



Evidence to the ELGC
Committee: Welsh
Government Draft
Budget 2020-21
27 November 2019



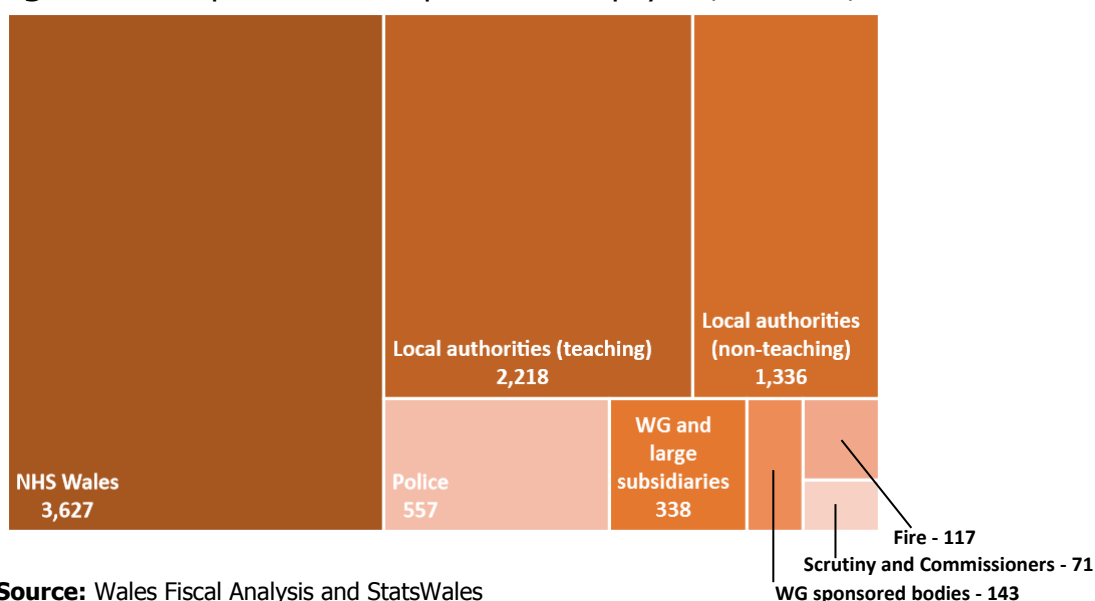
Summary

1. This paper summarises work carried out over the summer to assess the main pressures facing local authorities across Wales. Also appended at Annex I is a summary of some survey work that the WLGA carried out to assess the impact of funding reductions since 2014-15 and presented to the Finance Sub Group in September. This shows that while the scope for efficiencies is reducing significantly, the potential for local government to contribute to the preventative agenda with additional investment is promising.
2. Workforce pressures now dominate the challenge of closing budget gaps over the next 3 years. Moreover, local services face additional costs due to demand factors in high-cost, high-need service areas and many authorities are now experiencing pressures arising from new legislation or forecast due to anticipated new legislation.
3. Local services support healthy people living productive lives in prosperous and innovative local economies. Local services provide the bedrock of safer, more cohesive and more equal communities. In short local government services are inextricably linked to key themes in the national strategy, *Prosperity for All*, and the well-being of current and future generations.

Workforce pressures

4. Workforce costs now account for the greater proportion of pressures. In a recently published report by Wales Fiscal Analysis, the local government wage bill was estimated to be the second largest in Wales, behind the NHS. The combined teaching and non-teaching pay bill for local authorities approximates to £3,600m or around 43% of the total public sector pay bill.

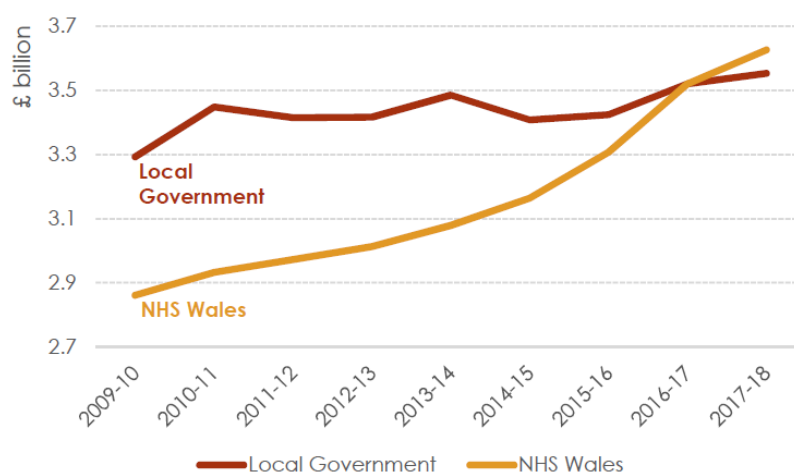
Figure 1: Composition of the public sector pay bill, 2017-18, £m



Source: Wales Fiscal Analysis and StatsWales

5. In previous years, there have been substantial cost increases such as £60m in employers' National Insurance payments as a consequence the introduction of Single Tier Pensions in 2016-17 and £18m for the Apprenticeship levy in 2017-18. Funding for these and most pay deals has had to be found from local government's own resources.
6. The figure below shows that the local government pay bill has grown in cash terms but in real terms it has fallen. The figure below shows the NHS wage bill has now overtaken the local government pay bill in terms of magnitude.
7. While the local government pay bill has risen to reflect additional costs has shown that the local government workforce has fallen around 20% or 37,000 posts made up of teachers and those on NJC terms.

Figure 2: The local authority and NHS wage bill



Source: Wales Fiscal Analysis

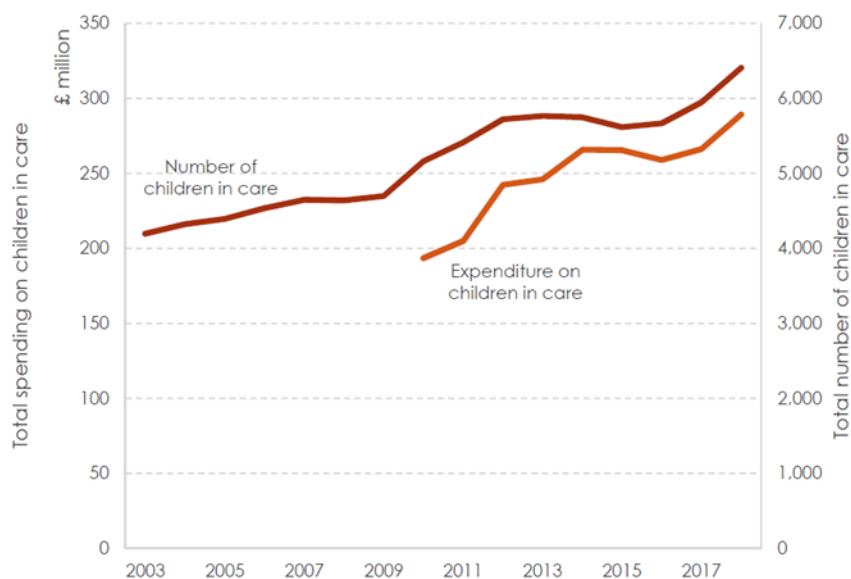
8. The scale of the local government wage bill means that relatively modest pressures arising from pay deals or increased employer contributions to pension schemes, ends up having a significant impact on the paybill. A 1% increase for example gives rise to a £36m pressure in one year.
9. With pay deals and pensions pressures similar to those experienced last year, workforce costs will rise from £147m in 2020-21 to £424m by 2022-23. account for 60% of additional costs in 2020-21 and beyond as figure 4 shows towards the end of this paper.
10. Local authorities have managed their workforce well during the period of austerity. There have been well documented reductions in the numbers of staff employed as shown above but local accountability and decision making has enabled authorities to determine how and where service reductions have been managed.

11. This has helped to maintain the workforce morale as best as possible to deliver services in difficult circumstances, which has seen service changes and delivery methods change including some outsourcing and alternative delivery models. There has been little industrial action and dispute through this period, due to, in many cases, the 'voluntary' and inclusive nature of how authorities have engaged with the workforce and the trades unions to meet these service reductions.
12. During this time, authorities have also supported modest pay rises for its staff culminating in the delivery of the payment of the 'Real Living Wage' of £9.00 as a minimum hourly rate from April 2019. This was part of a wider exercise to implement a new national pay spine which was undertaken through collective agreements with the trades unions in all authorities emphasising the continued need for good industrial relations.
13. Local authorities will need to continue to deliver pay awards that meet expectations which will be determined by a range of issues. Negotiations for 2020 will commence soon however, the most obvious elements of the context for those negotiations are continuing financial restraint for local authorities in the context of the level of funding available and the trade unions' expectations that the era of pay freezes and settlements of 1% is over.

High cost and high need demand

14. Demography continues to play a role in driving increased spend on social care both in terms of the growing share of the population over 65 and the rapid growth in the life expectancy of those with disabilities. This was highlighted in a recent report from the National Assembly's Finance Committee in 2018, [the Cost of Caring for an Ageing Population](#).
15. However, there are other reasons, not strictly related to demographics, why pressure in the social care budget is hitting a crisis point. One of the main drivers is the number of children looked after.

Figure 3: Expenditure on children in care (current prices) and number of children in care across Wales, 2009-10 to 2017-18



Source: Wales Fiscal Analysis

16. Figure 3 charts the the rise in the number of children in care between 2003 and 2018 against the amount spent by local authorities. According to Wales Fiscal Analysis, spend on children’s social care has increased by £96 million (33%) in real terms, largely a reaction to the increase in demand. In March 2009, the total number of children in care across Wales was 4,695 which has risen to 6,405 by 2018, an increase of 1,710 (36%) in nine years.
17. The rate of children in care in Wales now stands at 102 per 10,000, significantly higher than the rate in England which is 64 per 10,000. Spending on children in care accounted for 53% of total budgeted expenditure on children’s and families’ social services in 2018-19.
18. Given the statutory requirement to provide this vital service, future increases in the total cost of children’s and families’ services are expected to reflect any further growth in the number of children in local authority care. While the debate about rising costs associated with social care provision has largely centred on the impacts of an ageing society, this data shows that the increased demand for social services also stems from a sharp rise in the number of children in care by local authorities, particularly since the start of austerity, a period of welfare reforms and cuts to spending on preventative services.
19. Many of these children are ‘high need’ and consequently ‘high cost’. However, local authorities are looking at different ways of mitigating these additional costs including the use of reserves and additional funding to support the development of preventative ‘Edge of Care’ Teams.

20. Pressures due to other social care demographics continue to pose the risks to council sustainability in the medium to long-term. Population projections estimate that by 2035, the number of people aged over 65 living in Wales will increase by 35%. The largest increase will be in the number of people aged over 85 which is forecast to rise by 113% according to the Institute of Public Care's Daffodil system.
21. The Health Foundation report [*The path to sustainability: Funding projections for the NHS in Wales to 2019-20 and 2030-31*](#), recognises that 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.
22. The report found that, the quality of social care and the resources invested have a significant impact on the demand for health services. It was estimated that pressures on adult social care alone will rise by around 4.1% a year in real terms between 2015 and 2030-31, due to demography, chronic conditions and rising costs. This will require the budget to almost double to £2.3bn by 2030-31 to match demand, as shown in the graph below.
23. Wales Public Services 2025 produced a report [*A delicate balance? Health and Social Care spending in Wales*](#) that focused on the difficulties local authorities are having keeping pace with spending. The report complements the findings from the Health Foundation analysis, recognising the twin challenges of financial and demand pressures faced by health and social care in Wales.
24. The report identifies that spending on social care for the over 65's is not keeping pace with the growth in the population of older people. The increasing over-65 population in Wales means that whilst day-to-day spending on local authority-organised adult social services has remained broadly flat in real terms, spending per older person has fallen by nearly 13% in real terms over the last five years in Wales, inevitably leading to impacts on services for older vulnerable people.

New Responsibilities

25. One issue that authorities continue to raise is the question of new responsibilities or burdens flowing from new legislation or policy and whether the financial implications are thoroughly assessed, monitored and evaluated post-implementation.
26. In evidence to the Assembly Finance Committee in 2017 we highlighted the impact that legislation was having on local government budgets. Some of the most significant came from the UK Government. The Pensions Act 2014, the National Minimum Wage (Amendment) Act 2016 and the Finance Act 2016 will have added an estimated £235m to the cost base of local government by

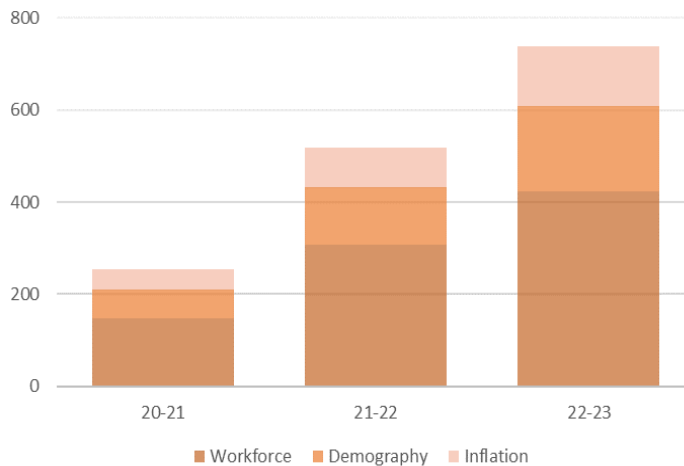
the end of 2019-20. Some measures caused one-off increases to the cost base such as the loss of the National Insurance rebate due to the introduction of the single tier pension (the Pension Act) and the introduction of the Apprenticeship Levy (the Finance Act). While introduction of the National Living Wage produces cumulative increases to the cost base that reverberate many years into the future.

27. Our experience of new legislation introduced by Welsh Government and associated impact assessments is mixed. Where there is good and early engagement with local government, generally satisfactory outcomes in terms of implementation are being achieved. The Housing (Wales) Act was a good example of where Welsh Government and local government have worked together on ground-breaking legislation.
28. There are a couple of areas currently being reported by local authorities where costs are potentially significant this is especially the case with the ALNET Act, now due to be implemented from September 2020.
29. The impact assessment associated with the legislation said that, by removing many of the problems associated with the adversarial nature of the current SEN system, the Act would result in estimated savings to local authorities of £2.7m over the four-year period 2017-18 to 2020-21. (That figure was already a significant reduction on the £11.8m savings set out in the original impact assessment published with the Bill, which had to be revised after errors were identified in Welsh Government's costings methodology).
30. Local authorities and WLGA have consistently expressed concerns that there are risks these savings will not be realised and that the Act will have a greater financial and resource impact on authorities (education services/schools and social services) than the impact assessment suggested.
31. Welsh Government announced in January 2017 there would be £20m Transformation Funding over the lifetime of the Assembly for implementation of the Act. However, most of this funding – provided on a regional basis, co-ordinated by the four Regional ALN Transformation Leads – is to roll-out regional, multi-agency training and professional development on the new legislative framework and its implications for all those involved in supporting learners with ALN.
32. There is no new funding to meet increased demand for ALN provision as a result of the Act introducing statutory plans for all children and young people 0-25, nor, for example, to support the new statutory roles of ALNCo (in schools) and Early Years ALN Liaison Officer (in each local authority).

Summary of main pressures

33. Figure 4 below summarises the current assessment of expenditure pressures for local government. Total expenditure pressure for 2020-21 is higher than previous estimates at £254m. Unavoidable workforce pressure accounts for 60% of this. By 2022-23 this is estimated to rise to £739m with workforce pressures (£424m) higher than demographic and other inflationary pressures combined (£315m).

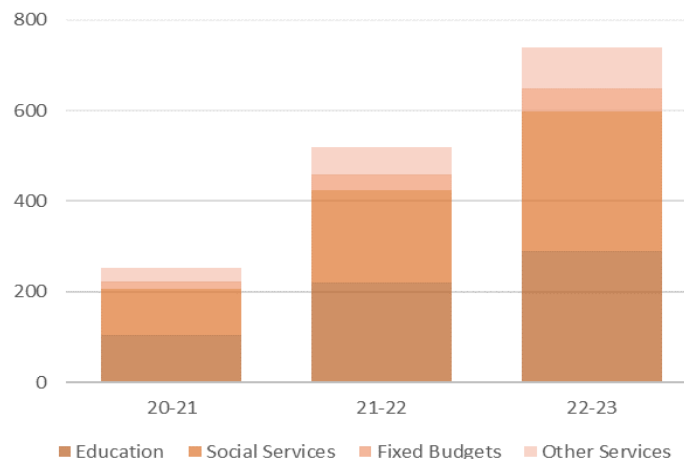
Figure 4: Cumulative pressures up to 2021-22, by theme, £m



Source: Base estimates: RO and RA returns (2018-19 to 2019-20)

34. Figure 5 below shows that greater proportion of future pressure is still building up in social services the end of the period. An additional pressure of £132m in 2020-21 becomes £399m by 2022-23. Budgets for schools and education are not far behind with pressures rising from £105m to £289m over the same period. Fixed elements of the budget – capital financing, fire levies and the CTRS – rise from £17m to £51m by the end of the period. The remaining services are the ones most at risk and areas that have borne the brunt of austerity.

Figure 5: Cumulative pressures up to 2021-22, by service, £m



Source: Base estimates: RO and RA returns (2018-19 to 2019-20)

35. Finally, while most of this paper has been about revenue spending, the importance of capital investment should not be overlooked. Local Government has welcomed the additional capital funding that has been made available in recent years to fund transport, schools and other local infrastructure. Eventually we would like to see local government's capital expenditure reinstated to 2009-10 levels.
36. The Future Generations Commissioner has published a ten-point plan to fund Wales' climate emergency. As the Commissioner points out, spend in previous and current budgets the Welsh Government spend has been around 1% on decarbonisation which is nowhere near enough to fund the challenges that a climate emergency presents.
37. Local Government is best placed to deliver improved transport, housing (and other municipal estate), renewable energy projects and nature-based solutions. Local government is also best placed to ensure that decarbonisation is a key principle and driver for decision making within planning system, public sector procurement and the responsible investment of £15bn of pension fund assets.

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Finance Sub Group Local Services Spending Round Survey

25th September 2019

Introduction

1. At the last meeting of the Finance Sub Group the WLGA presented a paper that summarised the pressures faced by key local services, focussing on workforce pressures, high costs services and new responsibilities. That paper, along with analysis from Wales Fiscal Analysis, give a broad outline of the real terms funding reductions authorities have received and the mounting cost pressures from inflation and increased demand.
2. This paper summarises the results of a survey of all 22 local authorities commissioned by the WLGA to collect more detailed information on how they have addressed these challenges so far and what the next few years might bring. It is by its nature more subjective than previous papers but provides the colour, highlighting the real impact austerity has had at a service level.
3. The survey asked authorities what the impact of recent funding reductions has been and the potential impact of differing funding positions over the next three years. The survey also sought responses about what local authorities might achieve if there was significant investment in local services and the contribution this could make to achieving the ambitions within *Prosperity for All*, and the well-being of current and future generations.

Summary

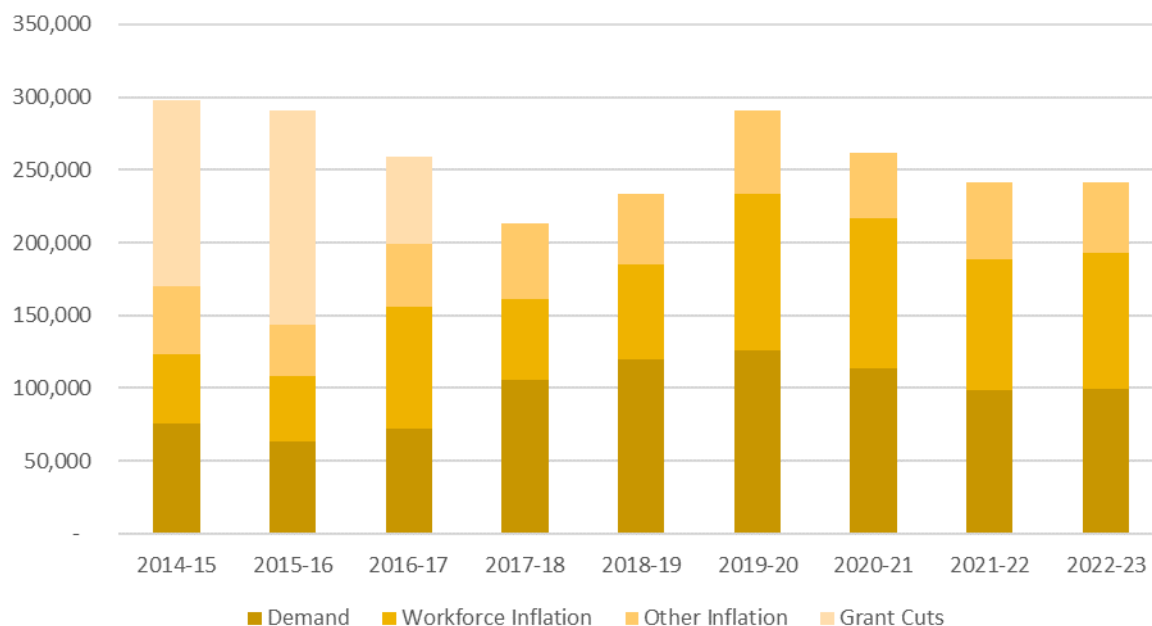
4. Despite their financial circumstances, local authorities continue to provide good quality services and by most measures, including reports from regulators and inspectorates, performance and improvement has held up well. This has been through implementing a wide range of measures, including working together with neighbouring authorities and other partners (as

highlighted in the WLGA's Collaboration Compendium) so that they can continue to provide better, more effective services.

5. Survey responses indicate that local services have reached a tipping point, where significant efficiencies have been maximised and the public are more likely to be impacted by service changes and reductions.
6. There is significant concern about storing up problems for the future, whether through reductions in proactive maintenance to infrastructure including roads and buildings, or through a lack of capacity to invest in preventative and early interventions services with the urgency required to manage future demand across the public sector.
7. Feedback on workforce implications show that staff numbers have reduced and pressures on the remaining workforce has increased as they are expected to take on a greater share of the work.
8. There is also a sense of frustration that there is a lack of capacity and resource to make the difference to outcomes that investment in local services could achieve as set out in the final section of the report and summarised as:
 - a. Improved well-being and health outcomes through the provision of sports facilities, parks, libraries and other culture services
 - b. Better outcomes and less significant interventions with individuals through providing early interventions or support such as youth services, supporting independent living, and family support services
 - c. A more vibrant economy and environment whether through direct investment or by facilitating private investment in the local economy through house building, roads maintenance and local planning services.

Historic impact of cuts

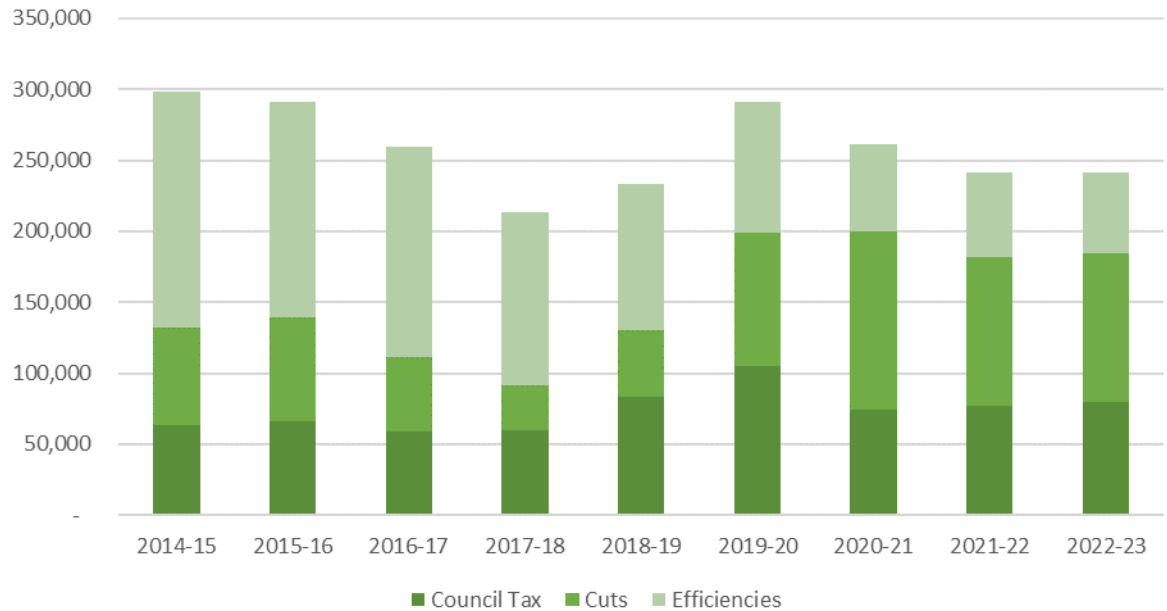
Figure 1 Aggregate budget gap, 2014-15 to 2022-23, by pressure (£000s)



9. Overall the budget gap totals £2.2bn over the past 9-year period with pressures ranging from around £150m to £300m in any one year. From 2014-15 through to 2016-17 there were significant cash reductions to the RSG which are reflected in figure 1 above. Up to and including the current financial year, local services have had to bridge a total budget gap of £1.6bn since 2014-15.
10. Local authorities are reporting forecasts of their budget gaps of £262m in 2020-21, and £241m in both 2021-22 and 2022-23 - a total gap of £0.75bn over the next 3 years.
11. The significant factor in the future is the scale of the workforce pressures which account for around 40% of total forecast pressures. With wage restraint having ended some years ago, workforce pressures are double those of 2014-15.
12. Figure 2 shows how the budget gap has been closed by local authorities over the same period. Although definitions in the survey are difficult to guarantee in terms of consistency, a clear picture emerges of efficiencies reducing as a share of the budget gap as authorities have become more efficient and there is less scope for savings which do not impact directly on local services and community outcomes. There is a very clear sense of a "tipping point" having been reached as significant efficiencies have been maximised.
13. Consequently, cuts to jobs and services play an increasing role in closing the budget gap, doubling from around a quarter of the gap in 2014-15 to almost

half of it by next financial year. Figure 2 also shows that Council tax has been making up around a quarter of the gap and that is set to increase further in coming years.

Figure 2 Aggregate budget gap, 2014-15 to 2022-23, by measure adopted (£000s)



14. In 2010-11, on average WG's Aggregate External Finance (AEF) made up 80% of local government's income with council tax making up 20%. In 2019-20 this has shifted significantly with council tax making up over 27% of local government's income, demonstrating the burden shifting from general taxation to the local council tax-payer.

Historic impact on services

15. The survey asked all 22 local authorities what the impact of austerity has been on the services they provide. Although varying in the detail of the impacts and mitigations, some common themes have emerged that are explored in more detail in the paragraphs below.
16. "Beleaguered" is the word that best sums up the responses received on the impact that the last 10 years of austerity has had on Councils. There are consistent themes around increasing demand and diminishing resources, storing up problems for the future, with risks to resilience and capacity. There was a very clear message that the morale and wellbeing of the remaining workforce has been adversely affected and, whilst continuing to be dedicated and committed, are increasingly overstretched.
17. There is also a consistent message across the returns that the increased use of specific grants results in less certainty especially where services are commissioned and affects longer term planning.
18. Clearly, authorities understand that most services are interlinked and cuts in one area can affect demand in another, for example reducing sports activity impacts health of residents, leading to more costs in health and social care. Areas of increasing concern as a result of the impact of the cuts include the health and wellbeing of residents and child poverty.
19. While **Schools** have been relatively protected from the worst of the funding reductions, they have not been immune from the effect of reduced spending power due to new burdens and inflationary pressure, particularly around workforce costs. As a result, schools have been required to plan for and deliver budget savings over this period which have included, for example:
 - Staffing reductions, including early retirements and redundancies of both teaching and non-teaching staff;
 - Increasing class sizes;
 - Reducing the range of non-compulsory subjects at GCSE level;
 - Reducing school maintenance;
 - Head teachers and deputy head teachers increasing their teaching hours;
 - Increasing requests to parents or school funds to contribute to school trips, projects and in some cases school supplies;
 - Increasing charges for music tuition / reducing provision of music tuition.
20. The last two examples show that when budgets are squeezed the greatest risk is to those learners from more deprived backgrounds potentially missing out on the kinds of extra-curricular activities that can make a positive difference to longer term outcomes.

21. Many authorities are reporting increases both in the size of school deficits and in the number of schools in a deficit position. The secondary school sector was in an overall deficit position of -£2.4m at 31 March 2018. Some authorities report that school leadership teams, particularly in secondary schools, find they are spending an increasing proportion of their time balancing their school budgets at the expense of driving school improvement and raising standards.
22. Some rural authorities are reporting that the impact of budget reductions is particularly felt by small rural schools and in areas of low population density, compounded by difficulty recruiting to leadership posts in these schools.
23. Uncertainty around specific grant funding and whether the additional funding for teachers' pension costs is built into the base is adding to difficulties in longer term planning for school budgets.
24. Providing support for pupils with Additional Learning Needs is another area of significant budget pressure. Some authorities are reporting an increasing reliance on external providers without overall strategic leadership capacity while others are reporting a swing from an underspend position in 2014-15 to a significant overspend position in 2018-19. There are concerns that this pressure will grow further with the implementation of the Additional Learning Needs and Education Tribunal (Wales) Act (ALNET), which reflects the concerns highlighted in the WLGA's report to the Finance Sub Group meeting in July this year.
25. Some authorities in areas where traditionally the Welsh language has not been widely spoken are reporting that they are being impacted by a revenue shortfall as a result of increasing their Welsh Language provision and opening new schools. While pupil numbers are expected to increase in the medium-term, they must meet the same costs of running that new school while not attracting sufficient funding due to the spare capacity in the short-term.
26. It is clear from the survey responses that **Central Education functions** have borne the brunt of the protection given to schools. Many authorities are reporting that they feel that they now lack the capacity centrally to provide their schools with adequate support and strategic leadership, providing reduced support services when pressure on school budgets has increased the need for these services – increased demand for a diminishing resource.
27. Investment in broader services areas such as school inclusion, educational psychologists and behaviour support has reduced in a number of authorities with some reporting an increase in school exclusions as a result.
28. Home to school transport is another service where cost pressures are increasing and many authorities report that they are now charging for post-16 learner travel.

29. Authorities make the point that the costs of the additional layer of regional consortia can only be justified if they are effective and add value.
30. Statutory obligations to residents continue to be met, and improvements in performance are being made. However, improved efficiency and effectiveness in some areas are counter-balanced by resources being stretched too thinly in other areas and further capacity to improve is limited by budget pressures. Staff reductions mean there is a significant risk to resilience and the capacity to drive improvements.
31. Investment in buildings through the 21st Century Schools programme has certainly had a positive impact for learners and teachers, both through providing modern buildings and up to date digital facilities and also through reducing the cost base. Some authorities have highlighted that this investment brings with it significant financing costs, mitigated to some extent by WG increasing their intervention rate.
32. **Youth services** have been restructured and reduced with a subsequent impact on participation but also an impact on schools and on the wider community and community safety.
33. Many authorities are reporting that policy and practice in **Adult Social Care** has had to change, with a greater focus on prevention. This is a positive development and aligns well with the Social Services and Wellbeing (Wales) Act. Improving individual and community resilience through trying to reconnect isolated people to their communities and the provision of innovative community services as well as increasing preventative services including reablement and short term support has helped to reduce demand on statutory services and provides better outcomes for people.
34. Fewer people are requiring the smaller packages of care that authorities were providing previously, although there has been a significant increase in the number of larger and more complex care packages, both in older and in younger adult services.
35. Many authorities have managed budget pressures by reducing the more “traditional” social care services such as day services, transport provision, help with shopping, meals on wheels and in-house care facilities, although an increase in out-sourcing brings with it greater demands in terms of ensuring the quality of care provided. Authorities also report experiencing difficulties in increasing payments for commissioned services for staff cost pressures such as the National Living Wage.
36. The survey also highlighted examples where the quality of services are beginning to deteriorate, evidenced by an increase in complaints and people simply having to wait longer before they receive a service, placing additional strain on family / informal carers and potentially experiencing increased delays in hospital before discharge.

37. Many authorities expressed concerned about the demands on their staff as numbers reduce but workload increases. This presents a particular challenge in working more closely with health boards in some areas where staffing numbers seem to be increasing. Salaries for local authority social workers and occupational therapists have not kept pace with salaries more widely in Wales or the NHS resulting in recruitment and retention issues. More staff taking early retirement due to the stresses of the job and complexities of the work in social care, and the local authority is a less attractive employer now.
38. Increasing demand coupled with a lack of suitable placements features often in relation to **Children's Services**. Authorities are reporting an increasing reliance on agency or out of county placements. The costs of placements are also increasing in what one authority described as a "provider-driven market". Another reported that their children's services budget had increased by over 50% since 2014-15 despite the impact of austerity where grant provision has not kept pace with cost pressures, resulting in overspends or budget reductions in other service areas.
39. Authorities recognise that there is a need to develop and remodel services to meet current and increased need to prevent future escalation but often lack the capacity needed to do so. The availability of the Integrated Care Fund has made a positive impact, although there can be additional work involved requiring more capacity, at least initially when working regionally.
40. There are significantly increased workloads for staff in terms of both numbers and complexity of caseload at a time of great change when they also need to absorb the impact of new legislation, codes of practice and court judgements. Staff are unable to be as responsive and time generous as families need to achieve the changes that they seek.
41. The impact of this is the social care sector becoming an increasingly unattractive career choice demonstrated by an inability to attract new recruits, an increase in staff vacancies, high staff turnover and high rates of sickness absence, high caseloads, low morale and reduced job satisfaction and employee resilience.
42. Councils recognise the hugely beneficial impact of **housing and homelessness prevention services** on other public services and on people's wellbeing more widely and are keen to support these services, but are often reliant on specific grant funding to maintain service levels. The impact of settlements that do not keep pace with costs has been exacerbated by wider welfare reform changes reducing funding available to Councils while recipients struggle to manage the changes to their benefits.
43. While not impacted by the local government settlement, the Housing Revenue Account and the ability to increase investment in housing supply has been a good news story over recent years, with Councils improving their stock to the

Welsh Housing Quality Standard and many looking to further increase house building. This capacity complements the partnership working with Registered Social Landlords to increase housing supply which also has a wider positive local economic impact.

44. **Culture, Libraries and Sport provision** are services areas where funding reductions have been significant as Councils aim to minimise the impact of austerity on statutory education and social services. This has had to happen, despite recognition that these services are a major factor in keeping people active and healthy, living independent lives, reducing demand on other public services not just within the Council but also reducing the burden on the NHS.
45. Wherever possible, Councils have sought to work with local communities to transfer assets and continue services, or have set up trusts or transferred the service to private providers rather than stop the service altogether. Services have been reviewed and modernisation programmes implemented to increase the customer focus and maximise income and commercial opportunities where appropriate.
46. Rural authorities report that they have been unable to sustain all services locally, meaning that residents then have to travel further to access those services.
47. Where transfer has not been possible, councils have managed budget reductions by:
 - a. Increasing charges;
 - b. Reducing staffing levels;
 - c. Increasing reliance on volunteers, the third sector or community groups;
 - d. Reducing provision, either by closing altogether or by limiting opening hours;
 - e. Reducing maintenance budgets leading to a deterioration of fabric and appearance of key community facilities, as well as potentially storing up problems for the future.
48. **Planning services** have also been badly affected by budget reductions as schools and social services have been prioritised, reducing by 61% in real terms over the last 10 years. While performance has held up reasonably well given the scale of the reductions, a few authorities are reporting some deterioration in performance in relation to national performance indicators and an increase in complaints. The average number of days taken to determine applications has shown a steady increase from 76.4 in 2014-15 to 80.7 in 2017-18¹.
49. Staffing reductions have led to a reduced professional and technical capacity which in turn has affected planning enforcement capabilities. It has also

¹ All Wales Planning Annual Performance Report 2017-18, Welsh Government

impacted on the resilience of the remaining staff as they come under increasing pressure and some authorities report an increase in sickness absence.

50. Some authorities are re-designing their planning services, with some in areas of buoyant development markets achieving full cost recovery. Others are also increasing charges and introducing new charges for services such as pre-application advice or priority planning applications.
51. A key issue raised by authorities in relation to **Highways and transport** is the reduction in highway and bridge maintenance budgets and the resultant deterioration in the condition of the network, despite some welcome specific grant funding from Welsh Government. In the longer term, reduced maintenance will lead to higher whole-life costs. Many authorities are experiencing an increase in insurance costs as a result of claims made against them for damage to vehicles due to potholes.
52. Financial support for local bus services has also reduced, particularly in rural areas where low passenger numbers require greater subsidy, making the risk of isolation greater and directly impacting on quality of life, independence and employment opportunities for people in these areas. There is also a negative impact on the policy drive to decarbonise the public sector by 2030 which needs a modal shift from cars to public transport.
53. Reduced funding has resulted in staff reductions and the loss of experienced professional staff leading to a reliance on external expertise. Inspection frequencies have also reduced but this can prove a false economy, reducing the potential for preventative maintenance and increasing the likelihood of major, more expensive remedial action being needed in the future. Likewise, reduced routine/planned maintenance stores up more problems in the long term and increases risks e.g. reduced gully cleansing can result in more serious impacts when flash flooding occurs.
54. Many authorities have introduced a number of measures, such as reducing street lighting or increasing car parking charges in order to mitigate the budget reductions to this area, but there is no doubt that budget pressures mean that investment in the active travel network and developing electric vehicle charging infrastructure is slow due to concerns about up-front costs and on-going maintenance liabilities.
55. Several authorities report a dramatic reduction in their **Street Cleansing and Neighbourhood services**, with staff numbers reducing and frequency of grass-cutting and litter picking reducing, leading to a general sense of decline. Some Councils are looking to community groups to carry out these tasks, but the deterioration in the appearance of streets and public spaces has a negative impact on feelings of well-being and can be associated with an increase in anti-social behaviour and reduced ability to attract and retain private sector investment.

56. Reduced budgets for **Regulatory Services** have led to those services becoming reactive rather than proactive with Councils reporting concerns around the frequency of food premises inspections, animal welfare and environmental enforcement despite an increase in legislative requirements. Increasingly, authorities are working together in order to continue to provide a service.
57. Increasingly, Councils are reporting that they have implemented three weekly **Waste** collections for residual waste, although maintaining weekly or fortnightly recycling collections. Some Councils have ceased to provide a clinical waste collection service and several report increasing charges for trade waste.
58. Some Councils have restructured their **Economic Development and Tourism** teams and are maintaining their engagement with local businesses while others are reporting a reduction in professional and technical capacity due to staffing reductions. There is pressure to make these services more cost effective and to charge where permissible.
59. A wide range of council services can contribute to the strength of the local economy (e.g. housing, highways and transport, education, Trading Standards, Economic development, environmental quality, care services for dependants of those in the workforce). Economic Development staff are central to co-ordination of this support. Without an 'intelligent client' at the heart, many of the opportunities to marshal this support can be missed. If the local economy starts to falter, this invariably creates pressure on other local government services (such as housing and homelessness, mental health, substance misuse, domestic violence, community safety). With Brexit looming and ongoing uncertainty over the successor funding to EU regional support the ability of LAs to support local economic development could come under increasing strain, notwithstanding the good collaborative work underway at a regional level.
60. Many authorities are reporting that their corporate support services have seen substantial budget and workforce reductions. Statutory and service requirements have been maintained but the impact has been seen through a lack of capacity for "added value" services such as data analysis and research.

Impact of settlement scenarios

61. The survey asked Councils how confident they were about protecting services from further cuts for three different funding scenarios and which service areas they were most concerned about for three different funding scenarios :
1. cash flat settlements to 2022-23,
 2. settlements that cover workforce inflation to 2022-23
 3. settlements that cover workforce and demand to 2022-23

62. No authority was able to protect any of its services in their entirety under scenario 1. While some said that they would try to limit cuts for some service areas, they were categorical in stating that it would not be possible to afford protection to any one area. Survey responses highlighted a significant risk of authorities being unable to meet the current demand for services and service failure in smaller service areas where budget reductions have been targeted, such as Planning. Discretionary services would be at significant risk of becoming unviable.
63. While many authorities commented that receiving a settlement that covered workforce inflation (scenario 2) would ease pressure somewhat, the increases in demand for services across the board, but particularly in social services would mean that again no entire service area could be guaranteed full protection from cuts. Authorities projected that schools budget position should improve with this scenario as workforce inflation accounts for some 60% of the pressures facing schools in the medium term.
64. Even with scenario 3, where workforce inflation and demand pressures were covered, there remained concern about the ability to meet all cost pressures particularly in schools and children's services. Some authorities consider this scenario to be the only one that would allow them to continue to provide a safe level of services, while others state that this is the only scenario that has the potential to provide a long overdue period of financial stability and the opportunity to recover somewhat from the impact of a prolonged period of real terms funding reductions.
65. The service areas of greatest concern were consistently:
- a. Children's Services, due to increases in the numbers of Looked After Children, managing fostering and residential placements and challenges recruiting social workers;
 - b. Schools, due to employment cost pressures and ALN costs;
 - c. Adult Social Services, due to price pressure on commissioned services as well as demographic pressures;
 - d. Homelessness, due to increase in presentations;
 - e. Highways and Transport;
 - f. Waste, due to challenges in meeting recycling targets;

Investing in Local Government

66. Despite all of the above, councils undertake many activities because of the benefit to citizens lives and the positive effect on the community as a whole whilst also diverting demand from other service areas. A few examples below:
67. A well established reablement service currently reports that 60% of service users have no ongoing need for a care package thereby allowing the demand for domiciliary care and other statutory services to be better managed.

68. Trials are underway on a programme to address educational disadvantage by establishing connections between schools and the local business community in order to provide a range of practical and aspirational employment related opportunities for students.
69. Investing in youth services. Properly supported youth workers are able to effectively engage with young people and lead to lower levels of crime, better school engagement, increased wellbeing and also reducing the number of those who might otherwise be not in education, employment or training.
70. The ability to increase the provision and maintenance of public conveniences to increase footfall in local 'high street' thereby supporting shops and businesses and to enable residents and tourists to confidently access areas and services.
71. In addition, a library service also draws people to the 'high street' with the associated local spend. Many libraries now offer additional services such as job seeking opportunities and drop in sessions with other organisations. Some have been established in former iconic town centre premises thereby allowing them to be preserved and enjoyed by all.
72. Collaborating with a town council to become the first local authority in the UK to run a community post office. This decision was taken after the last remaining bank and post office both announced their closure thereby leaving residents with no access to these essential facilities.
- 73. The survey also asked if there were other ways in which additional investment in local public services could enhance the wellbeing of citizens and the following is a mere snapshot of some of the replies.**
74. The impacts and benefits of wider housing activity could be further developed. Good quality housing benefits health, education, employment opportunities, the economy and community safety. It is well documented that having access to appropriate and affordable quality housing can have a positive impact on health and wellbeing, leading to reducing risks in terms of slip, trips and falls thus reducing the call on NHS budgets in terms of admissions and delayed discharges.
75. Adequate funding of adult social care would enable people to remain supported at home in a safe and appropriate setting. This would in turn improve their quality of life and reduce the need for emergency and unplanned medical interventions.
76. Investment in 'discretionary' services can yield significant benefits and be viewed as an invest to save for the future public health. Sports centres, swimming pools and other supported activities need to be recognised as part of a strategic and integrated approach to preventative health care. They

impact on individuals ability to fight obesity and increase life choices whilst also reducing the burden on the NHS. Physical activity and sport can have a positive impact on peoples lives and needs to be encouraged from a early age – further adoption of the 'daily mile' throughout schools as a starting point.

77. Walking and cycling can be low cost activities for all to enjoy but there must be suitable routes available. Maintaining pathways and kerbside clearances have previously been reduced in many areas as due to funding shortfalls.

Conclusion

78. Authorities have been relatively resilient despite the prolonged period of real terms budget reductions but have clearly reached a tipping point and opportunities are being lost. Services and staff are reaching their limits and there is a growing sense of that local government needs to be treated more fairly.
