Providing greater digital access to councils' own services is increasingly important, too, as a way of improving service delivery and accessibility and realising efficiency savings.





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