



Local Government Reform Welsh Government Consultation

County Council

24 April, 2018

Local Government Reform – pre-history

- Reorganisation to a single tier 1996 underpinned by a combination of planning and political compromise
- Mid-1990s-2000s – a positive period of growth under the early period of devolution
- 2000s – the *Beecham Report* and *Making the Connections*; a period of collaborative working across local government and the public services
- 2008 – the economic world changed drastically and growth came to an end through national fiscal policies of some necessity

Local Government Reform – on or off?

- Commission on Public Services Governance and Delivery (April 2013-January 2014)
- White Paper *Reforming Local Government* (July 2014)
- Invitation for voluntary merger proposals (September 2014)
- White Paper *Reforming Local Government* (February 2015)
- Welsh Government Future Configuration of Local Government in Wales Statement (June 2015)
- Draft Local Government Bill (November 2015)
- White Paper *Reforming Local Government* (January 2017)

Latest Green Paper 1

The paper proposes a set of “indicative new authority areas” based on the merger of the current local authorities and on the existing boundaries. In a reductive model of ten local authorities, a three local authority proposition is made for the North Wales region with Flintshire and Wrexham being merged.

The green paper goes on to lay out the transition process, the electoral review process and timetable, technical arrangements for financial planning for mergers, workforce planning, service reconfiguration, and the use of assets. The paper makes only limited references to new powers and flexibilities, and does not address the question of the fair and sustainable funding of local government.

Latest Green Paper 2

The new green paper makes an 'about-turn' and advocates reorganisation, whether through voluntary mergers or a single directive merger programme, with the aim of having "fewer, larger local authorities with the powers and flexibility to make a real difference in their communities". The paper sets out the case for change and then poses three options for the structural reform of local government:-

- » Option 1: voluntary mergers;
- » Option 2: a phased approach with early adopters merging first, followed by other local authorities; and
- » Option 3: a single comprehensive merger programme.

Why an obsession in Wales?

- Whilst the number of councils might not be the optimum we do have a single tier of unitary authorities which generally performs well and has a track record of improvement
- Scotland has a settled model of unitary authorities of a greater number
- England has a diversity of single or two tier local government with reforms such as mergers being largely sector led and 'bottom up' by local choice
- Northern Ireland has completed a major restructure with a small number of councils with lesser roles

The real big issues

- Financial sustainability – a fair and sustainable funding base for local government
- Medium-term financial planning by Governments
- Continuity in planning with confidence for the future
- Legal powers and flexibilities including bringing forward an enabling power of general competence from the previous Bill, and new constitutional models for collaboration governance etc
- Freedoms to operate – trading, charging, new models of delivery, non-restrictive fair workforce policies to support new models of delivery etc

Our consistent position 1

- the Council is open-minded on the question of local government reform and mergers;
- there has to be a compelling case for change if reform is to be supportable with the 'tests' of any such case including the questions as to whether a smaller number of larger councils are capable of (1) being well governed and democratically accountable (2) performing as well or better than the current councils and (3) being financially sustainable;
- any such case has to be supported by an objective and robust cost-benefit analysis;

Our consistent position 2

- any reform should include significant new freedoms and flexibilities to act;
- any reform should be underpinned by a fair and sustainable funding base for local authorities;
- any reform should be well planned and executed; and
- any reform should be fully funded and supported by additional change management capacity given its likely scale.

Risks of a structural reform 1

- major structural re-organisations are complex exercises and cause distraction and disruption;
- service performance and continuity could be adversely affected through senior capacity being reassigned to managing the transition from the status quo to the new set of local authorities;
- confidence and morale amongst the workforce proving hard to maintain with an impact on recruitment and retention;
- the financial benefits of reform, to be achieved through the economies of scale, could be over-estimated;

Risks of a structural reform 2

- the costs of the transitional exercise could (1) be greater than estimated and (2) fall on the existing or new local authorities themselves to fund; and
- the commitment to, and momentum for regional collaboration could be affected through the disruption and potential antagonism of a reform programme. Critical strategies such as the North Wales Economic Growth Bid could be negatively affected

Making a constructive response

- Legal capacity exists for voluntary mergers but there is no real appetite amongst the sector for mergers
- Any structured programme of mergers would have to be nationally led and significantly incentivised
- Options 2 and 3 are wrongly timed in a period of financial austerity and national uncertainty
- Flintshire and Wrexham are both in the larger council group and, if properly funded, are sustainable councils
- Flintshire continues to be a positive collaborator
- The real big issues need to be addressed in a strategy for the future of local government. A restructuring offers no clear solutions in itself, and would pose risks