

Welsh Government

Consultation – summary of response

Provisional Local Government

Settlement 2023-2024

List of responses received from:

Torfaen County Borough Council
Ceredigion County Council
Pembrokeshire County Council
Welsh Sports Association
Community Leisure UK – Wales
Welsh Local Government Association (WLGA)

Summary of Main Comments

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

Torfaen County Borough Council- Provisional Settlement of 7.5%

The Council states that the Welsh Government's continued approach to work in partnership with local government has been instrumental in helping authorities navigate through the most difficult and challenging of times, with openness and trust being the cornerstone of their response to the pandemic, rising inflation and the cost-of-living crisis.

The level of positive engagement at both political and officer level has been considerable and has led to significantly better outcomes and they acknowledge the considerable financial support from the Welsh Government.

Their medium term challenges continue to be significant and the need to work in partnership continues to be important. To enable them to do this, funding is needed to sustain and allow investment in vital public services.

Following the significant 2022-23 settlement, the 2023-24 provisional settlement is extremely good news for local government in Wales. The uplift in core funding continues to show the Welsh Government trusts local government to invest in shared aspirations. They recognise the cautionary notes within the accompanying settlement narrative and will take full account of them in their budget deliberations.

All the hard choices given by the huge pressures on budgets won't be avoided but it will enable them to work to balance their budget whilst keeping impacts on vital services to a minimum and keeping council tax as low as possible.

They welcome the inclusion of forward funding however individual authority grant level details would assist them even further in their medium-term planning.

This year has once again demonstrated the benefits of working together and Torfaen remains committed to working with the Welsh Government to achieve common aspirations for their citizens.

Ceredigion County Council- Provisional Settlement of 8.2%

The Council welcomes their settlement increase particularly in light of last year's funding indication however cost pressures and increased service demands exceed these figures, estimated at £22m for 2023-24. Even with the Welsh Government funding increase they will still have a substantial funding shortfall.

Population dataset considerations by the Distribution Sub-group centred on 3 options for the settlement which included (i) using the 2021 Census data in full; (ii) using that

data and applying a dampening effect to reduce significant financial implications for Council's affected, and (iii) using 2021 Census data average and 2018 based projections for 2023. They advise they have suffered in recent years as the ONS 2018 based population projections overstated Ceredigion's population decline.

The 2021-22 population dataset largely contributed to them being ranked the lowest in the tables and receiving the worst 2021-22 settlement in Wales and had hoped the most up to date 2021 Census dataset would have been used in this year's settlement. Whilst the 3rd option, above, was pragmatic and the decision reached via the Distribution Sub-Group process, they feel it has been detrimental to their Taxpayers for 2023-24 and for at least the two previous financial years. They urge the Welsh Government to use the most up to date population datasets where possible (i.e. 2021 Census) and that significant outliers are dealt with through funding floor type considerations.

Transferring funding for increased employer costs associated with Fire Authority pensions appears cost neutral however careful consideration is needed regarding the distributional side effects and the £ for £ impact in transferring it into the settlement. They are disappointed it is being considered at such a late stage without prior notification or consultation. They also suggest the Welsh Government reconsiders whether Fire Authorities should be Precepting bodies in the same way as the Police Authority and Town & Community Councils.

With the average 2024-25 settlement increases being indicated at around 3.1% it continues to be of concern. Though inflation is projected to start declining significantly, risks remain relating to Pay award costs driven partly by the UK Government's current policy for the National Minimum Wage to increase to two thirds of Median earnings. There is continued uncertainty of forecasting Teachers Pay levels as funding is being allocated in the settlement before Councils know what the outcome will actually be for the following September. They urge that Local Government funding continues to be prioritised for 2024-25 ensuring that wherever possible, consideration is made to funding above the indicative 3.1% level.

Social Care challenges continue and the Welsh Government's Real Living Wage commitment for Registered Social Workers must remain as a 100% fully funded commitment, a policy enacted at a national level. Based on initial calculations, their level of funding requirements would mean a shortfall and with the likelihood of further considerable increases in the Real Living Wage, it is possible there won't be enough funding provided to be able to continue fulfilling this policy.

Energy costs continue as a considerable cost pressure particularly for key essential statutory services. The Council urges the Welsh Government to lobby the UK Government to ensure specific Local Authority support packages are put in place should energy costs not start to reduce significantly.

Compared to their 2022-23 £6.3m budget requirement and before factoring in 2023-24 considerations, they have a substantial shortfall of over £1.1m in their SSA Council Tax Reduction Scheme (CTRS) figure. The scheme is far from being fully funded and the Welsh Government needs to recognise and address that it is largely a national scheme with minimal local discretion. Where that local discretion is exercised, it only adds very negligible additional costs.

They are disappointed with the Capital funding level as though the £30m increase across Wales was in line with previous announcements, no new additional funding has been provided. They welcome and look forward to being able to bid for the £20m investment Capital funding for Decarbonisation projects however a significant level of further investment is likely to be needed if the net zero target of 2030 is to be achieved.

Pembrokeshire County Council – Provisional Settlement of 7.9%

The Council appreciates it has been another unprecedented year with the ongoing effects of the pandemic and current cost of living crisis. They acknowledge the UK Government Autumn Statement timing caused delays in publishing the provisional settlement but hope for a return to receiving it in October and the final settlement in December in future years.

They welcome their 2023-24 funding increase which will contribute to dealing with their financial pressures, the most significant being Adult and Children's Social Care and Education. However even with this funding and increasing Council Tax by between 5% and 10%, they will still need to make budget savings or use reserves of between £11.6m and £15.1m.

Their financial pressures remain over the medium term, especially in Social Care and Education, and would welcome the opportunity to work with the Minister to identify a more financially sustainable future funding model. Based on current financial projections for 2024-25, the indicative 3.1% settlement uplift will only provide a similar level of contribution to their financial pressures as in 2022-23.

They welcome the provision of indicative all Wales core revenue funding allocations and capital and revenue grants for 2024-25 as it provides a level of certainty for medium term financial planning.

They note the continued significant number of specific revenue grants but would like to see them included in the settlement as unhypothecated funding which would reduce the grant administration burden and aid their financial planning. They welcome any unexpected grant funding but being advised of it in the latter months of the financial year and being required to defray it by the end of the financial year can be difficult and therefore request notification is given at the earliest opportunity in order to plan effectively.

The Council Tax Reduction Scheme (CTRS) funding whilst maintained for 2023-24, is effectively another annual reduction which could be challenging to deal with in the current cost of living crisis. Their CTRS costs are £2m more than the funding received therefore they would like to see the funding increased to a level where CTRS is fully funded.

They understand there should be no additional financial pressure on authorities regarding the proposed transfer of the Fire & Rescue Authority (FRA) increased employer costs into the settlement. This was not referred to in the provisional settlement therefore there will be an additional financial burden on the FRA's, resulting in further levy increases and added financial pressures on local authorities. They hope the Welsh Government adds extra funding into the final settlement to compensate for this transfer.

Pembrokeshire advises the proposed settlement may provide opportunities for people to use the Welsh language and treat the Welsh language no less favourably than the English language.

The “partnership approach” between Welsh Government, the WLGA and local authorities has worked well and should continue in the future to benefit local government in Wales.

Welsh Sports Association (WSA)

As the Welsh Sports Association emerges from the pandemic and into the cost of living crisis, increased energy cost pressures on their sporting infrastructure are putting them under considerable strain. Leisure services will be unable to absorb significant energy increases without it impacting on services.

The better than expected Local Government settlement may have alleviated some immediate risks but 2023-24 will be extremely difficult for non-statutory services as prices continue to rise. Whilst funding has increased to Local Authorities, they anticipate this will be prioritised towards statutory services to the detriment of leisure and physical activity.

The WSA noted the Minister for Finance and Local Government suggested in December 2021 that increased funding for Local Authorities should be used to support sectors that still feel the impact of the pandemic. As far as they are aware, very little appears to have been made available to the sport and leisure sector despite continued reduced customer numbers and a slow return to activity.

As the UK Government Energy Bill Discount Scheme has excluded leisure centres, they are extremely grateful for the Welsh Government’s indication of support for bringing leisure into the scheme.

Without targeted and specific funding above and beyond the settlement, it will be difficult for Welsh public leisure services to make it through the next financial year due to possible plans to reduce opening hours, close leisure centres, increase fees and charges, along with ongoing challenges in recruitment.

The loss of services through closure, reduced opening hours or ‘rationalisation’ will be harmful to the nation’s health and wellbeing and flies in the face of commitments of the Future Generations Act. It will impact on all members, with safe affordable places to stay fit and active being harder to access especially in winter.

They are aware Welsh people are doing less sport and physical activity due to cost pressures which will be exacerbated if leisure services provision continues to come under pressure. In the long run, NHS and other public services costs will increase.

They state the current local government settlement doesn’t tackle the problems that are building in the sport and leisure sector.

Community Leisure UK - Wales

The leisure and culture trusts in Wales are a charitable, non-profit organisation that deliver vital public leisure, sport, physical activity, library, cultural and arts activities for communities across Wales whilst operating on small margins in collaboration with local government.

The public leisure and culture sector is currently in crisis and in need of additional support from the Welsh Government. Charitable Trusts are key partners to local government and support them in the delivery of the Future Generations Act. The local government settlement provides a vital opportunity to confirm much needed support for these trusts.

These sectors are still dealing with the pandemic impact and need additional help to cope with the cost of living crisis. The co-ordination and collaboration between the Culture and Sport, Economy, Health and Social Services departments as well as Local Government, are key to addressing the crisis. An analysis of their members in Wales towards the end of 2022, indicated 60% were either in crisis or rapidly heading towards one. Following the post announcement of the Energy Bill Relief Scheme in January 2023, this had increased to 70%.

A high majority of their members have projected a budget deficit by the end of 2022-23. Leisure trusts alone are anticipating a combined deficit of over £5.4 million with one Trust advising of significant staff reorganisations and likely redundancies.

As they are dependent on local authority levels of support, there are no financial projections available for the next financial year and widespread cuts to services are expected with reduced financial support from Councils. They therefore face difficult decisions around the future viability of organisations and have uncertainty over being able to sign off as going concerns for next year.

They recognise that local government, as their key partners, also face significant pressures with their financial planning and budgeting. The increase in Welsh Government funding is welcomed but they echo the Welsh Local Government Association's warning that tough decisions will remain due to the continuing challenging economic circumstances.

The Welsh Government's non domestic rates relief for retail, leisure, and hospitality businesses announcement was also welcomed but will provide little or no relief for their charity and social enterprise members as they already receive business rate relief.

They urge the Minister to consider confirming the increase in revenue funding and to encourage local government to invest in public leisure and culture as essential services in line with their Future Generations Act responsibilities. They want tangible support set out on what will be provided to leisure services and the wider arts and culture sector and to provide help to navigate the energy crisis to minimise service restrictions and facility closures. The unique role of charities and social enterprises should be recognised in the economy with support being prioritised for the delivery of these public services for such communities.

Welsh Local Government Association (WLGA)

Their positive tone to the provisional settlement summarised the view across councils in Wales and was reflected in the WLGA's Executive Board meeting in December . However local authorities will still have to make difficult decisions as the cumulative shortfall before the council tax application is around £600m over the next 2 years. Substantial risks to local services continue to exist and the outlook for inflation remains uncertain. The improved settlement will have a positive impact on local services and on the ability of councils to make positive decisions to meet budget pressures and aid in their longer-term plans for the future of local services and

communities. They were pleased there was an improved indication for 2024-25 therefore providing more certainty in going forward. The indicative allocation is below the current estimates for pressures but they will continue with their dialogue around this in future months.

They continue to be concerned regarding the number and value of specific grants. They noted social care issues were being addressed in the funding package but the longer-term sustainability of these vital services can't be ignored. The funding to provide a real living wage was universally welcomed however one of the risks around the settlement continues to be the teaching and non-teaching pay assumptions. The level of these awards is difficult to anticipate and they would like to continue to maintain open discussions with the unions even though the context is challenging.

WLGA were encouraged to see Capital funding levels restored compared to the dip in last year's Settlement given the importance of rebuilding the funding to the post-pandemic economy . In real terms however, the allocations are still considerably less than pre-austerity levels with current inflation eroding the spending power even further.

They were grateful for the engagement between WLGA and Welsh Government officials in the most challenging of circumstances which has ensured a collective response in rising to the current challenges.