



Report of the Cabinet Member for Economy & Strategy (Leader)

Council – 21 June 2018

Response to Welsh Government Consultation on the Green Paper regarding Local Government Reform: 'Strengthening Local Government – Delivering for People'

Purpose:	To respond to the consultation on the Welsh Government Green Paper regarding Local Government Reform: 'Strengthening Local Government – Delivering for People'
Policy Framework:	Green Paper - 'Strengthening Local Government – Delivering for People'
Consultation:	Access to Services, Finance, Legal.
Recommendation(s):	It is recommended that: 1) The response to the consultation on the Welsh Government Green Paper regarding Local Government Reform: 'Strengthening Local Government – Delivering for People' is noted and endorsed.
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1. Introduction

- 1.1 The Williams Commission recommended larger and fewer Local Authorities. The Welsh Government accepted the recommendations and, in November 2015, published the Draft Local Government (Wales) Bill and Explanatory Memorandum (Nov 2015). The Bill proposed achieving structural reform through merging a number of Authorities, with eight or nine local authority areas as the preferred structure.

- 1.2 The White Paper, Reforming Local Government: Resilient and Renewed was published (Jan 2017) with proposals to take forward regional working by local Authorities in a mandatory systematic way.
- 1.3 Although Local government were broadly supportive of the case for change, there was no appetite for comprehensive mandated regional working and sought to negotiate voluntary 'regional deals' with the Welsh Government.
- 1.4 The main proposal in the current Green Paper 'Strengthening Local Government – Delivering for People' is to create fewer and larger Local Authorities, reducing the number from 22 to 10 Authorities. The indicative new authority areas would include the following groupings of Local Authorities:
- Ynys Mon (Anglesey) and Gwynedd
 - Conwy and Denbighshire
 - Flintshire and Wrexham
 - Ceredigion, Pembrokeshire and Carmarthenshire
 - Swansea and Neath Port Talbot
 - Bridgend, Rhondda Cynon Taf and Merthyr Tydfil
 - Vale of Glamorgan and Cardiff
 - Newport and Caerphilly
 - Powys
 - Torfaen, Blaenau Gwent and Monmouthshire
- 1.5 This report summarises the content of the Green paper consultation document (See Appendix A for the complete Welsh Government consultation document) and outlines the Council's response.

2. Summary of key points from the Green paper consultation document

- 2.1 Welsh Government has proposed three options for re-organisation:
- Option 1 – Voluntary mergers,
 - Option 2 – A phased approach with early adopters merging first followed by other Authorities, merging first by 2022 with all other Authorities merging by 2026,
 - Option 3 – A single comprehensive merger programme to be completed by 2022.
- 2.2 Welsh Government have outlined potential advantages and disadvantages for each option within the Green paper consultation. These are summarised as follows:

Option 1: Voluntary Mergers	
Advantage	Disadvantage
Enables the Local Authority to determine the pace of consolidation.	Creates uncertainty and the potential for divergence across Wales.

Option 2: A phased approach with early adopters merging first followed by other Authorities	
Advantage	Disadvantage
A flexible approach that would see a clear end point when the new structures would be in place.	Would create delays achieving any potential benefits.

Option 3: A single comprehensive merger programme	
Advantage	Disadvantage
Addresses the sustainability challenge quickest and removes uncertainty.	No choice for local government on the pace of change.

- 2.3 The other key points within the Green paper consultation document can be summarised as follows:
- 2.3.1 Welsh Government will produce a revised regulatory impact assessment with the revised costs and benefits of merging Local Authorities.
 - 2.3.2 The groupings will be aligned with Health Board boundaries (with the exception of Bridgend).
 - 2.3.3 The regional models of economic working and the City Deals will be expected to continue.
 - 2.3.4 Public Service Boards will be encouraged to move to working on a new regional footprint as soon as possible (before new Authorities come into being).
 - 2.3.5 Transition Committees would be established as soon as possible for each new Authority to prepare for the Shadow Authority. The date would be determined by the Option selected for re-organisation.
 - 2.3.6 Elections to Town and Community Councils will mirror those for principal Authorities in 2021 and 2025.
 - 2.3.7 Councils elected at the first new elections to the new Authorities would serve as 'Shadow Authorities' until vesting day. Existing Authorities subject to merger would be abolished on 31 March 2022 or 31 March 2026 (depending on the option pursued) and the Shadow Authorities would take over on the following day.

- 2.3.8 The consultation suggests holding any local government elections in June 2021.
- 2.3.9 The Boundary Commission would need to undertake electoral reviews and make recommendations by August 2020 for electoral wards, the number of councillors for each ward and the size of council for each of the new Authorities.
- 2.3.10 There would need to be the legal joining together of revenue and capital budgets and the amalgamation of local Council tax bases and assets.
- 2.3.11 Councillors should be properly remunerated, respected and recognised for the work they do in their communities.
- 2.3.12 Councillors should have the support and resources necessary to undertake their role including access to information and be kept abreast of decisions being taken on behalf of their council – and have support to fulfil their scrutiny role effectively.
- 2.3.13 The creation of new Authorities offers an opportunity to review the support for elected members to ensure that they can effectively undertake their roles as representatives of the electorate and responsible members of the local authority.
- 2.3.14 The Welsh Government will work with local government to champion the role of elected members and help communities understand, and value, the important part councils play in their lives.
- 2.3.15 Welsh Government intend to legislate for the general power of competence for principal Authorities that merge and community councils that meet eligibility criteria.
- 2.3.16 Creating new Authorities with additional powers and greater flexibilities would provide an opportunity to reconfigure and redesign services, share transactional and expert services and address workforce issues.
- 2.3.17 The new Authorities would present an opportunity to strengthen the Welsh language by pooling capacity and capability and would also need to have a focus on people with protected characteristics to ensure that they fully represent their communities.

3. Response to the consultation

3.1 Proposed Local Authority Areas: form should follow function

- 3.1.1 Swansea is open to the idea of merging but our neighbours may have different views. Swansea Council is committed to regional working and has dedicated resources and grasped the opportunity to work collaboratively; we are doing so increasingly despite the inconsistent messages from Welsh Government.

- 3.1.2 A voluntary merger approach is unlikely to deliver within an acceptable time period what the Welsh Government has set out.
- 3.1.3 The proposal around a phased approach to mergers leading up to 2026 will effectively kick the matter into the long grass. If there is a will to do this then it needs to be done rapidly i.e. by 2022.
- 3.1.4 The best model is the one that would deliver sustainable services over parochial interests. Local government in Wales will need the funding and flexibility to achieve this. The main driver for any changes to local government should be to retain focus on improving outcomes for citizens and should not be about saving money.
- 3.1.5 It will be very important to retain a focus on service delivery during any merger; for example, there is a danger that the proposed transition process will create such a disruption to service delivery. The previous re-organisation in 1996 created a lot of disruption with changes to electoral wards and staff uncertainty over jobs. To have this when councils are dealing with the unprecedented threat from austerity would be extremely challenging.
- 3.1.6 We must first have a clear vision for local government, other tiers of government and for all other areas of public service in Wales expressed in outcomes for the next 10 to 20 years and structures should follow this, i.e. form should follow function.
- 3.1.7 With a view towards achieving form over function, there needs to be a common set of values for local government, other tiers of government and all public services in Wales agreed by the public.
- 3.1.8 There is no guarantee that biggest is always best, i.e. that larger Authorities than those that already exist always deliver better performance or are a guarantee of financial health. There is a further risk that increasing the size of Council's will distance them further from the people that they serve.
- 3.1.9 There needs to be an understanding on what is best delivered regionally, e.g. specialist services, and what should be delivered locally, e.g. street scene services.
- 3.1.10 Starting from the health boundary footprints may not offer the best solution for effective service delivery or economic growth; economic development and regeneration will be the driver for economic and other well-being. The six councils in the mid and south-west have therefore all expressed the preference to collaborate on the economic development footprints, which should also include Health.
- 3.1.11 Health and social care are inextricably linked. Primary Care, Community Care and Social Care should be located in a single organisation with a

common accountability framework and a single budget. There should be democratic accountability built into this system.

- 3.1.12 The merger proposals will create confusion in relation to existing collaborations. If Authorities were to agree to merge, they may have very different views on arrangements that could freeze decision making on some collaborations until there is clarity.
- 3.1.13 The view of Swansea Council is that any review of boundaries should seek to encompass the natural boundaries of communities, which would identify with the Swansea Bay City Region. This model would follow the industrial heartlands of South West Wales and would include the neighbouring regions of Llanelli and the Swansea Valley together with Swansea and Neath Port Talbot.
- 3.1.14 Swansea, in common with the other Local Authorities in Wales, is currently reviewing its boundaries and has made its views known to the Boundary Commission for Wales, which can be shared with Welsh Government.
- 3.1.15 The City & County of Swansea believes that an independent review is needed on Welsh Government and local government relations in Wales so that relationships are constructive and a clear distinction established between the Welsh Government as policy maker and the public sector (not just local government) delivery arm.
- 3.1.16 Different Departments in Welsh Government appear to have different views on Local Government Reform, which is confusing. It will be important therefore to re-state as part of this what the different tiers of government will be doing in the new re-organised model. Any re-organisation should not only be about Local Government; it should be a more holistic review driven by a clear understand of what citizens want rather than what the Welsh Government wants. It needs to encompass all tiers of Government and all other public bodies in Wales and the roles and responsibilities of each will need to be clarified.

3.2 Reducing complexity

- 3.2.1 There should be a radical delayering of responsibilities and accountabilities in local government and public services in Wales to reflect Welsh Government as policy maker, local government as deliverer and a single inspectorate.
- 3.2.2 Local government is increasingly having to deal with a never-ending stream of new and complex legislative requirements and duties at a time of severe austerity. There needs to be a simplification and alignment of the many different legislative and policy frameworks affecting local government in Wales.

- 3.2.3 Too much interference and central direction from government and regulators on the content of Council's corporate plans and priorities, inhibits local discretion and innovation.
- 3.2.4 The language of accountability is negatively focussed on intervention and blame; instead it should be centred upon learning and improvement. A single accountability agreement should be in place describing outcome not process.
- 3.2.5 The current regulatory regime attempts to bring together judgements of the WAO, Estyn and CSSIW but they still each promote excellence in their respective fields irrespective of the impact in other areas. A single proportionate and risk-based inspection regime is needed based on a small number of agreed outcome measures with a focus on learning and improvement.
- 3.2.6 In addition to delayering and simplifying responsibilities and accountabilities and legislative frameworks, regional working could be made more effective by harmonising footprints, streamlining governance and decision-making arrangements and seeking to establish common approaches, language and systems; this in itself will be challenging.
- 3.2.7 Swansea is supportive of the proposed migration of Bridgend CBC into the Cwm Taf Health Board area because it simplifies the arrangements in Western Bay on a footprint that is unified and will offer significant opportunities to tackle some long-standing health and social care issues.
- 3.2.8 The role and function of Public Service Boards and their relationship to other collaborations should be reviewed in line with moves to delayer accountabilities and responsibilities within local government and the Welsh public sector, i.e. form to follow function.
- 3.2.9 The work of the PSBs and other regional partnerships, such as Western Bay, are not democratically accountable to the public; this must be rectified as a matter of urgency in order to provide PSBs and regional collaborations with democratic legitimacy.
- 3.2.10 In addition, PSBs should follow local government boundaries to further help demonstrate community leadership and local accountability.
- 3.2.11 The production of the Council's Corporate Plan and Medium Term Financial Plan and budget are all linked to the electoral cycle and provision will need to be made to ensure that they tie into any new electoral cycles going forward.

3.3 Funding the cost of re-organisation

- 3.3.1 There will be a large financial cost associated with local government re-organisation during a time of severe austerity. In 2014, CIPFA estimated that upfront costs of reorganisation across the whole of Wales could

range between £160m and £268m (based on Williams options). This was offset against projected annual savings in the order of £65m that will be achieved after a three-year period. These figures would need to be re-examined as a result of the passage of time.

- 3.3.2 Local Government could not and should not fund the cost of any local government re-organisation. Councils do not have the financial or other means to fund local government re-organisation.
- 3.3.3 There should be a radical review of the funding system to ensure the future sustainability of local government. The aim should be a single unhypothecated funding stream to local government in Wales backed by strong local outcome management.
- 3.3.4 The equalisation of Council Tax will create difficulties where there are significant disparities between different local Authorities. Council tax in Swansea is lower than in Neath & Port Talbot and it will be difficult for citizens to accept higher Council tax bands in Swansea should that be the outcome from any equalisation; the tax payer should not fund this sort of disparity.

3.4 Democratic accountability and trust in local government

- 3.4.1 Swansea believes that the levels of remuneration of Councillors should continue to be reviewed annually by the Independent Remuneration Panel and that an additional review is unnecessary.
- 3.4.2 Swansea believes that elected Members should not be bypassed and should have a stronger role in consultations and engagement with the public.
- 3.4.3 It is important to ensure that there is democratic accountability and more control for local government built into regional collaborations and that any mergers do not make local government and elected Members more distant from the people that they serve.
- 3.4.4 Swansea believes that a fundamental review of the existing structures and a radical delaying exercise being undertaken aimed at reducing complexity will help restore engagement and trust in the work of local government and public services and allow elected Members to focus on what is important to their constituents.
- 3.4.5 The language of accountability is negative focussed on intervention and blame and this has helped erode confidence in local government; instead, it should be centred upon learning and improvement. This would help restore public engagement and trust in the work of local government and public services.
- 3.4.6 Swansea supports a general power of competence for all Welsh Councils and believes that the Welsh Government should immediately seek to

devolve more powers, flexibility and autonomy to local government in Wales. However, this must be met with fair funding for local government where Welsh Government demonstrates that they recognise that Education and Social Care are as important as Health. This will enable local government to respond flexibly and to innovate in order to meet the priorities and needs of the people that they serve; this would also help to restore trust and engagement in local government.

3.5 Transformation and change

- 3.5.1 Demand management, prevention, service change and community capacity is needed to deliver the level of savings currently required to meet the challenge of austerity.
- 3.5.2 The role of the citizen and communities in dealing with demand management, changed service models and the creation of community capacity is vitally important. Personal responsibility for health, well-being, the environment and much else is key to managing and reducing demand.
- 3.5.3 We need a public sector committed to developing community capacity, managing and reducing demand, early intervention and customer focus; health, early intervention and prevention needs to be local government responsibilities.
- 3.5.4 Swansea believes in direct public service provision through local government where this will deliver the best outcomes for our residents. However, in order to address the significant financial challenges facing the Council, we are already through our *Sustainable Swansea – Fit for the Future* programme looking at new and innovative models of delivery for services, focussing on preventative services and demand management, digital opportunities and examining how communities can be enabled to help themselves.
- 3.5.5 Workforce planning and succession planning whilst essential are extremely difficult to deliver in a time of severe downsizing. The absence of standard pay and conditions leads to authorities competing for scarce resources, for example social workers. There is evidence that suggests as Local Authorities hit performance problems they simply outbid their neighbours for key personnel potentially transferring the problem and driving up salaries.

4. Equality and Engagement Implications

- 4.1 There are no direct equality implications to this report. However, local Authorities will need to continue to meet their statutory and legal obligations established under the Equality Act 2010, Public Sector Equality Duty (Wales) and Welsh language legislation and standards following any re-organisation. Our legal duties to consult and engage are also relevant here. The Council through its adoption of the UNCRC is

also committed to promoting and protecting the rights of Children and Young People and would be concerned to ensure that there would be no adverse effects on these from any proposals to re-organise local government in Wales.

5. Financial Implications

- 5.1 There are no immediate financial implications associated with this report at the present time. There is however longer-term issues and consequences set out within the Green Paper. The wider proposals as they develop could have significant financial and operational consequences and risks for the City and County of Swansea, and for local government in Wales across the piece. At this stage, it is too early to assess realistically with any certainty any additional specific costs, risks or opportunities for the City and County of Swansea.

6. Legal Implications

- 6.1 There are no legal implications associated with this report at the present time.

Background Papers: None.

Appendices:

Appendix A Welsh Government consultation on the Green Paper regarding Local Government Reform: 'Strengthening Local Government – Delivering for People'