

DLG 04

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol
Communities, Equality and Local Government Committee
Local Government Draft (Wales) Bill / Bil Llywodraeth Leol (Cymru)
Drafft

Ymateb gan: Archwilydd Cyffredinol Cymru

Response from: Auditor General for Wales

Consultation on the Draft Local Government (Wales) Bill

Consultation response form

The Welsh Government intends to publish a summary of the responses to this consultation. Normally, the name and address (or part of the address) of its author are published along with the response, as this gives credibility to the consultation exercise.

Name*: Huw Vaughan Thomas

Organisation: Auditor General for Wales and Wales Audit Office

Email*: Huw.Thomas@audit.wales

Telephone: 029 2032 0500

Address: 24 Cathedral Road, Cardiff CF11 9LJ

* required information

Consultation questions

These questions should be read in conjunction with the Draft Bill, draft Explanatory Notes and draft Explanatory Memorandum

PART 1

Question 1.1: Do you have any comments on any of the provisions in Part 1 of the Draft Bill?

Overall, there are no findings from my work in relation to local government that suggest that any of the proposed provisions are unreasonable or unworkable. Similarly, however, I cannot give a view as to whether any of the proposed configurations of local government have particularly strong merits or drawbacks.

Please also see responses to following questions.

Question 1.2: What are your views on the options for 2 or 3 Counties in North Wales, as set out in Schedule 1 to the Draft Bill?

Question 1.3: What are your views on the proposed configuration of Local Government areas in Wales?

Question 1.4: Do the Welsh Ministers need to seek any further powers to support the integration of Powys Teaching Health Board and Powys County Council?

Question 1.5: What are your views on the procedure for naming the new Counties?

Question 1.6: What are your views on the proposed changes to the Local Government election timetable?

Question 1.7: Do you have any general comments on the provisions in section 16 and Schedule 3 of the Draft Bill relating to Local Government finance?

The provisions relating to local government finance seem to be reasonable provisions to enable the new structures to function. They do not represent substantive change to the overall current general approach to local government finance, and I note that the Welsh Government intends to consult on proposals, including for further legislation, to address the mechanisms for distributing, raising, managing and accounting for the funding of local government. I welcome the Welsh Government's intention and look forward to the consultation.

Question 1.8: How could the Welsh Government measure the current level of avoidance of Non-Domestic Rates?

One option may be to undertake or commission research that compares (on a sample basis) NDR status with indicators of activity, such as use of authorities waste collection services, or against Companies House records of non-

dormant companies.

Question 1.9: Do you have any comments or suggestions on how future legislation could help to reduce instances of avoidance of Non-Domestic Rates?

It seems sensible to make provision requiring NDR payers to notify authorities of changes in circumstances. It might also be worth considering provision for authorities to have right of entry to premises so as to enable checks for evidence of activity, particularly by reading utility meters. Likewise, it may be useful to consider clarification of which organisations qualify for charitable exemptions and/or provision for checks of such exemptions.

Question 1.10: In what other ways could the Welsh Government enable Local Government to reduce the level of avoidance and fraud within the Non-Domestic Rates system?

The Welsh Government may wish to discuss its intentions on NDR and other local government finance matters in more detail with me so that I can give some consideration as to how the National Fraud Initiative could be extended, for example, to include real-time checking of entitlement of exemption of properties from business rates.

Question 1.11: Do you agree that the preserved counties be abolished and that consequential amendments are made so that the appointments of Lord-Lieutenants and High Sheriffs are made in respect of the counties in existence after 1 April 2020?

Question 1.12: Are there other matters of a technical nature which should be considered?

PART 2

Question 2.1: Do you have any comments on any of the provisions in Part 2 of the Draft Bill?

The provisions are on the whole, I think, appropriate. I note that there has

been some confusion in at least one Welsh authority as to whether the competence provided by the Localism Act 2010 applied, and Welsh provision should help prevent such confusion in the future.

See also 2.2. below.

Question 2.2: Do you have any comments on our proposals relating to Community Councils with competence?

In relation to the draft Bill's provision for the use of audit opinions in determining community council competence (section 31), I should note that while such opinions are of relevance to the abilities of bodies in terms of financial management and governance, audit work is not actually designed so as to provide assurance as to whether a council meets competency requirements. Current audit provisions in section 17 of the Public Audit (Wales) Act 2004 do not require audits to address general competence. If audit arrangements are to be fully appropriate to determining whether a council has competence, it will be necessary to amend the scope of audit work. In many, if not most, cases, this will increase community council audit fees (or will need to be funded by other means). Rather than making this a blanket requirement for all audits, it may be more cost-effective if provision were made requiring community councils to obtain specific reports on fitness for competence. Such reports could be provided on an agreement basis under section 19 of the Public Audit (Wales) Act 2013.

I note that section 35 of the draft Bill requires community councils to have regard to guidance issued by Welsh Ministers on the exercise of functions in relation to the general power of competence. I think this is appropriate and would add that I think that such guidance will be very important, as community councils are likely to be unfamiliar with recognising the limits of competence, as imposed, by, for example, European State Aid rules.

PART 3

Question 3.1: Do you have any comments on any of the provisions in Part 3 of the Draft Bill?

In general, I welcome the proposals in Part 3 to encourage public participation. Many of the requirements are consistent with good governance principles and may assist in contributing to a framework for assessing compliance with the 'good governance' duty.

I particularly welcome the duty to publish a constitution guide to aid transparency and good governance.

I do, however, see the provisions for improvement requests (Chapter 4 of Part 3) as leading to potentially administratively burdensome procedures. In that respect, it may be helpful if the Welsh Government were to consider means of minimising such burdens, for example, by setting out in guidance a realistic range of examples of reasonable grounds for refusing requests.

I also have some concerns about possible lack of co-ordination and streamlining of effort between community area committees and community councils. I wonder whether it is worth exploring the possibility of replacing community councils (where established) with community area committees, where that might be the preferred local option. This possibility would need to be dovetailed with any review of community councils.

Question 3.2: Do you have any comments on the proposed public participation duty and the requirement to consult on the annual budget?

As above

Question 3.3: How should community representatives to sit on community area committees be sought and selected?

Question 3.4: Do you agree County Councils should be able to delegate functions to a community area committee? If yes, are there any functions that should or should not be capable of being delegated?

Question 3.5: Do you have any views on whether transitional arrangements need to be put in place for existing area committees, or is a good lead-in time sufficient?

Question 3.6: Do you have any comments on the revised provisions for 'improvement requests' or on the interaction between these provisions and those relating to the public participation duty (Part 3, Chapter 2) and community area committees (Part 3, Chapter 3)?

Section 67 (1) states that improvement requests must be agreed to unless there are reasonable grounds for refusing the request (or such request had been made in the preceding two years). Would evidence of democratic mandate to not accede to a request (e.g. majority party has a manifesto commitment to pursue a policy that runs counter to the request) be "reasonable grounds"?

I see a risk of the process of dealing with improvement requests being

administratively burdensome. The Welsh Government may wish to consider how it can build in safeguards against that risk.

Question 3.7: Do you have any comments on any of our further proposals relating to access to meetings?

Question 3.8: Do you have any comments on our proposals to enhance participation by children and young people through the public participation duty?

PART 4

Question 4.1: Do you have any comments on any of the provisions in Part 4 of the Draft Bill?

In general I welcome provisions to improve the accountability of elected members and chief officers. Overall, the provisions of Part 4 appear reasonable.

The provisions in Chapter 2 of Part 4 seem conducive to ensuring more consistency in responsiveness to constituents on the part of individual members, and as authorities are overall governed by their members, it should enable the electorate to be better informed and otherwise engaged with authorities. I think, however, some caution may be necessary in terms of application of the compulsory training requirement (s85). It would be unfortunate if this were applied in a heavy-handed way that led to members of the public being put off from seeking candidature. That could perversely decrease engagement with democracy.

Question 4.2: Do you have any comments on the proposed duty on leaders of political groups or the monitoring and reporting roles of the Standards Committee?

Question 4.3: Do you have any comments on our proposals in relation to the delegation of functions by Local Authorities?

Question 4.4: Do you have any comments on our proposal to give the Welsh Ministers a power to direct the IRPW to have regard to guidance when reviewing the remuneration framework for Councillors?

Question 4.5: Do you agree the provisions relating to remote attendance in the 2011 Measure should be made more flexible?

Question 4.6: Do you have any comments on our proposal that Shadow Authorities should be required to appoint interim Returning Officers?

Question 4.7: Do you have any comments on the desirability of giving Councils the power to dismiss the Chief Executive, the Chief Finance Officer, the Monitoring Officer and the Head of Democratic Services through a vote?

As the Welsh Government notes in its consultation document, if such a provision is introduced, careful consideration will be needed. In particular, authorities will need to proceed carefully in order to head off or be in a good position to defend claims of unfair dismissal. However, the removal of the requirement for a report by an independent person does have merit, as such reports can be costly, particularly where QCs are engaged to produce them.

Question 4.8: Do you have any comments on our proposal to change the framework within which Councils and their Executive determine how their functions are to be allocated?

Question 4.9: Do you have any comments on our proposals in relation to the disposal and transfer of Local Authority assets?

PART 5

Question 5.1: Do you have any comments on any of the provisions in Part 5 of the Draft Bill?

Corporate Plan

While the draft Bill recognises that well-being objectives should be included in the corporate plan, as currently set out the “statement of priorities” these appear to be a separate add-on. If it is the intention that well-being objectives are central to the priorities of the council then this needs amending to make this clear.

The multiplicity of assessments and review

Altogether Part 5 leads to multiple assessment and review requirements:

- a) section 116 self-assessments;
- b) section 118 peer assessments;
- c) section 124 combined assessments, and

d) section 128 Welsh Government appointed governance reviews. Altogether the requirements for assessments and reviews of governance matters are stacking up.

Combined Assessments

These consultation questions do not cover the proposal for Combined Assessments. This does not encourage all respondents to consider this specifically.

As currently set out the requirement for Combined Assessments is to assess compliance with duties under section 111. However jointly conducting and reporting such an assessment could prove unnecessarily complicated given the necessarily distinct roles and independence of the bodies involved. The joint clearance and sign off of reports by multiple parties, both within councils and AIR bodies, will, of necessity, be a protracted process. Given that examinations of governance are core to AGW functions, it would seem more efficient to require AGW to assess the discharge of the duty to make 'good governance' arrangements, whilst requiring 'relevant regulators' to contribute relevant information, and requiring the Auditor General to have regard to such information. The power to undertake such an assessment 'at such intervals as I see fit, would also align with my under section 17 of the Public Audit (Wales) Act 2004 to satisfy myself as to proper arrangements for securing economy, efficiency and effectiveness. I'd be happy to discuss this further.

The process described in the explanatory memorandum goes further than assessing compliance with the 'good governance' duty. By sharing information about our respective work we can identify, so far as the areas of examination and findings permit, risks to good governance. This is not the same as setting out an assessment (presumably including a view/judgement) of compliance with statutory duties.

The process described in the explanatory memorandum lends itself better to a duty to share information in the exercise of the respective functions of AIR bodies than it does to a duty to report jointly. I have outlined above some of the complications that may come with joint reporting.

Any requirements related to assessing the making of governance arrangements need to be coherent and add value to the regime as a whole. I refer below in my response relating to peer assessment to the need to consider coherence.

Welsh Government governance reviews

To assist coordination and coherence it would be helpful if the consultation arrangements included consulting with the Auditor General for Wales.

Confusing nomenclature

Section 123 defines the Audit General as a "relevant regulator" and the Auditor General's local government functions as "relevant functions". (The other "relevant regulators" defined by the section are Her Majesty's Chief Inspector of Education & Training in Wales (Estyn) and the Welsh Ministers

exercising social services inspection functions (CSSIW).) It is misleading to label the Auditor General as a “regulator”, as audit is not regulation. This leads to confusion as to the Auditor General’s functions and independence. I think this could be easily addressed by a small change in nomenclature, such as by using the term “relevant review body”.

Conflict with audit independence

Several aspects of Part 5 are not compatible with audit independence, which is a fundamental audit principle and essential for overall credibility of reporting on the stewardship of public resources, both at the local government level and the Welsh Government level. The greatest problem is in section 143, which sets out to empower the Welsh Ministers to make regulations for co-ordinating work of the Auditor General with work of Her Majesty’s Chief Inspector of Education and Training in Wales (Estyn) and work of the Welsh Ministers in terms of their social services inspection functions (CSSIW). Using these powers, the Welsh Ministers would apparently be able to set timetables for when audit work is done and require the sharing of information.

These regulation-making provisions are at odds with section 8(1) of the Public Audit (Wales) Act 2013, which says:

“The Auditor General has complete discretion as to the manner in which the functions of that office are exercised and is not subject to the discretion or control of the National Assembly or the Welsh Government.”

The regulation-making provision therefore appears to provide the Welsh Ministers with the means in effect to amend section 8(1) of the 2013 Act. As we understand it, section 8(1) of the 2013 Act is protected from amendment by the Assembly by virtue of paragraphs 2 to 4 of Part II of Schedule 7 to the Government of Wales Act 2006. In particular, it appears to me that regulation-making provisions powers ought to be limited to the oversight or supervision of the Auditor General of his functions, which are properly matters for the Wales Audit Office and the National Assembly, rather than the Welsh Ministers, and any regulations that purported to have an effect that compromised the Auditor General’s discretion would be invalid. (I am in the process of obtaining independent advice on this point and should be happy to update you on the outcome when that is available.) Even if that analysis is not correct (and in any event there is scope for considerable confusion and expense), and such regulations were valid, then audit independence would be compromised.

I understand that the provision for Welsh Ministers’ regulations may have been intended to help achieve the first part of the section, which is that Estyn, CSSIW and the Auditor General should have regard to the need for co-ordinating their work. That first part of the section is reasonable, but the provision for regulations is not appropriate. Apart from being harmful to audit independence and, by extension, audit bodies’ (including Ministers’) financial credibility, the provision for regulations is unnecessary, as co-ordination is already being pursued through the Inspection Wales voluntary co-ordination group.

A similar problem arises in section 132, which places the Auditor General, along with Estyn and others, under an obligation to provide Welsh Government appointed “reviewers” (appointed under section 128) with “whatever facilities and assistance” the reviewers require. There is a danger that the obligations under section 132 will divert resources from independent audit work.

I can see that if the Welsh Government is to create its own local government governance review arrangements that it will want to ensure that those arrangements are co-ordinated with the work of other review bodies, such as the Auditor General, and do not lead to unnecessary duplication. It would, however, seem more appropriate to seek such co-ordination through the existing Inspection Wales arrangements (at no significant additional cost), rather than by providing for the requisition of independent resources, which have been voted by the National Assembly for other purposes.

The capturing of the Auditor General by a duty in section 144 to have regard to Welsh Ministers’ guidance in relation to functions under Part 5 is also at odds with overall audit independence.

Question 5.2: Do you have any comments on our proposal to subject Local Authorities to a governance arrangements duty?

I welcome the replacement of the duty to make improvement arrangements, under the Local Government (Wales) Measure 2009, with the proposed duty to make good governance arrangements. My view is that the improvement duty was seen by many councils as an additional burden rather than an integral part of the business. The new proposed ‘good governance’ duty goes deeper to the heart of what makes organisations successful in the delivery of their priorities, and should encourage councils to critically examine their full range of arrangements whilst also improving transparency and democracy. I also welcome the focus on economy, efficiency and effectiveness and the alignment that this provides to my duties under the Public Audit (Wales) Act 2004, to satisfy myself that proper arrangements are in place to secure economy, efficiency and effectiveness.

As I understand it the rationale for not applying this duty to National Park Authorities and Fire and Rescue Authorities, and continuing with the existing arrangements, is that the Welsh Government is giving further consideration as to appropriate arrangements for those bodies, rather than because it intends to maintain the existing arrangements in the long term. In my view, the latter would not be the best course in terms of economy, efficiency and effectiveness.

Question 5.3: Do you have any comments on the model approach to peer assessment set out in Annex A?

Any proposed peer assessments should add value to, rather than duplicate, the other proposed assessments of the discharge of the 'good governance' duty (i.e. self-assessments, the proposed Combined Assessment, Welsh Government governance reviews).

Moreover my own assessments of arrangements under the Public Audit (Wales) Act 2004, and my assessments of the extent to which bodies have acted in accordance with the sustainable development principle when setting and pursuing well-being objectives, will also examine governance arrangements.

Care must be taken that a regime is created that has coherence, reduces duplication and leads to improvement. An over-emphasis on diagnosis rather than cure will lead to nugatory activity. The use of peers to support improvement where issues have been identified by other contributors in 'the system' may be a more fruitful exercise.

The wide-ranging ability of Ministers to make regulations about the conduct of self- and peer assessments runs the risk of dis-empowering councils in what should be sector-led improvement. If there is a need for provision for making regulations, it would seem more appropriate for there to be provision for Ministers to make regulations about the conduct of assessments only in the event that there are reasonable grounds to believe that assessments have either not been conducted or have been conducted inadequately.

With regard to the model approach to peer assessments, my view is that the available pool of potential peers that meet the requirements set out in the annex is currently very small. Considerable effort will need to be made in developing such a pool and building capacity in the sector as well as quality assuring potential reviewers.

The example refers to a peer assessment taking several months and ongoing engagement. It then refers to it as a 'short, sharp process'. This appears contradictory. I also believe that the process described is unrealistic in the speed at which it is proposed to be carried out. In order to ensure that evidence is robust and that findings are adequately quality assured a more measured approach may be necessary.

Question 5.4: Do you have any comments on the proposed role for the Corporate Governance and Audit Committee in relation to the Local Authority's response to the self assessment, peer assessment, combined assessment and governance review?

The requirement for Corporate Governance and Audit Committees to consider assessments of governance, and the council's response to them, reinforces and provides more direction to Audit Committees' current remit under existing regulations, and is therefore helpful. My experience is that Audit Committees currently struggle with this, and provided that the requirement is supported by

adequate guidance, it should help to improve internal challenge.

Question 5.5: Do you have any comments on our proposal to reject local public accounts committees?

I recognise the argument that the cost of establishing local PACs with their own resources may not add sufficient value to be justifiable. There would seem to be a risk of duplication with the work of local authority scrutiny committees. I would, however, note that there is great merit in looking retrospectively at what has been done and how money has been spent, as a means, among other things, of informing future policy choices that might lead to more cost-effectiveness and better outcomes.

Question 5.6: Are Public Services Boards the right bodies to examine the policy choices facing local public services?

I have some reservations about whether Public Service Boards are the right bodies to examine the policy choices facing local public services as they are not democratically elected to do so. The consultation question does not make it clear as to whether “examine” means to scrutinise or to determine policy choices.

Question 5.7: If so, would they benefit from additional legal powers?

Question 5.8: What legislative measures could be considered to enable Local Government to take a public sector-wide shared services role?

PART 6

Question 6.1: Do you have any comments on any of the provisions in Part 6 of the Draft Bill?

Overall, the proposals do not seem unreasonable, but some issues may arise on practical implementation.

As noted in the consultation document, I (or in some individual cases, appointed auditors) have made reports in recent years highlighting the need to improve financial management and governance across the sector. In order to enhance the capability of the sector, it seems that generally larger community councils need to be created, as it is in the smaller councils that we have found more significant issues during audit. Larger councils can offer higher remuneration to attract full time and qualified staff. Also there are many community areas without community councils. Therefore a review of the sector covering all communities would be appropriate.

See also below.

Question 6.2: Should the Boundary Commission be required to submit their draft reports to Shadow Authorities from May 2019?

This would seem to be appropriate. If communities are to be grouped, it would seem sensible for groupings to be considered across the new rather than just the extant counties.

Question 6.3: Should the new County Councils implement the Boundary Commission's recommendations or should this be a responsibility of the Boundary Commission itself?

It would seem sensible to share the burden of implementing recommendations concerning significant numbers of community councils. Furthermore, the counties already provide administration for elections etc for the community councils. There is a question as to whether the Boundary Commission has capacity to undertake this work itself in anything other than a protracted period.

Question 6.4: Do you have any comments on our proposals relating to compulsory training for Community Councillors?

Community councillors often demonstrate a lack of understanding of their responsibilities (see, for example, the Mawr report in the public interest January 2015), particularly in relation to the fairly complex legal framework,

finance and governance. A typical view is that “it’s the clerk’s responsibility”. Training therefore seems to be a good idea.

I am in favour of the proposal mentioned in the consultation document (but not in the draft Bill) that community councils should be required to consider and plan for the training needs of their own members and employees. I think it is important for community councils to take ownership of their training needs both because this should enhance and maintain their independent abilities, and it should make it more likely that members undertake training. However, at present I doubt that many councils would be well-positioned to identify training needs and gaps, so I do see county councils as having a role, as provided for in section 167, in considering the training needs of community councillors. Furthermore, Welsh Government guidance, as provided for by section 167(2), should help ensure consistency in standards across Wales.

There will no doubt be practical issues arising from ensuring that mandated training is undertaken. I am not sure that the notification procedure in section 170 will be effective, and, as the consultation document notes, there is scope for strained relationships given that the clerk is an employee of the council. However, a requirement for clerks to compile records of training requirements and attendance is sensible, and it would, for example, facilitate audit review of training across community councils if resources and priorities make that appropriate.

Question 6.5: Do you have any comments on our proposal to extend the term of Community Councillors elected in 2017 to six years?

It would seem to be a sensible administrative arrangement to fit around local government reorganisation and to tie into the dates for the new authorities. Note however that many community council members are co-opted rather than elected due to a lack of interest.

Question 6.6: Do you have any comments on our proposal that Community Councils should be required to consider and plan for the training needs of their own members and employees?

As mentioned above, it is important for community councils to take ownership of their training needs as this is more likely to lead them to engage in training. However, at present I am not sure that many councils would be able to identify training needs and gaps.

Question 6.7: Do you have any comments in relation to the setting of objectives for a Community Council clerk?

In many councils, the clerks are left to get on with the job with minimal input from the council. In some cases they run the whole show. Setting and monitoring objectives and performance are therefore important. However, in some the clerks may work closely with the chair or a small group of members to the exclusion of others (see public interest reports on Mawr and Clydach). Therefore in my view, setting and monitoring objectives should be the responsibility of the council as a whole

Question 6.8: Do you have any comments on our proposal to repeal the legislation relating to community polls and to require instead that Local Authorities should implement a system of e-petitions?

PART 7

Question 7.1: Do you have any comments on any of the provisions in Part 7 of the Draft Bill?

Overall, the provisions of Part 7 appear reasonable.

Question 7.2: Do you have any views on whether it would still be desirable to establish a statutory Public Services Staff Commission if it would be more constrained in the matters on which it could issue guidance than a non-statutory Commission?

PART 8

Question 8.1: Do you have any comments on any of the provisions in Part 8 of the Draft Bill or on any of the Schedules?

If the Bill to be introduced includes provisions for Welsh Ministers to make

regulations for combined assessments and for setting the timetable for the exercise of review body functions and sharing of review information (sections 127 and 143 in the current draft, which, as noted in covering letter, are not appropriate), then there should be reference to them in section 182(3), so that such regulations are at least subject to a resolution of the National Assembly.

ADDITIONAL QUESTIONS

Question 9.1: Are you aware of any consequential amendments to legislation that will need to be made?

Question 9.2: Please provide feedback you think would be useful in relation to the supporting documents published alongside the Draft Bill i.e. Draft Explanatory Memorandum (including the Regulatory Impact Assessment) and specific Impact Assessments.

By and large, and taken as a whole, the cost and savings estimates do not seem unreasonable, though it is not possible to be certain about this, as the basis for many figures is not clear (see, for example, estimates of savings from consolidation of office space on page 63 of the Regulatory Impact Assessment, Part 1). While the overall costs and savings seem to me to be somewhat optimistic, this optimism does not seem so great as to undermine the overall picture that the costs should “pay back” in about 4 years, assuming the upper estimates of costs and the lower estimates of savings.

Some individual estimates do, however, seem rather optimistic, such as the lower total for pay harmonisation of £3.5 million (table 15 of page 69 of the Regulatory Impact Assessment, Part 1). This estimate appears to be based on staff in new authorities moving to the weighted averages of salaries in the existing authorities.

With some justification, the costs of transition committees are not included in the assessment for the draft Bill, as these were given coverage in the assessment for the Local Government (Wales) Act 2015 (some £2 million 2016-20). However, to get a complete picture of the re-organisation costs, this cost needs to be kept in view, even though it is not likely to make a material difference to the overall pattern of cost and savings.

The presentation of the Regulatory Impact Assessment is not user-friendly. There is no immediately apparent and explicitly labelled summary of the gross cost of the Bill. It is necessary to turn to page 71 to identify the “preferred option” and then refer back to pages 68 and 69 for summaries of estimated savings and costs. The presentation does not seem tailored to meeting the requirements of Assembly Standing Orders.

One point that is apparent on consideration of the summary cost table on page 69 is that 2019-20 is to be a critical year for local government in terms of

funding requirements. In that year authorities (and their pension funds) will need to find some £60 million to £100 million to fund redundancies, early retirement packages and other costs. The Welsh Government's consideration of this requirement is not clear from the consultation materials.

It is not possible to offer definitive views as to costs shown in Part 2 of the Regulatory Impact Assessment, as it is not apparent quite what lies behind the figures given. There do, however, seem to be indications that the costs are incomplete. For example, pages 83 to 85 of the Regulatory Impact Assessment, Part 2, concerns self-assessments and peer assessments, but costs are only identified for peer assessments (£45,000 to £50,000 a year, which seems low, even on the basis of one assessment in each electoral cycle). It therefore seems that the cost of self-assessments has been omitted.

The RIA refers to various options for Combined Assessments with associated Welsh Government costs. The difference between the two main options appears to be frequency of assessment (biennial or annual), and whether a State of Local Government Report is produced. However it is not clear why the difference in annual cost is so great (circa £181,000 and £55,000).

The RIA also refers to Welsh Government (Inspection Wales) costs. Inspection Wales is an informal partnership group not a formally constituted body. It appears that the costs attributed to Inspection Wales represent a proposal to provide secretariat support, but only such costs. The costs of the activities of Inspection Wales members appear to be omitted.

Question 9.3: We have asked a number of specific questions. If you have any related issues which we have not specifically addresses, please use this space to comment.

There are also some matters raised on page 14 of the consultation document (but not in the draft bill) on which I should welcome engagement at the earliest opportunity:

- a) proposals (including for further legislation) regarding distributing, raising, managing and accounting for the funding of local authorities;
- b) that the Bill for introduction will contain updated accounts and audit provisions;
- c) regulations governing the funding, accounts and audit of shadow authorities—it will be necessary to have sufficient examination of the expenditure of shadow authorities.

Responses to consultations may be made public – on the internet or in a report. If you would prefer your response to be kept anonymous please tick the box:



