

Reforming Local Government: Power to Local People

UNISON Cymru Wales Submission

(To be considered alongside our completed White Paper Consultation Survey)

Introduction

UNISON Wales welcomes the publication of the Welsh Government's Consultation on Devolution, Democracy and Delivery: Reforming Local Government: Power to Local People White paper.

UNISON is Wales' largest public service union organising over 90,000 public service workers; 50,000 of these working in Local Government. The members we organise are triple stakeholders in Local Government: as employees of our councils; as providers of the services that our councils deliver; and as citizens who use and rely on these services.

UNISON is therefore uniquely placed to advise Welsh Government on how Local Government can be reformed to ensure that it can provide strong, democratic and sustainable quality services into the future.

UNISON Wales has contributed submissions (written and oral) to consultations on the Williams Commission; the July 2014 White Paper and the Public Services Staff Commission White Paper in January 2015. This submission should be considered in the context of these earlier positive engagements.

Principles

UNISON is committed to maintaining the 'Welsh Way' that is embodied in a positive approach to public services: finding public sector solutions to public sector problems.

UNISON is committed to maintaining and developing strong partnership working between Welsh Government, Public sector employers, communities and the trade unions.

UNISON is committed to maintaining and enhancing the reputation of Welsh Public Services in the face of a UK Government driven austerity agenda which threatens to undermine public perception of their worth and threatens to push service delivery to be based on reducing cost rather than providing quality services.

UNISON is clear that Local Government services are best delivered by democratically accountable councils who directly employ the people providing the services. The March 2012 report from the Association of Public Service Excellence (APSE) entitled 'Shared services and collaborative working in a

Welsh context: Applying theory to practice' looked extensively at different governance models for local government and found that there is little support for models of local government specifically that 'hollow out' local councils.

UNISON reaffirms its position of being against all forms of outsourcing and strongly believes that Local Government Services should be delivered by a directly employed council workforce.

1. Power to Local People

Local Government has a crucial role to play in reducing inequality to help create a fairer Wales. Inclusion and cooperation are the foundations on which the Welsh Government can renew and invigorate the Welsh public service delivery system.

That is why Welsh Government, alongside putting a very positive reform agenda for Local Government, needs to articulate a clear economic and political alternative to the failed policies of austerity which are draconically cutting funding to valued services threatening, in some cases, their very existence. In addition, UNISON believes that the Welsh Government should continue to press strongly for the Westminster Government to revise the Barnett Funding Formula to ensure fair funding for Wales going forward.

Reform cannot be implemented and the improvement of public services cannot be conducted whilst the Welsh Government is cutting funding to Local Government.

UNISON hopes that the Welsh Government led reform agenda can assist by articulating a positive vision for the future of public services generally, but Local Government Services specifically, as an essential requirement for maintaining and promoting the health and wellbeing of the people of Wales.

2. Balancing the Responsibilities of the Welsh Government and Local Government

Working together

UNISON would support the principle laid down at the beginning of this section: that service providers, and relevant others like voluntary organisations and community groups, should work together if services are to meet people's needs.

However, when it comes to service delivery, the devil is often in the detail, and specifically, the form of this working together can make crucial differences to service delivery. For example, if a local voluntary organisation knows a particular community well, or has expertise in a particular type of service; their knowledge and expertise should be harnessed by the Council. There should be genuine partnership working. If, however, 'working together' means that there should be

more outsourcing to such organisations, UNISON would not support this move. The experience of UNISON's members is that outsourcing is always carried on the basis of which potential provider can do things most cheaply – not which one can do them best. Too often, 'working together' means paying staff less, and this is not the way to ensure high quality joined-up public services.

The proposals talk about shared services for 'behind the scenes' services. When it comes to purely transactional services, this may be a sensible way to proceed, but in UNISON's view public services are best provided in-house, by employees who are paid appropriately and trained well. UNISON recognises that support service functions may well be usefully pooled in a regional public sector collaborative body, and this service (HR advice, payroll advice, grant funding access, etc.) could be accessed by third sector organisations so benefiting both parties.

The evidence from the last 35 years of privatisation, outsourcing and marketisation makes grim reading, with numerous instances of service deterioration, profiteering and a race to the bottom on pay and terms and conditions of the workforce. As such, any new approach must put services and their users above the bottom line, take out the profit motive, save on transaction costs and ensure stability of provision:

Keeping services in-house should be the default position for all public services.

New regulations must make better use of the new EU Public Procurement Directive, with authorities able to choose in-house models of provision, with trade union recognition, national and local collective bargaining and social criteria applied to contracts. These are known as 'fair wage' clauses and are common in Europe and American cities and cover much more than just the living wage.

Before services go out to contract there needs to be a mandatory 'public interest case' made which sets out the reasons and business case as to why the contracting authority wishes to outsource the service. This should be a public consultation with an onus on the contracting authority to make the case that outsourcing is in the public interest. If the case is not answered then there should be no outsourcing and if the case is answered then 'in-house' bids should be automatically included in the tender process.

Procurement failure

Recent trends in public sector procurement in local government place reliance on bidders to work out the detail of service design and delivery and calculate the costs – variously referred to as 'outcomes-based commissioning', 'enabling', 'thin client', 'intelligent client' and 'light client'. Andy Mudd from the Association of Public Service Excellence (APSE) has highlighted how the risks and complexity of working out the

necessary 'inputs' are increasingly being left to the bidders.¹ In theory this is supposed to ensure that failure risks are transferred to the bidders and client side costs are reduced to a minimum. It is supposed to free providers from detailed input specifications so that they can identify for themselves the most cost- effective way of delivering the required end result. On the other hand contracting authorities are supposed to no longer need to employ their own experts and can therefore reduce the cost of both letting and managing contracts.

However, the assumption that the more decisions about how to deliver a contract are left up to the contractor, the more likely they are to be able to optimise cost and deliver savings, is flawed. Recent examples West Coast Main Line (Department for Transport), G4S (LOCOG) and allegations of fraud by the Ministry of Justice against SERCO and G4S cast serious doubt on the likelihood that this form of commissioning can deliver best value or transfer risk. Risk transfer is frequently illusory. And it relies on the assumption that bidders will always make commercially sensible judgements that will not over-expose them to demand and other risks.

Multiple failures amongst local government contractors, such as Connaught, Southern Cross, Transform Sandwell, Impact (Rochdale and Mouchel) and Southwest One, demonstrate how the commercial failings of contractors rebounds very quickly and expensively, on public bodies.

The Institute for Government has concluded that private contractors are prone to 'gaming', that is responding in undesirable ways to the reward structures commissioners have created. It also found: *"reluctance to force underperforming public, private and voluntary sector providers out of these markets in service provision – partly as a result of a lack of confidence that government can manage transitions between different service providers without causing excessive disruptions to service users."*²

The costs of procurement

The costs associated with complex procurement are very significant. UNISON is concerned that they often involve substantial expenditure on 'consultants' rather than using the expertise of councils' own staff, unions and service users. For example three district councils in Lincolnshire spent almost a quarter of a million pounds on consultants advising on the privatisation of 'back office' services. A report commissioned by UNISON for approximately 1% of the cost exposed

¹ <http://watford.moderngov.co.uk/documents/s3979/Appendix%206.1.pdf>

² <http://www.instituteforgovernment.org.uk/publications/making-public-service-markets-work>

the weaknesses in the consultants' report and enabled the local authorities to pursue a better course of action.

Value for money through in-sourcing

Contract failings have led a growing number of local authorities to take the decision to bring privatised services back in-house.

A study³ for UNISON carried out by APSE found that out of 140 survey respondents, 57% had either brought a service back in-house, were in the process of in-sourcing or were considering doing so. A need to improve efficiency and reduce service costs was the most frequent key reason for in-sourcing with almost 60% of respondents citing it. After cost, 44% of respondents said a need to improve service quality was critical to the decision to in-source. The research found that councils of all sizes, locations and political complexions were represented among those deciding to in-source. In-sourcing was regarded as a means of delivering efficiency savings in the face of mounting budgetary pressure.

Austerity cuts have served to shine a spotlight on long term contracts which up tie large amounts of council spending – forcing cuts to be focused elsewhere. One of the issues identified with the Somerset Council South West One contract was that council funding cuts had fundamentally undermined the rationale for the contract. Cabinet Member for resources, David Huxtable, said: *"It was a very complex contract and lots of the savings were predicated on an ever-increasing amount of money being put into public services and we know in the last four years that has gone into reverse."*⁴

A more recent example of in-sourcing on a large scale looks set to take place following the termination of Sandwell Council's partnership with BT. The Sandwell case raises questions as to what extent other councils are able to learn from such experiences before entering into similar contracts with BT and other large players in the local government market.

Cut-price procurement and the effect on quality: the damage in social care

It is clear that in some areas of local authority expenditure the twin pressures of rising demand for services and funding cuts have created a drive by councils to secure cost-cutting at the expense of service quality. Nowhere is this more prominent than in social care. UNISON has been at the forefront of campaigning to highlight the alarming decline in the quality of care that users receive.

³ UNISON: In-sourcing update: The value of returning local authority services in-house in an era of budget constraints - <https://www.unison.org.uk/upload/sharepoint/On%20line%20Catalogue/20122.pdf>

⁴ *ibid*

UNISON research based on Freedom of Information (FOI) data from councils in England, Wales and Scotland found that 81% of councils commission from homecare providers where they do not guarantee providers specific hours from one week to the next. This enables councils to drive down the costs they incur as a result of fluctuations in care need. But it fuels the use of zero hour's contracts for homecare workers.

An increase in the outsourcing of homecare services at ever lower costs has meant that an estimated 150-200,000 care workers are routinely paid less than the National Minimum Wage largely because they are not paid for their travel time. Providers claim that this is because councils' commissioning models are based on contact time only and do not cover the full costs of care.

The consequences of this cut-price approach by councils in the homecare sector were encapsulated in the recent UK Government-commissioned Cavendish Review which stated that:

*"It will not be possible to build a sustainable, caring, integrated health and social care system on the backs of domiciliary care workers who have to travel long distances on zero hours contracts, to reach people who have to see multiple different faces each week... The advent of zero hour's contracts, fee cuts and no payment for travel time is making it financially prohibitive for some domiciliary care workers to struggle on. Attrition rates are already dangerously high: and they will only increase when carers feel that they can no longer even give good care."*⁵

These developments in homecare have led UNISON to establish our *Time to Care* campaign which asks councils to sign up to an 'ethical care charter' to commission homecare in line with a core set of baseline standards including non-use of 15-minute visits, ensuring payment of travel time, non-use of zero hours contracts and proper training and support for staff to raise concerns about care standards.⁶

A growing number of councils are recognising that the quality and reliability of privatised homecare has become unacceptable. In this and in other sectors of care such as learning disability and independent living, UNISON has identified a trend of councils attempting to establish social care companies as an alternative means of service delivery. In a number of instances these companies have struggled to maintain quality and deliver cost reductions, and have been either forced into liquidation or wound up.

The EU Public Procurement Regulations

⁵ <https://www.gov.uk/government/publications/review-of-healthcare-assistants-and-support-workers-in-nhs-and-social-care>

⁶ <https://www.unison.org.uk/at-work/local-government/key-issues/homecare/the-facts/>

Under the new European Union Public Procurement Regulations, it is possible to use procurement to promote social value, including environmental, labour and employment standards (including tackling blacklisting), ensure the payment of a living wage to outsourced workers, enshrine equal pay, and develop training and apprenticeships.

Unfortunately, the UK Government has rushed through new Public Contracts Regulations, which among other problems, fail to make it a mandatory requirement for public contracts to be awarded on the basis of 'best price/quality ratio'. The failure of the government to not make it a mandatory requirement for public and social services to be awarded on the basis of 'best price/quality ratio' leaves the door firmly open to the continuation of damaging price-only competition fuelling the race to the bottom. This represents a lost opportunity to send a clear signal of much needed shift in UK public procurement to encourage public bodies to implement the Living Wage; fair employment practices; improve financial transparency; apply FOI to private contractors; adopt CSR, prevent serious breaches of employment law including blacklisting, non payment of employment tribunals, health and safety breaches and breaches of environmental and tax obligations.

Regulation 77 of the new UK Regulations covers the issue of new forms of delivery, for example commissioning services to mutuals or co-operatives. But this Regulation allows the contracting authority to reserve a contract for a wide variety of hybrid and private sector organisations. This means that a commercial enterprise could enter the public procurement market by creating a 'special purpose vehicle'. The only bids that would not be able to tender for a public contract would be an existing in-house provider which has the effect of making the regulations appear to be anti-public sector. So the supposed promotion of mutuals and co-operatives is, fairly transparently, another way for the UK Government to privatise public services.

While these new Regulations do cover Wales, there is nothing to stop the Welsh Government doing more, doing things better, than the minimum that is mandated by the UK Government. In UNISON's view it is up to the Welsh Government to send a strong message that it wants to do more than the UK Government has mandated, ensure that quality is built into procurement processes (rather than just cost), and ensure that service delivery by mutuals and co-operatives is not used as a backdoor to privatisation, and UNISON is calling on the Welsh Government to do exactly this, issuing Councils with guidelines to this effect.

Procurement from mutuals, co-operatives and the community and voluntary sector

Moreover, UNISON would question the current trend to favour mutuals and co-ops. Our fear is that outsourcing to mutuals and co-ops will lead us down a similar path to that experienced in the community and voluntary sector.

UNISON represents more than 60,000 members working in the community and voluntary sector – a large proportion of who work in services commissioned by local government.

UNISON is seeing a rise in consortia bidding for contracts instead of just individual charities. However, these are large and expensive exercises to engage in, and often a large private contractor will be the principle bidder while work flowing to the charities will be sub-contracted. This has led to the phenomenon of the profitable work being creamed off by the contractor and charities left to deliver services at bargain basement prices, which are sometimes loss making. It also means charities having to squeeze down even further on the pay and terms and conditions of staff, and increasingly using zero-hour contracts.

Contracts with voluntary sector providers sometimes do not include 'full cost recovery' and there is insufficient allowance for the costs of back office support services – with an often tacit assumption that these can be borne by the organisation's fund-raising activities. In some cases, commissioners have cut the price of a contract mid-contract, causing huge disruption. The private sector would walk away, but charities tend to work in just one area and commissioners can take advantage of the reputational damage they would suffer if they did this.

Generally, funding is getting so tight that additional services that charities provided from any surplus are being cut back or abolished, which has a knock-on effect on local communities. If the Welsh Government is serious about working together with community and voluntary organisations to provide better public services, then grant funding for community and voluntary organisations needs to be revisited as a viable alternative to procurement.

Whatever the level of funding, UNISON's experience is that, often, the unique benefits of working with the Community & Voluntary sector are crowded out by the very system which hands the work over to the sector. For example, one organisation in the North East of England, which worked with young homeless people, has described to us how, upon reaching the end of a financial year, it had some surplus resources left over, and so decided to invest them in a piece of research on how their services could be improved. The research produced useful findings, and so the organisation presented them to the commissioning authority – the Council. The Council agreed that the findings were helpful, but said that to implement them would entail a brand new contract. They therefore terminated the organisation's contract, re-tendered the service based on the findings of the research, and awarded the work to a different organisation. Such behaviour by commissioners acts as a real disincentive for the voluntary sector to engage in any innovation – the innovation which is one of the reasons used by the public sector for outsourcing to the voluntary sector.

In UNISON's view, if a local voluntary organisation, mutual, co-op, or charity knows a particular community well, or has expertise in a particular type of service; their knowledge and expertise should be harnessed by the Council – not exploited.

Local Authority Areas

UNISON can only support a restructuring of Local Government in Wales if the Welsh Government provides additional resources to local authorities to enable the initial additional costs, associated with mergers, to be met. These additional resources could be recouped from the savings that the restructuring delivers on the basis of an 'Invest to Save' strategy which has been utilised in other areas of the public sector in Wales. Should the Welsh Government insist on restructuring costs being met from existing Local Government resources then there would be a direct dramatic negative impact on the amount and quality of services that the new councils would be able to provide and would be accompanied by mass redundancies which UNISON would vigorously oppose.

In addition, UNISON is supportive of the organisations boundaries being coterminous with the existing Health Board boundaries. Such an organisational alignment will assist in the necessary process of integrating health and social care services.

UNISON also believes that further empirical evidence needs to be produced, to support the merger process identifying the optimum scale for any new council to ensure that effectiveness and efficiency is maximised, before a merger of councils is agreed.

Staff

UNISON welcomes the commitment of the Welsh Government to establish a Public Services Staff Commission and the Minister's recognition that the Commission will utilise the Workforce Partnership Council as its primary reference point in developing and delivering its work programme.

UNISON agrees that there should be equality of terms and conditions of services, and would want the proposed Public Services Staff Commission to ensure that this applies to outsourced staff with the same force as it does to publicly employed staff. To this end the Commission needs to be committed to implementing, in partnership with the recognised trade unions, an all Wales Job Evaluation scheme which will ensure consistency of pay and terms and conditions for all workers across Local Government services. Such a scheme should apply to all Local Government employees, including Chief Officers and Chief Executives, which would ensure that pay at the top is kept more in proportion with the rest of the workforce.

The remit of the Commission also needs to be developed so that it is

set in the context of supporting public service provision and opposing privatisation. The marketised public services in England, which UNISON opposes, have seen loss of expertise, compliance expense, secrecy and a lack of sharing best practise for commercial gain. Service improvement might only happen at the retender stage after 4 to 7 years and does not happen continuously in such a model.

The Commission needs to look at the whole public sector and its remit should also cover and apply to staff in private sector and voluntary organisations that deliver public services under contract. This would be assisted if the Welsh Government strengthened the Code of Practice on Workforce Matters (the 'Two-Tier Code') and supported the creation of new, and the strengthening of existing, collective bargaining arrangements.

UNISON believes the Commission should not supplant existing bargaining and negotiating mechanisms. The Commission should not only act as a reactive body but also proactively engage with other priority issues that occur across the public sector in Wales as a result of Local Government reorganisation.

The Commission should be tasked to focus on maintaining directly provided integrated public services with a valued and motivated workforce that will attract and retain talent for the future.

Equality should be at the heart of the Commission's consideration and part of this will be to ensure that restructured public services can deliver equality proofed single status pay structures.

Other important issues for the Commission to develop are: developing redeployment opportunities across public sectors; developing 'best practice' and consistent discretionary policies and support; the harmonisation of Terms & Conditions; ensuring pension portability; ensuring education and support are available for all grades of staff to ensure continual service quality improvement and to ensure there are consistent engagement and negotiation mechanisms with the recognised trade unions.

In some defined circumstances it may be appropriate for the Commission to play an arbitration role between public sector employers and their recognised trade unions.

If the Welsh Government is fully committed to improving the Welsh public sector then strong incentives to continue working in the public sector must be provided e.g. the opportunity of career progression, pathways and development should be enhanced.

Review of the body of Local Government Legislation

The move to give Councils more freedom to do what's best for their local communities needs to be balanced by the need for universal

Wales-wide standards of public service provision. While it is right that some areas of public service delivery decision-making are best made locally, there must also be clear standards, to avoid the so-called postcode lottery. For example, UNISON supports the need for a strong statutory duty on all Councils to provide youth services. Councils should not be able to opt out of providing youth services, and we are concerned that section 2.11 could allow them to do just that.

3. Renewing Democracy

Performance Management for all employees

Section 3.13 of the White Paper looking at the 'Role and Responsibilities of the Chief Executive' highlights the legal requirements in relation to the 'head of paid service' and specifically five duties that the Welsh Government intend to place upon the Chief Executive including 'put(ing) in place a performance management system for all employees of the Local Authority'.

If this proposal, in any way, relates to the introduction of performance related pay then UNISON has serious concerns and would be opposed to it. However, if this relates to the need for all employees to receive regular supportive personal development and career advice and support then this would be welcomed, if progressed through the usual National Joint Council bargaining channels.

Council elections

On the basis that it provides for more democracy, elections should take place every four years, as at present, not every five years. UNISON believes that these should be full elections and doesn't support elections being split into thirds, as this will dilute the democratic process and add significantly to the cost of elections.

The role and responsibilities of the Leader

UNISON strongly supports the emphasis on ensuring that there is real diversity of backgrounds among those Councillors selected for Cabinets, and it is right that a duty is placed on Leaders to achieve this.

The roles and responsibilities of Cabinet Members

Similarly, we welcome any moves which open the door to Cabinet (or 'Deputy Cabinet') roles to a wider range of Councillors. It is vital that Cabinet positions are held by Councillors who reflect their local communities and this includes involving those with other jobs and who have caring responsibilities.

Diversity among Councillors

We also support the proposals around diversity among Councillors.

Remuneration of Councillors

The proposals around transparency of salaries for Councillors make sense. However, when pay levels are publicised, they should be

accompanied by clear descriptions of the size and importance of the roles involved. There is often a presumption in the press and media, and among right-wing politicians, that senior pay (for Councillors and staff) is too high, whereas actually in most cases pay for these roles has remained stagnant in recent years, at the same time that the responsibilities and complexities of the roles have increased.

Electoral qualification

We strongly agree that a Councillor should not be able to serve as an Assembly Member or Community Councillor at the same time.

Term limits for Chief Executives

We do not support term limits for Chief Executives; we prefer a system whereby a Chief Executive's performance is assessed against their objectives.

The cost of senior management

UNISON is in favour of a national framework for Chief Executives' pay across the public sector, and this should be based on the principles of collective bargaining, with employers and trade unions negotiating pay just as they do for other groups of staff. The use of an independent advisory body is a sensible idea. Aside from negotiation, the other key elements in determining senior pay should be transparency, and also objectivity. Pay should be based on the demands of the job, not used as a political response to anti-public sector pressure.

Senior appointments to the new Authorities

UNISON does not agree with the proposal to give an external body power over senior staff appointments. Councils must be able to appoint their own Chief Executives. Any other approach would fly in the face of the desire expressed elsewhere to localise decision-making where possible.

4. Connecting with Communities

Councillor-led community governance

Some of the principles behind the proposed Area Boards are good ones and such bodies could play a really positive role in bringing interested groups together in the best interests of communities. However, there are concerns about the democratic structures within such bodies. If they take on responsibilities for decision-making, commissioning, or service design, there would need to be much stronger safeguards and reassurances about the democracy underpinning them. In these circumstances, Area Boards would remove service delivery from local decision-making and accountability, and make outsourcing more likely. UNISON's views on outsourcing have been clear earlier in this submission.

If the Area Boards only have a scrutiny role, UNISON would be slightly less concerned. However, crucial to any system of scrutiny will be the

standards against which the Council is being scrutinised. If Area Boards are introduced, it is vital that service delivery is scrutinised by them against the twin benchmarks of universal standards determined by the democratically elected Welsh Government, and the objectives for communities set by the council that was elected by those communities. To this end, it is vital that the Welsh Government follows the recommendations made by UNISON in the section on the EU Public Procurement Regulations above, so that the system of scrutiny by Area Boards is not used to force Councils to outsource services.

Moreover, we would like to hear more about how Area Boards and Community Councils would work together – it seems that there is the potential for over-lapping interests and responsibilities.

Governance and standards

UNISON is concerned about the suggestion that Councils should acquire extra rights and responsibilities depending on their passing competency tests. Clearly, there must be safeguards to protect citizens from Councils which are failing. But in general, either a power should be devolved or it shouldn't – and that is a political decision. It does not seem right for Councils which pass a 'competency' test to have more devolution.

5. Power to Local Communities

Transferring Council property to the community

UNISON has concerns about this set of proposals as we oppose the privatisation of public assets. There is value in Council property being owned by the Council, as it is the body which represents every member of the community. We should not assume that a community group is more representative. Certainly, we need to know:

a) What happens if property is transferred to a community group about which concerns later emerge – e.g. about how representative it is? What if the organisation goes bust? Can the Council get the property back?

b) Is this the 'thin end of the wedge' – is this really privatisation of property and the services that are carried out within that property? The proposals talk about safeguards, but we would want to see the details. Are staff terms and conditions involved? If so will they be protected?

c) Will workforce be given the opportunity to put together a case for retention of the asset as a public asset? In effect will 'in-house' bids be accepted and encouraged?

6. Corporate Governance and Improvement

Managing improvement through Self-assessment and Peer Review

UNISON is very concerned about the quality of the auditing of local authorities' decisions, particularly those concerning procurement. External audit of council procurement decisions and expenditure is weak, and there is an absence of effective mechanisms to review external audit inadequacies. While there are many examples of 'procurement failures', there do not appear to be any examples where external audit has prevented a procurement failure. External audit only appears to identify a problem 'after the event' and even then a 'light touch' approach appears to be the modus operandi.

The presence of independent members on Audit Committees could work, but we would want to know how they would be appointed, and who they would be accountable to. Election and accountability are two of the cornerstones of any democratic system. In England, with the disbanding of the Audit Commission, external audit for councils now rests in the hands of 'self-regulating' accountancy firms – many of the same firms which have been criticised by the Public Accounts Committee for their activities in helping corporate clients dodge taxes. Furthermore, many of these companies have 'arms' which also bid for council contracts and it is not clear how impermeable the walls between them are. If the independent members of Audit Committees being proposed by the Welsh Government are taken from similar sources, then the same problems are likely to occur.

The proposal to instigate a 'peer review' system may be helpful, providing the entire process is based on the goals the elected Council has set itself – along with the duties laid down by the Welsh Government. These should be the standards against which peer reviewers measure progress and success.

Workforce Planning

UNISON, along with the Wales TUC, has long argued for workforce planning to be undertaken across the public services, as this is essential in order to mitigate some of the negative impacts of the UK Government's austerity programme.

UNISON welcomes the inclusion of 'workforce plans' as one of the nine things that the Corporate plan of new local authorities will have to produce.

However, UNISON believes that workforce planning should go beyond individual public sector organisations and should be undertaken on an all-Wales, cross-public sector basis. Workforce planning is currently much further developed in the NHS than it is in any other part of the public sector in Wales. We have worked with the public sector employers through the Workforce Partnership Council over a number of years in an attempt to bring together the piecemeal workforce planning, where it exists, across Wales.

The Welsh Government must ensure that local authorities harmonise the collection of workforce data and use it across local authority and public sector boundaries, not that this new requirement ends up with workforce planning on an individual authority basis, albeit on the basis of a smaller number of local authorities.

7. Performance in Local Government

Procurement Expenditure

A strategic and ethical approach to procurement across local government is an essential component of the wider task of ensuring the delivery of good services that support decent employment.

UNISON is in favour of expanding the use of community benefits across the Welsh public sector as well as establishing a more strategic Wales level approach to expenditure. The creation of the National Procurement Service is welcome progress in this regard. However, a more strategic and urgent approach needs to be adopted as part of the reforms to Local Government; one that ensures that procurement is treated as high level priority which delivers decent employment. This should be based on International Labour Organisation (ILO) standards as defined by the UN Sustainability Goal covering decent employment and agreed in partnership with trade unions.

The recognition of trade unions is essential to upholding decent employment which must no longer be treated as a secondary consideration. Recognition ought to be a condition of contract across local government.

A National Procurement Service could set out these general principles including a clear statement on companies involved in tax avoidance/evasion whereby public bodies should have regard to the tax status of companies bidding for contracts.

Digital Councils and Complaints

These proposals seem sensible, but in both cases, the dignity and well-being of the staff should be borne in mind at all times. Sensible, negotiated policies and procedures for digital working and complaints will need to be in place, and agreed by the recognised trade unions.

Reforming Local Government Finance

UNISON is committed to ensuring that Local Government finance is placed on a strong and sustainable footing and therefore would support any review that would assist in this aim.

UNISON believes that council tax needs to be reviewed to ensure it provides a sustainable and progressive way of funding Local Government. Council Tax provides local authorities with much needed revenue, which is why council tax freezes are so damaging for public services. However, local government needs a fairer system of local taxation which reflects local residents' ability to pay. Although property reflects ability to pay to some degree, there are other financial assets such as income that could be utilized as a means of paying for public services.

Such a system would have to work on an all-Wales basis and would require powers of limited variation and mechanisms for redistribution in favour of areas with a much lower tax base. The system would require regular revaluations, but local councils should also gain the power to set different council tax rates for second homes and empty properties.

UNISON believes that such a system would help bring devolution to the local community, so that local areas can be involved in policy formation and the decision making process. By making decisions locally, public service users and service providers will be better able to understand the needs of each other and there would be more democratically inclusive and responsive councils. These councils would be better placed to win public support for raising the funds necessary to implement policies that are the product of engagement, where a greater sense of 'ownership' of those policies is felt by local people.

In particular UNISON is calling for:

1. Tough measures to tackle tax evasion and uncollected taxes
2. Greater freedoms for councils to borrow
3. Introduction of empty property and brownfield land taxes
4. Powers for local authorities to introduce small local taxes such as tourism or environmental taxes
5. More flexibility for Councils to spend money on public services as they judge appropriate to local needs (within the broad parameters set by the Welsh Government through service standards)
6. Funding that ensure fair and equal pay for workers underpinned by continuing training and development.

In addition to creating a more sustainable income stream for Local Government, UNISON would also like to see councils being more able to do longer term financial planning with Welsh Government providing 3 year funding settlements. Longer term financial planning, with full impact assessments of any proposed reductions in services or funding,

so that the longer term social and economic impact of any funding changes can be accounted for, and mitigated against.

However, the key element of any funding system is the level of central funding, and this needs serious attention. While UNISON accepts that the cuts in local government services in Wales have largely emanated from the UK Government, this does not lessen the extent or impact of the problems caused for service users or staff. UNISON has collected huge amounts of evidence of the impact of cuts in local government funding on vital local services. To give a small number of examples from across the UK:

- a. Trading standards prosecutions have fallen by a third
- b. More than a half of Councils have stopped providing some environmental health services
- c. Food hygiene complaints have risen while inspections have fallen
- d. Nearly 300 children's centres have closed
- e. 41,000 youth services places for young people were lost between 2012 and 2014
- f. One-fifth of library budgets have disappeared
- g. Between 2010/11 and 2013/14, there was an increase of 829% in the number of street lights that were turned off or dimmed purely to save money
- h. Approaching half a million jobs have been cut from local government.

These are a fraction of the examples available, but they begin to illustrate the breadth of the problems caused for vulnerable people by the cuts. While the cuts have taken longer to 'kick in' in Wales as a result of the Welsh Government offering some protection during the early years of this UK Government, the same pattern is now occurring in Wales as well.

Investment in local government also needs to be carried out in a much more long-term manner. Throughout the whole process of the austerity programme, there does not appear to have been any critical thought given to the impact of such major structural changes will affect the country in the future. The scale of the cuts means that expertise, networks and services which have built up over many years will be eroded away and much of the damage is irreversible. At the same time, the more general economic recession has massively increased demand for the very local government services that have been cut.

UNISON is calling for an urgent re-investment in local government services, to reverse the closures and reductions in services.

Financing Local Government restructuring

As detailed earlier in this submission, the cost of Local Government reorganisation should be provided centrally and under no circumstances should it be taken out of existing decreasing council

budgets.

Merging Local Government Pension Scheme Funds in Wales

UNISON previously submitted a consultation response to the *Welsh Local Government Pension Funds - Working Together Commission* which outlined how the merging of the 8 Local Government Pension Scheme funds in Wales would not only save money, streamline efficiency but create simpler delivery arrangements.

In our consultation we outlined evidence from three separate reports; APG, an independent report by Stonefish Consulting and a UNISON commissioned report.

Research by the Dutch public sector fund manager, APG, suggested that a merged Welsh fund could have saved £25 million per annum if between 2001 and 2009 a merged funding system had existed.

Furthermore, there is abundant evidence to suggest that fund merges are more cost and administrative effective. Research commissioned by UNISON and Stonefish Consulting suggested that a new single model for both Administration and Fund allocation would save £30 million per annum, purely based on merged and more efficient administration charges. Evidence from the Netherlands has already shown that larger funds consistently achieve higher investments.

Therefore, it follows that a larger Welsh pension fund would produce higher investments and better returns.

Such a fund could stimulate development, employment and purchasing power within the economy by investment in major infrastructure projects, helping to protect and enhance jobs and wages.

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