

Committee Reference: FIN(4) 21-12 - Paper 3

FIN(4) 21-12 - Paper 2

Finance Committee

Financial Scrutiny of Local Government (Democracy) (Wales) Bill

Paper to note: Financial Memorandum

Date of paper

27 November 2012

Related Information

The Local Government (Democracy) (Wales) Bill (as introduced [no link](#))

Explanatory Memorandum to the Local Government (Democracy) (Wales) Bill

[Welsh Government White Paper: Promoting Local Democracy](#)

This briefing has been produced by the Research Service for use by Finance Committee.

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1. Introduction

The ***Local Government (Democracy) (Wales) Bill*** was introduced before the Assembly on 26 November 2012. The Communities, Equality and Local Government Committee will **consider and report on the Bill's** general principles by 8 March 2013.

2. Aims and content

According to the Welsh Government, it has identified a number of problems in Wales relating to how the geographic and numerical structure of councils are set; how scrutiny takes place of councils and councillors; and how the remuneration of councillors is set.

As such, this Bill is intended to amend the statutory framework which covers these areas in order to strengthen the effectiveness of democracy at a local level. **The Bill's** main provisions relate to reforming how the Local Government Boundary Commission for Wales works (sections 1-50). The next thirteen sections relate to the following:

- Amending the responsibilities of the Independent Remuneration Panel for Wales;
- **Improving the public's access to information about town and community councils;**
- Enabling local authorities to create joint standard committees to oversee the ethical framework for local government;
- Amending the membership requirements of audit committees which scrutinise local authorities;
- Widening the role of democratic services committees to assist councillors with their responsibilities;
- Making provision about the role of Chairs and Mayors of principal councils.

3. Financial implications of the Bill

The costings in the Explanatory Memorandum (EM) are separated into six parts.

- Three of these sections have no costs associated these are: ***Powers of the Independent Remuneration Panel; Changes to certain council committees*** and ***Presiding Members of Principal Councils***.
- A further section, ***Regional standards committees***, has no anticipated additional costs associated with the proposed powers. The EM states that there will be an impact, with savings accruing as a result of the need for fewer members of standards **committees due to the establishment of joint committees. This is estimated to be** "on average approximately £1,000 per person per year", **this would need to be** "offset by a potential increase in travel and subsistence costs for committees covering a larger **geographical area**". **No estimation of the balance between these costs and savings has been made.**
- One section, Reforms to the Local Government Boundary Commission for Wales has a cost of up to £5,000 relating to a change of name of the Local Government Boundary Commission. There are other potential costs: if the Commission were to utilise new order making powers, this would cost £2,000; and should the Commission charge a

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principal council for carrying out a community area review, this charge would be between £8,000 and £15,000.

- The section ***Access to information – town and community councils***, has no overall estimate of the financial impact and according to the EM “it could be argued that there are significant costs associated with this provision especially when setting up an individual website, however, this is not necessarily the case”. The EM states that of over 700 community councils around 350 do not have a website. A rough estimate of £2,000 to start up a website is given in the EM, this gives a potential of £700,000 in start-up costs. Along with a potential estimate of £350,000 annual maintenance. £1,000 per site. However, the EM states that this needs to be weighed up against potential savings in removing the need for papers and hard copies and could be considerably reduced through using shared facilities.

Table – Summary of costs stated in Explanatory Memorandum

Bill Section	Start-up costs £	Annual costs £	Notes
Reforms to the Local Government <u>Boundary Commission for Wales</u>	5,000	**	Welsh Government / Boundary Commission costs. *** –community area reviews cost between £8,000 and £15,000, would be charged to principal councils. Cost to using order making powers, £2,000.
Powers of the Independent <u>Remuneration Board</u>	0	0	
Changes to certain council <u>committees</u>	0	0	
Access to information – town and <u>community councils</u>	up to £700,000	up to £350,000	350 town and community councils, £2,000 start-up, £1,000 annual maintenance. Collaborative working would remove need for these councils to develop websites reducing this cost considerably. £1,000 per person per year saving through a reduction in the number of standards committee members, potentially offset by increases in travel and subsistence expenses.
Regional standards committees <u>Presiding Members of Principal Councils</u>	0	0	
	0	0	
<u>Overall</u>	up to £700,000	up to £350,000	

Source: Research Service presentation of information in the Explanatory Memorandum

4. Key Issues

Overall costs implications highlighted are relatively minor. The majority of the issues are related to the uncertainty of the financial implications of the requirement for all community and town councils in Wales to provide electronic capacity and websites.

- An estimate of the cost of starting a website is given and potential overall costs if there were to be no collaboration, the EM does not make it clear what the Welsh Government consider the overall anticipated costs to be.
- The EM states that it is the intention of the Welsh Government to work with community councils and their organisations, and to produce guidance so as both to identify cost effective methods of implementation and to see how collaborating together this policy may be pursued in the most effective manner. There is no estimation of the cost of providing this support and guidance.
- There are likely savings expected in terms of establishing joint standards committees, this appears reasonable but likely overall savings have not been quantified.