



WLGA • CLILC

“How can I go forward when I don’t know which way I’m facing” – John Lennon

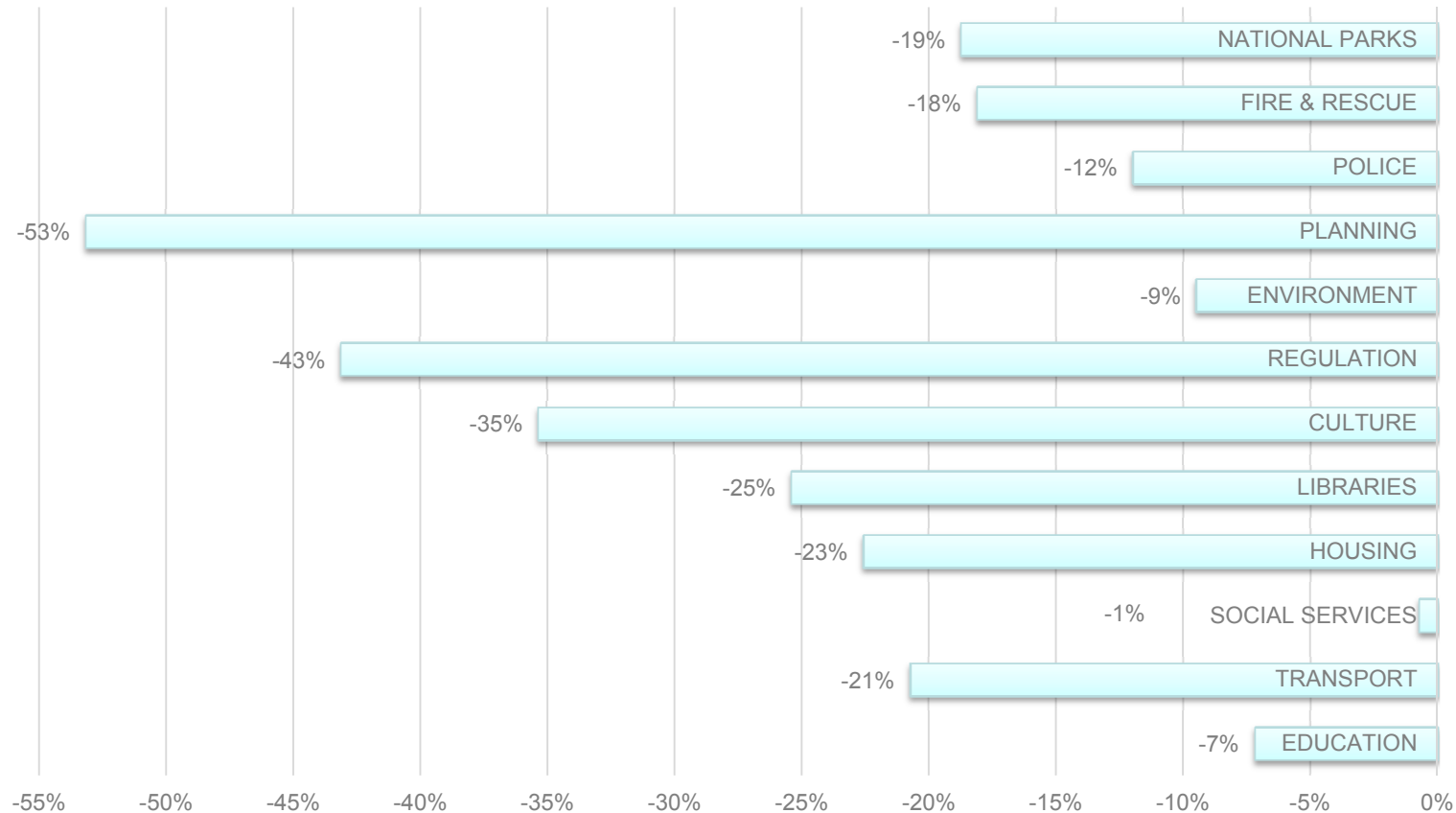


Jon Rae
Director of Resources WLGA
APSE 2015



How much more can spending reduce?

Real terms decreases in Welsh LG service spend, 2009-10 to 2015-16

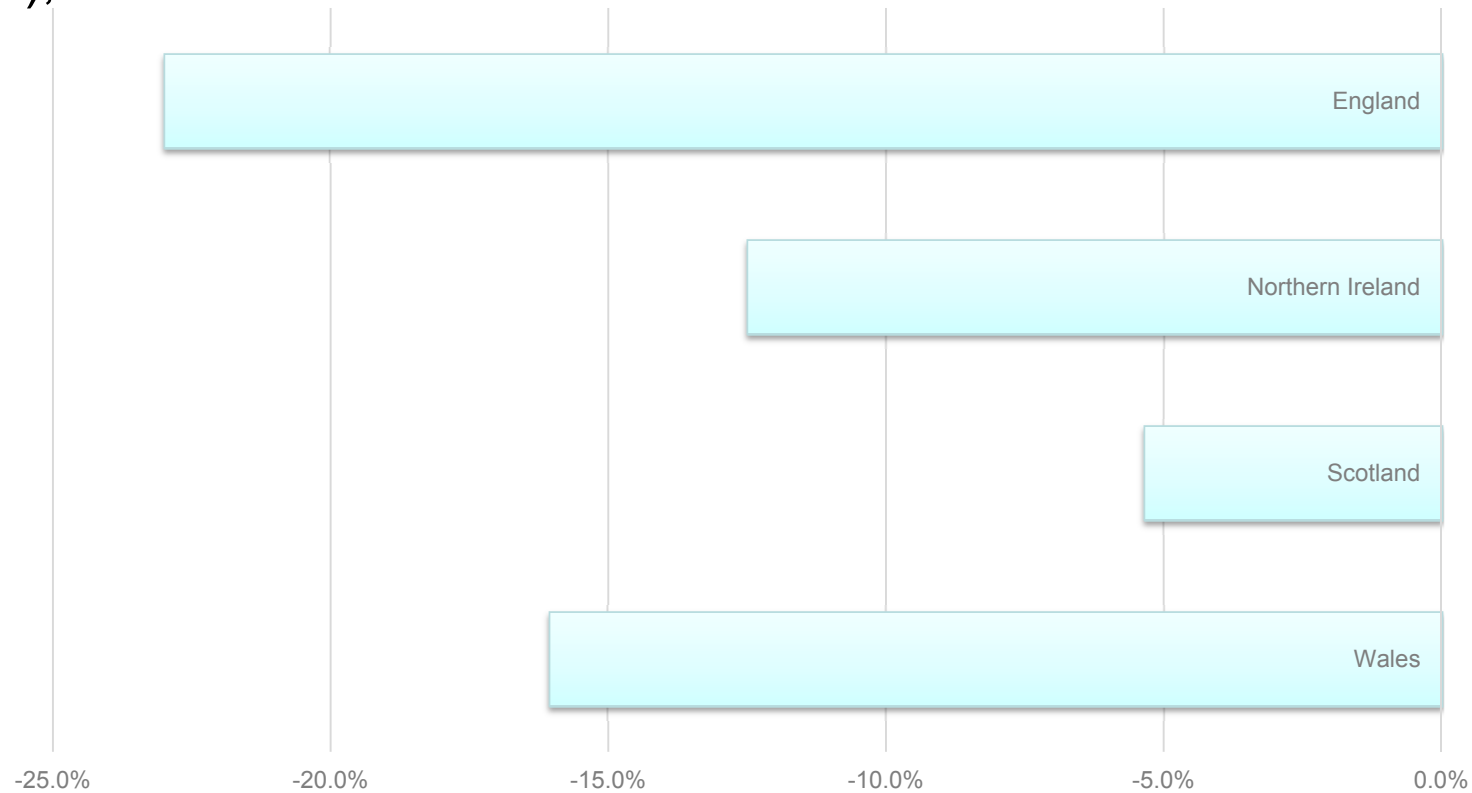


Source: IFS (2012), Updated with latest RO & RA returns



Austerity - a common problem in the UK

Real terms decreases in comparable LG expenditure (COFOG class 4, 5 and 8), 2010-11 to 2014-15



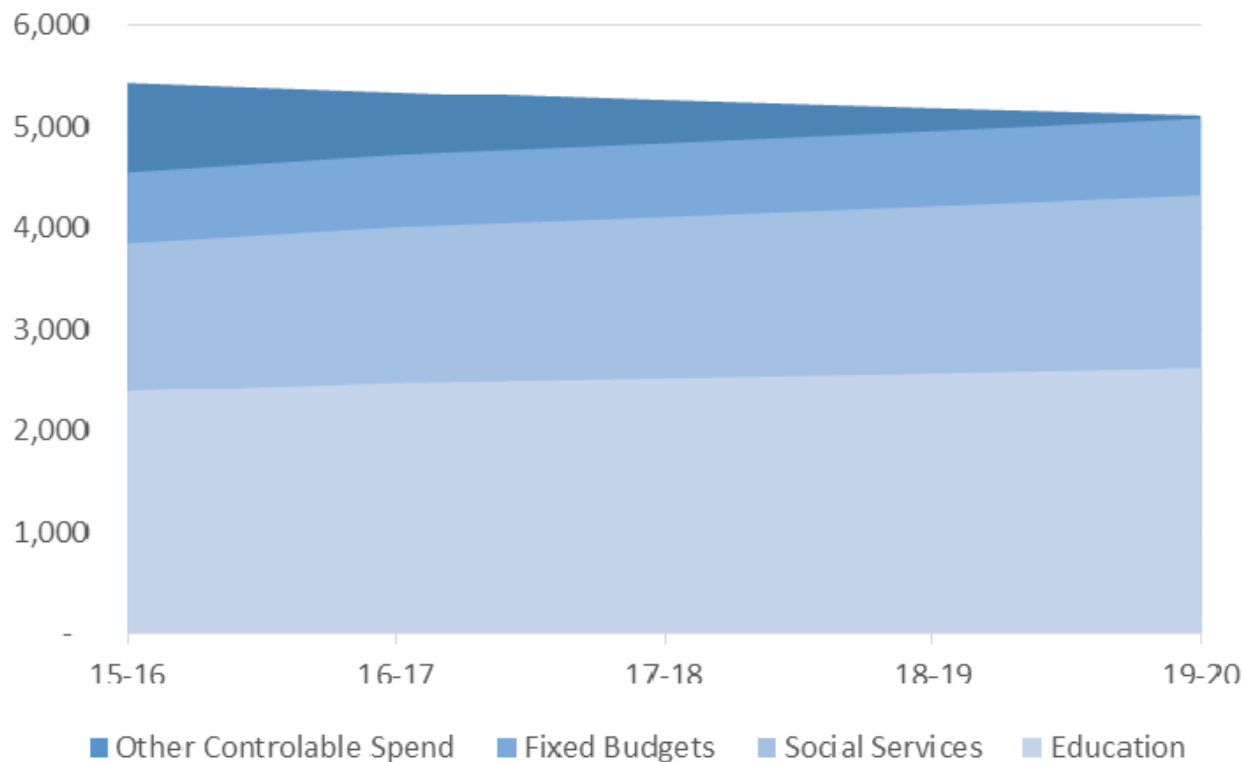
Source: PESA, HMT (2015)



WLGA • CLILC

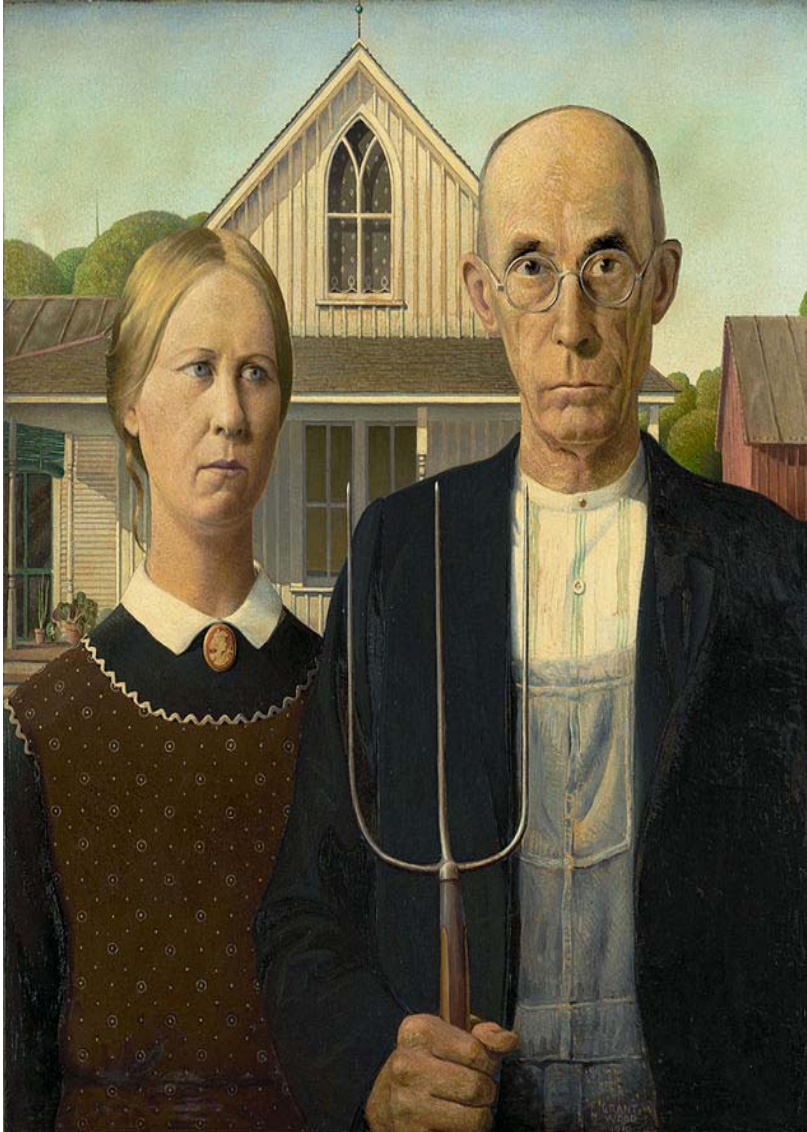
What does the future look like?

The budget shortfall implications for controllable budgets, £m





Local Government - Joe and Josephine Public to the Rescue?



- Give paternalism a decent burial but recognise the default role of public services.
- Public responsibility – paying more for valued services. The most successful European countries all have tax rates expressed as a % of GDP over 40%
- The role of alternative models – Community mutuels as the way forward? Keith Edwards Review
- Community trusts – Leisure & Libraries
- The active citizen – running theatres, cinemas and libraries



WLGA • CLILC

The nine and eight options – Back to the future!

PROPOSED NEW COUNCIL MAP

BASED ON 8 LOCAL AUTHORITIES





LGR – The proposed “marriages made in heaven”



12 COUNCIL OPTION favoured by Williams Commission amongst 4 proposed maps

8-9 Welsh Government Option announced on June 17th 2015

All parties in the Assembly now have different plans

Example – Plaid support the retention of 22 with 5-7 combined authorities

Lib Dems – No voting reform- no reorganisation



WLGA • CLILC

Reorganisation as the answer? Then let's answer the questions



What will it cost and will it save money?

In some areas mergers are justified and needed. But why all areas?

But why do we need "one size fits all"?

Example - Why is it right for Powys to integrate with the LHB but no one else?

Is big beautiful? Birmingham and Betsi!

Why an option for 3 in North Wales?

2020 is long way off. Will all the potential for savings from LGR be gone in this time?



What is the future for Welsh local government?

- **Adaptive innovation:** councils creatively redefine their role and are able actively to affect their operating environment, often working in close partnership with other authorities
- **Running to stand still:** councils are led and managed well and can see a positive future, provided that they can keep up the current pace and that there are no major shocks
- **Nostril above the waterline:** councils are only able to act with a short-term view, their existence is hand to mouth and even a small external change might seriously challenge their viability
- **Wither on the vine:** councils have moved from action to reaction. Their finances and capacity are not sufficient to the task and they are retreating into statutory services run at the minimum levels
- **Just local administration:** councils have lost the capacity to deliver services, either because they have 'handed back the keys' or because responsibility for significant services has been taken from them
- **Imposed disruption:** councils are subject to some form of externally imposed change, such as local government reorganisation



Keeping the nose above the waterline - Ideas on a postcard

1. Introduce 3 year financial settlements to assist planning.
2. De-hypothecate £783million of specific grants for councils to prioritise locally. Saves up to £70m in administration (WAO).
3. End the protection of schools budgets – huge saving possible.
4. Invest in preventative services -£400 million pounds Welsh consequential from the £8billion NHS investment in England.
5. Step up integration of health and social care
6. Scale back regulation and inspection. £43 million annual cost.
7. End council tax capping and negotiate with the public on “service protection”.
8. Massively increase flexibility and promote managed risk.
9. Recognise that building up reserves in times of crisis is fully in line with CIPFA and WAO advice.
10. Examine new mechanisms. EG Tourist tax: City of Boston raises \$25m per annum. Chicago up to \$40 dollars a day per visitor.
11. A real debate about localism and devolving powers to councils where the subsidiarity principle is clearly evident, including the retention of business rates by local government;
12. Recognise that a reorganisation in 2020, costing £220m plus and savings arriving in the third year is not the silver bullet for councils



Conclusion – Prevention should be the watchword

- **Let's have clarity on the direction of travel – structures, White Paper et al**
- **Funding - On the current trajectory we are in danger of having a public sector in Wales which largely comprises schools and hospitals.**
- **Preventative services like Highways, Housing, Environmental Health, housing, transport, leisure cannot take all the cuts strain.**
- **Future Generations Bill – Well Meaning or Impactful?**
- **We live in a world where single solutions are dangerous.**
- **Easy answers don't always cut it. Beware of big bang solutions**



WLGA • CLILC

Thanks for listening

Jon Rae
Director of Resources WLGA
jon.rae@wlga.gov.uk