

# Agenda – Equality, Local Government and Communities Committee

---

Meeting Venue:

Committee Room 1 – Senedd

Meeting date: 25 October 2018

Meeting time: 09.00

For further information contact:

Naomi Stocks

Committee Clerk

0300 200 6565

[SeneddCommunities@assembly.wales](mailto:SeneddCommunities@assembly.wales)

---

Pre-meeting (09.00 – 09.15)

## 1 Introductions, apologies, substitutions and declarations of interest

## 2 Scrutiny of the Welsh Government Draft Budget 2019–20: evidence session 1

(09.15 – 10.45)

(Pages 1 – 30)

Councillor Debbie Wilcox, Leader of the Welsh Local Government Association

Councillor Anthony Hunt, Finance Spokesperson, Welsh Local Government Association

Steve Thomas, Chief Executive, Welsh Local Government Association

Jon Rae, Director of Resources, Welsh Local Government Association

Carys Lord, Head of Finance, Vale of Glamorgan Council

Break (10.45 – 10.55)

## 3 Inquiry into fire safety in high rise blocks in Wales (private sector): evidence session 6

(10.55 – 11.40)

(Pages 31 – 34)

Tom Jones, Senior Project Manager, Viridis Real Estate

## 4 Papers to note

(Page 35)



- 4.1 Letter from the Chair of the Culture, Welsh Language and Communications Committee in relation to the inquiry into the role of arts and culture in addressing poverty and social exclusion**  
(Pages 36 – 37)
- 4.2 Letter from the Minister for Housing and Regeneration in relation to fire safety in high rise blocks in Wales**  
(Pages 38 – 39)
- 5 Motion under Standing Order 17.42 (vi) to resolve to exclude the public from the remainder of the meeting**
- 6 Scrutiny of the Welsh Government Draft Budget 2019–20: consideration of the evidence received under item 2**  
(11.40 – 11.55)
- 7 Inquiry into fire safety in high rise blocks in Wales (private sector): consideration of the evidence received under item 3**  
(11.55 – 12.05)

Document is Restricted

# National Assembly ELGC Committee – Welsh Government Budget 2019-20

25<sup>th</sup> October 2018



CLILC • WLGA

## Summary

1. This paper summarises the impact of the 2019-20 provisional budget on local services in relation to the themes and principles set out in the letter from the Finance Committee to the ELGC Committee. In the ninth year of austerity it is difficult to disagree with the conclusion recently reached by researchers at Cambridge University that “the politics of austerity ‘dumped’ the fiscal crisis onto the local state”.
2. For local services in Wales this has meant that funding from the Welsh Government has contracted by over £1bn, nearly 25,000 jobs have been lost and, some local government services are spending at levels that pre-date devolution and have been hollowed out. The paradox for the local taxpayer is that they actually ‘paying more for less’, as the costs of national decisions are unfunded or partially funded and the council tax payer picks up the tab.
3. Our remaining workforce has been subject to the pay policy started in 2010, first with a two-year pay freeze, then with a 1% cap over five years. From this year, modest pay deals have been agreed for teachers, fire-fighters and the majority of officers whose terms are negotiated under the National Joint Council. However, pay deals remain unfunded except for the partial funding that was announced by the UK Government for teachers’ pay. A potential bill of £41m for increases in contributions to the Teachers’ Pension Scheme is a major concern, over which there is no clarity at present.
4. Further to the budget document circulated to all AMs by the WLGA<sup>1</sup>, the Leader asked all authorities to return a survey regarding their financial position. No one would claim scientific status for this survey, but the results show a common picture that confirms that Welsh councils are “running out of road” when it comes to budget choices. The survey was set out to get high level responses to the following questions with the purpose of gauging the scale of the current challenge at an all Wales level and what it means for sustainability. Most of what follows is drawn from that.

## Local Government Settlement

5. At the time of writing, we were still absorbing much of the detail of the announcement of the Local Government Provisional Settlement on the 9 October. Our initial reaction is set out in the press release at annex I and we are awaiting much of the detail on specific revenue and capital grants. The key cost pressures are well documented. At the time of the setting out budget details for 2018-19, an indicative level of grant was set out for 2019-20 which would have meant a reduction of -1%. In the latest announcement the level of reduction is set at -0.3%. Resources have been found to plug some of the gap and we assume this is made of the additional funds from UK

---

<sup>1</sup> [Fair and Sustainable Funding for Essential Local Services](#)

Government for teachers pay, money for free school meals and an additional £20m for social care. This leaves local services facing a £262m budget gap before any council tax increases are factored in. As councils are facing a planned reduction of £57m before the restoration of some grants and RSG the overall or gross budget gap is £317m as set out in table 1 below.

- The table also shows that when you take account of the resources added back into the settlement, the position is still acute. The shortfall for schools and education services should be a particular worry.

**Table1:** Budget gap before council tax rises

	£m		
	Education	Social Care	Other services
<u>Pressures in 2019-20</u>			
Share of AEF cut 2019-20	23	16	15
Pay	44	15	23
Pensions	50	7	17
Inflationary	0	30	13
Demography	14	49	0
<b>Budget Gap (gross)</b>	<b>132</b>	<b>117</b>	<b>68</b>
<u>Additional funding provisional settlement</u>			
Specific Grant	15	30	0
Within settlement	15	20	0
<b>Budget Gap (net)</b>	<b>102</b>	<b>67</b>	<b>68</b>

## Issues

- WLGA is conscious that arising from what amounts to an “annualised tale of woe” is a discussion that no one relishes. We are equally aware that the pressures on Welsh Government budgets are enormous and that in the year of the 70th birthday of the NHS basic local government preventative services do not have an equal political profile. A further problem comes in discussions of this nature.
- This is not abstract accountancy. The impact of austerity has seen libraries close; the end of meals on wheels for the elderly; bus services which no longer run; and youth services being decimated. When added to the weight of welfare cuts administered through councils these changes have a pernicious impact on our communities. Thiemo Fetzer, a professor of economics at the University of Warwick has produced a detailed paper which shows that the welfare cuts under the coalition government of 2010-15 had a decisive impact on the UK’s decision to leave the EU. Fetzer argues that material economic changes encouraged grievances with the political system and that this led many to support populism and then Brexit. After eight years of budget cutting, too many communities are looking less like the rest of Europe and more like the United States, with a shrinking welfare state and spreading poverty.

9. The general themes which emerge from the WLGA survey are stark and require detailed discussion with Welsh Government and decisive action to follow. Unless we invest in preventative spend the whole system approach to the delivery of health and social care set out in "A Healthier Wales" is not possible. The Health Foundation's 2016 assessment of future funding needs for health and social care in Wales to 2030-2031 implies that, assuming an annual 1% improvement in efficiency (£70 million a year), day-to-day spending on the NHS would need to increase by 2.9% a year in real terms – just over £200 million a year at current prices – to meet cost and demand pressures.
10. As the Welsh Government budget fully meets and exceeds all the health pressures set out in the Health Foundation report "The Path to Sustainability", it must also address the crisis in social care. The key observation in that same publication is that as the Welsh population ages, pressures on social care are projected to rise at a faster rate than for the NHS. The Welsh Government's new strategy "A Healthier Wales" explicitly states that it aims to produce 'a sustainable funding model for health and social care that will stand the test of time'.
11. To do this the Health Foundation has shown the importance of social care to delivering an effective NHS. To achieve this, it projected a requirement for net spending on adult social care in Wales to increase by 4.1% a year in real terms, equivalent to £65 million a year on average. This is consistent with our own estimates and recent work done in England by the Institute of Fiscal Studies and the NHS Confederation. Does the Welsh Government accept this conclusion? If they do not accept it, how then is this reconciled with the principles of the Well-being of Future Generations Act which calls for more investment in preventative measures, as housing, education, leisure and community services all have an impact on wellbeing?
12. Equally, we must not ignore children's services, with the WLGA and the Association of Directors of Social Services in Wales jointly calling this week for more resources in children's services to meet massive increases in demand. Our recent survey revealed that one council reported a 72% increase in the number of looked after children subject to full care orders in the last three years, with a consequent 15% overspend on this budget.
13. The evidence from the WLGA survey shows that the core service infrastructure of some of the poorest communities in Wales is threatened as never before. The following list is drawn from one return and shows the impossible choices one authority is considering next year to reconcile its budget. These themes are common in all returns.
  - Severely reducing the support for those with additional learning needs in education.
  - Stopping the schools' modernisation programme.

- Deleting post 16 education free travel.
- Reducing food safety inspection frequency for lower risk premises.
- Closing most libraries.
- Closing civic amenity centres and recycling centres.
- Reducing the road maintenance spend to 25% of the current level.
- Severely reducing street cleaning activity.
- Implementing severe reductions on assistance to the elderly.
- Significantly constraining services to those with severe learning disabilities.

14. These choices at the local level are magnified by a range of macro issues at the national level, which emerged as common concerns from authorities in survey returns.

- Workforce pressures are emerging as the biggest pressure due to paydeals and rising employer contributions for funded and non-funded pension schemes.
- Many authorities are now reporting that financial issues with schools are as acute as social care.
- While schools' negative reserves are rising, social care overspends in this financial year are accounting for around 80% of the total £36m that was reported by 16 authorities.
- Targets for savings and efficiencies are now moving to all areas, including the larger services, as local authorities hit a tipping point in 2019-20. Any remaining smaller discretionary areas, such as youth services, will continue to disappear.
- Without additional funding, job losses are estimated to run at 5% of headcount a year over the medium term. We cannot estimate what proportion of that will be compulsory, but the annual headcount reduction approximates to the size of the iron and steel workforce in Wales.
- Several authorities are reporting that the scope for avoiding compulsory redundancies is now all but exhausted.
- There is particular concern around the increasing demand in children's social care and the wider care market.
- In terms of forecast savings required over the next three years, councils have indicated that this will only be achieved by stopping services, reducing school budgets and reducing the care and support councils provide to the elderly and vulnerable.



- There is a sense of fatigue and low morale amongst large parts of the workforce as service resilience diminishes.

## Forecast Pressures

15. All authorities report pressures that align with the assumptions behind our report to FSG in July. Prominent among these are demographic pressures in social care and education and large, unavoidable pressures in workforce in all services. As a proportion of net spend, pressures ranged from around 3% up to 7%, confirming a national average of around 5%.
16. Pressures are becoming acute in Education and many respondents had not taken account of the current proposals by the Treasury to increase employer contributions to the Teachers' Pension Scheme (TPS) by up to 5%<sup>2</sup>. If these were left unfunded it would put schools into an irretrievable financial position, adding around £41m to known pressures. Even before the hike in employer contributions was known, all the authorities in the survey reported that schools and education were facing the most acute workforce pressures.
17. The additional resources recently announced for teachers' pay funds part of the increase above 1%. While this might be palatable for the current financial year, we are holding the position that the full pay increase for 2019-20 should be funded.
18. The position of specific education grants is likewise uncertain, especially following the confusion around the MEAG and planned reductions in the Education Improvement Grant. Many authorities are apprehensive about the Additional Learning Needs legislation that offers no certainty in funding beyond 2020.
19. In terms of social care, the direct and indirect pressures caused by the National Living Wage, the pay settlement and increasing contributions to the Local Government Pension Scheme (LGPS) are driving higher wages and care home fees across the whole sector. When added to demographic pressures, the cost of adult social care packages is appreciating at 6% a year. Social Care workers should be rightly rewarded but the funding for these pressures, previously estimated at £102m, is being found from councils' own resources.
20. The upshot of nearly 10 years of austerity is that the larger services that have been protected will have to take up some of the cuts and make efficiencies in the future. How that pans out is largely a function of the next settlement. Some of the most affecting and brutal implications of what is happening in some of England's county councils are beginning to loom large in the Welsh context.

---

<sup>2</sup> The Treasury launched a 'low-key' consultation with the Unions on 6 September on technical regulations triggered by a [letter from the Chief Secretary to the Treasury](#).

## **Impacts on education services**

21. Most authorities are now forecasting flat-cash or cash cuts to schools' budgets, with some reporting reductions of up to 5% and planned closures of small primary schools. Difficult decisions will be needed around levels of support for vulnerable children with additional learning needs.
22. There will inevitably be job losses and where applications to voluntary schemes have dried up, these will be compulsory. Some smaller services like music will cease and most authorities report additional charges for school meals and for home to school transport to bridge budget gaps.

## **Impacts on social services**

23. Many authorities report that they are trying to focus and invest in prevention and early intervention, which diverts resource from current service provision. Services such as respite care and meals-on-wheels provision are under threat. The links between social care and the NHS do not need to be rehearsed here but the whole system is straining as spending for social care remains flat-lined in real terms for the tenth year running.
24. Pressures are clearly exacerbated in areas where there are reports of poor engagement by Local Health Boards over plans to reduce bed capacity in hospitals, without regard to the funding for community services that are required to step in. In fact, the issue of additional funding for the NHS from proposed consequential was raised in several responses, one commentator summing it up in one statement:

*"...putting all of the extra cash into the NHS was like running a bath without inserting the (social care) plug."*

## **Impacts on other services**

25. In our submissions to the last Finance Sub Group, and every submission since 2012, we have highlighted the squeeze on other services. This is less a political choice and more a mathematical certainty for councils. The 15% spend on all other services falls to 5% by 2021-22. On top of the large declines in spend that we have repeatedly set out to Welsh Government, those services that are left will be subject to reductions that will leave them decimated.
26. Councils are reporting that remaining leisure facilities and libraries will now be slated for reorganisation and eventual closure. Plans for service withdrawal include roads and transport services that contribute directly to economic growth; and funding for highways, public transport and street cleansing is likely to be scaled back significantly. Others report the loss of

key community services for the want of tens of thousands of pounds: youth services, contact centres and tourism facilities are likely to disappear.

27. Over recent years, waste and recycling have been viewed as a success story for Wales, with recycling levels increasing from around 40% in 2008 to stand at around 63%. However, in the 2018-19 budget Welsh Government imposed a 10% reduction in waste funding to local authorities. On top of programmed, annual reductions in support, the amount available will be a sixth lower (17%) in 2019-20 than in 2017-18. Statutory targets in Wales increase to 64% in 2019-20 and 70% in 2024-25. Since every percentage increase is successively more difficult to achieve, the likelihood of maintaining the upward trend reduces. This raises the prospects of local authorities being fined for missing targets, only adding to their financial difficulties.
28. On the economic development front, there is major uncertainty over future funding as European funding will come to an end once the UK leaves the EU. At present, little detail has been released about the successor programme, the Shared Prosperity Fund. It is unclear if local match funding will be a requirement. Economic development budgets have been severely squeezed as a result of the financial pressures local authorities face. Regional collaboration has helped to sustain this area of local government activity. With Brexit concerns looming, though, it is vital that authorities retain capacity to build local economic resilience. It is a vital preventative service in that a failing local economy will pile additional pressures on local government services such as housing/homelessness, mental health, substance misuse, community safety.

### **Overspends and general position on reserves**

29. Children's services, especially fostering and out of area placements, account for the largest and most frequently reported overspends. There are increasing overspends in areas that have traditionally been subject to less demand volatility, such as special education needs, adult services and environmental services. Education services are now a serious concern in terms of overspends and mostly this exhibits as increasing negative balances on school reserves. From the survey, 16 authorities reported overspends totalling £36m, 80% of which related to some aspect of social care.
30. Financing recurrent expenditure from reserves would not normally be appropriate and we found no evidence that this was happening. As the Wales Audit Office (WAO) pointed out recently, there are signs that a few councils are over-relying on general reserves to deal with shortfalls and this requires more unpopular decisions to make such as further cuts.
31. In general, authorities have plans to use reserves as part of a 'bridging' plan until some future event generates savings, but they do not use them to fund permanent spending, as this would only defer a problem or defer cuts for a future period.

## **Jobs & workforce**

32. Many authorities are now telling us that every vacant post is either being approved at Director level or reviewed by the Director of Resources. Some authorities are still managing to pare down the number of posts through voluntary schemes, but for many the well of individuals coming forward has run dry.
33. The situation of one authority reflected many where they had stood fast behind a policy of compulsory redundancies only as a last resort, but this was starting to break down. The hundreds of staff that were leaving under voluntary arrangements had fallen to a trickle (5%) of the numbers that were coming forward few years ago.
34. Local authority HR Directors in Wales have reported that their main priority over the coming years is managing the impact of cuts on their staff. Compulsory redundancies become more difficult to manage than those that are voluntary, and leads to time-consuming disputes and discord with the workforce and their representatives. Key development agendas like digitalisation and improving and developing the workforce are having to take a back seat to the process of exiting staff from the workforce through redundancy.
35. We estimate that the impact of austerity on local authority jobs has been to reduce the headcount by 24,500 jobs. Our estimates are based on employment figures published in the Quarterly Public Sector Employment Survey by the Office of National Statistics (ONS). From our own survey, many councils estimate that the speed at which posts are lost could accelerate and that an equivalent number could be lost over the next medium-term period as have been lost over the last 7 or 8 years. This would see councils losing 5% of posts (equivalent to 7,000 nationally) every year for the next 3 years.

## **Council Tax**

36. The other significant issue which emerges is pressure on council tax. It comes as no surprise that as revenue has been cut, councils have looked to raise additional levels of council tax to protect core services. We have consistently quoted in Wales that despite this, the average Band D Council tax rate in Wales is lower than England. There are significant differences across the two systems, but the fact remains that this divergence is eroding over time.
37. In 2009-10 at the start of austerity the Council Tax for an average Band D property in Wales was £1,086 while in England the figure was £1,414. This showed that council tax in Wales at a Band D was 23% less. This figure has now reduced to just above 10% with the Welsh Band D Average in 2018-19

being £1,492 and its equivalent in England set at £1,671. Hard pressed families could be facing the prospect of further 5% and beyond council tax rises. With real median employee earnings still 2–3% below their 2007–08 level and the Institute of Fiscal Studies (IFS) predicting that slow average income growth is likely to continue over the next few years, this becomes increasingly problematic in Wales.

### **Preventative spending and how is this represented in resource allocation**

38. A few years ago, the WLGA ran a programme of support for local authority 'early adopters' of the WFG Act's requirements. A key lesson from this work was the importance of using the Act 'upstream' in policy development. If the Act is used to think through projects or initiatives at the outset it is a helpful framework for making sure that they are being approached in a rounded (non-silo) way. That is far better than the 'retro-fit' approach, where the Act is seen as an interference in something that has already been committed. That is an important lesson that can make the Act a force for good as opposed to being something to 'find your way around'.
39. As a sector that contributes a lot to the preventative agenda we have been happy to work with the Future Generations Commissioner to embed WFG Act principles and ways of working in our elected member training and policy-making in local authorities. The Welsh Government's own definition of presentation is a step forward and we were happy to play our part in developing that. However it is clear that the WG's budget setting process is immune from such considerations the Future Generations Commissioner herself points this out in a recent blog:

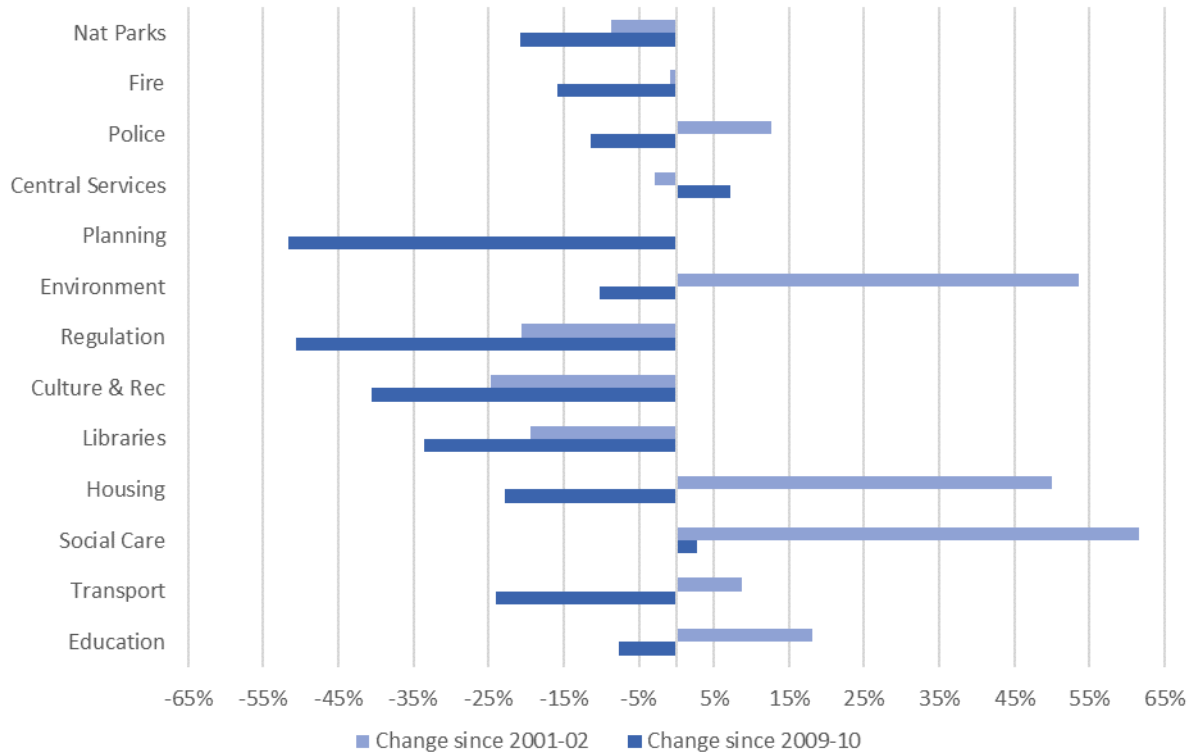
*"The reality is that the NHS is sucking up an increasing share of the budget every year to treat illness and this is at the cost of services which have a focus on keeping people well in the first place such as libraries and community centres, social care and leisure services.*

*International evidence demonstrates that the vast majority of services which have the biggest effect a nation's health and well-being are outside the healthcare services and yet in Wales we are spending 50% of our budget on services directed at treating ill health rather than keeping people well in the first place. With an ageing and increasing population that position is quite simply unsustainable."*

40. Many local services that are preventative in nature or enhance the prospects of future generations are being hollowed out. Figure 1 below shows some of the largest reductions have been in the libraries and leisure services that the Future Generations Commissioner talks about. Social care spending has hardly changed over the period of austerity. For smaller budgets such as planning and regulatory services cuts have been catastrophic and these are

the services that play a vital role in regeneration and keeping communities safe.

**Figure 1:** Real Terms Change in Service Spend, from 2001-02 and 2009-10, £m



**Source:** Base estimates: RO (2001-02 & 2009-10) and RA returns (2017-18)

## Reducing poverty and mitigating welfare reform

41. As at October 2018, Universal Credit Full Service has rolled out to all bar 4 local authorities. As numerous media reports have highlighted, the system still has many perceived flaws and there is evidence that it can cause rent arrears to arise/increase due to the way the benefit is paid to claimants. As previously reported, the delays in processing payments was having a direct negative impact on a number of claimants and increasing their risk of homelessness. Changes have been made to the system including increasing the amount of advance payment available and the removal of the 'waiting days' and currently around 80% of new claims are consistently paid in full and on time at the end of the 1st Assessment Period
42. The ability to apply for an advance payment of up to 100% of Universal Credit entitlement has been received with caution. There are no official stats linked to advance payments but around 60% of claimants are currently taking up the offer at the new claims stage with very few being turned down. There remains concern in the LA that an advance payment is seen as a quick solution to a lack of funds but without a meaningful discussion over

alternatives and the repayment options, some fear this is causing an additional debt burden. Many LA's try to link where possible an advance application with a need for 'Personal Budgeting & Support', one of the funded areas under UC where the LA can assist the claimants however following the Secretary of State announcement of the 1st October 2018 that LA's will no longer be providing any support from April 2019 we are extremely alarmed at how the support will be delivered by Citizens Advice, the new delivery partner. We are yet to formally meet with the Citizens Advice at a strategic level to discuss their implementation plans.

43. Prior to this announcement the Cllr Mary Sherwood, Cabinet Member for Better Communities Swansea City Council & WLGA joint spokesperson for Equalities, Welfare Reform & Anti-Poverty held a workshop in mid Wales for all elected member and officers to come together and share working practices.
44. On other issues of welfare and antipoverty, we continue to work closely with Welsh Government on Council Tax issues, including the desire to maintain 100% eligibility on Council Tax Reduction and the decision to consider the removal of committal from the enforcement regime.
45. We also have representation on a number of Financial & Digital Inclusion Groups, the Discretionary Assistance Fund, Money Advice Service Wales Forum and the National Advice Network. On the latter, we fully support the aim of establishing quality assured advice provision across the nation which will be of even more significance following the decision to award the Universal Support contract to Citizens Advice

### **Planning and preparedness for Brexit**

46. Planning and preparing for Brexit remains problematic because of the high level of uncertainty surrounding the process. Each day there is news emerging, sometimes suggesting a deal is close but on other occasions highlighting major hurdles (not least concerns around the Irish border), with no obvious way forward. Even if a withdrawal agreement is brokered, a deal on future relationships between the UK and EU (e.g. on trade and on existing joint working arrangements/institutions) still needs to be agreed. It remains less than clear how any withdrawal agreement will get successfully through the UK Houses of Parliament. Given that the 27 Member States and EU Parliament also have to approve any deal (by a majority) the deadline of 29th March is very challenging.
47. If a deal on withdrawal is agreed in time, there is still the distinct possibility of a cloud of uncertainty over a wide range of day-to-day working arrangements that have still to be bottomed out (e.g. around legislative certainty; product safety; customs requirements; mutual recognition of an array of qualifications, accreditations and other documentation). A transition period to

December 2020 would follow a deal, allowing time to work these matters through. However, there are still likely to be some temporary uncertainties and disruption. Communication will be key. In the event of no deal, the situation will be far more complex and the uncertainties even greater. The EU has been issuing Preparedness Notices setting out the implications of 'no deal' (here) and UK Government has likewise been issuing a ranging of Technical Notices (here). Local authorities need to be geared up to deal not only with the impacts on themselves but also, in their community leadership role, on local businesses, residents and partner organisations.

48. Welsh Government introduced a £50m EU Transition Fund to assist private, public and third sector organisations in their preparations for Brexit. WLGA bid for, and was awarded, £150,000 to run a support programme for local authorities during 2018/19. A series of events is being arranged covering a range of topics and various resources, materials and research will be generated and shared. The first events have taken place and have covered the settled status scheme for non-UK EU nationals and issues relating to the Environment. All presentations from events and other materials produced are being uploaded onto the WLGA website: see Brexit Transition Support Programme for Welsh local authorities - WLGA.
49. Freedom of Information requests have been issued to local authorities by the media seeking information on the steps they are taking to prepare for Brexit – see for example: This is what all of Wales' councils are doing about Brexit - Wales Online. The responses show that relatively little has been done to date. This is largely because of the uncertainty around the deal under negotiation with the EU and the implications of the outcome – including the possibility of 'no deal'. At a time of scarce resources, it is difficult for local authorities to allocate officer time and resources to investigate a range of potential scenarios. Several authorities refer to working with the WLGA to help identify steps they may need to take. The WLGA has identified a range of issues for LAs to consider and these are included on its web pages. However, authorities will need to invest some time using local knowledge to gauge how significant some of these issues could be in their areas.
50. WLGA continues to work closely with its counterparts in the LGA, COSLA and NILGA, sharing intelligence and information. As part of the WLGA Support Programme officers a delegation of Members from NILGA is visiting Wales to exchange views on regional development post-Brexit. They will be meeting Members involved in City Deals and Growth Deals from each of the regional collaborations in Wales. A major concern is in relation to the future of funding for regional development once the UK is no longer a member of the EU. Although the UK Treasury has issued a guarantee honouring funding commitments in the current EU-funded programmes there is a lack of clarity over successor arrangements.
51. The UK Government has announced there will be a Shared Prosperity Fund (SPF) which will replace current EU funding. Little detail has been released to



date but, in that which has been, the language used refers to Mayoral Combined Authorities, Local Enterprise Partnerships and Local Industrial Strategies. None of these terms relates to Wales. Furthermore, Local Industrial Strategies are already being piloted in parts of England, raising fears that Wales could lose out in any future competitive bidding process. Welsh Government's view is that economic development is devolved and an amount of funding - equivalent to what Wales would have received had the UK remained in the EU - should pass to Wales. WLGA has supported this position and called for the funding to be devolved further, down to the regional partnerships. However, although there have been UK Government statements about respecting the devolution settlement, the indications to date are that the fund will be administered at a UK level.

52. WLGA continues to participate in a range of Brexit working groups established by Welsh Government including the First Minister's EU Advisory Group (chaired by Mark Drakeford), a Roundtable established by Lesley Griffiths to consider agricultural and rural issues, a health and social care group and one focused on the economy. Information from these meetings, and other sources, is communicated to local authorities via regular bulletins to all local authorities. The Welsh Government consultation on Brexit - and Our Land sets out proposals for replacing the Common Agricultural Policy. WLGA is responding to the consultation setting out concerns over the speed of change (and the risks if other parts of the UK respond in different ways and to different timescales) and also raising questions over the future support for rural development activity. Similar concerns exist over the future of support for skills development if the SPF is focused on ERDF-type interventions.

## **Conclusion**

53. The survey returns aligns with the WLGA estimates of real-terms savings of around 22% since 2009-10 and some authorities reporting reductions of up to 30%. This has largely been found from efficiencies or cuts. This equates to an annual efficiency target of around 3% but we are now at the point when cuts will bite deeper and more quickly as the opportunity for efficiencies disappears.

54. The impact on services will be severe. The published provisional settlement this year will mean that elected members will face impossible decisions and will be left with little choice but to start looking at the two large services and what remains of what is left of other small areas of spend.

55. Since the financial crisis, the wave of austerity has yielded a country that has grown accustomed to living with less, even as many measures of social wellbeing – crime rates, drug addiction, infant mortality, childhood poverty and homelessness – point to a deteriorating quality of life.

56. When it comes to public services across the UK, it is local services, that by any objective measures, are doing the heavy lifting. It is difficult to argue with the Shadow Chancellor John McDonnell MP's proposition that councils have been used as "human shields" to absorb deep spending cuts by the Treasury. In the same way, the words of Lord Porter, the Conservative leader of the LGA, resonate in the findings of the WLGA survey, namely that "Councils now spend less on early intervention, support for the voluntary sector has been reduced, rural bus services have been scaled back, libraries have been closed and other services have also taken a hit. More and more councils are struggling to balance their books and others are considering whether they have the funding to even deliver their statutory requirements".
57. WLGA has publicly and regularly recognised the progressive role played by Welsh Government in offering protection to councils in Wales that has avoided what appears to be an existential crisis for large councils with social care responsibilities across England. The problem, however, remains that austerity is now approaching a decade in longevity. The choices Welsh councils are faced with are getting harder, the decisions more difficult and the impacts more unpalatable. Welsh councils now look to Welsh Government to make decisions which can seek to offset the worse impacts of this and provide budgetary respite particularly in terms of greater investment in prevention.
- 

**For further information please contact:**

Jon Rae/Steve Thomas

[jon.rae@wlga.gov.uk](mailto:jon.rae@wlga.gov.uk)

Welsh Local Government Association  
Local Government House  
Drake Walk  
Cardiff  
CF10 4LG

Tel: 029 2046 8610

## **A 'Bread and Butter' budget, but local government gets the crumbs - again**

**Tuesday, 09 October 2018**

The announcement of the provisional settlement for local government today is a deeply disappointing outcome for councils across Wales with the gravest implications for local services.

In particular, councils have issued a warning to Welsh Government of the severe consequences for school budgets due to the failure of this outcome to meet a massive range of wage, pension and demographic pressures. At the most optimistic level, this amounts to a £57m gap which equates to a loss of 1,300 teachers or 2,400 teaching assistants or a combination of both. Yet again, the exhausted narrative of 'additional' and 'extra' funding in Welsh Government press releases needs to be treated with scepticism. Today's settlement simply does not provide enough resources to fund local services, particularly when compared to areas which the Welsh Government directly control, like the NHS. To be first in the queue for resources from Westminster which may not materialise because of Brexit is cold comfort to local government.

The views of the WLGA's political groups below summarise the feelings of the 22 local authorities.

Councillor Anthony Hunt (Torfaen), WLGA Finance Spokesperson and Labour Group said:

"It is with deep regret that we have received today's provisional settlement. I know my colleagues in Welsh Government have had tough decisions to make thanks to austerity. But I fear that the wrong decisions have been taken in this budget."

"Councils in Wales provide vital local services. We are at the forefront of the preventative and early intervention agenda that forms an important part of the Welsh Government's own Wellbeing of Future Generations Act. Yet looking at the budget, the funding of those services appears not to be a priority."

"As well as having to deal with cuts upon cuts, the build-up of pressures in areas such as looked after children and services for older or vulnerable people are completely outstripping our existing resources. To cut these services further makes no sense; doing so will only place more pressure on other public services including the NHS."

"As Labour leaders in Wales, we call on the Welsh Government to enter into immediate dialogue with councils to see how we can work together to avert what will otherwise be a deepening crisis in the funding of our children's schools, social care for vulnerable people and the other vital services that people value and rely on. As councils, we have tightly managed our budget throughout austerity, making efficiency savings year after year. But, after eight years of deep cuts, we are fast reaching breaking point for local services."

Councillor Peter Fox (Monmouthshire), WLGA Conservative Group Leader said:

"After eight years of cuts where budgets have fallen by a quarter, Welsh Government had a real opportunity to end austerity in Wales. With £370m new monies arriving from Westminster, an imaginative approach to funding preventative services to keep people out of hospitals was needed. Instead, the Welsh Government has given the NHS a 7% increase and cut council budgets for the eighth year in succession."

"In glossy strategies such as 'Prosperity for All' and 'Healthier Wales', the Welsh Government claim that social care is one of their top priorities; there is no evidence to support this. Indeed, of the

£370m available, social care will only receive £30m - short on pound notes but weighted down in bureaucracy."

"In short, lots of fine words but no matching funding commitment. This budget is full of tired and outdated thinking. Ironically, Welsh Government are giving us more money to pay for tarmac when local services have 'run out of road'."

Councillor Emlyn Dole (Carmarthenshire), WLGA Plaid Cymru Group Leader said:

"For councils across Wales, it is difficult to stress the sense of disbelief at today's provisional settlement. The Welsh Government has promised more powers and more flexibilities to councils over the past two years but have again siphoned off money for core services into a range of specific grants to spend on their pet projects.

"In addition, it appears that local government has been using the wrong tactics over the recent period: rather than carefully balancing our budgets and delivering huge cuts, perhaps we should have run huge deficits, like the NHS, who are constantly bailed out and rewarded."

"With the money we have available, we cannot protect core services - and this tragically means cuts to schools and social services. We are concerned that teachers' jobs will go and front-line services will be cut. This budget may hit the Welsh Government target of putting more money into hospitals but completely misses the point that investment in prevention is the way forward."

Councillor Hugh Evans (Denbighshire), WLGA Independent Group Leader said:

"Having seen today's budget announcement, I want to place on record a clear warning. There is barely a week goes by when AMs, MPs and others call on my council for extra 'investment' in one service or another. Our budget gap before any council tax rise is £11.5m. None of these worthy requests ever identify where this money is to come from, or what we should cut to pay for them. I say publicly today that, if you vote for this budget in the National Assembly, you must now accept full responsibility for what will be the deep cuts to services which are treasured by our communities.

"This is not just about social care; it means less food inspections, cuts to disabled facility grants, the closure of family centres, less grass cutting, the end of youth services and much more."

"Councils have crossed the Rubicon with this budget and we now face choices on core services that, as the elected leader of Denbighshire, I never imagined we would have to make."

"Even at this eleventh hour, the Welsh Government should reconsider these decisions and come forward with a new budget which is more equitable and far less damaging to our communities. I will be asking all our elected Assembly members to work harder on our behalf and challenge Cardiff Bay to support public services for the whole of Wales"

Ends

Document is Restricted

# Agenda Item 4

## Equality, Local Government and Communities Committee

25 October 2018 – papers to note cover sheet

Paper no.	Issue	From	Action point
ELGC(5)-29-18 Paper 2	Inquiry into tackling poverty and social exclusion through culture	The Chair of the Culture, Welsh Language and Communications Committee	Request for information in relation to the Culture, Welsh Language and Communications Committee's upcoming inquiry
ELGC(5)-29-18 Paper 3	Inquiry into fire safety in high rise blocks	The Minister for Housing and Regeneration	Response to the Committee's request for information in relation to the Regulatory Reform (Fire Safety) Order 2005 following the evidence session on 11 October

John Griffiths AM  
Chair  
Equalities, Local Government and Communities Committee

ELGC(5)-29-18 Paper 2

17 October 2018

Dear John

**‘Count me in!’ An inquiry into tackling poverty and social exclusion through culture**

The Culture, Welsh Language and Communications Committee has launched an inquiry into how publicly funded bodies can use culture and the arts to tackle poverty and social exclusion in Wales.

I would be grateful if we could draw on the expertise of your stakeholders for this inquiry. I understand our respective clerking teams have promoted this inquiry using your database of contacts. I would be grateful if your Members could also publicise this inquiry to their contacts and within their constituencies.

We are seeking answers to the following questions:

- How effective has the Welsh Government been in improving participation in and access to culture for people in poverty?
- How effective have the efforts of Welsh Government sponsored bodies (namely the Arts Council, National Museum, National Library and the Royal Commission on the Ancient and Historic Monuments of Wales) and local government been in using culture to tackle poverty?
- What impact has the Welsh Government’s Fusion programme had on using culture to tackle poverty?
- How effective the Fusion pioneer programmes have been in stimulating local collaboration?

We ask that responses are emailed to us at [seneddcwlc@assembly.wales](mailto:seneddcwlc@assembly.wales) by 14 December.



We will be taking oral evidence in the New Year and welcome suggestions for any organisations to invite in.

I will make sure that the outcomes of our inquiry are shared with your Committee,

Yours sincerely,

*Bethan Sayed.*

**Bethan Sayed**  
**Chair**





**Agenda Item 4.2**  
Rebecca Evans AM  
Y Gweinidog Tai ac Adfywio  
Minister for Housing and Regeneration



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: MA-P-RE-3636-18

John Griffiths AM  
Chair  
Equality, Local Government and Communities Committee  
National Assembly for Wales  
Cardiff  
CF99 1NA

18 October 2018

Dear John,

The Committee asked for further information about the Welsh Government's view that front doors of flats are covered by the Regulatory Reform (Fire Safety) Order 2005.

This is a complex matter, and I agree that there is room for doubt. Doubt arises because article 6 of the Order provides that it does not apply to dwellings, meaning that it only covers the so-called 'common areas' of a block of flats – hallways, stairwells, landings, walkways and so on. The Order says nothing about how the boundaries between common areas and flats (i.e., walls and the doors in them) are to be treated.

However, we believe that those boundaries and doors are covered by the Order, for two reasons.

First, in a typical block of flats, most of the likely sources and causes of fire are within the flats themselves. There should be much less chance of a fire originating in a common area. So, the purpose of fire doors at the entrance to flats is to preserve the compartmentation of the building, and to protect the common areas (which generally form the escape route) in the event of a fire breaking out within an individual flat. In other words, such fire doors mainly preserve the fire safety of the building as a whole, rather than that of individual flats.

Second, common sense dictates that a part of a building – such as a hallway – must be defined by reference to the structure of the building. It cannot consist only of the empty space enclosed by that structure, and it would make a nonsense of any regime of building safety if that were so. A common area must therefore include its physical boundaries.

The statutory guidance we issued last month clearly states our view. We sent it to all social landlords in Wales, as well as representatives of the private rented sector, and there has

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Correspondence.Rebecca.Evans@gov.wales](mailto:Correspondence.Rebecca.Evans@gov.wales)  
[Gohebiaeth.Rebecca.Evans@llyw.cymru](mailto:Gohebiaeth.Rebecca.Evans@llyw.cymru)

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

been no disagreement from any quarter. I should add that our views also reflect those of the National Fire Chiefs Council and of individual Fire and Rescue Services.

However, I fully acknowledge that the position is unclear. For instance, it is arguable that a door which is the property of a resident cannot be part of the premises for which the landlord or managing agent is responsible. And as our Chief Fire and Rescue Advisor noted in committee, this matter has never been tested in court to our knowledge. This is therefore something that we aim to clarify as part of our overall reform of the regulatory framework.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca". The script is cursive and fluid.

**Rebecca Evans AC/AM**  
Y Gweinidog Tai ac Adfywio  
Minister for Housing and Regeneration