

From: Marc Jones [Ynys Mon]
Sent: 21 November 2017 14:39
To: Local Government Settlement
Cc: John Griffith; Llinos Medi Huws; Ieuan Williams; Gwynne Jones
Subject: 2018/19 Provisional Local Government Revenue and Capital Settlements

The following e-mail is Anglesey's response to the provisional settlement and is sent on behalf of Councillor John Griffith, who is the Portfolio Holder for Finance.

Mark Drakeford AM & Alun Davies AM
Cabinet Secretary for Finance and Cabinet Secretary for Local Government
Local Government Funding Policy Branch
Welsh Government
Cathays Park
Cardiff
CF10 3NQ
21 November 2017

Dear Cabinet Secretaries,

RESPONSE TO THE PROVISIONAL LOCAL GOVERNMENT SETTLEMENT

Further to the provisional settlement issued on the 10 October 2017, the following is the Isle of Anglesey County Council's response to the formal consultation.

Firstly we welcome the fact that the Welsh Government has recognised that in order for Local Government to be able to undertake effective financial planning the settlement needs to give an indication of your intention for future years. Of course a further reduction of 1.5% in the revenue settlement will cause significant financial difficulties for local government given the scale of the reduction that has taken place over the past 5 years and the need to finance both pay and price inflation and the general demand for Council services, in particular in Social Care. As a result the true value of this reduction is significantly higher than 1.5% and we would ask that Welsh Government review how the reduction in the Welsh Block grant is allocated between the various services by Welsh Government. If the UK Chancellor's budget significantly changes this indicative figure we would be grateful if this information is passed on to Local Government as soon as possible.

The Council is concerned with the information that was included in the settlement which suggested that additional funding was provided to education and social care, when clearly what actually happened is that the Welsh Government maintained the funding provided to these areas to the 2017/18 level whilst reducing the overall settlement to local government. The wording of the statement was unfortunate and included phrases such as "increasing the school element" and "continue to invest" gave the wrong impression to the taxpayer. This makes it far more difficult for the Council to explain its financial position and why further cuts in services are required whilst still having to increase Council Tax levels. We would request that Welsh Government provide a further explanation with the final settlement and also be more open and transparent in its explanation in future years.

Again we welcome the transfer of more specific grants into the settlement but again it is important to manage the transfer and to be open with local government about the Welsh Government's intention. It was again unfortunate that Welsh Government announced a level of protection for education in the draft settlement and then announced reductions in the Education Improvement

grant some two weeks later. In addition the reduction in the Environment Single Revenue Grant of approximately £160,000 will make it increasingly difficult for the Council to continue to improve the waste recycled and to meet the challenging targets set by Welsh Government.

One final area of concern is in respect of the capital element of the settlement. The general capital grant and supported borrowing has remained unchanged for a number of years and the provisional settlement indicates that this will continue. We understand that significant capital funding has been allocated to programmes, such as the 21st Century Schools programme but the level of general capital funding has now reduced to such a level that it only allows us to invest capital resources into maintaining and upgrading existing assets (buildings, vehicles, IT infrastructure) and no funding is available to finance any new capital projects. This is restricting the Council's capability to modernise and improve the delivery of services. We would request that this policy is reviewed for future years.

You specifically requested comments on the effects on the proposed settlement on the opportunities for people to use the Welsh language and on treating the Welsh language no less favourably than the English language. As a Council that operates a fully bilingual policy whereby service users are dealt with in the language of their choice, the proposed settlement has no impact on us. Clearly delivering a fully bilingual services does have cost implications for us and any way the settlement would recognise these increased costs would be welcomed and would allow the Council to ensure that it continues to meet this objective as we transform services and deliver more of them in a digital way.

In conclusion, although the reduction in the revenue settlement is small and lower than some forecasts, it still represents a real reduction in the funding available to local government and this cannot be made up by simply increasing Council Tax. The Council will have to continue to make reduction in service budgets which will be £2m in 2018/19 and we estimate that further cuts of around £4m will be required in 2019/20. The Council has reduced its budget significantly over the past 5 years but to achieve these level of savings, the Council must look to make savings in key services such as Education and Social Care, they cannot be protected, otherwise the level of funding for the other Council services will reduce to such a point where it will become very difficult to maintain the minimum statutory services.

Yours faithfully

Cllr John Griffith
Portfolio Holder (Finance)

Marc Jones

Pennaeth Swyddogaeth (Adnoddau) – Swyddog Adain 151 /Head of Function (Resources) – Section 151 Officer

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