

LG 06  
Bil Llywodraeth Leol ac Etholiadau (Cymru)  
Local Government and Elections (Wales) Bill  
Ymateb gan: FSB Cymru  
Response from: FSB Wales

# **FSB Wales response to Welsh Government Consultation**

**Local Government and Elections (Wales) Bill consultation**

**December 2019**



Arbenigwyr mewn Busnes  
Experts in Business

## About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

## Introduction

Given our field of expertise, we will be responding on the following parts of the Bill and consultation:

- Part 2 – General Power of Competence
- Part 3 – Promoting Access to Local Government
- Part 5 – Collaborative Working across councils
- Part 6 – Performance and Governance of Principal Councils
- Part 7 – Mergers and Restructuring of Principal Areas
- Part 8 – Local Government Finance

## Part 2 - General Powers of Competence

The FSB agrees with this provision, as a means to allow Local Authorities to make for more flexible, less cumbersome and potentially more innovative policy. The current arrangements more likely lead to inertia by placing barriers in front of local decision-making.

The restrictions 'in line with similar restrictions placed on councils in England' seem a sensible starting point, but should be kept under review. If Wales' economic and well-being agenda leads to greater policy divergence, we should be prepared to look at again at what powers fall to Local Authorities in future, and whether the restrictions are proportionate to well-being policy and economic development.

FSB hopes that this power will lead to more experimentation and developing new best practice and policy that is better adapted to local needs.

## Part 3 - Promoting Access to Local Government

The Wales Audit Report's recommendations are a useful starting point for public participation, but there should also be a duty to stakeholder mapping of affected communities of place and interest, including SMEs on key decision.

Such meaningful engagement with SMEs should be built into governance arrangements of the Corporate Joint Committees (CJCs), and there should be a clear and explicit economic development duty on these bodies, with similar expectations of principal councils.

It is vital that any forums are representative of their local economies. 99% of Wales' business stock are SMEs employing around two-thirds of the Welsh private sector workforce. Government and civic bodies should therefore be required to have due regard to this fact and establish their engagement bodies to be representative, and to not view talking to 'big business' as the end of the matter, as SMEs face their own set of challenges and issues.



Arbenigwyr mewn Busnes  
Experts in Business

Consultation practices are too often 'tick box' and do not reach further into allowing groups to influence policy and make for better policy. The best examples of Business Improvement Districts have shown the advantages of meaningful engagement under good leadership. Local Authorities should pro-actively engage with businesses in their towns and communities through a properly resourced stakeholder engagement programme. This should complement the requirement for a 'Public Participation Strategy'. This should also form part of their values in the constitution guides, and should be considered in training.

The petition schemes are a good idea, but it is important that they show efficacy, and that there is a clear and transparent route by which they are decided, including communications that explain why a petition has not been taken up.

#### **Part 4 – Local Authority Executives, Members, Officers and Committees**

FSB agree with the need for strengthening the scrutiny process in committees, and that sufficient notice be given for committees to do this before a decision takes place, especially where there is potential for 'significant financial implication'. We would note that the length of notice should also account for gathering evidence from stakeholders affected, such as SMEs.

We agree that there needs to be clarity on roles and responsibilities within the local government, although outreach work and engagement on the councils' values will be more important to this than nomenclature, as it is in engaging with SMEs that businesses will understand the roles.

#### **Part 5 – Collaborative Working by Principal Councils**

There should be a clear and explicit economic development duty for the regional bodies.

The new CJC regional bodies should be given a suite of economic development levers to exercise this duty. Consultation should take place on what levers should be devolved. Welsh Government should consider transferring staff and budgets for economic development to local government in order that they be able to deliver against the duty effectively.

In principle, where a duty is placed on the local government or bodies corporate, they should also be given powers to deliver against that duty.

Regionalisation of planning back-office functions should lead to a meaningful increase in service for SMEs. The Corporate Joint Committees (CJCs) should have meaningful engagement with SMEs built in to their governance arrangements. There is a danger as the process is centralised that members look to a small number of bigger businesses, rather than the stock of SMEs who provide for 99% of business and 2/3 of private sector employment in Wales, and for whom decisions can have a more direct impact as part of the community and building community wealth.

Welsh Government's emerging tax policy provides an opportunity for the re-assessment of the non-domestic rates billing process. At present, non-domestic rates have a notional link to local authority expenditure but are in practice a Wales-wide tax administered by local authorities. FSB Wales believes the expertise established in the Welsh Revenue Authority should be deployed to provide standardised billing formats across the four regions, moving away from 22 individual billing processes.



Arbenigwyr mewn Busnes  
Experts in Business

We do question whether this voluntarist approach – having seen the failed process with previous collaboration agendas and the subsequent failed reorganisation process – will have enough incentives and teeth to provide a meaningful regional governance model, with a strong coordinating centre.

While there are economic imperatives it is to be seen whether there is the political will and buy-in, and there will need to be awareness of the need for changing culture within local government to ensure that local authorities move away from a zero-sum understanding of their work in relation to others.

### **Part 6 – Performance and Governance of Principal Councils**

All Local Authorities should have meaningful engagement with SMEs built in to their governance arrangements.

The CJsCs should be given a statutory duty with regards to Economic Development, and Principal Councils should have due regard to promoting this duty.

Procurement processes should be designed with SMEs in mind, so that the smallest businesses are able to bid for public contracts, with the aim of allowing local businesses to grow and provide for local community wealth and wellbeing outcomes.

We note that the proposed Social Partnership Bill includes a statutory responsibility on local authorities to have a procurement strategy. We believe this could provide a useful policy lever for improving the economic value of procurement to Welsh firms.

To achieve this, local authorities should:

- Publish local spend data broken down by size of business on a recurring annual basis.
- Publish an SME spend strategy to increase local SMEs access to public procurement and the increase access to high value contracts.
- Ensure prompt payment of all business in its supply chains, including self-employed contractors.

### **Part 7 – Mergers and Restructuring of Principal Areas**

If Wales is to function properly as an economic entity then its arrangements for local government and local delivery of services should be coherent and designed for both the Wales that currently exists, and the Wales we wish to achieve. This needs to be coordinated around a long-term strategy on future generations, planning, infrastructure and how local government fits into this process.

For instance, business support is currently delivered through a Wales-wide service Business Wales. While we believe this should be maintained, there is scope for regional additionally to be introduced over and above a Wales-wide minimum. This would allow regions to tailor their support to fit their economic development ambitions. Our understanding is that such a model currently operates in Scotland in response of the contracts for its business support service.

We welcome that mergers will be considered with the emphasis weighted on acceptance, but how effective this is will need to be under review, and there may need to be added incentives in future.

### **Part 8 – Local Government Finance**

**Ff/T** 029 2074 7406  
**E** wales.policy@fsb.org.uk  
**W** fsb.wales

**C/A** 1 Cleeve House,  
Lambourne Crescent,  
Caerdydd, CF14 5GP

**Swyddfa Gofrestredig | Registered Office:**  
National Federation of Self Employed and Small Businesses Limited,  
Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FE

**Cofrestrwyd yn Lloegr Rhif | Registered in England:** 1263540



**Arbenigwyr mewn Busnes**  
**Experts in Business**

Local government finance reforms could include business rates retention, flexibility for regional authorities in relation to rates relief and the standardisation of billing processes across regional entities.

*We hope that this response has been useful, and would welcome any further enquiries. For more information, please contact Dr Llyr ap Gareth on [REDACTED] or our Wales Office at 02920 747 406.*

**Ff/T** 029 2074 7406  
**E** wales.policy@fsb.org.uk  
**W** fsb.wales

**C/A** 1 Cleeve House,  
Lambourne Crescent,  
Caerdydd, CF14 5GP

**Swyddfa Gofrestredig | Registered Office:**  
National Federation of Self Employed and Small Businesses Limited,  
Sir Frank Whittle Way, Blackpool Business Park, Blackpool, FY4 2FE  
**Cofrestrwyd yn Lloegr Rhif | Registered in England:** 1263540