

Council for Economic Renewal

Discussion on proposals for local government reform

Introduction

1. The Welsh Government will publish a White Paper on local government reform on 31 January 2017. This paper provides an overview of the considerations which have informed the White Paper and seeks the Council's views on ongoing engagement in shaping the final proposals.

Development of proposals for local government reform

2. The purpose of reform is to build resilience and support renewal in local government. Local government has a key role to play in creating a prosperous and secure Wales and to enable local authorities to fulfil this role we need to:
 - address the ongoing financial challenges faced by local authorities and build resilience so that they are equipped to manage future challenges
 - support the delivery of better outcomes for citizens and to enable the improvement of place
 - ensure that service planning and delivery is undertaken at the appropriate scale and to codify and simplify existing arrangements
 - to value and provide opportunity for the local government workforce, as part of a wider public service
 - build a model of prudent public service delivery which recasts the role and relationship between services and citizens
3. The previous Welsh Government's proposals for the merger of local authorities were subject to extensive consultation and pre-legislative scrutiny of the Draft Local Government (Wales) Bill ("Draft Bill"), published in November 2015. However, there was insufficient support for the merger proposals within local government and the National Assembly for Wales for them to be pursued.
4. After the National Assembly for Wales elections in May 2016, the Cabinet Secretary for Finance and Local Government met every local authority leader and other stakeholders over the summer to start developing an alternative way forward on local government reform.
5. On 4 October 2016, the Cabinet Secretary for Finance and Local Government made an Oral Statement on Local Government reform emerging from that dialogue – <http://gov.wales/about/cabinet/cabinetstatements/2016-new/lgreformupdate/?lang=en>
In summary the proposals, which were to be tested and scoped further over the autumn, were:

- the 22 existing local authorities would remain, subject to any voluntary mergers, and would act as the democratic tier to which councilors are elected and the front-door for citizens to access services
 - Welsh Government would offer support to enable voluntary mergers to take place
 - a much enhanced level of regional working which would be 'systematic' and 'mandatory'. Systematic would mean services being organised on a consistent footprint; and mandatory would mean the Welsh Government would specify which services and functions would be undertaken at what level
 - it is possible that the systematic footprint would actually be two footprints: one based around the City Regions covering strategic transport, land-use planning and economic development; and the other, probably the Health Board footprint, for areas like social services, education and public protection
 - greater development of shared services
6. Since that announcement, Welsh Government has been working to test and to refine the proposals which have emerged. This has included further scoping work and policy development and wide-ranging engagement with local government and wider partners. This engagement has focused on five key questions:
- Which functions should be undertaken regionally?
 - What footprint(s) should the functions be undertaken on?
 - What governance is required to support regional arrangements?
 - How should funding flow to support regional delivery?
 - How should accountability and transparency for the citizen be ensured?
7. In thinking about these questions and the implications of reform proposals, we recognise the economic value of public sector jobs in communities. The potential for employment changes to follow greater concentration of services have been explored explicitly in our conversations and we are clear that any changes arising would need to be consistent with the overall Welsh Government policy on this.
8. Our engagement work has shown economic development is an area where there is strong support for regional working by local authorities. This reflects the growing maturity of joint working already happening across Wales, for example in the City Regions, the North Wales Economic Ambition Board and the Growing Mid Wales Partnership.
9. Based on the dialogue we have had with stakeholders and further policy work, a more developed set of proposals have emerged and will be consulted on in a White Paper from 31 January 2017.

Points for discussion

10. Points for discussion:

- What are your priorities for local government reform?
- Are there things which would better equip local authorities to support economic development?
- How do you want to be engaged in the ongoing development of plans for local government reform?