

LG 01b

Communities, Equality and Local Government Committee
Local Government (Wales) Bill: Stage 1
Response from the Welsh Local Government Association

WLGA Response to Supplementary Questions:

Communities, Equalities and Local Government Committee Scrutiny of Local Government (Wales) Bill

March 2015

To what extent are you content with the provisions in the Bill relating to establishing transition committees and the way in which they will operate?

The general provisions appear appropriate, subject the commentary below. It should also be noted that the Explanatory Memorandum indicates that the costs of Transition Committees would be an additional cost of c£2m for local authorities over a four year period and that these costs had not been included in the CIPFA calculations for the Transitional Costs, Benefits and Risks of Local Government Reorganisation.

Do you agree that the Minister needs to be given a power of direction over transition committees, and if so, why?

A Ministerial power over direction may be an appropriate back-stop power which might be used, for example, where transition committees were not able to conclude their business before statutory deadlines or where there was significant local disagreement over future direction. It would however be a potentially significant power which would arbitrate over and potentially over-rule local democratic decision-making processes. Clear criteria and guidance should therefore be outlined clarifying why, how and when such Ministerial powers could be used.

Is it appropriate that audit and scrutiny committees of local authorities will not be able to exercise their functions in relation to anything done by a transition committee? If so, will transition committees be sufficiently accountable, and to whom?

Transition committees would be advisory rather than decision-making bodies (S13(1) states that such committees would provide 'advice and recommendations' to merging authorities and shadow authorities). It may therefore be appropriate that audit or scrutiny committees could subsequently exercise their statutory roles when merging authorities or shadow authorities consider or make decisions based on the advice and/or recommendations of transition committees.

As only members will be allowed to vote on transition committees, what role do you envisage senior officers having as those committees make preparations for merger?

Officers would prepare reports, provide appropriate advice, guidance and information as appropriate and as requested by the committees, as is the approach for other local government committees.

Can the WLGA expand on its comments on the July 2014 White Paper that the merger programme “could impact negatively on general officer capacity and expertise as well as on-going service delivery”? How could this be addressed?

Are there any other particular issues around staffing that would cause concern to local government in respect of mergers, including their views in the role of the Staff Commission?

The WLGA’s White Paper Response stated that: ‘...in the last re-organisation all staff rather than the very senior officers were guaranteed a job, this is unlikely to be the case in a climate of continuing local government funding cuts. This situation would make the staffing issues more difficult (and more costly), rather than easier. Staff who will not be guaranteed jobs in the new authority may seek alternative employment and this could impact negatively on general officer capacity and expertise as well as ongoing service delivery.’

Much of the Welsh Government’s analysis and narrative around the ‘cost-cutting’ agenda of mergers has focused on reduced number of senior officers or reduced number of councillors; the reality is however that a significant number of jobs will be lost at all levels as a result of the merger process. Councils are of course already making significant reductions to workforces as a result of the current financial pressures, in advance of any potential merger reform programme. This will have a potentially significant impact on local employment and economies, as councils are not only the largest local employers but ensure that employment opportunities are distributed throughout Wales’ communities.

Notwithstanding the above issues which relate to impact on morale and the retention of staff to maintain core local services in a period of significant reform, there will be the inevitable impact on capacity given the officer resources required to plan for and manage the merger process. The CIPFA analysis suggested that dedicated senior teams would need to be established to manage mergers – estimated at around 20 staff for a merger of 2 authorities and 30 for a merger of 3 authorities. Corporate and senior professional capacity in Welsh local government is already under pressure, as most councils have already significantly reduced their corporate centres and senior management teams as a cost-saving measure during the recent period. Mergers will be an incredibly complex, time-consuming process with significant implications and risk for senior managers who are currently having to manage and deliver services under enormous, unprecedented pressure of finances and public expectation. It is therefore vital that Welsh Government provides adequate capacity and support for the merger process.

Moreover, it is important to consider the age-profile of senior managers who may be most likely to be affected by and expected to manage the merger process. Many senior officers

are in their mid-50s and a longer timetable for a merger programme will have varying risks; as a result many senior officers will have less of a personal stake in the process as a result and, furthermore, many senior managers will and are already seeking redundancy or retirement in the years in the run-up to mergers as a result of the current financial climate. This contraction of senior manager capacity will further mean a significant loss of 'collective memory', will impact on the collective capacity to self-manage to merger process and will require early succession planning, support and development.

In its comments on the July 2014 White Paper, the WLGA raised concern that there were no details about council tax and that "the Welsh Government will have to be clear what its council tax policy is regarding harmonisation". Have these concerns been addressed?

The 2014 White Paper and the Welsh Government Guidance/Prospectus for voluntary mergers were silent on the issue of Council Tax harmonisation. Council Tax harmonisation is however a fundamental issue as was shown with Home Office plans for Police Authority mergers in 2006. It has significant financial as well as legal and political ramifications and impact on the public acceptability of merger plans. Council Tax harmonisation is not addressed through the Bill, but the Welsh Government will have to provide clear guidance around what its council tax policy and legal considerations are regarding harmonisation. Harmonisation of Council Tax may occur under a number of scenarios i.e. council tax may level down to the lowest of the merging authorities, council tax may equalise around the weighted average or council tax may level up to the highest council. According to CIPFA, in terms of ensuring local financial stability the third option is the most prudent. However, even under this scenario there is a significant amount of income foregone of around £57m over 5 years. There are also potential legal issues around setting different council tax levels in different parts of a county. We note that the Minister in his previous evidence to the Committee suggested that the Welsh Government might seek to 'create a situation legally where it is possible, for a transitional period, for authorities to hold different council tax levels in different parts of their authority.' It would therefore be appropriate that such key matters should be addressed through this Bill.

What are your views on how issues around the use of the Welsh language should be dealt with when authorities merge, and what role will there be for the WLGA and leaders in this?

The merger process will be subject to the Welsh Language Standards and the Welsh language implications of merger will be the responsibility of transition committees and shadow authorities. The Williams Commission however noted the need to fully consider the issues of Welsh language with regards the establishment of new authorities: 'We have been particularly mindful of issues around the Welsh language. Several of our respondents urged us to propose boundaries that reflected and sustained public use of Welsh as well as the use of the language as a medium of civic life and administration.' It is therefore important that these issues are covered in guidance (which the Minister confirmed in previous evidence to the Committee) given the potential issue where merging councils have different approaches and policies with regards the use of Welsh in council business and administration, and the

resultant impact on member and officer working, organisational culture and council procedures and policies for the new authorities.