

LOCAL GOVERNMENT AND HOUSING COMMITTEE GENERAL SCRUTINY EVIDENCE PAPER

This evidence paper provides an update on priorities relating to the local government elements of my portfolio, including delivery against Programme for Government commitments.

Implementation of the Local Government and Elections (Wales) Act 2021

The majority of the Local Government and Elections (Wales) Act 2021 (the 2021 Act) is now implemented. The coming into force of the remaining provisions occurred on May 5th for the incoming local government administrations.

Promoting access to local government

I will be publishing the final sets of guidance relating to amendments made in the Act to the Local Government Act 2000, the Local Government (Wales) Measure 2011 and new provisions relating to the duty to encourage public participation, participation strategies, petition schemes and new duties to promote high standards of ethical conduct on political group leaders and Standards Committees shortly. This guidance has been the subject of a 12 week consultation and has been co-produced with local government.

I will shortly be commencing work on exploring whether further local authority meetings should be required to be broadcast. The 2021 Act requires principal councils to broadcast full council meetings, I will be working with councils and engaging the public on whether this should be extended. Councils are not prohibited from broadcasting other meetings and many do, so it will be important to balance the need for further regulations with voluntary actions already taking place.

I also intend to start work on consulting with local government, the public and other stakeholders as to which other senior roles in local government should be open to job sharing in addition to cabinet posts. This, for example, could include chairs of committees.

I will review the interim guidance issued in April 2021 on hybrid local authority meetings to reflect the experience of councils over the last two years or so. However, I do not anticipate major changes as a result and feedback from principal councils is extremely positive about the flexibility this change has enabled.

Corporate Joint Committees (CJCs)

Four CJCs have been established based on the geographical areas requested by local government and reflecting existing regional collaborative arrangements. CJCs are one of the most significant, strategic reforms of this Welsh Government, helping to support the delivery of important, specific local government functions at a regional scale where it makes sense to do so.

The Welsh Government made £1m available to support the establishment of CJCs in 2021-22. The funding aimed to support regional transitional planning arrangements and enable preparatory work for the establishment of CJCs to begin.

From 30 June 2022 CJs came under duties to prepare Strategic Development Plans and Regional Transport Plans. CJs now have the power to do anything to enhance or promote the economic well-being of their areas.

A programme of work has been undertaken over the last year to put in place the legal framework which underpins CJs and ensures they operate, and are treated, in the same way as local authorities.

I will be meeting with the Chairs and Vice Chairs of each of the CJs to discuss their progress and ambition. This will inform wider engagement with the CJs in the coming months to support their ongoing implementation.

Performance and Government Regime

The Local Government and Elections (Wales) Act 2021 requires each council in Wales to keep under review the extent to which it is meeting the 'performance requirements', that is the extent to which:

- it is exercising its functions effectively;
- it is using its resources economically, efficiently and effectively;
- its governance is effective for securing the above.

The duty to keep performance under review commenced on 1 April 2022. This means that the first self-assessments are being prepared in relation to 2021-22. Officials have engaged with the WLGA to ensure best practice and challenges in the preparation of assessments are shared.

Self-assessment will be complemented by a panel performance assessment once in an electoral cycle, providing an opportunity to seek external insights (other than from auditors, regulators or inspectors) on how the council is meeting the performance requirements. The duty to undertake a panel assessment started after the local government elections, which means one will need to be undertaken before the next local government elections take place.

Community and town councils

All provisions affecting community and town councils have come into force. The general power of competence came into effect for eligible community councils from 5 May 2022. I published statutory guidance on 10 June 2022 to support community and town councils to discharge their new powers and duties under the Local Government and Elections (Wales) Act.

Community councils are now required to publish annual reports as soon as practically possible after the end of the financial year and to produce training plans – the first of which is expected by November 2022. The new requirements to report on their work will make it easier for communities to understand the role and contribution of their council in their communities.

Electoral Reviews

All principal council electoral review orders were made and implemented in advance of the May elections. This enabled the elections to take place on a much needed updated basis. I am already looking to the future and have spoken to local

authorities, the WLGA and the Local Democracy and Boundary Commission about the lessons learnt and improvements which could be made to the process. I intend to consult on these proposals as soon as possible.

Diversity in Democracy

I published a statement on 8 July ([Written Statement: Diversity in Democracy – Update \(8 July 2022\) | GOV.WALES](#)) which provided members with an update on diversity in democracy.

Supporting Sector Led Improvements

A range of work is underway to strengthen the autonomy and effectiveness of local government and support them in the delivery of the aspirations in the Programme for Government.

I have agreed £800,000 for the WLGA Improvement Support Programme to support sector led corporate improvement within councils. I am also funding digital transformation through the WLGA.

Work is also underway to build the capacity and capability of community councils, particularly around core financial management and governance.

Reducing the administrative burden on local authorities

A task and finish scoping exercise is underway, engaging colleagues from across the Welsh Government, local authorities, the WLGA and SOLACE to explore perceived barriers and key areas that are identified as unnecessary areas of administrative burden. The intention is to identify opportunities for change to some of our existing processes and requirements and agree a set of underpinning principles to shape how we define the need for, and shape of, administrative and other bureaucratic overheads for local government going forward.

Keeping regional partnership working under review with local partners

The Review of Strategic Partnerships reported in June 2020. A key principle behind its recommendations was efforts to simplify partnership working should be led locally. It recommended local partnerships play an active role in aligning partnerships in their area, with Public Service Boards (PSBs) and Regional Partnership Boards (RPBs) taking a strategic leadership role, and the Welsh Government offering support to facilitate these discussions.

The Covid-19 pandemic has accelerated joint working in some areas. There are examples of some simplified arrangements such as the merger of the PSBs in Gwent.

As part of the Cooperation Agreement, I am working with the Designated Member to carry out a comprehensive review of activity to rationalise regional partnership arrangements with the strategic partnerships themselves. We will gather evidence on activity and progress in reviewing partnership arrangements; views on opportunities and barriers; and options to accelerate progress.

I will report findings to the Partnership Council for Wales in the new year.

Council Tax Reform

Significant progress has been made towards our Programme for Government commitments to reform the council tax system to ensure a fairer and more progressive system, and to make the case for clear and stable tax devolution. Much needed changes to the local taxes, council tax and non-domestic rates, will contribute to a stronger, greener and fairer Wales and will be delivered in close collaboration with local government.

On a fairer council tax, I published a [Phase 1 Consultation](#) on 12 July. This seeks views on an ambitious package of reforms to create a more progressive system, which is up-to-date and rebalances the tax burden more fairly. Once I have considered those views, a Phase 2 Consultation in due course will outline more detail about our proposed new council tax system. I have worked collaboratively through the Cooperation Agreement and with local government colleagues to establish broad support for the proposals. The consultation outlines a roadmap to delivery of initial reforms in 2025, while we continue in parallel to consider more fundamental reforms over a longer timeframe.

On 29 March, I set out a programme of non-domestic rates reform to be delivered over the next four years. The Welsh Government's ambition for a fairer, greener and stronger Wales forms the basis for any potential changes to the non-domestic rates system. We have listened to calls from stakeholders for more frequent revaluations, ensuring the tax-base reflects the economic conditions and environment in which businesses and organisations are operating. We aim to move towards a three-yearly revaluation cycle and are exploring options for shorter revaluation cycles. During the autumn, we will be consulting on a broad range of proposals for reform of the non-domestic rating system.

The next non-domestic rates revaluation in Wales will take effect on 1 April 2023 and will be based on property values as at 1 April 2021. We moved the revaluation date to 2023 so that the rateable values on which rates bills are based will better reflect the impact of the pandemic. Rateable value changes as a result of the revaluation are not yet known. The revaluation is carried out independently from the Welsh Government by the Valuation Office Agency: the VOA will publish a new rating list in draft by the end of this year. The Welsh Government will review the impact on the tax-base and consider whether transitional support is appropriate going forward.

I will continue to engage openly on both areas of work, building on the extensive evidence base published in February 2021 in a [Summary of Findings on Reforming Local Government Finance in Wales](#).

Finance

The Final Budget approved in March this year set out budgets for the three-year spending review period to March 2025. For local government this provided a significantly increased Settlement, with an increase of 9.4% overall for 2022-23 reflecting the range of pressures and opportunities raised by local government Leaders in my discussions with them. This settlement specifically included funding in recognition of the additional costs of introducing the Real Living Wage for care workers and the decisions made around the 2021/22 teachers' pay deal. Local Authorities are expected to manage costs arising from the 2022/23 teachers pay deal

and decisions on local authority workforce pay negotiations within this overall funding.

The budget set out indicative figures for 2023-24 and 2024-25 to aid longer term planning. The budget also identified specific grant funding for local authorities of over £1.1bn in each year. At the same time, the Government also revised and increased the Local Government Settlement for 2021-22 to provide additional funding of £60m. This in-year increase was intended to support authorities in managing services and budgets more effectively over the period 2021-22 to 2024-25, particularly in the context of the inflationary pressures which were then becoming increasingly apparent; the ending of the Local Government Hardship Fund and; to assist continuing work to decarbonise services and respond to the climate and nature emergency.

This context of sharply rising inflation has only sharpened with the Bank of England's Money Policy Committee most recent report suggesting inflation of over 13%. Local authorities and others continue to report increasing costs for services while the cost of living impacts on individuals and households is expected to increase demand on some local authority services. I continue to engage regularly on this with local government Leaders informally, and formally through the Partnership Council and the Finance Sub Group. There has been no recognition from the UK Government of these pressures on the Welsh Government's own budget, on the impacts on public services generally or on individuals and households across the Country. I allocated all the funding I could make available during the last budget retaining only a prudent reserve which is being used to respond as necessary to priorities such as the cost of living crisis and the response to the war in Ukraine and our commitments as a nation of sanctuary.

Ukraine

I and other Ministers continue to work closely with local authorities in our work to support people seeking sanctuary in Wales from the ongoing war in Ukraine. I want to pay a strong tribute to the work being done by local government, and other partners, to deliver on this important work. The commitment from local authority officers and elected members to this work is inspiring. Following local government elections in May I and Ministerial colleagues have met with local authority leaders on 9 June, 28 July and 11 August to restate our shared commitment to these efforts and to plan for our ongoing team Wales response. It was also discussed at a recent meeting of the Partnership Council for Wales on 6 July. Officials continue to work closely with local government officers on the day-to-day response, as well as in developing the longer term capacity and capability needed to support people from arrival in a Welcome Centre or local home, to a settled and successful life in Wales.

Net Zero

We are working closely with local government to support and accelerate progress towards Net Zero by 2030, the Welsh ambition for the public sector. It is essential to join up the climate and nature emergency responses, with the focus on a just transition. The recent Audit Wales reports on public sector decarbonisation in Wales recognise the positive actions public bodies are already taking, but advises that to meet the collective ambition the pace of change needs to be accelerated and strong leadership is needed.

I have agreed with local government that climate change will be a standing item on the agenda for the Partnership Council for Wales in recognition of the importance and urgency of this work. The Partnership Council oversees the work of a strategic group of local government chief executives, WLGA, Natural Resources Wales and other key experts to provide oversight and direction, including for the Welsh Government funding of £1.4m (to end of FY 2024-25) to the WLGA to deliver a support programme to all 22 authorities. The programme focuses on sharing direction, best practice, lessons learned, with the principle of minimising duplication, maximising resource and 'doing once for Wales'. The majority of local authorities in Wales have declared a climate emergency and all 22 have action plans in place, which the programme will support them to review and develop before an overall assessment to monitor progress takes place early next year. I have allocated £20m additional capital each year for next 3 financial years to help support key projects across local authorities in addition of course to programmes under other Ministerial colleagues portfolios such as the funding for Sustainable Communities for Learning.

All local authorities submitted data last year for the overall Wales public sector emissions reporting and are set to do the same this September, giving us an essential baseline and monitoring of progress. Through the Strategy Panel local authorities developed their own challenging commitments which were included in the Net Zero Wales plan last autumn, and delivery of those is underway.

Whilst responsibility for Local Government Pension Schemes (LGPS) is not devolved, I recognise that investment funds such as LGPS can play an important role in tackling climate change and achieving net zero. I am keen to see more progress on this important issue, noting that progress is already being made. The Government supported and agreed a motion brought to the Senedd in May to work with the public sector to agree a strategy to decarbonise pensions by 2030, thus bringing them into line with current public sector Net Zero targets.