



**Taking Seriously Fairness, Equality and Wellbeing in Local Government Policies and Practices**

**Response to 2018/19 Budget & Medium Term Financial Plan**

**VERY IMPORTANT: NFC sees its role as facilitating a critical reflection on policy, rather than it being a recommender of policy. Therefore, selective extracts from this response should *not* be used to support particular council policy as if this policy is also being recommended by the NFC.**

January 2018

**Executive summary**

- Questions of fairness (and of equality and wellbeing promotion) are made all the more pressing in a climate of reduced local authority budgets.
- There is clear evidence that the budget proposals seek to realize the fundamental value of prioritising the needs of the most vulnerable and disadvantaged. However, at the same time, limitations to budgets (these being reinforced year-on-year since austerity measures have been implemented) inevitably lead to ‘trade-offs’ *between* those groups deemed most vulnerable and in severe need.
- There is a clear risk that those currently not identified as most vulnerable are more likely to become more vulnerable as a result of aggregated cuts to funding of services over successive budgets. Such trends may be affected by factors outside the Council’s immediate control, such as demographic trends, Welsh Government cuts in grants, rapid changes in urban landscapes, etc. However, as a result there is a clear risk of a vicious cycle of social, economic and cultural deprivation, and especially as ‘preventative services’ are increasingly cut. It is important that consistent and effective research and monitoring takes place to assess the impact of these cuts (and see comments below regarding Fairness and Equality Impact Assessments (FEIAs)).
- There is an additional concern that the net effects of the above processes may come into tension with Welsh Government priorities such as those identified in the Well-Being of Future Generations Act 2015, and raising other issues concerning how boundaries are defined between, say, Newport city, the southeast Wales region, and the interests of Wales and Welsh citizens overall.
- There are clear steps forward in the Council’s handling of the consultation process, and in the potential for creative thinking about how best to deliver

services in straitened financial circumstances. However, there is some concern that the process of scrutinizing policy via the Fairness and Equality Impact Assessments (FEIAs) needs to be better developed further, to ensure better accountability and transparency in policy development. Discussion with Council serving officers about how best to address this issue via NFC training and the enhancement of its advisory role are presently taking place.

- The NFC regards the four parameters of fairness – and the questions they raise in the current budget context – as a crucial tool in assessing and negotiating this complex and challenging terrain.

### **1. Background:**

We very much welcome the invitation from Council to be part of the consultation process for the above. In times of severe economic austerity especially, we believe it is vital that the value of fairness (and equality and wellbeing promotion) is discussed critically and openly in public debate, so we can examine in a meaningful way how these values are applied to local government policies and practices, and in the setting of its priorities. However, it is also important to highlight what has already been stated in our full report to Council in November 2013 (see our website <http://www.newportfairnesscommission.org/>) – that the Fairness Commission is not an elected body and is not a special interest group, and therefore, in our view, its role is not to make specific policy and practice recommendations. We fully recognise and respect, that some Fairness Commissions across the UK have made particular policy recommendations to their Councils. Nevertheless, the NFC sees its role as facilitating a critical reflection *on* policy, rather than it being a recommender *of* policy. The main aim, then, of the Newport Fairness Commission (NFC) is to provide policy-makers with a ‘critical lens’ for viewing fairness, and to encourage public debate which takes fairness seriously as a centrally important political, economic, and social goal.

It is in the above light that the following response has been made to the Budget Proposals 2018/19 and Medium Term Financial Plan (MTFP) as detailed in the December Cabinet Report.

### **2. General overview of the Newport Fairness Commission (NFC) – summary of what it sees as the broad issues and concerns**

The Newport Fairness Commission (NFC) met on the 18th January 2018 to consider in detail the above budget proposals. The first draft of this response was then prepared with invitations for comment to Commission members to be made, with appropriate revisions being completed for the final response to Council in late January 2018. The following overview, then, reflects the discussions at the January meeting, plus these additional amendments.

- a. The NFC concludes that the austerity measures applied in previous years, combined with the 18/19 proposed cuts and future austerity until at least 2021/22, has led to a profound sea-change in how Local Government is able to provide services for its community, both now and in the future. Moreover, the NFC concludes that in matters relating to the principle of fairness (however

this principle is substantially conceptualised), various pressures are now being exerted on vulnerable and disadvantaged sections of the community which, we believe, threaten to undermine key values associated with the principle of fairness (and including the promotion of equality and wellbeing). Most notably, the fundamental value guiding the Commission's thinking on these issues, identified and explored in the NFC full report referred to above, is that Council should attend to the needs of those social groupings considered most vulnerable or disadvantaged across the city, *and* as a matter of first and immediate priority. However, although we believe that Newport City Council is endeavouring to fulfill this value as its main priority, the extent of the cuts means that we are now increasingly witnessing the needs of these vulnerable groups being traded-off against each other, as the NCC balances its books.

So, in broad terms it seems that those vulnerable groups defined as having 'severe needs' are being traded-off against those vulnerable groups defined as having 'very severe needs'; those vulnerable groups defined as benefitting from 'early prevention' are being traded off against those vulnerable groups defined as having 'acute needs'; and, those vulnerable groups which can be targeted by Council with appropriate powers of intervention (but with no *duties* of intervention) are now being traded-off against those vulnerable groups where statutory obligations apply.

*Specifically, in relation to the 18/19 budget proposal and considering our responses to previous budgets, the NFC has also become very aware of what might be termed the 'external pressures' on Council spending – that is, pressures which increase the demand on Council spending outside of inflationary considerations, such as, demographic pressures, increased legislative obligations on Local Government which can be costly, increased pay bills for low paid workers, cuts in Welsh Government grants, changes in urban landscapes, and so on. Moreover, according to the budget proposals these 'external pressures' will likely be even greater in years 2018/19; 2019/20; 2020/21; 2021/22– compared with previous years. This means that even if cuts in spending are less severe than anticipated because of the final settlement for Newport City being 'relatively favourable', that services will still be substantially reduced for individual citizens in need, as a result of these other pressures on Council spending.*

- b. A related problem, according to the NFC, is that failing to prevent deterioration for those defined as being in 'severe need' (rather than 'very severe need'), or who are defined as 'moderately vulnerable', risks escalating this group's needs and so making them become 'very severely in need' as a result. Inevitably then, these trade-offs are in danger of increasing costs in the medium and long-term as people enter the ranks of those whose health and broader social conditions qualify for statutory services. Moreover, these trade-offs occur in a variety of forms,<sup>1</sup> with the common theme being that many

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<sup>1</sup> As stated in previous responses the NFC has made to budget proposals, it is also important to note that these trade-offs also occur in relation to the pay, working conditions, and vulnerability to job-loss of council employees. So, for example, the commitment to a 'Living Wage' being paid to workers by Newport City Council (reflecting, quite rightly, a commitment to low paid workers) is traded-off against attempts to reduce wage bills in times of economic austerity, but which in turn can lead to

vulnerable citizens are at risk of becoming *more* vulnerable as a result of cuts in services, and as the Council concentrates its diminished resources on a reduced number of people. The NFC acknowledges that, to some extent, the effects of these austerity measures are alleviated by the activities of the voluntary/third sector, and other changes in the organisation of care and services, such as the encouragement of independent living in the home for frail and vulnerable adults. For example, one benefit of third sector services is that these often provide ‘added value’ and provide individuals with choice in services - something people value and can, in certain circumstances, support better recovery and independent living. It should, however, be noted that in Local Government’s efforts to cut direct costs, they are *commissioning* very similar services to the ones they previously supplied directly to support the same high priority clients, while offering less funding towards these commissioned packages, which risks escalating people’s needs (and the corresponding costs) and thereby reducing ‘quality of life’ experiences both now and in the future. Moreover, it is also important to note that as the more direct and formalised support structure provided by Local Government diminishes, the ‘added value’ of using the not-for-profit sector may risk being squeezed out. For example, Welsh Government have introduced innovative legislation through several Acts and Measures (e.g. the Social Services and Wellbeing Act 2014), which should have benefited vulnerable groups such as unpaid carers, people with autism etc. but with so much reliance on local authority facilitation and no extra funding it is difficult to imagine a trajectory of improved wellbeing being achievable. In short, these factors combined have resulted in core services being the increasing target for cuts which, in turn, is bound to raise profound concerns as just described.

*Specifically, in relation to the 18/19 budget proposal the Commission is concerned that the above outcomes, combined with the cuts administered in previous years, risk the occurrence of a vicious cycle, where increased deprivation (for certain sections of the Newport population at least) will require more services, but which will now no longer be available. It is in this context of medium to long-term decline, which again will put further pressure on Council services. Moreover, this decline in service provision will increasingly come into play in the future, and threaten other policy objectives of Welsh Government legislation, most notably perhaps, the Well-Being of Future Generations Act 2015. According to the Welsh Government website, this Act aims to improve the social, economic, environmental and cultural well-being of Wales, in part by making public bodies think more about the long-term, and work better with people and communities and each other, to prevent problems occurring in the first place. However, the Fairness Commission has concluded that the austerity measures, alongside the many other demographic and other pressures facing Council, will very likely undermine the Act’s aims, given what we call a ‘false economy’ of cuts – that is, where monies are supposedly ‘saved’ in the short-to-medium term, but where the costs to the tax payer and government (both local and national) augment in the future, as social and economic problems increase as a result of present cuts in services. In this context, too, it is also important*

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diminished working conditions, increased workloads as positions are unfilled, the increased likelihood of redundancy, and so on.

*to acknowledge the significant role that raising Council Tax plays in these calculations, particularly given the long history of Newport City Council having a relatively low local tax burden for its citizens. While recognising the political pressure on Council to keeping these taxes low, as well as the importance of ensuring that any increases in Council Tax does not detrimentally affect vulnerable families and groups, the NFC is especially mindful of these more hidden long-term costs to tax payers if local government revenues are reduced as a result of not sufficiently raising its Council Tax in the short-medium term. We also recognize, though, that increasing Council Tax will only at best reduce the extent of the cuts, in the short-term, but will not be able to meet the whole of the shortfall of funding in the medium to long-term. In a wider national context, it is also worth noting that Wales has traditionally raised, directly from its citizens, a substantially lower proportion of the sum needed to maintain local authority services than in England. The NFC also believes that there might be more scope for other forms of income generation, which need to be evaluated and considered, beyond charging for services, and as mechanisms for generating greater wealth and prosperity for the City.*

- c. In addition to the detrimental impact of these austerity measures, and alongside the increased demand from 'external pressures' detailed above, other pressures are also being felt in Newport city which have exacerbated these problems in trading-off the needs of vulnerable groups, as well as the wider needs and aspirations of other Newport citizens. For example, even taking into account improvements in enablement services that allows some vulnerable elderly people to live in their own homes for longer periods, it seems that the threshold for entry to residential homes for extremely frail elderly people has been raised as local authorities have had to close these establishments. The raising of the threshold, is, in turn, exacerbated by demographic factors which means that people are living longer, but unfortunately with increasing chronic long-term health conditions. The NFC's concern is that Newport overall, and in particular the most elderly and vulnerable groups within Newport, will suffer increased deprivation as a result. For example, people may seek residential accommodation rather than nursing homes to meet their care needs, but if the private sector set higher tariffs for self-funders and for those without resources where the Local Authorities pay, set higher 'top-up' fees, then demand might go down *even though* the needs of the elderly population are increasing. This decrease in demand, might in turn, reduce the supply of suitable residential accommodation despite these increased needs, and leaving even more vulnerable elderly people with insufficient care.

Moreover, the NFC is also concerned about the high possibility of, what might be termed, *increased cultural deprivation* in Newport. Like education policy, this issue relates less to priority being given to vulnerable and disadvantaged groups (although these issues certainly overlap), and more to how local governments sees their role in relation to the funding and provision of the cultural infrastructure, and as it is maintained for the whole of the community. For example, previous cuts in library, leisure and the arts facilities, with the onus being put on other means of funding outside of local government, for the NFC signifies a radical change in how councils administer

and facilitate the cultural activities of their communities. The concern is that the important civic role that Councils historically have often played in enhancing the cultural life of its populace risks being seriously undermined as a result of these cuts.

*Subsequently, and specifically in relation to the 18/19 budget proposal the NFC considers that there is now considerable strain being placed on the competing priorities of Council when resources are being reduced and other demands are increasing, and is a strain which is perhaps most acutely felt perhaps between generations. For example, while the Welsh Government's commitment to maintaining school educational budgets at least in line with inflation has been lifted, which has meant a freeing-up of resources to the above older groups and other council activities, the obvious trade-off is that any gains and improvements made by the education services for its children and young people may be threatened as a result. This, in turn, may have a negative knock-on effect on the sustainability of future generations' prosperity and well-being as educational services will also become a target for cuts in services. Again, this issue will also have implications for how the Well-Being and Future Generation Act 2015 is specifically interpreted and implemented.*

- d. Finally, and a more positive note, it is important to acknowledge what the NFC sees as steps forward in Council practices in the wake of these austerity measures being applied. For example, the consultation process for this round of budgetary proposals – while subject to the usual alarmingly tight time-constraints imposed by the Welsh Government (WG), plus the lateness of information being provided by the WG to local government decision-makers – is considerably improved compared with previous rounds. The Council's plan in 2018 (building on the work completed in 2016/2017) for a series of activities and events intended to provide a wider engagement with the public over Council policy is to be commended. Hopefully, this consultation process will set in motion an ongoing 'conversation' on local government spending, savings and future service provision, which will be much wider and deeper than just 'agreeing' the budget for the year. Of course, consultation processes can always be improved upon, and we would strongly recommend that the NCC examine closely good practice in other councils in Wales and other parts of the UK to develop further its own practices.<sup>2</sup> In addition, the NFC also notes that *some* of the austerity measures at least, will encourage a more imaginative and efficient delivery of services which may well be beneficial to certain groups of service-users. Moreover, as councils are forced to break from their more traditional roles in service-delivery other benefits may also accrue. For example, there are some signs across the UK of a more heightened sense of citizen obligations in meeting community aspirations and practices which could lead to beneficial outcomes, as well as a more 'bottom-up' approach to

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<sup>2</sup> For example, as highlighted in the NFC's response previously, in the City of Leeds, a "Poverty Truth" project was launched in February 2015, starting from the principle that all decisions about poverty should involve people who directly face poverty. As its press release states: "[The project] aims to ensure that people living in poverty take the lead on challenging the city's leaders to work with them on tackling poverty: to make a difference to the decisions being made and finding new solutions to poverty." The Commission would strongly recommend that the NCC closely observes its activities (and other similar projects) to develop further its own consultative practices.

policy and practice development as councils have to address increased cuts imposed on its budgets. Again, the Well-Being and Future Generation Act 2015, could potentially provide an arena for developing this ‘bottom-up’ approach further, and for the facilitation of meaningful cross-party discussion concerning what kind of City we want for Newport in the future as a result.

*In summary then, the Fairness Commission has a number of serious concerns about the budgetary proposals for 2018/19 and the Medium Term Financial Plan. Most notably, that the extent of the austerity measures will result in a fundamental principle of fairness being undermined, namely that Council should attend to the needs of those social groupings considered most vulnerable or disadvantaged across the city, and as a matter of first and immediate priority. It is especially concerned that as the needs of vulnerable groups are traded-off against each other that a vicious cycle of social, economic and cultural deprivation will be reinforced, leading to a much wider set of detrimental long-term unforeseen consequences for the whole community. Nevertheless, despite these gloomy predictions in the face of this increased austerity, the NFC also acknowledges that out of this necessity, other possibilities open-up which could lay the ground for more improved service provision in the future – relating, for example, to increased and improved public consultation, involvement and political debate, over Local Government spending and subsequent service provision.*

### **3. The fundamental principle of fairness and the four parameters of fairness:**

As stated in 2 above, the most fundamental principle guiding the Commission’s thinking on these issues, and again identified and explored in the full report referred to above, is that Council should attend to the needs of those social groupings considered most vulnerable or disadvantaged across the city, and as a matter of first and immediate priority. However, although it is extremely important to articulate this principle in broad terms, by itself, this principle is not sufficient when considering the fairness of specific policies and practices, as a number of important questions and issues remain unanswered. In response to this problem, and again as detailed in our full report, the Fairness Commission has identified, what we have called, four ‘parameters of fairness’, which provide a framework for understanding and critically evaluating the specific policies and priorities set by Council, and the subsequent debates and controversies concerning the meaning of fairness.

The four parameters of fairness are identified as follows, and lead to what the Commission sees as key questions or focal points of debate concerning fairness, recognising that in relation to specific policies and practices these parameters often overlap and work in conjunction with each other:

- *Parameter 1 Equal treatment while recognising difference*  
*Main focal points of debate:* When is it fair to treat people the same, and when is it fair to treat people differently? What groups have priority in Newport, and why? And, if trade-offs and compromises are to be made between different group interests’, how should these trade-offs be balanced?

- *Parameter 2 Mutual obligations between citizens and local government*  
*Main focal points of debate:* What is the responsibility of local government to meet certain needs, and what conditions should apply to citizens, if any? And, which needs are to be provided universally (i.e. to all citizens) and which needs are to be met, in part or wholly, by citizens?
- *Parameter 3 Interdependency and reciprocity within community relations*  
*Main focal points of debate:* What is the value of participation in community life? How are citizens enabled to positively participate in the life of the community over periods of time, for their own and others' benefit? And, how and when are equal opportunities and 'life chances' facilitated, so enabling citizens to participate effectively?
- *Parameter 4 Transparency and accountability in decision-making*  
*Main focal points of debate:* How does Council ensure that the procedures for decision-making are fair, consistent and transparent? How does Council convey clearly and concisely to citizens the main decisions being considered and made? And, how are mature and meaningful channels of communication and exchange of views facilitated between the NCC and citizens?

As a final comment, then, the NFC recommends that in evaluating its proposals that these parameters are used by Council (and others) to make better sense of what the budget allocations mean for the value of fairness, and how it is understood.

So, in relation to Parameter 1 (equal treatment while recognising difference), it seems clear that as a result of year-on-year austerity measures, that in matters relating to equality and diversity, a number of increasingly entrenched trade-offs are occurring between particular vulnerable groups (as explored in 2.a and b above), and between generational demands on services (as explored in 2.c above). As a result, vulnerable groups may be less able to access opportunities to meaningfully participate in society and thereby experience a better quality of life (also see Parameter 3 below). So the questions, then, that Council need to consider are: When is it fair to treat people the same, and when is it fair to treat people differently? What groups have priority in Newport, and why? And, if trade-offs and compromises are to be made between these different group interests', how should these trade-offs be balanced, and why?

We have also noted in this 18/19 budget especially that these trade-offs are also shaped, in part, by considerations of 'boundaries' between the City, the South East Wales region, and Wales overall. So matters relating to promoting fairness between and across these boundaries are becoming increasingly complex, as the prosperity of Newport increases in the medium-to-long term, but which then might be traded-off against other needs across the region and the country of Wales more widely. For example, increases in housing stock in Newport as a result of urban development, which will lead to increases in Council Tax revenue, are in part 'clawed back' by the Welsh Government to compensate other more deprived areas within the region and across Wales. This policy might be thought of as 'fair' for Wales certainly, but necessitates that Newport, sacrifices its interests in the short-term at least, for the sake of other Welsh citizens.<sup>3</sup>

In relation to Parameter 2 (mutual obligations between citizens and local government), it again seems clear that as a result of year-on-year austerity measures, that the obligations between citizens and local government are radically changing, and, in some ways, are being

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<sup>3</sup> Although the NFC acknowledges that in the long-term Newport's interests are indeed served by increasing prosperity due to urban development, other 'hidden' costs might also become more apparent as this development occurs, which need to be carefully monitored and assessed.



subject to increasing strain, in relation to, say the issue of the necessity of increasing Council Taxes due to increased demand and cuts in Government revenue (as explored in 2.b above), while at the same time seeing diminished universal services to citizens who may at other times enjoyed the benefits of council activities (as explored in 2.c above). Rightly or wrongly the local authority, and certain other statutory services have been increasingly seen as mediators of fairness in community relations. Withdrawal from service provision may increase local disputes and grievances, with direct and indirect cost implications for vulnerable and disadvantaged individuals and groups. Again, these issues lead to a number of questions which Council need to consider, such as: What is the responsibility of local government to meet certain needs, and what conditions should apply to citizens, if any? And, which needs are to be provided universally (i.e. to all citizens) and which needs are to be met, in part or wholly, by citizens?

In relation to Parameter 3 (interdependency and reciprocity in social relations), it also seems clear that as a result of year-on-year austerity measures, the possibilities for reciprocity and interdependency can be threatened as a result, at least across very vulnerable sections of the community who have become increasingly disenabled and incapacitated as a result (as explored in 2.b above). It is also important to stress that this is not peculiar to the Newport experience, as increasing evidence across the UK seems to suggest that vulnerable citizens have had to be defined (and will define themselves) as being 'incapable' and so will become 'passive recipients' of services, in order to gain access to limited resources. This development, in turn, leads to a number of difficult questions that Council need to consider: What is the value of participation in community life, and how can this be best promoted? How are citizens enabled to positively participate in the life of the community over periods of time, for their own and others' benefit? And, how and when are equal opportunities and 'life chances' facilitated, so enabling citizens to participate effectively? Again, these questions have a generational dynamic to them too as educational budgets are increasingly out under pressure and as demands on central government monies, most notably from the NHS, increase largely as a result of an increase in the ageing population.

Finally, in relation to Parameter 4 (transparency and accountability in decision-making), it seems that a number of pressures on Council has led to certain positive outcomes concerning its transparency and accountability. Although many spending decisions are still not open to consultation being at the discretion of officers and the Cabinet Members, as Council has had to make increasingly difficult decisions, it has in response made systematic attempts to open-up public debate around these issues (as explored in 2.d above). This attention to the processes of decision-making has obviously not avoided the painful choices that have had to be made, but at least allows for a more consistent and systematic addressing of the following questions associated with this Parameter: How does Council ensure that the procedures for decision-making are fair, consistent and transparent? How does Council convey clearly and concisely to the widest possible range of citizens, the main decisions being considered and made? And, how meaningful channels of communication and exchange of views facilitated between the NCC and citizens?

There are though concerns that the Fairness and Equality Assessment process is in need of further development, and while the NFC acknowledges that considerable improvements to this process have been made in recent years, there is still some way to go. That is, to ensure that a proper consideration of fairness is articulated when policy is changed and impact assessments are made by officials. Discussion with Council serving officers about how best to address this issue via NFC training and the enhancement of its advisory role are presently taking place.

*End*