



The purpose and functions of local government in Wales

The [Independent Working Group on Sustainable Local Government for the Future](#) has spent its first meetings discussing the purpose and function of local government. This position paper summarises the context for these discussions and articulates a position or set of propositions on the issues discussed.

Context

Local government is facing a series of acute pressures. Councils are dominated by three high-cost areas which make up over two thirds of most local authorities' budgets: social services; education; and housing and homelessness services. Cost pressures have risen significantly, with inflation and increases in pay, as well as a below-cost settlement for the increase in employer national insurance contributions, putting pressure on budgets.

The result is that 'placemaking' services are particularly affected and squeezed out.¹ Internal capacity has also been reduced. This impacts on corporate and administrative functions, but also effects councils' capacity for long-term, strategic decision making as officials and members in leadership positions lack the time to focus on anything that is not related to demand-driven services.

Over the longer term, it is likely that need and cost pressures will increase further, with widespread ill health in Wales; an ageing population with low fertility rates; and anaemic

rates of economic growth and low overall wages.

Without an increase in funding, local government as currently constituted is unsustainable. The implication of the recent spending review announcements is that funding for councils in Wales may increase slightly over the next three years, but this will not be sufficient to sustain the current model. Therefore, there is a need to reimagine what local government is for and how it might deliver its roles more sustainably into the future. However, any programme of reform will fail without some increase in funding, both to maintain the services that local government is expected to deliver, and to support the transformation needed to put local government on a sustainable footing into the future.

The purpose of local government

The unique value of local government is local democracy: its proximity to and relationship with its residents mean that:

- Elected members can understand and represent residents' interests in decision making processes and be held to account for this.
- Councils can design and deliver services that are responsive to local contexts.
- Councils can play a leadership role in their local areas, collaborating with and

¹ A helpful discussion of service provision and the importance of non-statutory, but high-value, services

is found in Audit Wales' 2021 report [At Your Discretion](#).

coordinating contributions from communities, third sector organisations, businesses and other public bodies, with the aim of improving outcomes for a local area and its population.

However, due to the pressures on budgets and resources, as articulated above, local government is increasingly struggling to provide local leadership and respond to local priorities. And this is contributing to the increasingly prevalent scepticism about the ability of councils to deliver meaningful change for their communities.

The functions of local government

There is no appetite in the group for radical changes to the functions for which local government is ultimately responsible, and some scepticism that councils could stop any of the current range of activities and services without these needing to be picked up by another body.

However, there was discussion about which functions, and which elements of functions, are effectively 'held' at a hyper-local / local level, and which might be better 'held':

- In collaboration with others (for example other local councils or other public bodies); and / or
- At a national level.

This could be achieved either through formal reorganisation of functions, or through agreement about which aspects of functions could be best delivered at different levels. For instance, strategic direction for areas such as economic development might sit more naturally at a regional level, but 'tactical' or operational decisions and delivery could remain at a more local level.

In light of this, the group articulated the following:

- **Social care** could be funded and delivered differently, and certainly integrated better with health, but should remain within the

purview of local authorities. The current arrangements, designed to support an integrated social care and health system are not delivering change at the scale and pace needed, in part due to demand pressures. Without increased investment in social care by the UK government, changes in funding and delivery arrangements are unlikely to deliver meaningful improvements in outcomes.

- **Public health** responsibilities, currently held by health boards, need to be integrated with local authority decision making. However, simply giving responsibility for public health to councils would likely create risks that smaller councils have insufficient resource to deliver on public health responsibilities.
- The purpose and functions of local government mean that councils are uniquely placed to deliver the **prevention agenda**. However, early intervention and prevention are under-resourced as an increasing proportion of the available resource is focused on addressing acute need.
- Effectively **responding to individuals with complex needs** where individuals present with interconnected needs (e.g. requiring specific care but also facing housing issues) requires joining up around the individual, and therefore implies local or hyper-local responsibility for the design and delivery of services, and collaboration across organisational boundaries and across sectors.
- It is right that some functions are dealt with in **collaboration** with other councils. But collaborative efforts need to add value (by, for example reducing costs, adding resilience, improving quality), and not be duplicative. Collaborations are more likely to succeed where they are built on shared interests and priorities. These have to be identified and 'owned' locally, and they may or may not align with geographical proximity. National policy, legislation and funding can help to enable collaboration, but successful

collaboration comes from local leadership and buy-in; and without this, nationally mandated processes risk becoming little more than bureaucratic exercises.

- The current landscape of **regional partnerships** is complex and duplicative and therefore introduces inefficiencies. It would benefit from adjustment and simplification.

Implications

The key challenge for local government to achieve its purpose (as described above) is the lack of resources (financial and human) for anything other than a small number of high-need, demand-led services, and other statutory responsibilities.

The focus of the group's work going forward will therefore be: how can councils deliver the existing range of functions, given the fiscal environment, and with the purpose of local government in mind?

The group's discussions to date have highlighted the following:

- Any 'solution' for social care requires sustainable funding, a focus on prevention, and progress on integration of social care with the health system. Pressures within the health sector drive a focus on secondary care, and limit capacity for a collaborative approach, particularly in relation to the preventative agenda. It is hard to imagine a sustainable future for local government without increased investment in social care.
- The role of local government needs to be reimagined, shifting to 'enabling' and 'convening' of other actors, including local communities.
- There is scope for local government to do more / go further in its engagement with community needs, and designing services that are responsive to these. Meaningful engagement is resource-intensive.

- For local government to play a local leadership role, and to meaningfully engage with local communities requires the establishment and development of the necessary values, behaviours, capacity and capabilities of the workforce, including elected members and officials. More could be done to ensure that these are in place. A first step could be to articulate the values, behaviours, capacity and capabilities needed to enable councils to fulfil the purpose described above. What would then need to happen to ensure these are in place?
- Local democracy is central to the purpose of local government, but there is a need to reinvigorate local democracy. There are steps that local government can take by itself. For example, trialling democratic innovations (such as participatory approaches); or by being more open, transparent and vocal about the context for local decision making, and the need, therefore, for councils to withdraw provision of some functions or services.
- Welsh Government also has a role to play in reinvigorating local democracy. For example, if local government is seen as little more than a delivery arm of Welsh Government, it undermines councils' ability to be responsive to local priorities and needs. Shifting to a model of 'trusted partnership' could imply moving beyond multi-annual settlements and a reduction in hypothecated funding, to consider how governance and oversight might change to support greater autonomy over spend or areas of activity.

Opportunity for feedback

The group is working with the WLGA to gather views from the sector and its partners through a series of engagement events, but if you would like to provide feedback on this position paper, please do so via a short survey: wcpp.org.uk/project-future-local-gov or scan QR code:

Feedback on the purpose and functions of local government (LG)



About the Independent working group on sustainable local government for the future

The independent working group on sustainable local government for the future was established by the Wales Centre for Public Policy, in collaboration with the Welsh Local Government Association.

The group will consider challenges and opportunities across local government's remit

and develop a clear vision and proposals for purpose-driven and sustainable local government.

Made up of council leaders, chief executives, and independent experts, the group is chaired by Professor Steve Martin and will report its findings ahead of the 2026 Senedd election.

About the Wales Centre for Public Policy

Here at the Centre, we collaborate with leading policy experts to provide ministers, the civil service and Welsh public services with high quality evidence and independent advice that helps them to improve policy decisions and outcomes.

Funded by the Economic and Social Research Council, Welsh Government, and Cardiff

University, the Centre is based at Cardiff University and a member of the UK's What Works Network.

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