

# **A Compact for Change between the Welsh Government and Welsh local government**

## **Introduction**

This Compact sets out the terms of a new relationship between the Welsh Government and local government, based on mutual respect and partnership. Its provisions and their delivery underpin the funding to be provided to local government over the period 2012 – 2014 and set the framework and realistic milestones for reform. Ultimately these reforms are intended to improve performance, efficiency and outcomes for the people of Wales.

## **Context**

Public service delivery is at the heart of the Welsh Government's Programme for Government. Local government is a major service provider in Wales accounting for £5 billion of the Welsh Government budget. Welsh Ministers and locally elected councillors are committed to working in partnership to secure significant service improvement and greater efficiency by increasing the pace of public service reform. Strong collaborative leadership is critical to deliver that reform.

This Compact represents a clear statement of commitment by the Welsh Government and local government to prioritise actions that form the bedrock of substantial service reform and change in local government, bringing together the implementation of two major reviews and a Government policy statement that were published in the spring of 2011<sup>1</sup>.

While this agreement is between the Welsh Government and local government, the Welsh Government is seeking more widely to achieve effective, locally-responsive services through collaborations across public service organisations as a part of the overall public service reform agenda.

The Compact provides clarification on timelines and accountability for delivering the necessary reforms and a robust monitoring and reporting framework will be established to support its implementation. A reformed Partnership Council will be responsible for monitoring progress.

## **Public Service Reform**

Strengthening democratic accountability is a key commitment within the Welsh Government's Programme for Government. Decisions about how public services are planned and managed need to be taken through local democratic frameworks. Welsh Government and the 22 Welsh councils are committed to the local government model of democratically accountable unitary authorities close to their communities. Nevertheless, it is clear at a practical level that the harsh economic climate and increasing service

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<sup>1</sup> The Simpson Review 'Local, Regional, National: What Services are Delivered Where'; The Vivian Thomas Review: 'The Structure of Education Services in Wales'; and 'Sustainable Social Services for Wales, A Framework for Action'

demands have led to significant challenges in relation to performance. Collaboration is one of the key tools in dealing with the challenges of variable service quality, fragmented delivery, duplication of effort and inefficiency.

The Compact is based on the development of voluntary collaborations between councils. The 2009 Local Government Measure provides vital enabling power to remove any statutory or other obstacles to councils collaborating to secure their duty towards continuous improvement and meet their improvement objectives. There should therefore be few if any legal barriers remaining. The 2009 Measure gives Welsh Ministers reserve powers to direct collaboration and they would be obliged to consider the use of these powers in the face of evidence that a collaborative opportunity had not been taken where there was a clear business case.

The purpose of this Compact is to deliver resource savings and demonstrable improvements in service delivery for the people of Wales. The case for change must be evidenced against these criteria. Where there is a transparent case for change with demonstrable service or resource benefits collaboration is expected to proceed. There may be occasions when the case for change may be less strong or broadly neutral for one partner in collaboration than another. Relative scale of benefits should not be a reason to avoid working together where the outcome for public services will meet the criteria outlined above.

The Welsh Government's established Collaborative Footprint for Public Services<sup>2</sup> provides clarity around regional areas based on the Local Health Board and police authority boundaries to provide a stable and coherent framework that supports collaborative relationships. There is a shared expectation that future collaborative working will be aligned to this footprint, including aggregation of these areas where larger scale regional delivery of services is required or appropriate.

### **The Role of the Welsh Government**

The Welsh Government will continue to ensure that local government in Wales receives an appropriate settlement to help them to protect vital services in the face of severe funding pressures and plan and implement reform in a coherent and strategic way.

Following discussions with the WLGA the Welsh Government undertakes to help local authorities meet increasing revenue pressures, while optimising levels of unsupported borrowing in support of shared infrastructure priorities. In particular, this help would take the form of ongoing funding to address revenue pressures, allowing local authorities to switch resources into capital investment programmes. The funding would be available over an agreed period. In return, local government undertakes to ensure that capital

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<http://wales.gov.uk/topics/localgovernment/partnership/council/agendas/37thmeeting/?lang=en>

investment programmes financed with newly released funds are additional to planned capital investment, and would be used to finance shared and mutually agreed capital investment priorities.

To support the implementation of the Compact the Welsh Government will:

- support the principles of this Compact for the period of this Government, reviewing the achievements and future ambitions through the Partnership Council;
- foster an environment to support delivery and address barriers and issues which lie outside the control of Local Government;
- simplify the constraints and requirements within which Local Government plan;
- support the development of single integrated plans in an area to help to ensure that Local Government and public services are designed and delivered collaboratively according to community need;
- continue to work closely with local government to maximise investment under the National Infrastructure Plan;
- explore opportunities for strengthening the connection between the provision of funding and the delivery of outcomes; and
- seek to reduce the number of specific grants and hypothecated funding.

### **The Role of Local Government**

Local Government will undertake to deliver the commitments set out in this Compact in partnership with Welsh Government. For local councillors, hand in hand with their responsibility to voice the needs and aspirations of their communities, is a growing role in supporting collaborative activity in pursuit of securing service or efficiency improvements. Given their engagement with local issues councillors are well placed to identify the need for services across areas and to rigorously challenge and scrutinise service design and delivery. The Compact fully recognises the vital role that local councillors undertake. To sustain services councillors will need to encourage and support collaborative arrangements when they reduce cost and / or improve services.

Transparent performance management and governance arrangements which allow councillors continued engagement in service scrutiny are prerequisites for effective collaboration. Increasingly Councillors will also have to give due consideration to their role as community leaders and engage positively in the reform process, recognising that their role extends beyond their own borders.

### **Governance**

A robust monitoring and reporting framework will be established to support the implementation of the Compact and this responsibility will lie with a reformed Partnership Council for Wales.

Supporting the Partnership Council in monitoring public service improvement will be the Public Service Leadership Group (PSLG). The Organisational

Development and Simpson Implementation national work programme of the PSLG will act as the Programme Board for the implementation of the Simpson Review. Within the Implementation Contracts there are specific commitments in the areas of education and social services, which will be monitored through existing Ministerial governance arrangements. Where appropriate, issues will be taken to other fora, such as the Workforce Partnership Council and the Third Sector Partnership Council for consideration or agreement.

### **Supporting the Delivery of the Compact**

There will be instances when greater collaboration will bring financial benefits to a group of organisations but there will be a range of benefits accruing to the participants and for some the initial investment costs may reduce the attractiveness of the proposition. Schemes such as Invest to Save and the European Social Fund can play an important role as well as other transitional or transformative funding in supporting projects where the initial investment costs are a significant inhibitor to change.

The successful delivery of change also requires significant investment in change management and organisational development, to effectively support the various important staffing issues that will ensue. The Workforce Partnership Council will be responsible for supporting the workforce through the necessary changes to service delivery. The WLGA will continue to facilitate relevant trade unions consultation on a regional basis in line with the Joint Council for Wales' revised 'Managing Change in Partnership Position Statement'. At the heart of this commitment is the value and emphasis we place on supporting and developing the public service workforce.

### **Consequences**

The three Implementation Contracts that make up this Compact set out agreed actions and timelines for the delivery of change in the way services are delivered by local government. These milestones and deadlines are realistic but challenging. Both the Welsh Government and local government are agreeing this Compact in expectation that it will be delivered.

Delivery of the Compact by local government will help to strengthen the case for investment in councils ahead of the next spending review. The key features contained in the three Implementation Contracts have been subject to extensive negotiations between Welsh Government and local government. The clear expectation is that local government will now fully deliver on these commitments and that Welsh Government will support them in this undertaking.

Local government accepts that in light of such agreements that non delivery would see recourse to a range of legislative and other options by Welsh Government to determine the future structure and direction of services. This applies in particular in the critical areas of the education and social care implementation contracts.

## Conclusion

This Compact is a very significant agreement. For the first time the Welsh Government and local government have an agreed programme of change. This sits within and supports a clear framework of national policies and priorities for delivery set out in the Programme for Government. Both the Welsh Government and local government accept that the delivery of this programme will require clarity and support from the Welsh Government as well as strong leadership at a local level to consider the benefits to services and citizens more widely.

The financial challenges for the public sector are unlikely to ease in the next spending review period. Making these fundamental changes quickly is therefore critically important to protecting and improving public services. This Compact is a visible symbol of the commitment of the Welsh Government and local government to work together in partnership to tackle the challenges we face to support communities and people across Wales.

On behalf of the



Welsh Government

Leighton Andrews, AM

Minister for Education and Skills



Welsh Local Government Association

Cllr Meryl Gravell MBE

Presiding Officer, WLGA

### **Implementation Contracts**

The following three sections of the Compact are specific Implementation Contracts with local government. They address education, social services and the recommendations of the Simpson Report.

Of the 21 recommendations of the Simpson Report recommendations 4 & 5 are addressed in the Education Contract; recommendations 6 & 7 are addressed in the social service contract; and recommendations 8 -19 are contained within the Simpson Implementation Contract. Recommendations 1, 2,3,20 are addressed in the narrative of the Compact.

There are also a small number of commitments contained within the Contracts that have arisen as a consequence of the Simpson Review but were not explicit recommendations.

Whilst this agreement is primarily with local government there will be circumstances when the delivery and achievement of commitments can only be achieved through working with partners such as the Third Sector, Housing Associations, Emergency Services and others. We consider that the Third Sector should be engaged when seeking to deliver each of the commitments in the 'implementation contracts' where appropriate. It is for those identified as responsible to ensure appropriate engagement with the Third Sector.

Some actions have already been completed but they have been included in the contracts because of their importance to the overall package of public service reforms.

## The Education Implementation Contract

Commitment	Milestones	Responsibility
Local Government to meet the Welsh Government's 20 point Education Action Plan.	As specified in the Education Action Plan	Local Government
Local Government to work with the Welsh Government to deliver a new model for the delivery of school improvement in Wales and deliver the new model for school improvement via four regional areas. <sup>3</sup>	September 2012	Local Government Minister for Education and Skills
Local Government to work with the Welsh Government to deliver a wider specific range of education services (to be agreed) on a regional basis.	September 2014	Local Government Minister for Education and Skills
Local Government to increase schools' funding delegation rate: <ul style="list-style-type: none"> <li>• Initially to 80%; and</li> <li>• then work towards 85%.</li> </ul>	September 2012 September 2014	Local Government
Welsh Government to work with Local Government to implement a new model for the delivery of student finance based on an all Wales service and ensure the continuity of service through the transition.	September 2016	Minister for Education and Skills Local Government
Local Government and the Welsh Government's School Standards' Unit to implement a system of school banding.	September 2011	Local Government Minister for Education and Skills
Local Government with the support of Welsh Government and the WLGA to implement a kite marked good practice initiative "Learning From Our Best".	March 2012	Local Government Minister for Education and Skills

<sup>3</sup> **SWAMWAC:** Carmarthen, Pembrokeshire, Ceredigion, Neath Port Talbot, Swansea & Powys;  
**North Wales:** Anglesey, Conwy, Gwynedd, Wrexham, Flintshire & Denbighshire;  
**South East:** Caerphilly, Newport, Blaenau Gwent, Torfaen & Monmouth;  
**Central South:** Vale, Cardiff, Merthyr, RCT & Bridgend.

Commitment	Milestones	Responsibility
Welsh Government to support Local Government in developing school federations and associated work on simplifying and speeding up the school reorganisation process.	March 2012	Minister for Education and Skills Local Government



## The Social Services Implementation Contract

Commitment	Milestones	Responsibility
<p>Welsh Government and Local Government to set up and maintain new leadership arrangements for social services across Wales to drive forward the transformational change programme that is required.</p>	<p>October 2011</p>	<p>Deputy Minister for Social Services Local Government</p>
<p>Local Government to engage fully with the new leadership arrangements and provide leadership at regional and local level for implementation of change programme.</p>	<p>October 2011</p>	<p>Local Government</p>
<p>Local Government to provide a co-ordinated single response to the Deputy Minister for Children and Social Services to her letter of 23 March 2011 ensuring that the response:</p> <ul style="list-style-type: none"> <li>• properly reflects the priorities of 'sustainable social services for Wales';</li> <li>• reflects the regional footprint for public services announced by Welsh Government in July 2011;</li> <li>• sets out proposals for collaborative working at both a strategic and operational level which tackle complexity and duplication and how Local Government will use its capacity in a more efficient and effective way; and</li> <li>• sets out proposals for a more strategic approach to commissioning which includes regional and national proposals.</li> </ul>	<p>December 2011</p>	<p>Local Government</p>
<p>Local Government to develop and agree an implementation programme to begin on 1 April 2012 for the changes flowing from the response to the Deputy Minister and bring to the Partnership Forum.</p>	<p>March 2012</p>	<p>Local Government</p>

## The Other Services Implementation Contract

Commitment	Milestones	Responsibility
<p>Local Government, in line with the national policy of the Welsh Government, to deliver collaborative <b>waste treatment infrastructure procurement</b>:</p> <ul style="list-style-type: none"> <li>• 18 LAs in 7 hubs for food waste</li> <li>• 21 LAs in 6 hubs for residual waste</li> </ul>	<p>2012-2014 for food waste 2016-2018 for residual waste</p> <p>Phase 1 – April 2012 Phase 2 – April 2013 Phase 3 – April 2014</p>	<p>Local Government</p>
<p>Local Government with the support of Welsh Government to implement the collaborative change programme for all local authority <b>waste management services</b>.</p>	<p>June 2012</p>	<p>Local Government Minister for Environment and Sustainable Development</p>
<p>Local Government and Welsh Government to review the <b>interface between the Trunk Road Agencies and the Regional Transport Consortia's constituent authorities</b> and joint working between <b>highway engineering services</b> to support the planning, management and delivery of strategic highways services. Local Government with support of Welsh Government to identify and implement quick wins by Regional Transport Consortia. To develop a business case and implement change.</p>	<p>March 2013 March 2013 – March 2014 June 2012</p>	<p>Minister for Local Government and Communities Regional Transport Consortia</p>
<p>Welsh Government, NHS and Local Government to complete the business case for the <b>National Procurement Service</b>.</p>	<p>June 2012</p>	<p>Minister for Finance and Leader of the House Minister for Local Government and Communities Public Service Leadership Group Local Government</p>

<p>Local Government with the support of Welsh Government to continue to implement the <b>Public Services ICT Strategy</b>, beginning with collaborative procurement frameworks for <b>ICT hardware and shared ICT Infrastructure</b>.</p>	<p>March 2012</p>	<p>Minister for Finance and Leader of the House Minister for Local Government and Communities Minister for Enterprise Technology &amp; Science Public Service Leadership Group Local Government</p>
<p>Local Government to have completed their individual council business cases for <b>xchangewales</b>; and if adopting Local Government to have made their commitment by June 2012.</p>	<p>February 2012 June 2012</p>	<p>Local Government Minister for Finance and Leader of the House Minister for Local Government and Communities Public Service Leadership Group</p>
<p>Local Government to fully adopt the <b>generic standard supplier qualification questions (SQuID)</b>.</p>	<p>March 2012</p>	<p>Minister for Finance and Leader of the House Minister for Local Government and Communities Public Service Leadership Group Local Government</p>
<p>Local Government with the support of Welsh Government to develop and implement a set of <b>standard Contract Procedure Rules</b>.</p>	<p>June 2012</p>	<p>Local Government Minister for Finance and Leader of the House Minister for Local Government and Communities Public Service Leadership Group</p>
<p>Local Government, supported by Welsh Government, to use <b>Community Benefits clauses</b> in contracts in excess of £2 million</p>	<p>March 2012</p>	<p>Local Government Minister for Finance and Leader of the House</p>

where community benefits can be realised.		the House Minister for Local Government and Communities Public Service Leadership Group
Local Government to work with Welsh Government to develop revised Guidance for the <b>Supporting People Programme</b> and the role and operation of regional committees.	March 2012	Minister for Housing, Regeneration and Heritage Local Government
Local Government and service providers to establish <b>Supporting People Regional Collaborative Committees</b> in line with the revised guidance.	June 2012	Local Government Providers of services (Registered Social Landlords and the third sector)
Welsh Government and Local Government to take forward collaboration in the delivery of <b>planning services</b> , including specialist services and the planning application process, informed by the Independent Advisory Panel established by the Minister for Environment and Sustainable Development.	September 2012	Minister for Environment and Sustainable Development Local and National Park Authorities
Welsh Government with the support of Local Government and other parts of the public sector to review the scope for <b>standard Contract Terms &amp; Conditions</b> across the public sector.	February 2012	Minister of Finance and Leader of the House Minister for Local Government and Communities and the Public Service Leadership Group Local Government
Welsh Government and Local Government to regionalise the delivery of <b>emergency planning services</b> within 2 years and with other partners on a multi-agency basis within 4 years where practicable.	September 2013 September 2015	First Minister Minister for Local Government and Communities Local Government Local Resilience Forums
Welsh Government and Local Government to review the scope for collaboration in the future delivery of support for listed and historic	September 2012	Minister for Housing, Regeneration and Heritage

buildings.		Local planning authorities Historic environment sector, including third sector
Local Government to review the options for the <b>administration and collection of local taxation</b> (Council Tax and NNDR) in Wales at either a regional or national level.	June 2012	Local Government Society of Welsh Treasurers
Local Government to review the organisation of the <b>local authority pension funds</b> in Wales considering the number of funds and their organisational structure.	October 2012	Local Government Welsh Pension Funds
Local Government to review the scope for collaboration in the future delivery of a range of <b>corporate services</b> (to be agreed) such as payroll, legal services and human resources.	March 2013	Local Government
Welsh Government and Local Government to review existing collaborative arrangements in the <b>library services</b> ; and agree an implementation plan for further collaborative arrangements.	September 2012	Minister for Housing, Regeneration and Heritage Local Government
Welsh Government and Local Government to review the scope for collaboration in the future delivery of <b>archive services</b> .	November 2012 September 2012	Minister for Housing, Regeneration and Heritage Local Government
Welsh Government and Local Government to review and prioritise the key areas for regional working in <b>housing services</b> and produce an action plan for implementation subject to evaluation.	March 2012	Minister for Housing, Regeneration and Heritage Local Government
Local Government with the support of Welsh Government to review the scope for collaboration in the future delivery of <b>culture and leisure services</b> .	March 2012	Local Government Minister for Housing, Regeneration and Heritage,
Welsh Government to confirm the policy intent for the future shape of <b>Trading Standards</b> services. Local Government and the Welsh Government to review the scope for collaborative service delivery in Trading Standards following confirmation.	March 2012 September 2012	Minister for Local Government and Communities Local Government

<p>Local Government with the support of the Welsh Government to review the scope for collaboration in <b>environmental health services</b>.</p>	<p>December 2012</p>	<p>Local Government First Minister Minister for Local Government and Communities</p>
<p>Welsh Government with the support of Local Government to develop a full business case and, if appropriate, a subsequent implementation plan setting out agreed proposals for greater collaborative action in the delivery and procurement of <b>Welsh translation services</b>.</p>	<p>December 2012</p>	<p>Minister for Local Government and Communities Minister for Education and Skills Local Government</p>
<p>The Welsh Local Government Association to provide a report to the Partnership Council which clarifies its various roles and makes clear the separation between its service delivery and policy roles.</p>	<p>March 2012</p>	<p>Welsh Local Government Association</p>