



## **White Paper: *Reforming Local Government: Power to the People***

### **Formal Response of Flintshire County Council**

#### **Responding to the White Paper**

Given the significance of the White Paper it is important that consultee councils make full strategic responses to both extend the thinking behind and within the Paper, and to suggest solutions where the Paper is perhaps deficient. The questionnaire which accompanies the Paper is too intricate and limiting for the expression of strategic views. What follows is the strategic response of Flintshire County Council.

The Council also supports the collective response of the local government 'family' submitted by the Welsh Local Government Association and submits its own response alongside it. Our corporate response explores and takes forward some of the positions taken by the Association. Where our response is less detailed, or silent, the response of the Association should be taken to speak for Flintshire.

#### **Introductory Comments**

The White Paper should act as a marker for the redefinition of the role and value of local government in a devolved Wales. This redefinition should be a positive experience with a renewed vision set for local government and the governance of local communities. Any redefinition must inevitably include the relationship and power-sharing balance between Welsh Government and local government; an appropriate balance between centralism and localism in policy-making and deciding priorities; legal and financial flexibilities to enable innovation and support local solutions for local challenges; the empowerment of local democracy; a sufficient and sustainable funding basis for local government.

Whatever the shape of local government, and the number of new councils which succeed the current, local governance must continue as a respected, valued and resilient model for local public services to communities, businesses and the most vulnerable. The White Paper should be a defining moment in the long and proud history of local government and, in years to come, be viewed in retrospect with recognition and not regret.

#### **Theme: Power to Local People**

The White Paper was positioned as one which would provide a vision for local government. Whilst developing some of the themes which could underpin a vision the White Paper, in itself, does not provide one. The Paper speculates over what might be in the future once local government is re-organised into a smaller number of larger councils. A re-organisation is not an answer in itself. The time for redefining the role and value of local government, and its place in a devolved Wales, is now.

The vision for local government could usefully be set out as:-

- what it must do (service/functional duties and responsibilities), what it should do (service aims and standards) and what it could do (generic powers, discretion and innovation);
- how it is governed (governance model, local accountability, self and external regulation);
- how it is resourced (national funding model and local flexibility); and
- the democratic principles which underpin the above being 'written into' the relationship between central and local government: subsidiarity and localism as principles with the powers and freedoms to act (within the national policy setting and legislative framework).

A well governed and high performing council under this model would be one which:-

- both meets its statutory duties and national service standards (e.g. social care, education, environmental health) whilst providing innovative solutions to local challenges (e.g. business growth, poverty, community safety, environmental management);
- is well governed with statutory compliance, effective use of resources, effective partnership working, respected community leadership, and a positive local reputation as indicators of its 'health';
- is properly funded to achieve the above with demonstrable financial stewardship; and
- is effective in co-managing both national social policy objectives and local community demands.

Competent councils within this model would meet the four primary aims of local government which are its essence:-

- enabling local communities and people to fulfil their own potential;
- acting as an extension of the 'welfare state' in supporting the most vulnerable;
- providing first class statutory local public services and meeting national standards and targets; and
- adapting to meet the specific local needs and demands of local communities in their area.

On the prospect of local government re-organisation the fundamental questions which follow the above and require some answers from those promoting structural change, for a fully informed debate to take place, remain unanswered. These are (1) what will be the benefits of a reorganisation (2) how will the transition costs of a reorganisation be funded (3) what are the aspirations for localism and thereby the future roles, functional basis and freedoms to operate for local government and (4) how will local government be funded sustainably, and to what level, in the longer-term as a basis for planning? The White Paper falls short in answering these questions.

### **Theme: Balancing the Responsibilities of National and Local Government**

The title of this chapter would suggest that role of National Government (in our case Welsh Government) was itself to be examined in rebalancing central-local relations in a devolved nation which prides itself on community identity and respect for regional diversity. The White Paper does not address the role of Welsh Government to any real extent. The vision for local government which Flintshire advocates (above) addresses the axis of power under the themes of democratic principles, roles and functions, governance and resourcing. Through the vehicle of the Partnership Council, Welsh Government is invited to return to these fundamental questions.

The principles of subsidiarity and localism should be re-adopted with true belief, and be given real meaning in practice. Both the UK and Scottish Governments have been re-examining these principles for their respective relationships with local government in England and Scotland. There is real-time learning and transferable practice in both examples. Local government should have parity of esteem in the Welsh governance system.

The development of regionalism could have powerful and beneficial impacts. For local government to play its role then the commensurate freedoms, powers and resources to act should be invested in the model, for example in the fields of planning, transportation and economic development. The recent UK Government-enabled model of Greater Manchester is a prime example which redefines central-regional-local roles and releases capacity for innovative solutions to economic planning and growth. Regions in Wales would need to be empowered and resources to fulfil the potential of 'city regions'.

The proposal for a power of general competence is to be welcomed. However, if policy directives from National Government are to remain so specific and restrictive, and continue to be underpinned by a funding system with tight controls, then such a power is likely to be under-deployed. This would be self-defeating.

### **Theme: Renewing Democracy**

The collective response of the WLGA, on this theme, which is comprehensive, is fully supported.

### **Theme: Connecting with Communities**

The collective response of the WLGA, on this theme, which is comprehensive, is fully supported. In the absence of a clearly defined future role for town and community councils advocating new devolved arrangements, such as neighbourhood management, could unintentionally confuse local governance and cause role conflict and dysfunction.

The approach Flintshire and other counties are taking to encourage town and community Councils to develop their functions, take on assets, act as the central point of community activity, and 'cluster' together to share resources and procure services, can help demonstrate the worth and value of the community level of local government. This approach is in line with previous Welsh Government policy which recognises the role and value of the most immediate form of local government.

### **Theme: Power to Local Communities**

New service models which promote community action and ownership are to be encouraged. Communities need to be supported to take on more responsibility to ensure that local services and assets can be protected in the face of unprecedented public funding cuts. The innovation Flintshire and other like-minded counties are taking to promote alternative models of service delivery should be supported with risk-taking to experiment given licence. Flintshire welcome the recently appointed commission on mutualisation. National policy and legislation in this field should enable, and not constrain, experimentation.

### **Theme: Corporate Governance and Improvement**

The proposals made for assuring good governance and improved performance management and accountability are not new. The White Paper proposes a combined set of current models such as self-assessments and peer reviews, all of which have a proven track record where done well. These sorts of arrangements could be made, in return for less external regulation and government performance controls and 'strings', and be introduced voluntarily. They do not require legislation. There is a risk that the extent and frequency of the proposed self and peer assessment models could be too demanding and could create a new industry in themselves. Early and proportionate adoption and experimentation is to be encouraged.

The White Paper appears to be legislating for the few - those who are not well-governed or performing to the expected standards, and not the majority - in this chapter and the two which follow. This is a questionable basis on which to legislate. The current governance model is 'not broken' and legislation and interventionist policy should be proportion to the scale of the challenge and reserved for those who fail. To repeat the well-rehearsed phrase freedoms should be there to be lost in a trusting central-local relationship, and should not have to be earned by the majority.

### **Theme: Performance in Local Government**

The collective response of the WLGA, on this theme, which is comprehensive, is fully supported. This chapter is light on addressing the unresolved question of how to set broad policy objectives and service standards for the critical statutory services, whilst allowing freedom to innovate to meet them, and avoiding micro-management by Government departments which is the hallmark of so many central-local performance management arrangements. This is not an impossible 'nut to crack' but one which can only be prised open in a relationship where local government is trusted and empowered to act to meet national social policy objectives.

### **Theme: Strengthening the Role of Review**

External regulation, both financial and performance audit and inspection, has an essential place in ensuring independence, objectivity and fairness in passing judgement on organisational performance and prospects for self-improvement. Whilst the scale and quality of the current regulatory system has been a vexed question for several decades, this central role in Welsh governance is recognised and valued. There is a risk that a diminution of external regulation could leave a vacuum for self-improvement in weaker councils, and leave open the opportunity for Government-led interventions which could be perceived as politically motivated. This is a significant issue which asks for careful and sensitive handling.

The track record of interventionist-led corrective improvement is mixed and we should avoid jumping to solutions which are unproven.

Effective local governance, with accountability to local communities through the democratic process, supported by external regulation and validation, should remain the cornerstone of the model for local government of the future.

### **Theme: Reforming Local Government Finance**

This chapter of the White Paper is the least developed and has few specific proposals for the future. The current funding model for local government is no longer 'fit for purpose' on two counts. Firstly, the balance of central-local funding sources is too heavily weighted to the former with limited capacity for local fund raising and taxation. Secondly, local councils have limited flexibility in how they can choose to allocate centrally provided funding to local priorities given the extent of hypothecation and spending controls and bureaucracy within both the core annual financial settlements and the specific grants regime. Welsh Government should commit to a programme of supporting local funding capacity and income retention, to include the local retention of 'business rates' within the income generating council areas, and an immediate review of specific grants with grants only being retained in exceptional circumstances as two partial solutions.

Even if the funding model were 'fit for purpose' it still needs to be funded properly for local government to meet its duties and obligations, and to have the capacity to innovate. The current local government funding formula is in need of review; local government needs to have sufficient annual funding - the current reductive funding strategy during a period of fiscal austerity is not sustainable; the absence of any longer term funding projections compromises strategic financial planning at the local level; Welsh Government should openly share its funding plans for the whole public sector e.g. for the NHS and social care given the interdependence of the public services, in the spirit of the co-production of social policy solutions; the legislative and policy making aspirations of the Welsh Government need to be fully funded with a recognition that the current Regulatory Impact Assessments system underpinning the legislative process is under-developed. The White Paper speculates over a funding model for the new merged councils. The funding crisis is a 'here and now' issue which should not be put off for a future generation of council leaders to face.

Following the parallel review in England, local government in Wales is to form an Independent Commission on Local Government Finance. Welsh Government is invited to support the Commission and to contribute to the setting of its terms of reference to include the above.

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