

LOCAL GOVERNMENT AND HOUSING COMMITTEE

CONSIDERATION OF THE RESPONSES TO 'FREEDOM AND RESPONSIBILITY IN LOCAL GOVERNMENT'

PURPOSE

1. The purpose of this paper is to inform the Committee of and seek its views on the responses to the Welsh Assembly Government's Policy Statement 'Freedom and Responsibility in Local Government' which was published on March 1st 2002. The consultation period closed on May 17th, 2002 and 50 responses were received. 18 from county and county borough councils, 3 from fire authorities, 7 from community councils and 22 from other organisations including the WLGA.
2. Decisions must be taken on those policy items requiring primary legislation before the summer recess in order that appropriate actions can be taken by the Welsh Assembly Government to seek inclusion of specific provisions in the next Local Government Bill hoped to be scheduled for the Autumn of this year.
3. Those items not requiring primary legislation will be progressed in the normal course of business.

RECOMMENDATIONS

4. The Committee is asked to note the contents of this report and put forward its views on the responses.

CONSIDERATION

The Vision for Local Government

5. The Welsh Assembly Government set out a comprehensive vision for the future of local government in Wales which has been warmly welcomed by respondents as having a positive tone and 'Made in Wales' feel. It was described as a watershed in the relationship between

central and local government, defining a mature relationship.

6. However, some respondents felt the document could have been more radical and explicit as to the way forward. A minority of respondents also felt that the document did not adequately address the crucial relationship between local government and the business sector.

Community Leadership by Local Government

7. This section was welcomed by respondents but there was a strong consensus that it should be a statutory duty for Assembly Sponsored Public Bodies and other public bodies such as the NHS to co-operate with the community planning process.

8. It was suggested by some respondents that the Assembly's strategic plan should be constructed by reference to the 22 community plans, however other respondents felt that this should be a two way process.

9. It was noted that local authorities must engage effectively with the voluntary sector and suggested that voluntary sector compacts should be monitored by the Partnership Council with local government as well as the Voluntary Sector Partnership Council.

Working Together for Better Services in Local Government

10. The introduction of the Wales Programme for Improvement was generally applauded as a bold step. There was some discussion on the need for inspectors to 'buy in' to the Programme and on ensuring that the benefits of external challenge were maximised but that inspections should be evidence based and fair. It was stressed that a balance should be struck between supporting local authorities and ensuring value for money and the delivery of quality services.

11. It was noted in several responses that comparisons should not be confined to Wales. There was some support for fire authorities being part of the Wales Programme for Improvement and it was noted that joint reviews with the fire and police services in Wales might be difficult if they are part of a different approach to Best Value. There was support for the principle of joint working but this was qualified in some cases with concerns in relation to lines of accountability.

12. There was strong support for investment in training local authority members and officers and suggestions included a public sector learning network for Wales and a Welsh leadership institute. There was also support for the introduction of schemes to celebrate excellence and

spread best practice.

Cutting Red Tape for Local Government

13. All of the proposals in this section in terms of rationalising plans, partnerships and consent regimes received widespread support. Some responses felt that the proposals could be more ambitious and set specific targets for the reductions.

14. The principle of Policy Agreements again received wide support. Views were expressed that the next generation should have a more local focus and greater involvement of the voluntary sector.

Democratic and accountable Local Government

15. The proposals for a severance scheme for long serving councillors received considerable support but some concern was expressed that making it a one-off scheme might result in the loss of too much experience from local government at a crucial point in time.

16. There was majority support for audit committees but clarification of their role within the new political structures was requested.

Council Tax

17. The proposal to have council tax revaluation and the introduction of a statutory revaluation cycle received widespread support. There were mixed views as to how the revaluation should be approached. Some responses argued that this would be an opportunity to address the perceived regressivity of the tax while others felt that it was successful in its current form and that the revaluation should be confined to an updating of the bands.

Business Rates

18. Many responses, not just those from local authorities, argued that full return of the business rates to local authority control was essential to ensure local accountability, full and proper engagement with the business community and to address the issue of gearing. Many of these responses acknowledged that the business community would need reassurance if this were to be the case and suggested that the control should be that the maximum increase in business rate should be confined to the increase in council tax.

19. However, it was recognised that this is not a straightforward option and that many issues would need to be addressed such as the equalisation of resources within the revenue

settlement and the issue of a substantial transfer of risk to local authorities.

20. The Business Improvement District option (BIDs) was seen as additional to the option of full return by many respondents and others felt that it would be a stepping stone towards the ultimate aim of full return. Some concern was expressed that this option could be administratively onerous. The BIDs option has the wholehearted support of the business community which is completely opposed to the option of full return.

21. There was support from all categories of respondent for the small business rate relief scheme and much support in principle for the business rate retention scheme but many responses wished to reserve a final judgement until completion of fully worked proposals.

Revenue Funding

22. There was widespread support for the principle of non-hypothecation and the review of specific grants was welcomed. The majority of respondents felt that there was no need for a further major review of the funding formula, however, some disagreed. There was also a mixed response to proposals to limit variations around average SSA but an overall willingness to explore options.

23. A small number of responses indicated that fire authorities should become precepting authorities, however, the majority view was that the Assembly should take a power in forthcoming legislation which gives the ability for it to determine if and when this should ever take place in Wales.

24. There was unanimous support for the transfer of fire service capital funding to the National Assembly and willingness to explore further what the transfer of fire policy to the Assembly would entail. There was also support for the rationalisation and simplification of police finance in Wales.

Capital Funding

25. The introduction of the prudential system was welcomed and the view was expressed by most respondents that the Assembly should provide support under this system in the form of capital grant. There was concern that while the greater freedoms offered by the prudential system were to be welcomed it alone might not be sufficient to address the perceived chronic underfunding of local authority capital assets.

26. The proposed review of the Bellwin scheme was welcomed and it was suggested that fire authorities should have direct access to the scheme.

Funding and Accounting for Local Services

27. The introduction of a major repairs allowance (MRA) was supported in principle but most respondents wished to reserve final judgement until the details of the scheme had been finalised. Some responses indicated that local authorities should be able to borrow on the strength of the MRA under the prudential system. There was a mixed response to the proposal on the pooling of capital receipts ranging from outright rejection of the proposals to a welcoming of the redistribution of resource to those areas most in need. It was also suggested that there should be a public debate on the future of housing in Wales.

28. There was welcome for recognition of the important role which community councils can play in delivering a Better Wales but disappointment was expressed that no positive action was proposed on the issue of special expenses. It was suggested that community councils should have direct access to Revenue Support Grant and redistributed National Non-Domestic Rates. Community councils also expressed concern that principal councils are failing to engage with them effectively.

29. Strong views were expressed that the primary legislative proposals put forward by the UK Government to make it a duty of the Chief Financial Officer to report on the robustness of the budget calculations and the adequacy of reserves and to place a duty of the full council to monitor finances on a regular basis are unnecessary. It was felt that this is already the case and is adequately covered by professional guidance.

30. Some respondents felt that the proposal to bring forward the timetable for producing local authority financial statements by three months and thus in line with the timetable for the Improvement Plan was challenging but achievable. However, it should be noted that there would be resource implications. Other respondents felt that the proposal was unnecessary and would cause too much of a burden for local authorities.

COMPLIANCE

31. The Policy Statement paper was issued under s.40 of the Government of Wales Act 1998 and the Local Government Act 1999, the Local Government Act 2000 and relevant local government finance legislation as it is conducive to the exercise of the Assembly's functions in relation to local government. These functions have been delegated to the Minister, there are no issues of regularity and propriety and the ACO is content.

Contact Point: Adam Peat

Director Local Government, Housing and Culture Group

Ext. 5565