



CABINET – 3RD SEPTEMBER 2014

SUBJECT: REFORMING LOCAL GOVERNMENT – WELSH GOVERNMENT RESPONSE TO "WILLIAMS COMMISSION REPORT"

REPORT BY: INTERIM CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise Cabinet on the recently published Welsh Government response to the Williams Commission report (Commission on Public Service Governance and Delivery) and provide an opportunity for Members to consider how the Council wishes to respond.

2. SUMMARY

- 2.1 The Welsh Government (WG) have recently published two separate but parallel documents setting out their response to the Williams Commission report. One of these reports is in the form of a white paper specifically relating to local government issues and there is an opportunity for the Council to offer comment on this by 1st October 2014.
- 2.2 Alongside this the WLGA have recently published a related discussion paper regarding the possible creation of four combined authorities for Wales to provide regional services. The WLGA are seeking a Council view on this by the 7th September 2014.
- 2.3 This report highlights the key issues that arise from these documents and seeks views as to how they should now be taken forward.

3. LINKS TO STRATEGY

- 3.1 This report sets out the issues raised in external publications. As such there is no direct link to Council strategies.

4. THE REPORT

Background

- 4.1 Members will recall that the Williams Commission report (Commission on Public Service Governance and Delivery) was published in January 2014. It covered a wide range of issues re public services (complexity, scale and capability, governance, leadership and performance management etc.) but the core issue from a local authority perspective was the proposed merger of local authorities. In our context the proposal was for a merger of Caerphilly, Torfaen and Blaenau Gwent Councils.
- 4.2 At Council on 11th March 2014 Members received a presentation that summarised the key issues arising from the Williams Commission report and particularly highlighted some of the

key issues/concerns in respect of the proposed merger of local authorities.

- 4.3 Subsequent to this there has been no formal opportunity for the Council to comment. Whilst it has been discussed in political forums (and at WLGA Conference) the issue has effectively been on hold pending the WG response to the Williams Commission report.

WG Response to Williams Commission Report

- 4.4 In early July two associated documents were published by WG i.e.

- a) Improving Public Services for People in Wales
- b) Reforming Local Government (White Paper)

Copies of these documents are available in the Members library.

- 4.5 "Improving Public Services for People in Wales" covers a wide range of issues relating to devolution, democracy and delivery in the context of improving public services. However, it is also the overarching WG response to the Williams Commission report providing an overview of the WG's position and indicating how the variety of issues covered by the Williams Commission report will be taken forward. The document includes a "Summary of Actions" which is reproduced at Appendix 1 and demonstrates the breadth of issues covered. A generic key action (that will potentially impact on local government) is to develop over time a shared service capability across the devolved public sector in Wales, covering functions such as finance, HR and transactional services. This is likely to include many, if not most, of our current "Corporate Services".
- 4.6 Whilst both of these documents are important the "Reforming Local Government" white paper is the more significant document to the Council in that it sets out specific proposals for local authorities and seeks comments by 1st October. The paper naturally refers to local government structures but it does so in a broad context that includes some of the Minister's initial thoughts on what a vision for what local Government in Wales in the 21st Century should be. Some of the key issues identified in the white paper (other than mergers) relate to role of local government, community engagement, role of LSB's, scrutiny, governance, performance management and finance etc.
- 4.7 With regard the proposal for local authority mergers the white paper effectively endorses the Williams Commission proposals including the proposal for this Council to merge with Blaenau Gwent and Torfaen.

Consultation Response

- 4.8 Given the importance of these issues it is vitally important that the Council respond to the white paper (by 1st October) but the consultation process set out in the white paper prompts us to respond by addressing a wide range of questions set out in the paper (see Appendix 2). Many of these issues are undoubtedly important and ones on which the Council may have a view. However, given the importance of the merger issue it is considered that the emphasis of any Council response at the present time should concentrate on the merger proposal. On that basis officers intend to draft a suitable report (including a draft response) for consideration by Council on 29th September (Special Council on the final accounts).
- 4.9 Based on the discussion at the Council seminar in March 2014 the assumption of officers is that Members would wish to press the case for Caerphilly CBC remaining a stand-alone authority. If that is the case then the arguments that we would deploy would be similar to the issues raised at the March seminar and are likely to be structured around the following:-
- a) General Concerns re Local Authority Mergers

Clarity regarding the future role and functions of local government should be the starting point of any debate over local government structure/mergers.

The lack of a robust business case for the proposed mergers (including realistic costs, benefits and funding proposals).

Potential lack of capacity (both financial and managerial) to successfully deliver a restructure/merger safely.

The difficulties in attempting a restructure of this nature at the same time as Councils are trying to deal with the extreme consequences of financial austerity

Reduction in number of Councillors and political legitimacy.

b) Specific Concerns re the Merger Proposals for Caerphilly

The underlying factor behind the Williams Commission proposals (in terms of merger) is that some Authorities are too small to effectively manage and deliver the full range of services. This is accepted but in the case of Caerphilly CBC we are a good size and have a proven track record in service delivery. There appear to be few, if any, tangible benefits to the residents of the borough.

The majority of the residents of Caerphilly CBC will have no affinity with the enlarged local authority area i.e. it has no natural community identity. It will therefore bring considerable difficulties in terms of community ownership/engagement.

The differential in Council Tax levels between the three authorities is considerable with the inevitable fear that Caerphilly CBC council tax levels will increase without any improvement in service.

Caerphilly has already implemented Single Status (Job Evaluation) but this was an extremely time-consuming, complex and costly exercise. The Council has subsequently implemented the living wage. To now have to rerun this harmonisation exercise across three local authorities is fraught with difficulty (and potential extra cost).

Caerphilly is the only authority of the three that has retained its own housing stock, which makes harmonisation and equity in this key service area extremely difficult. There may be other significant service issues, e.g. Leisure.

- 4.10 One of the objectives of this report is to seek a Cabinet steer as to whether this approach to the WG white paper is considered appropriate or whether Members wish officers to address this in an alternative way. As the Council will be meeting to consider a draft response just two days before the consultation deadline there will be little opportunity to radically amend any draft response if the officer suggestion is too wide of the mark.

WLGA Discussion Paper – Combined Authorities

- 4.11 In normal circumstances the core of any response to the white paper would probably mirror any generic WLGA response and, until recently, the expectation was that the WLGA would be running similar arguments to those set out above. However, on 21st July 2014 the Council received a discussion paper from the WLGA regarding a proposal for the creation of four combined authorities for Wales to undertake regional services as an alternative to local government merger.
- 4.12 The paper indicates that the problems identified by the Williams Commission could be more easily and more effectively remedied by legislating to ensure consistent delivery of regional services rather than legislating to achieve fewer local authorities.

4.13 Examples of proposed services that could be subject to this arrangement are set out in the paper and include:-

Regional transport planning and delivery

Regional strategic land use planning

Regional economic planning and promotion

Regional tourism promotion

Regional school Improvement Services

Regional commissioning of health and social care

Regional procurement of waste processing facilities

Regional or national provision of back office services

4.14 The WLGA has requested a response to this discussion paper by 7th September so that any views can be used to help formulate their own response to the WG white paper.

4.15 Officers have had no involvement in the development of the alternative WLGA proposal. As such we are unsighted as to the rationale/background and it is difficult to comment without more detail as to how this might work in practice.

4.16 The WLGA itself recognises that its proposal is purely for discussion and debate at the current time and that to take the proposal forward will require much more detailed work and need agreement from councils to explore deeper options.

4.17 The prospect of a combined authority for certain services (e.g. planning and transportation) may be appropriate but the wider scale approach (particularly as an alternative to the white paper proposals) needs considerable thought and debate before a definitive view can be offered. Clearly the proposal has potential benefit as set out in the paper. However, there are also some obvious issues of potential concern that require clarification e.g.:-

Impression of two tier authorities (even though rejected by WLGA)

Clarity of the functions to be undertaken/overseen and a clear business case

Scale of any combined authority (particularly South East Wales)

Financial and HR consequences

Practical issues re configuring services around this new authority (particularly where shared services are already in place on a different geographical footprint e.g. EAS)

Impact on democratic legitimacy/participation

Complications of crossing boundaries with other key public sector providers e.g. health.

4.18 We naturally welcome the paper as a meaningful option to consider as part of the broader debate on local authority mergers etc. However, given the circumstances it is not considered possible for the Council to offer a meaningful view on the proposal at this time without more information and clarity. It is hoped that more information will become available over the coming weeks and if that is the case then it will be incorporated into the Council report.

5. EQUALITIES IMPLICATIONS

- 5.1 There are no equality implications arising directly from this report. Equalities issues in relation to reforming local government will be included as part of future wider consultation and based on the Welsh Government's own equalities impact assessment at a national level.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications arising from this report.

7. PERSONNEL IMPLICATIONS

- 7.1 There are no personnel implications arising from this report.

8. CONSULTATIONS

- 8.1 Due to timescales the opportunity for consultation has been limited (consultees listed). However, all consultation responses have been reflected in the report.

9. RECOMMENDATIONS

It is recommended that:-

- 9.1 Members note the WG response to the Williams Commission report.
- 9.2 Members note receipt of the WLGA discussion paper.
- 9.3 Members comment upon the proposed approach to the preparation of consultation responses as set out in this report.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 To allow officers to commence preparation of an appropriate report for consideration by Council on 29 September 2014.

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Background Papers:

WG - Improving public services for people in Wales

WG - White Paper – Reforming Local Government

WLGA – An alternative approach to the Williams Report (the creation of four combined authorities for Wales)

Appendices:

Appendix 1 Improving Public Services for Wales (Annex A: Summary of Actions)

Appendix 2 Reforming Local Government (Consultation Response Questions)