

Agenda Supplement – Finance Committee

Meeting Venue:

Committee Room 3 – Senedd

Meeting date: 29 January 2020

Meeting time: 09.00

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– Item 3 paper 2

Please note the documents below are in addition to those published in the main Agenda and Reports pack for this Meeting

3 Local Government and Elections (Wales) Bill: Evidence session 1

(09:00–10.00)

(Pages 1 – 9)

Jon Rae, Director of Resources, Welsh Local Government Association

Cllr Anthony Hunt, Spokesperson for Finance and Resources, Welsh Local Government Association

Paper 1 – Written evidence from the Electoral Commission

Paper 2 – Written evidence from the Welsh Local Government Association

Research brief

Attached Documents:

FIN(5)–04–20 P1 Written evidence from the Electoral Commission

FIN(5)–04–20 P2 Written evidence from the Welsh Local Government

Association

Research Brief



WLGA Evidence

Stage 1: Local Government and Elections (Wales) Bill

Finance Committee

National Assembly for Wales

29 January 2020

Introduction

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales. The three national park authorities and the three fire and rescue authorities are associate members.
2. The WLGA is a politically led cross-party organisation, with the leaders from all local authorities determining policy through the Executive Board and the wider WLGA Council. The WLGA works closely with and is often advised by professional advisors and professional associations from local government, however, the WLGA is the representative body for local government and provides the collective, political voice of local government in Wales.
3. It seeks to provide representation to local authorities within an emerging policy framework that satisfies priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
4. The Local Government and Elections (Wales) Bill [the Bill] is a significant and substantial piece of legislation covering a broad range of democratic, governance, organisational and structural reforms and is the culmination of several years of policy consultation, including a Draft Bill and successive Green and White Papers.
5. The WLGA welcomes the opportunity to provide evidence to the Finance Committee's Stage 1 consideration of the Bill and it should be viewed alongside the written and oral evidence that we have given to the Equality, Local Government and Communities (ELGC) Committee on the same Bill.
6. As we mentioned in the preamble to the evidence submitted to the ELGC Committee, we have particularly welcomed the constructive dialogue and engagement with the Minister for Housing and Local Government. Local government reform has been discussed with leaders during the past 18 months initially through the Local Government Working Group chaired by Derek Vaughan and subsequently via the Local Government Sub-Group of Partnership Council.
7. Under the auspices of these groups, there has also been constructive engagement between officials from Welsh Government and local government to consider the

implications of some of the anticipated reforms and what future statutory guidance or regulations might need to include.

Overview of costs

8. The Regulatory Impact Assessment [RIA] estimates that the total cost of the Bill to local authorities would be £16.3m (including transitional costs of £2.95m and recurrent costs of £13.35m) up to 2028-29. We have considered some of those in detail below and maintain the line that the Welsh Government should fully fund any new national initiatives or the implications of any legislation on local authorities.
9. In considering the costs/benefits to local government we thought it convenient to look at the implications of Part 1 to Part 6 together. These costs might be significant for the small corporate budgets for democratic services, but in the grand scheme of things are minor given that the estimated pressure in any one years for local public services is around £250m.
10. The financial implications of voluntary mergers considered in the Part 7 of the Bill are considered separately as pairings of authorities that potentially take this route will have to devote a great deal of resource to producing a comprehensive business case. This would need to consider the numerous factors that would determine whether it was feasible or not.
11. Finally, the costs and benefits of Part 8 are also considered separately as these provisions related to the enforcement and collection of local taxes.
12. Throughout, we have noted that the assumptions in respect of local government pay appear to be reasonable in that staff costs are based on the NJC rates 2018-20 with a 30% uplift for on-costs. On-costs, however, will vary from one area to another depending on the employer contributions that are calculated by each of the 8 Pension Funds.
13. Appended at Annex I am a summary of the costs attributable to the 22 Principal Councils (distinct from Community Councils) as we saw them in the RIS of the Explanatory Memorandum. These are shown as a schedule of additional pressures over the period in Annex I, regardless of whether they are recurrent or transitional costs.

Part 1 to Part 6 of the Bill

14. **Electoral reform (Part 1).** As stated in our evidence to the ELGC Committee these are some of the most fundamental reforms included in the Bill, and will have a significant impact on local democracy, local authorities and, in particular, electoral services administration.
15. In supporting the provisions for the extension of the franchise we think the costs are reasonable and welcome the Minister for Housing and Local Government's commitment (in her letter to the Committee on 19th December) to provide an £1m additional funding

for 2020-21 and will 'consider the need for financial support'. The Regulatory Impact Assessment (RIA) however estimates an additional cost of extending/promoting the franchise of £912,000 in both 2020-21 and 2021-22, as well as an extra £267,000 in any election year. The RIA also notes that the Welsh Government had estimated that the Senedd and Elections (Wales) Bill would incur £636,000 cost to local government for the changes to the EMS software..

16. **General Power of Competence (Part 2).** The WLGA welcomes the proposed introduction of the power of general competence in Wales and has long called for the introduction of the power. In the evidence to the ELGC Committee we noted the view of the LGA when the power was introduced in England that it leads to less legal resource being spent on considering whether an action is viable.
17. It is almost impossible to quantify any costs/benefit so the RIA is not remiss in this regard.
18. **Promoting Access to Local Government (Part 3).** The WLGA is supportive of the spirit of the Welsh Government's ambitions and notes in our ELGC submission that a requirement on local authorities to 'involve' the public through the Wellbeing of Future Generations (Wales) Act 2015. It is therefore not clear what additional value a new 'public participation duty' on local authorities would achieve.
19. However, the costs for proactively promoting local democracy seem proportionate and the estimates reasonable. In terms of the costs of introducing a petitions scheme there are clearly cost implications. It may be the case that demand in the future could increase, so the estimate of an average of 11 petitions a year used in the RIA may be low. We would agree with the point made in the RIA at page 157 that costs beyond 2026-27 would be influenced by the evaluation.
20. The costs for publishing the Constitution and Constitution guide involve transitional one-off costs only of £191k and seem proportionate. There is a modest future cost also factored in. The WLGA previously worked with Lawyers in Local Government (LLG) in developing a national Model Constitution, which authorities adapt and adopt locally. There would however be administrative implications for authorities to review and implement new constitutional arrangements locally.
21. In terms of electronic broadcasts, we have stated in other evidence that most councils already webcast many of their meetings and are committed to openness and transparency. Most authorities are concerned about the potential increase in cost, and the balance of this additional cost with public interest, particularly for some committee meetings.
22. Webcasting can be costly, in terms of broadcast equipment, server and/or streaming costs and additional staff for administration and technical support. A duty to broadcast all public meetings is likely to require (based on a typical council experience) an increase from broadcasting 7 committees (Full Council, Cabinet, 4 Scrutiny committees and 1 planning committee) to an additional 13 committees, although some of these may meet less frequently, plus any joint meetings that the authority hosts.

23. Webcasting all public meetings may reduce councils' ability to hold formal meetings in communities, as mobile equipment is more expensive, requires additional technical support and broadband/data availability may be problematic. This would particularly impact scrutiny meetings where good practice for community engagement includes holding meetings in community venues. There is also a risk that a requirement to broadcast all public meetings could result in a reduction in the quality, navigability and retention of broadcasts for the viewer if this is to be met within available funding.
24. The Regulatory Impact Assessment indicates that the additional costs of broadcasting all council meetings would be in the region of £12k per authority per annum, based on a single contract for Wales. It remains unclear whether such a single, all Wales contract is feasible or whether an all-Wales solution could be developed by local government in the future.
25. The RIA is likely therefore to be a significant underestimate, although it is difficult to provide an accurate estimate. Most councils' broadcasting services are provided by one company, although other suppliers are used, and one council uses YouTube to broadcast meetings. The navigability of the webcasts and access to meeting documents and archives varies depending on supplier. Councils also broadcast a different number of meetings and different hours of broadcast per year and have different arrangements for archiving broadcasts so that they can be viewed retrospectively.
26. Some councils do not anticipate a significant additional cost (depending on their current coverage or provision), but the average increase of those authorities who have provided estimates is an additional c£24k annual costs (with one projecting up to £70k).
27. Some councils also estimate significant investment in additional equipment with one estimating an initial investment of £250k to equip all committee rooms with necessary equipment (should all public meetings are to be broadcast, authorities report the need to equip additional rooms as meetings some meetings will inevitably run simultaneously.) The RIA does not take account of the additional administrative burdens and implications of broadcasting all council meetings; generally broadcasting meetings requires additional staffing resources, including committee and technical staff.
28. LLG Wales' submission notes that there may be implications between this duty and other existing legislative responsibilities such as the Public Sector Equality Duty. When webcasting meetings councils will need to consider possible detriment to those with audio/visual impairments (see S51(1)(a) as well as providing translation via the webcast even where this is not provided within the meeting itself.
29. The WLGA therefore supports proposals to streamline the remote attendance arrangements in order to promote accessibility and support flexibility for members to attend meetings remotely, reflecting advancements and availability of modern technology.
30. As noted by LLG Wales, a saving provision was not included within the 2011 Measure's proposals for remote attendance, but one has been included to ensure the validity of proceedings in the event of broadcasting failing during a meeting (S53(6)). Modern

technology is not infallible and data and WIFI services can be variable and remote attendance could be subject to disruption, therefore an equivalent provision ensuring the validity of proceedings where remote attendance is not available should also be included in the Bill.

31. We think that more work would be required on the estimated costs, but they are relatively minor. As the RIA points out there would be quantifiable benefits that could only be assessed by each principal council.

32. **Local Authority Executives, Members, Officers and Committees (Part 4).** The WLGA supports most reforms outlined in Part 4 of the Bill, including:

- Appointment of Chief executives (rather than a head of paid service);
- appointment of assistants to cabinets and allowing job-sharing leaders or cabinet members;
- updating family absence provisions in line with those available to employees; and
- requiring leaders of political groups to take steps to promote and maintain high standards of conduct by members of their groups.

33. The costs outlined in table 46 are reasonable.

34. With regards 'Meeting expenditure of returning officers (Section 28), the Bill clarifies that Returning Officers can only claim expenses properly incurred in the running of a local government elections. Personal fees in respect of services rendered during the conduct of a local government elections could not in future be claimed as they would not be deemed as "expenses".

35. When the Welsh Government previously consulted on the removal of Returning Officer fees, the WLGA's view was that an option would be for any remuneration for the oversight of local elections to be included within a single consolidated salary for the position (of whichever senior officer fulfilled the Returning Officer role).

36. Such an approach, and the removal of a specific Returning Officer fee, would require a proper re-evaluation of the post which had incorporated the substantial Returning Officer role, as noted in ALACE's submission to the Committee. A form of this arrangement is already operated by several employing councils in Wales, where the Chief Executive is also contracted to be the Returning Officer but for no additional fee beyond their evaluated salary. The removal of personal fees is therefore unlikely to realise any savings.

Furthermore, should Returning Officer fees for National Assembly elections also be removed, additional costs would need to be included in any Assembly Elections funding to authorities, to ensure that authorities are reimbursed for the senior officers' time spent on Returning Officer duties.

37. **Collaborative Working by Principal Councils (Part 5).** Local authorities are committed to working collaboratively with each other and other public services to deliver improved outcomes and has a track record of collaboration and of sharing services. We recognise that there are significant costs but potentially greater benefits to collaborative working and these should be tested out in robust business cases. There may be initial set up or transition costs around the establishment of Corporate Joint Committees, depending on the level of functions being delivered and level of staffing required.
38. **Performance and Governance of Principal Councils (Part 6).** The WLGA supports the proposed role of new Corporate Governance and Audit Committees. The relationship with and role of councils' overview and scrutiny committees will however need to be reviewed in the new constitutional arrangements to avoid confusion and duplication of roles.
39. The cost estimates for the panel assessments and the proposed governance and audit committees have recurrent implications that seem reasonable as set out in the RIA.

Part 7 Mergers and Restructuring of Principal Areas

40. The WLGA and local government are supportive of the concept of voluntary mergers as such reforms are a matter for local discretion and if individual councils jointly develop a business case and agree a merger locally, then they should be supported in their local reforms.
41. A draft 'Prospectus for Voluntary Mergers' outlining guidance and support for authorities has been co-developed through the Local Government Working Group, which was chaired by Derek Vaughan.
42. A lot of work went into estimating the costs and benefits of wholesale mergers under the previous Bill laid in 2015. According to the contemporaneous RIA, during the period 2019-20 to 2023-24, the merger process would have cost local authorities between £97 million and £246 million. It was estimated that in the year prior to the establishment of the new authorities, £54 million to £90 million would have required to be spent by current authorities on activities associated with mergers.
43. The WLGA's own estimates were similar but were based on work commissioned from the Chartered Institute of Public Finance and Accountancy (CIPFA) which we view as the more robust method. At the time we raised concerns about the ability of authorities to meet the costs of mergers and that is a line that still stands. We think that it would be impossible for authorities to meet these costs without significant cuts to front-line services, particularly against a background of austerity measures. Welsh Government should ensure that there is a funding package available to make sure that the change is possible.
44. In the evidence we gave around the time of the previous Bill, we raised concerns about council tax harmonisation that was not adequately considered as part of the previous Bill

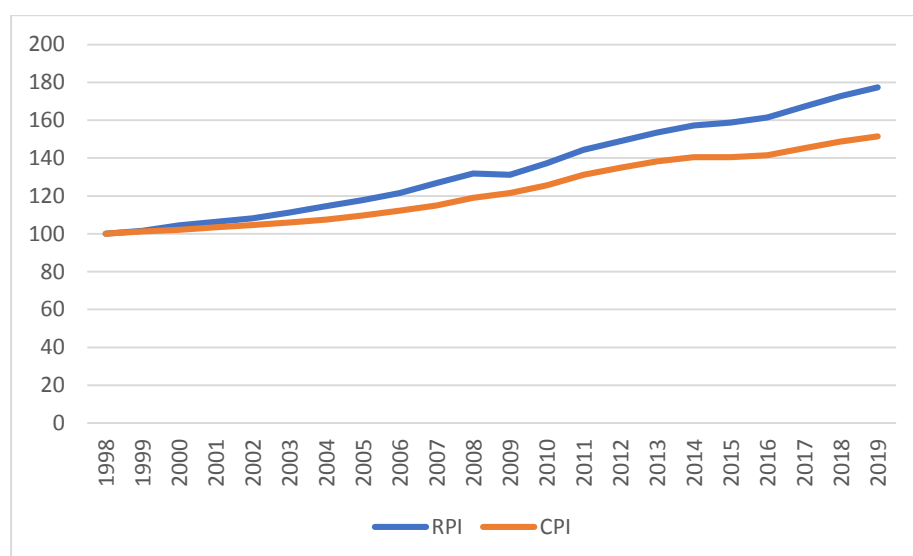
or the RIA. This would have to be a key consideration of business case for any potential merger.

45. Reflecting on the CIPFA work which is now over 5 years old we concluded that the approach was weak in respect of pay harmonisation as well. Any voluntary merger should take these two issues into account.

Parts 8 and 9: Finance and Miscellaneous Reforms

46. There is general support for the proposals which relate to supply of information and power to inspect. The power to give Billing Authorities the right to inspect properties will potentially incur additional costs and the recognition of this is welcomed, we think the basis for estimates is sound.
47. The proposal linking the NDR multiplier increase to the Consumer Price Index in line with England would have a potential impact. Over a 20-year period anything indexed to CPI as opposed to RPI would have potentially been 15% smaller than if it had been pegged to the latter, as figure 1 shows.

Figure 1: RPI vs CPI (source:ONS)



48. If NDR been pegged to CPI back in 1998 the yield would have been lighter by around £150m. Over a long period, this has implications for the funding of public services.
49. The Bill also modifies the Local Government Finance Act 1992 to abolish the power for local authorities to apply to consign an individual to imprisonment for non-payment of council tax. Parts of the Council Tax (Administration and Enforcement) (Amendment) (Wales) Regulations 2019 were amended in April 2019 in effect ending the committal to prison provisions for billing authorities in Wales.
50. The provision in the Bill removes from the statute book the enabling power which the Welsh Government currently has to make regulations allowing council tax

defaulters in Wales to be imprisoned. This means any re-instatement of the power to commit to prison must be done by way of primary legislation.

51. There may be a slight deterioration in the collection rate as a result, we will continue to work with Welsh Government to consider whether any future amendments to legislation are needed to prevent loss of income through falling collection rates.

Summary of costs to Principal Councils in the RIA

Bill Part	Provisions	Notes	Year:										Reference in Explanatory Memo:	
			2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	Table	Page
Parts 1 to 6	Elections	Cost/Benefits seem reasonable	912	912	267	40	40	40	40	267	40	40	7	129
	Reforming Electoral Arrangements	2 Optionns @ no cost to Local authorities, impact on WG only											10	140
	General Power of Competence	Enabling Power @ no cost to LG											12	147
	Eligible Community Councils	Impact on WG and Community Councils											15	154
	Promoting Access	Reasonable	0	0	542	254	254	254	0	45	0	0	21	159
	Petition Schemes	Reasonable, demand under-estimated	0	0	518	264	264	264	264	264	264	264	26	265
	Constitution Guide	Not significant	0	0	191	0	0	0	0	24	0	0	32	170
	Electronic Broadcasting	Potentially under-estimated	0	0	264	264	264	264	264	264	264	264	35	174
	Remote Attendance	Reasonable	0	0	220	220	220	220	220	220	220	220	39	180
	CCs - Annual Reports	No cost to Local authorities, impact on WG and CCs											43	186
	Performance Management of Chief Execs	Reasonable/minor	0	0	0	17	17	17	17	17	17	17	46	191
	Standards of Conduct	No cost to Local authorities, impact on WG											50	201
	Community Council Training Plans	No cost to Local authorities, impact on WG and CCs											53	211
	Collaborative Working	No cost to Local authorities, impact on WG											56	220
	Part 7	Self-assessments and panel assessments	Reasonable	0	0	116	116	116	116	116	116	116	116	59
Governance & Audit Committees		Reasonable/minor	0	106	106	106	106	106	106	106	106	106	62	234
Voluntary Mergers		Refer previous Bill and Cipfa Study												
Part 8	NNDR Rates Avoidance	Reasonable estimates	0	247	247	247	247	247	247	247	247	247	66	249
Profile of transitional & recurrent costs for principal authorities			912	1,265	2,471	1,528	1,528	1,528	1,274	1,570	1,274	1,274		