

Finance Committee

FIN(4) 16-12 – Paper 2

Written Evidence by Wrexham County Borough Council to the Finance Committee of the National Assembly for Wales on the Welsh Government Budget 2013/14

Introduction and Purpose

1. The Finance Committee of the National Assembly for Wales invited Wrexham County Borough Council to provide comments on the Draft Budget for 2013/14. Given the timing of the request, it has been possible to undertake a preliminary review of the budget documents published on 2 October 2012. This paper provides observations on the proposals and thanks the Committee for the opportunity to provide input to the budget process.
2. Wrexham is located inland to the north east corner of Wales. It has a population of about 135,000, covers 505 sq kilometres and has a net budget for 2012/13 of £211m. It is bordered by Flintshire to the north west, Powys to the south and England to the east. The area has strong socio-economic links with Cheshire and Merseyside. The National Statistics area classification of the local authority is: Manufacturing Towns. Wrexham is the principal town in the authority, with approximately half of the population living either within the town of Wrexham or its surrounding conurbation of urban villages. The remainder of the area is rural. The authority has a strong manufacturing employment sector with Wrexham Industrial Park, one of the United Kingdom's largest industrial parks, being home to many manufacturing and technology businesses. Glyndwr University, formerly North East Wales Institute of Higher Education (NEWI), is also based in Wrexham, as is Wrexham Maelor Hospital, the area's general hospital.

Budget Allocations – Strategic Overarching Concerns

3. The level of information provided for forward planning purposes is beneficial and improves the management of the significant challenges which all levels

of government are facing (recently outlined in Local Government Expenditure in Wales, Recent Trends and future Pressures – published by the Institute of Fiscal Studies). It is noted that many of the indicative allocations for 2013/14 have been maintained and this is greatly appreciated. To have to make a major change in the Authority's budget plans for next year at this stage would have been extremely difficult given the other pressures facing the Council. It is noted that the "central services and administration" departmental allocation for 2013/14 has reduced by 3.9%. Such a reduction would be expected in this financial climate and it is surprising that it increases in 2014/15 (table 8.1, page 32).

4. The Council are finding the severe reductions in capital extremely hard to cope with (page 7, paragraph 2.6). It is resulting in a constant scaling back and delay in the delivery of the capital programme, much of which is focussed on the economy and children's services.
5. The draft budget does not appear to take account of inflationary increases which often run at a higher level for council services e.g. waste, energy and care fees. One of the aspects which offset this during the past couple of years is the level of national pay restraint and this will need to be extended, particularly for teaching staff, given the relative scale of these budgets.
6. The Council has placed a major emphasis on making savings and delivering efficiencies. It is therefore essential that any new central government legislation and policy changes are supported by adequate resources to enable them to be implemented.
7. The Council have major concerns around the implications of the welfare changes and it is noted that the Welsh Government recognises them as a "significant challenge" (page 7, paragraph 2.3 and page 27, paragraph 6.12). It is critical that Welsh Government and Treasury agree a fair basis for the amount of funding to be transferred to Wales in respect of council tax benefit as, based on the current understanding of the situation, Welsh claimants could be at more of a financial disadvantage than those in other areas.

8. Local Government works closely with Health and the financial challenges facing Health result in a significant knock on risk to the Council's Budget particularly in the areas of adult and children's social care.

Budget Allocations – Specific Areas of Concern

9. Following on from the previous paragraph, the Council are under pressure in the current year in the adult and children's social care services. This is driven by demography changes and demand is increasing at a time when Health is trying harder to pull back from joint funding arrangements.
10. The income received for planning applications and industrial rentals are currently contributing to an overspend position within the Council. The more that Welsh Government can work with the Authority following the funding of the Wrexham Industrial Estate link road and also to further improve rail connections, the more these difficulties can be offset.
11. School building capital grant reductions have put major pressures on the Council and are resulting in the programme length being extended now the Council has to find 50% of the costs. The limited potential for the sale of assets in the current economic climate to raise capital receipts is hindering the raising of match funding required at a local level.
12. One of the Council's priority areas is sustainability and therefore Section 7 of the Budget is of particular interest. However, there is no explicit mention of any funding being allocated to the "Green Deal" initiative.
13. Injecting some pace into the discussions on the Local Authority Housing Subsidy System could ensure resources being available to improve the public sector housing stock and will help generate employment (page 14, paragraph 4.1).
14. Concerns are being generated locally by the reductions and changes anticipated in the Budget in respect of local bus services. The "Delivery Partner" section mentions a move to more regionalised arrangements but is not explicit about the reductions (page 50, paragraph 10.31).

15. The amount allocated in the Budget to regulation and inspection remains fairly constant over a three year period e.g. Auditor General for Wales and the Ombudsman remain at £4.7m and £4m respectively. Given the radical changes in England, it would be expected that there could be some further efficiency savings generated within these areas.

Expectations, Commitments and Priorities

16. The continued protection of schools and social services as part of the guidance associated with the Welsh Government budget is having a detrimental effect on other services provided by the Council. These budgets represent such a high proportion of the Council's spending (£129m ie 61%) that stipulating annual increases is unsustainable in the current financial climate.
17. The Council supports the specific targeted funding contained within the pupil deprivation grant and notes it will continue at £20m until 2014/15 (page 11, paragraph 3.4).
18. The Council is very supportive of the continuation of the £33m support for Learning Disability Resettlement Grant (page 41, paragraph 9.23) and its inclusion in the Local Government Revenue Support Grant.
19. The Council has found that the Outcome Agreement regime has been a way of driving performance in line with the Programme for Government. It is noted that this resource continues into the future (page 48, paragraph 10.15).
20. New areas of responsibility through the introduction of policies or legislation require funding to accompany them. This must be assessed and provided for as part of Welsh Government's legislative programme. It is equally important to consider the impact of the withdrawal of funding in advance ie the removal of specific grants.

21. The approach taken by Welsh Government to develop a Wales Infrastructure Plan is supported (page 4, paragraph 1.4). It is important that this is described in a manner which does not raise expectations beyond what is reasonably deliverable i.e. it should be realistic and not try to show that more is happening than is prudent.
22. The provision of additional £175m capital investment compared to £129m for current year is a positive statement for delivering in priority areas (page 5, paragraph 1.5). The Council are particularly supportive of the £13m flying start for delivery of additional childcare facilities (page 17, paragraph 4.10).

Conclusion

23. One aspect welcomed is the early provision of information to assist with financial planning at the local level. An example of this is the statement that Welsh Government aims to issue indicative grant funding levels in December (page 42, paragraph 9.32).
24. It is pleasing to see evidence that Welsh Government have listened and acted on the feedback received during earlier consultation processes e.g. providing a greater level of detail on Invest-to-Save (page 24, paragraph 5.29).
25. It remains difficult to gain a clear insight into how the proposed Budget will impact on local government at this stage and any further improvement in this respect would be helpful although it is recognised that the Provisional Local Government Capital and Revenue Settlement is usually published quickly following on from the Welsh Government Budget (eg this year on 16 October 2012).
26. The different styles used in the presentation of the Draft 2013/14 Budget are very good and certainly improve the accessibility of the main published document i.e. "Our Budget" and "Your Money".

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Wrexham County Borough Council