

Appendix B1 – Response to Welsh Government on the Provisional Settlement

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Your Ref/Eich Cyf:
Our Ref/Ein Cyf:
Date/Dyddiad:
File Ref:
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Dear Mr Edwards,

Re: Provisional Local Government Settlement 2016/17

Thank you for the opportunity to comment on the Provisional Settlement announced recently. This response has been endorsed by Monmouthshire County Council's Cabinet and provides the views of members.

Obviously, the All-Wales provisional settlement announcement is a matter of concern, coming as it does, after a difficult settlement last year and the prospect of still difficult times to come, particularly for Monmouthshire. The Council is very conscious of the pressures on household budgets and so the Council is doing its utmost to deliver a balanced budget but this will inevitably put pressure on Council Tax rises.

When comparing like for like, Monmouthshire's reduction is 3.1%. As there is no floor the provisional settlement this has done nothing to alleviate our position as the worst funded Council in Wales per head of population. In addition, looking forward to 2017/18 and beyond, the prospect of continuing to receive one of the worst settlements in Wales each year for Monmouthshire, means that key services are facing extreme pressure.

As a rural authority we fully support the attached proposal for a Rural Stabilisation Grant submitted to the Minister by the WLGA and would emphasise the following points:

- There is clear evidence that many rural issues are underplayed in the Welsh Index of Multiple Deprivation which impacts on the formula and leads to a concern on a lack of indicators to identify specific rural issues.
- In terms of the 2016/17 provisional settlement this has left rural authorities such as Monmouthshire with greater reductions than the average.
- The distribution of reductions across Wales around an average reduction of 1.4% with a range of 4% is excessive for a small country.
- The introduction of a Rural Stabilisation Grant for 4 rural authorities with the greatest reductions, could limit these reductions to a more manageable level and would not affect the settlement of other authorities. Limiting the reduction to 2.5% would cost £4.74 million, and Monmouthshire would welcome this amendment.

Monmouthshire notes the priority afforded to education and social care budgets. However in a reducing resource envelop there is a need to distinguish between protecting services and protecting budgets. Every service area needs to be looked at and ways of improving efficiency and effectiveness implemented which enables budgets in education and social care to be contained whilst still providing priority outcomes. Providing Authorities with the maximum flexibility to manage their budgets in this way would be welcomed.

Monmouthshire supports and encourages the transfer of specific grants into the settlement and is disappointed that more progress has not been made in this regard. All Council areas have some level of need and the grant regime fails to recognise this in some instance (for example Communities First). If there are opportunities to put more grants into the final settlement this would be welcomed providing it continues to be distributed on the same basis as the original grant to prevent large changes at a very late stage in the process.

On capital account, the settlement does not address the previous reductions in capital funding and is still therefore a serious concern, especially as it comes at a time when councils are struggling to raise capital receipts from asset sales. The need to invest in priority areas such as 21st Century Schools, waste management, carbon reduction and infrastructure remains high, with WG support remaining a critical success factor.

Despite the fact that the reasons for the low settlement are both known and understood, it is difficult to reconcile the revenue and capital settlements with the increasing expectations and demands on local council services are continuing to grow. Councils will face difficult decisions in reconciling budgets next year and in the medium term and it is important that the WG recognises the need for difficult decisions, is supportive of local authorities facing difficult times and does not promote undeliverable policy expectations. This is a time for us all to work together to minimise the consequences of the downturn in public finances on the most vulnerable in society and to send clear and consistent expectations to the public we exist to serve.

Yours sincerely,

Councillor Philip Murphy – Cabinet Member

