

At Your Discretion

Local Government Discretionary Services

April 2021



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Audit Wales
24 Cathedral Road
Cardiff
CF11 9LJ

Telephone 02920 320 500
Email info@audit.wales
Website www.audit.wales
Twitter [@WalesAudit](https://twitter.com/WalesAudit)

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Financial pressures led to councils reducing spend and cutting services, but the pandemic has highlighted the importance and relevance of local government in serving and protecting people and communities

- 1 Councils have a duty to provide a range of services to their communities. These include education services; children's safeguarding and social care; adult social care; waste collection; planning and housing services; road maintenance; and library services. Councils also provide services at their discretion and can also decide the level at which these services are provided. For example, town centre Wi-Fi and renting bikes. However, in the last decade, councils have struggled to maintain their full range of services in the face of financial pressures. And austerity has required councils to take tough decisions on which services to safeguard and which ones to reduce, change or no longer provide.
- 2 Determining the relative importance and value of council services when deciding on where to make cuts is not easy. Often the debate starts with a focus on determining whether a service is 'statutory' or 'discretionary'. But many council services cannot be easily defined in this way. For instance, councils provide a range of 'discretionary' services some of which are extensions of 'statutory' activity whilst other services have developed over time to become longstanding, highly valued and central to the work of the council.
- 3 Defining services as 'statutory' or 'discretionary' is therefore unhelpful as much of what a council provides is viewed by many – citizens we surveyed, staff of public service partners and stakeholders we interviewed – as 'essential'. Services that:
 - keep people healthy, well and safe;
 - support businesses to flourish and thrive;
 - protect and enhance our environment; and
 - help people to learn, develop and improve.
- 4 Councils mostly have established processes to review and evaluate how to provide services with decisions on changes in provision, introduction of savings targets and options to outsource taken by cabinet or full council. However, the quality and depth of information that is presented to members is not always wide-ranging and sometimes lacks sufficient detail. For example, evaluating the impact of service changes on the Welsh language or on people with protected characteristics, clarifying the legal basis for a service or how it contributes to wider council responsibilities are not always captured.

- 5 Our analysis of financial data published by the Welsh Government shows that, overall, councils have sought to protect services that help the most vulnerable when setting budgets. Services that protect and safeguard adults and children and help keep vulnerable people safe. Similarly, activities focussed on the upkeep of the environment, whilst seeing spending falling in the last decade, have not been cut as deeply as others.
- 6 The services where the biggest reductions have been mostly felt are mostly 'pay as you use' leisure, recreation and cultural services or regulatory services like development control, building control and trading standards. Despite helping to protect us and enhance our wellbeing, these areas have generally borne the brunt of budget cuts.
- 7 Because some 'universal discretionary' services, which are available to everyone irrespective of need, are reducing or being stopped, there is a growing group of citizens and council taxpayers who do not directly receive, or feel they benefit from, the work of their council. This presents a real challenge for councils in the future – to remain relevant to all their citizens.
- 8 Overall, our survey found that people do not feel their council adequately involves them when identifying which services to change, reduce or stop. This is a missed opportunity for councils. Our research shows there is great potential for people to help their local council to provide services and, in some cases, to take over running services. If they want to realise this potential, councils must improve when and how they involve people when considering options and making decisions.
- 9 In spite of cutting back on what they provide, demand for 'essential' council services continues to rise. This is in part a natural outcome of a decade of financial constraints. But it is also a reflection of demographic change and councils having to increasingly help people with complex needs. The most deprived individuals and areas now have multiple and very complex needs and addressing these challenges is very difficult. There are no quick fixes or simple solutions. It requires councils to work in partnership with a wide range of public bodies to jointly deliver sustained and targeted action.
- 10 Despite prioritising services targeted at helping to protect the most vulnerable and pursuing new ways of working to reduce spend and grow capacity, councils are increasingly struggling to manage within available resources. Our research shows that councils will have to make some very difficult choices when setting budgets and determining which services to prioritise and protect over others in the next few years.

- 11 Added to this, councils have also been in the frontline responding to the pandemic. COVID-19 has fundamentally changed the communities in which we live, and work, and people's expectations of local government are similarly changing. Whilst the Welsh Government provided the national leadership in responding to COVID-19, at the local level it has been driven by councils. The pandemic required everyone to find new ways of working, coping and communicating, and it has been no different for councils. Local government has stepped up to ensure essential services continue to be provided and has identified new, often innovative, ways of helping businesses and keeping people safe. In many ways, COVID-19 has helped reinforce the importance, impact and flexibility of local government.
- 12 The Local Government and Elections (Wales) Act 2021 presents opportunities to refresh the role of local government through its reforms of electoral arrangements and public participation, and the introduction of a general power of competence. There are some good examples of how councils are taking this opportunity to reset their role, especially in England. A number have embarked on ambitious programmes of change taking bold decisions to address long standing problems.

Key Facts

Councils in Wales are responsible for over **1,450** functions, activities and services

2019

In 2019-20 councils spent in real terms roughly **£8.3 billion** on services

Demand for council services continues to rise



Children looked after by councils at the year-end increased from 5,660 in 2016 to 7,170 in 2020, an increase of **26.7%**

Adults suspected of being at risk of abuse or neglect (safeguarding) have risen by **27%** from 11,761 in 2016-17 to 14,938 in 2018-19

In the last decade council spending on services has fallen by **7.9%**

Homeless households in priority need have increased by **40%**, rising from 22,260 in 2015-16 to 31,170 in 2018-19

The proportion of the Welsh population over the age of 75 is projected to increase by **29.3%** to 378,100 by 2028 and those aged over 65 by **16.3%** to 758,600

In the last 100 years average life expectancy has risen by 24 years to 79.4 for men and by 23 years to 83.1 for women

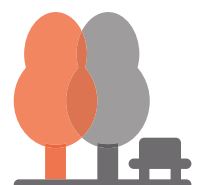
Poverty amongst people of pensionable age has risen from **14%** in 2009-2012, to **19%** in 2015-2018

Roughly **one in four** people in Wales lives in poverty



People sleeping rough have risen from 240 in 2015-16 to 405 in 2019-20, a rise of **68.7%**

Households housed temporarily rose by **24.2%** between 2015-16 and 2019-20



1 Defining whether a service is discretionary or statutory can be complicated and does not reflect the important work of councils

- 1.1 Councils are bound by many statutory duties. Their functions are set out in numerous Acts of Parliament and Acts of the Senedd. Many of these functions have associated legal duties, statutory guidance and codes of practice. A review of local government statutory duties in England by the UK government in 2011, found councils provide up to 1,439¹ functions, activities and services that are deemed both 'statutory' and 'non-statutory'².
- 1.2 The most frequently used definitions consider 'discretionary' services to be those that a council has the power, but is not obliged, to provide, and 'statutory' services as those a council must provide. Whilst these definitions appear at face value to be clear-cut, they oversimplify and mask some important issues.
- 1.3 As well as the legal requirements, defining the extent to which a service is statutory or discretionary is dependent on the choices made by each council about the level of services it wants to deliver, how it wants to provide these services and whether to charge. Whilst additions to statutory services are often above the level or standard that a council has a duty to provide, they can be large scale and well-established activities.
- 1.4 Consequently, people frequently regard some discretionary services as part of the mainstream activities of their council. They are seen as essential, not an add on or optional because they are available to all of us. These services may not have the same priority in corporate plans and often receive less protection from budget cuts, but they matter because they are services that we all receive. Because usage is not rationed on the basis of need, targeted at the most vulnerable or provided as a safety net', these services may represent the only regular and visible contact many people have with their council.

1 [gov.uk: Data Set on Statutory Duties Placed on Local Government](https://www.gov.uk/data-set-on-statutory-duties-placed-on-local-government)

2 No similar collation of the legal duties placed on Welsh councils that clearly defines, or helps explain, what constitutes a 'statutory' or 'discretionary' service has been undertaken.

- 1.5 Having to provide a statutory service is also different to how and at what level you provide it, which can be at a council's discretion. For instance, whilst there is a statutory requirement for a council to have a Scrutiny function, the council has discretion over what level of function it provides for. Importantly, if a council does not perform certain functions, it may leave itself open to legal challenge – whether the function is laid down in statute or not. For example, Human Resources functions may not all be statutory activities, but their removal could have significant legal implications for a council.
- 1.6 Discretionary services can be critical to the delivery of statutory functions, and without them some statutory activity could be overwhelmed. For instance, leisure, sports and recreation services play an important role in reducing demand on health services. Aids and adaptations and the provision of community equipment help reduce demand on residential care.
- 1.7 Furthermore, there is a risk that solely using a legal framework to define local government's priorities diminishes local democratic choice and may reduce councils to simply becoming an administrative function on behalf of the Welsh and UK governments. Ensuring services reflect local priorities is essential, and a fundamental strength of the local democratic mandate. When a council makes a policy choice to provide a service to meet the needs of its citizens, it is not helpful to view it as an 'add on' or 'nice to have' – it is what the council has deemed as necessary to provide for people in that area to enhance their wellbeing.
- 1.8 Given the above, 'Statutory' (required by the law) and 'Discretionary' (choose to provide) are unhelpful in solely determining service priorities because separating them out in a meaningful way is impossible. Consequently, we believe that 'essential' may be a better way to define and estimate the value and priority of a service to a council's work –
Exhibit 1.

Exhibit 1 – councils provide essential services that help people, communities and businesses across Wales

Keep people healthy, well and safe

Help for homeless people; protecting children in need; stopping vulnerable adults from being abused; and providing environmental health services to manage and maintain hygiene, safety and food quality standards.



Support businesses to flourish and thrive

Tourism, events and activities; economic development programmes; provision of public transport; business loans, grants and support; and provision of buildings and workshops to trade and work from.



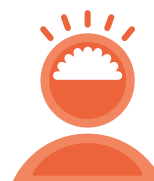
Protect and enhance our environment

Planning, development and building control; recycling and waste collection; schemes to improve and protect the environment and control pollution; provision of cycle ways and footpaths; and green energy grants and projects.



Help people to learn, develop and improve

Education services for children and adults; training schemes and apprenticeship programmes.

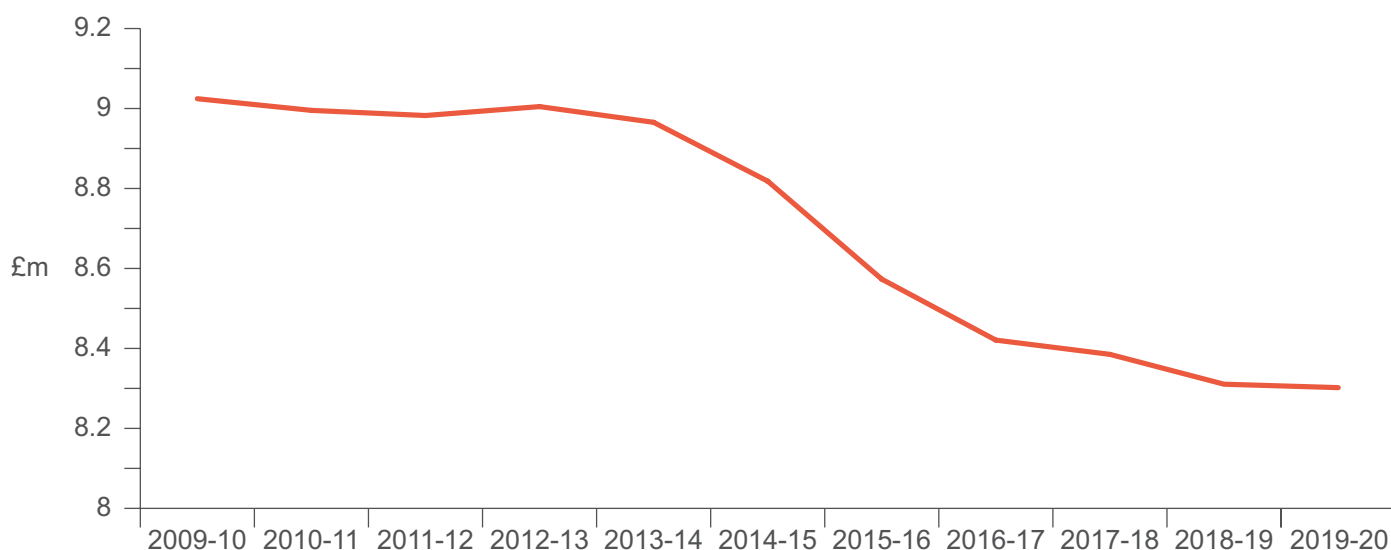


2 Despite providing essential services that people depend on, councils have had to make difficult choices on what to protect in responding to over a decade of austerity

- 2.1 Revenue outturn expenditure data summarises the breakdown of spending by services. The most recent data published by StatsWales is for 2019-20 and shows that, after adjusting for inflation, councils' gross revenue expenditure was roughly £8.3 billion on services³. Education and social care account for over half of all council expenditure. Since 2009-10, council spending in real terms has fallen by 7.9% – **Exhibit 2**.

Exhibit 2 – real-terms change in gross revenue expenditure by councils between 2009-10 and 2019-20

Council expenditure in real terms has fallen by £0.720 billion in the last ten years.



Source: StatsWales, Welsh Government, LGFS0016 (with the deflator effect calculated from the UK Government [Quarterly National Accounts](#) published in September 2020) and findings of the Audit Wales survey of citizens March 2020

3 Gross Revenue Expenditure is the total cost of providing services before deducting any income and represents total spending (ie from non-ring-fenced and ring-fenced funding sources) [statswales.gov.wales: catalogue of local government finance revenue outturn expenditure summary by service](https://statswales.gov.wales/catalogue-of-local-government-finance/revenue-outturn-expenditure-summary-by-service).

- 2.2 The Local Government Finance Settlement determines how much of the public funding in Wales will be given to each council. This funding is known as the Revenue Support Grant (RSG – which is a non-hypothecated grant that can be spent on whatever a council chooses). A council also receives non-domestic rates (NDR) which is pooled and redistributed based on each council's resident population using a needs-based formula⁴.
- 2.3 Other council funding is raised locally in the form of council tax – which is set by each council as part of its annual budget setting process. In addition, councils are able to apply for additional funding through Welsh Government grant programmes and also raise money through fees and charges for services and goods.
- 2.4 In the last decade, the level of funding councils receive in the revenue settlement marginally fell in real terms⁵ from £5.9 billion in 2009-10 to £5.8 billion in 2019-20, but there has been a change in where the money comes from. The amount raised from Council Tax has risen in real terms from £1.257 billion in 2009-10 to £1.628 billion in 2019-20 and NDR from just under a billion (£0.965) to just over a billion (£1.079). On the other hand, RSG has fallen in real terms from £3.741 billion to £3.229 billion in the same timescale⁶.
- 2.5 Proportionally, RSG as a source of funding now accounts for just half of expenditure and council tax has grown to cover a third. This means that citizens are directly paying more for council services through local council tax than ten years ago.
- 2.6 To understand how councils' funding choices reflect the services most used by citizens, we have plotted the real-term change in revenue expenditure between 2009-10 and 2019-20 and the findings of our citizen survey. This allows us to identify the link between spend priorities and how frequently people use different services – **Exhibit 3** below. Our analysis highlights that:
- a services that protect the most vulnerable in society have generally received more protection in budgets despite being less frequently used by citizens. These are the 'safety net' services – social care and housing – that are there to aid us if our circumstances or situation change and we need help.

4 A joint Welsh Government and council working group (the Distribution Subgroup) is responsible for ensuring the formula is reviewed regularly.

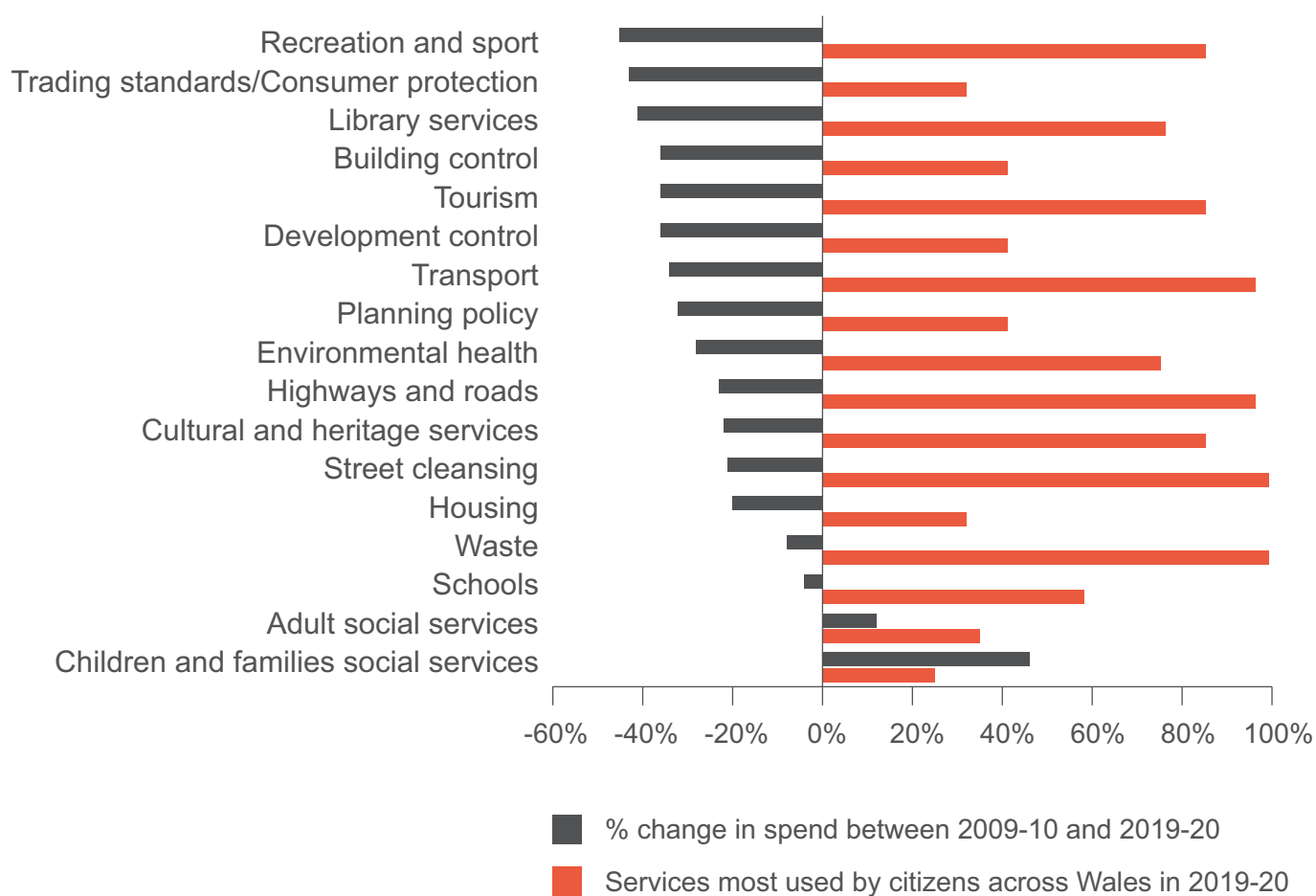
5 The change in council spending after correcting for the effect of inflation.

6 StatsWales, Welsh Government, LGFS0004 (with the deflator effect calculated from the UK Government Quarterly National Accounts published in September 2020).

- b activities focussed on the upkeep of the environment and infrastructure like waste collection, recycling, street cleansing, transport and roads are the services most frequently used by citizens. Whilst spending has fallen in the last decade, these services have not been cut as deeply as others.
- c pay as you use recreation and cultural services – leisure centres, swimming pools, museums, arts venues and theatres are well used and highly valued. These are often discretionary services which offer high social value, maintain personal wellbeing and play an important preventative role. Despite this, they have all seen large cuts in funding.
- d regulatory services like development and building control and trading standards – even though they play an important role in protecting us and enhancing our wellbeing, these are generally services that people receive indirectly, such as food inspections, or use when they need them, and have a long history of people paying to use them. These services have seen a sharp fall in spending.

Exhibit 3 – percentage change in revenue service expenditure in real terms between 2009-10 and 2019-20 compared with the council services most frequently used by citizens

Councils have protected spending on service areas such as adult and children's social care where they have significant statutory responsibilities, but the amount they spend on some other areas has fallen sharply.



Source: StatsWales, Welsh Government, LGFS0016 (with the deflator effect calculated from the UK Government [Quarterly National Accounts](#) published in September 2020) and findings of the Audit Wales survey of citizens March 2020

- 2.7 All respondents to our survey were also asked to think about the three most important services that should still be available in ten years' time. The most valued service by a considerable margin was waste management including refuse collection, recycling and street cleaning. Two in three people placed this in their top three services – although younger people place less value on this than those aged over 35. Education (38%) and leisure services (36%) were the next most mentioned services, followed by adult social care (30%) and transport and travel (30%).

3 Service review processes help councils make tough choices but do not always draw on all key data

- 3.1 Reviewing where to make savings and which services to prioritise and protect usually follows a two-stage process. A detailed stage one review that draws together key data and information which concludes with recommendations (which itself is mostly undertaken in one of two ways) and a stage two approval process with formal ratification by cabinet or full council. **Exhibit 4** summarises the most common approaches we identified.

Exhibit 4 – most councils have established processes for reviewing services and identifying options to deliver them in the future

Working groups undertaking strategic reviews which are used to consider options for defined services, assets, budgets, activity, etc. These can be solely officer working groups, members groups or a mix of the two.

Information considered within working groups is mostly dealt with in private and not made publicly available. Consequently, it is not possible to see how comprehensive the analysis and information used by working groups to evaluate services, options are and agree a course of action

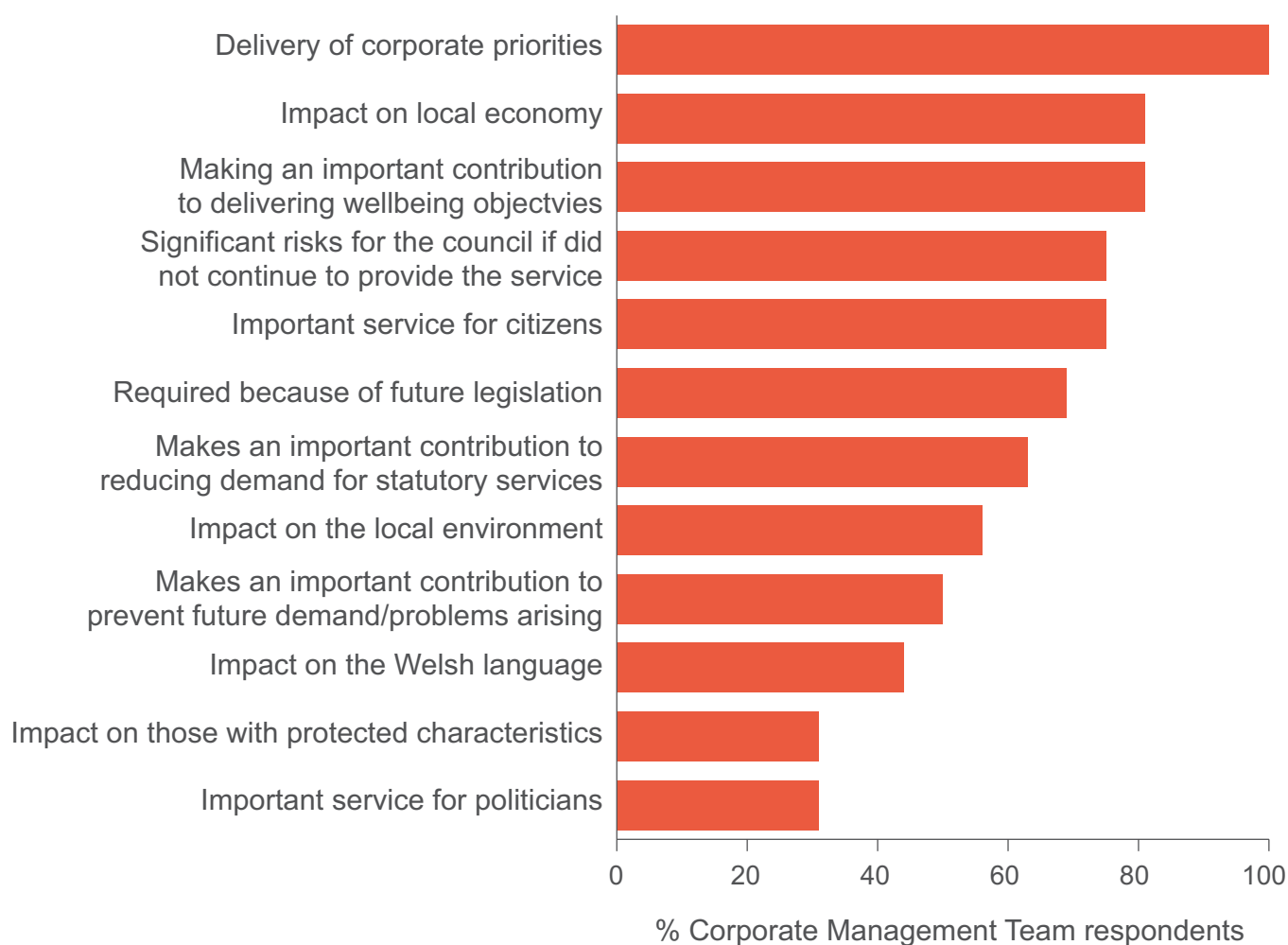
Scrutiny committee reviews focussing on the potential impact of budget proposals on services which are conducted through the scrutiny committee system and held in public. Positively, some authorities also undertake cross cutting scrutiny reviews which allow elected members with the opportunity to ‘jointly’ review potential changes to services in the round.

Approval of
recommendations
from reviews by
Cabinet and/or
Full Council

3.2 We found that the quality and depth of information that is presented to members to inform discussions and support decision making is not always comprehensive, lacking detail in key areas. **Exhibit 5** summarises the criteria most frequently used by councils to determine how they prioritise services and shows that key, often statutory responsibilities, are being overlooked when agreeing funding priorities – for example, provision of services in Welsh and the impact on people with protected characteristics.

Exhibit 5 – the views of Corporate Management Teams on the criteria used to prioritise budget choices

The services with the least alignment with corporate priorities are often put up as the ones to take most cuts regardless of whether they are statutory or discretionary.



Source: Audit Wales, Survey of Corporate Management Teams, April 2020

- 3.3 Overall, councils give greater priority to those services that directly contribute to the delivery of corporate priorities and wellbeing objectives, are important for the local economy and/or are considered high risk if they were not provided. However, less consideration and priority are given to wider equality issues – Welsh language and the needs of people with protected characteristics – and services which can help manage, reduce and/or prevent demand. We conclude that there is more for councils to do to ensure they draw on as wide a range of evidence as possible when determining which services to prioritise and protect when setting budgets. And this is especially salient with the introduction of the new Socio-economic Duty on 31 March 2021⁷.
- 3.4 The findings of our national surveys highlight that Corporate Management Teams and Elected Members disagree on whether or not they have identified and mapped the statutory basis of services to help determine which services to prioritise in the future. Almost 80% of Elected Members responding to our survey claim that their council agreed which discretionary services to provide in the future, whereas just 44% of the Corporate Management Team members who responded felt they had completed such an exercise.
- 3.5 Councils regularly use impact assessments to identify the potential effect of ceasing a discretionary service on statutory functions or corporate priorities. For example, we found good approaches in Gwynedd Council and Bridgend County Borough Council, which clearly identify the negative impact that cutting a discretionary service may have on statutory services. Similarly, Denbighshire County Council has identified the legal basis of different services, which is used to help shape alternative models of delivery.
- 3.6 However, such approaches are not universal. Our review of scrutiny, cabinet and council papers found that the information used by elected members to decide whether to cease providing, or reduce a service, can lack detail. For instance, the legal basis for a service is not always included, how services contribute to the delivery of wider priorities can be brushed over and the impact on wider responsibilities not captured.

7 The Socio-economic Duty requires specified public bodies, when making strategic decisions such as deciding priorities and setting objectives, to consider how their decisions might help reduce the inequalities associated with socio-economic disadvantage.

- 3.7 We found that whilst cabinet and scrutiny papers are publicly available, they do not always include the full detail of information considered by working groups when reviewing services. This can make it difficult for citizens to understand why their council safeguards and protects a service over others. This is especially important with regard to 'visible' services which, as we note above, have been subject to significant reductions in funding. These are highly valued by citizens because they are universal, widely available and not solely focussed on meeting the needs of a small proportion of the population. They also represent for many people the only council service that they directly receive or benefit from.

Citizens are willing to get involved in helping shape and run services, but councils are neither effectively nor consistently involving them in decisions

- 3.8 Given how important local services are to citizens it is essential that councils consider the views of citizens when they make changes to these services. In addition, under the Well-being of Future Generations (Wales) Act 2015, councils must involve people in the decisions that will potentially impact on their future wellbeing. In particular, councils should ensure that their involvement work both considers and reflects the different groups within their community.
- 3.9 Our survey results indicate a clear difference of opinion between citizens and councils on the extent to which citizens are involved in council decisions. Most members of Corporate Management Teams (90%) and elected members (73%) believe that they involve citizens in the decision to stop providing a service on all or most occasions. However, our survey found that citizens are not as widely consulted as they should be, and that councils are not involving all the different groups within their area.
- 3.10 Priority setting in councils does not always effectively involve local people. We see few examples of councils involving communities in deciding future priorities. Just 18% of citizens stated that they had been consulted about potential changes to services during the last three years, and only half of these were subsequently updated on the decisions made.
- 3.11 Likewise, only 10% of residents stated that they were asked about how services should be designed in the future. Levels of involvement vary according to where a person lives and how old they are. We found that younger people (35 and under) and those with a disability were significantly less likely to say they had been consulted. Almost half of survey respondents (47%) would also 'definitely' campaign to stop the council closing a local service or amenity, and a further 39% said they 'might' campaign.

- 3.12 People want to see change. The vast majority of respondents (90%) to our survey agree that councils should explore new ways of providing discretionary services by working in partnership with other organisations and local people. As well as involving citizens in decisions about future service provision, there are therefore opportunities for councils to involve citizens in shaping and running services themselves.
- 3.13 In addition, recent research by Nesta shows that those councils that foster connected, caring communities will reap future dividends by helping communities solve problems together. Nesta finds that given the tools and the opportunity, local people can change the things they believe need changing in their community better than anyone else⁸.
- 3.14 When asked whether citizens should get involved in helping councils run services, we found that most survey respondents (two in three) agreed that they should do so. Almost all of those who agreed (85%) are also willing to provide day-to-day support to a family member. Around three in four (72%) would participate in developing services in their local area, and nearly two in three (64%) would help set up a service or amenities to help local residents.
- 3.15 In terms of volunteering, just over half of those surveyed expressed a wish to be involved in these activities. Support was the strongest when volunteering to provide day-to-day support for someone who is not a relative (58%); helping councils deliver local services (56%); and volunteering to help run local services such as parks and community centres (53%). However, only a third of people expressed support to apply for, and take over, the management of services from the council.
- 3.16 Younger people (35 and under) are significantly more likely to want to be involved in developing and running services. Older people (over 65) are significantly less likely to want to be engaged, and those aged 36 to 65 the least likely to provide day-to-day support and volunteer. Overall, those living in urban authority areas are more likely to volunteer to help the council deliver local services (64%) compared with rural (59%) and semi-rural (53%). They are also more likely to 'work to apply to take over and manage services' (41%) compared with 37% and 32% respectively.
- 3.17 It is clear that there is great potential for people to help their local council to provide services, and in some cases to take over running some services. If they want to realise this potential, councils must improve how they involve people in making decisions on services. Only then will councils fully understand which services people value and how willing people are to help deliver these services.

8 www.nesta.org.uk/project-updates/

4 Councils are not confident that they can continue to deliver all their services in the face of rising and complex demand

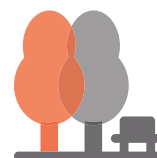
- 4.1 Demand for some essential services is continuing to rise. **Exhibit 6**, below, illustrates the changes in demand for services that protect and help vulnerable people.

Exhibit 6 – acute demand for council services continues to rise

Households eligible for homelessness assistance and in priority need have increased by **40%**, rising from 22,260 in 2015-16 to 31,170 in 2018-19.



People sleeping rough have risen from 240 in 2015-16 to 405 in 2019-20, a rise of **68.7%**.



Households accommodated temporarily rose by **24.2%** between the first quarter of 2015-16 and the fourth quarter of 2019-20, rising from 1,872 households to 2,325.



Adults suspected of being at risk of abuse or neglect (safeguarding) have risen by **27%** from 11,761 in 2016-17 to 14,938 in 2018-19.



Children looked after by councils at the year-end increased from 5,660 in 2016 to 7,170 in 2020, an increase of **26.7%**.



Source: StatsWales – [homelessness](#); [people sleeping rough](#); [people housed temporarily](#); [adults at risk of neglect and/or abuse](#); and [looked after children](#) – and Audit Wales calculations of percentage change

- 4.2 Rising need has been driven in part by the financial constraints on local government after a decade of reductions in public expenditure. Whilst cuts have undoubtedly been significant, they can disguise two key factors which are of greater concern; demographic change and increasingly complex needs.
- 4.3 Overall, life expectancy has increased significantly. In 1920, the average life expectancy in England and Wales was 55.6 years for men and 60 years for women⁹. By 2020 this has risen to 79.4 years for men and 83.1 years for women¹⁰. The proportion of the Welsh population over the age of 75 is projected to increase by 29.3% to 378,100 by 2028 and those aged over 65 by 16.3% to 758,600¹¹.
- 4.4 On top of this, high demand for council services is also a reflection of the relative levels of poverty within a society. Wales has some of the poorest people in the United Kingdom. Recent research published by the Joseph Rowntree Foundation¹² found that:
- a roughly one in four people in Wales live in poverty. Whilst child poverty has fallen from 33% in 2009-2012, to 28% in 2015-2018, poverty amongst people of pensionable age has risen from 14% in 2009-2012, to 19% in 2015-2018.
 - b in-work poverty in Wales (defined as the proportion of workers who are in poverty) stands at 14%, higher than all other nations and regions in the UK other than London (17%).
 - c in the first quarter of 2020, Wales had the lowest median hourly pay, compared to all other nations and regions, at £10.73.
 - d under-employment – restrictions in the number of hours people can work – is a problem for workers in poverty as it makes it very difficult to escape in-work poverty. Roughly 10% of workers in Wales are underemployed.

9 Office for National Statistics, [How has life expectancy changed over time?](#), September 2015.

10 Office for National Statistics, [National life tables – life expectancy in the UK: 2017 to 2019](#), September 2020.

11 Welsh Government, [National population projections: 2018-based](#), June 2020.

12 Joseph Rowntree Foundation, [Poverty in Wales 2020](#), November 2020. Poverty is when a person's resources are well below their minimum needs. Measuring poverty accurately is difficult, with most measures providing only a partial view. The main poverty indicator used is when someone lives in a household whose income is less than 60% of median income.

- 4.5 As the demographics of Wales change, the needs of its people are also changing, which in turn affects the nature of the services they require. For instance, more and more people are now living with a chronic or long-term condition, a disease which is likely to require ongoing treatment and medication for many years, even decades. And lifestyle diseases, such as obesity, smoking and excessive alcohol remain stubbornly hard to tackle. The most deprived individuals increasingly present to services with multiple challenges of increasing complexity. And such inequalities continue to put huge pressure on public services.
- 4.6 A decade of reductions in public finances required councils to cut budgets, become ever more efficient, reduce staff and generate new income. However, despite prioritising services targeted at helping to protect the most vulnerable and pursuing new ways of working to reduce spend and increase capacity, councils are increasingly finding it difficult to manage with reduced funding. Senior local government managers predict this will be seen quite sharply in the near future with the possibility of some services stopping and ceasing to be available. **Exhibit 7** summarises the findings of our survey of council corporate management team members and identifies which services are most at risk.

Exhibit 7 – council corporate management team members’ views on which services are most at risk of ceasing to be provided

In the next two years, if funding pressures continue, councils may cease offering key services that citizens value.

High Risk Funding gaps in 2020-21	Moderate Risk Funding gaps in 2022-23	Some Risk Funding gaps in 2024-25	Less Risk Funding gaps in 2025+
Provision/ maintenance public toilets Road safety and traffic calming measures Provision/ maintenance of community facilities Regulate private rented sector	Culture, heritage and tourism Community development Youth work Adult education Housing support Private sector renewal Economic development Business support Emergency planning Parks and Public Open Space Development Control Libraries	Public transport Environmental schemes Children’s social care services Schools and Education services	Maintaining roads Street cleaning Waste collection Adult social care Cemetery, crematorium and mortuary services Recycling Leisure and recreation services Building Control Homelessness Street lighting Environmental Health Car parks

Source: Audit Wales, Survey of Corporate Management Team members, April 2020

- 4.7 **Exhibit 7** shows that some of the services which are most imminently at risk are some of those which contribute to the environment of a town or community, its infrastructure or those which help keep us safe. These are services that are universally available and benefit all of us, with access and usage not based on assessing and ranking people's needs.
- 4.8 The key message from our research is that the more visible and personal council services are, the more relevance they have for people. In particular, councils have a higher public value and are seen as more relevant to communities when they:
- a continue to provide high use universal services, in particular visible services such as waste collection, road repairs and recycling.
 - b communicate effectively, encourage feedback and promote involvement. We found that people are generally more positive about their council when they feel well-informed, listened to and engaged in decision making.
 - c collaborate with other public sector bodies, citizens and the voluntary sector to deliver and maintain services.
- 4.9 To date, councils have focussed on several approaches to manage reductions in funding to protect frontline and essential services. Whilst the options taken are many and varied, and there is no one 'right approach', from our review of working papers and reports they mostly cover five broad strands of activity – **Exhibit 8**.

Exhibit 8 – councils have sought to reduce spend and safeguard services by changing how they provide them and encouraging people to do more for themselves.

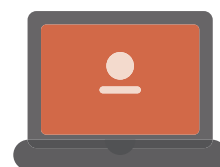
Operating efficiencies

Shared services, strategic commissioning and reducing back office functions to save money to reinvest in frontline high demand services.



Channel shift and becoming digital by default

Reduce high cost channels (face to face and telephony) shifting to 'digital by default' with customer contact centres, hubs and portals, 24/7 online access and a consistent approach to accessing information and services.



Make money to spend money

Using council resources to leverage in additional revenue through new income generation schemes, commercialisation and maximising charges for services.



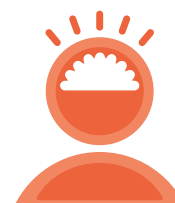
Empower people

Encouraging self-sufficiency, strengthening the resilience and capacity of local communities to do more for themselves and rely less on councils.



Introduce alternative models of delivery

Working with the third sector, town and community councils and others to find more cost-effective ways of delivering services, maintaining and managing assets through social enterprises, co-operatives and community asset transfers.



- 4.10 We know that councils have had to make tough choices on which services to protect, and where to reduce expenditure. None of this is easy and prioritising services for the most vulnerable in society is absolutely the right thing to do. Several people we spoke to, however, fear that ranking and prioritising services, viewing some as more important than others, is making councils less relevant to some in the communities that they serve.
- 4.11 Increasingly, there are larger groups of citizens and council taxpayers who do not directly receive, or feel that they benefit from, the services provided by their council because universal services have reduced or gone. And, as these universal services become less visible and available, councils are increasingly having less day-to-day engagement with their citizens, which diminishes their significance and value.
- 4.12 A number of people we have interviewed are concerned that councils are gradually being marginalised and the positive impact of their work on citizens risks becoming ever more diluted. The fear is that it could help create a negative perception of the value of local government – especially amongst younger people who will not have benefited from the broader and more accessible range of services their parents did. As seen from our survey results, there is a growing view amongst some citizens we surveyed that nothing good happens in their communities and they are not optimistic about the future. It is clear that rising demand requires a different response going forward.

5 COVID-19 offers an opportunity to reevaluate and reset the role and value of local government

- 5.1 COVID-19 has altered people's lives in both enormous and small ways. And it has been no different for the councils in Wales that serve them. Local government has been a key part of the front-line of Wales' response to the COVID-19 crisis. Councils have had to respond in ways that 12 months ago were unthinkable; to deal with problems that were unknown; and mostly not planned for. Home schooling, digital assessments of need, online planning committee meetings, remote and home-based working have changed how public services operate and how people interact with them.
- 5.2 The pandemic has made us all rethink what is important and question what we want in the future; both those who use council services but also those who provide them. Returning to how we used to do things is not enough. Put simply, what do we want from local government?

COVID-19 has demonstrated the importance of councils as key leaders in our communities who provide essential services and a safety net for people across Wales

- 5.3 COVID-19 has fundamentally changed the communities in which we live, and work, and people's expectations of local government are changing as a result. The Welsh Government provided the national leadership in responding to the pandemic, but at the local level it has been driven by councils who are providing that vital community leadership role. As the level of government closest to citizens, councils developed and implemented innovative solutions in response to the challenges of COVID-19. Just as the virus has forced everyone to find new ways of working, coping and communicating, it has also highlighted the importance, impact and flexibility of local government.
- 5.4 Councils provided local leadership and support to communities throughout the country. They proved how responsive and agile they are in the face of the crisis. They found new ways of maintaining services and new, creative, ways of delivering them. When the full impact of COVID-19 struck, councils stepped up to support their communities, helping homeless people living on the streets into accommodation, protecting the vulnerable and distributing grants to help keep the high street afloat and local businesses alive. Responding to the pandemic showed how relevant and important councils are for local people.

- 5.5 For instance, early on in the COVID-19 pandemic, Pembrokeshire County Council refocused the work of their community hubs. Council social services, Pembrokeshire Association of Voluntary Services and local volunteer groups come together to co-ordinate statutory and non-statutory services to support and safeguard very vulnerable people.
- 5.6 Likewise, Cardiff Council went to great lengths to contact everyone on their vulnerable people list, including knocking on doors, messages on local radio and via letters. The council used volunteers to deliver easy-read format leaflets about the support that was available for residents in the city. Through its efforts to actively engage with these vulnerable people, Cardiff Council are now in a better position to understand their needs and prevent problems and unnecessary demand for services at a later date.
- 5.7 However, councils have also had to contend with a heavy financial burden in dealing with COVID-19. In October, Audit Wales reported that the 22 councils have seen a combined loss of about £325 million in the first six months of the pandemic. Costs have increased by £165 million, where education and social services are the biggest drivers.
- 5.8 But income levels have fallen by £160 million, with drops in leisure and cultural services causing the biggest impact. The Welsh Local Government Association estimates that, collectively, councils were losing roughly £30 million pounds every month when they were forced to close many of their non-essential services to help limit the spread of the disease.
- 5.9 To date, additional funding provided by the Welsh Government has covered these extra costs and loss of income. However, the financial challenges arising from the pandemic are numerous, and go well beyond the more immediate and obvious costs of responding to the crisis. The future sustainability of the sector is an ongoing challenge.
- 5.10 As well as the financial burden, some council services, in particular social care, have been operating under huge levels of stress, struggling to cope with the impact of the pandemic on very vulnerable people. Other services, like waste and refuse collection, libraries and leisure services, have had to adapt their opening times, delivery methods and safety measures, and have had to be flexible as government guidelines on levels of lockdown have changed with surges in infection rates.
- 5.11 Overall, councils have shown an ability and willingness to embrace the challenges they face and accept the need to innovate by adapting and changing in response to the pandemic. Councils have shown that they are able to develop novel and quick solutions to complex problems. Internal processes, decision making structures and staff working arrangements were all placed under stress but were able to flex to get the job done. Responding to the pandemic showed us what councils could do to help address the challenges of the crisis.

- 5.12 Looking forward, what can councils learn and adapt from their response to the pandemic to rebuild after COVID-19?

Councils need to build on their response to COVID-19 and take the opportunity to transform the way they provide services and interact with communities

- 5.13 Those we interviewed and surveyed recognise that it is not enough to aim for a return to the pre-pandemic status quo. Councils need to take the opportunity to refresh, reevaluate and reset what they do and to learn from the pandemic to build a better future. Moving forward, the challenge is to mainstream this learning and use it to refine, adapt and deliver further improvements – to become truly transformational and use the impact of the pandemic as an impetus for positive change. Put simply, they need to define a better ‘new normal’ for the future.
- 5.14 For the past decade or so, councils have spoken about the need for transformation; to fundamentally challenge what they do and how they do it. As noted above, COVID-19 has accelerated the focus on transformation, and councils have sought to develop, adopt and adapt new ways of working. The response of local government to the pandemic highlighted the potential of what could be done. Learning from the positive innovations and making some of the changes in response to COVID-19 ‘business-as-usual’ is fundamental to the future transformation of local government.
- 5.15 There are some good examples where Welsh councils are transforming the way they deliver some services. Monmouthshire County Council refocussed its ‘Our Monmouthshire’ platform to provide support to communities during the COVID-19 crisis and beyond. It is a new and effective way of connecting communities to help reduce loneliness and social isolation. Similarly, Cardiff Council is integrating services in local service hubs across the city. The hubs are adapting to the new ways of working that arose out of necessity during lockdown, with more focus on new ways of communicating with the public, use of new technology, integrating teams, and using volunteers to support some services.
- 5.16 Examples such as these highlight how councils in Wales are using the pandemic to refresh their role and take opportunities to try new approaches. However, is this resulting in truly transformational change?

- 5.17 In short, despite COVID-19 encouraging new ways of thinking it is too early to see this 'new transformation' take root. This is particularly so given the resurgence of the virus and the consequent ebb and flow between response and recovery. Our assessment is that recovery planning primarily focuses on the council and its working practices, systems and processes with an aim to 'get the council back on its feet', re-establish learning and continuing to support local businesses. As we look to the medium and longer term though, opportunities for wider public service transformation, growing the green economy and addressing longstanding community challenges need to be taken, otherwise much of the good work in responding to COVID-19 will be lost.
- 5.18 Our research outside of Wales has identified that some councils are very ambitious and are already using the pandemic to support and accelerate change. In particular, they are being more outward focussed, taking the opportunity to refocus on the communities they represent and the people they serve.
- 5.19 The London Borough of Hounslow's recovery plan brings together four months of work with a range of organisations, businesses, voluntary and community groups, academics and residents. One Hounslow Forward Together sets out the major interventions the Council is undertaking based around four themes – renewing local economies, empowering local residents, tackling local inequalities and reimagining local places. Lockdown shone a light on poverty for Hounslow.
- 5.20 Overcrowded housing meant that more people were likely to catch the disease and more likely to die from it, due to the inequalities of deprivation, poverty and poor health. Hardest hit were members of the black and ethnic minority community. Lockdown also changed the environment, bringing cleaner air and allowed residents to experience what a greener London could be like. The importance of access to green space, creating safe and pleasant walking and cycling routes to improve people's health and tackling climate change is now seen as essential. The plan sets out six key principles for all public bodies in Hounslow to use in recovering from COVID-19:
- a Work as one
 - b Act local
 - c Champion the borough
 - d Focus on prevention
 - e Support communities
 - f Use evidence

- 5.21 The Preston Model¹³ is rethinking the City Council's role in community involvement through its Community Wealth Building¹⁴. Community Wealth Building, which started before the pandemic, is now seen as critical in offering an opportunity for local people to take back control and ensure that the benefits of local growth are invested in their local areas. Preston City Council, key anchor institutions and private partners are implementing the principles of Community Wealth Building within Preston and the wider Lancashire area. Working collectively significantly increases spending power and assets and will result in a significantly greater impact on the future wellbeing of the city.
- 5.22 The response of councils to COVID-19 showed the work of local government at its best:
- a leading their communities and standing shoulder-to-shoulder with citizens, partners and businesses;
 - b safeguarding vulnerable people and protecting jobs and services; and
 - c delivering essential services and finding novel and innovative ways of maintaining the safety net for people at speed and pace.
- 5.23 The Local Government and Elections (Wales) Act¹⁵ introduces further changes to the local government landscape. In particular, a general power of competence for councils and town and community councils, reforming public participation in local democracy, a new framework for regional working and a new self-assessment system for performance and governance. Councils need to take these opportunities to be bold and re-frame their role in communities, maximising their value and relevance to the people they serve.
- 5.24 Whilst there is, therefore, broad agreement that COVID-19 can accelerate change in local government and wider public services, to be truly transformational will require leaders to challenge well established and longstanding practices and to address some fundamental issues that have previously held progress back. Widespread and sustained cultural change is needed in public services to realise the full potential of these kinds of opportunities.
- 5.25 A major risk for councils is that too much of their activity remains invisible to citizens. Many council services make both direct and indirect contributions to people's lives without necessarily being recognised for doing so. Communicating and engaging with citizens is vitally important in promoting a much better understanding of councils' contribution.

13 See: [What is the Preston Model?](#)

14 See: [What is Community Wealth Building?](#)

15 [Senedd Cymru: Local Government and Elections \(Wales\) Act 2021](#)

5.26 It is clear that the future of local government and public sector partners' communications does not look anything like it has in the past. Smart technology allows residents to choose how, when and what information they receive, and councils need to respond to this by being defter and more targeted or they will lose significant opportunities for meaningful engagement, diminishing their relevance and their credibility. Ultimately, councils need to be demonstrably relevant to all in their community otherwise citizens may question their purpose and value. And if councils do not communicate a positive and aspirational vision for the future of their local area and all their communities, who will?

Appendix 1 – Study methodology

We examined how councils have defined their services and sought to protect essential services when dealing with reductions in funding. We focussed on how councils define services, the systems and processes they have used to review services and how robust and comprehensive these are.

We have reviewed a wide range of documents and media, including Welsh Government policy, statutory guidance and legislation; all 22 councils' cabinet and scrutiny papers since January 2018; data published by StatsWales and the Office for National Statistics; and other relevant research and guidance from government, councils, CIPFA, and research bodies.

We commissioned a detailed telephone survey with 842 people from all 22 council areas in Wales. We completed an online survey with all elected members and received 263 responses from all 22 councils. We also surveyed all 22 Corporate Management Teams and received replies from 44 individual officers. We had responses from all 22 councils in Wales. We undertook a range of interviews with national bodies including APSE, the Joseph Rowntree Foundation, NESTA, the Local Government Network and others.

We confirmed the scope of our work to councils and, in advance of publication, we invited comments on our draft report, or relevant extracts, from named councils and the Welsh Government.



Audit Wales

24 Cathedral Road

Cardiff

CF11 9LJ

Tel: 029 2032 0500

Fax: 029 2032 0600

Textphone: 029 2032 0660

We welcome telephone calls in
Welsh and English.

E-mail: info@audit.wales

Website: www.audit.wales