

Cymdeithas Llywodraeth Leol Cymru

Welsh Local Government Association



CLILC • WLGA

Brexit, funding and the future

6th September 2017

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www.wlga.wales

Overview



- Financial pressures facing local government in Wales
- Reflections and implications
- European funding – scale and impact
- Wider Brexit impacts on LAs and their areas
- The future

Financial pressures on LAs in Wales



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- Seventh year of austerity for the 22 LAs
- 2017/18 - £7.9b budgeted gross rev exp
- 2016-18: £350m pressures 'absorbed'
- Ongoing pressures – workforce, demography and inflation: £212m
2018/19 rising to £762m by 2021/22
- UK £3.5b of efficiency savings by 2020
- Equates to a further £175m for Wales

Reflections and implications



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- LG in Wales *relatively* protected
- Preventative services hardest hit (25-50%)
- Destroying the seeds of salvation
- Well-being of Future Generations Act
- How do we break out of vicious circle?

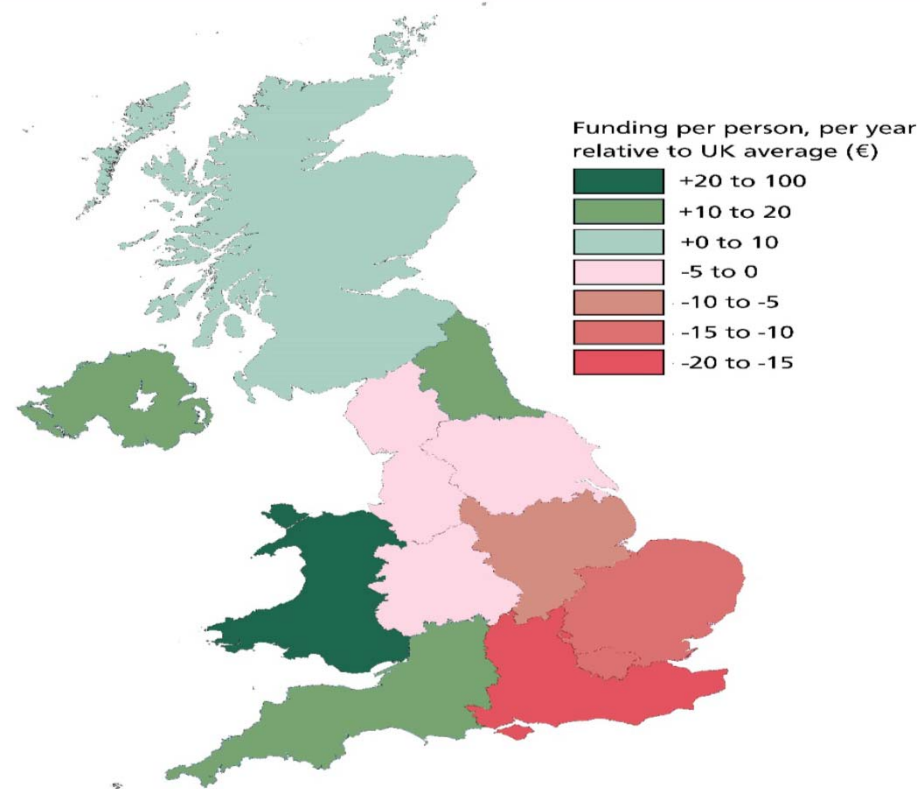
European funding – scale and impact

- c£2bn ERDF and ESF over 7 years for Wales
- Just under a fifth of UK total - £10.7b
- c£2b CAP over 7 years
- £321m Rural Development Programme
- Plus other – e.g. HORIZON, LIFE
- Overall for Wales, £414m p.a. paid in but £658m p.a. received – a net beneficiary

European funding – scale and impact

Better than Barnett

ESF/ERDF funding per person, per year by region relative to the UK average (€)



European funding – scale and impact

- Wales GVA £56b p.a.
- EU funds equivalent to c1% of GVA p.a.
- Focus on West Wales & the Valleys (c80% of ESIF)
- 'E Wales' includes Cardiff and Newport

European funding – scale and impact

BUT significant in the context of:

- Welsh Govt budget 2017/18: £15b revenue and capital including -
- Local government: £7.9bn revenue (gross); £1.3b capital in 2017/18

Key questions:

- Replacement regional policy, post-2020?
- UK Shared Prosperity Fund?

Wider impacts of Brexit

- Wales – above av. % employed in agriculture manufacturing and public services
- Impact on companies based in Wales (trade barriers; potential for relocation)
- LSE study: -£1.1bn p.a impact of 'hard Brexit' on GVA at LA level; from -1.1% (Anglesey) to -2.5% (Cardiff) relative to trend
- Unemployment impact on LA service demand
- Legislative and policy changes
- Devolution and constitutional issues

The future

- Dependent on events and decisions
- Impact of Brexit on UK economy – knock-on effects on tax-take and block grant
- Greater devolution? (regional working)
- Increased commercialism, digitisation and use of ADMs
- Statutory requirement on public bodies in Wales to consider

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