

Our Ref/Ein Cyf:
Your Ref/Eich Cyf:
Date/Dyddiad:
Please ask for/Gofynnwch am:
Direct line/Llinell uniongyrchol:
Email/Ebost:

ST/SP
31st March 2015
Steve Thomas
029 2046 8610
steve.thomas@wlga.gov.uk



WLGA • CLILC

To all Local Authority Leaders and Chief Executives, Chairs and Chief Officers of the Fire & Rescue Authorities, Chairs and Chief Executives of National Park Authorities in Wales

Dear Colleague

WLGA Draft Response to the Welsh Government's White Paper "Reforming Local Government: Power to Local People"

Following unanimous agreement at the WLGA Coordinating Committee meeting on March 27th 2015, it was agreed to seek the views of all WLGA members across Wales on WLGA's draft response to the White Paper "Power to Local People".

It was the view of members that the draft response represents an excellent and detailed summation of potential local government positions to the many and varied proposals in the White Paper. The vision set out by Welsh Government and the debate this has generated has been fully embraced in local government. Indeed, it is the view of members that this approach based on the possible form and functions of local government should have commenced before the discussion on structures.

Members were keen to stress the elements in the White Paper which were positive and are to be welcomed. These include a power of general competence, the push for greater diversity in Councillor membership, and the commitment to have a full examination of local government finance.

There are other elements of the White Paper, however, which are hugely controversial and have generated an adverse response amongst councils. These fall into key categories:

Communities – WLGA leaders agreed that the debate on more powers to councils that is currently happening across the UK is not occurring to a sufficient degree in Wales. The principles of devolution of power to our communities through local government, a localist philosophy and the principle of subsidiarity need to be at the heart of Welsh public policy.

Steve Thomas CBE
Chief Executive
Prif Weithredwr

Welsh Local Government
Association
Local Government House
Drake Walk
CARDIFF CF10 4LG
Tel: 029 2046 8600

Cymdeithas Llywodraeth
Leol Cymru
Tŷ Llywodraeth Leol
Rhodfa Drake
CAERDYDD CF10 4LG
Ffôn: 029 2046 8600

www.wlga.gov.uk

Choice – WLGA leaders agreed that key principles of local democratic choice are at stake. Leaders believe for example that it is for communities through the ballot box to determine the length of time politicians are in post. They also believe that it is a fundamental principle that councillors select and appoint their own senior managers. These and many other examples are at the core of a localist approach.

Consistency - Many of the proposals in the White Paper apply exclusively to the local government sector. It is the view of WLGA leaders that for any debates on these matters to have credibility, and for councils to properly engage in a meaningful way, the potential reforms must apply to all levels of government in Wales.

Complexity – The White Paper adds more complexity into an already crowded public services landscape. The White Paper highlights reforms to community councils, a new system of area boards, new requirements around LSBs, the development of City Regions and a raft of other legislative proposals. These proposals appear to contradict the recommendations of the Williams Report, which sought greater clarity and significant reform. The proposals on a new improvement review framework also fall into this category.

Clarity – To properly answer some of the key issues in the White Paper this must be predicated on the need for a resolution to the debate on local government reorganization, for example, determining what is the appropriate number of councillors in Wales. The LGR debate has stalled and a further map is awaited. WLGA leaders repeat their call to be fully involved in the determination of the future shape of Welsh councils.

Commissioning – The White Paper proposes an accelerated model of local authorities commissioning services through mutuals, the third sector, social enterprises etc. The WLGA recognises that this is but one of many mechanisms to transform services and has severe limitations. It is the view of WLGA that the default model of direct public services, democratically accountable to local politicians and infused with a public sector ethos is the preferred operating model.

Councillors and Democracy - WLGA leaders want the debate on the future of local government to be based on the principles of respect, full engagement and partnership. WLGA is eager for Welsh councils to fully reflect the diversity of our communities. But we also want to ensure the contribution of all who stand for election in these difficult times is fully recognised and valued. They should be applauded for their dedication and commitment to serve communities across Wales often to the detriment of their family life and careers.

The WLGA draft response comes in the form of both an Executive Summary and a more detailed document setting out views on the many proposals in the White Paper. This is a long response but the debate generated by the White Paper is fundamental and it is important that WLGA, as the representative body of councils in Wales, seeks to address the issues contained therein. We are consulting councils on the contents of this and asking key questions:

1. Do you broadly support the approach taken and the contents of the response?
2. Do you think that the response sets the right tone and its recommendations can be fully supported?
3. Do you think there are issues or ideas that should be included in the response, which are currently missing?

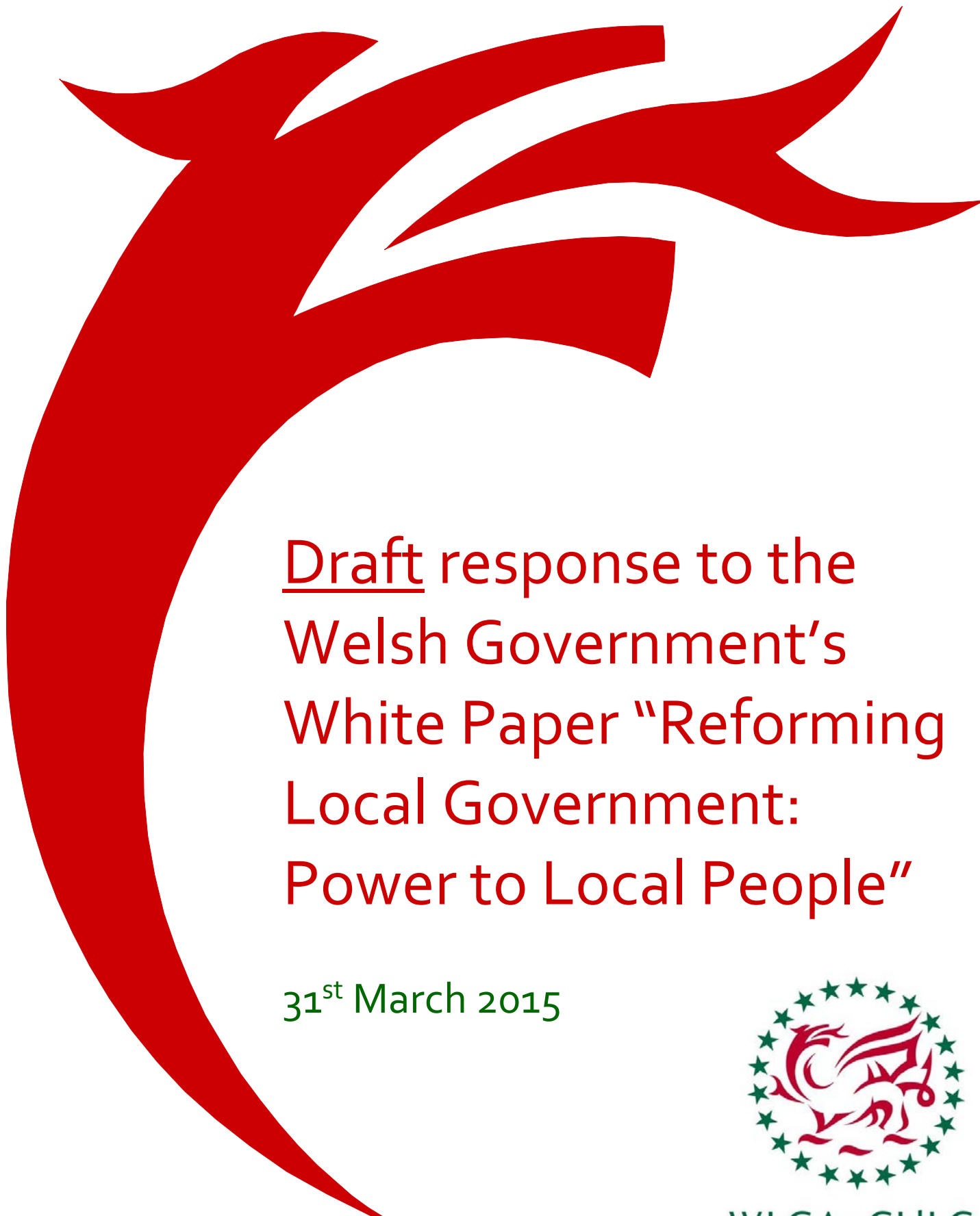
Following our discussion at the last weeks Coordinating Committee we are using this period between now and the end of the Welsh Government consultation to seek authorities views on this draft. We would like to get a firm view on the direction of travel from each authority across Wales and all parts of the WLGA membership. It is hoped that this draft will in addition, assist councils in their formulation of views to the White Paper. Therefore we need your comments by **Tuesday 14th April 2015** to report back to our Management & Audit Sub Committee.

We would also urge those councils who are supportive of this response and thus not intending to submit an individual council submission to write to Welsh Government indicating their endorsement.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Bob Wellington', written in a cursive style.

Councillor Bob Wellington CBE
Leader of the Welsh Local Government Association



Draft response to the
Welsh Government's
White Paper "Reforming
Local Government:
Power to Local People"

31st March 2015



WLGA • CLILC

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales. The three fire and rescue authorities and the three national park authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. A draft Executive Summary is set out in pages (i) to (vii).
4. A full draft response to the White Paper is set out in pages 1 to 37.
5. WLGA would be grateful to receive any comments from the membership on the draft response to the White Paper and a response by 14th April 2015 would be appreciated.

For further information please contact:

Steve Thomas CBE, WLGA Chief Executive

steve.thomas@wlga.gov.uk

Welsh Local Government Association
Local Government House
Drake walk
Cardiff
CF10 4LG

Tel: 029 2046 8600

Executive Summary - WLGA Draft Response

Chapter 1 - Welsh Government Vision for Local Government in Wales

The Welsh Government vision for local government sets out the concept of an “activist” council which has derived from “the best international experience, and drawn on the experiences of the co-operative councils movement in the UK”. There is a welcome proposal of a power of general competence for all Welsh Councils. However many of the proposals to underpin this vision are qualified and conditional on creating larger reorganised councils.

Response

- WLGA welcomes the debate that has started on developing a vision for the future of local democracy in Wales and is committed to taking this forward in an open and constructive manner.
- WLGA members believe that the “activist” council model has real attractions but that it would require greater autonomy for local authorities than is afforded currently by central government and recognition that a public service ethos is fundamental.
- WLGA members are firmly of the view that the principles of localism and subsidiarity need to be embraced by all levels of government in Wales.
- WLGA and our colleagues across the UK support the concept of a Constitutional Convention following the general election with every nation and region in the country engaged in a dialogue with our communities about how power needs to be dispersed and how sub-national devolution can be strengthened.
- WLGA members believe that the Welsh Government should rapidly move forward to de-hypothecate all specific grants following the approaches in England and Scotland.

Chapter 2 - Balancing the responsibilities of National and Local Government

This chapter recognises that a new approach is needed to underpin central local relations in Wales and will be achieved by a review of the body of local government legislation. It also highlights that Welsh Government remains firmly of the view that both structural and organisational reform of Local Government is necessary.

Central local relations

Response

- WLGA repeats its call for clarity from Welsh Government on how local government reorganisation is to be funded and for an end to the current ambiguity on structures.
- WLGA calls for an independent review of central local relations in Wales aimed at producing clearer accountabilities and ensuring that the interface between devolved and local government drives priorities.
- WLGA calls for an annual meeting between all Welsh Government Cabinet Members and the 22 leaders to exchange ideas, plan implementation of legislation and test strategic direction of key policies. This can also be used as an opportunity to discuss new approaches.
- WLGA supports the review of the body of local government legislation and the recasting of local authority constitutions

Chapter 3 – Renewing Democracy

The proposals in this section deal with suggested reforms aimed at renewed democracy. These include reducing the number of councillors across Wales, term limits, right of recall, possible election by thirds etc. This chapter has proved the most controversial to date in the discussion around the White Paper. The tenor of discussions thus far has failed to recognise the time, commitment and service of existing councillors in relation to working in their communities and improving councils.

Councillor Numbers

Response

- WLGA proposes that a definitive view on council structures needs to be reached before the question of councillor numbers can be answered.
- WLGA advocates that any proposals must examine the optimum level of representation for a locality rather than focusing on averages across the UK.
- WLGA calls for the immediate formation of a Commission between Welsh Government, the Boundary Commission and WLGA to make progress on the way forward on levels of representation.

Remuneration

Response

- WLGA calls on Welsh Government to undertake a national review of comparative levels of remuneration beyond local government across the public sector, including non-elected bodies in Wales.
- WLGA does not feel that the case has been made for reducing allowances at a time when the size of authorities and the scale of responsibilities are increasing.
- WLGA believes that the work of the Independent Review Panel needs to be examined to understand why a system of allowances subject to objective evaluation and accumulated benchmarking since 2007 is now deemed not fit for purpose.

Term Limits

Response

- WLGA does not support the concept of term limits. While WLGA members are fully prepared to engage in a national debate on term limits this must be on the condition that it covers all levels of political representation in Wales.

Right of Recall

Response

- WLGA does not support the concept of right of recall. While WLGA members are fully prepared to engage in a national debate on the right to recall this must be on the condition that it covers all levels of political representation in Wales.

Diversity

Response

- WLGA fully supports the promotion of more diversity in Welsh Local Government and the provisions of the report "On Balance"
- WLGA believes that the promotion of diversity in local government must start with the selection processes of the political parties.

Electoral Cycles

Response

- WLGA fully supports a five year fixed term electoral cycle

- WLGA rejects the proposals for 3 year electoral cycles for the reasons highlighted in our response.

Senior Officers

Response

- WLGA believes that consideration should be given to initial fixed term contracts for Chief Executives so as to avoid the need to legislate in this area.
- WLGA is not persuaded by the case for a public services appointments commission and believes that it denies the key principle of local democratic choice in senior appointments.
- WLGA supports the idea of the Staff Commission having a role in commenting upon and reconciling salary levels for senior managers within a more consistent national framework across all public services.
- WLGA does not support lifting the electoral qualification for officers to stand as councillors in their own authorities.

Chapters 4 & 5 - Connecting with Communities and Empowerment

This section examines the potential role of area boards and reforms to town and community councils. It stresses the importance of member led community governance, however some of the proposals also add to the complexity of local governance frameworks which actually confuse and diminish the accountability of members at the local level.

Response

- WLGA supports fully the concept of member led community governance.
- WLGA believes that in some cases Area Boards can add value but only when there is local demand and not when imposed through national frameworks.
- WLGA calls on Welsh Government to implement the Williams Report recommendations on reducing complexity before any new localized structures are put in place.
- WLGA supports the proposal to give the new principal councils the power to lead reform of town and community councils.

- WLGA does not believe that a full review of governance and structures of Community councils can be completed by 2022
- WLGA is committed to public service provision through local government and, while accepting that alternative models of service delivery must be explored and considered, believes that the future sustainability of public services will rely on direct provision by councils.

Chapter 6 - Corporate Governance and Improvement

The White Paper outlines continued commitment to the concept of self-improvement, where councils themselves remain responsible for identifying their own improvement priorities, identifying and mitigating improvement challenges and risks and managing service performance. The White Paper therefore proposes a repeal of the more general improvement provisions in Part 1 of the Local Government (Wales) Measure 2009 and reaffirms an intention to retain Ministerial intervention powers, including a new power to commission an independent governance review of an authority in certain circumstances.

Response

- WLGA welcomes the Welsh Government's continued commitment to and strengthening of an improvement regime based on self-assessment and self-improvement.
- WLGA supports the general proposals to strengthen the role of Audit Committees, but the Welsh Government should also seek to clarify the distinct remit and roles of audit and scrutiny
- WLGA does not support the proposed reforms to ensure that the chair of Audit is an independent member or that Audit Committees should include a greater proportion of independent members.
- WLGA welcomes the White Paper's recognition of the value of peer review, but believes it should remain a sector-led, sector-owned and sector-commissioned model and should not be statutory or prescribed.

Chapter 7 - Performance in local Government

The White Paper further explores the key components of effective governance and self-improvement and outlines proposals for a requirement for councils to publish a corporate plan that covers the short, medium and long term, annual reporting arrangements covering performance for the previous year. The White Paper also clarifies Welsh Government intention to streamline the performance measurement regime in line with the Williams Commission recommendations and proposes the

establishment of an online information portal including councils' performance information and performance documentation and reports.

Response

- WLGA supports many of the aims of the White Paper around seeking to streamline and more effectively and transparently measure, manage and report council performance.
- WLGA and Data Unit welcome the Welsh Government commitment to working with partners in developing the proposed new, streamlined approach.
- WLGA does not support proposals for 'financial penalties' and thinks it will unfairly undermine performance and attainment of standards. The White Paper does not explore the potential of minimum standards in detail.
- WLGA supports the proposal that councils should produce a comprehensive corporate plan, but is not convinced it will lead to clearer demarcation of the respective roles of councillors and senior managers and, given its comprehensiveness and complexity, it will not support or promote public engagement or accountability.
- WLGA supports the White Paper proposals around openness and transparency of council business and recognises the potential for increased service provision and customer contact through digital channels.

Chapter 8 - Strengthening the Role of Review

The White Paper outlines the Welsh Government's plans continued commitment to the concept of local democratic oversight and scrutiny of local government and, potentially, partner organisations. The White Paper outlines proposals to further clarify, support and strengthen local scrutiny, the relationship of scrutiny with external inspectorates and regulators and improved coordination of information and activities of such external bodies.

Response

- WLGA supports many of the principles and objectives that underpin the chapter on strengthening the role of review, many of the individual proposals are also endorsed.
- WLGA supports the introduction of 'Key Decisions' to clarify the key issues which scrutiny should consider and may be subject to call-in when appropriate. Similarly scrutiny forward work planning could be strengthened, but prescription should be proportionate.

- WLGA recognises the contribution and value of co-optees but it should be a matter for local determination regarding the role and voting rights of co-optees.
- WLGA does not support the proposal to legislate to ensure that collaborative or jointly commissioned services have a joint scrutiny committee. Local accountability arrangements should be left to the discretion of constituent authorities.
- WLGA supports the proposals around strengthening the links between external inspection and regulatory bodies.
- WLGA supports in principle the proposed joint 'whole system assessment' of authorities, but a biennial assessment does not appear to be proportionate and could place a significant burden on authorities.

Chapter 9 - Reforming Local Government Finance

This chapter highlights longer term proposals for reform of the finance system in Wales supported by changes to the way local services are funded and the mechanisms for distributing, raising, managing and accounting for the funding.

Response

- WLGA would argue that as the arena of local government finance is the key issue facing local government, reform should be given greater prominence within the White Paper.
- WLGA fully supports the White Paper proposals on council tax revaluation, reform of the local government funding formula and new approaches to local taxation.
- WLGA has commissioned an Independent Commission on Local Government funding to examine the crisis in local government funding and the Welsh Government is invited to participate in this work.

DRAFT

Reforming Local Government White Paper – Power to Local People

DRAFT WLGA response

Chapter 1 - Welsh Government Vision for Local Government in Wales

Introduction

- 1.1 The Welsh Government's Devolution, Democracy and Delivery White Paper: Reforming Local Government - Power to Local People, published on 3rd February 2015 and was acknowledged by WLGA as an important contribution to the debate on the future of local democracy in Wales. The WLGA has consistently argued that the debate on future structures of local government in Wales should be firmly based on the need for form to follow function and that a clear vision is needed to underpin any proposed changes.
- 1.2 The White Paper usefully sets Welsh local government within an historical perspective and also seeks to link the "Reforming Local Government Programme" with other Welsh Government strategies. It proposes a range of measures that are progressive such as the view that there must be more diversity within council chambers and that local authorities should more clearly reflect the communities they serve, as well as less developed ideas that will require further discussion and elaboration. This response will consider the White Paper in its entirety and will highlight those ideas which are welcome as well as those proposals that are less persuasive as currently set out.
- 1.3 Consideration will be given to the main themes of the White Paper: local democracy, the roles and remuneration of elected members and senior officers, community governance and community councils, community rights, corporate improvement, service performance, scrutiny, audit, inspection and regulation, and local government finance. The paper reflects the discussions that have taken place to date within the WLGA's various political fora including the WLGA Council on 27th February. The intention at all times is to both constructive and challenging to seek shared solutions for public services in Wales.

The Vision – "Activist" Councils

- 2.1 The Welsh Government vision for "activist" councils is one of the key themes of the White Paper. The Minister for Public Services, Leighton Andrews, states in the introduction that, "We want all our Councils to be activist Councils, engaged in delivering modern, accessible, high quality public services with their communities." The Paper sets local government at the heart of its communities, which is welcome and recognises a functional reality as it exists today. While much focus is placed on the larger services such as education and social care, for the public it is those delivery areas that deal with the "clean, green and safe" services that are often the most valued.
- 2.2 Services such as environmental health, trading standards, leisure, housing, libraries and many more have a key preventative role in terms of community health and wellbeing. It these same services whose sustainability is under threat with

continuing austerity and cuts. As the First Minister recently commented *"Another five years of this, and there won't be any choices at all, no matter how difficult the decisions. It won't be libraries and leisure centres versus social services and playgroups. It will be everything"*.

- 2.3 This is a clear recognition that structural change cannot provide all the answers to the financial predicament of local councils. Thus the White Paper is right to stress that finding new and innovative ways of delivering services now is the key task for local democracy across Wales.

Localism

- 3.1 The White Paper suggests that following reorganisation, the "activist" council model will create the foundation "for local government to determine with local people the bulk of local priorities". It is suggested that this approach is rooted in the cooperative councils' tradition in the UK, and yet the White Paper makes very few references to the localist principles that underpin the cooperative council philosophy. This principle is best expressed by a recent statements from the present and past Chairs of the Cooperatives Council Innovation Network (CCIN) who argue that -

"The outcomes from this innovative new approach to local service delivery will be severely muted if local government is not re-empowered with meaningful economic policy and funding levers". Cllr Andrew Burns Leader of City of Edinburgh Council and Chair of the CCIN

"Top-down governance has failed. Cooperative localism could help us define public services for a new era". Cllr Jim McMahon Leader of Oldham Council and a former Chair of the CCIN

- 3.3 The White Paper suggests that a power of general competence partly addresses this argument. WLGA leaders have argued for such a power since the WLGA's formation 1996 and welcome the fact that the Welsh Government has embraced the principles set out in 2011 Localism Act. In England it has been designed to allow councils to undertake innovative activity to drive efficiency and encourage more calculated risk taking that could benefit council tax payers. It does not however allow any new power to raise tax or precepts, or to borrow. Neither will the proposals enable councils to set charges for mandatory services, impose fines or create offences or byelaws affecting the rights of others, over and above existing powers to do so.

- 3.4 Indeed, in terms of new service powers for local government, the White Paper's proposals are conditional and limited. As stated –

"The Welsh Government is in favour of giving more powers to Local Government but Local Authorities must first demonstrate effective exercise of their existing powers. Reformed Authorities, with greater capacity and capability, will have an opportunity to assert greater responsibility and show tangible improvements. When this has been adequately demonstrated, the Welsh Government will be prepared to consider the appropriateness of further devolution of powers".

- 3.5 This is a source of significant disappointment for the WLGA Council Members as they believe this to be a matter of principle and not a matter for bargaining or negotiation. This is in line with the Silk Commission which took the view that the

concept of devolution should be underpinned by a new assumption that everything is devolved unless stated otherwise. Current performance or the use of existing powers was not a consideration for Silk when deciding on matters of political principle.

- 3.6 Alternatively, for local government the promise of further powers is related to structural reform and undefined criteria of “performance”. This suggests that there will be no further devolution of powers to local government until the new shadow councils are established in 2019 or 2020. This timescale does not align with the current financial pressures on public services, the proposed budget cuts in the next Parliament or the increasing drive within Wales to centralise services. A qualified assurance to do something in the future about the powers of local government does not suggest a deep commitment to the principle of subsidiarity or even a functional vision for public service provision in the future

Activist or Agency?

- 4.1 This limited interpretation of the “activist council” is combined with a strategic commissioning approach where services could be delivered through a range of community enterprises, the third sector and trusts as alternative providers of public services.
- 4.2 The WLGA has always recognised the attractions to social enterprises, trusts and cooperative models as vehicles for delivering public services. Local authorities have already been very active in this arena with community trusts running leisure services and libraries and the presence of mutuals in housing and the exploration and further development of these options is set to continue.
- 4.3 WLGA members however maintain that such models can only provide a partial solution to the scale of current financial challenges. There are doubts about the capacity of these alternative providers to deliver on the scale envisaged in the White Paper. It is the Association’s view that there can be no substitute for publically run services in key areas both statutory and discretionary. The White Paper is right to exhort “local government to assert accountability, challenge complacency and drive out mediocrity”. But it is the view of our members that this is best achieved within a democratic framework with local accountability
- 4.4 The WLGA has always argued that decisions about how services are run and managed should be taken as close to the point of delivery as possible and that those people who use public services should have a say in the way that they are organized and delivered. For that reason the WLGA agrees fully with the sentiment in the White Paper “that the future of public services lies in the quality of the relationship between service providers and local people”. Only local government can safeguard that relationship and provide those opportunities because councillors are the tier of government that is closest to the people they serve. In order to be sensitive to local needs however they must have the freedom and flexibility to respond to local circumstances. While it is accepted that central government must set the strategy for public services it is argued that local government must have the freedom to deliver that strategy by taking account of local circumstances.
- 4.5 While the White Paper speaks of using local government reorganisation to set a smaller number of clear national priorities the current reality does not support this ambition. Finland has one education act and no inspectorate yet is recognized as one of the best education systems in the world. In contrast, the sheer weight of

accumulated and planned legislation applying to local government since the Government of Wales Act 2006 has been prodigious.

- 4.6 In addition the scale of multiple accountabilities (not least the burden of audit and inspection) and complex partnership landscape within which local authorities have to operate has led to both the Beecham and Williams reports to recommend the need to massively delayer and unpick this complexity. Williams in particular highlighted the practice of legislating to “have regard” to a specific concept or objective in their decision making processes simply complicates those processes without necessarily achieving anything in terms of the objectives concerned”
- 4.7 In Chapter 2, the White Paper attempts to link up some of the key frameworks in place currently to underpin sustainability in public services. These include -
- National Model of Regional working in the Education consortia
 - Social Services and Wellbeing (Wales) Act 2014
 - The Development of City Regions
 - The Planning (Wales) Bill
 - The Wales Infrastructure Investment Plan
 - The Local Government (Wales) Measure 2009
 - The Well-being of future generations bill
 - The extension of the role of Public Services Boards, and
 - Proposals for a nationally prescribed system of Area boards
 - Local Government Reorganisation
- 4.8 From the above factors it can be seen that the volume, penetration and diversity of devolved government interventions often occur in silos and lack coherence. For authorities its impact has been to generate largely reactive and coping strategies, reduce local discretion and create initiative overload. To add to into this a national system of area boards would create even more tiers of complexity. In their book the “Politics of Decentralisation – Revitalising Local Democracy” Robin Hambleton, Danny Burns and Paul Hoggart argue that such approaches can only work organically from the bottom up. As they state, a core principle of decentralisation is that “this model recognises that it is unsound to stipulate from the centre quite how service delivery is to be specified”.
- 4.10 It is the view of WLGA that other mechanisms could be introduced immediately that would secure better outcomes across Wales and assist effective localised decision-making.
- 4.11 One simple way of increasing local decision-making would be to embrace the Williams Commission’s recommendations on specific grants. WLGA members remain frustrated at the continued slow progress on the de-hypothecation of specific grants. Although there has been some progress within education where 14 specific grants have been merged to form one Education Improvement Grant (subject to significant cuts) progress in other service areas is slow. This contrasts radically with the situation in Scotland and England. The Williams Report highlighted that problem with such grants is that:
- “They control, rather than focus attention, on inputs rather than outputs or outcomes: requiring money to be spent on particular purposes does not and cannot guarantee better services or better outcomes for citizens”*
- 4.12 There is now a significant political consensus across the UK of the need to drive

greater devolution of powers to local communities through local councils. Such thinking is at the forefront all party general election manifestos. The local government associations across the UK, including the LGA, WLGA, COSLA and NILGA, met the Rt. Hon William Hague MP recently who leads for the Cabinet on this and contributed to the Smith Commission on Devolution.

- 4.13 All four associations support the idea for a Constitutional Convention following the General Election with every nation and region in the country engaged in a dialogue with the people about how power needs to be dispersed and how sub-national devolution can be strengthened. In this setting the UK associations believe that the following three principles are essential in moving forward -

"We must establish a principle of subsidiarity; the presumption that power is transferred to the level of government closest to the people. We recognise that there is a case for some powers to rest nationally. However, this should only happen when there is an explicit demonstration the activity being delivered nationally will result in better outcomes. We want to see real momentum behind the devolution of powers beyond Westminster, Holyrood, Cardiff Bay and Stormont to local government and to local communities.

We want the legal position of local government to be secured and enhanced. At the moment, local government is entirely a creature of devolved authority from "higher" bodies. Our communities want to be able to make local decisions for themselves. We need to consider a defined set of powers and responsibilities which sets out what local government can support at the local level so that we can design public services which are most appropriate to local need.

We want greater fiscal autonomy for local government. Our centralised system of public finance is inefficient and stymies economic growth. We are ready for greater responsibility for funding at a local level to improve public services and ensure that local residents and business see how their money is used."

- 4.14 Overall, the WLGA welcomes the debate that has commenced on the future for local democracy in Wales. The vision contained in the White Paper sets out the views of the Welsh Government in the clearest terms. For WLGA members, it does represent a new approach yet it is one predicated on a structural set of reforms that are receding into the distance. In the next three years, local government in Wales will experience budget shortfalls approaching £900m. On top of existing cuts, this threatens the existence of key services and was recognised by the First Minister in a recent speech to the Wales Labour Conference.
- 4.15 In light of this, WLGA members are firmly of the view that devolved Government needs to go further in applying localist principles and freeing up councils to navigate through the financial crisis. In turn it is incumbent on local government to deliver the services the public need and relies upon, as effectively and efficiently as possible.

Response

WLGA welcomes the debate that has started on developing a vision for the future of local democracy in Wales and is committed to taking this forward in an open and constructive manner.

WLGA members believe that the “activist” council model has real attractions but that it would require greater autonomy for local authorities than is afforded currently by central government and recognition that a public service ethos is fundamental.

WLGA members are firmly of the view that the principles of localism and subsidiarity need to be embraced by all levels of government in Wales.

WLGA fully supports a power of general competence for all Welsh Councils

WLGA and our colleagues across the UK support the concept of a Constitutional Convention following the general election with every nation and region in the country engaged in a dialogue with our communities about how power needs to be dispersed and how sub-national devolution can be strengthened.

WLGA members believe that the Welsh Government should rapidly move forward to de-hypothecate all specific grants following the approaches in England and Scotland.

WLGA believes that Councils need to reflect the diversity of the communities they represent, modernise the way they work and use their resources as effectively and efficiently as possible.

Chapter 2. Balancing the responsibilities of National and Local Government

Central Local Relations

- 1.1 WLGA members welcome the recognition in the White Paper that it is time to review and rethink relations between national and local government. The White Paper quotes the existing mechanism of the Partnership Council and the Partnership Scheme. These are important structures, particularly as they set the framework and reporting relationships for a number of other key bodies such as the Reform Delivery Group, Finance Sub Group and Distribution Sub Group.
- 1.2 While the WLGA values these structures and arrangements it agrees with the sentiment of the White Paper “that we are in a very different position from 1999”. All mature democracies are founded on a system of checks and balances so that no one element of government becomes too powerful. In 1999, a strong local government sector was seen as a counter balance to possible centralising impulses of a newly created National Assembly and the Partnership Council was created as the mechanism for managing that relationship.
- 1.3 The institutions of central local relations are now tired however and need refreshing in order to retain their relevance. The Partnership Council now meets only once a year and the Partnership Scheme was last recast in 2012 while its provisions are not meaningfully applied in practice. They are nevertheless important as central local relations provide the necessary checks and balances within every successful modern political system. The arrangements that govern and manage this relationship must therefore be robust, must stand the test of time and must be above the ebb and flow of day-to-day politics.
- 1.4 The challenges ahead require genuine engagement and dialogue. WLGA members are committed to the principles of open, constructive and respectful debate. Leaders recognise that reform is necessary and that it is vital that the structures that define and manage central local relations in Wales are refreshed and modified.

Complexity

- 2.1 This response has already touched on the numerous frameworks that have emerged from various Welsh Government Departments which have built up a formidable infrastructure of policy which is growing increasingly difficult to join up. WLGA leaders believe that it is the key role of Welsh Government to set strategic direction and ensure greater integration across Welsh public policy. A number of authorities have responded to this and factored this into their proposals for new local government structures based on the City Regions. The WLGA welcomed the establishment of the role of Minister for Public Services responsible for driving the Williams agenda and also supported the requirement for a single integrated plan produced for Local Service Boards. The Association also values mechanisms like the Workforce Partnership Council which has allowed cross sector discussion with other social partners in the trade union movement. These arrangements have not always aligned with Welsh Government policy however and there is often a dislocation between competing national strategies plus national strategy and local delivery.

- 2.2 It is recognised of course that policy integration is difficult in the complexity of modern government and there are good examples in social services, education and the environment where heavy investment in a partnership approach has reaped dividends. Taking waste management as an example, whilst there has been significant disagreement on collections policy, all involved have worked together to produce the best recycling outcomes in the UK. Equally the Social Services and Wellbeing Act has not been without controversy, but was clearly underpinned by genuine commitment from Welsh Government and local government at political and officer levels to produce a transformative change.

Moving forward

- 2.3 This approach to transformational change is based on a sense of shared endeavour and mutual respect. Partnership working and co-construction are challenging and can only succeed if there is genuine commitment among all partners and the circumstances are conducive. In this respect the whole debate around local government reorganisation in Wales has proved a huge source of frustration for WLGA members. What could have been a chance to properly debate the future of Welsh public services, their form, function and purpose has ended up as an exercise dominated by structures.
- 2.4 The White Paper is often dismissive and about the role of local government. It is difficult to understand the value of suggesting that "Leadership has not risen to the challenge, collaboration has stuttered and parochial interests have prevailed." Such statements are subjective, inaccurate and less than constructive. There are numerous examples throughout Wales of where local government has embraced and driven collaboration to great effect. The biggest public procurement since devolution has been Prosiect Gwyrdd devised from a consortium of five south Wales authorities working with Welsh Government. The North Wales Regional Partnership Board is a hugely influential cross public sector body and has been instrumental in attracting a new super prison to Wrexham, lobbying for rail improvements to the Holyhead to Crewe line and creating shared services across the region. South West and Central has a regional learning partnership and devised a shared legal service which has rolled out across the majority of authorities.
- 2.5 However this debate is taken forward, it is the view of elected members that the role of the WLGA as the representative body of local government is central. In this setting it is the national dialogue between elected politicians that should be driving the debate, but as the construction of this White Paper demonstrates the current process can be one sided.
- 2.6 WLGA would also advocate that there needs to be much more interchange between Welsh Government civil servants and local government officials so as to improve understanding their respective roles, gaining sector based experience and understanding the context of political environment.
- 2.7 In light of the above and with the severe challenges being faced by authorities with finances and the uncertainty over local government reorganisation, there is a need to take stock on the effectiveness of the current state of central local relations. WLGA welcomes the White Paper proposal to review the body of local government

legislation as a sensible starting point. We also fully support local authorities reviewing council constitutions and seeking to simplify them with an aim to improving transparency and understanding. The WLGA has been working with Lawyers in Local Government in recent years in developing a new model constitution. Many authorities have or are revising their constitutions, although a more fundamental review will be required given the proposed structural and governance reforms outlined throughout the White Paper.

Response

WLGA repeats its call for clarity from Welsh Government on how local government reorganisation is to be funded and for an end to the current ambiguity on structures.

WLGA calls for an independent review of central local relations in Wales to define and set out responsibilities and accountabilities and to improve the interface between devolved and local government.

WLGA proposes an annual meeting between all Welsh Government Ministers and the 22 council leaders to discuss new ideas, the implementation of legislation and the direction of strategic policies. This can be used as an opportunity to discuss new approaches.

WLGA supports a review of all current local government legislation and local authority constitutions.

DRAFT

Chapter 3 - Renewing Democracy

Introduction – Getting the tone right

- 1.1 The WLGA welcomes the wide-ranging debate generated by Welsh Government on “renewing democracy”. It has led to considerable discussion within our membership on whether and how we move forward on these proposals. WLGA members strongly believe that local democracy in Wales needs to be re-empowered and fully accept that more diversity in local government would be at the heart of this renaissance.
- 1.2 It has come as no surprise that the focus of media and political attention thus far has almost been exclusively confined to the measures around “Renewing Democracy”. It links into a wider set of issues not least the political settlement in Wales, questions about the number of politicians and moves to increase the number of AMs. As a result the WLGA Leader Councillor Bob Wellington has already publically responded that these raise issues for debate that need to go beyond local government into all parts of the political sphere.
- 1.3 Equally the narrative of the White Paper as a ‘renewal’ of a supposed dysfunctional local government sector has been openly contested across councils. There is a full and clear recognition that local democracy needs to be revitalised and diversity must be at the heart of this. But this should not mean devaluing the contribution and civic commitment demonstrated by existing hard-working councillors in Wales. All who stand for election in these difficult times should be applauded for their service not dismissed with labels and stereotypes. WLGA is eager for Welsh councils to fully reflect our communities. But we also want to ensure that we do not demoralise those existing councillors who have given a full measure of time and commitment to serve those same communities often to the detriment of their family life and careers.
- 1.4 In this context councillors must not be singled out. For example we now have fewer women Assembly Members, fewer women in the Cabinet and fewer women Council Leaders than we did ten years ago. Only 7 current MPs out of 40 are women. As a result WLGA firmly believes that whatever the outcome of these debates around Renewing Democracy, any potential reforms that might emerge must apply equally across all tiers of elected government in Wales. Not to do so completely undermines the credibility of the proposals.

Reduction in number of councillors in line with UK average.

- 2.1 The paper is “seeking views on the number of elected members to inform the work of the Boundary Commission”. It highlights ratios of councillors to population as follows -

Wales	2,401
England	3,814
Scotland	4,259

- 2.2 There are currently 1,254 councillors in Wales. In Scotland there are 1,223 and England 20,523. Ratios between Scotland and Wales are very different. For example Glasgow has 79 councillors with a population per councillor of 7,551 based on an overall population of 596,000 people. Cardiff has 75 councillors with a ratio to electors of 1 to 4,689 based on a smaller population of 351,000.
- 2.3 The comparison with England is not as stark when urban areas are compared. Cardiff has similar size populations to a range of councils in Scotland and England and the councillor numbers are broadly similar.

	Population	Councillors
Cardiff	351,470	75
Cheshire West and Cheshire	331,026	75
Ealing	342,494	69
Wirral	320,295	75
Fife (Scotland)	366,910	78
N Lanarkshire (Scotland)	337,370	70

- 2.4 The issue in Wales partly emerges because of the geographical size, sparsity and rural nature in places like Powys (1 councillor to 1,843 population) and Gwynedd (1 councillor to 1,625), and also in a range of larger medium scale authorities who have 70 or above councillors.
- 2.5 The White Paper suggests that the way forward is to reduce the numbers of councillors in Wales nearer to the UK average. Clearly by UK standards (although not European standards) Wales has more councillors than its nation counterparts. The question is however not one of averages but what should be the optimum number within the new authorities to produce vibrant local democracy and a firm basis for political management?
- 2.6 As an example if the suggested "Williams Report Cap" of a maximum of 75 councillors per authority were applied to a new model of 8 authorities for Wales then that would mean 600 councillors and a consequent reduction of 654. That would mean the councillor elector ratio average in Wales would be 5,166 well above both Scotland and England. If applied to 12 authorities it would mean 900 councillors with a reduction of 354 with a councillor to elector ratio of 3,444 still higher than England but smaller than Scotland. The other question which the White Paper does not address is the question whether the model of local democracy will be on single member or multi member wards which again will impact on numbers

Response

WLGA proposes that a definitive view on council structures needs to be reached before the question of councillor numbers can be answered.

WLGA advocates that any proposals must examine the optimum level of representation for a locality rather than focusing on averages across the UK.

WLGA calls for the immediate formation of a Commission between Welsh Government, the Boundary Commission and WLGA to make progress on the way forward on levels of representation.

A review to reduce the level of remuneration of councillors, Leaders and Cabinet members.

- 3.1 The White Paper commits to reducing the cost of politics and suggest that remuneration in Welsh councils should be more in line with “England, Scotland and Northern Ireland”. What does this mean in practice?
- 3.2 In **England** there is not a nationally set scheme of allowances. They vary from council to council. In Manchester for example the Councillors basic allowance is £15,956. The leader of the Council receives £55,804, while the Councillor Chair of the Greater Manchester Transport authority receives £44,206. On the other end of the scale a small district council like Slough sets its basic allowance at £7,100. Comparing this however to the responsibilities of a councillor in a Welsh Unitary is not legitimate. More relevant is the new Cornish unitary authority where the standardised basic allowance is £12,249. The top-paying London borough was Croydon with £11,239, while the lowest was Kingston upon Thames at £7,528. Bradford, Coventry and Kirklees councils all offered annual allowances in excess of £12,000 while Birmingham heads the list at £16,267.
- 3.3 In **Scotland** the situation bares closer comparison to Wales because all councils are unitary. Here the basic allowance for Scottish Councillor is £16,560, which is £3,260 higher than the £13,300 basic allowance set by the IRP in Wales. Where Scottish councillors are less well paid than Wales is at the leadership level. In Edinburgh the Council Leader’s annual pay is £49,683. The Deputy Leader and Lord Provost (civic head) each receive a salary of £37,262. In more medium size authorities like Falkirk (153,000 population) the leader of the council is paid £32,795 and Convenors (Cabinet Members) have £22,020. There are also fewer councillors across the 32 unitaries at 1,223. There is clearly a significant contrast between Wales and Scotland at the leadership level
- 3.4 In **Northern Ireland** local government is not a good comparator since councils have a very small range of functions, which have been constrained because of the “Troubles” over the past decades. They are essentially district councils. In this setting, the budget of Belfast City Council would rank between Monmouthshire and Torfaen in terms of gross revenue expenditure.
- 3.5 Other comparators should also be employed for consistency. A backbench AM in the Assembly currently receives £54,000 (and could receive an anticipated 18% increase) and a MP receives £67,060. Assembly Members who are not re-elected are also entitled to a Resettlement grant to the value of one calendar months salary for each completed year of service subject to a maximum payment equal to six months’ salary.
- 3.6 The question is the scale and breadth of responsibility. It could be argued that a Council Leader, certainly of larger authorities, on a straightforward “job evaluation”

basis carries much more responsibility than either a back-bench AM or MP. Unelected chairs of LHBs also receive a range between £59,760-£69,840 for 15 days a month.

- 3.7 Finally Members allowances are already subject to annual review in Wales by the IRP. There seems to be little point of another review as suggested by the White Paper until the new authorities are established. If the current IRP is now instructed to put forward a scheme with significant reductions to allowances then it means that much of their evidence-based work to date and their independence and objectivity will have been undermined.
- 3.8 Similarly if it is the intent of Welsh Government to attract more professional people into local government leadership positions, remuneration need not only to be proportionate to responsibilities and expected time commitment, but also comparative and competitive. The average wage of a qualified solicitor in Wales is £32,500. Newly qualified teachers (NQTs) in England and Wales start on the main salary scale, which rises incrementally from £22,023 to £32,187. Civil Service Fast Stream Graduate Salary average is £27,000 to £29,000. Qualified accountants average wage in Wales is £42,035. Thus the current level of cabinet allowances ranging from £26,000 to £32,000, which are deemed to be full time roles may not be sufficient to encourage potential representatives from abandoning a professional vocational career.

Response

WLGA calls on Welsh Government to undertake a national review of comparative levels of remuneration beyond local government across the public sector, including non-elected bodies in Wales.

WLGA does not feel that the case has been made for reducing allowances at a time when the size of authorities and the scale of responsibilities are increasing.

WLGA believes that the work of the Independent Review Panel needs to be examined to understand why a system of allowances subject to objective evaluation and accumulated benchmarking since 2007 is now deemed not fit for purpose.

Term limits of 5 terms for councillors and 2 terms for leaders and cabinet members.

- 4.1 The modern idea of term limits largely stems from the American political system and most famously was applied after President Roosevelt's fourth consecutive victory in office was achieved in 1944. The Amendment to Section 22 of the US constitution passed in 1951 limits a President's tenure in office to **two terms** of four years each. There were specific historical reasons for this although it has been widely applied in other parts of the US. It should be noted over the recent past that six legislatures have had their term limits nullified (Idaho, Massachusetts, Oregon, Utah, Washington State and Wyoming). The reason for this reversal was based on the view that it is a fundamental right of the voters to determine their own representation.

- 4.2 The White Paper, despite critical narrative and recent rhetoric, provides little evidence to underpin the proposal. Indeed, the Welsh Government's own figures from the 2012 survey of councillors shows that around 50% of councillors had served less than 10 years and the average length of service from responders (390) was around 16 years. Moreover, in England (according to LGA research) the average length of service of councillors in their current council in 2013 was 9.5 years and fewer than 15% had served for longer than 21 years.
- 4.3 There is limited evidence in the White Paper as to the potential benefits of term limits and in the Welsh context it leads to the following questions:
- If this measure is to be introduced why does it not apply at all levels of Welsh politics including Assembly Members and MPs?
 - Within Wales do we want to limit the choices of the voters and what is the view of voters on this proposal?
 - Is the view which is emerging about the level of over 60s representation in line with Welsh Government policies on ageing well and its commitments in the Strategy for Older People?
 - Does the proposed five term limit have unintended consequences for younger councillors who could be forced to stand down in their forties?
 - How does it resonate with the principles of Article 3 of Human Rights Act which gives individuals a right to stand for elections?
- 4.4 Another key argument against term limits stems from the complicated and difficult political environment within local government. The Local Government Act 2000 introduced the Cabinet system that was premised on an element of acceptance of seniority, namely that there was a cadre of councillors with experience in key services that could specialise in an Executive role. It may take more than a term or two to fully understand the intricacies of finance, education, planning and social care roles. Similarly those with more knowledge of the system can mentor those coming into politics especially into executive positions.
- 4.5 The same kind of experience-driven expertise is common to all political systems not least Welsh Government. Political stability is often at the heart of this. For example two Welsh Cabinet members have been in place for 16 years. Others like the former education Minister Jane Davidson AM served for eleven years in total. Seven years between 2000 and 2007, was in the single portfolio of education. In that same period in England there were six education Ministers.
- 4.6 Other problems with a 5-term limit are the law of unintended consequences. For example it would be problematic for young people entering local government. By these criteria a 21 year old councillor would have to give up at 46 well below the average age of a current Welsh councillor. Equally the proposal is not clear whether a councillor could have a break in service but then return at a subsequent election? This is a feature of the American system.

Response

WLGA does not support the concept of term limits. While WLGA members are fully prepared to engage in a national debate on term limits, this must be on the condition that it covers all levels of political representation in Wales.

A possible recall mechanism for councillors in line with proposals for MPs.

- 5.1 In terms of a **right to recall** while there is the bill promoted by Rt Hon Nick Clegg MP, this is not yet law in Westminster and has not gained huge support. The primary reason for it derives from the fallout as a result of MP's expenses scandal.
- 5.2 The coalition bill says an MP can be exposed to a recall petition if he or she is convicted of an offence in the UK and receives a custodial sentence of 12 months or less; or if the Commons orders their suspension for at least 21 sitting days (or at least 28 calendar days if the motion is not expressed in terms of sitting days). Under the current rules, MPs who go to prison for more than 12 months automatically lose their seat. If either of these triggers is met an MP's constituents will have the opportunity to sign a recall petition, calling for a by-election. If 10% of parliamentary electors in the constituency sign the petition, the MP's seat will become vacant and a by-election will be held. The recall petition process does not prevent the unseated MP from standing in the by-election.
- 5.3 There is no suggestion however that in Welsh local government that the Code of Conduct for Elected Members of local authorities is broken. Indeed a recent meeting with the Ombudsman suggests that standards of conduct are improving. The code however is underpinned by Penal sanctions and members who have broken the code are regularly suspended. Quite how a "right to recall" adds value is questionable and again consistent application across all political tiers would need to be addressed.

Response

WLGA does not support concept of the right to recall. While WLGA members are prepared to engage in a national debate on the right to recall this must be on the condition that it covers all levels of political representation in Wales.

Council Leaders to have explicit duties in respect of diversity and standards of behaviour, including bullying and harassment of councillors and staff

- 6.1 This is supported. Indeed such duties are already set out in the Code of Conduct for Members. In terms of diversity, the Welsh Government and WLGA have jointly led campaigns to seek to address this issue and we were also heavily involved in the

production of the report from the Expert Group on Local Government Diversity “On Balance”.

- 6.2 It should of course be noted that political parties largely determine the nature and diversity of representation across most councils in Wales. Across the 22 councils 75% of all elected councillors belong to a political party with the other 25% standing as independents. The break down is-

Labour 579, Independents 313, Plaid 171, Conservatives 105 and 73 Lib Dems

- 6.3 Thus while council leaders can promote diversity within their councils and specifically within their own groups, the nature and make up of the council membership is determined elsewhere. Because of this it is vital that political parties also play a significant role in ensuring at ward levels that the people selected to stand for councils represent a balanced cross section of Welsh society. Should all political parties (not including independents) have committed in 2012 to 50-50 representation this would have meant that the number of women councillors on current figures would have increased from 26% to 42%.

Response

WLGA fully supports the promotion of more diversity in Welsh Local Government and the provisions of the report “On Balance”

WLGA believes that the promotion of diversity in local government must start with the selection processes of the political parties.

Councils will be elected on a fixed five year election cycle in line with Parliament and the Assembly.

Views are sought on whether Council elections should be phased in thirds.

- 7.1 The first proposal moves from the current 4 year cycle to five years in order to achieve a clearly defined polling day which would focus on local government and relieve potential pressures and risks around electoral administration. This is welcome and is supported.
- 7.2 The White Paper also floats the proposal of phasing electoral cycles in thirds The WLGA does not support this proposal. Indeed, the White Paper itself outlines a number of challenges with the proposal, notes that the Kerslake Review in England rejected it and that councils in England are moving away from the approach.
- 7.3 The general concern is that it would cause political instability in the council, administrative and governance complications (such as political balance and committee membership changes) and would also be an additional burden on

electoral administration and would further add to an already crowded electoral calendar.

- 7.5 The Electoral Commission in England undertook a major study of electoral cycles in 2004. This followed a major consultation across councils at that time. They highlighted their concerns “that the current mixed pattern of local electoral cycles in England provides an unclear and inconsistent picture to voters which, at the very least, does not help to encourage participation in the democratic process at a local level”. In contrast they found that “elections of the whole council can give the ruling group the opportunity of a clear four-year period within which it can fulfil its manifesto promises before being judged on its policies and performance, including the setting of council tax”.

Response

WLGA fully supports a five year fixed term electoral cycle

WLGA rejects the proposals for 3 year electoral cycles for the reasons highlighted above.

Proposed term limits on chief executive appointments.

Chief Executives to be recruited through a national recruitment process via a Public Sector Appointments Commission.

Tight and more consistent, nationally set standards and controls on the remuneration of chief executives and other chief officers

- 8.1 This debate has followed from well-publicised cases where problems have emerged in individual authorities. There are however some fundamental principles of local democratic choice at stake.
- 8.2 In terms of proposed limits on the terms of Chief Executives, it is rare for the tenure of an average Chief Executive to go beyond two “terms”. Indeed many are on fixed term contracts, which is a principle that could be extended without legislation for an initial term (fixed term contracts for four years or more automatically becoming permanent on renewal under the Fixed Term Workers Regulations 2002). Equally if a Chief Executive is subject to regular performance assessment, is deemed to be running a “tight ship” and delivering the authorities organisational priorities to a high level of public satisfaction, the idea of a cut-off point linked to terms limits could be potentially harmful to an authority’s performance. It may also deter good candidates from applying for Welsh CEO posts, particularly where no such structures operate elsewhere in the UK or indeed in the other parts of the public sector. As such while WLGA welcomes the debate on this issue, care is needed moving forward.

- 8.3 An example is the suggestion of a Public Sector Appointments Commission stemming from the Williams report recommendations. Williams pointed to the process in New Zealand but as the White Paper recognises this is a civil service national model and does not apply to local government. WLGA would need to see far more compelling evidence on this idea. As it stands it a fundamental principle of local democratic choice that councillors select and appoint their own head of paid service and senior management.
- 8.4 The principle of equality is also import here. If a Commission were to be established why confine this debate to local authority chief executives? Whilst well remunerated many local authority senior managers are often lower paid than other counterparts across the Welsh public sector including Welsh Government, NHS, Universities and the housing association sector many of whom have less responsibilities in terms of budgets, functions, organisational span and are not democratically accountable. In this sense the section on the "Cost of senior management in local government" is unfortunate as the figures published are misleading and cross sector comparison entirely absent.
- 8.5 To stress WLGA is fully supportive that there should be a more consistent national framework for evaluating Chief Executive salaries and ensuring more accurate benchmarked outcomes across councils. The WLGA believe this is a role for the Staff Commission. In turn we think the IRP must concentrate on its core brief which is the setting of a national allowances framework for councillors. The White Paper also proposes that councillors should monitor and report annually on the performance of their Chief Executive, which WLGA would support. Indeed it already occurs in many authorities.
- 8.6 The current Local Government Bill contains a provision that will require that all salary changes for chief officers (as defined under the Localism Act) are referred to the IRP under the same terms as is currently required for CEOs, and this is referred to in the White paper. While the WLGA can support the idea of a more consistent approach to overall salary levels we do not see this as a role for the IRP and believe that it should be the Staff Commission that undertakes this task. We also strongly believe that clear guidance will be needed to limit the impact of this provision as it is currently drafted to ensure that it is actually workable and of benefit. As it stands the Localism Act definition of chief officers covers many more officers (566.5 in total) than just local government statutory or non-statutory chief officers. The vast majority of these are at a lower grade than chief officer. It would therefore make sense to set an actual salary level at which the reference would be required for any change.
- 8.7 There are also a range of day to operational pay decisions made within existing authority policy guidelines (e.g. honoraria payments, re-grading applications, market supplements) that there would be little benefit in having submitted given the amount of work that would be generated. Further it will be important that the Staff Commission or IRP has the necessary skills and experience to be able to properly evaluate proposed pay changes taking into account all the pay relativities and organisational structures within an authority. The WLGA has received QCs opinion on this issue which highlights the potential for equal pay problems to be created if this provision becomes law, stating that from the QCs experience 'a single

pay anomaly can result in claims and entitlements affecting literally thousands of people'.

- 8.8 WLGA disagrees with the section on lifting the current restriction to let local authority officers within the same authority stand as a councillor. Whilst it is not intended to apply this to politically restricted posts it could cause huge problems in policy areas where more junior officers are involved in formulation, where non-politically restricted officers offer advice to members and the whole interface around functions like democratic and electoral services. WLGA feels that this would lead to confusion, potential conflicts of interest and a potential worsening of relationships between officers and members.

Response

WLGA believes that consideration should be given to initial fixed term contracts for Chief Executives so as to avoid the need to legislate in this area.

WLGA is not persuaded by the case for a public services appointments commission and believes that it denies the key principle of local democratic choice in senior appointments.

WLGA supports the idea of the Staff Commission having a role in commenting upon and reconciling salary levels for senior managers within a more consistent national framework across all public services.

WLGA does not support lifting the electoral qualification for officers to stand as councillors in their own authorities.

Chapters 4 & 5 - Connecting with Communities and Empowerment

Introduction

- 1.1 Chapters Four and Five on “Connecting with Communities” and “Power to local communities” are some of the most important in the White Paper. Here the focus shifts into new models of service delivery and engagement with the communities we serve.
- 1.2 WLGA fully accepts the premise in the section that local government can no longer be a “monopoly” provider of services and that new capacity needs to be built to take on those functions that are currently facing the heavy brunt of cuts. The last 5 years has seen a significant acceleration of councils seeking to work with Community Councils, the third sector and other bodies to pragmatically ensure that services remain in place.
- 1.2 WLGA fully supports strengthening the role of elected members in the community setting and wider governance frameworks. However as stated previously we have real concerns about adding more structures into an already crowded public services landscape. The White Paper describes this as “rich” yet as the Williams Report recognised there is a downside with “multiple overlapping and layered partnerships with unclear governance which often added little value and blurred lines of accountability”.

Area Boards

- 2.1 WLGA recognises that innovative neighbourhood management, decentralisation and area committees can be found across Welsh councils. This has however grown organically as a response to local circumstances. The inference in the White Paper that this could part of a nationally imposed system contradicts the philosophy behind such approaches. To suggest further that adding Area Boards on top of existing structures is not a “significant risk” is disputed. It contradicts the recommendations set out in the Williams Report which berated the fact that the existing levels of complexity actually undermined Welsh public services.
- 2.2 Clearly area boards could have role in a reformed local government structure particularly in larger authorities. In Wiltshire for example 18 area boards are in place that bring together public and third sector bodies and have their own budget. Each area board covers a community area within the county - in most parts of the county this includes a market town and its surrounding villages. There may be lessons that could be learned from this approach. However there are also dangers.
- 2.3 In the UK’s largest authority Birmingham City Council despite a system known as “triple devolution” the recent Kerslake report considered whether the council should be broken up and highlighted that while finance had poured into big city centre projects, residents in poorer parts of the city were being left behind without jobs or skills. This points to the fact that such approaches can be divisive with communities pitted against one another.

- 2.4 Consequently while we completely agree with the White Paper that Member led community governance is the way forward much more detail and debate needs to go into the concept of area boards. This includes their “fit” into existing frameworks and the opportunity they could present to rationalise a raft of local partnerships. WLGA would welcome that debate.

Community Councils

- 3.1 In terms of community councils there are many sensible proposals in the White Paper. We agree with the tests of competence approach and the relevant provision as applied to community councils in the Wellbeing of Future Generation Bills. WLGA. We will defer to our colleagues in One Voice Wales whether linking competence to a minimum annual budget of £200k is the right level. WLGA has also raised in the past the idea of meaningful delegation of services that is by no means straightforward. Key questions need to be answered include -
1. What are the sorts of services that may be delegated;
 2. what are the different types of delegation scheme;
 3. what are the considerations for setting up a scheme; and,
 4. what is typically involved in taking on a service delegation;
- 3.2 From our ongoing discussions with Community Councils difficult issues on the nature of the delegation, the transfer of sufficient funding and most importantly the capacity to undertake the service further underpin this. Across Wales there have been many functions that could be considered for delegation. These include:
- Maintenance of highway verges,
 - Open spaces, Tree preservation orders
 - Street cleansing (such as litter picking, sweeping and graffiti removal)
 - Public conveniences
 - Street lighting (except on principal roads)
 - Parking restrictions
 - Cutting grass verges and looking after local footpaths;
 - Managing council allotments.
 - Street naming
- 3.3 If currently only 10% of community councils pass the White Papers capacity test of having a budget of over £200k this could be a block to further delegation. The White Papers solution to this is to give the new principal councils after LGR the power to lead reform of town and community councils.
- 3.4 This proposal is based on the principle of subsidiarity and is supported by WLGA but with a significant qualification. The reason for this is that the White Paper stipulates the aim of this new power is to achieve “fewer and larger community councils”, through a review of governance and structure to be completed by 2022. Logistically this is not possible. Setting aside the hugely contentious and contested process of such mergers of community councils, the idea that new principle councils set up in 2020 can complete such an exercise in two years is unrealistic and setting the exercise up to fail. WLGA would also have concerns that the current moves towards federations amongst existing community councils might also be stalled as a result of the above provisions.

New Models of Delivery

- 4.1 In terms of moves towards new mechanisms like mutuals with community transfers WLGA is supportive. We are fully engaging with the review by Keith Edwards and previously gave evidence to the Andrew Davies Commission.
- 4.2 The WLGA position on this is clear. Members believe that service quality, standards and accountability can best be achieved through a default model of Welsh public services being delivered through public sector workers and accountable within a democratic framework to local elected councillors. This model includes a commitment to finding “public sector solutions to public sector problems” wherever possible. However members also recognise that the current financial challenges within the Welsh public services are such that the “default” model is one which is unable to provide all the answers to the scale of cost reductions and the need to produce balanced budgets.
- 4.3 In this context Members believe that there is a role for the third sector particularly the cooperative movement, mutuals and not for profit companies in delivering services when they have an enhancing and innovative contribution to make or when funding sources that cannot be accessed by statutory bodies can be utilised. The private sector also has a role to play and has traditionally done so, for example, in services such as social care. However much of the private sector’s involvement tends to concentrate in capital projects where authorities commission large-scale infrastructure investment such as housing, road building and waste management facilities
- 4.4 WLGA therefore recognise that the model should in the first instance be based on protecting and enhancing in house services and supporting a public services ethos but also pragmatically recognising that in the current financial crisis this will not always be possible.
- 4.5 It is of course vital to put people at the centre of service delivery although we must also be realistic that with busy family, working and personal lives many people are not seeking engagement. Others will want to engage but in new ways. Evidence from some areas for example on budget consultations suggest that the traditional approaches on public meetings are variable in response. Alternatively using new social media approaches across Twitter has generated significant interest. Undoubtedly as digital technology increases its dominance in relation to communication such approaches will grow in significance. In addition the role of dedicated forums in areas such as business and young people all serve to increase engagement and tap into wider civil society.
- 4.6 The provisions of the White Paper on community asset transfers are supported. It is readily understood in local government that for services like leisure and libraries this may be “the only show in town” if current austerity continues. A range of authorities including Torfaen, Bridgend, Neath Port Talbot and the Vale of Glamorgan have already put leisure centres into community trusts or the private sector. More authorities are exploring this route.

- 4.7 We would point out however that discussions between employers and trade unions have revealed distinct and diverging policy positions in this area. We fully respect the stance of the trade unions. It is their view that they do not support models of service delivery that 'hollow out' local councils. The trade unions have pointed out what may appear attractive in terms of potential to deliver savings or achieve greater efficiencies may have unintended costs and consequences which will have an impact on the public sector as a whole. In this sense it is important that issues are explored in more detail through the mechanism of the Workforce Partnership Council to examine if consensus is possible. Wherever possible WLGA wishes to move forward in consensus with social partners.

Response

WLGA supports fully the concept of member led community governance.

WLGA believes that in some cases Area Boards can add value but only when there is local demand and not when imposed through national frameworks.

WLGA calls on Welsh Government to implement the Williams Report recommendations on reducing complexity before any new localized structures are put in place.

WLGA supports the proposal to give the new principal councils the power to lead reform of town and community councils.

WLGA does not believe that a full review of governance and structures of Community councils can be completed by 2022

WLGA is committed to public service provision through local government and, while accepting that alternative models of service delivery must be explored and considered, believes that the future sustainability of public services will rely on direct provision by councils.

Chapter 6: Corporate Governance and Improvement

Introduction

- 1.1 The White Paper outlines continued commitment to the concept of self-improvement, where councils themselves remain responsible for identifying their own improvement priorities, identifying and mitigating improvement challenges and risks and managing service performance. The White Paper therefore proposes a repeal of the more general improvement provisions in Part 1 of the Local Government (Wales) Measure 2009 and reaffirms an intention to retain Ministerial Intervention powers, including a new power to commission an independent governance review of an authority in certain circumstances.
- 1.2 The WLGA welcomes the Welsh Government's continued commitment to and strengthening of an improvement regime based on self-assessment and self and sector-improvement. In Wales the WLGA has been at the heart of designing and supporting this approach during the past decade. The concept has generally worked successfully, but requires effective political and professional leadership, a commitment to openness and challenge, robust internal corporate governance, performance management and scrutiny, supplemented by peer review led by the sector. There are clear links to the proposed new duty under the WCFG Bill to audit the work of partnerships via the Public Service Boards.

Capacity

- 2.1 Local government is currently collecting data for the Welsh Government's Review of Administrative Services as referenced in the White Paper. Whilst the outcomes of the review will not be published until after the general elections, it is welcomed the Welsh Government's recognition that:

"...the Commission on Public Service Governance and Delivery found that in releasing efficiency savings, Authorities' corporate capacity has often been the casualty of cuts...It is essential Local Authorities retain resilient governance capability and strategic capacity. Local Authorities are large, complex organisations, spending hundreds of millions of pounds of public money. A capable, adaptive and strategic corporate apparatus is a prerequisite for managing change and improving services."

- 2.2 The White Paper's description of arrangements for effective corporate governance provide an appropriate general overview of the range of core characteristics featured in more detailed and comprehensive corporate governance frameworks and guidance currently available.
- 2.3 The general proposals to strengthen the role of Audit Committees is broadly supported, but the Welsh Government should also seek to clarify the distinct remit and roles of audit and scrutiny, which can occasionally cause confusion and blur accountability and governance arrangements.

- 2.4 The WLGA does not support the proposed reforms to ensure that the chair of Audit is an independent member or that Audit Committees should include a greater proportion of independent members. Whilst many independent members and chairs already provide a valued contribution in the current audit arrangements, such decisions around appointment and balance should be left to local discretion. No evidence is presented in the White Paper to suggest that independent members provide more effective or more objective assurance than elected members. The proposal also runs counter to other White Paper chapters which seek to strengthen local democratic engagement and oversight.

Self Assessment and Peer Review

- 3.1 The WLGA strongly endorses the proposed central role of local authority self-assessment as a key mechanism for focusing collective corporate leadership on the key challenges, priorities, performance and direction of travel of the authority. The overarching self-assessment features outlined in the White Paper appear appropriate. The self-assessment model, with appropriate internal and external peer challenge arrangements, has developed and embedded in recent years. These approaches have been developed by authorities and the WLGA, with support from the Wales Audit Office. The WLGA, through the Welsh Government's Improvement Grant, has provided guidance and extensive challenge and support to authorities' self-assessment arrangements which have been reflected and recognised in a range of Wales Audit Office Annual Improvement Reports¹.
- 3.2 The WLGA, along with the LGA, has developed the peer review concept and model during that past decade of sector-led improvement. The approach in Wales has previously been supported by Welsh Government and has delivered a credible, robust and respected mechanism for providing critical-friend challenge and supporting improvement in services and corporate governance arrangements.
- 3.3 The WLGA welcomes the Welsh Government's recognition of the value of peer review and agrees that it should remain a key component of a reformed improvement regime in the future. Peer review however should remain a sector-led, sector-owned and sector-commissioned model and should not be legislated for or prescribed as set out in the White Paper.
- 3.4 To date, 7 authorities have received a peer review since the 2012 elections and all authorities, through the WLGA Council in 2013, have committed to receive a peer review once during a rolling four year period (as is the case in England). The WLGA agrees that peer review reports should be published, but that this is a matter for local discretion and does not need legislation; to date, all WLGA peer reviews have been published by authorities.

Proportionality

- 4.1 Legislating and prescribing a peer review process would also change what is at present an effective improvement process owned by an authority and designed and

¹ <http://www.wlga.gov.uk/ig-publications/wlga-improvement-support-evaluation-2013-14>

timed to meet the needs of an authority into a quasi-regulatory role which potentially duplicates the role of the Wales Audit Office. Formalizing the process will affect the dynamics and flexibility of the review process and the openness and ownership of the authority. The present approach works and works well and therefore the WLGA does not believe it needs to be reformed as outlined.

- 4.2 The proposed biennial cycle of peer reviews is too frequent and is not proportionate to risk. The current external challenge and regulatory regime is based on proportionality, whereas the White Paper effectively proposes an annual cycle of external review (a joint inspection from the WAO, CSSIW and Estyn followed by a corporate peer review the following year and so on).
- 4.2 There is also a significant issue of capacity and coordinating peer reviews; whilst the WLGA intends to continue to offer peer reviews despite the withdrawal of Welsh Government support, peer reviews are only as effective as the calibre and credibility of the peer team. The peer review model not only provides improvement challenge and support to authorities, but it allows peers to observe and learn new ideas or approaches which can be taken back to their own authorities. Ideally therefore, it would be beneficial to develop a model with greater use of senior political and professional peers from Welsh authorities, as well as from England and other sectors. The issue with a biennial peer review therefore, particularly in a future with significantly fewer authorities, is that it would not be feasible to expect authorities to release senior corporate leaders to undertake a peer review in another authority at the same time that they themselves are planning for or undergoing a full corporate inspection from the WAO.
- 4.3 The provision (or otherwise) of capacity and resources to promote and support self and sector-led improvement have been well-rehearsed during recent months. The WLGA, through the Welsh Government's Improvement Grant, previously worked closely with the Welsh Government, WAO and authorities in promoting and providing improvement support to authorities particularly around the self-assessment and peer challenge agenda. Whilst this resource has now been withdrawn and the central coordinating corporate capacity removed, it is critical that authorities receive adequate improvement support in the future.
- 4.4 Whilst the WLGA champions self and sector-led improvement, it is appropriate that Welsh Ministers retain a back-stop power to provide support or intervene in certain circumstances. These circumstances have been codified in the Local Government Support and Intervention Protocol and it is appropriate that this is revised in light of the wider reforms to the improvement regime. The WLGA supports the notion outlined in the White Paper that such powers should only be exercised in extreme circumstances and where there is clear evidence of governance or service concerns.
- 4.5 The WLGA also strongly believes that any intervention should be subject to prior discussion with partners, such as the WLGA, to ensure that intervention and the proposed model of intervention is appropriate and the most effective approach to rapidly and sustainably improve governance or service performance.
- 4.6 The WLGA is aware that the WAO was considering undertaking an assessment of the impact of Welsh Government interventions and it is important that lessons are learned before any proposals outlined in the White Paper are introduced. The rationale behind the White Paper proposal for Welsh Ministers to commission an

independent review of corporate governance arrangements prior to triggering any intervention is not properly justified and unclear. Welsh Ministers (as outlined in the White Paper) would already have access to independent assessment from the WAO, an independent peer review as well as more robust, independent internal audit reporting.

- 4.7 It is therefore our view that there are sufficient checks and balances in place. It leads us to question what added value a further assessment of corporate governance would provide and its possible impact on the timeliness of any remedial support or intervention response?

Response

WLGA welcomes the Welsh Government's continued commitment to and strengthening of an improvement regime based on self-assessment and self-improvement.

WLGA supports the general proposals to strengthen the role of Audit Committees, but the Welsh Government should also seek to clarify the distinct remit and roles of audit and scrutiny.

WLGA does not support the proposed reforms to ensure that the chair of Audit is an independent member or that Audit Committees should include a greater proportion of independent members.

WLGA welcomes the White Paper's recognition of the value of peer review, but believes it should remain a sector-led, sector-owned and sector-commissioned model and should not be statutory or prescribed.

WLGA recognises that it is appropriate that Welsh Ministers retain a back-stop power to provide support or intervene in certain circumstances but such an approach should be clearly codified and subject to consultation.

Chapter 7: Performance in Local Government

Introduction

- 1.1 The White Paper further explores the key components of effective governance and self-improvement and outlines proposals for a requirement for councils to publish a corporate plan that covers the short, medium and long term, annual reporting arrangements covering performance for the previous year. The White Paper also clarifies Welsh Government intention to streamline the performance measurement regime in line with the Williams Commission recommendations and proposes the establishment of an online information portal including councils' performance information and performance documentation and reports.
- 1.2 The WLGA supports many of the aims of the White Paper around seeking to streamline and more effectively and transparently measure, manage and report council performance. The WLGA and the Local Government Data Unit (Data Unit) work closely with local authorities, Welsh Government and partners in developing, updating and reporting performance measurement information. The WLGA, through the Data Unit, has openly and transparently reported local authority performance publicly on an annual basis and last year launched the My Local Council platform to aid public understanding and engagement.
- 1.3 The WLGA supports the proposal that councils should produce a comprehensive corporate plan, which will be the key overarching council document that brings together the Leader's political vision, the council's wider corporate documents such as financial management plans, the risk register etc. as well as links to the wider Well-being Plan outcomes as agreed by the Public Service Board.
- 1.4 Whilst the WLGA supports the aim of clarifying the respective roles and responsibilities of the Chief Executive and senior officers and those of Executive members and scrutiny members, it is not clear that the proposals to make the corporate plan the chief executive's plan, as opposed to the council's plan, will achieve this. Many of the proposed elements of the corporate plan, such as corporate priorities for service delivery, financial management plans and planned performance levels, require clear policy direction from the political leadership.
- 1.5 The WLGA agrees that the list of key elements of the corporate plan is appropriate given *'the corporate plan is a tool of management and we [Welsh Government] intend that to continue'*. The White Paper however continues that the corporate plan will be a *'public document [which] will support the Authority in engaging with the public about strategic issues which affect the whole Local Authority area, as well as issues which affect specific communities and or particular services.'* The corporate plan will be a very large, comprehensive and complex management tool, as a result it will not effectively serve the purpose of engaging the public in council business, and summary documents and materials will inevitably have to be produced to fulfil this purpose.

Streamlining Performance Management

- 2.1 The WLGA welcomes the Welsh Government's stated ambitions and commitment to clarify, streamline and strengthen performance management information. The Welsh Government also recognises the challenges it will face, in particular the aspiration of translating outcomes into meaningful, comparable and relevant performance measures.
- 2.2 There is some confusion regarding the consistency between the White Paper (full) and the Consultation Survey (full); the latter asks a series of significant questions around 'minimum performance outcomes or standards' and whether there should be 'financial penalties' for failure to meet such standards, yet minimum standards only receive a passing reference in the White Paper and there is no mention or consideration of the merits or otherwise of financial penalties.
- 2.3 Nationally set targets are well established in a number of key service areas. Local government and Welsh Government have also explored the concept of minimum standards with open minds previously, it is however an extremely challenging concept and has implications in terms of local accountability, local prioritisation and should be linked to an agreed spending assessment for the included.
- 2.4 The exploratory work around minimum standards led to the development and introduction of Improvement Agreements (subsequently Outcome Agreements) which achieved greater consistency and a clearer causal link between national outcomes and performance expectations and local performance and service priorities.
- 2.5 The concept of 'financial penalties' for non-attainment of set standards is not explored in the White Paper but is referenced in the Consultation Survey. Financial penalties can be contested in terms of equity for communities but also in terms of perverse consequences; a failure to achieve standards may be as a result of capacity or financial constraints which would be further compounded by a consequential financial penalty, which in turn has a further detriment to outcomes for communities.
- 2.6 The WLGA and Data Unit welcomes the Welsh Government commitment to working with partners and looks forward to working with and supporting the Welsh Government in developing:
 - *"a more strategic approach to performance management across the whole public sector;*
 - *outcome indicators and performance measures to support public service leaders in their decision-making;*
 - *better value for money from collecting performance information; and*
 - *more transparent reporting of information which will have a greater impact."*

Mylocalcouncil.com

- 3.1 The WLGA, through the Data Unit, has extensive expertise, experience and networks with which to contribute to and support this work. "My Local Council" is a recently launched sector-led platform, which has received very positive evaluative

feedback from councillors and the public. It is planned to further expand this platform to include financial information as well as published performance reports and could therefore provide the platform as described in the White Paper. It is vital that Welsh Government support this.

- 3.2 As the White Paper notes the 'pull of public demand' is as important if not more so than the 'push of government expectation', it is therefore important to provide appropriate balance and clarity around the range of contextual and performance information available, and where possible allow for a range of interests and needs from general or simple comparative overview, through to more detailed interrogation of specific localised performance and contextual data.
- 3.3 The WLGA recognises the potential for councils to become 'digital pioneers' and further develop the potential for the public's digital interface with services as well as ensuring digital allows effective operation of back-office and support services. Whilst the WLGA recognises the White Paper's criticism that councils' could have made further and quicker progress, this arena has been subject to a multiplicity of devolved government initiatives over the years and the announcement that the PAN performance management system would not proceed.
- 3.4 The WLGA supports the White Paper proposals around openness and transparency; the WLGA has worked closely with the Welsh Government in delivering the webcasting programme and promoting the use of social media, through guidance and training for members. Whilst increasingly Councils are webcasting meetings, including Cabinet meetings, and some allow public questioning and participation in some debates, the Welsh Government should also seek to apply such commitments and practice to the principles of openness and transparency in its own arrangements.
- 3.5 The WLGA also supports proposals around the introduction of a streamlined online approach to complaints. The National Assembly's Finance Committee is currently conducting an Inquiry into the powers of the Ombudsman and is exploring local authority complaints handling; the report of this inquiry should provide valuable evidence to inform any potential practice to be shared or reforms to be introduced. All authorities have introduced the Ombudsman's model complaints policy and process, and twenty authorities currently have a web-based complaints process (the other two provide an email option via their websites). All authorities also report complaints information and use it to inform service improvements, but there remains scope for improvement, sharing practice and greater consistency.

Response

WLGA supports many of the aims of the White Paper around seeking to streamline and more effectively and transparently measure, manage and report council performance.

WLGA and Data Unit welcome the Welsh Government commitment to working with partners in developing the proposed new, streamlined approach

WLGA does not support proposals for 'financial penalties' will unfairly undermine performance and attainment of standards. The White Paper does not explore the potential of minimum standards in detail.

WLGA supports the proposal that councils should produce a comprehensive corporate plan, but is not convinced it will lead to clearer demarcation of the respective roles of councillors and senior managers and, given its comprehensiveness and complexity, it will not support public engagement or accountability.

The WLGA supports the White Paper proposals around openness and transparency of council business and recognises the potential for increased service provision and customer contact through digital channels.

DRAFT

Chapter 8: Strengthening the Role of Review

Introduction

- 1.1 The White Paper outlines the Welsh Government's plans continued commitment to the concept of local democratic oversight and scrutiny of local government and, potentially, partner organisations. The White Paper outlines proposals to further clarify, support and strengthen local scrutiny, the relationship of scrutiny with external inspectorates and regulators and improved coordination of information and activities of such external bodies.
- 1.2 The WLGA supports many of the principles and objectives that underpin the chapter on strengthening the role of review, many of the individual proposals are also endorsed.

Overview and Scrutiny

- 2.1 The WLGA agrees with much of the analysis and ambition around strengthening internal review or overview and scrutiny. The resourcing of scrutiny support has been recognised as a challenge for a number of years, particularly in recent years where diminishing resources are prioritised towards front-line services. In this context, both the WLGA and Centre for Public Scrutiny have provided a range of support to scrutiny members and officer during recent years. That said, it is not clear that the 20% reduction in scrutiny support cited in the White Paper is a Wales only figure (or England and Wales) and it is not clear how this compares to wider reduction in resources in the corporate centre as observed elsewhere in the White Paper.
- 2.2 The WLGA would support the removal of the prohibition of the Monitoring Officer from being the statutory Head of Democratic Services, but does not agree that the Head of Democratic Services should become a Chief Officer post in legislation. Such matters should be left to local determination and local management arrangements. Such a development would not necessarily translate into additional resources for scrutiny given the wider financial pressures and competing priorities remain and will become even more challenging in future years.
- 2.3 The WLGA supports the introduction of 'Key Decisions' to clarify the key issues which scrutiny should consider and may be subject to call-in when appropriate. Similarly scrutiny forward work planning could be strengthened, but requirements around inclusion of details around which community groups will be engaged with and when may not be proportionate or allow future flexibility, and the current wider duty to engage with the public should be sufficient.
- 2.4 The WLGA recognises the experience, expertise and contribution that co-optees can make to councils' scrutiny committees and there are examples of effective co-optation in practice currently. That said, it should be a matter for local determination regarding the role and in particular voting rights of co-optees. Scrutiny committees can receive external advice and expertise in other ways, including expert witnesses or committee 'advisors' as well as formal co-optees.

- 2.5 There is a risk that providing co-optees voting rights undermines local democracy and further weakens the unique, representative role of elected councillors. This proposal combined with the White Paper's wider proposals about 'sharing' elected members' powers and responsibilities with unelected, unaccountable community representatives undermines the White Paper's central theme about strengthening local democracy and making the role of a councillor an attractive one.

Joint and Public Sector Scrutiny

- 3.1 The WLGA does not support the proposal to legislate to ensure that collaborative or jointly commissioned services have a joint scrutiny committee. Local accountability arrangements should be left to the discretion of constituent authorities; it may be appropriate in certain circumstances to establish a Joint Overview and Scrutiny Committee (as per powers in the 2011 Measure) but similarly, some services although delivered jointly may require local scrutiny arrangements to ensure clear links to local accountability arrangements and local democratic priorities reflecting the needs of local communities. In such circumstances there should be effective communication and planning between constituent authorities' committees to avoid duplication or burden on joint delivery bodies.
- 3.2 The concept of Local Public Accounts Committees is interesting and it would be worth re-examining the impact of the English pilots. But it is not clear how the proposal differs from the current statutory duty around scrutiny of designated persons and the provisions in the Well-being of Future Generations Bill regarding scrutiny of PSBs. The proposal also describes the Committee's potential role in scrutinising 'pooled or joint budgets agreed under place-based finance arrangements' yet this interesting concept of 'place-based finance arrangements' is not referenced elsewhere in the White Paper or in the Well-being of Future Generations Bill.

Links between Internal and External Scrutiny

- 3.3 The WLGA supports the proposals around strengthening the links between external inspection and regulatory bodies and internal scrutiny; this was a key recommendation from the Williams Commission and has been explored further by authorities and partners through a Cardiff Council led research project.
- 3.4 The WLGA also supports proposals for strengthening the links between external regulators, notably the WAO, CSSIW and Estyn. The WLGA in principle supports the proposed joint 'whole system assessment' of authorities, but a biennial assessment as outlined in the White Paper does not appear to be proportionate and could place a significant burden on authorities. The White Paper does not explore this concept in detail and the WLGA would welcome further dialogue with the Welsh Government, WAO, CSSIW and Estyn to explore how such an approach could be managed.
- 3.5 It is important that any overarching annual national 'assessment of the health of local government' will add value to local performance reports and the proposed online portal of comparative performance; it is important that such a national

report does not generalise and underplay or overlook legitimate local differences, performance achievements or challenges.

Response

WLGA supports many of the principles and objectives that underpin the chapter on strengthening the role of review, many of the individual proposals are also endorsed.

WLGA supports the introduction of 'Key Decisions' to clarify the key issues which scrutiny should consider and may be subject to call-in when appropriate. Similarly scrutiny forward work planning could be strengthened, but prescription should be proportionate.

WLGA recognises the contribution and value of co-optees but it should be a matter for local determination regarding the role and voting rights of co-optees.

WLGA does not support the proposal to legislate to ensure that collaborative or jointly commissioned services have a joint scrutiny committee. Local accountability arrangements should be left to the discretion of constituent authorities;

WLGA supports the proposals around strengthening the links between external inspection and regulatory bodies.

WLGA supports in principle the proposed joint 'whole system assessment' of authorities, but a biennial assessment does not appear to be proportionate and could place a significant burden on authorities.

Chapter 9: Reforming Local Government Finance

Introduction

1.1 The impact of austerity and cuts on Welsh councils is by far the biggest issue facing local government. The main lever utilised to tackle deficit reduction by Westminster has been the most significant reductions in public spending in recent decades. Total public spending and receipts on the 2015 budget spending plans are forecast by the Office of Budget Responsibility to dip to 36.0% of GDP by 2018/19². The same figure in 2009 was 47.4%³, thus the reduction in total managed expenditure within a short period has been huge.

1.2 In the devolved context this has impacted dramatically on the Welsh Budget. It has also occurred at a time when structural problems and issues within the Welsh NHS have required a massive shift in Welsh Government budget allocations to the detriment of the published plans that support medium-term financial planning. The upshot of all these factors is significant reductions in funding to local government, particularly in 2014-15 and continuing into 2015-16.

Overall, councils in Wales had a £155 million (3.8%) real-terms reduction in their revenue funding from the Welsh Government in 2011-12. Funding levels are continuing to decline where revenue funding from the Welsh Government was approximately £283 million (7%) lower in 2013-14 than 2010-11. In October 2013, the Welsh Government announced reductions in core funding of £175 million for 2014-15 and a further £65 million in 2015-16. Changes to published plans meant that by the time the 15-16 settlement was published the reduction was nearer £146m. By the end of 2017-18, WLGA forecasts a budget shortfall nearing £900m

1.3 These are dramatic cuts and grow increasingly comparable with those in England. Indeed whilst the level of reductions to grant income appear lower in percentage terms, councils in Wales are far more grant dependent so the cuts have impacted equally. The functional presence of schools in local government in Wales is also a factor where in England this is no longer the case. Schools have received significant protection since 2010, which has meant disproportionate cuts for other services as councils struggle to meet the threshold of protecting schools 1% above the Welsh Government Block Grant. The impact on other services has been significant. In evidence to the Finance Committee, the WLGA has argued that spending on some services is lower in real terms than it was in 1999-00.

Commission of Local Finance Wales

2.1 As stated above the recent period of reductions in government funding has highlighted the degree of dependency on the Welsh Government as a source of funding for Welsh local government. Relative to England, Welsh authorities are over-reliant on central funding which in turn makes managing these reductions in central funding more difficult to manage. As we have argued in this White Paper response there is also a need to examine the core functions of local government, the future funding needed to provide for them and the potential sources of the

² HM Treasury Budget 2015

³ HM Treasury Budget 2013

funding required, in order that future sustainability can be gauged. In terms of distribution of Welsh Government funding to local government, the independent members of the Distribution Sub Group are clear that the current approach needs to be radically rethought. Work should continue within the DSG but there is a need for a fundamental examination of how local government is funded.

- 2.2 The White paper rightly states “We need to take a more strategic and longer term approach to reform of the finance system”. Many of the factors highlighted and supported by WLGA such as council tax revaluation, reform of the local government funding formula and new approaches to local taxation cannot happen overnight. However the White Paper is somewhat “leisurely” in tone when it comes to immediate problems. The figures highlighted above and the tribulations of many budget rounds this year show that the next three years will shape the form and functions of local government for years to come. The big savings envisaged by local government reorganisation will have all but dissipated by 2020.
- 2.3 In this setting there is need for urgent thinking and action. There is clear evidence that the pressures on expenditure on local services, particularly those other than education and social services will continue to grow well into the future. In light of this the sustainability of local services in the medium-term has to be questioned. In its submission to Welsh Government on the White Paper “Reforming Local Government in Wales” the WLGA argued the need for establishing an Independent Commission on Local Finance in Wales. This was fully agreed at the WLGA Council 28 November 2014 and authorisation for funding the work given by the Management and Audit Sub Committee held on 17 December 2014.
- 2.4 Why is there a need for an Independent Commission on Local Government Finance in Wales? The financial framework that underpins the provision of local services is outdated and increasingly circumvented through the use of specific grants and controls on the amount of money that Councils can raise themselves. The longstanding system of local accountability for tax and spend decisions on local services is becoming weaker.
- 2.5 A wider debate is also occurring post Scottish Independence referendum on greater devolution across the UK. This has inevitably raised the issue of the relevance of the Barnett formula and its continued application. Equally important is a debate on “localism” and how devolution must not stop at Westminster, Holyrood or Cardiff Bay. In England this has led to a debate about devolution to city regions with local government in the driving seat on economic regeneration, housing and infrastructure investment. In Wales these same debates about financial flexibilities, the future of business rates, new powers to raise income, service commissioning and deepening localism seem to be stuck at the starting gates.
- 2.6 WLGA and our Data Unit have recently led public sector wider conferences on strategic commissioning, digital inclusion to tackle poverty and demand management/prevention. We would also envisage the Commission looking at the massive inherent potential in such approaches. The key outcome of the Commission would therefore be to formulate a proposal for the next Welsh Government, which is a practical and evidenced basis for making our financing sustainable in the long term and, crucially, understandable and transparent not only to practitioners but especially to council taxpayers and service users.

Response

WLGA would argue that the arena of local government finance is the key issue facing local councils, reform should be given greater prominence within the White Paper

WLGA fully support the White Paper proposals on council tax revaluation, reform of the local government funding formula and new approaches to local taxation.

WLGA has commissioned an Independent Commission on Local Government funding to examine the crisis in local government funding and the Welsh Government is invited to participate in this work.

DRAFT