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Chief Officer (Governance)
Prif Swyddog (Llywodraethu)



To: ALL MEMBERS OF THE COUNCIL

CS/NG

3 September 2014

Tracy Waters on 01352 702331
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Dear Sir / Madam

A meeting of the **FLINTSHIRE COUNTY COUNCIL** will be held in the **COUNCIL CHAMBER, COUNTY HALL, MOLD CH7 6NA** on **TUESDAY, 9TH SEPTEMBER, 2014** at **2.00 PM** to consider the following items.

***** Members are invited to attend an informal presentation by the North Wales Fire and Rescue Authority which will commence at 1pm in the Council Chamber *****

Yours faithfully

Democracy & Governance Manager

AGENDA

1 PRESENTATIONS

British Hallmarking Council Touchstone Award 2014 – Flintshire Trading Standards Highly Commended for its innovative approach to hallmarking covering three important areas: enforcement, education and information.

County Hall, Mold. CH7 6NA
Tel. 01352 702400 DX 708591 Mold 4
www.flintshire.gov.uk
Neuadd y Sir, Yr Wyddgrug. CH7 6NR
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www.siryfflint.gov.uk

The Council welcomes correspondence in Welsh or English
Mae'r Cyngor yn croesawau gohebiaeth yn y Cymraeg neu'r Saesneg

Health, Social Services and Social Care Welsh Language Awards 2014 -
Special Recognition Award acknowledging significant improvements to Welsh
Language Services for older people at Llys Jasmine Extra Care Scheme Mold.

Employer and Community Student Awards 2014 hosted by Coleg Cambria
Steve Featherstone awarded Flintshire County Council Learner of the
Year
Anne Trevor awarded CIM Learner of the Year and Professional
Learner of the Year

2 **APOLOGIES FOR ABSENCE**

3 **COUNCIL MINUTES** (Pages 1 - 8)

To confirm as a correct record the minutes of the meeting held on 24 June
2014.

4 **DECLARATIONS OF INTEREST**

To receive any declarations of interests from Members.

5 **CHAIR'S COMMUNICATIONS**

6 **PETITIONS**

7 **PUBLIC QUESTION TIME**

8 **QUESTIONS**

To note the answers to any questions submitted in accordance with County
Council Standing Order No. 9.4(A).

9 **QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES**

The Minute Books, Edition 2 2014/15 has been circulated to Members.
Members are now entitled to ask questions on these minutes, subject to
certain limitations, and answers will be provided at the meeting. Members are
requested to bring to the meeting their copy of the Minute Book. Any
questions must have been received by the Democracy and Governance
Manager prior to the close of business on 3 September 2014.

10 **NOTICE OF MOTION**

11 **REVIEW OF POLITICAL BALANCE** (Pages 9 - 18)

Report of Chief Officer (Governance) enclosed.

12 **REFORM OF LOCAL GOVERNMENT AND THE PUBLIC SERVICES**
(Pages 19 - 146)

Report of Chief Executive enclosed.

FLINTSHIRE COUNTY COUNCIL
24 JUNE 2014

Minutes of the meeting of Flintshire County Council held in the Council Chamber, County Hall, Mold on Tuesday, 24 June 2014

PRESENT: Councillor Glenys Diskin (Chair)

Councillors: Alex Aldridge, Bernie Attridge, Haydn Bateman, Marion Bateman, Helen Brown, Derek Butler, Clive Carver, David Cox, Paul Cunningham, Peter Curtis, Ron Davies, Adele Davies-Cooke, Rosetta Dolphin, Ian Dunbar, Andy Dunbobbin, Carol Ellis, David Evans, Jim Falshaw, Veronica Gay, Robin Guest, Alison Halford, Ron Hampson, George Hardcastle, Cindy Hinds, Ray Hughes, Dennis Hutchinson, Hilary Isherwood, Joe Johnson, Rita Johnson, Christine Jones, Richard Jones, Stella Jones, Colin Legg, Phil Lightfoot, Brian Lloyd, Richard Lloyd, Mike Lowe, Dave Mackie, Nancy Matthews, Hilary McGuill, Ann Minshull, Tim Newhouse, Mike Peers, Vicky Perfect, Neville Phillips, Mike Reece, Ian Roberts, Aaron Shotton, Paul Shotton, Ian Smith, Carolyn Thomas, Owen Thomas, David Williams, Sharon Williams, David Wisinger, Arnold Woolley and Matt Wright

APOLOGIES:

Councillors: Glyn Banks, Chris Bithell, Amanda Bragg, Alan Diskin, Chris Dolphin, Brian Dunn, Kevin Jones, Billy Mullin, Gareth Roberts, and Nigel Steele-Mortimer.
Chief Officer (People and Resources)

IN ATTENDANCE:

Chief Executive, Chief Officer (Education and Youth), Chief Officer (Community and Enterprise), Chief Officer (Planning and Environment), Chief Officer (Social Services), Chief Officer (Streetscene and Transportation), Chief Officer (Organisational Change) Head of Legal & Democratic Services, Policy and Performance Manager, Corporate Finance Manager, Team Manager Committee Services and Committee Officer

The Chair welcomed the new Member for Flint Trelawny, Councillor Vicky Perfect to her first meeting.

1. PRESENTATION

The Chair welcomed Andrew Jones, Manager and Headteacher of Ysgol Derwenfa in Flintshire, and representatives of the Flintshire Primary Schools football squad, Iestyn Hughes (Ysgol Merllyn, Bagillt), Tom Sparrow (Southdown, Buckley), and Henry Nash (Ysgol Bryn Coch, Mold).

The Chief Executive congratulated the Flintshire Primary Schools Football Team on their recent success in the Tom Yeoman Welsh Schools' Football Association's Festival for Under 11s. He referred to the squad's exceptional performance in winning all three competitions this year to become North Wales Champions, Champions of Wales and Phil Staley shield winners. He commented

that Flintshire Primary Schools held an outstanding record in the Tom Yeoman shield national Finals and had been Champions of Wales 15 times, North Wales champions 10 times and Phil Staley winners 6 times. He commended the players on their achievement and expressed appreciation on behalf of the County of Flintshire to the team, their families, and the management team.

Councillor Aaron Shotton expressed his congratulations and paid tribute to the dedication of parents, coaches, teachers and all involved who voluntarily gave their time and support. He spoke of Flintshire's pride in the achievement and said the squad were excellent ambassadors for the County.

Councillors Hilary McGuill, Mike Peers and Dennis Hutchinson also expressed praise for the high standards and dedication of the players and the management team. They thanked all involved for the achievements gained and said it was an excellent example of what Flintshire did well.

Mr. Andrew Jones said it was an honour to receive recognition for the team's achievements and thanked Members and officers for their words of appreciation and support.

2. COUNCIL MINUTES

The minutes of the meeting held on 30 April 2014 were submitted.

The Chair said she had been present at the meeting and asked that the minutes be amended to record this.

Councillor Richard Lloyd said the date the meeting was held in the first paragraph was incorrect and should read 30 April 2014

The minutes of the meeting held on 20 May were submitted.

RESOLVED:

That subject to the above amendments, the minutes of both meetings be approved as a correct record and signed by the Chair.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. CHAIR'S COMMUNICATIONS

A copy of the Chair's communications had been circulated to all Members before the meeting.

5. PETITIONS

Councillor Hilary McGuill submitted a petition from residents which requested a path to be built from the start of Bryn Road to the Argoed High School.

6. QUESTIONS

The Chair confirmed that none had been received.

7. QUESTIONS FROM MEMBERS ON COMMITTEE MINUTES

The Chair confirmed that none had been received.

8. NOTICE OF MOTION

The Chair confirmed that none had been received.

9. IMPROVEMENT PLAN 2014/15

The Chief Executive introduced the report to seek adoption of the Improvement Plan 2014/15, which was a statutory requirement, for final publication by end of June 2014. He explained the background to the report and referred to the positive comments which had been made by the Wales Audit Office (WAO) on the presentation and content of the 2013/14 Improvement Plan.

The Chief Executive reported that a review of the current priorities and sub priorities had been undertaken for 2014/15. The draft Improvement Plan had been presented for Member consultation by Overview and Scrutiny Committees (except Corporate Resources) and the final draft Plan 2014/15 presented to Cabinet for approval on 17 June 2014. The final published Improvement Plan would be available as a web based document published on the website by end of June 2014.

The Chief Executive and Policy Performance Manager delivered a presentation on the following main points

- choosing the in-year priorities
- Plan format
- priorities for 2012-2017
- following the Plan
- benefits of the approach so far
- 2013/14 Improvement Plan
- 2014/15 Improvement Plan
- positive feedback
- next steps

The Chief Officer (Community and Enterprise) was invited to present on the priorities for Housing and Fuel Poverty. She referred to the relevant sub priorities

and explained the rationale, targets to be met in 2014/15, and risks to be managed.

The Chief Officer (Education and Youth) reported on the Priority for Skills and Learning. He referred to the sub priority of modernised and high performing education and commented on the need to continue to achieve better learning opportunities, outcomes and wellbeing for all children and young people. He also explained the need to support the national Welsh Government priorities to improve literacy and numeracy outcomes, make better use of education resources, and maintain effective and challenging governance arrangements in schools. He commented on the work to be undertaken in 2014/15 and risks to be managed.

Councillor Hilary Isherwood congratulated the Cabinet Member for Housing and the Chief Officer (Community and Enterprise) on the initiative to deliver energy efficiency measures to Council homes, and on the conversion of homes in the Aston and Mostyn areas from oil to gas.

Councillor Rosetta Dolphin also thanked the Cabinet Member and Chief Officer for the energy efficiency measures to be carried out in Flintshire and for the extra care units which had been provided in Holywell and Flint.

Councillor Clive Carver referred to the draft Improvement Plan which was appended to the report and queried the accuracy of the email address on page 70. He also raised a question around the availability of the Plan in an alternative language on request. The Policy and Performance Manger said she would check the email address and advised that the Plan would be translated and published in Welsh in accordance with the Welsh language policy and made available in other languages as required.

Councillor Robin Guest commented on changes which were made to the 2013/14 Improvement Plan following adoption at County Council last year. He sought assurance that there would be no changes to the 2014/15 Improvement Plan if formally adopted by Council at today's meeting. The Chief Executive stated that there would not be any changes in the Plan during the year unless specifically agreed by Members. He explained that the detail of each of the sub priorities would change as it was a "living" document but reiterated that there was no intention to change the Plan unless a significant issue occurred during the year.

Councillor Mike Peers welcomed the improved format of the Plan. He commented that Appendix 1 had not been included when the final draft had been presented to Cabinet for approval and that Appendix 3A may be replicated in the Annual Report. Councillor Peers referred to the reference to future funding around the Housing Revenue Account (HRA) on page 39 and asked that this be reviewed to provide greater clarity for the general public. He also commented on the managing of risks and asked how these would be monitored, citing the WHQS by 2020 as an example.

Councillor Peers raised further queries around progress and investment in the eight Town Centre Masterplans to meet local priorities and need and asked who would deliver and monitor the programme. He asked further questions

around street lighting and town centre repairs. Referring to the sub-priority of fuel poverty and the need to install energy efficient measures into Council homes, Councillor Peers expressed the view that more detail was needed on the changes across Flintshire not just Deeside. In response to the concerns and questions raised by Councillor Peers, Officers provided more detail around the monitoring of housing contractors and the stipulations around the Deeside Renewal Grant.

Councillor Alison Halford expressed concerns on the use of mobile classrooms and the challenges faced by schools due to long term use. The Chief Officer (Education and Youth) advised that there had been progress in terms of the removal of mobile classrooms which were no longer required, however, the key priorities for investment in the 21st Century Schools programme focussed on situations where a major change in the quality of education for children could be achieved.

Councillor Richard Jones referred to the 2013/14 Improvement Plan and raised a number of concerns that changes had been made following adoption by Council. He expressed the view that once agreed the 2014/15 Plan should not be changed during the year. The Chief Executive emphasised that the Improvement Plan 2013/14 itself had not been changed in year, however, the supporting performance measures had been published at a mid-year point as this had been the first year of the new planning format. This year the Plan and the measures were being published together. Should there be any need to amend the Plan in-year, an event which was not planned but might arise, the Plan would only be amended by formal member approval.

Councillor Aaron Shotton commented on the importance of the Plan in setting out the Council's priorities and aims for 2014/15. He referred to the past and future financial challenges for the Council and stressed the need to remain ambitious. He outlined the priorities concerning housing and economic growth and referred to the need to monitor progress in those specific areas.

Councillor Neville Phillips referred to page 67 of the draft Improvement Plan and commented that the asset strategy made no reference to the future of the Elfed High School, Buckley. The Chief Officer (Education and Youth) explained that planning work was ongoing with the Headteacher at the School and referred to issues around sustainability of Post 16 education. The Chief Officer also commented on the need to ensure continued provision for young people aged 11-16 going forward. He commended the work and commitment of the School Governing Body and said he would provide more detailed information in a written response to the Governors.

Councillor Hillary McGuill commented on the intention to share the plan and provide feedback to partners, workforce, public and businesses. She asked if there would be a facility for individuals to make comment when they viewed the Plan online and said that she would like to be able to see the remarks made. Officers explained that feedback would be provided mid-year and agreed to pursue the suggestion that individuals be given the opportunity to provide feedback online.

Councillor McGuill questioned the need to commission a further stock condition survey, commenting that one was undertaken two years ago. The Chief Officer (Community and Enterprise) explained that the previous survey had not covered 100% of the council housing stock. The current position was around 40-50% and work would be ongoing during the next few years to achieve the 100% target. She advised that the survey provided the opportunity to evaluate the investment required by the Council to bring all council housing stock up to the Wales Housing Quality Standard.

Councillor McGuill asked the Chief Officer (Education and Youth) whether consideration had been given to the use of modular construction in schools as an alternative to the cost of providing mobile classrooms. The Chief Officer confirmed that modular construction was used and cited use in new school build as an example. He stated that the Council would be further developing its expertise in this area.

Councillor Paul Shotton expressed his congratulations to the Chief Officer (Community and Enterprise) on the achievements around improved housing for tenants and on the Extra Care provision. He also expressed appreciation and support for the Young Entrepreneur Programme with the Flintshire Business Entrepreneurship Network and the continued development of the Communities First job clubs. He referred to the successful development of the library and heritage centre at Connah's Quay and the opening of the new Connects centre. In response to a comment from Councillor Shotton the Chief Executive agreed to provide statistics around the use of the Connects Centres in Flint and Holywell.

Councillor Hilary Isherwood raised a query concerning changes to planning and development policy concerning the application of developer contributions (S106 Agreements) and increased support for education. It was agreed that the Chief Officer (Education and Youth) would provide a written response to the question.

RESOLVED:

That the Improvement Plan 2014/15 be adopted.

10. REVIEW OF POLITICAL BALANCE

Members considered a report on the Council's political balance calculations following the by-election resulting in the election of Councillor Vicky Perfect.

RESOLVED:

That the revision to political balance as detailed in Appendix 2 to the report, be agreed.

11. ATTENDANCE BY MEMBERS OF THE PRESS AND PUBLIC

There was one member of the press in attendance.

(The meeting started at 2.00p.m. and ended at 3.30p.m.)

Chair

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **FLINTSHIRE COUNTY COUNCIL**

DATE: **TUESDAY, 9 SEPTEMBER 2014**

REPORT BY: **CHIEF OFFICER, GOVERNANCE**

SUBJECT: **REVIEW OF POLITICAL BALANCE**

1.00 PURPOSE OF REPORT

1.01 To review the Council's Political Balance Calculations following the by-election resulting in the election of Councillor D Roney.

2.00 BACKGROUND

2.01 The Local Government & Housing Act 1989 and the Local Government (Committees & Political Groups) Regulations 1990 contain rules to allocate committee places to the political groups in accordance with their strengths on the Council.

2.02 The statutory rules provide that:-

1. There must be no one group committees.
2. Where there is a majority group it is entitled to a majority upon every committee (this does not apply if the largest group does not have an overall majority).
3. The total number of seats allocated to each political group should be (in so far as is practicable) in the same proportion as those groups strengths upon the full Council.
4. Each committee should (so far as it is practicable) have the same proportional division between political groups as is represented upon the full Council.

2.03 On the 31 July 2014 a by-election was held for the Mostyn seat previously held by Patrick Heesom. Councillor David Roney was elected and subsequently joined the New Independents Group on the Council increasing its membership to 8 of the 70 current members.

3.00 CONSIDERATIONS

3.01 Attached as Appendix 1 is a table showing the revised calculations leading to the New Independents Group having an extra 2 committee places with both the Independent Alliance and Conservatives losing one committee place each.

3.02 As there have been no changes to the overall number of seats allocated to the Labour, Liberal Democrats and Independent Groups there is no need to alter the individual committee places allocated to those groups.

3.03 The fourth statutory rule listed in paragraph 2.02 means that the Independent Alliance Group should lose one of its three places on the Community Profile & Partnership Overview & Scrutiny Committee. With this place being reallocated to the New Independents Group that would leave the Conservative Group needing to lose one committee place to the New Independents Group. There are various possible options to achieve this and three are detailed in the appendices attached.

4.00 RECOMMENDATIONS

4.01 The Council is recommended to agree one of the possible options shown in Appendix 2 to reflect the change in the Council's political balance.

5.00 FINANCIAL IMPLICATIONS

5.01 None as a result of this report.

6.00 ANTI POVERTY IMPACT

6.01 None as a result of this report.

7.00 ENVIRONMENTAL IMPACT

7.01 None as a result of this report.

8.00 EQUALITIES IMPACT

8.01 None as a result of this report.

9.00 PERSONNEL IMPLICATIONS

9.01 None as a result of this report.

10.00 CONSULTATION REQUIRED

10.01 With the political Group Leaders and their deputies.

11.00 CONSULTATION UNDERTAKEN

11.01 With the political Group Leaders and their deputies.

12.00 APPENDICES

- 12.01 Appendix 1 – Calculation Table
Appendix 2 – Political Balance Options

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985
BACKGROUND DOCUMENTS

None

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POLITICAL BALANCE CALCULATION – AUGUST 2014

Group	Calculation	Number of Committee Places Group Entitled To
Labour	$31 \div 70 \times 177 = 78.385$	79
Independent Alliance	$10 \div 70 \times 177 = 25.285$	25
Conservatives	$8 \div 70 \times 177 = 20.228$	20
New Independents	$8 \div 70 \times 177 = 20.228$	20
Liberal Democrats	$7 \div 70 \times 177 = 17.7$	18
Independents	$6 \div 70 \times 177 = 15.17$	15
		177

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POLITICAL BALANCE - AUGUST 2014

APPENDIX 2

OPTION 1

	Labour 31 Members	Independent Alliance 10 Members	Conservatives 8 Members	New Independents 8 Members	Liberal Democrats 7 Members	Independents 6 Members	Total On Committee
Lifelong Learning OSC	7	2	2	2	1	1	15
Housing OSC	7	2	2	2	1	1	15
Corporate Resources OSC	7	2	1	2	2	1	15
Social & Health OSC	7	2	2	1	2	1	15
Environment OSC	7	2	1	2	2	1	15
Community Profile & Partnership OSC	7	3-2	1	4 2	2	1	15
Planning	9	3	3 2	2 3	2	2	21
Licensing	5	2	1	1	2	1	12
Audit	3	1	1	1	0	1	7
Constitution	9	3	3	2	2	2	21
Democratic	9	3	3	2	2	2	21
Pensions	2	1	1	0	0	1	5
Total to Group	79	26 25	24- 20	48 20	18	15	177

POLITICAL BALANCE - AUGUST 2014

OPTION 2

	Labour 31 Members	Independent Alliance 10 Members	Conservatives 8 Members	New Independents 8 Members	Liberal Democrats 7 Members	Independents 6 Members	Total On Committee
Lifelong Learning OSC	7	2	2	2	1	1	15
Housing OSC	7	2	2	2	1	1	15
Corporate Resources OSC	7	2	1	2	2	1	15
Social & Health OSC	7	2	2	1	2	1	15
Environment OSC	7	2	1	2	2	1	15
Community Profile & Partnership OSC	7	3	1	4	2	1	15
Planning	9	3	3	2	2	2	21
Licensing	5	2	1	1	2	1	12
Audit	3	1	1	1	0	1	7
Constitution	9	3	3	2	2	2	21
Democratic	9	3	3	2	2	2	21
Pensions	2	1	1	0	0	1	5
Total to Group	79	26	21	18	18	15	177

POLITICAL BALANCE - AUGUST 2014

OPTION 3

	Labour 31 Members	Independent Alliance 10 Members	Conservatives 8 Members	New Independents 8 Members	Liberal Democrats 7 Members	Independents 6 Members	Total On Committee
Lifelong Learning OSC	7	2	2	2	1	1	15
Housing OSC	7	2	2	2	1	1	15
Corporate Resources OSC	7	2	1	2	2	1	15
Social & Health OSC	7	2	2 1	4 2	2	1	15
Environment OSC	7	2	1	2	2	1	15
Community Profile & Partnership OSC	7	3 2	1	4 2	2	1	15
Planning	9	3	3	2	2	2	21
Licensing	5	2	1	1	2	1	12
Audit	3	1	1	1	0	1	7
Constitution	9	3	3	2	2	2	21
Democratic	9	3	3	2	2	2	21
Pensions	2	1	1	0	0	1	5
Total to Group	79	26 25	21 20	18 20	18	15	177

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FLINTSHIRE COUNTY COUNCIL

REPORT TO: **FLINTSHIRE COUNTY COUNCIL**

DATE: **9 SEPTEMBER 2014**

REPORT BY: **CHIEF EXECUTIVE**

SUBJECT: **REFORM OF LOCAL GOVERNMENT AND THE
PUBLIC SERVICES**

1.00 PURPOSE OF REPORT

1.01 To review the current consultation papers of Welsh Government on the reform of local government and the public services and to agree a formal Council response.

2.00 BACKGROUND

2.01 At the beginning of July the Welsh Government published a trio of policy papers on the future of governance and the public services in Wales under the banner of Devolution, Democracy and Delivery.

2.02 The first, entitled *Powers to Achieve our Aspirations in Wales* responds to the UK Government's Commission on Devolution in Wales (known as the Silk Commission after its Chair). The second, *Improving Public Services in Wales*, sets out a programme of reform for public services in Wales. The third, *Reforming Local Government*, a white paper published as a formal consultation document, sets out the options for an intended reorganisation of local government. The second and third papers are direct responses to the Commission on Public Services Governance and Delivery (known as the Williams Commission after its Chair) which published its findings report in January.

2.03 The consultation period on the latter closes on 1 October. During the consultation period the Welsh Local Government Association (WLGA) has published a separate consultation paper on the concept of Combined Authorities as one solution to local government reform.

2.04 All four papers are appended to the report as reference material for a Council debate. Members are invited to read through the White Paper and specifically the structured consultation questions to prepare their thoughts for the debate.

3.00 CONSIDERATIONS

3.01 Of the trio of Welsh Government policy papers two are statements of intent and provide the wider context for specific proposals for the reform of local government and the public services. This report concentrates on *Reforming Local Government* which is a formal White Paper issued for consultation.

3.02 A presentation will be made at the Council meeting with an outline response to the consultation questions to inform and prompt debate. As an initial commentary on the White Paper:-

- The Paper does not present a compelling and reassuring vision for the future role and value of local government and local governance
- The fundamental questions which require answers for a fully informed debate on a local government reorganisation are arguably (1) what will be the benefits of a reorganisation (2) how will the transition costs of a reorganisation be funded (3) what are the aspirations for localism and thereby the future roles, functional basis and freedoms to operate for local government and (4) how will local government be funded sustainably, and to what level, in the longer-term as a basis for planning?
- The Paper is limited on its assessment of and proposals for wider public service reform and is too concentrated on local government. Parallel proposals for town and community councils as the most local form of democracy, and the pivotal role of local government within cross sector partnership working and joint service delivery, are absent. A total picture of planned public services reform is needed for full and informed debate
- The Paper is too concerned with the processes of internal governance and accountability and gives insufficient emphasis to the benefits and impact on community life of a lesser number of larger councils
- The work of the Public Services Commission leads with a negative set of conclusions and undervalues the strength and performance of local government, where it works well, as a model to build upon

3.03 The Paper sets out the legislative process for two intended bills for voluntary mergers and enforced mergers respectively. The Welsh Government will be publishing a 'prospectus' with details of the process and incentives for councils who wish to submit a business case in favour of a voluntary merger over the winter months. Welsh Government should be expected to answer the types of fundamental

questions posed above in this prospectus for councils to take an informed position on the benefits and the risks of opting for voluntary merger. No council in Wales has yet made a statement of intent to pursue voluntary merger.

3.04 The Welsh Local Government Association has published a parallel consultation paper on the concept of Combined Authorities. The concept is not presented as a direct alternative to local government reform but as a contributory option.

3.05 Informal feedback shared with the WLGA in the development of this concept and repeated here to inform debate follows:-

- a combined authority geographical area has to have coherence as a demographic and economic entity to work
- replication of the English model would require an urban centric model. This is not easily transferable to Wales by nature of its population dispersal and the absence of a principal conurbation
- the benefits of the English model are more strategic - particularly economy, transport and housing planning - and less so service integration and cost efficiency gain
- the English model capitalises on the combined use of significant national government funds for infrastructure and economy directly or via secondary routes e.g. LEPS for their success. Wales does not have a comparable model of national government investment availability, flexibility and innovation in contrast
- based on the above point the concept is not a direct alternative to meet the (1) cost efficiency and (2) performance improvement levelling objectives suggested by the Public Service Commission and pushed for by Welsh Government
- a combined authority model would add pace and structure to advanced collaboration/service integration but is not in itself required for this to happen voluntarily
- a combined authority model could facilitate a worthwhile expansion of services where forms of regional consortia are already in development both strategic (e.g. economic development, use of European Funds, transport planning both infrastructure and services) and service integration and provision (e.g. specialist education support, social services commissioning)
- North Wales is not a single entity with the North East being annexed to the North West England economy and not the North

West Wales economy

- six councils existing underneath a combined authority could add bureaucracy and cost. Major service integrations would be needed to make significant cost efficiencies to match the cost saving assumptions of an LGR. Sub-regional action on service integration arguably has a better history than full regional integrations of which there are few true examples in Wales. Full service integration could lead to remote leadership and management by virtue of having to cover such a large geographical area. For this reason sub-regional structures are either likely to be required at the outset or would inevitably develop - possibly adding layers and cost.

4.00 RECOMMENDATIONS

- 4.01 Council is recommended to agree a formal response to both the Welsh Government on its paper *Reforming Local Government* and the Welsh Local Government Association on its paper *An Alternative Approach to the Williams Report: The Creation of Four Combined Authorities in Wales?*

5.00 FINANCIAL IMPLICATIONS

- 5.01 None directly.

6.00 ANTI POVERTY IMPACT

- 6.01 None directly.

7.00 ENVIRONMENTAL IMPACT

- 7.01 None directly.

8.00 EQUALITIES IMPACT

- 8.01 None directly.

9.00 PERSONNEL IMPLICATIONS

- 9.01 None directly.

10.00 CONSULTATION REQUIRED

- 10.01 None directly.

11.00 CONSULTATION UNDERTAKEN

- 11.01 The Council Leadership, Chief Officers and senior managers have been consulted informally in the preparation of this report and the

thinking it advocates in response to the national consultations.

12.00 APPENDICES

- 12.01 Appendix 1 - Powers to Achieve our Aspirations in Wales
- Appendix 2 - Improving Public Services in Wales
- Appendix 3 - Reforming Local Government
- Appendix 4 - The Creation of Four Combined Authorities for Wales
- Appendix 5 – Combined Authorities: Frequently Asked Questions

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

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Llywodraeth Cymru
Welsh Government

www.cymru.gov.uk

Devolution,
Democracy and
Delivery

Powers to achieve our
aspirations for Wales

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Foreword by the First Minister for Wales, Rt Hon Carwyn Jones AM



2014 marked the fifteenth anniversary of democratic devolution in Wales. During those fifteen years our governance arrangements have been transformed. The Assembly in 1999 was relatively powerless, an elected body primarily tasked with supervising limited executive powers. By 2014, working alongside a Welsh Government making and implementing policy and proposing legislation, it has become the fully-fledged legislature our country needs. This fundamental change came about in response to a decisive vote of confidence by the Welsh electorate in 2011.

Wales has had primary legislative powers for barely three years. In that period we have delivered an ambitious legislative programme, ranging from major reform of social services to ground-breaking measures like the Human Transplantation (Wales) Act 2013. In seeking broader powers for the Assembly, we will build on our expertise and capacity which has grown substantially since 2011. This progress means that we can look forward with confidence to assuming new responsibilities.

Yet, despite this very rapid evolution, the devolved institutions are still constrained by a set of outdated governance arrangements that hark back to the days of executive devolution. In its second report, the UK Government's Commission on Devolution in Wales (the "Silk Commission") recommends a new model of devolution, to enable us to deliver fully for the people of Wales. Moving to a Reserved powers model, which the Commission recommends, is not just a technical change. It would create a more coherent constitution for Wales within the UK, putting all the devolved administrations on the same footing. It would also reduce the uncertainty and complexity in the current system – which is a real barrier to delivery.

In responding to the Commission's report, the Welsh Government is setting out our case for broader powers, on the reserved model, so that we can take forward even more effectively our programme of change to strengthen Wales and Welsh public services. We must be able to promote our goals for health, for the environment, for the economy and transport, and for our communities, unfettered by uncertainty and confusion about our powers.

We are seeking broader powers, not to pursue short term initiatives, but to promote Wales' well-being for the long term. In coming weeks we will be publishing our Future Generations legislation which will set out shared goals for our country, based on a national conversation about the Wales we want to see. Evidence from other successful small countries and regions around the world confirms that this shared purpose is the key to successful change.

We will also shortly be publishing our plans for the next phase of reform of our public services. These plans have been developed in tandem with our proposals for further devolution. At their heart is our vision for public services which informs our proposals for reformed governance at national and local level. The broader powers we are seeking will enable us to continue with our twin track approach: both improving public services and supporting people to improve their own lives, through our national goals for the sustainable development of our country.

Devolution allows us to set a distinct agenda for Welsh public services, tailored to the needs of Wales, with democratic accountability and leadership nationally and locally. This means building a new relationship with citizens in which services help people to support their own well-being to the maximum extent possible. We are responding to austerity not by withdrawing from public services, but reshaping them. This is the right approach because it empowers people and makes the best use of resources to promote well-being. Broader powers will give us the maximum flexibility to shape the public services Wales wants and needs.

So we support the direction of travel proposed by Silk. In some areas, including critical ones like energy and public health, we believe that the Commission has not gone far enough, and we will continue to make that case. In any event, the detailed provisions in the next Wales Bill will need to take into account potentially much wider changes to the UK's devolution settlement following the Scottish referendum, and we will be ready to consider whether these would be right for Wales. But Silk puts us on the right path, and this document explains why that is so.

Welsh devolution in its current form is over cautious, over complex and outdated. The Welsh Government stands ready to work with the current and future UK Governments to replace it with the reformed constitution Wales needs.



Rt Hon Carwyn Jones AM
First Minister of Wales

Introduction

1. This statement sets out the Welsh Government's vision for the governance of Wales within the United Kingdom. It sets out our constitutional aspirations in the context of our aspirations for Wales and for Welsh public services.

2. The first part of the statement covers broad issues of constitutional structure, the democratic process and financial reform. The second part outlines how more extensive powers, for the Assembly and the Welsh Government, will enable us to achieve our goals for the people of Wales today, and for the well-being and prosperity of future generations. The third part sets out the timetable we envisage for the implementation of this programme of constitutional reform.

3. Constitutional reform is part of a wider programme designed to get powers, structures and relationships right at every level of government in Wales. In seeking these changes, the Welsh Government's aim is to give the National Assembly and the Welsh Government the ability to legislate in the interests of Wales, meeting our specific needs, and building on the substantial gains made in experience and capacity since the first stage of democratic devolution began in 1999. So the statement sets out the policy direction sought by the Welsh Government, and the key principles that will influence our approach to discussions with the UK Government about the development of Welsh devolution, informed as we are by the Silk Commission's report published earlier this year.

4. The Welsh Government welcomes that report and supports the direction it identifies for achieving a simpler and clearer constitutional settlement for Wales. We welcome too the broad political consensus on which the Commission based its work, and which has been reflected in Assembly debate on the report. The changes required are significant, and will require careful planning. But in the context of the distance travelled since 1999, and the growth in legislative and policy expertise of the devolved institutions, these changes are evolutionary rather than revolutionary. They represent the next logical step in the democratic journey started in 1999.

Powers to achieve our goals over the long term

5. The past fifteen years has been a period of rapid constitutional and organisational change. We have had three different models of devolution, acquiring full legislative powers only in 2011. Since then, we have delivered 14 Assembly Acts, detailed in the Box opposite, addressing key issues for Wales in health, social services, education, and local government.

Acts of the National Assembly for Wales 2012-14

The Education (Wales) Act 2014 to strengthen and enhance school standards, improve local accountability and reduce complexity and bureaucracy;

The Social Services and Well-being (Wales) Act 2014 to help integrate health and social services, and better support vulnerable people and their carers;

The Control of Horses (Wales) Act 2014 to enable local authorities to deal with the harm that the nuisance of fly grazing causes to communities in Wales;

The National Health Service Finance (Wales) Act 2014 to allow the NHS in Wales greater financial flexibility to manage their funding over a rolling 3 financial year period;

The Further and Higher Education (Governance and Information)(Wales) Act 2014 to enhance the autonomy and decision-making abilities of Further Education Institutions;

The Active Travel (Wales) Act 2013 to improve routes for walkers and cyclists;

The Mobile Homes (Wales) Act 2013 to help improve regulation of the industry so that conditions on mobile home sites are improved and the rights of residents are better protected;

The Human Transplantation (Wales) Act 2013 to increase the number of organs and tissues available for transplant by introducing an opt-out donation system;

The Local Government (Democracy) (Wales) Act 2013 to improve the democratic accountability in local government, including in respect of the pay of senior officers;

The Public Audit (Wales) Act 2013 to provide for more open and effective governance of the Auditor General for Wales (AGW) and the Wales Audit Office (WAO) while protecting the AGW's independence;

The Food Hygiene Rating (Wales) Act 2013 to place a duty on food businesses to display their food hygiene rating at their establishment;

The School Standards and Organisation (Wales) Act 2013 to help raise school standards, including streamlining funding and improving governance and accountability;

The Local Government Byelaws (Wales) Act 2012 to simplify procedures for making and enforcing local authority byelaws;

The National Assembly for Wales (Official Languages) Act 2012 to provide that the Welsh and English languages are treated on a basis of equality in proceedings of the National Assembly for Wales and in the discharge of functions of the Assembly Commission.

6. In exercising these enhanced powers, we have developed much stronger expertise in policy and legislation. In addition, the period since 1999 has seen a substantial expansion of executive responsibilities, with the successful devolution of key services such as fire and rescue and the Children and Family Court Advisory and Support Service. As a result, both the Assembly and the Welsh Government are very different organisations from those that existed in 1999, with greatly enhanced responsibilities and capacity. Against this background, the direction set out in the Commission's report represents a logical evolution which, with a fair transfer of resources to cover new responsibilities as discussed below, we can manage with confidence.

7. Our guiding principle in the exercise of our powers must be the sustainable development of Wales, for the long term well-being of our people and communities and the stewardship of our environment. And we seek to do this in a particular way: since 1999 we have established a track record of working collaboratively with partners in public services, business and the third sector to secure better outcomes for all.

8. Through the Future Generations legislation about to be introduced into the Assembly, we will put our governance in a stronger sustainable development framework, so that all partners have clarity on our nation's shared long term goals. These goals build on a national conversation about the Wales we want, and will be subject to full democratic scrutiny by the Assembly. We need the clarity and coherence of powers advocated by the Silk Commission to enable us to achieve these goals to full effect.

9. A reformed devolution settlement will allow us to continue to strengthen and simplify the legislative framework for our public services, supporting the reform agenda for these which we will publish later this month. The current largely pre-devolution framework which we inherited is over complex, and we are tackling this over time. But broader powers will give us a new set of tools not just to improve services in line with our public service values, but to take action to help people improve their lives, to strengthen communities and reduce inequality.

Part 1: Constitutional structure, the democratic process and financial reform

Wales within the UK and Europe

10. The Welsh Government is clear that the interests of Wales will be best secured in a strong United Kingdom within the European Union. The benefits of EU membership, including access to the internal market, are hugely important to Wales. We have made clear our preference for Scotland remaining within the UK alongside us.

11. We are equally clear that the United Kingdom will best serve the interests of its citizens if it is grounded on general recognition of the principle of devolution. The case for recognising and extending devolution is based on democracy and delivery. The National Assembly is directly representative of, and accountable only to, the people of Wales. Democratic devolution, replacing the administrative devolution that existed before 1999, enables the Welsh Government to make policy and propose legislation tailored to the needs of Wales, with direct accountability to the Assembly.

12. For this reason, the Welsh Government believes that decisions on matters affecting Wales should be made in Wales, unless there are strong practical or constitutional reasons for reservation to the UK Parliament and Government. This points to both broadening the current settlement and restructuring it on the reserved powers model.

13. There is broad consensus in Wales that “reserved” is the right model. The current conferred powers model in effect grafts a legislature with limited powers onto a set of executive powers originally designed to be exercised by a Secretary of State. As experience has shown, this structure is a recipe for time-consuming arguments between the Welsh and UK Governments about the devolution boundary. It has led to two UK Government referrals in two years to the Supreme Court, challenging the Assembly’s competence to legislate in relation to Welsh local government and agriculture. It is time to move on from this uncertainty and complexity.

14. Most importantly, the reserved powers model is appropriate to a broad devolution of powers, with a presumption of legislative competence for the Assembly unless something is specifically excluded. That is the right model for a democratic Assembly that has strong public support to legislate for Wales, as demonstrated by the referendum in 2011.

15. Reconstructing the Welsh settlement in this way will create coherence with Scotland and Northern Ireland and thus simplify the UK’s constitutional arrangements. Following the Scottish referendum in September this year, it is clear that those arrangements will be subject to a fundamental review, whatever the outcome. Wales will have a strong stake in that process, and the Welsh Government will contribute on the basis of the reform direction set out in this document.

Reserved and devolved powers

16. In a devolved United Kingdom, the fundamentals of the Union are the Crown, Defence and Foreign Affairs, and Macro-economic policy. In addition, our commitment to the welfare state and equal treatment for our citizens requires the pooling of resources and risks on pensions and social security benefits, and securing the effective operation internally of the UK economy and labour market. These are matters to be addressed at “the centre”. Over and above these core areas, there are very few areas of public policy for which the UK Government is or should be responsible across the whole of the state.

17. The devolution arrangements for Wales, for example in relation to policing and justice, should recognise this reality. So, in our evidence to the Silk Commission, we explained why the presumption of devolution set out above applies as much to policing as to other public services. However, given the scale of Wales and the extent of our social and economic integration with England, further devolution should not necessarily mean “stand alone”. There will be areas where both governments agree that the most cost effective and practicable solution is to share systems, as currently happens, for example, with pay negotiations for NHS staff. And where legislative competence is devolved (even after full implementation of the Silk proposals), there will still be occasions where it makes sense for Parliament to legislate on behalf of Wales, subject to the understanding that in such cases it will legislate on these matters only with the Assembly’s consent. This is an important part of the devolved constitutional settlement which serves Wales well, and should continue in a new settlement.

Inter-governmental relations

18. Given the importance we must attach to working effectively with the UK Government and Parliament, we welcome the emphasis which the Silk Commission placed on inter-governmental relations. Good inter-governmental working should be at the heart of the governance of the United Kingdom. In order to deliver most effectively for the people of Wales, we will continue to strive for effective working relationships with the UK Government, at Ministerial and official level.

19. The Silk proposal for a Welsh Inter-governmental Committee (WIC) to oversee matters of mutual importance to the Welsh and UK Governments is an interesting and potentially valuable innovation. Careful thought will need to be given to how this might fit within the current inter-governmental arrangements operating under the aegis of the Joint Ministerial Committee, which represents all four administrations within the UK. Wales however has its own particular needs, and experience has shown that there is an important bilateral agenda which could be usefully taken forward in a Wales focused inter-governmental Committee. This would enable sustained Ministerial oversight of cross-border matters, and ensure on-going review of the devolution settlement as needed, for example, and as suggested by the Commission, in respect of civil contingencies responsibilities where we are clear that the allocation of statutory responsibilities should reflect the reality that, in practice, the Welsh Government takes the lead for Wales in such matters. We believe that the transfer of the Ministerial functions in Part 1 of the Civil Contingencies Act 2004, with full transfer of the necessary resources, is the most effective way of clarifying accountability, and we see the WIC

as a suitable mechanism for progressing this ahead of discussions on the next Wales Bill. We agree with the Commission that this Committee could be established without delay and look forward to the UK Government's proposals in relation to it.

20. Provided there is progress with the WIC, we are not convinced of the need for a statutory Code of Practice to regulate inter-governmental working. The current arrangements, underpinned by the Memorandum of Understanding between all four administrations, already provide a comprehensive code of practice to underpin Ministerial and official discussions. We believe that the current mechanisms, strengthened by a bilateral WIC and by the new Joint Exchequer Committee which will oversee the operation of devolved taxes in Wales, would offer a robust structure for the next phase of devolution.

The Civil Service

21. Both the WIC and the Joint Exchequer Committee will need strong civil service support. The Welsh Government agrees with the Silk Commission's view that a single Home Civil Service, supporting the three Great Britain administrations, aids effective inter-governmental working; we would not support the creation of a separate Welsh Civil Service. The current arrangements, combining our staffs' membership of the Home Civil Service with extensive devolved managerial flexibility, are fully compatible with our plans to continue to develop the Welsh public service as a whole, as part of our public service reform programme. By investing in our regional offices we have spread civil service employment opportunities across Wales.

Financial reform

22. The proposals in the Silk Commission's second report also need to be seen in the context of the financial reform flowing from its first report, published in 2012. This is a key part of modernising our devolution settlement. The new financial framework created by the Wales Bill 2014 will give the Assembly and the Welsh Government greater financial flexibility and enhanced policy tools to respond to the needs of Wales, including much needed infrastructure investment. The Wales Bill provides for:

- the introduction of new Welsh taxes to replace UK stamp duty land tax and UK landfill tax;
- powers to create new devolved taxes on a case by case basis;
- borrowing powers alongside tax devolution (i) for capital investment (up to £500 million in total) and (ii) to manage short term budgetary fluctuations arising from tax devolution (also up to £500 million); and
- partial devolution of income tax, if supported by the people of Wales in a referendum.

23. In a strong United Kingdom, devolution must be underpinned by financial arrangements that are fair to all parts of the Union. It is a long standing principle that resource allocation within the UK should include a fair measure of redistribution, in recognition of the differing needs and resources of each area. It is now widely accepted that the current funding methodology used - the Barnett formula - is no longer appropriate for Wales. The Joint Statement on funding reform issued by the Welsh Government and UK Government (October 2012) is an important step forward to addressing this concern, establishing a new review process to be undertaken in advance of each spending review. It is however too soon to judge whether this will deliver the necessary reform over the longer term.

24. While disappointed that the full package recommended in the Commission's first report is not being implemented by the UK Government, the Welsh Government welcomes the significant progress being made on financial reform. It provides for an important rebalancing of the funding arrangements, and is an appropriate response to the maturing of devolution within the Union. We remain open to consideration of potentially wider financial reforms as devolution across the UK continues to mature and evolve.

Effective democratic scrutiny

25. As the Silk Commission's report demonstrates, effective scrutiny of the exercise of power is at the heart of all democratic institutions. The Welsh Government fully supports a robust scrutiny process in the Assembly. As we look to the future with enhanced legislative powers, it will be essential to take into account the workload and expertise of the Assembly, and how to increase its capacity in order to maintain and improve standards of scrutiny.

26. In fulfilling this scrutiny role, the Assembly has come a very long way since 1999, as it has adapted to the changes in powers and structures. The first Assembly had a far narrower remit than the current Assembly, let alone the Assembly of the future. Then, the scrutiny role of the 60 Assembly Members related to secondary legislation and executive powers. In thinking about a new Government of Wales Act in the next Parliament, the implications of broader powers for the capacity of the Assembly will have to be built in to our consideration at each stage. Capacity will have to be addressed holistically in the wider context of Wales' political representation at Westminster and in local government. The key issue is to consider how the people of Wales should be most effectively represented at each level of government, to ensure that the views of the Welsh public are heard and acted upon by their elected representatives.

27. The Silk recommendations relating to the workings of the Assembly are for the Assembly itself to consider. The Welsh Government does however support the removal of the statutory duties placed on the Secretary of State by the Government of Wales Act 2006. These place the Secretary of State in a supervisory role which is now out of date. There is no similar role for the Secretary of State for Scotland or Northern Ireland, and with full legislative devolution in Wales, this role is no longer appropriate.

28. We support the Silk Commission's vision of an Assembly with enhanced legislative powers and with effective capacity to scrutinise the Welsh Government so that we deliver the best policies and legislation for our citizens.

Costs

29. The expanded legislative competence we are seeking for the Assembly would carry wider executive responsibilities for the Welsh Government. It will be crucial for the two Governments to negotiate a fair budget transfer of both running costs and programme budgets to go with these new responsibilities. We emphasised this in our evidence to the Silk Commission and they have endorsed this principle.

30. In our evidence we noted that past experience suggests that negotiations seldom result in transfers being fully funded. We suggested that independent arbitration might be needed, and continue to believe that a mechanism should be available, if necessary, should disputes arise which might otherwise delay devolution unduly.

31. As set out in Part 3, we support the Commission's recommendation that the constitutional reforms they recommend should be enacted in time to be operated by the Assembly that will follow the 2021 election. This timetable will allow time for proper planning and phasing of the necessary changes, including negotiating the relevant budget transfers.

32. We welcome the Commission's staged approach to further consideration of the implications of devolving the probation and prison services, and the wider justice system. The later reviews they envisage (by 2018 and 2025) will allow for a detailed analysis to be agreed jointly by the two governments. Given the pressures on our budget, all additional responsibilities will have to be planned for very carefully. On the Silk timetable, and given the separate consideration of the criminal justice system, the reforms we are calling for represent a manageable evolution of our current responsibilities.

Part 2: Powers to achieve our aspirations for the long term

33. This section provides a broad overview of key achievements since 1999, and sets out how broader powers, as recommended by Silk but going further in some areas, will enable us to deliver our ambitions for Wales.

Natural Resources

34. Wales has an abundance of natural resources – deep ports, good conditions for renewable energy both on land and at sea, high-carbon soils, and dramatic landscapes. Used well and managed to ensure their resilience, these resources provide an enduring and distinctive foundation for our economy and society. Through taking decisions in Wales about the use of these resources, and by managing them as an asset that can deliver multiple benefits, we will be able to ensure the greatest return for the people of Wales both now and in the future.

35. Last year, we established Natural Resources Wales (NRW) to deliver an integrated approach to the use of our natural resources. In the current legislative programme, we will introduce an Environment Bill which will begin to reform and simplify the existing complex legislation in order to strengthen NRW's ability to deliver sustainable use of our land, water and air.

36. We have already shown what is possible as a small, well-connected, modern nation. We have been able to give leadership to local authorities and communities to transform our recycling performance to become the best in the UK, and to drive multi-million pound investment in modern waste facilities. We have invested significantly in flood risk management, taking innovative approaches wherever possible to work with the natural environment rather than against it. We have set a clear planning and regulatory framework for the delivery of renewable energy that has seen a capacity increase of nearly 50% over the past 3 years. We have worked with energy developers to ensure that their investment supports communities and jobs in Wales.

37. Additional, clearer, powers, as proposed in the Silk report's recommendations, will provide fresh opportunities to realise our goal of making 'green growth' a key driver for Wales' future prosperity. Consistent powers over water and sewerage as Silk recommends, aligned with the Welsh border, will enable us to manage these vital resources and infrastructure as a whole, making sure the regulatory regime is fit for Wales' needs and ensuring we reap the long-term benefits of water as an increasingly scarce commodity.

38. The extension of existing responsibilities for marine licensing and conservation functions to the offshore area, to match those for marine planning and fisheries, will simplify the marine planning process and encourage an integrated approach to how we manage our marine resources and stimulate 'blue growth'. Additional responsibilities for energy consenting will allow a simplified and streamlined approach to development and regulatory consents that delivers maximum value for Wales. We welcome the direction set by Silk but believe the case for a 350 MW threshold has not been made. This would create complexity and uncertainty and we remain convinced that full consenting powers, for all projects except nuclear, would provide the coherence and certainty we need to fully deliver our Green Growth agenda.

Health and Well-being

39. Powers in relation to health and social care services are already devolved and we agree with the Commission that no changes are needed in this area. But there is a much wider public health agenda, which we addressed in our evidence, and where we see a need to go further than Silk recommends, for example in relation to alcohol licensing.

40. Promoting a healthier Wales is one of the core purposes of Welsh governance, and as part of this we remain focussed on tackling health inequalities. The health of people in Wales is improving, but not fast enough. Many lives are still blighted or cut short by preventable illnesses. Factors such as persistent smoking rates, harmful alcohol consumption, high levels of obesity and low levels of physical activity, mean new challenges in improving health. We have ambitious plans to accelerate the pace of improvement and share it more equally.

Broader powers will allow us to do more, building on the progress already made in legislating for health, and supporting our programme of public services reform.

41. Wales has led the way in this area. We were the first UK country to vote in favour of a ban on smoking in public places, we have acted to prevent the use of sunbeds by young people, and introduced a mandatory food hygiene ratings display scheme. The Public Health Bill under development will go further in legislating for preventative actions which will result in significant long-term benefits to individuals, as well as relieving pressure on the health service. The Future Generations legislation will deliver on our commitment to a 'Health in all policies' approach, and will require public services in Wales to contribute to healthy, thriving communities, a healthy environment and a vibrant culture.

42. In seeking broader powers, we want to remove legislative barriers to further action to promote a healthier Wales. The Licensing Act 2003 is a good example – this non-devolved legislation prevents local authorities from taking health into account in licensing decisions. We see no reason why this area should be reserved in our reformed settlement. Experience from Scotland demonstrates that licensing authorities would support our plans to reduce the density of alcohol outlets, and control over licensing could assist us in taking forward our proposal to introduce minimum alcohol pricing which is a key policy action in reducing alcohol related harm.

43. Broader powers will help us to protect vulnerable people, by enabling more effective action across public services. The police in Wales collaborate effectively with other public services in our prevention and protection agenda in relation to children and young people and vulnerable adults. But when we have tried, through our Social Services Bill (now the Social Services and Well-being (Wales) Act 2014) and draft Future Generations legislation, to put this collaboration on a statutory basis, there have been delays in getting the necessary consents from the UK Government. We welcome the Commission's recognition of this problem, and their recommendation for a presumption of prompt consent: our aim is to achieve a settlement that minimises the need for consent on these issues.

Economy, Transport, Infrastructure

44. The Commission's recommendations for enhanced financial powers in their Part 1 report, discussed above, will give us valuable levers to support economic growth and increase our investment in key economic infrastructure such as transport and communications. Beyond this, the Commission recommend no changes in economic powers, but they make significant proposals for change in transport, which we support.

45. Devolution has enabled us to shape a strong and distinct agenda for Wales to support growth and jobs. It gives us the ability to better direct growth to drive our economy. It enables us to better tailor policies to meet local needs, and to be more active and accountable. It provides a strong basis for delivering long term growth, whilst enabling a flexible approach to respond to ongoing changes in the economy.

46. Devolution enables fresh thinking on how we align the powers and levers within our control. It enables us to develop a more strategic approach to economic development, joining up the levers at our disposal, to provide the conditions to enable the private sector to flourish. It provides more certainty and confidence in a sustainable funding stream to enable investment, jobs and growth.

47. There are also significant benefits from working directly with our partners and with business itself, with simplified decision-making, greater accountability and a more responsive approach across the Government. The economic downturn brought stakeholders together in a new spirit of partnership, through the Economic Summits that gave rise to key initiatives such as Re-Act and Jobs Growth Wales. That partnership approach remains strong, as does the ability of companies to develop effective communications with decision-makers, as shown by the anchor companies programme.

48. On transport, the Commission has supported our proposals for devolution of ports policy, and bus and taxi regulation. Their recommendations for devolution of speed and drink drive limits, again reflecting our evidence, will give us enhanced powers to promote road safety, which is a priority for us.

49. On rail, we welcome the Commission's support for further devolution which we are progressing with the UK Government now and expect to proceed to a timetable in advance of the wider Silk proposals, subject to a fair financial settlement.

50. Transport is an enabler for economic growth and crucial in providing access to jobs and services wherever someone lives, but transport also has an important role to play in supporting healthier communities. We have already legislated to strengthen that role through the Active Travel (Wales) Act 2013, which aims to deliver a step change in levels of walking and cycling in Wales.

51. Further devolution will enhance our ability not just to improve the transport system in Wales, but to do so in a way that maximises the contribution of better transport connectivity to the health, well-being and prosperity of people and businesses.

52. The Commission makes no recommendation on the Community Infrastructure Levy (CIL); we will continue to make the case for devolution in order to give us the powers to tailor a CIL charge to assist in delivering local and strategic infrastructure, and support our distinct approach to development planning. The devolution of tax powers in the current Wales Bill has strengthened this case.

Culture Sport and Broadcasting

53. Culture, including our arts and heritage, and expressed through our two national languages, is central to devolution. In addition to the practical benefits culture brings in terms of enriching education, supporting life-long learning and community regeneration and underpinning tourism, it helps to shape and communicate shared values and senses of identity. It is therefore important to the self-confidence and capacity not only of individuals but also of communities, to meet future challenges. We are working to widen access to culture, to support the future of the Welsh language, and to give everyone in Wales the chance to appreciate what we owe to the past, while also fostering an inclusive sense of identity that is comfortable with cultural diversity and is open to the world.

54. Sport and physical activity are also central. Widening participation in sport, and encouraging people to be more physically active, whether in their daily travelling, or in active recreation, are crucial to our efforts to promote healthier lifestyles. Wales' special landscapes have a particular role to play in supporting this agenda, and are vital to our tourism.

55. The main tools to pursue these agendas are already devolved, although work in drafting the Heritage Bill has revealed some constraints where devolved competence is lacking, for instance on safeguarding World Heritage Sites in Wales.

56. The scale at which broadcasting operates in the digital age makes it sensible for policy and regulation to remain a reserved matter. The Welsh Government welcomes the Commission's recommendations on

broadcasting appointments and for scrutiny of the BBC. They will help to improve devolved accountability so that broadcasting not only meets the needs of Wales, but also communicates Welsh issues and identity effectively to wider audiences within the UK. But the recommendation on the devolution of the DCMS element of funding of S4C carries risks, unless it is accompanied by strong safeguards about the continued overall funding of the channel. This is a matter that will need further detailed discussion to ensure the well-being of the Welsh language and the Welsh media.

Children and Young People

57. Devolution has enabled us to put in place a whole government approach to children and young people in Wales, putting their rights and well-being at the forefront of policy and legislation. We have legislated to fulfil our commitment to implement the principles of the United Nations Convention on the Rights of the Child (UNCRC). The Commission's recommendations to broaden the devolution settlement will allow us to apply these principles more widely across Government.

58. Our existing powers have enabled us to:

- be the first UK country (and one of the first in the world) to embed the principles of the UNCRC into domestic legislation;
- be the first UK country to establish an independent Children's Commissioner to protect the rights of children and young people;
- deliver better outcomes for children through Flying Start, Families First and Integrated Family Support Services;
- make Article 31 of the UNCRC a statutory requirement, giving children and young people the right to enjoy play, leisure and recreation, one of the first countries in the world to do so;
- create a statutory duty on public bodies to tackle child poverty;
- implement statutory duties that ensure that children and young people participate in decisions that affect them, and
- improve the service provided to children and families following the devolution of CAFCASS.

59. The broader powers Silk recommends in relation to youth justice and, subject to further review, probation, will allow us to build on the practical collaboration that is already happening on the treatment and rehabilitation of young people who offend, as discussed in the justice section below. This will ensure coherence with our wider programme of public service reform, and ensure that the needs of young people who offend are fully integrated into local service planning. Our Jobs Growth Wales programme is an investment in young people's future, with benefits to their health, well-being and future prospects. With broader powers we will continue to seek opportunities to act in the interests of our young people, through proactive and preventative action across Government.

Education, Skills and Employment

60. In the same way, devolution has enabled us to develop an education and skills agenda that is geared to the needs of Wales' young people and their families. With existing powers, we have put in place innovative programmes across the age range, such as the Foundation Phase and our Apprenticeship programmes, traineeships and Jobs Growth Wales scheme, as well as investing to make higher education affordable to all Welsh students.

61. We are developing a new Education Improvement Plan which will build on the current Improving Schools Plan. This covers education from the age of 3-16 and is targeted at leaders throughout the education system in Wales, from schools, local authorities and regional consortia through to government. It will make clear what needs to be achieved at every level of our education system.

62. The Commission recommends a broader settlement, where teachers' pay and conditions would not be reserved – these additional powers could support our plans to raise standards and develop the profession. We would only be able to take these powers on with sufficient transfer of resources from UK Government. We would deploy these powers in the interests of learners and teachers, working through the well established partnership approach we have built with the workforce in Wales, which forms a key plank of our public service reform agenda.

63. The Welsh Government's Policy Statement on Skills, published earlier this year, set out a vision for employment and skills policy in Wales over the next 10 years, identifying the action needed by all stakeholders to develop a resilient, responsive and sustainable post-19 skills system.

64. We followed this by consulting on Proposals for Co-investment in Post-19 Adult Skills Delivery, designed to encourage employers to raise investment in the skills of their workforce. Responses will inform the Skills Implementation Plan to be published later this month. The Plan will set out the action on skills needed to raise productivity and reduce barriers into employment in Wales.

65. Our employment programmes operate on the interface with the non-devolved Work Programme and other DWP programmes. This is not straightforward - our voluntary approach to training, which we believe is the most effective, does not support the sanctions approach pursued by the UK Government. We note the Commission's recommendation that the UK Government should consider an enhanced role for the Welsh Government in the administration of DWP policies in Wales, and look forward to the UK Government's response. In the context of wider constitutional reform, if the devolution of the Work Programme, and/or other benefits are proposed, we will look at this in the interests of Welsh job seekers, on the basis that any changes will be by agreement and fully funded as discussed above.

66. In the meantime, the Welsh Government is committed to working jointly with DWP to explore opportunities for better alignment of our respective employment and skills interventions where possible. We have established the Employment Working Group: Wales to focus on this joint agenda with accountability to the Welsh Government and DWP Ministers.

Fairness and Equality

67. Devolution has enabled us to take a distinct approach to equality, reflecting the importance we attach to advancing fairness and inclusion and to tackling inequality in Wales.

68. Existing powers have enabled us to make significant progress on equality. We were the first government to bring in equality duties, for local authorities, health boards and other public sector organisations to ensure that they delivered on the Equality Act 2010 public sector duty. We are taking forward an action plan to increase diversity in public appointments by working collaboratively with other organisations and building on effective practice. The Welsh Government has led on action to tackle hate crime, securing collaboration across devolved and non-devolved organisations in partnership with the third sector. We are also taking forward the Framework of Action for Independent Living for disabled people, and are introducing a duty on local authorities to provide adequate sites for Gypsies and Travellers.

69. Strengthened powers would enable us to do more to realise our aspirations for greater fairness and equality. It is important that these include powers in relation to the general public sector equality duty, to ensure that equality is embedded at the heart of the devolved public service in Wales. We want our public appointments to reflect the communities they serve - broader powers would allow us to take the action needed to ensure greater diversity.

70. In order to support this work, and given the distinct approach to equality in Wales, it is also important that the Equality and Human Rights Commission in Wales has functions that are specific to a devolved context, with greater accountability to the Assembly.

71. The causal factors behind poverty and inequality are closely inter-linked and need to be tackled together; we have been working to inter-weave our action on both. Greater powers would allow us to make stronger links between the framework on fairness and equality and our action to tackle poverty. Both are important elements of the future wellbeing of Wales as articulated through our shared goals within the Future Generations legislation.

Policing and Justice

72. We welcome the Commission's recommendations for the devolution of policing and youth justice, with staged review of probation and policing by 2018, and wider justice in time, subject to a sufficient transfer of resources.

73. The purpose of extending devolution to cover policing and criminal justice is to enhance our ability to respond to crime in Wales, with democratic accountability to the Assembly. This will enable an approach to prevention and rehabilitation that reflects our public service values, and maximises collaboration with devolved services which have a direct impact on offending, such as access to treatment for substance misuse and mental health services, housing, and employment and training.

74. With our existing powers, we are working across Government to promote strong and safe communities, including for example, legislating to tackle violence against women. The direction of travel recommended by Silk will enable us to build on this approach.

75. We welcome the careful analysis by the Commission of the case for the devolution of policing, as a crucial front line public service, and their conclusion, based on evidence, that devolution would strengthen accountability, autonomy and enhance opportunities to adapt even better to local needs. Our investment in Police and Community Support Officers has underlined our commitment to local community policing and to collaborative action to tackle the causes of crime, and devolution would enable us to build on this approach. Transferring responsibility for the policing service – the only emergency service which is not devolved – is consistent

with the purpose of devolution, which is to bring public services closer to, and make them more directly accountable to, the communities they serve. Devolution would simplify arrangements in areas such as forensic medical services where the current settlement represents a barrier to practical improvements.

76. We welcome the Commission's agreement that devolution need not mean standing alone, and that practical arrangements should be made for sharing specialist services such as the Police College, Her Majesty's Inspectorate of Constabulary, the Independent Police Complaints Commission, and the Police National Database. Cross-border co-operation between English and Welsh forces would continue to be essential, whilst the UK-wide response to threats from serious and organised crime through the National Crime Agency would be unaffected.

77. On the devolution of the other elements of the criminal justice system, probation, prisons, and justice more widely, we support the staged, joint approach proposed by the Commission. This will allow the practical implications, including costs, to be fully considered, and changes to be planned carefully. We welcome the recommendation for joint work with the UK Government to examine the practicalities of devolving prisons and probation, and for a formal mechanism for Welsh Ministers to contribute to policy on adult offender management, and we are ready to respond to any proposals the UK Government makes in response. We will be seeking a new settlement in which these elements will be reserved initially, but which will provide for devolution in future without the need for further primary legislation.

78. The Commission recognises the strong case for administrative devolution of the youth justice system. Youth Offending Teams (YOTs) include devolved agencies (health, social services and education), and Local Authorities have a lead role in establishing and maintaining YOTs in their areas. Devolution would allow further integration into local authority provision for young people. Youth Justice is also one of the small number of children's policy areas which are not already devolved. Devolution will ensure a holistic approach to children and young people in the youth justice system in Wales, in line with the UN Convention on the Rights of the Child, and will ensure youth justice is integrated into our wider children's policy agenda, as discussed above.

79. Turning to administrative justice, we are stepping up our capability and expertise as an integral part of our growing legislative capacity. We have consulted on a programme of fundamental reforms of the devolved tribunals in Wales, with a view to putting our arrangements on a sustainable footing for the long term, and with the possibility of primary legislation coming forward in the next Assembly. The proposed reforms will strengthen access to justice and ensure effective redress.

80. The growing body of Welsh law means that we already have a distinct legal identity, which forms part of the organic development of a Welsh jurisdiction. The Commission's recommendations for further administrative devolution in the court system are consistent with this organic growth and we welcome them. These can be implemented without delay and we look forward to the UK Government's response. The provisions in the Wales Bill 2014 for Welsh Ministers to refer law reform proposals to the Law Commission are a welcome additional step

Part 3: Looking ahead

81. The Commission on Devolution in Wales was a UK Government Commission and it will be for the UK Government to respond. The Welsh Government hopes to see action on the Commission's legislative recommendations taken during the first session of the new Parliament. We look to the UK Government to publish a draft Wales Bill early in the next Parliament to allow for effective pre-legislative scrutiny as was helpfully undertaken for the current Wales Bill. This would allow Parliament to legislate and enact the Bill by the end of the 2017-18

session. As we set out in our evidence to the Commission, we believe that the new Wales Bill, including a move to the reserved powers model and enhanced legislative powers, should be enacted in time for the Assembly that will convene following the 2021 Assembly elections. We also believe, as the Commission sets out, that there is scope for earlier transfer of executive functions and, as we have said, the putting in place of the Welsh Inter-governmental Committee which we do not believe requires a statutory basis. The timetable we would like to see for the implementation of the Commission's recommendations is summarised below:

Proposed timetable for constitutional reform 2014-2021	
2014	Possible UK Government response to the Silk Commission's recommendations
2014-15	Welsh Inter-governmental Committee established
2015-16	Negotiations on provisions of Wales Bill and transfer of specified executive powers
2016	White Paper on restructuring and broadening the Welsh devolution settlement; publication of draft Wales Bill for pre-legislative scrutiny
2017	Wales Bill introduced
2017-18	Wales Bill enacted
2021	New National Assembly elected operating under the reserved powers model

Conclusion

82. Constitutional reform is vital for Wales' future within the UK. We believe that a UK Government that is committed to developing and supporting the Union will move with pace and purpose to put its devolved constitution onto a firm footing for the long term. The Welsh Government stands ready to work with the present and future UK Governments to achieve that.



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Devolution,
Democracy and
Delivery

Improving public services
for people in Wales

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Foreword by the First Minister of Wales, Rt Hon Carwyn Jones AM



In the last fifteen years we have established devolution in Wales and proved it works. Devolution has enabled us to develop distinctive services and solutions for Wales. We were the first country in the UK to abolish prescription fees and to legislate to support a soft opt-out system of organ donation. We have introduced the Foundation Phase in education which is the envy of many other countries. Low-income Welsh students in higher education receive the highest grants and incur the lowest debts in the UK. Our recycling rates are the highest in the UK. We have reduced deaths and injuries from fires more quickly than the UK as a whole. Since devolution, we have outperformed the UK as

a whole on increasing our employment rate, exports and household income, and a range of measures shows Wales outpacing much of the rest of the UK in recovering from the tough economic climate of recent years.

However, we have been limited by a cautious and complex devolution settlement, an unfair funding framework, and a set of outdated public sector structures designed pre-devolution. These deficiencies are not technical points. They constrain our ability to improve services, and to support the economy and well-being of people in Wales.

The recent reports from the Commission on Devolution in Wales, set up by the UK Government, and the Commission on Public Service Governance and Delivery, which the Welsh Government established, highlight the imperative for urgent action to address these issues. They also provide an opportunity, which I am determined to take drawing on the legislative powers we now have. The status quo is not sustainable given the rising demand for public services set against deep cuts to our budget made by the UK Government.

Seizing this opportunity means pressing the case for a stronger and more stable devolution settlement, as outlined in our recent statement on the future of Welsh devolution. It also means strengthening democratic governance and accountability for the delivery of local services. The reform agenda set out in this document for our devolved public services describes how we will work with others to achieve these aims. In particular, it sets out our plans to implement a programme of local authority mergers to ensure the future sustainability of their services, and wider reforms to improve the performance of public services across Wales. A key part of this will be developing a new relationship between those who deliver public services and those who use them, recognising responsibilities and focusing on outcomes.

These are not easy choices, but they are the right choices. They are right because they will help to sustain and improve our public services, which every day help to change people's lives for the better.

A handwritten signature in black ink, which appears to read 'Carwyn Jones'. The signature is fluid and cursive, written in a professional style.

Devolution: Setting the Context

1. Devolution enables decisions on issues primarily affecting Wales to be made in a democratically accountable way in Wales to meet the needs of people in Wales. Since the creation of the National Assembly in 1999, we have used the powers available to us to develop distinctive approaches designed for Wales, including:

- the Foundation Phase and Flying Start to give children the best start in life;
- free prescriptions, to ensure access to medicines is not limited by income;
- achieving the highest rates of waste recycling in the UK, including being the first country in the UK to introduce a charge on single use carrier bags;
- supporting the fire and rescue services and partners to cut deaths and injuries from fires by around a third since responsibility was devolved;
- Communities First Partnerships, to tackle poverty in disadvantaged areas;
- Invest-to-Save, which supports efficiency and innovation in public services;
- free bus travel to support older and disabled people to live active lives; and
- Jobs Growth Wales to support young people to find work, as well as ReAct and ProAct to help people at risk of redundancy to retrain and stay in work.

2. The Welsh Government has also introduced important reforms to modernise public service delivery structures and accountabilities, particularly those designed pre-devolution. This included the mergers of the Welsh Development Agency and the

Wales Tourist Board, and also Education and Learning Wales (ELWa), with the Welsh Government in 2006, which has helped to improve the effectiveness and the direct democratic accountability of these important functions. It also included the significant reforms implemented in 2009 to integrate and improve the delivery of health services in Wales. More recently, a merger of the Countryside Council for Wales, Environment Agency Wales and Forestry Commission Wales has created Natural Resources Wales (NRW), which will improve the sustainable management of our environment and natural resources.

3. The 2011 referendum provided the Assembly with primary legislative powers. This has enabled the Welsh Government to bring forward pioneering legislation to strengthen the delivery of public services and improve people's well-being. Legislation now passed includes:

- the Human Transplantation Act 2013, to increase the supply of organs and tissues for transplant through a soft opt-out donation system;
- the Social Services and Well-being Act 2014, to help integrate health and social services, and support vulnerable people and their carers;
- the Local Government (Democracy) Act 2013, to improve transparency and accountability in local government, in particular on senior officer pay;
- the NHS Finance Act 2014 to increase financial flexibility and support service planning, workforce and financial decisions over a longer period;

- the School Standards and Organisation (Wales) Act 2013, to help raise school standards, streamline funding and improve school governance; and
- the Food Hygiene Rating (Wales) Act 2013, to set a statutory food hygiene rating scheme and ensure food businesses display their hygiene ratings.

4. These achievements have been secured despite a devolution settlement which remains cautious and complex, and hinders the effective delivery of integrated services to meet the needs of people in Wales. The complexity of the settlement and the uncertainty it can create were shown clearly in the unsuccessful attempt by the UK Government to challenge in the Supreme Court the Assembly's legislative competence for one of the first Assembly Acts – which covered uncontroversial proposals to simplify the making and enforcement of local government byelaws. The result of this complexity is resource being tied up unnecessarily on legal and administrative issues rather than improving services and outcomes for people.

5. Complexity also hinders public service delivery directly. In contrast to most front-line services in Wales, responsibility for the police service and justice system is not currently devolved. Whereas at a local and all-Wales level public service partners seek to work together to serve the public effectively, this happens despite, rather than because of, the current distribution of responsibilities. This is not an administrative nicety, but goes to the heart of enabling public services such as health, social services, education, fire and the police to work together to protect vulnerable families and individuals, and support community safety. The importance the Welsh Government attaches to the police as a key partner in supporting well-being and delivering integrated services is reflected in our funding

for an additional 500 Community Support Officers.

6. The Welsh Government has made clear its view that the time is right to seize the opportunities to integrate services around the needs of people, through putting the devolution settlement on a broader and more stable basis. This includes devolution of responsibility for the police and, in a staged approach over time, the administration of civil and criminal justice. Other areas in which greater devolution of powers would bring benefits to people in Wales include transport and energy.

7. The devolved funding arrangements are also in need of significant reform, as outlined in the first report from the Commission on Devolution in Wales, led by Paul Silk. The Silk Commission found that the Welsh Government had been prevented from investing properly in transport, schools, housing and other infrastructure by an absence of borrowing powers. It made recommendations for strengthening the Welsh Government's ability to support economic growth through devolution of a range of taxes and through providing meaningful borrowing powers. The Silk Commission followed an earlier Independent Commission on Funding and Finance for Wales, established by the Welsh Government and led by Gerry Holtham, which showed how the UK Government's use of the "Barnett Formula" has disadvantaged Wales and led to a sustained squeeze, or 'convergence', in the Welsh budget.

8. The UK Government has recognised there has been convergence in Welsh relative funding since the start of devolution, and has committed to working with the Welsh Government to review convergence at each spending review and to discuss options to address the issue and achieve a fair outcome. In addition,

a UK Government Bill to devolve a range of taxation and borrowing powers is now under consideration in the UK Parliament. If passed, it will enable us to develop a tax system in Wales that is simpler, fairer and supports growth and jobs. It will allow us to take more decisions affecting the Welsh economy in Wales, tailored to the needs of, and opportunities for, Wales.

9. The Silk Commission's second report recognised the need to address the broader complexity, uncertainty and missed opportunities of the current settlement, and made a series of important recommendations, including:

- moving to a simpler, more stable and more coherent 'reserved powers' model which assumes responsibilities rest with the National Assembly unless specifically reserved to the UK Parliament;
- enhanced powers in areas such as water, transport and energy;
- new powers over policing and youth justice, with a staged approach to the full devolution of the wider justice system; and
- improving inter-governmental relations.

10. The Welsh Government has welcomed both reports from the Silk Commission. We are already working with the UK Government to implement financial reforms, as recommended in the first report. As we set out in our recent publication "Devolution, Democracy and Delivery: Powers to achieve our aspirations for Wales", we also support the thrust of the second report, as a sound basis for the evolutionary reform of the Welsh devolution settlement. We will therefore work with the UK Government to develop a stronger, simpler and more stable devolution settlement for Wales within the UK.

11. In the meantime, we will use our existing powers to make progress where we can in reforming and improving already devolved services. In particular, we will put them on a sustainable footing to face the challenges ahead and ensure their democratic leadership and governance supports the delivery of better public services. This focuses on implementation of reforms set out in our Programme for Government, as well as addressing the findings of the Commission on Public Service Governance and Delivery led by Sir Paul Williams.

12. Reforms to public services are for a purpose: to improve the well-being of people across Wales now and in the future. We will achieve this through developing a strong and stable devolution settlement for Wales, ensuring effective democratic leadership and accountability for public services and supporting effective delivery.

Democracy and Delivery: Improving Public Services

The Commission on Public Service Governance and Delivery

13. Our Programme for Government set out action to support the delivery of effective and efficient public services that meet the needs of people in Wales. As our latest annual delivery report shows, we are making good progress in implementing the Programme for Government. For example, a new National Procurement Service was launched in November 2013 and will create savings for public services as well as economic opportunities for Welsh businesses.

14. The Programme for Government also included a commitment to establish a Commission on Public Service Governance and Delivery, to consider longer-term challenges and reforms for public services. The Commission was announced in April 2013 and reported in January 2014. It was led by Sir Paul Williams, formerly head of the NHS in Wales, and brought together a set of experienced and expert members from a wide range of backgrounds. Its remit was to consider current arrangements for public service governance and delivery, and make recommendations to support improvement in these services against a backdrop of financial and demand pressures.

15. The Commission's report is authoritative, thorough and important. It makes a compelling argument for radical change to improve the ability of public services to respond to the growing challenges they face. Its recommendations are presented as a package covering a range of areas, including taking action to:

- streamline delivery arrangements and reduce complexity;
- generate the scale and capability to sustain and improve services;
- strengthen the governance, scrutiny and delivery of services;
- develop the right leadership, culture and values for public services; and
- improve the performance and performance management of services.

16. The Welsh Government welcomes the Commission's report as an important stimulus for change. The Commission's findings are uncomfortable reading for many in public services, but they shine a light on critical areas requiring renewed attention – in particular, the unsustainability of current local authority structures designed pre-devolution. However, the Commission makes clear that its proposals are not just about structural reform, and it emphasises the importance of taking action across the breadth of its recommendations. We agree. Viewed as a package, the Commission's recommendations represent an important and logical next phase of reform to improve public services in Wales. We intend to implement them in this context.

The case for change

The Commission makes a compelling case for urgent and major reforms to improve public services and ensure their future sustainability. The case for change starts with recognising the fundamental shifts in demands for public services, for example due to birth rates, people living longer, dispersed family groups, inequality, lifestyle trends such as obesity, climate change, technology, and increasing expectations for services. Many of these are shared across the developed democratic world. The challenge in Wales is to act now to proactively manage and influence these changing demands, rather than react when it is too late. Doing the same things as we do now is not sustainable in the face of changing demands and the deep and prolonged cuts to public sector budgets across the UK. We must act to change the way public services work – individually, collectively and with people. In particular, we need to develop a new relationship between those who deliver public services and those who use them, recognising responsibilities, focusing on outcomes, and being proactive in helping people, families and communities to improve their own well-being.

The Commission recognised that there are areas, such as fire and rescue or waste management, where the current performance of public services is good. However, it concluded that performance in too many areas is poor and patchy, with excessive variations across Wales. It makes clear that those organisations struggling now will find it more difficult as demand for services continues to grow and finances continue to be limited. It highlights the particular challenges facing smaller organisations. We must act now to improve the capacity of organisations to respond to the growing challenges they face. This includes merging organisations to make them sustainable, reducing complexity, strengthening performance management and local democratic accountability, encouraging innovation, building leadership and raising ambition.

Public satisfaction with key services in Wales currently compares well across the UK and Europe. But we cannot be complacent. Through taking firm action now we can ensure our public services deliver the best outcomes for people across Wales, now and in the future.

17. This document sets out a new agenda for improving public services through strengthening democracy and delivery. It represents a strategic statement of intent of how we will take action to progress the Commission's key findings and recommendations. We will develop and implement these reforms in a way which is not wholly dependent on full implementation of the Silk Commission's

second report, but is future-proofed to complement the devolution reforms argued for powerfully by that Commission. The starting point for setting out this new reform agenda is to outline the vision for public services in Wales – in particular, our outcomes and principles, as well as a model for democratic delivery.

The vision for our public services in Wales – outcomes and principles

Our public services are an integral part of all our lives. We all rely on them in our moments of need, and they support us to maximise our own potential and to help others. Every day they help to save lives and change lives for the better. At their best, they are transformational. If they fall short, it matters. They support not just our well-being now, but also that of future generations.

Our public services do not exist in isolation. They are part of the wider economic, environmental and social fabric of Wales and help us to achieve the outcomes we want and the Wales we want. They help to make us healthier, safer, more prosperous, more equal, more resilient, better able to participate in and gain from Wales' unique culture and with more opportunities to use the Welsh language. These are the outcomes we seek from our public services.

Our public services face greater challenges than ever before, with growing needs and expectations for services contrasted with severe budget cuts in the UK. The efficiency, effectiveness and value-for-money of public services have never been more vital, and we are determined to do all we can to protect front-line services.

Our public services must evolve to reflect a new relationship between the people who deliver services and those who benefit from them. In particular, public services must increasingly be delivered not **to** people, but **with** people. This means involving people in the design and delivery of services, recognising people's own strengths and tailoring services accordingly. It means recognising that people have a role to play and a responsibility for their own well-being – though it does not mean withdrawing services and leaving people to cope alone. It means supporting and providing a safety net for our most vulnerable people, but it also means acting earlier to help people take action preventatively to improve their lives, rather than only responding when things go wrong. It means putting people's needs foremost, working to engage a wide range of partners to act as 'one public service'. It means supporting collaboration and trust between public service partners, rather than encouraging damaging and divisive competition which risks failing the most vulnerable people in society. It means innovating and constantly seeking to improve to meet our highest ambitions. These are the principles for our public services.

These outcomes and principles will shape the reform of public services in Wales. In particular, they will guide us in developing new models for public services which have the greatest impact on people's well-being. The principles will also help in developing a common set of values shared across all devolved public services.

The vision for our public services in Wales – democratic delivery

Our public services rely fundamentally on strong democracy for their governance. Those ultimately making decisions on the provision of public services are chosen by, and accountable to, the people who elected them. It is essential that people use their vote and their voice actively to influence the services they benefit from. People need to be confident that those responsible for making and scrutinising decisions are acting in their interests, are able to provide effective leadership to the delivery of the services and are representative of the communities they serve. In particular, people need to be confident that if services need improving, those they have elected will take action to do so. If the relationship and trust between the public and those responsible for the delivery of services breaks down, services and people suffer.

Our public services are delivered by people in Wales for people in their own communities and across the country. Hundreds of thousands of dedicated public service workers across the country strive to do their best, motivated by the ethos of making a difference to the lives of others. There is therefore a crucial role for public sector bodies as good employers, helping to support and develop the workforce.

Our public services are delivered through public sector bodies working with partners – in particular the third sector, and in some circumstances the private sector – to provide the best possible services. However, people need to be able to trust that public services are being run to maximise benefits to taxpayers, not for example to maximise returns to shareholders. Wholesale outsourcing is not a sustainable solution to the financial pressures we face, and although partners outside the public sector have an important role to play in supporting the delivery of public services, they must be subject to proper democratic oversight and accountability.

This model for the democratic delivery of services will shape the reforms we will make to the structure and governance of public services in Wales. In particular, it will help ensure that we put in place arrangements to manage, report and improve performance, and ensure accountability and transparency in decision-making.

Our public services are crucial for our well-being now and in the future. Through being true to our vision – focusing on our outcomes, living up to our principles, and following our model for democratic delivery – we can be confident our public services will be there for all of us when we need them.

Sustaining and refocusing local government

18. The Commission's findings cover all devolved public services in Wales, although its recommendations relating to local authority mergers represent the single biggest change and require immediate action if we are to deliver at the pace the Commission called for. For this reason, the Welsh Government is giving particular priority to developing and implementing reforms to improve the sustainability and performance of local government services. An accompanying document, "Devolution, Democracy and Delivery: White Paper – Reforming Local Government", therefore sets out the first steps for a substantive programme of reform for local government.

19. The Commission did not propose changes to the responsibilities of local government, which include social services, education, housing, waste, transport and planning. However, it did conclude that the current model of 22 unitary authorities across Wales – as set up prior to devolution – is unsustainable. It highlighted unacceptable variations and worrying trends in performance, as evidenced by the number of critical independent inspectorate or audit reports and external interventions required in local authorities in recent years. In particular, it drew attention to capacity, resilience and leadership challenges faced by smaller authorities, the "severe and increasingly unmanageable risks" they face and the proportionately much higher costs they incur on corporate functions.

20. The Commission therefore proposed a set of strategic mergers between local authorities, to improve their capacity and resilience whilst retaining a strong local democratic link to their communities. Merger options to create around 10-12 new authorities were proposed, with strong alignment between the boundaries of the

new authorities and the police and health board areas to help improve the integration of public services. The approach of mergers, as opposed to full-scale reorganisation from scratch, represents a pragmatic and thoughtful approach to achieving the benefits of greater scale whilst minimising the change involved.

21. We believe the Commission was right in its diagnosis and its proposed remedy. We will therefore work with partners in local government and other public services to implement a series of local authority mergers within the context of a wide-ranging programme of local government reform.

22. The Commission undertook extensive research and evidence gathering on public service delivery structures, including considering a wide range of responses to its calls for evidence from public service providers and users. As a result of this and its assessment of the evidence, it identified four potential options for merging authorities, leading to between 10 and 12 local authority areas. It argued that reducing the number of local authority areas to at most 12 was the minimum extent of mergers necessary to systematically address problems of scale. We agree with the Commission's assessment and its judgement on the upper limit for the number of local authority areas. Of the four options presented we consider that the Commission's first option, leading to 12 local authorities, provides a coherent overall template and strikes a balance between building organisational capability and ensuring local democratic responsiveness, in terms of being more connected with, and representative of, their communities.

Commission on Public Service Governance and Delivery: Mergers Option 1

- Isle of Anglesey and Gwynedd
- Conwy and Denbighshire
- Flintshire and Wrexham
- Ceredigion and Pembrokeshire
- Neath Port Talbot and Bridgend
- Rhondda Cynon Taf and Merthyr Tydfil
- Cardiff and the Vale of Glamorgan
- Blaenau Gwent, Caerphilly and Torfaen
- Monmouthshire and Newport
- Carmarthenshire
- Powys
- Swansea

23. In setting out a preference in relation to its options, we note the Commission's powerful argument that the boundaries of merged local authorities should support integrated service delivery though aligning with health board and police force boundaries. In our view the strength of the argument is such that there would have to be an exceptional case made not to adhere to this principle. In addition, the Commission argues convincingly that the reforms should be based on mergers to avoid the upheaval involved in splitting existing authorities. This argument is well made and we are clear that existing authorities must not be

split, but rather used as "building blocks" to create the stronger, more resilient authorities we are seeking. The Commission also identified an issue of alignment with the West Wales and the Valleys 'convergence' area, which has links to EU funding and state aid allowances. This last point may be a relevant consideration, though in our view it should not override a strategic, long-term case for mergers, particularly if the local authorities involved accepted the issues and potential risks.

24. Since the Commission reported, some local authorities have suggested they might prefer alternative merger configurations, although we have not seen any specific proposals backed up by evidence and supported by all the existing local authorities affected directly and indirectly. As we develop the legislation necessary to underpin a programme of mergers, we will remain open to considering possible alternatives, but it would be vital that any alternative proposal matches the key principles described above. We would expect that if an alternative proposal – particularly if it were to be one seeking to make an exceptional case to the principle of alignment with health board and police force areas – is supported by all local authorities directly and indirectly affected, their commitment to the proposal would be reflected in a commitment by them to early, voluntary mergers.

25. Proposals for draft legislation establishing the new merged authorities will be the subject of formal consultation at the appropriate time. However, as both the Commission and local authorities themselves have said, early clarity is important in minimising uncertainty and realising the benefits of change sooner. In view of the compelling strategic case for urgent action, we are clear there is no place for procrastination nor parochialism in this process. We will therefore continue to

develop the programme of mergers at pace. This will include allowing local authorities which wish to merge voluntarily on the basis of the preferred option indicated in this document – or a worked up alternative which addresses the key issues outlined above – to do so more quickly. Provision for early voluntary mergers will be included in legislation which we will introduce into the Assembly early next year, and a ‘prospectus’ setting out how we will help and what we expect from those local authorities wishing to merge voluntarily will be published this summer.

26. This will be a significant programme of reform, designed to ensure the future sustainability of local authorities and to improve the performance of local authority services. Although there is a range of views on transitional costs, the Commission concluded that the payback period for mergers would be relatively quick, with medium and long term savings far outweighing short-term costs. With constructive engagement and leadership from local authorities the costs can be minimised and the service benefits and savings felt sooner by their communities.

27. Further details are set out in the accompanying White Paper on Reforming Local Government, including arrangements to enable early voluntary mergers to take place. However, we are clear that mergers are only part of the story and so the White Paper also sets out a wider vision for the future of Local Government and the services they deliver. We are not seeking just to create larger local authorities doing the same things. Local authorities need to play a full and active part in developing a new relationship with the people they serve, as described in our vision for public services. This, in turn, relies on people playing an active role in supporting their own well-being, as well as using their vote and their

voice to maximise the impact of their public services. Proposals in the White Paper therefore also pick up on the Commission’s recommendations to strengthen the way in which local democracy, governance and scrutiny support improvements in public services. This includes improving transparency and developing stronger links between local authorities and their communities.

28. Our proposals also include rationalising and developing stronger, more focused partnerships with other public services, and realigning existing partnerships and collaborations with the boundaries of the new local authorities and other delivery partners. Even after new local authorities have been created, collaboration and partnerships will remain important, particularly between public services and across wider strategic areas – for example, City Regions. It is particularly important all public services work together, and with private sector partners, to provide the best conditions for economic growth and job creation, including collective investment in transport and other infrastructure, and effective and efficient services for businesses.

29. A key part of refocusing the way local authorities work with delivery partners is the proposal in the Well-being of Future Generations (Wales) Bill to place Local Service Boards (LSBs) – comprising leaders of the main public services in an area – on a statutory basis. LSBs will be tasked with developing integrated plans for their areas, to improve well-being based on local needs and priorities.

Integrating health and social services

30. The Commission recognises the particular importance of more closely integrating health and social services and makes a recommendation to develop this accordingly. This chimes well with the commitment in our Programme for Government to develop high-quality, integrated, sustainable, safe and effective people-centred services which build on people's strengths and promote their well-being. Key elements of our approach include:

- using the powers of the Social Services and Well-being Act 2014, which includes provision for Ministers, if necessary, to direct partnership arrangements;
- maximising the health and well-being benefits from targeted housing interventions through the Supporting People Programme;
- the £50m Intermediate Care Fund in 2014-15¹, which will support people to maintain their independence and remain in their own home through driving collaborative working between social services, health and housing, together with third and independent sector partners;
- a recently published statutory integrated assessment and care framework for older people, and an accompanying integration framework for older people with complex needs; and
- learning from a range of local and regional models in place across Wales.

31. The Commission also makes recommendations in relation to the governance of Local Health Boards and Community Health Councils. We are broadly supportive of the underlying aims of these recommendations and will, taking into account the findings of other key reviews, develop proposals to strengthen governance arrangements. This includes amending existing Standing Orders and regulations where appropriate and developing proposals for legislation in the next Assembly.

32. A specific proposal made by the Commission is to merge Powys County Council (PCC) and the Powys Teaching Health Board (PTHB), in recognition of the inherent and significant challenges of service delivery for these two organisations operating in one of the most sparsely populated areas of the UK.

33. The Commission notes that these challenges will become more acute as the proportion of older people in the population of Powys increases significantly over the next 20-25 years, increasing the demand for integrated health and social care in particular. The delivery challenges are further compounded by responsibilities being split between two comparatively small organisations.

¹ Which was a key part of the Welsh Government's 2014-15 Budget agreement with Plaid Cymru and the Welsh Liberal Democrats.

34. We agree with the Commission's assessment of the acute geographic and demographic delivery challenges in Powys. To address this, and in particular to increase service integration on the front line and corporate capacity to manage it, we will work with PCC, PTHB and others to:

- explore the scope for greater front-line and strategic collaboration between PCC and PTHB; and
- evaluate the possible merger of the two organisations in the longer term, including considering the findings of the Rural Healthcare Review.

Strengthening the governance of other public services

35. The Commission identifies a number of other public sector organisations which would benefit from strengthened governance arrangements to help secure effective, efficient and integrated services, including Fire and Rescue Authorities and National Park Authorities.

36. In relation to Fire and Rescue Authorities, we recognise the benefits of consistent boundaries across public service organisations to support effective partnership working, clarity for the public and more straightforward accountability arrangements. As the Commission recommended, we will therefore consider the boundary between the South Wales and the Mid and West Wales Fire and Rescue Services, taking into account mergers between local authorities. We will also take forward work in relation to the Commission's recommendation on strengthening the governance and scrutiny of Fire and Rescue Services.

37. Alongside this, we will support greater joint working between Fire and Rescue Services and the Welsh Ambulance Services NHS Trust, as recommended by the Commission, including more joint planning, joint infrastructure and scrutiny of joint working.

38. The Commission makes a number of recommendations to strengthen the governance of National Park Authorities (NPAs), and to improve integration and collaboration between them. We agree with the aims of these recommendations and will consider them as part of our planned governance review. The first stage of this will begin this summer and will consider the purposes of all designated landscapes in Wales. The second stage will build on this and also on the outcome of decisions on the planning responsibilities of the NPAs as part of the Planning Bill, by considering the structures and governance needed to support these purposes most effectively. This will include consideration of the Commission's recommendation. Following this review any agreed changes to the governance, structure and functions of NPAs would be made.

39. One additional area in which the Commission supported potential structural and governance changes was a proposal for a merger between Cadw and the Royal Commission on the Ancient and Historical Monuments of Wales, as suggested in a consultation in 2013 on a draft Heritage Bill. Following detailed consideration of the responses to that consultation, we announced in January 2014 that we would continue to support joint working between the two organisations, and that they would remain as separate organisations for the time being.

Acting as 'one public service'

40. The Commission makes recommendations not just on specific joint-working between public service partners but on working together more broadly and acting as 'one public service', rather than as separate organisations. We strongly support this approach.

41. One important recommendation from the Commission is to develop a single shared services operation, to provide 'back office' functions (for example, finance, office management, IT and human resources) and common services across the public sector in Wales. As the Commission outlines, such approaches have the potential to realise significant savings and transformational service improvements. However, experience both in Wales and elsewhere shows that although there are some encouraging examples (for example, the NHS Wales Shared Services Partnership), the challenges in successfully establishing these arrangements should not be underestimated.

42. We believe that there is a strategic case for establishing shared services across the devolved public sector in Wales, in terms of achieving efficiencies, sharing expertise, generating capacity and resilience and improving services. However, this will require detailed work on the practicalities, including the precise range of functions which would be covered and the interaction between developing shared services and the programme of local authority mergers. It is important that the development and phasing of the introduction of shared services complements rather than disrupts local authority mergers.

43. Building on experience in other settings, we believe that the best approach here is likely to be one which grows over time. This might mean using opportunities created from the natural ending of current service contracts and the creation of new local authorities, rather than one large change on a single date. We will therefore work with public service partners to develop a shared vision and a roadmap for establishing a shared services capability across devolved public services. Further announcements will be made later this year.

44. In tandem, we will work to take forward the recommendation from the Commission on improving digital services and more co-ordinated use of Information and Communication Technologies (ICT) across the public sector. The Commission's report and other analysis highlights the transformational potential of digital technologies for public services in a small connected country like Wales, with good access to a strong technology base in business and higher education.

45. We agree strongly with this assessment and are determined to seize the opportunities we have in Wales. As a first step we intend to publish our Digital First strategy later this year, which aims to improve the digital services available to people, businesses and others, whilst continuing our work to support digital inclusion. We will also develop broader proposals for working together as one public service in Wales in seizing opportunities to use digital services and ICT to achieve efficiencies and transform public services.

46. The Commission emphasises the importance of strengthening executive, professional and political leadership across public services in Wales. This includes developing, attracting and retaining effective leaders, and also the development of a common set of values for public services in Wales. We agree. We will look to address the Commission's recommendations in this area by:

- refreshing, refocusing and strengthening collective governance of the existing Academi Wales leadership centre, ensuring it brings together the best leadership development programmes and broader cross-sector training priorities (e.g. governance, innovation and continuous improvement) and ensuring these are taken up across all public services;
- exploring options for strengthening the process for senior public sector appointments, including developing a common framework of principles and considering the potential role of a public sector appointments commission (for example, in supporting a strong, independent and expert contribution to the appointment of senior executives in public services in Wales); and
- developing a set of shared values across all public services, led by a new Academi Wales and drawing on the vision for public services set out in this document. This will be done through engaging widely with public service workers. It is vital that all those working in public services – from the senior leadership community to front line workers – feel ownership of the shared values and live up to them.

47. The work of a new Academi Wales to develop stronger appreciation and application of good governance will be taken forward in collaboration with the Wales Audit Office, and with others with expertise in related areas, such as the Centre for Public Scrutiny.

Improving the performance of public services

48. A key conclusion by the Commission is that 'there are wide and unacceptable variations in how different organisations perform'. The Commission highlighted that performance challenges are likely to grow given rising demand for services and continued financial constraints. It therefore made a set of recommendations on the way performance is measured and reported, and how performance improvements are best achieved, which are designed to complement its other recommendations in helping to improve delivery. The Commission noted the importance of a 'visible hand' of effective performance management, scrutiny, transparency, and accountability to improve service delivery.

49. The Welsh Government has already put in place a range of approaches to address weak performance and unacceptable variations in performance across different public service organisations. In particular, we seek to ensure transparency in reporting organisational and service performance to the public. Measures include:

- publishing annual reports on delivery of our Programme for Government, and also publishing a wide range of official statistics about Wales;
- in education, using the "mylocalschool.wales.gov.uk" website and introducing school bandings to enable parents and carers to see how well their child's school is performing;

- for local government more generally, publishing annually a compendium of performance and outcome measures of local government services, covering a wide range of local government responsibilities, including waste, housing, transport and social services; and
- in health, enabling patients to see more performance information than ever before through the “mylocalhealthservice.wales.gov.uk” website.

50. Transparency is crucial for improving performance. It is vital that the public, those with responsibility for managing and scrutinising public services, and those working in public services can easily access timely and relevant performance data, and use it to support improvement. This also relies on effective internal and external engagement by organisations. The recent national survey results show that only two in five (41%) people agreed their local authority was good at letting people know how it was performing, with a comparable figure of 25% in relation to their local health services. Significant further action is therefore needed here.

51. A fundamental part of work on this area is ensuring that people can both access public services and receive performance information on these services in Welsh. Welsh Language Standards are currently being developed which will facilitate this by encouraging public bodies to improve the way they use Welsh and requiring some public bodies to promote the language.

42. Picking up on the Commission’s recommendations relating to performance systems and approaches, we propose to implement a range of reforms to improve performance management and reporting across devolved public services. The foundations for this are set by:

- the current Programme for Government, which represents a major change from previous delivery plans in focusing on outcomes for people; and
- the long-term goals proposed in the Well-being of Future Generations (Wales) Bill, which all public services will be working to achieve.

53. The Programme for Government is central to the Welsh Government’s strategic approach to improving performance and delivery. It represents a real commitment to focusing on the impact we are having on people’s lives rather than how much money is spent, or how many policies implemented. The Commission recognised the importance of the Welsh Government setting out its strategic outcomes. It also emphasised the importance of working to reduce complexity in performance measurement frameworks and rationalise the number of performance indicators which have developed over time. Through this we can reduce the considerable effort currently needed to assess overall progress and impact.

54. We believe that the Well-being of Future Generations (Wales) Bill provides the framework for achieving clarity of purpose for the longer term, and thus will be the first step towards developing the improvements called for by the Commission. The Bill will establish a smaller set of national outcome goals and a process by which public service organisations will need to demonstrate how they have sought to achieve those goals. It provides the focus on “what” needs to be done. Public service organisations and partnerships will respond with “how” it will be done. The Bill also provides for a set of national indicators to facilitate more meaningful assessments of progress.

55. We will build on these foundations by working with public service partners to develop simplified, long-term performance measuring, managing and reporting arrangements which focus on outcomes for people across Wales. In doing so we will learn from the performance successes noted by the Commission – for example, in relation to waste processing and recycling through setting long-term ambitions and developing policies and a clear delivery framework to meet them.

56. An early part of this will be the development of a common framework for performance measurement. This will include a set of shared principles, for example related to focusing on outcomes, transparency, timeliness, simplicity, benchmarking, and how services are performing as a system rather than just through individual organisations, as well as avoiding creating perverse incentives.

57. Alongside specific work on a performance framework, we will take forward wider work to reduce complexity and support improvement in service delivery. Particularly relevant here is the Commission’s diagnosis of the need to avoid developing a vicious circle in which poor or patchy performance in a service area or by an organisation prompts calls for greater prescription nationally, which in turn could constrain the broader ability of organisations to innovate and improve performance.

58. The Commission emphasises the importance of reducing complexity as a means of strengthening delivery. Their report describes how the need to manage a multiplicity of relationships with delivery partners, and with wider stakeholders, can consume leadership effort and make it difficult to respond to emerging delivery challenges. It also indicates that well-intentioned national guidance, funding conditions, legislation and the

range of internal and external governance requirements which delivery organisations face can lead to added complexity.

59. The Commission makes a number of recommendations to reduce complexity, and as described earlier we will take action to address specific issues identified, such as rationalising partnerships, simplifying performance frameworks, and aligning boundaries of collaborations and services. We will also seek to work with partners more broadly to explore opportunities to reduce complexity, simplify governance arrangements, encourage flexibility for delivery partners to innovate to achieve outcomes, and keep detailed guidance and funding conditions to a minimum. This will include considering options to: streamline funding arrangements; refine performance systems to encourage innovation, flexibility, preventative approaches and a real focus on outcomes; and develop the role of audit, inspection and regulation in supporting this agenda.

60. It will also include ensuring that legislation brought forward in the Assembly supports our overall vision for public services, takes opportunities to simplify where possible and, where new duties are placed on public service partners, we are clear the benefits are a priority and justify that action. As part of developing our future legislative programme we will work with the Law Commission to explore opportunities to consolidate and simplify existing legislation in key areas.

61. We want to ensure that good practice quickly becomes the minimum standard across Wales. At present, good practices take too long to be seized by others. This is not sustainable and not acceptable. It needs to be tackled as part of the development of strong leadership and culture across public services. Leaders and organisations should be hungry to improve. This means

not just seeking to adopt good practice, but to continuously improve, to innovate and to strive not to be better than the Wales average, but to be among the best in the world.

Developing new models for public services

62. Public services need to innovate and continuously seek to improve to anticipate and respond to economic, environmental and societal changes in Wales. New models for public services need to be encouraged, innovation needs to become a mainstream part of delivery, and we need to find new ways of actively managing the demand for public services rather than just passively reacting to it. Public service providers need to work with everyone with an interest to achieve this.

63. In particular, the future of public services will be based on how public services are delivered **with** rather than **to** the public. There is a need to recognise that the public sector cannot solve all the challenges it faces on its own, or even in combination with partners.

64. This is made more acute by the deep and lasting austerity programme pursued by the UK Government which means that the Welsh Government's Budget in 2015-16 will be 10 per cent lower in real terms than in 2010-11. Moreover, all indications are that the financial prospects beyond 2015-16 mean that the Welsh Government's Budget is likely to be under even greater pressure. The Institute for Fiscal Studies has predicted that, depending on UK Government decisions, the Welsh Government's Budget could be around 20% lower in 2020 than in 2010. In this context, protecting and improving services within reducing budgets is likely to get more challenging in the years ahead. Our belief is that the

right way of responding to austerity is not by withdrawing from public services, but by working with people to reshape them. This is the right approach because it empowers people and makes the best use of resources to promote well-being.

65. Challenges faced by public services are also shaped by increasing demand. For example, the number of people over the age of 75 will rise by over 25 per cent between 2008 and 2020. As people live longer, caring for them, making the most of their experience, and helping them to continue to participate and contribute, must be a partnership between people and public services.

66. People's expectations of public services are also increasing substantially, but alongside this it is right to recognise the responsibilities that people themselves have. For example, lifestyle choices have a profound effect on people's health, the vibrancy and resilience of a local community are built on the contribution of people living and working there, effective education happens not just in the classroom but also at home, and the quality of our environment is profoundly affected by littering and pollution. To make sure that public services can respond to unavoidable needs, we must do all we can to reduce those needs which can be avoided. This is consistent with focusing more on outcomes and the quality of contact, rather than just the volume of contact, with public services. People therefore have a crucial role in supporting their own well-being to the maximum extent possible; and public services should be available to support, add value and complement people's own efforts to improve their and their families' lives.

67. The relationship between public services and the public is one of shared citizenship, with devolution enabling everyone in Wales to shape the public services they need. Effective democracy at a national and local level gives everyone a voice and a stake in improving the services on which we all rely.

68. Developing this relationship between people and public services means in particular appreciating how individual circumstances vary considerably. Whereas the aims of the public services may be consistent (for example, to help an individual, family or community to become safer, healthier or more prosperous), the way in which the services work with people should adapt to their individual needs. At the heart of achieving this is what many call co-production; the concept of genuinely involving people and communities in the design and delivery of public services, appreciating their strengths and tailoring approaches accordingly. Public services in the future need to be a shared endeavour between the user and the service based on the principles of co-production.

69. Co-production and other forms of public participation will therefore play an increasingly important role in shaping a wide range of public services in Wales. Particular examples where we are exploring the opportunities it presents are in relation to public health, parental engagement in education in support of learners, social services, housing, community resilience and tackling poverty. We will therefore continue to work with partners in the third sector and more broadly to this end, and make further announcements on supporting the development of co-production in Wales later this year. We will also continue to encourage the third sector to realise its full potential in supporting public services, recognising that there is a wide range of organisations which are covered within a broad definition of the third sector. This will include building on

the report from the Welsh Co-operative and Mutuals Commission.

70. A key principle for developing and encouraging innovation in public services is prevention. Through seeking to take action earlier, rather than wait for crisis point triggers to be reached, public services can help to support people to prevent a significant deterioration in their well-being. This not only helps the individual or family directly concerned to avoid worst-case scenarios, it also proves a far more effective and efficient approach. Crucially, it relies on effective integration of services between public service partners, including the third sector and the public themselves, wrapping their support around a person or a family rather than each organisation focusing solely on specific issues. A critical part of this is supporting effective and safe information sharing between public service partners.

71. The following case studies illustrate the potential of these approaches, and of the sort of public services we are working to support the creation of across Wales.

Families First

The Welsh Government's Families First programme is creating an integrated, whole-family approach to supporting families in Wales. It aims to develop effective, multi-agency support for families in order to improve their outcomes, particularly those living in poverty, or at risk of poverty. It has a clear emphasis on early intervention and prevention, on starting from a strengths-based approach and on bringing together organisations to work with the whole family to help stop problems from escalating towards crisis. For example:

This single mother had two children, one of whom was exhibiting behavioural problems at school following the breakdown of her parents' marriage. Following a referral into Families First by the children's school, the key worker offered full family support. Key elements of the support included individual counselling for each family member; parenting support for the mother; and key worker-led activities with the family, such as family discussions and family play. Following the support the daughter's behaviour improved quickly at school. The mother felt more confident in dealing with her family, and communicating with her children about her relationship with her ex-husband. The mother also reporting using the parenting strategies she had been taught once the intervention had finished. The mother reported that, following the intervention, she felt like the family was a team again rather than pulling against each other, and blaming each other when tensions had occurred. Key to achieving this was using more effective parenting strategies, and family activities that helped to bond them together.

Evaluation of Families First: Year 2 report - Ipsos and Ecorys, June 2014 (p85)

A further illustration of the quantifiable benefits of a preventative, 'Team around the Family' approach is provided at Annex B, based on the Connecting Families project in Bridgend.

Invest to Save - Flintshire Connects

The Welsh Government's Invest to Save scheme has supported innovative ways of working across the public sector to provide improved, integrated services for people within their communities. One such project is 'Flintshire Connects' which is encouraging organisations to come together to ensure their services are integrated around individuals more effectively. Flintshire County Council has joined up with North Wales Police, Job Centre Plus, Deeside College and Communities First to create joint hubs in central town locations where residents can access advice and a range of services under one roof. This means individuals can sign on as unemployed and access Jobsearch facilities and also get advice on housing, council tax and other welfare benefits in the same place.

Gwent Missing Children Project

A safeguarding team for children and young people has been established in Gwent, bringing together police officers, a clinical specialist nurse, an educational worker and social workers from all five local authorities. This team works together, sharing information to consider and manage the current and future risks to the person. Alongside the team, a third sector agency supports the young people on their return, offering advice, mediation, advocacy and mentoring, and giving them a greater voice in critical decision making about their future. This seeks to address the underlying factors which led to the person running away, thereby helping to break the cycle and transform young lives. For example:

A girl had been reported missing 143 times and was at risk of child sexual exploitation before benefiting from the creation of the team. The team pooled their knowledge to understand her circumstances, and an expert adviser from the third sector partner was able to advocate on her behalf and facilitate access to relevant services to reduce the risks and address her needs. She is now attending college, living in settled accommodation, and at March 2014 had not been reported missing for the previous five months.

The Supporting People programme

This programme provides vital support to people who find themselves in very difficult circumstances. It helps people, many of whom are very vulnerable, to live as independently as possible. The support is provided in their own homes, in hostels, sheltered housing or in other specialist housing. Preventing problems in the first place or early intervention to prevent them from getting worse is at the heart of the programme which helps to reduce demands on other services such as the NHS and social services; for example:

Ms L is a single woman. She received support from the Supporting People programme for mental health and domestic abuse issues. She moved into supported housing from her grandparent's home where she had been staying temporarily after the breakdown of her relationship. The last three years of her relationship had been physically and emotionally abusive. This led to Ms L being diagnosed with mental health conditions including depression, anxiety and emotional unstable personality disorder. As a consequence she was frequently being admitted to hospital or calling the emergency services as a result of suicide attempts and self harming.

As Ms L began engaging with support staff she gained confidence and was able to participate in a variety of programmes, including women's exercise groups. This had a positive impact on her mental health and reduced her admissions to hospital, and her use of emergency services. A third sector partner helped her remain out of the abusive relationship, which reduced the need for police interventions. Her confidence increased. Ongoing support received from voluntary organisations for her mental health issues has reduced her dependence on NHS services.

Prevention and Early Intervention for Older People

The lessons of the frailty projects around Wales, and innovative extra care and community initiatives, all point the way forward for the transformation of services for older people. Reablement must be at the heart of that transformation because by quickly supporting people they will be able to recover quickly or develop ways of living that fit their new circumstances. This approach wraps health and social care services around individuals and their families and carers through multi professional approaches designed to build on people's strengths. For example:

Mr J is 85 years old...Daughter contacted Single Point of Access, in afternoon to request community services for her father. Mr J's wife had been admitted to hospital and was his main carer. Mr J had a range of ailments including being on dialysis 3 times a week, was not managing personal care or meals and having difficulty with stairs. Reablement service was put in the following day and also arranged for meals on wheels, a bath board and Lifeline. Mr J was provided initially with support three times a day and after 32 days the service ended as Mr J's general wellbeing had improved and he had regained lost skills and independence.

Mrs M lives with son and having suffered a broken wrist one month previously was in plaster. She had previously received some equipment but was concerned that she wasn't managing her personal hygiene needs and at risk of becoming dependent. Reablement service went in next day, provided support for 9 days and some additional equipment to improve safety. Mrs M left service as independent and 4 months later there had been no further contact.

Position Statement on Reablement Services in Wales:SSIA:2013

Flying Start

Flying Start is the Welsh Government's targeted Early Years programme for families with children under 4 years of age living in some of the most disadvantaged areas of Wales. The core elements of the programme are drawn from a range of options that have been shown to influence positive outcomes for children and their families. These include free high quality, part-time childcare for 2-3 year olds; an enhanced Health Visiting service; access to parenting support; and early language development.

Helen is a young, single parent and lives with her mum and her three year old daughter. She is a full-time mum but has aspirations to start a career with children after previously working as a shop assistant. Before getting pregnant she was studying a Level 2 childcare course at college and since the birth has felt that she was stuck in the house with her daughter. Helen had a difficult birth, didn't have time to bond with her daughter and has struggled with post-natal depression. After becoming a mum she lost all her confidence, was scared about parenting and didn't have any close friends in the area. Flying Start has been able to do a lot to help Helen who has been keen to take up their support. She has taken up two parenting programmes and training in First Aid and Food Hygiene where she has made a number of close friends. Helen was also referred to Genesis and has taken up two self-confidence courses and is currently studying sign language. In a few months' time she is resuming her studies and taking a Level 3 childcare qualification so she can work with primary school children. In addition, the boost to Helen's confidence has encouraged her to volunteer at the Flying Start Toy Library.

Flying Start qualitative research with high need families - Pope et al., 2013 (p80)

Parental Engagement in Education

Pillgwenlly Primary School is a large, multi-cultural school in Newport. The catchment area has a high rate of unemployment and ethnic diversity and there is a transient population of pupils. Since 2010, there has been a significant increase in learners arriving at Pillgwenlly who do not speak English and are new to the UK and its educational system. The school recognises the particular needs of these learners and has a strategy to engage their families in the life and work of the school. The school has established a family nurture room to provide these families with social and emotional support while settling into the local community and school.

The family nurture room provides a place where children can learn in a nurturing setting and their family (parents or grandparents) can join them for part of the week. They attend the family nurture room for 55% of their week initially and their families come in to learn alongside them once or twice a week. The children then attend base classes for the remainder of the week with home language support. As soon as learners have acquired skills to support them with their learning and wellbeing, they transfer into their base class full-time. The school has successfully engaged with some of the most 'hard to reach' and vulnerable families in this way and has formed trusting relationships with them. This approach has seen an increase in attendance rates as a result with the attendance of those learners using the family nurture room rising from between 47% and 84% to between 71% and 96%. Parental attendance at joint learning sessions is between 94% and 100% and it is more than 96% at parental consultations and year-group assemblies. With the support of the nurture room staff, all families have registered with doctors and dentists. All school-based paperwork is completed on time, such as high school application forms and parental consent forms.

Working together to tackle the impact of poverty on educational achievement –
Estyn, Dec 2013

The National Exercise Referral Scheme

The National Exercise Referral Scheme (NERS) offers a 16 week programme of fully supervised group-based exercise sessions which aim to improve physical and mental wellbeing. It contributes to, for example: cardiac and stroke rehabilitation; falls prevention; back care; and obesity/diabetes weight management. In line with Prudent Healthcare principles, the scheme encourages shared responsibility for improved health and has been shown to have a significant impact on participants' physical activity levels and to improve mental health.

Mr W is in his late 70s and was referred to NERS as he was obese, experiencing great difficulty with his mobility, and needed knee replacements. His lifestyle consisted of a poor diet and very little exercise. Within a year, Mr W had lost over four stone in weight, lowered his blood pressure and increased his mobility. He had gone from doing no exercise to attending three or four times a week. "My energy levels have soared and I am much happier in myself. I am more mobile and I hope to be able to have my operations as a result of my improved health".

Mrs A was starting to feel unsteady on her feet and using a walking aid. Following a number of falls she was referred to the Scheme by her physiotherapist. Mrs A had a goal to improve her balance, mobility and general fitness in order to improve her quality of life. After 3 months of attending two balance classes a week on a regular basis, the results were visible, as Mrs A's posture improved tremendously and she was able to give up her walking aid. Another positive outcome for Mrs A is that she hasn't sustained any falls since starting the programme. At 88 years of age, Mrs A is an inspiration. She has worked hard to improve her strength, balance and mobility, and continues to push herself during each session to maintain these gains in strength. "I think the Referral Scheme is fantastic, and has been a tremendous help to me."

Implementing this agenda for change

72. The Welsh Government will continue to show leadership in developing this agenda for change and taking the tough decisions needed to ensure that public services are the best they can be. In doing so we will set timetables for implementing the changes which are consistent with delivery of our Programme for Government and practical considerations of the best approach and timing.

73. We want to work with our partners in taking this agenda forward. We will therefore work with partners to develop arrangements to enable the main public sector delivery organisations in Wales, and key social partners such as trade unions and the third sector, to provide collective leadership to support the work. In particular, we will engage with our partners through the Partnership Council for Wales, as well as where appropriate the Third Sector Partnership Council, the Council for Economic Renewal, and the Workforce Partnership Council. The constructive engagement of partners will help to minimise uncertainty during implementation and to deliver the benefits more quickly for the people we all serve.

74. In setting a vision for our public services, we recognise the fundamental importance and value of the public service workforce. Without the continued dedication of public sector staff it will not be possible to meet the challenges ahead. We are committed to supporting and developing the workforce, and helping workers adapt to the challenges we face. This will be a key part of implementing our reform agenda. We are determined to do what we can to support both front-line public services and the public service workforce in the face of the UK austerity programme and UK budget cuts. Our commitment to work in social

partnership to this end is reflected in the prominent role of the Workforce Partnership Council in supporting public sector employers and recognised trade unions to find solutions to shared challenges and seize shared opportunities.

75. We recognise, in particular, that the proposed local authority mergers have significant implications for the public service workforce. Our commitment to supporting and developing the public service workforce means that the fair treatment of staff through this process needs to be centre stage. To achieve this, we are currently considering how a Public Services Staff Commission could support the proposed local authority merger process and wider changes across the public sector. The exact nature, role and constitution of the staff commission has yet to be decided but its broad remit will be to work to ensure consistent and fair treatment for staff through the mergers, and find solutions to issues in a way befitting of our commitment to social partnership.

Conclusion

76. This document sets out an overarching reform agenda to pursue our ambition of stronger devolution, democracy and delivery in Wales. Flowing from this will be a set of announcements – the first in relation to local government reform – to provide further details on specific actions. The announcements will vary considerably in scale and nature, depending on the area, and each are at different stages of development. Some will be taken forward as part of existing work programmes and some will be run as separately established programmes and projects. For this reason it is not appropriate to set out a single cost estimate for the development of the agenda as a whole. However, we will ensure that each is affordable within departmental budget allocations, and quantification of costs and benefits will be included within specific announcements as appropriate.

77. In particular, Regulatory Impact Assessments will be undertaken at the time any legislation is brought forward and as broader policies are developed we will consider impacts carefully and use these impact assessments to shape policies and announcements accordingly. This will include, as appropriate, impact assessments covering Equality, the Welsh Language, Privacy, Rural Proofing and the Rights of the Child. We will also engage and consult publicly, in particular with disadvantaged groups, as appropriate to help develop and implement specific elements of this reform agenda.

78. Implementation of this reform agenda is a major commitment. It is also essential, because as the Commission powerfully demonstrated, ensuring sustainability and improvement in our public services means taking firm action. Through taking this action we can help ensure that our public services – which on a daily basis do so much to improve people's quality of life and well-being – are fit for the future.

Annex A: Summary of Actions

We will take action to improve the performance and long-term sustainability of public services, in line with the conclusions of the Commission on Devolution in Wales and the Commission on Public Service Governance and Delivery. Actions will include:

Working for a stronger, more stable devolution settlement for Wales within the UK

1. Use the borrowing and taxation powers made available in the current Wales Bill to invest in transport and other infrastructure priorities, and develop a simpler, fairer tax system which supports growth and jobs.
2. Work with the UK Government to strengthen our devolution settlement to enable more decisions affecting Wales to be made democratically in Wales, including devolving areas, such as policing, recommended by the Silk Commission.

Strengthening the democratic governance and delivery of devolved public services

3. Implement a programme of local authority mergers to help sustain and improve local services, supporting authorities which wish to secure the benefits more quickly by enabling voluntary mergers, and seeking to ensure the fair treatment of the workforce through establishing a staff commission.
4. Improve the democratic leadership, diversity and governance of local authorities, to increase transparency and accountability and better connect authorities to their communities, including strengthening the way audit, inspection and regulation supports effective democratic scrutiny to ensure performance is improved.
5. Align existing collaborations with the boundaries of the new local authorities and other delivery partners to support the delivery of integrated services.
6. In recognition of the acute rural delivery challenges faced by the Powys Teaching Health Board and Powys County Council, explore ways to strengthen and integrate service delivery in Powys including a possible merger of the two bodies.
7. Make improvements to the governance arrangements for local health boards and community health councils to support delivery of patient-centred health services.
8. Continue to improve the integration of health and social care services more broadly, and support closer working between public service partners such as the fire and ambulance services.
9. Update the governance and boundaries of Fire and Rescue Authorities to clarify accountabilities and support alignment of their services with those of partners.

10. Establish a refreshed role for National Park Authorities, as part of a renewal of the arrangements to safeguard and maximise the benefits of our national parks and protected natural landscapes.
11. Streamline partnerships to more effectively and efficiently integrate public services, including putting Local Service Boards on a statutory footing with a duty to develop an integrated plan to improve well-being based on local needs and priorities, as set out in the Well-being of Future Generations (Wales) Bill.
12. Develop over time a shared services capability across the devolved public sector in Wales, covering functions such as finance, HR and transactional services.
13. Improve digital services and work together across the public sector to achieve efficiencies and improve services through more co-ordinated use of ICT.
14. Strengthen leadership across public services in Wales through refocusing and strengthening collective governance of the Academi Wales leadership centre, ensuring its programmes are used by all devolved public service organisations.
15. Explore options for strengthening the process for senior public sector appointments, including developing a common framework of principles and considering the potential role of a public sector appointments commission.
16. Develop a set of values shared at all levels across all devolved public services.
17. Strengthen performance management across public services through developing a common framework for performance measurement focused on outcomes, as well as rationalising and aligning performance indicators.
18. Support performance improvement through exploring opportunities to reduce complexity, simplify funding and governance arrangements, share good practice, encourage innovation and flexibility to achieve outcomes, and raise ambitions.
19. Develop a new relationship between people and public services, including supporting co-production, recognising shared responsibility and establishing more preventative public services focused on outcomes and people's needs.
20. Work with public service partners through the Partnership Council for Wales and other fora to implement this reform agenda, in particular ensuring its delivery reflects our vision for public services.

Annex B: Around the Family Example

Bridgend Connecting Families Project

The Connecting Families (CF) project works with the most vulnerable families in Bridgend and aims to help them to make changes to behaviour and lifestyle to improve the situation for the family as a whole. The diagram below shows some of the main outcomes for families and agencies as a result of CF.

Family Benefits	Agency Benefits
Improved school attendance for 13 children/young people	Education Services have avoided spending up to £101,000 Children's Services have avoided spending up to £1,649,000
60 children/young people identified as at risk of becoming Looked After Children (LAC) have remained with family	
34 children/young people deregistered from the Child Protection Register	
6 children/young people rehabilitated from care to their families	
Averted the identified risk of 6 families becoming homeless	Housing Services have avoided spending up to £86,000
25 individuals received mental health support	Health Services have avoided spending up to £14,000
15 individuals have received substance misuse support	
7 children/young people have been discouraged from partaking in antisocial behaviour	The Police have seen a reduction in domestic abuse incidents, missing person reports and police callouts

Notes:

- The savings for the agencies are based on upper estimates. This is especially true for the avoided spending for Children's services which assumes all 60 children would have become looked after. For sensitivity analysis around these estimates please see the full evaluation report.
- The benefits displayed in this diagram cannot be attributed with certainty to the project, however in the expert opinions of the key workers, CF is likely to have been the cause.
- The estimated savings were spread over a three year period (August 2011-2013).
- The diagram shows a selection of the benefits to families; the savings to Agencies are based on these and other family benefits.



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Welsh Government

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Devolution,
Democracy and
Delivery

White Paper – Reforming Local Government

Date of issue: 8 July 2014
Responses by: 1 October 2014 @ 23:59

Overview

The White Paper 'Reforming Local Government' is the Welsh Government's statement of intent about the future of Local Government. The White Paper also responds to the Local Government aspects of the report of the Commission on Public Service Governance and Delivery. The White Paper seeks views on whether our vision is the right one, and suggestions on how it could be further developed.

How to respond

To respond to the consultation please either complete the online form or complete the questionnaire at the back of the document and return it either by email to

ReformingLG@Wales.gsi.gov.uk

or by post to

Reforming Local Government
Welsh Government
Cathays Park
Cardiff
CF10 3NQ

Further information and related documents

Large print, Braille and alternative language versions of this document are available on request.

Contact details

For further information:

Reforming Local Government
Welsh Government
Cathays Park
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email: ReformingLG@Wales.gsi.gov.uk

Data protection

How the views and information you give us will be used

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about. It may also be seen by other Welsh Government staff to help them plan future consultations.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.

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Foreword by the Minister for Local Government and Government Business



Local Government provides services many people depend on and we all expect to be there when we need them. These include the services which educate our children, care for and support the most vulnerable members of our families and communities, fix our roads and collect our waste. However, Local Government does not exist simply to provide services. We have a strong tradition of community participation in Wales and we know the public want to be involved in designing the future for their area and the services provided. We all pay for public services through our taxes, so we all have a stake in their future.

The environment for public services is almost unrecognisable from where we were 50, 20 or even 10 years ago. Times are tough financially, demand is increasing for many services and the public expect instant access to information. The Commission on Public Service Governance and Delivery confirmed what we already knew – our current arrangements are not fit for purpose. Reform must be significant and sustainable.

In this White Paper I give you my initial thoughts on a vision for Welsh Local Government fit for the 21st Century and beyond.

It proposes a new relationship between Local Government and communities. We need communities and Authorities to work together to tackle issues and create joint solutions. I have already introduced measures to promote better engagement, greater openness and transparency, however, we need to do more.

It sets out action to ensure our elected representatives reflect the communities they serve. I am passionate about increasing diversity in Local Government.

It will strengthen governance and make it clear how decisions are made and who took them. It will help local Councillors provide effective challenge and scrutiny. It will encourage innovation and the sharing of best practice, to drive excellent performance and services which meet people's needs.

The White Paper starts to set out the changes to structure needed to empower Authorities to rise to the challenge of leading their areas. It reminds us not to forget about collaboration.

However, 'the devil is in the detail'. To crystallise my vision, to add broader perspectives and to come up with detailed plans and timetables for implementation, I need your views. I will set up arrangements for a frank and open debate and I expect a mature and constructive conversation. Local Government must take the lead in designing its own destiny. We must work together, in partnership, over the coming months to build Local Authorities designed for Wales, in Wales.

A handwritten signature in blue ink that reads "Lesley Griffiths".

Introduction

1. We know the people of Wales place great value on their public services. These include the services provided by Local Government which educate our children, care for our older people, support those who are ill or disabled, watch over the most vulnerable, and collect our waste. Some people in our communities particularly depend on these services and we all expect them to be there at the times in our lives when we need them. We all appreciate the thousands of dedicated public servants who work hard to deliver these services and would want their efforts to be recognised and appreciated. We all pay for public services through our national and local taxes, so we all have a stake in their future. But public services mean more to us than delivery of specific services. They are part of the communities in which we all live and provide the background against which daily life in Wales takes place.
2. We have a strong tradition of local democracy and community action and participation, and we know the Welsh public wants to be involved in the decisions about how the future of our communities is planned and how services are designed and delivered. We know people recognise this is not just about the here and now, but also about how we make public services sustainable so they deliver effectively for future generations.
3. However, Wales and its public services face complex and unprecedented challenges. Many of these are a legacy from the past, but this generation must not leave them as challenges for the next. The funding available for public services is under pressure, and will continue to be, whilst more and more people are likely to need these services. We cannot sustain this, and we know something has to change. This White Paper invites a wide engagement with the reality of the situation we face – the need to reform not just our structures and our services, but the terms of engagement with our public services and our expectations of them.
4. It was for this reason we established the Commission on Public Service Governance and Delivery (“the Commission”), and asked it to produce an honest, independent and robust report on how our public services are governed and delivered now, how this needs to change in order to meet the needs of people today, and how we can build a sustainable basis for the future.
5. The Commission has provided a detailed, authoritative report, with a series of recommendations for action. Some of it makes uncomfortable, challenging reading – for the Welsh Government, for Local Government, and for other public services. However, we cannot be defensive, or deny the existence of the challenges the Commission has identified. We may not agree with every detail in the report, but we recognise the problems of wide variation in performance and efficiency, of scrutiny and governance which does not support and drive improvement, of basic standards and principles of governance not being applied consistently and effectively, and of excessive complexity.
6. We are very grateful to the Commission for its work. Its report is an important stimulus for change, and this White Paper is a positive response to the challenges the Commission poses for the future of Local Government in Wales, and its contribution to high-quality, responsive and efficient public services. However, we want this paper to be more than a response to the Commission. It is our statement of intent about the Local Government we want, Local

Government which improves the well-being of Wales by contributing towards shared long-term outcomes. We want to ensure a proper relationship between those who provide a service and those who rely on it, through stronger local democracy, and more effective scrutiny, and enabling local Councillors to properly hold those responsible for services to account, on behalf of the communities they serve. We want well-run Local Authorities which operate transparently and openly, which plan effectively, which use the resources available to them to best effect, and which work collaboratively and in partnership with others wherever this will benefit the people they serve. And we want people themselves to have a stronger voice, and more influence over how services are designed and delivered. To deliver this, Local Authorities will also need to be continually assessing and improving their own performance. This paper does not cover every aspect of how we will achieve this – in some areas we are continuing to develop our plans, and more details will follow in the coming months.

7. This Paper also responds to some of the Commission's findings which have implications beyond Local Authorities, such as those relating to partnership and collaboration, and it addresses recommendations for Fire and Rescue Authorities relating to scrutiny and governance, and to boundary changes.

8. Since the Commission published its report, discussion has focused on whether we have too many Local Authorities, and whether we should reduce the number by merging some of them. The Commission's proposals have provoked much comment and debate. Some have suggested we should be focusing our efforts and resources on improving services, rather than changing boundaries. This misses the point: merging Authorities is an essential component – though not the only one – of improving services, making Authorities more efficient and enhancing their capability, and putting them on a stable financial footing to meet the challenges ahead. The Commission is clear its proposals are a package: we agree, even if we do not agree with every detail of the recommendations. We know we cannot just merge Authorities into larger units, then sit back and expect things to improve. However, without a reduction in the number of Authorities, it is clear many will not be sustainable and will struggle to meet the challenges they face now and in the future.

9. The proposals for Local Authority mergers represent the single biggest change recommended by the Commission and, if we are to deliver at the pace the Commission called for, we need to start immediately. This paper therefore focuses on the actions we intend to take between now and the end of the current Assembly in May 2016 to facilitate a programme of Local Authority mergers. However, we remain clear mergers are only part of the story. So this White Paper also sets out a wider vision for the future of Local Government and the services it delivers. Ultimately, we want a Local Government which is fit for the 21st Century, which is connected to its communities, and which delivers improved well-being and effectively prioritises and delivers services to a high standard. However, we need your views about the Local Government Wales wants as well: we want to be sure our plans and ambitions are the right ones, and we have included questions throughout this Paper, inviting views and comments on some of the proposals for action we have set out.

10. In parallel with this White Paper, we have also issued 'Devolution, Democracy and Delivery - Improving public services for people in Wales'. This sets out a comprehensive, Government-wide response to the challenges articulated by the Commission on Public Service Governance and Delivery, as well as a vision for the future of the devolution settlement, following the report of the Commission on Devolution in Wales. 'Devolution, Democracy and Delivery - Improving public services for people in Wales' ranges far more widely than this Local Government White Paper, but many of the actions proposed will have implications for Local Government as part of a wider devolved public services, in relation to matters such as leadership, performance, developing new models of public services (including co-production), and the concept of 'one public service', as well as our response to the Commission's specific proposals for Powys, and for integration of health and social care in other areas.

The findings of the Commission on Public Service Governance and Delivery

11. It is important to emphasise again this White Paper is more than just a response to the findings of the Commission. Rather, it is a statement of purpose about how we propose to deliver the changes necessary, if we are to have consistently excellent local public services. Nonetheless, responding to the Commission's work and its findings is a central part of this Paper, so we start by restating the Commission's key findings.

12. The Commission found the financial pressures on public services to be severe and unsustainable. Even the most positive projections indicate public expenditure will not return to 2011 levels until around 2022. In the meantime, the number of older people will continue to grow relative to the rest of the population (as will the younger population in some parts of Wales), so demand for Local Authority services will continue to grow. The Commission notes these pressures and challenges are not unique to Wales, or the UK: they exist across the developed world.

13. The Commission finds performance is poor and patchy, with a wide difference between best and worst, and significant variations in efficiency. The Commission accepts some variation in performance is inevitable, because different Local Authorities face different challenges of demography, deprivation, and geography. However, it describes the differences as 'often inexplicable'. Given the future financial challenges, weaknesses in performance will only increase unless we act.

14. The Commission identifies a number of shortcomings which contribute to these problems of performance. It finds too much effort is wasted on managing complex public sector systems and relationships rather than on providing quality services. This is a particular issue for Local Authorities because they are unique, multi-service organisations, linked inextricably with the rest of the public sector. Its solution is to reduce complexity of the public sector, by simplifying accountability, removing duplication, streamlining partnerships and ensuring organisations work together effectively.

15. The Commission finds compelling evidence many Local Authorities are too small to address the risks and pressures they face. This does not necessarily mean larger Authorities perform

consistently better than smaller ones, and the Commission does not suggest this. However, it finds breadth and depth of capacity to be a real challenge, with small scale often creating unacceptable risks to governance and delivery. The Commission therefore proposes a reduction in the number of Authorities to between 10 and 12, through mergers of existing Authorities. This, it believes, will combat the serious problems of small scale and make it easier for Local Authorities to work with other public service organisations in the public interest. It will also create significant long-term savings, which will help protect services.

16. The Commission highlights the importance of governance, scrutiny and accountability in driving improvement, but it finds governance arrangements within organisations are too often unclear, and scrutiny and other accountability mechanisms are under-valued and ineffective. It recommends changes to make organisations more responsive, with accountability mechanisms which are better informed, more complementary, more effective and less burdensome. It also recommends measures to improve leadership, and calls for development of a shared, collaborative and citizen-centred set of public service values.

17. The Commission found the number and scale of Town and Community Councils to be problematic and they expressed concerns around their accountability, representativeness and their ability to understand and articulate local needs. They concluded the Community Council sector is in need of reform. The Commission recognised the importance of harnessing the voice of the citizen as a force for improvement but acknowledged the processes and practices for doing so were sporadic, inconsistent and often ineffective.

18. Finally, the Commission finds the wealth of performance data collected by the public sector is not being properly used to deliver improved outcomes, and recommends a single and concise set of national outcomes, with local partnerships and organisations feeding into them.

19. The Commission recognises there are examples of good performance, highlighting the success of Fire and Rescue Services in reducing fire casualties (which have more than halved since 2004-05), and the achievements of Local Authorities in meeting targets for waste and recycling. Nonetheless, we agree performance needs to improve, and recognise fundamental change to the way we prioritise, organise, manage and deliver services is necessary for this to happen.

The future of Local Government – what should we expect of Local Authorities?

20. The Welsh Government's ambition is to make Wales a better place, to deliver real change to improve the lives of people now, and leave a better legacy for our children and grandchildren. This means a Wales which is more equal, prosperous, and innovative; with healthier people living in safe, cohesive and resilient communities, who have more opportunities to use the Welsh language.

21. We – and particularly those who rely more heavily on public services – expect our services to play a full and central part in achieving the Wales we want. In February 2014 we set out a vision for a sustainable future for Wales – The Wales we want in 2050. The Well-being of

Future Generations (Wales) Bill introduced into the National Assembly for Wales on 7 July 2014 proposes a new legislative framework to agree a set of long-term well-being goals for Wales, and a stronger sustainable development framework with public bodies at its heart. This means thinking more about the long term, working better together, taking early action and engaging with people on this journey.

22. One of the aims of the Bill is to ensure Local Authorities work together, and with other parts of the public service, to improve the lives of people, both now and in the future, through the delivery of a shared set of long-term goals for improving social, economic and environmental well-being. These long-term well-being goals for Wales will help us address the call from the Commission for reform to be nationally driven and co-ordinated across the public sector, with suggestions for a clear and concise statement of all-Wales outcomes, to which all public sector organisations contribute. The Bill will also secure key governance approaches of prevention and collaboration, consistent with the Commission's broader findings about the importance of prevention and co-production in developing and delivering services.

23. We know Authorities are committed to actively promoting and improving well-being in the way envisaged by the Well-being of Future Generations (Wales) Bill, as well as delivering services, but this has to start with doing those things the public can reasonably expect of them. What are these expectations?

24. The evidence tells us people want Local Authorities capable of providing the services they need, and which are able to respond quickly and effectively when they need them. Services should be high performing, simple for people to access and use (in English and in Welsh), resilient enough to cope with increasing demand, and able to adapt to new challenges through innovation. Authorities should work with communities and individuals on service design, involving other partners and particularly the Third Sector, as well as their own staff, many of whom are keen to be more closely involved in designing innovative solutions to the delivery challenges they see every day.

25. However, Authorities should also be anticipating and managing demand, identifying and dealing with problems early, to prevent those problems getting worse and in turn placing greater demands on already stretched services. We and Local Government also need to be open and honest about the limits of what Local Authorities can provide, particularly in light of growing financial constraint. Whilst Local Authority services must always be there to help the vulnerable, and to support those who may be in crisis, they cannot (and should not) be there to solve every problem which might arise. People have a role to play and a responsibility for their own well-being. And some services might more effectively be provided in a different way.

26. We also know people want to see and understand how Local Authorities make decisions about their local services, and be part of the decision-making process, with their voices heard and their views taken into account. This means Authorities need to be open, telling people what they are doing, involving people in what is important to them through regular and active engagement, and providing easy access to the information people need to help them engage effectively.

27. People pay for their local services through their taxes (national and local), and they want to know their money is being used properly and effectively, with robust and effective processes in place to ensure this happens. Local Authorities need to be well-run, making decisions properly and transparently, and complying with all financial and legal requirements, so people can have confidence the money they provide is always used to best effect.

28. People want their Councillors to represent the diversity of the communities which elect them, and they want to be confident their own Councillor is working to make services better. This means effectively representing the views of individuals and communities, and holding the Authority's leadership to account both on the delivery of services, and the longer term work to improve social, economic and environmental well-being.

29. Finally, we know people expect Authorities to be responsive when services fall below the required standard. People understand things will sometimes go wrong, but when this happens they expect a prompt response, effective action, and for lessons to be learned, so the same mistakes are not repeated.

Do Local Authorities meet these expectations?

30. Unfortunately, these expectations are not always met. The Commission has highlighted poor and patchy performance in the delivery of many services, and wide variations in efficiency. It cannot be right for disabled people in one Authority to have to wait over a year longer for adaptations to their homes than those in another. Nor, in a climate of continuing financial austerity, can we ignore a difference in annual corporate management costs between two neighbouring Authorities equal to over £50 per resident, or a cost difference of £90 per ton of waste collected between one Welsh Authority and another. Many of our Authorities are, or have recently been, in special measures for education. And even where an Authority does perform well in one area of service, it is often unable to replicate this performance across the range of its responsibilities. And this is not just a matter of indicators and targets. The National Survey for Wales 2012-13 found 43% of people in Wales do not 'agree' their Council provides high quality services; in addition, 59% of people did not agree their Local Authority was good at letting them know how it was performing.¹

31. Authorities are becoming more open and transparent, but there are still too many examples of decisions being made without proper consultation, and we have seen a series of failures of governance in a number of Authorities. Even if the actual sums of money involved are relatively modest in the context of an Authority's total budget, these failures damage significantly the trust people have in their Local Authority, to use local taxpayers' money properly and effectively.

32. The National Survey found 47% of people want to be more involved in the decision-making of their Council. Local Authorities are facing difficult decisions about future budgets and there are some excellent examples of how they have engaged with their communities, but there

¹ National Survey for Wales, Headline results April 2012– March 2013, 23 May 2014. <http://wales.gov.uk/statistics-and-research/nationals-survey/?lang=en#/statistics-and-research/nationals-survey/?lang=en>

needs to be more. The Wales Audit Office (WAO)² has found many Councils did not engage effectively when planning budgets, or did not take account of the results of the engagement which took place. As a result, the WAO concludes some Councils may not be reflecting the needs, priorities and expectations of their communities.

33. We are still a long way from having a body of Elected Members who fully reflect the communities they serve, and who effectively scrutinise and hold their Authorities to account. The people who make decisions on our behalf need to be in tune with and representative of their communities, and understand their needs, but the majority of Councillors in Wales are over 60 years of age, less than a third are women, and 99 in every 100 is white.

34. Scrutiny is improving, but the Commission – and more recently the WAO³ – have found there is much more to do in order to increase public accountability in decision-making. And the Welsh Government's postbag reveals continuing dissatisfaction about the way in which Authorities respond to complaints made to them, whilst the Public Service Ombudsman for Wales has highlighted the problems of delays by Local Authorities and other public services in responding to complaints.⁴

35. Authorities need to rise to these challenges, but we recognise there are challenges for us as well, and we know Government has a role to play. Like all national Governments, we must set the outcomes we want to see attained, and we must enable and support Local Authorities and others to do so. But we do not need to manage the detail of Local Authority business. We can, and should, leave more autonomy and decision-making with those who manage the delivery of services. Our approach to developing policies needs to recognise the strengths of being more joined up, and needs to take a more consistent approach to practical issues of delivery. And, we need to remove some of the burden we place on Authorities through excessive performance measurement, detailed planning requirements, and financial constraints. In return, we would expect performance and the delivery of our priorities to improve.

Q: How can Local Authorities engage more effectively with their communities about the challenges of sustaining services as they are currently delivered and the need for change?

Q: What more could the Welsh Government do to assist Authorities with this dialogue, to improve their performance in the delivery of priority services?

Q: What specific suggestions do you have for reducing and simplifying administration, which would free up time and resources to deliver and improve services?

² Meeting the Financial Challenges Facing Local Government in Wales, Wales Audit Office, January 2014. <https://www.wao.gov.uk/publication/meeting-financial-challenges-facing-local-government-wales>

³ Good Scrutiny? Good Question! - Auditor General for Wales improvement study: Scrutiny in Local Government, May 2014. <https://www.wao.gov.uk/publication/good-scrutiny-good-question-auditor-general-wales-improvement-study-scrutiny-local>

⁴ The Ombudsman's Casebook Issue 15, January 2014. <https://www.ombudsman-wales.org.uk/en/publications/The-Ombudsmans-Casebook.aspx>

Moving Forward

36. It is easy to argue we should be concentrating on sorting out these problems, not changing structures. However, we must have a system of governance at national and local level which puts us in the best possible position to put these things right, and to have organisations which are capable of performing. Our core aim is not a restructuring of Local Government, it is Local Authorities delivering services which continually improve and strive for excellence, whose performance is visible and transparent to the communities they serve, and which is able to be compared against the best. This means best in class, not just best in Wales: local aspiration to be better than the Wales average is not enough.

37. This White Paper sets out the necessary steps towards the merging of Local Authorities into larger, more sustainable organisations. However, merging Authorities will only meet these aims if accompanied by a wider package of Local Government reform, because simply combining together the Authorities we have now into larger bodies which carry on doing the same things in the same way will not deliver better services or better outcomes. We need to lay the groundwork now if we are to deliver coherent, comprehensive and fully planned reform. The remainder of this paper therefore sets out our vision for Local Authorities, and how we intend to deliver it.

Reforming Local Government – Strengthening democracy, sustaining and improving services

38. As we describe in the Introduction, we want Local Authorities fit for the 21st Century. We want a proper relationship between those who provide a service and those who rely on it, through stronger local democracy, and more effective scrutiny, enabling local councillors to properly hold those responsible for services to account, on behalf of the communities they serve. We want this to include planning for the long-term, not simply focusing on short-term decision-making. We also want to see a renewed drive amongst Local Authorities for greater collaboration and partnership working, with each other, with other parts of the public service, and with the Third Sector, where this represents the best way of delivering for communities.

How do we make Local Government more accountable and transparent? – Democracy and Scrutiny

39. Local Authorities have an essential role in delivering services for the communities they serve. However, we do not want Local Authorities simply to be the managers of a series of individual services, we need them also to lead the drive for improving the full range of their services so the services work together to secure the wider well-being of their communities. This requires healthy and robust local democracy, where Councillors see themselves as champions of people and communities and are recognised as such, and where they are responsible for decision-making, and for effectively holding each other to account. They also have clear roles to play in delivering and improving services for the public they serve and represent.

40. To ensure Local Authorities are able to support this aim, we intend to fundamentally review how Authorities are constituted, in order to build a new constitutional settlement for reformed Local Authorities in the future. This will capitalise on the connection between Elected Members and their communities, ensure openness and transparency and have clear accountability for decision making at its heart. We intend to examine scrutiny arrangements, governance arrangements and the role of audit, inspection and regulation as part of this review.

41. Scrutiny and governance arrangements will therefore be re-designed to ensure greater openness, transparency and accountability. For example, we have made changes to require all Local Authority jobs which attract a salary of over £100,000 to be advertised publicly, for decisions on senior pay to be made by full Council, and for any adjustment to the pay of Chief Executives to be referred to the Independent Remuneration Panel. We have improved access to Council business and provided funding to help Authorities introduce live broadcasting of full meetings of principal Councils and Committees, and we intend to introduce a mandatory requirement on all Authorities to do so.

42. We also want to ensure our Locally Elected Members are truly representative of the communities they serve: the Report of the Expert Group on Diversity in Local Government⁵ has demonstrated we are still a long way from achieving this. We have developed, and will implement, an Action Plan in response to the Expert Group's report, and we will work closely with all political parties to deliver priority targets, such as the aim for at least 40 per cent of Councillors being female. A group has been established to steer this work up to the Local Government elections in 2017. The group includes representatives from a range of organisations including the Welsh Local Government Association (WLGA), One Voice Wales and political parties. It will be supported by an expert seconded into the Welsh Government to take forward the Action Plan put to the National Assembly for Wales by the Minister for Local Government and Government Business and a network of Elected Member champions from each of the existing Local Authorities.

43. The Commission made a number of recommendations which seek to reduce the complexity associated with audit, inspection and regulation,⁶ and strengthen the alignment between local scrutiny and the public service audit and inspection regime. Our review of audit and inspection will support these recommendations. This review has already begun and the findings will inform the way the audit and inspection regime is developed. In the meantime, we agree with the Commission that auditors and inspectors who report on Local Authorities should do so directly to the appropriate scrutiny or audit committee, and we expect them to begin to do so immediately.

44. We also accept the Commission's recommendations about reinforcing the status and value of scrutiny, and we agree organisations need to view scrutiny as an investment which can deliver both better services and future efficiencies. Our existing programme of support for scrutiny has already had an impact on the status and effectiveness of Local Authority scrutiny. During the recent Local Authority budget-setting process for 2014-15, a number of Authorities

⁵ <http://wales.gov.uk/topics/localgovernment/publications/expert-group-report/?lang=en>

⁶ The key bodies include the Wales Audit Office, the Care and Social Services Inspectorate Wales, and Estyn

established successful engagement strategies to inform the scrutiny of budget proposals made in response to reductions in available resources. This has highlighted the value of engagement and scrutiny when Local Authorities have to make difficult decisions, in particular the impact of those decisions on service users. The Scrutiny Development Fund is also supporting a project to develop principles of the effective scrutiny of services delivered collaboratively.

45. We intend to continue with the current programme, but we are also examining how we may be able to extend its scope, in order to provide additional support specifically to deliver the Commission's recommendations in this regard. We expect to see public service organisations in Wales providing similar investment in scrutiny functions, ensuring appropriate training to ensure scrutiny is effective, and engaging with service users to ensure the value of scrutiny is well understood. In addition, having placed a duty in the Local Government (Wales) Measure 2011 on Local Authorities to engage effectively with service users in delivering their scrutiny functions, we encourage other public bodies to ensure service users can engage in their scrutiny processes.

Q: What specific changes should be made to the way in which Local Authorities are currently constituted to ensure openness, transparency and clarity of accountability?

Q: How should the scrutiny support programme be shaped to support improvements in the effectiveness of scrutiny?

Q: In what other ways should scrutiny be strengthened to drive service improvement?

Scrutiny and Governance – Fire and Rescue Authorities

46. The importance of governance and scrutiny in driving continuous improvement even where there is good performance, applies to Fire and Rescue Authorities as much as it does to other public services. The Commission report recommended a reconstitution of Fire and Rescue Authorities so as to hold Chief Fire Officers (CFOs) to account and strengthen the governance and scrutiny of strategic service and financial decisions. Each CFO would be given legal responsibilities for planning, managing and delivering an effective Fire and Rescue Service for the relevant area. This Commission recommendation will require primary legislation. The proposals we make below to create larger more resilient Local Authorities through mergers would, in any case, require us to consider how these changes affected the constitution of Fire and Rescue Authorities.

Q: How might governance and scrutiny of strategic service and financial decisions of Fire and Rescue Authorities be best secured?

How can we give people a stronger voice in decisions affecting them? - Community Governance

47. The Commission recognised the voice of the citizen, either directly or mediated through effective representation, must be harnessed as a force for improvement but there was widespread recognition that processes and practices for doing so were sporadic, inconsistent and often ineffective. We agree. People need a clear and powerful voice to help shape local

services, and we believe strengthened community governance is also essential for strong democracy. This requires a strong and coherent voice which impacts upon decision-making in Local Authorities, and ensures services are designed and delivered in a way which reflects the needs of communities as a whole, as well as individual service users.

48. Town and Community Councils are one element of community governance, but the Commission's recommendations also acknowledge the value of emerging neighbourhood management approaches. We do not believe these approaches are incompatible with each other. However, we do believe there are important factors, such as the distinctive and valued role of the ward Councillor in Principal Authorities, and Principal Authority Area Committees, which require further examination. This is set against a background where many communities are being empowered to act for themselves outside traditional democratic governance models, through community action and regeneration groups, and through use of modern technology.

49. We agree with the Commission about the need for reform and improvement. We agree some Town and Community Councils are too small, and lack capacity and capability. As an initial step, we will consider whether any Principal Authority Areas in Wales would benefit from a review of their Communities and arrange for either the Principal Council or the Local Democracy and Boundary Commission for Wales to conduct these. However, we believe the role of Town and Community Councils must be considered in the context of larger Principal Authorities and the role of ward Councillors within those Authorities. We do not want to recreate a two-tier system of Local Government in Wales. Our proposals in the Well-being of Future Generations (Wales) Bill for local well-being plans, and the many other ways in which communities come together to create an effective voice for their needs and concerns, must also be considered. Therefore, we will issue a further paper this Autumn in order to consult with stakeholders and communities on options for strengthening community governance so it is effective and fit for purpose for the 21st Century.

Q: What suggestions do you have to ensure communities have an effective voice in the decision making of the new Authorities?

Q: What sort of consultation, engagement and feedback processes should the new Authorities have with communities?

Partnership and Collaboration

50. If we are to tackle many of the current and future delivery challenges we face, Local Authorities – however many there are and whatever their size – will need to continue to work together, with other parts of the public sector, and with other partners (including the Third Sector). Collaboration and partnership working will remain essential if the public are to receive the services they can reasonably expect. Whilst some services are best delivered at a very local level, others require investment or expertise which cannot be replicated in every local community. We continue to believe in the value of collaboration, and in the principle of public bodies working in partnership wherever there are benefits in doing so. Local Authorities have a critical role, as the local democratic heart of collaboration across public services.

51. The Commission recognised the importance of collaboration, because delivery challenges are rarely contained within organisational or geographical boundaries. However, it also considered voluntary collaboration had not driven change forward at the pace required, and had in some cases added to complexity by creating a further set of processes to be followed and relationships to manage, which could themselves divert attention away from delivery.

52. The Welsh Government has encouraged and invested in local collaboration, but has never considered collaboration to be an end in itself. We believe there is a need for greater pace and commitment in progressing collaborative initiatives. There have been good examples of collaborative activity delivering benefits (both financially and in terms of improved delivery), but we do not believe partners have taken all the opportunities available. It is the role of Government to set the strategic outcomes, and for partnerships then to deliver these outcomes.

53. In 2011, Local Authorities and the Welsh Government agreed a programme of collaborative activity and projects to drive service improvement.⁷ We agree some of these service reconfigurations have taken too long to implement, and have been hampered by excessive discussion and consideration by those involved, at the expense of action. The final report on the implementation of the programme, published in October 2013, set out those proposals for regional service delivery which are considered to be worth pursuing, following the business cases developed by the projects. We agree with the Commission that implementation of those remaining collaboration proposals should fall within the same governance arrangements as the main programme for Local Government mergers, once these are in place. We are also commissioning an evaluation of funding streams which supported collaborative working, which will report at the end of 2015 and will provide evidence on outcomes for public services, for service users, and any impact on the wider public.

54. Local Service Boards (LSBs) are partnerships where the leaders of local public and Third Sector organisations come together to take collective action to ensure public services are effective, and focused on the needs of people and communities. We firmly believe LSBs have (and will continue to have) a vital role in bringing local public service organisations together, but we recognise there is scope for further improvements, as highlighted by the Commission. For this reason, provisions for the reform of LSBs will form a key part of our Well-being of Future Generations (Wales) Bill. The Bill will implement the key recommendations of the Commission by:

- putting LSBs on a statutory footing, comprising senior representatives from each organisation, with consistent and more effective governance arrangements;
- requiring LSBs to prepare local well-being plans to identify local priorities which need multi-agency action, based on an analysis of need and engagement with the area's people and communities;

⁷ A Compact for Change between the Welsh Government and Welsh Local Government, December 2011 <http://wales.gov.uk/topics/improving-services/publication-events/publications/compact/?lang=en>

- requiring the plans to set out the actions necessary to achieve the priorities, by whom and when;
- placing local well-being planning within the wider framework of national well-being goals and indicators set by the Bill, ensuring local well-being plans implement the sustainable development principles of long-term thinking, integration, collaboration, prevention and citizen engagement;
- ensuring the LSB is held to account, and monitored for the effectiveness of its well-being plan and its governance arrangements by a designated Local Government democratic scrutiny committee.

National Partnership arrangements

55. We agree the Partnership Council for Wales (PCfW) and the Public Service Leadership Group (PSLG) need to be reviewed and reformed to reflect the new model of public services.⁸ We also agree the PCfW should own the programme of work required to implement the reforms we set out in this paper. Our intention is for the PCfW to provide political accountability and leadership for many of the elements of the new public service reform agenda, including Local Authority mergers. We envisage it will be supported by a number of sub and advisory groups, designed to focus on particular technical aspects of the merger process. The details of these work-streams will be developed in consultation with PCfW. We believe the current remit of PCfW, as set out in the Government of Wales Act 2006, is sufficiently broad to accommodate the refocused purpose we envisage.

Q: How can we best engage with Local Government to take forward a programme of Local Government reform?

How do we ensure Local Government performance is improving and continues to improve?

56. Identifying ways in which to improve the performance of public services was one of the core aims of the Commission's work. The Commission has presented strong evidence about how complex arrangements for performance management have distracted services from the central purpose of helping the people of Wales to enjoy better lives.

57. Performance reporting arrangements have often grown in an unmanaged way and we agree a more focused approach is required. However, even the best performance information,

⁸ The Partnership Council for Wales (PCfW) promotes joint working and cooperation between Welsh Government and Local Government. It is chaired by the Minister for Local Government and Government Business, and its key responsibilities are:

- encouraging dialogue between the Welsh Ministers and Local Government on matters affecting Local Government in Wales; and
- providing collective political accountability for action to improve the effectiveness and efficiency of public services.

The Public Service Leadership Group (PSLG) provides national leadership for collaboration. It too is chaired by the Minister for Local Government and Government Business, and comprises senior leaders from across public services in Wales.

on its own, does not improve performance. This only happens when the right information is used effectively – to diagnose where there is room for improvement, to inform decisions, to shape solutions, to monitor progress and to measure impact. And this relies not just on having the right information and the analytical capability to interpret and challenge it, but on setting performance information and management within a context of clear strategic purpose, priorities and direction.

58. The Welsh Government’s Programme for Government (PfG) remains central to our strategic approach to improving performance and delivery. It represents a real commitment to delivery, and a move away from an approach of measuring success which placed too much emphasis on the amount of money spent, or the number of policies implemented, rather than the impact Government is actually having on people’s lives. The Commission recognised the importance of Government setting out its strategic outcomes and how progress should be assessed. However, it found current measurement frameworks are complex, and considerable effort is needed to make an assessment of progress from the performance information which arises from them.

59. We believe the Well-being of Future Generations (Wales) Bill will provide the framework for achieving clarity of purpose for the longer term, and thus will be the first step towards delivering improvements. The Bill will establish a smaller set of national well-being goals, and a process by which public service organisations will need to demonstrate how they have sought to achieve those goals.

60. The more effective performance management regime the Commission calls for across the whole public sector would represent an ambitious system-wide change. Grasping the opportunity presented by this Bill is a starting point for reform, and we intend to make further early progress by formulating principles and standards for performance management to apply across the public sector in Wales.

61. In the meantime, we want to see Local Authorities taking full responsibility for the performance of their services, for promoting well-being through preventative as well as reactive action, and for corporate improvement, with scrutiny committees providing effective challenge to how their Authority performs. The onus should be on Authorities actively identifying and responding to emerging issues of performance or governance, before they are highlighted by auditors or inspectors. We know this happens in some Authorities for some service areas, but it is by no means widespread. Too often it appears there is only an effective response to a service or governance issue once it has been formally identified by inspectorates or by the WAO. We intend to review the Local Government (Wales) Measure 2009 to see whether there is scope for it to be changed so as more effectively to support service improvement, and to ensure the relationship between self assessment and external inspection is made clearer.

62. We also want to see Local Authorities providing information in an accessible and transparent way to their communities, to enable those communities to be informed about and engaged in the way their services are managed. This requires a commitment to openness from leaders and senior officers, but it also requires a strong and capable strategic function within each Authority. This will require proper investment in the leadership and analytical capacity and capability needed to interpret evidence, to identify the longer term trends in well-being which Authorities

should be seeking to address and to formulate ways of dealing with them. We recognise smaller Authorities may find it difficult to support and retain the necessary capacity and capability, but larger and merged Authorities should find it easier to do so. This will also support more effective local scrutiny by Elected Members.

63. Outcome indicators and performance measures will continue to be an important part of managing and improving Local Government performance. However, we intend to put in place clear and shared outcomes, which focus more effectively on longer term improvements in people's well-being. We also intend to reduce the complexity of service-level performance measurement. We also want Local Authorities to make better use of qualitative information about how services are performing, which might for example mean using focus groups, or looking at what the nature of complaints says about what people think of a particular service, as well as what the performance measures say about whether service-level targets are being met.

64. The Welsh Government currently makes a significant investment to support Local Authority improvement, through a variety of interventions and initiatives. We intend to review the way in which we use such funding, to see how we can more effectively support Authorities in focusing on prevention and longer term well-being, as well as on service improvement and good governance.

Q: How can we help and encourage Local Authorities to be more proactive in identifying and responding to delivery or governance issues?

Q: What should be the principles and standards for performance management and performance reporting across Local Authorities, and the broader public sector?

Q: In what ways could we more effectively use the money we invest in supporting Local Authority improvement?

Reforming Local Government - Merging Local Authorities

65. We have begun to set out above a vision for the future of Local Government, based on healthy democracy, robust scrutiny and governance, and continued collaboration and partnership wherever appropriate. However, we cannot ignore the fundamental challenges of sustainability, scale and capability facing our Local Authorities, and we do not believe it is feasible to continue with 22. We therefore accept the Commission's recommendations to reduce the number of Authorities through mergers, and the remainder of this paper provides more detail about how we intend to begin the process of doing so.

What is the case for reducing the number of Local Authorities?

66. The Commission has set out a compelling case for a reduction in the number of Local Authorities. The remit did not require them to do this, nor did the Commission begin with any preconceptions about how Local Government should be structured. It is clear it has come to this conclusion based on the evidence it gathered in the course of its work.

67. In its consideration of the scale and capability of public service organisations, the Commission recognised smaller organisations do not necessarily provide worse services. However, it did find areas where small scale creates risk to governance and delivery. It also found these risks necessarily arose more often in Local Authorities than other public service providers because of the breadth of their work. The Commission was very clear structural changes alone will not result in the public services we want, but they are a necessary part of the change which needs to happen.

68. The Commission has highlighted the lack of resilience in smaller organisations, making it more difficult to effectively manage internal and external risk and adapt to a changing environment. Smaller organisations may lack expertise across the breadth of the area of their work, due to a lack of demand or resource for specialists in all areas. Depth of capacity is also more challenging in smaller organisations, which may also struggle to manage both the strategic and operational challenges they face. The Commission stressed the importance of leadership, but found it is harder for smaller organisations to recruit and retain high-calibre leaders.

69. The Commission recognised economies of scale exist in Local Government, and corporate overheads and the unit costs of delivering certain services are necessarily higher in smaller Local Authorities. This means larger Authorities are able to provide frontline services more efficiently because these costs are lower. In the present context of unprecedented pressure on service budgets, the Commission argued realising any potential savings in overheads and unit costs is essential.

70. The Commission considered how well Local Authorities are likely to manage future challenges, as well as current ones. Demographic changes in the next 20-25 years will not be equal across Wales; the Commission found smaller Authorities are more likely to experience a decline in population and a higher relative age of residents. Smaller Authorities will experience a greater increase in demand for services and lower levels of resources to support this increased need.

71. As a result of the pressures smaller Authorities are facing on funding, leadership, and expertise, the Commission found it is more difficult for them to respond flexibly to emerging pressures, or to have capacity to innovate. As a result, the Commission suggested smaller organisations tend to focus on providing day-to-day services in established ways, making service improvement more difficult. As the pressures of increasing demand and decreasing resources become more severe, the need for innovation and flexibility will be greater. The Commission believed smaller Authorities will find it very difficult to meet this need.

72. The Commission also found the risks smaller organisations face cause risks for the whole system. A large number of smaller organisations lead to greater competition for the best leaders, managers and professionals. As a result, the Commission found talent in Wales is being spread too thinly. And organisations which operate on a larger scale, such as the NHS and the police, have to work with many Local Government partners, making partnership working more challenging. To minimise the risks of scale Local Authorities have collaborated to achieve

the necessary capacity and expertise, but significant management capacity is required if this collaboration is to be successful, which smaller Authorities may not have.

73. The Commission was clear the status quo is not a viable option for the future delivery of public services in Wales. The Commission considered options for structural reform including more extensive and permanent collaboration; returning to a two-tier structure, and mergers. The Commission found voluntary collaboration had progressed only slowly in Wales, and suggested it has not delivered the benefits which were hoped for. It found a two-tier structure would add complexity, and cost, and would spread leadership more thinly. The Commission therefore did not recommend either of these options. It recommended Local Authority mergers, on the basis local democracy would be maintained, and resilience would be increased, with the least possible impact on delivery of front-line services during transition.

74. In making specific recommendations for mergers, the Commission argued Local Authorities must be big enough to minimise the risks of small scale, but not so big as to become unmanageable, unrepresentative, or too distant from their communities to have an effective relationship with them. The Commission took into consideration several criteria which could affect the ability of Local Government to respond to the needs of citizens and communities. These included shared heritage and culture, particularly language; levels of deprivation; population density; council tax levels; and patterns of commuting and economic growth.

75. The Commission also sought to enhance coherence and coterminosity between Local Authorities and other major service-providers. The Commission recommended mergers should take place within the boundaries of larger organisations, such as Local Health Boards and police forces, to reduce the number of Local Authorities those organisations have to work with. The Commission felt this was particularly important to support the integration of health and social care. The Commission also argues it would be unwise to combine areas which currently qualify for EU convergence funding with those which do not, as this could risk those which currently qualify losing eligibility for future funding.

76. The Commission was very clear in recommending mergers rather than any redrawing of boundaries. It will be much quicker and easier to plan for and implement mergers, and achieve the benefits, without the more significant disruption and cost which would result from redrawing boundaries.

77. The Commission recognised the strength of local identities, but creating new administrative units need neither create new loyalties and senses of community, nor destroy old ones. The Commission received a lot of evidence arguing “people do not care who delivers a service as long as it is a good service” and the Commission concluded structural change is needed, in order to deliver services which meet the needs of people and communities now and in the future.

78. We accept the Commission’s assessment, and its recommendation for a reduction in the number of Local Authorities through a programme of mergers. As we have described above, we want to create Authorities which are fit to meet the challenges of the 21st Century. In particular, we want them to manage excellent, high-performing services, resilient enough to

cope with increasing demand. We want them to be better connected and more representative of our communities. We also want them to be able to support Elected Members effectively.

79. In addition, they need to be able to adapt to new challenges through innovation, fully exploiting the opportunities presented by digital technology and communications, and to be able to access and retain the necessary specialist skills and knowledge. All of these attributes are essential in our increasingly complex and fast-paced world.

80. However, there is compelling evidence some Authorities are simply too small to be able to meet these challenges. We recognise there is a wide range of views about how Local Government should be restructured to make it more resilient, and able to meet the challenges of the future, but we believe there is wide (if not unanimous) agreement something has to change: the status quo is not an option, and the number of Authorities has to be reduced. The next section of the paper focuses on how we intend to achieve this.

The future shape of Local Government

81. Reducing the number of Authorities through a process of mergers avoids many of the complexities and challenges which would be associated with a redrawing of boundaries, but it nonetheless represents a significant undertaking. We do not believe there is sufficient time to develop, plan and legislate for a full programme of mergers before the next National Assembly elections in May 2016.

82. A Bill to merge Authorities will not therefore be introduced to the National Assembly during this Assembly term, which ends in April 2016. However, we do intend in Autumn 2015 to publish a draft Bill for consultation, which will set out our intentions for the merging of Authorities. This draft Bill will be accompanied by a detailed draft Regulatory Impact Assessment setting out the rationale for our preferred merger options, as well as impact assessments covering Equality, the Welsh Language, Rural Proofing and the Rights of the Child as appropriate. This will provide the public, Authorities and others with the opportunity to comment on our proposals, informed by a full assessment of the likely impacts, costs and benefits. The Welsh Government which takes office in May 2016 will then be in a position to make early decisions on how it wishes to proceed, with the benefit of a developed legislative proposition, and assisted by a full understanding of the views of stakeholders.

83. As stated above, we intend to issue this draft Bill for consultation in Autumn 2015. However, we want to provide clarity now about this Welsh Government's current intentions for the future shape of Local Government in Wales.

84. As we have said, the Commission undertook extensive research and evidence gathering on public service delivery structures, including considering a wide range of responses to its calls for evidence from public service providers and users. As a result of this and its assessment of the evidence, it identified four potential options for merging authorities, leading to between 10 and 12 Local Authority areas. It argued that reducing the number of Local Authority areas to at most 12 was the minimum extent of mergers necessary to systematically address problems of scale. We agree with the Commission's assessment and its judgement on the upper limit

for the number of Local Authority areas. Of the four options presented we consider that the Commission's first option, leading to 12 Local Authorities, provides a coherent overall template and strikes a balance between building organisational capability and ensuring local democratic responsiveness, in terms of being more connected with, and representative of, their communities.

85. In setting out a preference in relation to its options, we note the Commission's powerful argument that the boundaries of merged Local Authorities should support integrated service delivery through aligning with health board and police force boundaries. In our view the strength of the argument is such that there would have to be an exceptional case made not to adhere to this principle. In addition, the Commission argues convincingly that the reforms should be based on mergers to avoid the upheaval involved in splitting existing Authorities. This argument is well made and we are clear that existing Authorities must not be split, but rather used as "building blocks" to create the stronger, more resilient Authorities we are seeking. The Commission also identified an issue of alignment with the West Wales and the Valleys 'convergence' area, which has links to EU funding and state aid allowances. This last point may be a relevant consideration, though in our view it should not override a strategic, long-term case for mergers, particularly if the Local Authorities involved accepted the issues and potential risks.

Commission on Public Service Governance and Delivery: Mergers Option 1

- Isle of Anglesey and Gwynedd
- Conwy and Denbighshire
- Flintshire and Wrexham
- Ceredigion and Pembrokeshire
- Neath Port Talbot and Bridgend
- Rhondda Cynon Taf and Merthyr Tydfil
- Cardiff and the Vale of Glamorgan
- Blaenau Gwent, Caerphilly and Torfaen
- Monmouthshire and Newport
- Carmarthenshire
- Powys
- Swansea

86. Since the Commission reported, some Local Authorities have suggested they might prefer alternative merger configurations, although we have not seen any specific proposals backed up by evidence and supported by all the existing Local Authorities affected directly and indirectly. As we develop the legislation necessary to underpin a programme of mergers, we will remain open to considering possible alternatives, but it would be vital that any alternative proposal matches the key principles described above. We would expect that if an alternative proposal – particularly if it were to be one seeking to make an exceptional case to the principle of alignment with health board and police force areas – is supported by all Local Authorities directly and indirectly affected, their commitment to the proposal would be reflected in a commitment by them to early, voluntary mergers.

87. Proposals for draft legislation establishing the new merged Authorities will be the subject of formal consultation at the appropriate time. However, as both the Commission and Local Authorities themselves have said, early clarity is important in minimising uncertainty and realising the benefits of change sooner. In view of the compelling strategic case for urgent action, we are clear there is no place for procrastination nor parochialism in this process. We will therefore continue to develop the programme of mergers at pace. This will include allowing Local Authorities which wish to merge voluntarily on the basis of the preferred option indicated in this document – or a worked up alternative which addresses the key issues outlined above – to do so more quickly. Provision for early voluntary mergers will be included in legislation which we will introduce into the Assembly early next year, and a ‘prospectus’ setting out how we will help and what we expect from those Local Authorities wishing to merge voluntarily will be published this summer. We outline more detail about voluntary mergers below.

88. We recognise the benefits of consistent boundaries across public service organisations to support effective partnership working for the benefits of the citizens of Wales. As the Commission recommended, we will consider the boundary between the South Wales and the Mid and West Fire and Rescue Authorities, taking account of mergers between Local Authorities.

What are the timescales for mergers?

89. We will be setting out detailed programme and governance arrangements for the programme of mergers in due course, but the key milestones are likely to include:

- In January 2015, we will introduce into the Assembly a first Bill which will provide the powers necessary to enable and facilitate important preparatory work for a programme of mergers, but it would not contain specific merger proposals. Details of the proposed content of the first Bill can be found below.
- The proposed new powers would, amongst other things, enable the Welsh Ministers to require the Local Democracy and Boundary Commission for Wales (LDBCW) to start work on considering and making recommendations for electoral arrangements for proposed new Authorities.

- It is anticipated, subject to this first Bill being passed by the Assembly, it would receive Royal Assent in November 2015.
- In Autumn 2015, we will publish a second Bill in draft for consultation. This second Bill would in due course establish the new Authorities to be created through merger.
- Shortly after the May 2016 elections to the Assembly we will introduce this second Bill into the Assembly, and subject to Assembly consideration we envisage the Bill would receive Royal Assent in Summer 2017.
- In May 2017, Local Government elections (postponed from May 2016) to the existing Local Authorities would take place (but see below). Councillors elected to Authorities which are to be merged will serve a term of three years. Councillors of continuing Authorities (i.e. those unaffected by merger) will serve a term of five years.
- Elections to Town and Community Councils would take place on the same day in May 2017.
- In May 2019, the first elections for the new Authorities, merged under the provisions of the second Bill, would be held, with Councillors elected for three year terms. The resulting Councils would exist as Shadow Authorities⁹ until Vesting Day on 1 April 2020, when they would assume full functions, with the old constituent Authorities abolished.
- In May 2022, full Local Government elections for all Authorities would be held, for a proposed term of five years.

90. We believe this timetable is ambitious but achievable, and balances the need to move at pace with the need to ensure we get it right. In parallel, the governance arrangements we will establish for mergers will oversee a comprehensive programme of work necessary to deal with the wide range of practical, logistical and financial questions which will need to be addressed. We will work in partnership with Local Government and other stakeholders to deliver this programme of work, and we will consult closely with them about the range of matters which will need to be determined.

Voluntary mergers

91. We set out the main proposed milestones for the main programme of mergers. However, the Commission also recommends the Welsh Government should support and incentivise those Authorities who wish to begin a voluntary process of merger. We agree, and we are committed to facilitating voluntary mergers in whatever way we can.

92. Firstly and importantly, we will make specific legislative provision in the first Bill which will allow willing and committed Authorities to move at pace. Our proposals for this are set out

⁹ Shadow Authorities would have responsibility for matters which have to be determined before a new Authority formally comes into being, such as agreeing a budget and setting a council tax for the first year, appointing staff, developing service delivery plans, acquisition and disposal of assets, and establishment of committees. The precise scope of a Shadow Authority's functions would be set out in subordinate legislation, using powers included in the Bill to be introduced at the beginning of the next Assembly.

below, and we believe this will enable these new Authorities to be in place by April 2018. A possible timetable for Authorities who wish to merge voluntarily would look like this:

- The first Bill introduced to the Assembly in January 2015 would include a power for the Welsh Ministers to merge Authorities who wish to do so voluntarily.
- Authorities wishing to voluntarily merge must submit detailed expressions of interest by November 2014 and fully developed cases for merger by June 2015 to the Welsh Ministers for consideration. The Authorities and Welsh Ministers will work together in considering the cases to enable Authorities to submit statements of confirmation of intention to proceed to voluntary mergers by November 2015. The Welsh Ministers will, by February 2016, develop the necessary subordinate legislation for approval by the Assembly.
- There would be no elections in May 2017 to Authorities merging voluntarily. Instead, the subordinate legislation providing for voluntary merger would extend the terms of existing councillors to May 2018.
- In October 2017, a shadow Authority and shadow Council for the merging Authorities would be established, consisting of the full body of serving Councillors on the constituent Councils. Its functions in preparing for the creation of the new Authority would be specified by Order.
- Vesting day for the new voluntarily merged Authorities would be 1 April 2018. First elections to the new Authorities would then be held in May 2018, based on new wards following an electoral review of the whole of the new Authority, with new Councillors assuming responsibility four days after the elections. They would serve for four years, until a full round of Local Government elections take place in May 2022.
- Elections and terms for Community and Town Councils in Authorities which merge voluntarily will be changed to coincide with the arrangements for establishing the new merged Authority.

93. We would thus provide early legislative certainty for these Authorities, and the pace and voluntary nature of merger will reduce the need for many of the transitional provisions we believe will be essential for mergers more widely. It would mean one fewer set of elections en route to the new structures, the stability of an additional year for existing Councils to plan for transition, and a more limited period of shadow operation, based on existing Councils. Those who move early should be fully vested two years ahead of remaining Authorities, allowing them more quickly to realise efficiencies, and to begin to accrue the savings which can then be reinvested in better services.

94. However, our offer is more than simply introducing legislation. We will continue to expect all Authorities to seek improvement through service and back office redesign; but we will consider providing additional support to those who propose to merge voluntarily and continuing Authorities to act as pilots and pathfinders for the constitutional and service transformation we wish to see. This could also involve testing of approaches to workforce challenges such as the harmonisation of Terms and Conditions, equal pay agreements, and pension arrangements. We will also consider providing practical support to early movers who are prepared to act as

'model' Authorities, developing innovative approaches to scrutiny and public engagement, to increased democratic participation, and to greater diversity of representation.

95. Together, these incentives would provide Authorities with an opportunity to shape themselves for the future, show their ability to innovate, and take some key decisions which put them ahead of other Authorities.

96. The Commission sets out a persuasive case for reducing the complexity faced by Local Government, and for funding arrangements which are simpler, and focused on achieving outcomes. The Commission also calls for our ongoing review of audit, inspection and regulation to identify ways to reduce complexity and deliver greater focus, and we know this is a matter of keen interest for many Local Authorities.

97. We agree with the Commission's findings, and we believe there is scope to go further. Just as we seek greater powers through devolution of responsibilities from the UK Government, our ambition is to pass powers and responsibilities to Local Authorities wherever appropriate. However, this requires Authorities of sufficient scale to be able effectively and sustainably to take on these additional responsibilities. So Authorities merging early have the potential to work with us to achieve more quickly the increased autonomy envisaged by the Commission.

98. We will work with Authorities who wish to merge voluntarily to determine in more detail what support and assistance we can provide, in order to help them move toward early mergers. In the meantime, we intend this Summer to issue a 'prospectus' for voluntary mergers, which will set out what we expect from Authorities who wish to merge voluntarily, and how we will help.

Q: Do you have specific suggestions for powers and responsibilities which could be considered for devolution to the new Authorities?

Facilitating and incentivising voluntary merger

99. The Commission recommends incentivisation of early candidates for voluntary merger; we agree, and we have set out above some of the non-legislative mechanisms by which we intend to achieve this. We consider the Welsh Ministers already have powers which would enable them to incentivise and provide support for voluntary mergers, but, if need be, will propose taking new powers through the first Bill.

100. In order to give legal effect to voluntary mergers, the first Bill will include powers to enable the Welsh Ministers to merge two or more Local Authorities to form a single new Authority, from a date to be specified. The Bill will set out the procedure and timescale for initiating and considering proposals for voluntary merger. The Bill will also make provision about the exercise of the powers for voluntary merger, so as to make clear in any exercise of the power:

- The date a new Authority comes into existence, and its name and status;
- Electoral arrangements for a new Authority, the date of first elections and the length of term of office for Councillors elected in first elections and thereafter;

- Establishment, composition and functions of shadow Authority and shadow Executive;
- Abolition of existing Authorities and standing down of Councillors of these Authorities;
- Cancellation of elections to current Authorities;
- Postponement of Community Council elections in areas affected by proposed merger and extension of terms of sitting Community Councillors;
- Duty on existing Authorities to collaborate in preparing for new Authority and to work with its shadow Authority or Executive; and
- Set out arrangements for achieving the timely transfer of property, the continuation of rights and liabilities;
- Staff matters; and
- Financial matters.

Q: Does anything else need to be covered in a power to achieve a voluntary merger?

Q: Is your Authority considering submitting a proposal for voluntary merger?

Local Authority electoral wards

101. The Local Democracy and Boundary Commission for Wales (LDBCW) will have a crucial role in considering and making recommendations for electoral arrangements for the merged Local Authorities.

102. The LDBCW needs sufficient time to review an individual Local Authority, research the circumstances of an area, consider the views of local communities, draw up and publicise proposals and consult fully before submitting recommendations. This process takes on average at least 18 months. The existing legislation does not allow the LDBCW to start work on reviewing a new Authority until the new Authority has been formally established. This would mean a lengthy delay before the first elections could be held for the new Authority. Our proposal is to take powers in the first Bill to enable the LDBCW to start its work as soon as we have been able to confirm our intention to establish a new Authority.

103. The first Bill will therefore make provisions to enable the LDBCW to start considering and making recommendations in respect of proposed new Authorities. We intend the first Bill to provide the Welsh Ministers with powers to require the LDBCW to consider and make recommendations:

- for electoral arrangements for proposed new Authorities which are the subject of proposals for voluntary merger;

- for electoral arrangements for proposed new Authorities as described in an instructions given to the LDBCW. This would be in preparation for the second Bill which would be introduced during the next Assembly term.

104. The first Bill will also amend the Local Government (Democracy) (Wales) Act 2013, so the LDBCW's statutory review cycles take account of the creation of new Authorities.

Q: Is there anything else we need to do in order to ensure LDBCW is able to effectively consider and make recommendations for electoral arrangements in the proposed Authorities?

Remuneration of Elected Members

105. The Independent Remuneration Panel (IRP) will need to have considered and made determinations on levels of payments to members of proposed new Authorities, in readiness for these Authorities to come into being. However, it can currently make determinations only in respect of payments to members of established Authorities. Therefore, the first Bill will also include provision to enable the IRP to start work early to make determinations about payments to be made to members of new Local Authorities and shadow Authorities. Specifically, the new powers will enable the IRP to

- Consider and make determinations for payments to be made to members of proposed new Local Authorities to be established by merger, whether voluntarily or by virtue of the second Bill;
- Consider and make determinations for payments to be made to members of shadow Authorities for proposed new Local Authorities;
- Set the maximum proportion of payments to be made to members of shadow Authorities who are also members of existing Local Authorities, in order to ensure such members are not paid twice for doing essentially the same job.

Q: Is there anything else we need to do in order to ensure the IRP is able to effectively consider and make recommendations for payments to councillors in the proposed merged Authorities and any preceding shadow Authorities?

Disposal of property and assets

106. During the reorganisation which followed the Local Government (Wales) Act 1994, a Residuary Body was established to divest and distribute Local Authority assets. This was necessary because the 1994 reorganisation reduced Local Government to a single tier and involved the redrawing of boundaries. A Residuary Body was required to deal with issues where there was no obvious successor Authority, such as the distribution or disposal of property which served more than one area, or involved functions provided by different bodies; or land or buildings which straddled the boundaries of two or more Authorities. As the current proposals are for mergers of existing Authorities, with no redrawing of boundaries, we do not anticipate

any requirement for the divesting and distributing of property and assets. However, provision to enable or require merged Authorities to realise asset-related savings may be required. We therefore will consider including in the first Bill a power enabling the Welsh Ministers to provide assistance to new Authorities on these issues.

Q: Do you agree the proposed power for the Welsh Ministers will be sufficient for disposal of property and assets? If you do not agree the proposed power will be sufficient, what specific problems do you envisage?

Q: What sort of assistance or guidance might Local Authorities need?

Collaboration, cooperation and preparation in advance of mergers

107. To help facilitate the joint planning between merging Authorities which will be essential as they prepare for merger, we intend to include in the first Bill a power to enable the Welsh Ministers to require Local Authorities to establish joint transition committees to ensure they co-operate and work together for the specific purpose of jointly planning and preparing for merger.

108. The power would enable the Welsh Ministers to specify certain required preparatory tasks for the joint transition committees, for example to scope out the existing service delivery arrangements, workforce structures, properties and other assets across the merging Authorities. The power would also allow the transition committees to consider any other matter which they consider necessary to prepare effectively for the new Authority.

Q: Is there anything else which should be specified for joint transition committees to do in preparing for a merger of their Authorities?

109. We also intend to include in the first Bill provision to prevent activities by current Authorities, shadow Authorities or new Authorities which might bring financial or reputational damage to any new Authority. This is likely to include:

- Restrictions on current Authorities to prevent prejudicial or inappropriate disposal of land or buildings;
- Restrictions on current Authorities to prevent them entering into prejudicial or inappropriate long-term contracts;
- Restrictions on the use of reserves;
- Extending to shadow Authorities the requirements in the Localism Act 2011 to prepare and publish pay policy statements;
- Extending to shadow Authorities the existing powers in the Local Government (Democracy) (Wales) Act 2013 for the IRP to make recommendations about salaries of Chief Executives;

- Extending the existing powers in section 141(2) of the Local Government Act 1972 to enable the Welsh Ministers to require a Shadow Authority to provide information within its possession (to inform any purpose linked to a merger).

Q: What other powers might the Welsh Ministers require to prevent damaging behaviour?

Staffing matters

110. We do not believe reducing the number of Local Authorities through mergers will create as many staffing and workforce issues as has been the case when Local Government has been reorganised. We also know some Authorities already face difficult decisions about their workforce regardless of any structural changes to Local Government, as the competing pressures of reducing resources, increasing demand and rising expectations require changes to the ways frontline services are delivered. Nonetheless, we recognise these changes will be unsettling for the Local Government workforce, and there will be staffing matters requiring action and resolution.

111. We therefore intend to establish a Staff Commission to advise the Welsh Ministers on staff matters related to proposed Local Government mergers. As a minimum, we envisage the Staff Commission needing to provide authoritative advice and guidance on workforce matters. Initially, we will establish the Staff Commission on a non-statutory basis. However, we intend as part of the second Bill to put the Commission on a statutory footing. We envisage the second Bill would:

- Set out the status and composition of the Staff Commission;
- Define its remit, primarily the provision of advice to the Welsh Ministers, current Authorities, shadow Authorities, and new Authorities on specified matters relevant to the merger of Local Authorities;
- Provide the Staff Commission with powers it requires in order to fulfil its statutory functions, such as a power to require an existing Local Authority to supply it with information;
- Give powers to the Welsh Ministers to enable them to give directions to the Staff Commission, and to direct an authority to act on the advice of the Staff Commission.

112. We will consider further how the work of the Staff Commission might be aligned with the Welsh Ministers' existing powers to issue guidance on pay policy statements under section 40 of the Localism Act 2011, and the IRP's responsibilities in respect of Chief Executives' pay in section 143A of the Local Government (Wales) Measure 2011.

Q: What should be the role and responsibilities of the Staff Commission?

Q: Is anything else needed to prepare the way for merging Local Authorities?

Financial considerations – the costs and benefits of merging Local Authorities

113. The potential cost of merging Local Authorities has attracted a great deal of comment since the Commission published its report. We understand this, and the Commission and the Welsh Local Government Association (WLGA) have produced very different estimates of the possible costs, to which we return below. However, it is essential to put any cost implications into context.

114. Firstly, the Commission sets out starkly the severe and unsustainable financial pressures on our public services. These pressures are likely to continue for at least the next decade, whilst the demand for some services increases. Faced with these challenges, inaction is not an option. Costs will rise in any event as services begin to buckle under the strain. Neither can we afford to wait until a more favourable financial climate returns before we act.

115. Secondly, the severe financial pressures also mean it is not realistic to expect the Welsh Government to provide large injections of cash to meet the cost of mergers as central Government has often done in the past when Local Government has been restructured. One of the principles guiding these mergers must be to manage them in such a way to maximise the benefits and minimise the costs.

116. Thirdly, we have always been clear this is not just about pounds and pence. It is about improved performance, better governance, and stronger democracy, as well as making better use of limited resources. Efficiency and value for money are very important, but they are not the sole yardstick by which we will measure success.

117. The WLGA, based on work it commissioned from Deloitte, estimated the cost of mergers at between £200 million and £400 million, with recurrent annual savings of between £92 million and £100 million. The Commission examined the WLGA figures and concluded for a number of reasons they overestimated both the costs and potential savings. The Commission suggested the upfront costs might be between £80 million and £100 million, with recurrent savings of £60-£80 million per year.

118. The substantial variance in these figures is not surprising: the estimates of costs depend on the assumptions made in producing them, but as there is no precedent for the merger programme we are proposing, it is not possible to determine with certainty whether either approach is appropriate. However, we do recognise the need to assess the potential costs and benefits as far as reasonably practicable, and we will produce a draft Regulatory Impact Assessment which will accompany the draft Bill we intend to publish in the Autumn.

119. In the meantime, some important points need to be made. We have to put any potential costs of merger in the context of the £8 billion which Local Government in Wales spends every year. The WLGA's upper cost estimate equates to around 0.5% of this annual expenditure. In addition, Local Authorities will have a key role in ensuring these up-front costs are minimised. Some costs may be unavoidable, but other costs can be avoided or managed down, particularly if Authorities start to take account now of the likelihood of mergers as they make budgetary

decisions, and do not make decisions which will generate unnecessary future costs. This means thinking very carefully for example before entering into new arrangements, and before making major spending decisions about accommodation and other assets.

120. Our overall aim is to help create Authorities fit for the 21st Century, and to create a new model for Local Government which will last at least a generation. In this context, even if mergers were to cost £400 million (the WLGA's upper estimate) and recurrent savings were £92 million (the WLGA's lowest estimate), this still suggests a direct payback period of under five years, for the creation of Authorities which we hope will last at least 25 years and which will deliver more effective services. We believe this represents a more than acceptable return on investment.

Local Government Funding – how local services are funded in the future

121. Local Government in Wales spends over £8 billion a year (revenue and capital) in delivering services. This spending is funded from a number of sources. These include Welsh Government general and specific grants, other grants, council tax and non-domestic rates income, fees and charges, receipts and borrowing. The largest single source is the Welsh Government's Revenue Support Grant (RSG) which currently contributes around £3.3 billion.

122. The various parts of the Local Government finance system operate as a whole and are closely interdependent. It is also closely connected to the way policing in Wales is funded. As such, it is not feasible to redesign parts of the system in isolation. We will need to review the system to ensure the funding arrangements serve new merged Authority structures. In particular, we will explore the scope to develop stronger links between funding, performance and the delivery of the strategic outcomes identified through the Well-being of Future Generations (Wales) Bill. This will mean looking at what Local Government does and how this needs to adapt to reflect the new financial environment. We will also seek to simplify the current funding arrangements where this is practicable and to ensure Local Government's funding and budgeting arrangements are more inclusive and transparent.

123. There are also a number of other relevant developments which will be happening in parallel, not least the Financial Reform agenda and devolution of selected taxes set in train by the first report of the Silk Commission on Devolution in Wales, and its second report on the National Assembly's legislative powers. The other business of Government will also continue during this period and it is likely our legislative programme will continue to introduce new powers and duties for Local Government. The scale and nature of these developments bring great opportunities, but they also bring significant risks if the financial implications are not fully considered and addressed. As such, we do not anticipate making major changes to the main features of the Local Government finance system in advance of legislation. There are certain aspects of the current system which we already recognise will warrant particular attention.

Local Government Funding – Council Tax

124. In addition to overall costs, the prospect of Local Authority mergers has also provoked much comment about the likely impact on levels of council tax. Again we understand this: although council tax represents a small proportion of the overall tax ‘take’, it is one of the very few taxes which people are charged directly, as opposed to taxes which are deducted from salaries, or are included within the cost of goods or services. It is also a tax which can vary considerably, depending on where someone lives and in what kind of property. The Commission recognised council tax as being an important factor, and one of particular interest to the public, when developing its proposals for merger.

125. We do not believe it would be helpful to speculate on the precise impact on council tax at this stage. The current funding arrangements take account of a wide range of indicators which fluctuate from year to year. Any estimates produced at this stage are likely to be misleading, given we do not anticipate any mergers taking effect until at least April 2018.

126. Nonetheless, it is very important to recognise whilst there may be local impacts on council tax levels, there should be no need for the overall council tax requirement to increase as a consequence of mergers. Indeed, mergers should be implemented to deliver efficiencies where possible. Since it is unrealistic to expect a repeat of the large injections of new money which were provided during previous restructures to limit the impact on individual Authority council tax levels, we will, instead, be looking for solutions which avoid creating and/or minimise significant local impacts.

Q: What would be the most equitable approach to raising revenues for local services?

Local Government Funding – Welsh Government Support

127. When considering the potential impacts of mergers, we understand much attention will focus on council tax, as we have described above. However, a far greater proportion of the revenue available to Local Authorities is provided by the Welsh Government, through the RSG. This is distributed using a needs-based distribution formula, which is developed in consultation with Local Government.

128. A programme of mergers will require the development of a new basis for distributing this funding, to take account of the social and economic characteristics of all Welsh Authorities. It may be possible to retain the existing distribution for the merged Authorities for a limited time, but this is not likely to be sustainable in the longer term. We will therefore work with Local Government and others to develop the needs-based mechanism for distributing Welsh Government funding.

129. We also recognise what the Commission had to say about the degree to which funding is earmarked (“hypothecated”) for particular purposes. However, the performance challenges outlined by the Commission and reflected elsewhere in this document mean this cannot simply be a question of immediately de-hypothecating all existing funding streams. As mentioned earlier, we will take the opportunity to review our approach to funding with a view to making

it simpler and more accessible, and focused on outcomes, with clear responsibilities and accountabilities for delivering those outcomes.

Conclusion

130. In this paper, we have attempted to set out our ambitions for Local Government in Wales in the 21st century. We want high performing, well-run Local Authorities which operate transparently and openly, which plan effectively, and make best use of the resources available to them, resources which will continue to face significant pressure in the years to come. We also want a proper relationship between those who provide a service and those who rely on it, through stronger local democracy and more effective scrutiny. We know this will not be easy: all our public services face complex and unprecedented challenges, as the Commission has described. The merging of Local Authorities is an essential part of delivering this vision, but done in isolation, mergers will deliver nothing. We are clear these reforms are a package.

131. The Welsh Government cannot deliver the change we need on its own – we need Local Authorities, other public services, and communities themselves to work together. We also need views on whether our vision is the right one, and suggestions on how it could be further developed.

Consultation Response Form

Your name:

Organisation (if applicable):

email / telephone number:

Your address:

The future of Local Government – what should we expect of Local Authorities?

Question 1: How can Local Authorities engage more effectively with their communities, about the challenges of sustaining services as they are currently delivered and the need for change?

Question 2: What more could the Welsh Government do to assist Authorities with this dialogue to improve their performance in the delivery of priority services?

Question 3: What specific suggestions do you have for reducing and simplifying administration which would free up time and resources to deliver and improve services?

Reforming Local Government – Strengthening democracy, sustaining and improving services

Question 4: What specific changes should be made to the way in which Local Authorities are currently constituted to ensure openness, transparency and clarity of accountability?

Question 5: How should the scrutiny support programme be shaped to support improvements in the effectiveness of scrutiny?

Question 6: In what other ways should scrutiny be strengthened to drive service improvement?

Scrutiny and Governance – Fire and Rescue Authorities

Question 7: How might governance and scrutiny of strategic service and financial decisions be best secured?

Question 8: What suggestions do you have to ensure communities have an effective voice in the decision making of the new Authorities?

Question 9: What sort of consultation, engagement and feedback processes should the new Authorities have with communities?

National Partnership arrangements

Question 10: How can we best engage with Local Government to take forward a programme of Local Government reform?

How do we ensure Local Government performance is improving and continues to improve? – Improving Performance

Question 11: How can we help and encourage Local Authorities to be more proactive in identifying and responding to delivery or governance issues?

Question 12: What should be the principles and standards for performance management and performance reporting across Local Authorities, and the broader public sector?

Question 13: In what ways could we more effectively use the money we invest in supporting Local Authority improvement?

The future shape of Local Government

Question 14: Do you have specific suggestions for powers and responsibilities which could be considered for devolution to the new Authorities?

Facilitating and incentivising voluntary merger

Question 15: Does anything else need to be covered in a power to achieve a voluntary merger?

Question 16: Is your Authority considering submitting a proposal for voluntary merger?

Local Authority electoral wards

Question 17: Is there anything else we need to do in order to ensure LDBCW is able to effectively consider and make recommendations for electoral arrangements in the proposed Authorities?

Remuneration of Elected Members

Question 18: Is there anything else we need to do in order to ensure the IRP is able to effectively consider and make recommendations for payments to councillors in the proposed merged Authorities and any preceding shadow authorities?

Disposal of property and assets

Question 19: Do you agree the proposed power for the Welsh Ministers will be sufficient for disposal of property and assets? If you do not agree the proposed power will be sufficient, what specific problems do you envisage?

Question 20: What sort of assistance or guidance might Local Authorities need?

Collaboration, cooperation and preparation in advance of mergers

Question 21: Is there anything else which should be specified for joint transition committees to do in preparing for a merger of their Authorities?

Question 22: What other powers might the Welsh Ministers require to prevent harmful damaging behaviour?

Staffing matters

Question 23: What should be the role and responsibilities of the Staff Commission?

Question 24: Is anything else needed to prepare the way for merging Local Authorities?

Local Government Funding – Council Tax

Question 25: What would be the most equitable approach to raising revenues for local services?

Other issues

Question 26: We have asked a number of specific questions. If you have any related issues which we have not specifically addressed, please use this space to report them:

Responses to consultations are likely to be made public, on the internet or in a report. If you would prefer your response to remain anonymous, please tick here:



An Alternative Approach to the Williams Report.

The Creation of Four Combined Authorities for Wales?

Discussion Paper

“Form follows function. Where is the debate in Wales about what local government should be about? Where is the debate about what services should be done at a particular level so we can design what structures we need? Williams was a useful and broad survey of Welsh public services – but lacked a truly coherent vision”.

Auditor General for Wales – Hugh Vaughan Thomas WLGA Conference 19th June 2014

Not surprisingly, most debate on local government reform tends to focus on the merger of existing units because this is a relatively easy thing to do.... However, redesign of local government from a zero base is a complex exercise, which needs analysis and consideration of a large volume of data and imaginative ideas about future options. Although redesign is more difficult, if done properly it is likely to generate a more robust configuration for local government than the merger approach.

Professor Malcolm Prowle – Head of Business Performance, Nottingham Business School – Public Finance 6th June 2014

“Reform has to be a collaborative process and not something imposed from above. It has to be driven by local government itself because that's the way in which we will end up with the best fit between local services and local people. I'm saying to local government leaders: It's up to you, pick up the baton now and challenge yourselves to renew and refresh yourselves”.

Owen Smith MP Shadow Secretary of State for Wales – BBC Wales 15/06/2014

Introduction

1. The Commission on Public Services Governance and Delivery – the Williams’ Report - was published in January 2014. It advocates that there are significant problems relating to the scale and sustainability of local authorities and proposes that the current 22 councils across Wales are cut down to a number between 10 and 12. The recent Welsh Government White Paper “Devolution, Democracy and Delivery – Reforming Local Government” broadly endorses this proposition and seeks to consult authorities on the way forward.
2. The recommendation has resulted in no consensus emerging among the political parties within the National Assembly on the way forward. In local government, there are a number of fundamental concerns. The financial outlook is that by 2018 up to £877 million¹ of expenditure will have been removed from local government in Wales as austerity continues. To put this in perspective, Williams argues that reorganisation will save an estimated £80 million per annum. By the time any reorganisation takes place there will be very little left to realise in savings. Put another way the £80 million in annual saving represents only 1.5% of the £5.3bn that is classified as councils’ net revenue expenditure (NRE) for 2014-15. In cash terms the £80m is half the overall reduction in aggregate external finance for 2014-15 and reductions of this scale are set to continue. In this sense, whatever happens to structures is academic for local government given this financial position.
3. A second and equally important concern is that government in Wales will become insufficiently ‘local’ and the connection between government and the experience of intimate community linkages that characterises much of Wales will be lost. This concern is clearly expressed by WLGA in its recent publication, ‘In Defence of Localism’ setting out the scale of challenges over the next ten years and the need to avoid “centralism within devolution”.
4. The fear is that the local authorities recommended by the Williams’ Commission will be too large to be local but too small to provide the scale necessary for regional planning and the delivery of some key regionally based services. More than this, the cuts trajectory in Wales is such that the debate around a range of key services is now about sustainability rather than reorganisation. For unprotected services, a structural reorganisation in 2020 offers cold comfort; the issue is to collaborate now to create resilience. This is particularly the case in a range of functions including transport, economic development, planning, regulatory services and others, which have faced the brunt of cuts thus far with more to follow.

¹ The Funding Outlook paper presented to the Finance Sub Group estimates a cumulative budget shortfall of between £574m and £877m depending a range of settlement scenarios.

Collaboration

5. The Williams' Commission was not persuaded that the experience of collaboration between local authorities gave sufficient confidence that collaborative networks were robust enough to provide the bridge between the objectives of localness and the need for scale in some functions.
6. Not everyone will agree that the history of collaboration between local authorities is as weak as the Williams' work suggests. Indeed evidence presented to the Williams Commission presents a different image. Williams commissioned a report from Paul Griffiths the former senior special advisor to the First Minister, Rhodri Morgan AM. The paper, "The Experience of Shared Services" sets out a comprehensive picture of the impact of collaboration initiatives associated with the Beecham and Simpson Reports. It is interesting to note that this document was not referred to in the main Williams Report.
7. This review concluded that *"the development of shared services is mixed: they are more prevalent in some services than in others and many shared services include some but not all local authorities. Nevertheless the review indicates that the scope of shared services is substantial and encompasses many high volume and high value activities: including school improvement services, social care procurements, major investments in transport and waste management facilities"*.
8. Moreover Griffiths points to a "Sword of Damocles" that hung over the collaboration agenda namely that *"In Wales the message from central government has been "Collaborate or face Merger". The spectre of institutional reorganisation continuously hangs. For many with hierarchical leanings this is not so much a threat as a promise and it has proved to be a serious disincentive to creating collaborative advantage. The developing assumption that there is now bound to be a significant centralisation of service delivery in Wales has put brakes on most forms of innovation including collaborative development. Those brakes will bind ever harder during the decade it would take to effect institutional reorganisation"*.
9. It is the case that the collaborative agenda has slowed significantly prior to the publication of the Welsh Government White Paper on Reforming Local Government as uncertainty about the way forward has dominated the debate over the past months.
10. It is because of this and the other factors that WLGA is putting forward a new and radical proposition for change. It is fully accepted that a lot more could and should be done to give confidence to the Welsh Government

and other partners that local government can deliver institutional arrangements that cross over local government boundaries.

11. It is suggested in this paper that the problems identified by the Williams Commission could be more easily and more effectively remedied by legislating to ensure consistent delivery of regional services rather than legislating to achieve fewer local authorities. This would in turn provide a much more cost effective approach since Paragraph 115 of the White Paper essentially indicates that local government may have to "swallow its own smoke" on funding reorganisation. This is particularly the case since recent announcements suggest that forthcoming Welsh Government borrowing powers will be under real strain not least because of the cost of the M4 alternative route.

The Approach in England

12. This suggested approach would also chime with the burgeoning debate emerging in England from both Labour and Conservatives examining the future of regional development and devolved powers to localities.
13. The recent report by Lord Andrew Adonis "Mending the Fractured Economy – Adonis Growth Review" makes a significant contribution to this debate. In the report, the former Secretary of State for Transport argues that *"a big package of devolution to the cities and county regions of England is the key to a balanced economic recovery in which prosperity is shared"*. In his proposals, Adonis cities that new Combined local authorities would be given *"serious responsibility for planning and delivering infrastructure, including planning transport, housing and training"*.
14. Lord Adonis' argument is a compelling one and could anticipate effective use of some of the tax raising measures that will come into Wales as set out by the Silk Commission. As he states, *"Combined Authorities – new statutory authorities at the city and county region level, bringing together local authorities for joint purposes including transport – should be strongly encouraged on the successful model of the Greater Manchester Combined Authority. There should be a substantial new devolution of Business Rates income to these Combined Authorities, in return for an agreement on key infrastructure investments to drive regional growth"*.
15. In addition, Labour has just published 24 recommendations including the devolution of £6bn a year in housing, training, infrastructure and transport funds to those city regions and Combined local authorities that come together to prepare a plan for growth in conjunction with the business-led local enterprise partnerships. They would allow cities to keep all of the growth in revenue from the business rate - a topical subject in light of the Silk recommendations in Wales. The Conservatives are also talking in terms of greater devolution with the Chancellor George

Osborne's promise of "*serious devolution of powers and budgets*" for cities very clearly linked to the acceleration of the number of elected mayors.

Case Study 1 - Greater Manchester Combined Authority

There are several examples of where this approach to public service delivery is already proving to be successful in England. One such example is the Greater Manchester Combined Authority.

The Greater Manchester Combined Authority (GMCA) was established under the Greater Manchester Combined Authority Order 2011 (SI 2011/908). The GMCA covers the ten metropolitan boroughs, which formerly made up the metropolitan county of Greater Manchester:

- Manchester
- Salford,
- Stockport,
- Tameside,
- Trafford,
- Wigan,
- Bolton,
- Bury,
- Rochdale, and
- Oldham.

The order provides that:

- Each constituent authority contributes one member to the GMCA. The members are entitled to travel and subsistence expenses but not payment.
- The constituent authorities must meet all of the costs of the GMCA. It has the power to set a transport levy on the constituent authorities, and to borrow for transport purposes.
- Any provision regarding congestion charging must be passed unanimously;
- The Greater Manchester Integrated Transport Authority is abolished and its functions transferred to the GMCA. The Passenger Transport Executive becomes "Transport for Greater Manchester", an executive body of the GMCA.
- Certain traffic-related functions of the constituent councils have been passed by them to the GMCA.

- Economic development functions are transferred from the constituent councils to the GMCA, though they are held on a concurrent basis (i.e. the constituent councils may continue to exercise them).

- The Combined Authority builds on the ten boroughs' long experience of working together since the abolition of the Greater Manchester metropolitan county in 1986. The Combined Authority was also centrally involved in the 'earn-back' scheme agreed with central government, allowing the retention of a proportion of business rates to be invested in infrastructure. This formed part of the Manchester city deal

Regions and Functions

16. There are in reality definable regions of Wales which are larger than the local authorities recommended by Williams and which are suitable geographies for the undertaking of an important range of public service activities. The exact lines on maps are always negotiable and contestable but the broad parameters for those regions are those embarked upon by the WLGA when it set up 4 regions as the basis for collaborative boards in 2005:

- North Wales
- Mid and Central Wales
- South West Wales
- South East Wales

17. The presence of two City Regions Boards in the South West and South East could actually assist this process. Professor Kevin Morgan of Cardiff University believes that Combined Authorities could be the "engine" that powers the city region approach. It would also certainly chime with Welsh Government aspirations on increasing the interconnectedness of transport and housing policy.

18. Consequently, it is the view of WLGA that there is a political imperative to discuss this with authorities across Wales who should be fully consulted to design this new regional map.

19. The functions which could be undertaken on this regional basis might include:

- Regional transport planning and delivery
- Regional strategic land use planning
- Regional economic planning and promotion (including the development of globally competitive city regions)
- Regional tourism promotion
- Regional School Improvement services
- Regional commissioning of health and social care e.g consortia contracting for looked after children, national adoption service.
- Regional procurement of waste processing facilities

- Regional or national provision of IT procurement, pay roll, pensions and other back office services.
20. For many of these services that are facing the brunt of cuts and retrenchment, simple mergers across a single boundary offers very little in terms of service resilience and sustainability. Greater security and a more strategic approach would be achieved at a larger optimum level. There is no escaping the fact however that job losses could flow as a result of regional consolidation and this would require detailed discussions with the trade unions and employees.
 21. In addition, if there was willingness to debate further functional devolution to local government, a number of additional functions could be added including public health that is already within the local government sphere in England.
 22. The highly respected economist Gerald Holtham has also argued recently that with increased tax raising powers emerging as a consequence of the Silk Commission proposals that *“the only bodies in Wales that currently have experience of tax collection and administration are local authorities. “It therefore makes sense to use that experience in collecting the smaller taxes that are to be devolved, landfill and stamp duty. It would make sense for them to send the money to the local authority finance department to administer. Stamp duty and landfill could be treated like business rates, collected by local authorities, pooled centrally and then redistributed among local authorities according to a Welsh government formula”* Gerald Holtham, The Senedd Paper 2 (Institute of Welsh Affairs).
 23. All this of course would need detailed analysis and debate. Yet the potential is obvious and the prospect stimulating not least through unleashing a new approach to the delivery of public services.

Legislation

24. It would be possible to legislate to achieve the following and this is set out in more detail in a technical note in Annex 1. In broad terms it would require:
 - The creation of four regional bodies in Wales each with their own legal identity
 - Allocation of functions between the local authorities and the regional bodies
 - Specifying the governance of each of these bodies to include representatives or nominees of all constituent local authorities plus representatives of nominees of Welsh Government
 - The governance could allow delegations to committees allowing each collaborative function to have its own responsible group accounting to the overall regional body.

25. The advantages of a legislative basis for the regional body include:
- There would be a legal duty on each local authority to participate in the regional body and deliver specified functions through such a body
 - The governance and accountability of the body would be enshrined within elected members from the constituent councils on the Combined Authority with robust links back to their authorities.
 - Unlike existing collaborative organisations the regional body would have its own legal identity capable of having legal responsibilities, the abilities to enter into contracts, control assets and employ staff
 - The ability of the Welsh Government to directly fund and regulate the regional bodies.
26. In England Combined Authorities are legal structures that may be set up by local authorities following a governance review. Two or more local authorities may establish combined Authorities. The Combined Authority must include membership from all local authorities in its area: it cannot include, for instance, part of a county council area.
27. Combined Authorities may take on transport and economic development functions. They have a power of general competence and can be passed functions by the Secretary of State under the general power to pass functions down in the Localism Act 2011. The Greater Manchester Combined Authority was established in 2011. Combined Authorities were established in West Yorkshire, Liverpool and Sheffield on 1 April 2014.

Case Study 2 – The Sheffield Combined Authority

The nine local authorities that make up the Sheffield City Region (SCR) have a long history of collaboration at a scale that reflects the natural economic geography of the region. Most recently, this collaboration has taken the form of the Sheffield City Region Local Enterprise Partnership (SCR LEP) and SCR Leaders Group.

Following a comprehensive “Governance Review” – SCR Leaders concluded that the time had come to take SCR governance to the “next level” (i.e. from informal collaboration to joint decision making on some issues) and “put into legislation that which we [the SCR] have been doing by consent for some time” (Governance Review Workshop 1 – 20th July 2012).

In practical terms, this means establishing a SCR Combined Authority. The term “Combined Authority” means the bringing together of two statutory bodies – the Integrated Transport Authority (ITA) and an Economic Prosperity Board (EPB) in order to align political decision making around strategic Economic Development and Transport. The Combined Authority works in partnership with and is complementary to the private sector-led Local Enterprise Partnership (LEP) Chaired by James Newman. The Chair attends CA meetings on behalf of the LEP

Board. It is proposed that the SCR Authority will “hardwire” the partnership between the public and private sector in the SCR – providing a solid, stable platform for future governance and decision-making.

In Defence of Localism

28. Some may argue that introducing Combined Authorities is essentially a reintroduction of the two-tier system that existed before 1996. However the differences with this proposal are significant. There remains a continued emphasis on a sense of place and localism as the predominant form of governance.
29. In our fiscally constrained climate, local authorities face a raft of new challenges and opportunities. There are ranges of financially unprotected services including transport, culture, leisure, economic development and planning, which will wither on the vine unless a new approach is taken. This approach will ensure that authorities working together under a common legal umbrella can sustain these functions whilst ensuring that decision-making is responsive to and embedded in local communities. It will also provide a crucial starting point for moving towards an economy that operates across place.
30. The counter-argument that this would mean a return to two-tier local government is a fallacious one. Even if we implement Williams we will still need to move towards overarching regional frameworks in areas such as planning, economic development and waste management. In doing so, we will be acknowledging the issues that flow from administrative boundaries not reflecting functional economic areas.
31. The approach would also address head-on the sustainability of services: how many types of council across Wales will be able to maintain economic development and tourism units into the immediate future? A Combined Authority might be a creative way to maintain a local government foothold in key strategic, but discretionary, services.
32. Others may argue that this paper in effect suggesting 26 authorities for Wales rather than 22. This again is a misreading of the central argument. As shown in England a Combined Authority flows out of the existing structure and does not add any additional staffing requirement, asset creation or increase in political representation. Ultimately a Combined Authority is not about taking-over of local authorities to create a ‘super council’. **Local authorities remain the best organisations to deliver the vast majority of services for their communities.**
33. In terms of costs of implementation councils will seek to ensure that the running costs of Combined Authorities should not cost significantly more than the arrangements that they replace. Although there may be some transitional costs, such as the cost of transferring staff and assets to Combined Authorities, integrating services into the Combined Authority

is expected to save money through better co-ordination and organisational redesign. Transparency will also be vital and it will be most efficient to build this scrutiny into the new governance arrangements.

34. The WLGA intends to approach the Core Cities Authorities in England to undertake further work in these areas based on experience to date. The WLGA would also request recognition of the principle that if Welsh Government is prepared to fund the costs of LGR that an appropriate resource be made available to underwrite this approach.
35. In another context, the Combined Authority could be focus for devolving powers from Cardiff Bay to local government. It would certainly provide a vehicle for a new approach to central local relations. This was recently envisaged by the First Minister when he stated in a Assembly Plenary Session on 28th January 2014 that: *“I spend a lot of my time arguing for powers to be devolved from London to here. I am fully aware of the fact that the same argument applies to devolving powers to local authorities, as long as they are able to deal with those powers.”* All this in addition could form part of the national debate envisaged as part of the Future Generations Bill.
36. There would be real synergies with other parts of the Welsh public sector in health, police and fire & rescue services. It also chimes with calls from business leaders for a more strategic approach to economic development whilst locally retaining links with SME’s.

Conclusion

37. The prospect of another Local Government Reorganisation is placing Welsh public services in a period of limbo, which began well over year ago and is set to continue until at least the end of the decade. At a time when public service organisations need to be alive with innovation and forward thinking as they seek to manage their way through austerity they are instead in a state of sullen stasis as they look forward only to their demise.
38. The way forward suggested in this paper could be implemented through a bespoke piece of legislation on which we would urge consensus. Even as that legislation is being prepared the prospect of such legislation would release positive energies instead of the current whirlpool of negative thinking into the Welsh public service is likely to disappear. Establishing a Combined Authority does not mean individual local authorities will have to give up powers or sovereignty. All functions related to economic growth and regeneration will be for example exercised by Combined Authorities on a concurrent basis with local authorities.
39. It would ensure at a time of massive cuts that the huge sums of money spent on the complex architecture required for a full blown reorganisation is retained in front line services and fully subject to local

democratic accountability. The approach set out in this discussion document is a genuinely radical proposal constructed by local government. It builds on a track record of experience on a wider UK level and represents an approach which requires a vigorous debate.

40. There has been frustration across councils in Wales that the process leading up to the publication of the Williams report and the slow pace of the Welsh government response have effectively excluded a full local government contribution. This recently led Councillor Bob Wellington to openly question in his recent speech to the WLGA Conference “why aren’t local government leaders in Wales at the heart of the discussion about their own future”? The recent publication “In Defence of Localism” and now this discussion document set out a new vision for Welsh local government. It is a vision that offers a pragmatic, timely and resource efficient solution to public services reform in Wales.

Annex 1- Technical Note

There are five Combined Authorities in the geographic areas of Sheffield, North East, Greater Manchester, Liverpool and West Yorkshire. All these were established in 2014 whilst Greater Manchester was established three years ago. A sixth is proposed, based around Birmingham and the West Midlands, where an Integrated Transport Authority is already in place. Nottingham and some Southern English Councils are also considering their own options for Combined Authorities.

Membership and voting rights

Membership of a Combined Authority depends on its constitution as adopted in the Order under which it was set up. The members are not elected directly and voting rights are held by the appointees from each constituent authority. There are some interesting differences among the four new Combined Authorities:

- In Merseyside, the Board of the Liverpool City Region Local Enterprise Partnership (LEP) has the right to appoint a non-voting member of the Authority.
- In West Yorkshire, each constituent council (as defined in the Order) is to appoint one member and in addition the intention is that the constituent councils appoint another member from three of the constituent councils so that the body of constituent council appointed members will reflect the political balance in the council areas. The non-constituent council (which is the local government area for York) is to appoint a non-voting member. The Leeds City Region LEP is also to appoint a non-voting member.
- In Sheffield City Region in addition to one member from each constituent council there are to be two 'rotational second members' appointed for a year from the 'rotational second members' selected by each constituent council and there will be a non-voting member appointed by each non-constituent council. There is no LEP representation.
- In the North East, each constituent council is to appoint a member and the North East LEP will have a non-voting member.

Legal Background

In England, part 6 of the Local Democracy, Economic Development and Construction Act 2009 (the 2009 Act) provides for the establishment of Combined Authorities that take on the functions and responsibilities for economic development and regeneration from the relevant councils and, where one exists in the area, the functions of the Integrated Transport Authority (ITA).

This power does not apply in Wales. A review of legislation here identified several options available to Welsh Government:

1. **A new Bill via the National Assembly.** This would repeal all previous legislation and establish a brand new system from scratch; or it could allow an amendment framework to change the current local government structure.
2. **Current executive powers.** These are however piecemeal, myriad and none is overarching. Examples include:
 - S37 of the Local Democracy (Wales) Act which permits the functions of the Local Democracy and Boundary Commission
 - S5 of the Transport (Wales) Act 2006 which permits the establishment of Joint Transport Authorities
 - The Town & County Planning Act which permits bringing together of planning authorities (as well as proposals in the Planning Bill)
 - S9 of the Local Government (Wales) Measure 2009, which permits the operation of an Improvement Authority.
 - S162 of the Local Government Measure 2011 which permits bringing together of up to 3 Local Authorities.

Further research might be needed to ascertain the full extent and nature of current powers. All the powers reviewed so far have however been restricted and very specific. Suited to task, such as those for Transport; or applicable only in particular circumstances such as the failure of a local authority. S162 of the Local Government Wales Measure 2011 for example, permits an Amalgamation Order; but:

- Amalgamation is for two or three (but not four or more) Local Authorities
- Before making the order, Welsh Minister must try:
 - (a) the exercise by any of the local authorities concerned of their powers under section 9 (Powers to collaborate etc) of the Local Government (Wales) Measure 2009, or
 - (b) the exercise by the Welsh Ministers of their powers under—
 - (i) section 28 (Welsh Ministers: support for Welsh improvement authorities),
 - (ii) section 29 (Welsh Ministers: powers of direction etc),
 - (iii) section 30 (Powers of direction: collaboration arrangements),
 - or
 - (iv) section 31 (Powers of Welsh Ministers to modify enactments and confer new powers) of that Measure.
- This power is subject to an affirmative resolution procedure. This is the more stringent form of parliamentary control, as it requires positive approval, rather than the absence of a decision to annul. Accordingly, it is used where the delegated legislation may be more controversial.

The law in Wales has been hard to interpret, not least because several Acts, Schedules, Sections, Amendments and Repeals inter-relate. The conventional doctrine is that a legal document should be understandable ‘within all four corners.’ This raises the notion that a new Bill, that brings all these amendments together, might be due.

It is worth noting that the Local Government Wales Act 1994 included a temporary power for Welsh Government to make various changes that might have included the formation of Combined Authorities. The power lapsed in 1999 but could appear on a similar basis in a new Act.

The options above need not be restricted to economic development, regeneration and transport functions. No change or order is required for the exercise by local authorities of their own subsidiary powers to collaborate.



Combined Authorities: Frequently Asked Questions

1. What is a Combined Authority?
2. How is one created?
3. Why have English Councils formed combined authorities?
4. What would it do?
5. What is the status of the WLGA proposals?
6. When could combined authorities be formally established?
7. What would be the interim arrangements?
8. What would any new bodies be called?
9. Who would be its members?
10. Would this mean merging Local Authorities?
11. Wouldn't this recreate the old two tier system in Wales?
12. Would it result in more bureaucracy?
13. How would the Combined Authority relate to the existing landscape of regional bodies?
14. How would it's' work be scrutinised?
15. Wouldn't it mean a loss of local autonomy and identity?
16. How would it be funded?
17. Won't this cost more?
18. Is this just Welsh Councils trying to avoid local government reorganisation?

Link to the WLGA discussion paper “An Alternative Approach to the Williams Report. The Creation of Four Combined Authorities for Wales”?

<http://www.wlga.gov.uk/wlga-corporate-publications/discussion-paper-the-creation-of-four-combined-authorities-for-wales>

1. What is a Combined Authority?

In England a Combined Authority is a statutory body created to lead collaboration between authorities on transport, regeneration and economic development. A Combined Authority can be set up when two or more neighbouring Local Authorities covering an area's economic footprint want to collaborate more closely together on a voluntary basis to improve economic outcomes. By agreement between the constituent district authorities, any Integrated Transport Authority (ITA) and central government, a Combined Authority takes on the combined role of Local Transport Authority and Economic Prosperity Board. A local authority can only be part of one Combined Authority.

2. How is one created?

To establish a Combined Authority in England, the authorities wishing to participate (including where they exist any Integrated Transport Authority), have to complete a statutory review of current governance arrangements and options, and then prepare a scheme outlining their proposals. Publication of the scheme requires the consent of the local authority areas covered by it. In Wales a model to establish a combined authority is explored in the WLGA discussion paper¹.

The Secretary of State must then consult, including with the relevant authorities that would be covered by the Combined Authority, and must be satisfied that the establishment of a Combined Authority would bring about the following benefits:

- Improve the effectiveness and efficiency of transport in the area
- Improve the exercise of statutory functions relating to economic development, regeneration and transport in the area
- Improve the economic conditions in the area.

3. Why have English Authorities formed combined authorities?

The main reason for authorities coming together is to join governance and strategic decision-making on economic development, regeneration, planning, land use, infrastructure and transport across the area.

It has proved to be the most efficient way of taking strategic decisions on transport, planning and economic development and managing regional investment while enabling more decisions to be taken locally instead of centrally within Whitehall. It is noteworthy that in the North of England there is now a proposal for "A Council for Northern City Regions" to be formed as a way to rebalance the UK economy's

¹ <http://www.wlga.gov.uk/wlga-corporate-publications/discussion-paper-the-creation-of-four-combined-authorities-for-wales>

dependence on the South East. This would be an overarching formation of five combined authorities seeking to bring together representatives from business, universities, the voluntary sector and local government.

4. What would it do?

Five key roles

- It would support sustainable job creation and economic growth: a Combined Authority would help secure funding and investment, including devolved funding from government, to accelerate economic growth and create jobs;
- It would enable more decisions to be taken locally. In England the combined authority is the vehicle for organising the powers and resources that have been devolved under the City Deal. It provides the potential for central Government to devolve further powers and resources to City Regions or Economic Partnerships, for example through the Local Growth Deal;
- It would help secure major improvements in transport. A Combined Authority has been suggested by Cardiff University as the governance model for the proposed South East Wales Metro project. In North Wales it could play a similar role in terms of the project on Electrification of the line from Holyhead to Crewe together with other initiatives
- It would enable strong cross boundary working, such as entering into a partnership with other combined authorities on rail franchising.
- It would provide resilience and sustainability to a range of functions which are currently been hardest hit in terms of predicted budget cuts and ensure that local government continues to undertake its community leadership role of promoting the social, economic and environmental wellbeing in their areas.

5. What is the status of the WLGA proposals?

The WLGA is consulting on a model of 4 combined authorities for Wales. The consultation has been agreed by the leadership of the Association. The proposals are purely for discussion and debate at the current time. To take the proposal forward will require much more detailed work and need agreement from councils to explore “deeper” options.

WLGA envisages a Combined Authority going beyond a strict economic remit. For example such a body could provide a governance focus for existing regional initiatives such as the regional School Improvement Consortia and the National Adoption Service.

6. When could combined authorities be formally established?

This question would be subject to agreement of councils. However it is envisaged that the proposal could be implemented with the necessary urgency bearing in mind the timescales set out in both the Williams report and the White Paper do not assist local authorities with immediate challenge of dealing with tough budget choices.

7. What would be the interim arrangements?

In England the position has been that a regular meetings of a Shadow Combined Authority are in place around 6-9 months before the actual commencement of the authority. This has enabled progress on the practical arrangements necessary for the effective and efficient operation of the Combined Authority from its inception. This includes the design of streamlined supporting governance and officer arrangements. The Shadow Authority also considers the strategic transport and economic investment related issues that will form the core business of the new Combined Authority.

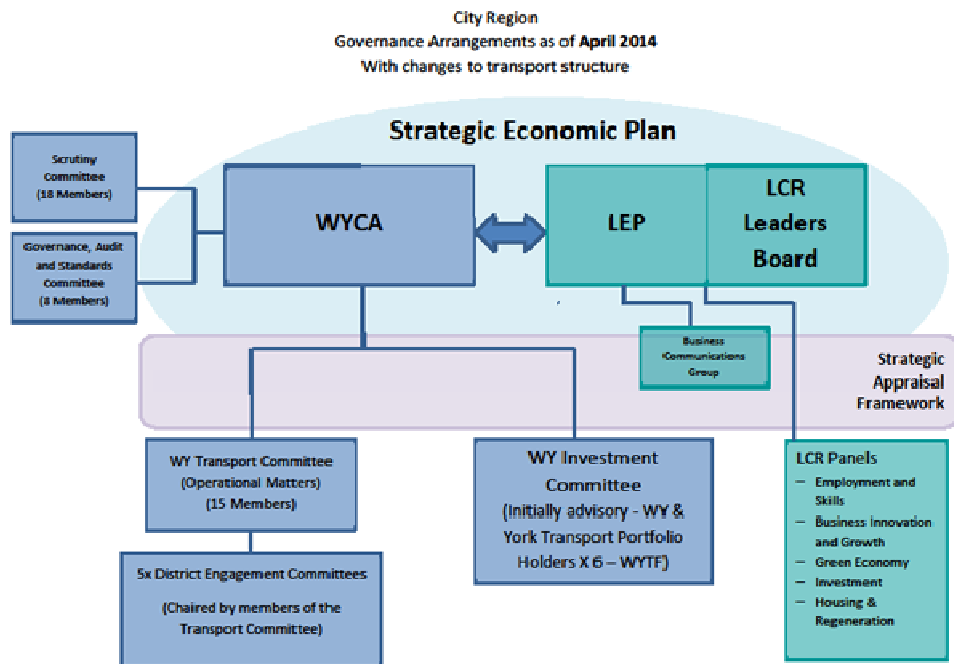
8. What would any new body be called?

It would be for the consenting bodies in the Combined Authority area to set in place a name for the new body.

9. Who would be its members?

The Combined Authority would be made up of members drawn from the constituent authorities in a given area. The role of leaders of local authorities is paramount but there would also be a role for relevant cabinet members and also for dedicated scrutiny. The Governance structure from the West Yorkshire Combined authority shown below are illustrative of the approach utilised there. The core membership is that the five constituent councils each appoint one of their elected members to the Combined Authority, with the remaining three members appointed by the constituent councils to reflect the political balance among the authorities. Additional members are however drawn from Local Enterprise Partnership (LEPS) and a link to York City Council because of the economic interdependency with the City.

Example - West Yorkshire Combined Authority – Governance Structure



10. Would this mean merging local authorities?

No. A Combined Authority is not about re-organising local government boundaries. It is about the layering of functions across councils. There is no intention to merge or take-over local authorities to create a ‘super council’. Local authorities remain the best organisations to deliver the vast majority of services for their communities.

The focus will also be on devolving powers down from Welsh Government, not just about pooling them up from local authorities.

11. Wouldn't this recreate the old two tier system in Wales?

No, and that criticism would be rejected. The old pre 1996 District and County system in Wales entailed 37 districts providing services like housing, leisure, environmental health and others. Alternatively the 8 county councils ran social services, education, trading standards, registration and others. There were 45 separate organisations with their own councillors, chief executives, senior officers and constituent organisations. These councils were all directly elected and had their own large asset base in terms of civic buildings and properties. The links between the counties and districts were often fragmented because of this and the “two tier structure” was seen to be a key weakness of the old system leading to the 1996 reorganisation.

Combined authorities are different. They are organisations formed from the legal agreement of existing councils without the requirement for direct elections or new bureaucracies.

Taking an example, a combined authority might play a role in the strategic promotion of economic development. This could be done through the formation of a Strategic Economic Development Unit not requiring the current levels of senior officer leadership located in different authorities across a region. This in turn would assist in dealing with resilience issues and budget cuts. But at the same time there would be economic development functions that constituent authorities may wish to continue to deliver locally (industrial units, local business forums etc.). These are called “**Concurrent Functions**” and it would be for the constituent councils to determine the appropriate level of functions to take “up a level” or remain where currently located.

12. Would it result in more bureaucracy?

No. Our contention is that a Combined Authority would result in decision-making on transport and economic investment simpler and more transparent with the added benefit of clearer lines of accountability. Governance arrangements across Wales have historically been complex and layered with fragmented roles and responsibilities that have reduced the capacity to be effective, and have delayed timely decision-making. This has been the major reason for the advancement of a City Region approach in Wales based on successful approaches in places such as Stuttgart, Vancouver and Cork-Limerick-Galway corridor.

By contrast, members of a Combined Authority could take decisions jointly in relation to the whole of their regional area without having to return to the individual councils to have these decisions ratified, based on a robust scheme of delegation where appropriate.

13. How would the Combined Authorities relate to the existing landscape of regional bodies?

The answer is that it could provide a much clearer governance structure than is presently the case. Many regional arrangements have sprung up incrementally and their governance arrangements have been constructed in a piecemeal fashion. The Williams Report for example spoke of confused accountabilities and regional complexity. The combined authority model could bring greater order to this and clearer accountability to elected members

14. How would its work be scrutinised?

Councils will want the activities of a Combined Authority to be transparent and open to scrutiny. In England there is general agreement that it would be most efficient to build such scrutiny into the governance arrangements for the Combined Authority (to avoid all constituent authorities having to take on this responsibility and duplicating their efforts).

15. Wouldn't it mean a loss of local autonomy and identity?

Establishing a Combined Authority does not mean individual local authorities would have to give up powers. All functions related to economic growth and regeneration would be exercised by the Combined Authority on a concurrent basis with local

authorities. The core principle is that decisions would be taken at the most appropriate geographical level; only issues of genuine regional significance would involve the Combined Authority, for examples cross boundary transport and economic investment.

Equally, the Williams report envisages some regional arrangements continuing if there is a restructuring of local government to between 10 and 12 authorities. In short a local, regional and national approach to delivering services within local government is a fact of current delivery.

16. How would it be funded?

In England, a Combined Authority's transport expenditure is funded through a levy from its constituent local authorities. Transport funding is paid for through council tax and the government grant that goes directly to councils. This is only one potential model as grant could be paid directly to the new Combined Authority by transferring funding out the general settlement and paying it directly.

Combined Authorities could potentially become the Welsh Government's preferred governance model for elements of future funding. As business rates and other taxes are currently being devolved there is no reason why additional tax base growth that is attributable to the achievements of the Combined Authority should not be retained. This creates a virtuous circle of economic growth and income and generation.

17. Won't this cost more?

The constituent councils would need to be assured that the running costs of any Combined Authority should not cost more than the arrangements that it would replace. Although there could be some transitional costs, such as the cost of transferring staff and assets to the Combined Authority, integrating key functions into the Combined Authority would be expected to save money through better co-ordination and lower overheads.

In England, Constituent members do not receive remuneration from the Combined Authority other than the standard allowances for travel and subsistence. The independent remuneration panel might be commissioned to ensure that any allowances payable to supporting arrangements, including and oversight and scrutiny arrangements are proportionate.

18. Isn't this just Welsh Councils trying to avoid local government reorganisation?

The WLGA as the representative body for Welsh Local Government has never received any proposals from its members suggesting that mergers of councils represents the way forward. Not one council gave evidence to the Williams Commission supporting the idea of restructuring as their first option. It is noticeable that those councils who are proposed to stand alone under the Williams proposals are not making a case to merge.

This is not about resistance to change it is about what is doing best for the interests of our communities and ensuring that a vibrant local democracy in Wales persists over forthcoming years. It is centres on councils recognising that “form follows function” and that Wales as a whole would benefit from a radical approach to the delivering of existing services as opposed to changing lines on the map.

In the next three years some £800 million will be cut from local government funding. A structural reorganisation in 2020 costing between £200 to £400 million with a contested payback period and massive disruption is a “sideshow” in comparison to the scale of this task.

On the national level there is no political agreement amongst the parties on a way forward although the First Minister has stated that the “status quo is not an option” and that a form of reorganisation is inevitable. As a result the WLGA has been tasked by leaders to present an alternative approach. The Combined authority approach is one with considerable pedigree in the English context and which has clear precedent in Wales. It is put forward for debate by the WLGA as a workable alternative to the Williams proposals. It is for authorities to determine whether it is a proposal worth pursuing.

WLGA - CLILC

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