

To: Chair and Members of the County Council

Date: 8 April 2015

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Dear Councillor

I refer to this agenda for the meeting of the **COUNTY COUNCIL** to be held at **10.00 am** on **TUESDAY, 14 APRIL 2015** in **COUNCIL CHAMBER, COUNTY HALL, RUTHIN LL15 1YN** and enclose the following supplemental appendices.

**Agenda Item  
No**

**8 WELSH GOVERNMENT WHITE PAPER - REFORMING LOCAL GOVERNMENT: POWER TO LOCAL PEOPLE (Pages 3 - 174)**

To consider a report by the Head of Legal, HR and Democratic Services to seek Council's approval of a draft consultation response to the Paper to be submitted on behalf of the Council before the deadline of 28 April, 2015.

Yours sincerely

G Williams  
Head of Legal and Democratic Services

**MEMBERSHIP**

**Councillors**

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Brian Blakeley  
Joan Butterfield  
Jeanette Chamberlain-Jones  
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Devolution,  
Democracy and  
Delivery

# White Paper Reforming Local Government: Power to Local People

Date of issue: 3 February 2015  
Responses by: 23:59 on 28 April 2015

**Overview**

The White Paper 'Reforming Local Government: Power to Local People' is the Welsh Government's statement of intent about the future of Local Government in Wales.

The White Paper sets out the Welsh Government's proposals for reform in the following fields: local democracy, the roles and remuneration of Elected Members and senior officers, community governance and Community Councils, community rights, corporate improvement, service performance, scrutiny, audit, inspection and regulation, and finance.

**How to respond**

This consultation covers a large number of matters. Many are of interest to the general public but some are technical in nature and may only be of interest to Local Authorities. We have designed a web-based consultation survey to make collecting and analysing responses easier. It can be found at:

<http://wales.gov.uk/consultations/localgovernment/power-to-local-people/?lang=en>

You may choose to address all the issues raised by this White Paper or to complete a shorter version of the survey which focuses on the main matters of public interest. You will be able to choose your preferred option when you start the survey. A Word version is also available but we strongly encourage respondents to use the online survey.

To respond to the consultation, please either complete the online form or request the accompanying questionnaire and return it either by email [RLGProgramme@Wales.gsi.gov.uk](mailto:RLGProgramme@Wales.gsi.gov.uk)

or by post to

Reforming Local Government  
Welsh Government  
Cathays Park  
Cardiff  
CF10 3NQ

**Related documents**

This document is also available in a shorter, plain English version and a youth friendly version on the Welsh Government website. Large print, Braille and alternative language versions of this document are available on request.

## Data protection

### How the views and information you give us will be used

Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about. It may also be seen by other Welsh Government staff to help them plan future consultations.

The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.

Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.



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## Ministerial Foreword – Our Vision for Local Government in Wales



If you visit the Gwent Archives at their magnificent new facility in the General Offices of the former steelworks in Ebbw Vale, you can read the minutes of the Tredegar Workmen's Medical Aid Society where Councillor Aneurin Bevan and his colleagues sought to put in place co-operative health solutions for their local community. These records are a reminder that at its best, Local Government in Wales has always had an activist nature, engaging co-operatively with local communities to find collective solutions.

We want all our Councils to be activist Councils, engaged in delivering modern, accessible, high quality public services with their communities. As we have developed our plans, we have looked at the best international experience, and drawn on the experiences of the co-operative councils movement in the UK. But we should never forget that Wales has always pioneered co-operative models, both in Aneurin Bevan's time and today. In 11 Local Authorities in Wales, tenants voted for community mutual or social enterprise solutions for the management of their social housing. The Social Services and Well-being (Wales) Act 2014 legislates for the creation of co-operative and mutual models in social care.

In this White Paper, we set out the terms of a new deal for Local Government in Wales. More than 15 years after the establishment of the National Assembly, it is time to recast the relationship between National and Local Government in Wales. Our new deal for Local Government, based on a smaller number of stronger Councils, will result in National Government in Wales setting a small number of clear national priorities, following the passage of the Well-being of Future Generations (Wales) Bill, enabling Local Government to determine with local people the bulk of local priorities.

We recognise that Local Government in Wales is currently under severe pressure as a result of UK Government austerity policies and rising demand for services. This is not an easy time for anyone in Local Government, whether they are Councillors or Council workers. It is therefore critical that we allow Local Government to focus on key priorities and learn from the best practice – tried and trusted as well as innovative – in improving the delivery of services across Wales.

Meanwhile, we must ensure local Councils are wholly representative of local communities. We need a far more diverse range of Councillors. There is a direct challenge to the leadership of Local Government to ensure this. Local Councils that reflect local communities are more likely to achieve the trust of those communities when difficult decisions have to be taken by local leadership. We should be making it easier for new people to enter Local Government at Town or Community and Principal Council level. We must ensure the system of allowances for Councillors does not mean that Cabinet Members and those with senior responsibility payments simply become another part of the paid bureaucracy. We should be seeking to reduce the cost of politics and management in Local Government.



At a time when public service organisations all around the world are learning that the old ways of doing things are not sufficient for the future, Wales has the opportunity to leap beyond others if our minds are open to the possibility. If we want to reshape our public services, and reshape our localities, then we need to see strong, adaptive leadership across all our public services, including Local Government.

We are ambitious for Local Government in Wales, and for our local communities. This White Paper sets out our vision for Local Government in Wales, and explains how we will take these proposals forward.

A handwritten signature in black ink that reads "Leighton Andrews". The signature is written in a cursive, flowing style.

**Leighton Andrews AM**  
**Minister for Public Services**



## 1. Power to Local People

This Chapter sets out the history and development of Local Government in Wales. This is the context for our vision of more inclusive and accountable Local Government which shares power and responsibility with the communities it serves. It reminds us that this is nothing new. There is a long history of community activism in Wales which the Welsh Government has consistently promoted and supported since 1999. While Local Government structural reform is necessary, it is not sufficient. 21st Century Local Government in Wales will require a new kind of political leadership which is not institutionalised as part of Local Authority bureaucracy, and democratic representation which is a more balanced reflection of the diversity of our communities.

Finally, this chapter gives a brief overview of the content of the remaining Chapters in this White Paper.

### 1.1 Introduction

Modern Local Government in Wales came into being at the end of the 19th Century, the culmination of a series of great Victorian reforms designed to bring order to ‘a chaos as regards authorities, a chaos as regards rates, and a chaos as regards areas’.<sup>1</sup>

The 1888 Local Government Act created County Councils in the ‘historic’ counties of Wales, formerly established by Henry VIII. The new Councils, elected by a new and extended franchise, brought the administrative powers of the Justices of the Peace, such as maintaining roads and bridges, jails, lunatic asylums and licensing, funded by levying county rates, under democratic control. The Police became the responsibility of joint committees of the Justices of the Peace and the new Councils.

Six years later, the 1894 Local Government Act created rural and urban District Councils which took on the powers of the sanitary boards and the Improvement Commissioners, including water supply, sewerage, street cleaning, paving, and providing markets and cemeteries. The Act also established civil Parish Councils which continued to provide relief for the poor through the Poor Law Unions but now under democratic oversight of Poor Law Guardians made up of Elected Members from the new District Councils. Together, these two acts set the foundations for modern Local Government in Wales.

Over the next 30 years, the County Councils took on more responsibilities, for secondary education in 1889, elementary education in 1902, and maternity and children’s services in 1918. District Councils expanded their operations in utilities and became major owners of local electricity, gas and water supply companies.

The first significant reform of the two tiers of Local Government came in 1929. The role of the County Councils was strengthened at the expense of the Districts. The Poor Law Unions and

<sup>1</sup> George Goschen, President of the Local Government Board, 1871, quoted in *British local government reform: the nineteenth century and after*, J.P.D. Dunbabin, *The English Historical Review*, Vol.92, No. 365

Guardians were abolished and the Counties were given responsibility for public assistance, infirmaries, hospitals and workhouses, along with all highways. They were also tasked with reforming the lower tiers of government, which led to a number of District Councils being abolished and many parishes merged.

The next 15 years were the most expansive for Local Government in Wales. The County and District Councils between them looked after the roads and pavements, they gave welfare to the poor and basic social services, they built municipal hospitals and schools and ran the education system, they provided vaccinations and maternity services, many provided gas and electricity through their own companies, they were responsible for water, sewerage and sanitation, and they regulated public protection, businesses and planning.

Following the War, nationalisation of key infrastructure and industries, combined with an increasing focus on achieving social equity sparked a wave of reforms, as part of which Local Government lost most of its responsibilities for health, social security and utilities. Nationalisation of electricity in 1947 transferred over 50 Local Authority supply companies in Wales to the new Electricity Boards. The following year all Local Authority owned gas companies in Wales were taken over by the Wales Gas Board, although Local Authority water supply companies would not be nationalised until 1973.

The creation of the National Health Service in 1948 transferred all municipal hospitals into the new NHS, although many community health services remained with Local Government until 1974. The setting up of a system of National Assistance in 1948 finally did away with the Poor Law of 1601. Principal Local Authorities lost their role in poor relief but gained responsibility for housing the vulnerable and new powers to help disabled people. It also transferred responsibility for people with mental health conditions to the new NHS.

As a result of these major changes to the functions of Local Government, by the early 1950s there was a growing consensus that further reform was needed. The Local Government map no longer reflected the urbanised population of the second half of the century. There were concerns with the inefficiency of small authorities, especially the rural Districts, but also municipal Boroughs which were seen to be inadequate for the growing towns and cities they served. This resulted in the setting up of a Local Government Commission for Wales in 1958. The Commission first reported in 1963 but was dissolved in 1967 with none of its recommendations implemented.

Reform was finally achieved through the Local Government Act 1972. This Act created a two-tier system in Wales of eight Counties and 37 Districts with a division of functions between them. Broadly speaking, the Counties were responsible for the major services such as education, social services, transport, roads and fire services, and the Districts for environmental health, refuse collection, housing, licensing, local planning and rate collection. Water and sewerage were placed in the hands of regional Water Boards. Policing had been reformed in the late 1960s with the creation of four constabularies in Wales but these remained under the supervision of Police Authorities comprising two-thirds Elected Members from the Counties and Districts until they too were abolished by the creation of directly elected Police and Crime Commissioners in 2012. The 1972 Act also abolished the Parish Councils in Wales and created Community Councils.

The 1980s marked a period of increasing National Government control of Local Government. The introduction of the block grant and rate capping were used to control Local Government expenditure and many services previously provided by Councils were outsourced through

compulsory competitive tendering. Council tenants gained a right to buy their properties at a discounted rate under the Housing Act 1980. This led to a wholesale reduction in public sector housing, damaging the ability of Councils to maintain their remaining stock. There was an attempt to reform Local Government finance with the introduction of the Community Charge in 1989/90, but in the face of massive public hostility this was replaced by Council Tax in 1993.

However, the two-tier system of Counties and Districts established in 1974, with frictions between the tiers, was soon regarded as a compromise solution that could not last. The Local Government (Wales) Act 1994 replaced them with a single tier of 22 unitary bodies known as Principal Councils.<sup>2</sup> The Act also removed the administration of the fire services from individual Local Authorities by creating three combined Fire and Rescue Authorities.

The Government of Wales Act 1998 created the National Assembly for Wales and enshrined a formal structural relationship between the new Government of Wales and Local Government in the form of the Partnership Council for Wales and the Local Government Scheme. Following devolution, the relationship between National and Local Government has grown organically in some respects but, despite the further devolution of powers and responsibilities to the Welsh Government, its formal relationship with Local Government is still set out as at Day 1 of devolution in 1999.

Since devolution, Local Government reforms have focused primarily on performance, that is, service and financial efficiency. The role of the Audit, Inspection and Regulation agencies increased through initiatives such as Best Value and the Wales Programme for Improvement. The Local Government Act 2000 brought in further reforms aimed at the internal organisation of Local Authorities which, in many respects, had not changed much over the preceding century. These reforms were designed to change Councils' traditional administration role into one of corporate management, to streamline decision-making in Local Authorities through the creation, ultimately, of an executive decision-making Cabinet held to account by committees of backbench Members. The 2000 Act also included provisions which recognised the community leadership role of Local Authorities and loosened some of the legal constraints on them by giving them the power to do almost anything which promoted the economic, social and environmental well-being of their areas.

In Wales, a number of Assembly Measures and Acts have put in place an improvement regime overseen by the Auditor General for Wales, simplified the process for making byelaws, and made provisions for strengthening local democracy and transparency. Other reforms have addressed the performance of major Local Government services. Significant reforms in education are aimed at transforming services which have too often failed Welsh children, while major legislation in the field of social services is aimed at safeguarding children and preparing these services for a rapidly ageing population.

More recently, attention has turned forcefully to the issue of how local democracy works in Wales. It is abundantly clear that those sitting in Council chambers across Wales do not adequately reflect the communities they serve. Diversity is not a marginal issue. It is critical for the business of Local Government and the keystone of effective democracy. While some Councils have made progress on actively giving communities and their own workforce a voice in decisions which affect them, many continue to approach this in a piecemeal way. This fails

<sup>2</sup> The terms 'Principal Councils' and 'Principal Local Authorities' refer to the 22 County or County Borough Councils. They do not include Fire and Rescue Authorities, National Parks Authorities or Town and Community Councils.

to recognise the role of Local Authorities as agents for change and the power of people to add hugely to the value of Local Government through social enterprise, community entrepreneurship and local leadership.

The aim of our current Local Government reforms, therefore, is to ensure Local Authorities fully embrace their role as community leaders, activists and agents of change, the makers and shapers of the places they serve, and to ensure they improve delivery and create better outcomes for their communities. The people of Wales deserve to be served by organisations fit for the 21st Century. The Welsh Government believes this can only be achieved by a radical reshaping of local democracy in Wales.

## 1.2 Democracy and Delivery

A recurring theme throughout the history of Local Government is the conviction that there is a tension between the competing demands of democracy and delivery: that democracy is most healthy when it takes place in a small area, and service delivery performs best when it is subject to economies of scale. This is a tired argument. Turnout at national elections is consistently higher than for Local Government elections and the greatest number of uncontested seats is in Community Council elections. And while economies of scale can certainly increase efficiency and value for money, effective services, especially preventative services, are often those which are more personalised and tailored.

The major reforms of Local Government in 1929, the late 1940s, 1974, 1996 and 2000 have all been turning points, requiring the renewal of Local Government in response to powerful external forces – changing demographics, rising social expectations and new technology. To these external forces, which continue to apply today, the acute financial challenges we now face add a new challenge for Local Government in Wales.

Local Government funding in Wales has fared as well as could be expected for most of the period of austerity. A three-year settlement in 2008-09 gave Local Authorities relative protection from subsequent cuts to the Welsh Government's budget in the latter part of the spending review period. The Welsh Government then protected Local Authorities from the worst of austerity between 2011-12 and 2013-14, whilst Councils in England suffered significant cuts. As the Welsh Local Government Association (WLGA) put it in *In Defence of Localism*, "it is fair to say that local government in Wales has received better revenue settlements than elsewhere during this period".

This protection gave Local Authorities in Wales the opportunity to renew themselves, to transform the way they worked, their relationship with partner organisations and the public and the way they delivered services. Many did not seize this opportunity. Therefore, leadership has not risen to the challenge, collaboration has stuttered, and parochial interests have prevailed. Transformation requires Local Authority leadership to ensure the focus at the centre of the Authority is on excellence in performance and change management, and service centres whose focus is innovation in design and delivery. Therefore, we have excellent service delivery blunted by lacklustre corporate centres, and excellent corporate centres undermined by conservative service delivery.

Structural change is necessary. The Commission on Public Service Governance and Delivery made the case compellingly that smaller Councils simply do not have the resilience, expertise or leadership capable of transforming their organisations or supporting their communities in a complex, changing world. The Welsh Government has accepted this case and will legislate

to bring it about. Fewer, larger Councils are necessary to strengthen democracy and delivery. However, we agree that to focus only on structure is to miss the point.

Local Government in Wales faces challenges of finance, culture and leadership. The democratic challenge is about Council chambers which reflect the diversity of the communities they serve, which are responsive to the community's needs and which see building social capital, in terms of community empowerment and resilience, as their core purpose. The delivery challenge is for Elected Members to assert accountability, challenge complacency and drive out mediocrity. This White Paper makes proposals which are intended to improve both democracy and delivery. It is the Welsh Government's role to put the best possible policy and regulatory framework in place and this is what we will do. However, in the end, it is the quality of leadership at all levels in Local Government which will make the real difference.

We expect that implementing the reforms we propose in this White Paper will deliver new purpose for, and greater innovation in, the design of Local Authorities in Wales. They will set out the role of Local Government in Wales for the next generation and, for those working in Local Authorities or aspiring to be Councillors, will create a framework where flexibility, innovation and opportunity are integral to serving communities and creating a relationship with them which is meaningful and respectful.

The history of the development of Local Government and, indeed, of Local Government legislation, predominantly concerns specific service delivery matters. This has led inevitably to corporate structures based on service silos which are now a relic of the past. These proposed reforms are intended to refocus our Councils on their place-shaping role. To do this, they need visionary leadership supported by adaptive and strategic corporate capability which is prepared, first and foremost, to embrace the challenge of change.

In the future, there will be much greater diversity in delivery through mutuals, in-sourcing, joint commissioning and community ownership. Managing this complex environment will require a different approach to local governance. This is not a licence or an encouragement for Local Authorities to wash their hands of some services, or not to care about some aspects of well-being in their area. Quite the opposite.

The purpose of our proposed reforms is to move decisions closer to the people of Wales in their local communities, to empower local people to secure better services, and to strengthen community engagement in decision-taking. At a time of austerity, Councils will need to engage more closely with local communities to identify shared purpose and shared expectations of what is feasible in service delivery.

### 1.3 Legislating for Change

In the previous White Paper, *Reforming Local Government*,<sup>3</sup> we set out our intention to bring forward two pieces of legislation. The first is the Local Government (Wales) Bill to allow for certain preparatory work to enable a programme of Local Government mergers and reform. This was introduced into the National Assembly on 26 January 2015. The second Bill will be published as a Draft Bill for consultation in the Autumn of 2015 and introduced into the Assembly in 2016, after the Assembly elections. The second Bill, based on the proposals in this White Paper, would complete the programme of Local Authority mergers and establish a

statutory Public Services Staff Commission. It will also contain a new and reformed legislative framework for Local Authority democracy, accountability, performance and finance.

In the longer term, there is a need for a more fundamental review of the funding of Local Government and it is likely separate legislation will be required to deal with these matters.

We asked preliminary questions on these issues in *Reforming Local Government* and we have listened to and considered your views. It is these elements which we turn our attention to in more detail in this White Paper, under the following headings.

#### 1.4 Balancing the Responsibilities of National and Local Government

We discuss the relationship between the different spheres of government in Wales and how this has developed since devolution in 1999. We clarify the role of the Welsh Government as setting standards and defining a limited number of national expectations. We establish that the Well-being of Future Generations (Wales) Bill sets a framework for the whole public service in Wales. We examine the role of Local Government as an agent of change in their locality, in their relationship with other public services and at the regional level, particularly city regions.

We set out our intention to legislate to complete the programme of Local Authority mergers. We intend to give a general power of competence to Local Authorities, and a power to ensure consistent provision of Community Councils or other democratic models of neighbourhood participation.

We are seeking views on whether the constitutions of Local Authorities could do more to articulate their values and relationship with local people.

We are also seeking views on whether there is a case, in the longer term, for undertaking a fundamental review of the body of Local Government legislation with a view to simplification, ensuring that it supports agile and activist 21st Century organisations.

#### 1.5 Renewing Democracy

For Local Government to operate effectively, there needs to be clarity about roles and responsibilities. Elected Members should closely reflect the diversity of voices and aspirations in the communities they represent.

We propose to set out in legislation the roles and responsibilities of the Leader, Cabinet Members, Elected Members and the Chief Executive. We will take further action to increase the diversity of Councillors. We will take action to reduce the cost of politics and management in Local Government and to bring more consistency to the appointment and remuneration of senior officers.

We are seeking views on whether the way we pay Elected Members at present is still appropriate, whether the number of terms an Elected Member may serve should be limited, and whether there should be a right of recall. We are seeking views on whether the restrictions which prevent some Local Authority officers from standing for election should be relaxed. Finally, we are seeking views on whether Local Government elections should continue to occur every four years or whether we should consider alternatives.



## 1.6 Connecting with Communities

At the heart of our vision for Local Government in Wales is a new relationship with local communities. We propose to achieve this by giving Elected Members a leadership role at the head of Area Boards within their Local Authorities, in order to ensure the new, larger Authorities are closer to their communities.

As part of this, we need to raise the ambition of Community Councils so they are better placed to deliver important community services in the future. This means building their capacity and capability, as well as strengthening their governance and their engagement with other services and the third sector. We propose to give a power to Local Authorities to review Community Councils in order to achieve these objectives, and to complete these reviews by 2022.

## 1.7 Power to Local Communities

In order to realise our ambition of Local Authorities which actively share power and responsibility, we will set out the role we see for mutualism, co-operation and shared ownership in the transformation of public services. We set out the way in which communities can engage with Local Authorities in joint endeavour and how people can protect land and property of community value for the future. We intend to achieve this by giving community bodies a number of rights which they can exercise in relation to services and assets.

## 1.8 Corporate Governance and Improvement

We believe visionary and focused leadership is the most important factor in ensuring Local Authorities are able to provide sustainable outcomes for local areas. To achieve this, Councillors must be supported by a capable, adaptive and strategic management team. We discuss how Local Authorities might be best supported to improve their leadership capacity and capability.

We propose the following changes:

- strengthening the role of Local Authority Audit Committees;
- repealing Part 1 of the Local Government (Wales) Measure 2009;
- introducing a system of annual self-assessment, complemented by biennial peer-review, to support Local Authorities in improving their corporate capability and capacity; and
- giving Welsh Ministers powers to commission independent reviews of Local Authority corporate capability and capacity, and, dependent on the findings, to take action to support change and improvement.

We also ask for views on whether there are any elements of the 2009 Measure which should be restated within the new arrangements, and whether they can be strengthened.

## 1.9 Performance in Local Government

We discuss the management and improvement of service delivery in Local Authorities. Key to this is effective corporate planning to inform decisions and policy development. We consider the importance of management information and data in service planning, performance management and assessment by Scrutiny Committees, the public, external review bodies and other stakeholders.

We propose the following changes:

- A statutory requirement for all Local Authorities to produce and publish a corporate plan which covers the short, medium and long term. This will be complemented by a requirement for the Local Authority to produce an Annual Report setting out its performance over the preceding year. The corporate plan and Annual Report will incorporate the Authority's well-being objectives, as intended by the Well-being of Future Generations (Wales) Bill.
- The creation of a single online information portal where comparable information will be published regarding the performance of all Local Authorities, as well as other key documents such as the corporate plan, self-assessment, peer review and inspection reports.
- A statutory requirement for all Local Authorities to have an online (and offline) complaints process. We will require Local Authorities to publish information (where appropriate) on complaints, including how complaints have been considered and action taken.

### 1.10 Strengthening the Role of Review

We will discuss the role of scrutiny by Elected Members (internal review) and audit, inspection and regulation bodies (external review) in supporting Local Authorities to deliver better outcomes for local areas. We do not believe internal and external review processes work together well enough. We discuss how we will strengthen internal review to ensure it has more impact on Local Authority decision-making. We also discuss the benefits of sharing information between the different external review bodies and with internal reviews.

We propose the following changes:

- Requiring Local Authorities to set out regularly 'key decisions' they will be considering so as to enable internal review to be planned more effectively.
- Strengthening Scrutiny Committees' forward planning by requiring them to make reference to 'key decisions' and corporate plans, as well as setting out what they intend to scrutinise and who they will engage with in doing so.
- Requiring external review bodies to share information with each other and with local Scrutiny Committees.
- Requiring external review bodies to coordinate their work in respect of Local Authorities and produce a combined assessment of each Local Authority every two years.
- Requiring external review bodies to produce a joint annual assessment of the state of Local Government in Wales.

We also ask for views on whether we should take further steps to protect the independence of the Democratic Services functions and the support they provide for Elected Members' scrutiny responsibilities.

### 1.11 Reforming Local Government Finance

We set out how the funding of Local Government will need to change to support the reforms outlined elsewhere in this paper and to provide a more effective framework for funding

authorities. We also discuss the need for clearer financial governance and accounting arrangements and how these may be simplified in the future.

We propose a phased approach to developing a Local Government finance system fit for the new Authorities, which in the shorter-term will include the necessary changes to effect mergers and the reforms proposed in this paper.

In the longer-term, we intend to consult on and bring forward further legislation to effect more fundamental changes to the Local Government finance system. The longer-term approach will enable us to design a system which takes account of wider changes to the powers and fiscal responsibilities of the National Assembly for Wales and allows Local Authorities to raise more of their finance themselves.

### 1.12 Conclusion

This is a significant programme of Local Government reform which is justified by the magnitude of the financial, social and technological change we are currently facing. It is the beginning of a new era in the history of Local Government in Wales.

Our proposed legislation will support and enable, but Local Authorities will need to act for themselves and work with communities and the Welsh Government to begin the process of reform now. This is our opportunity together to create new Local Authorities with a philosophy and purpose fit for the 21st Century. We believe this is best achieved in partnership with Local Government and the people of Wales.

## 2. Balancing the Responsibilities of National and Local Government

This Chapter discusses the relationship between the different spheres of government in Wales and how this has developed since devolution in 1999. We clarify the role of the Welsh Government as setting standards and defining a limited number of national expectations. We establish that the Well-being of Future Generations (Wales) Bill sets a framework for the whole public service in Wales. We examine the role of Local Government as an agent of change in their locality, in their relationship with other public services and at the regional level, particularly city regions.

We set out our intention to legislate to complete the programme of Local Authority mergers and discontinue the use of the name 'County Borough'. We intend to give a general power of competence to Local Authorities, and a power to ensure consistent provision of Community Councils or other democratic models of neighbourhood participation.

We are seeking views on whether the constitutions of Local Authorities could do more to articulate their values and relationship with local people.

We are also seeking views on whether there is a case, in the longer term, for undertaking a fundamental review of the body of Local Government legislation with a view to simplification, ensuring it supports agile and activist 21st Century organisations.

### 2.1 Introduction

If Local Government in Wales is to deal with the challenges of this generation and the next, we believe reform is needed in every aspect of its operation. Delivering this transformation begins with clarifying the role of Local Government as part of the system of government in Wales, and its relationship with Welsh Government within an evolving devolution settlement.

At the heart of this relationship, as in all countries with local and national governments, is the extent to which Local Government makes its own decisions and is accountable to local people, and the extent to which it is exercising responsibilities on behalf of National Government and so subject to oversight. In terms of Local Government, improvement and reform should be based on both a pull from the public as much as a push from National Government.

The Welsh Government sets national policy and strategic direction for key services such as education, social services, waste and planning. It does this because in these important areas, people and families across Wales are entitled to the same high standards of service wherever they live. For these services, the people of Wales rightly expect the Welsh Government to set standards and monitor performance. Where these standards are not met, Local Government must be held to account and the public expect the Welsh Ministers to intervene to put things right, and to do so swiftly and decisively (see 6.6 below).

The same is true of the way Local Government makes decisions to spend public money and the way it runs its affairs. In the first instance, it is the responsibility of local Councillors and

their officers to ensure their Council is run with integrity, honesty, fairness and transparency. In general, this happens across Wales. Where this is not the case, the remedy will often be through the courts but in some circumstances, the Welsh Ministers will have a duty to intervene on behalf of local people to protect their interests and restore trust in local democracy.

In other areas, however, people want much more choice about their local priorities. What's right for Anglesey may not be right for Pembrokeshire. And what's right for the people of Milford Haven may not be right for the people of Crymych. In these circumstances, Local Government must be accountable to local people for the decisions it makes and local people must be empowered to make this happen. This principle of subsidiarity extends to the responsibility of Local Government to ensure the efficient and effective provision of community government (see 4.8 below).

## 2.2 Local Government and Devolution

Both National and Local Government in Wales have a responsibility to provide the leadership necessary to serve the people of Wales well in a constantly changing political, legal and constitutional environment.

Prior to the establishment of the National Assembly in 1999, Wales was represented in the UK Government Cabinet by a single Secretary of State in the Welsh Office. From the inception of the Assembly, there was a much closer relationship between the Welsh Ministers and Local Government leaders.<sup>4</sup> Today, most Ministers in the Welsh Government have portfolio responsibilities which bear on Local Government.

The Government of Wales Act 1998 recognised that, because of the nature of the devolution settlement at the time, the Assembly and Local Government would need to work in partnership. It achieved this by creating a statutory Partnership Council for Wales made up of Assembly and Local Government Elected Members, and a Local Government Scheme, in which the Assembly must set out how it proposes to sustain and promote Local Government in Wales. In due course, these became responsibilities of the Welsh Ministers.<sup>5</sup>

This partnership approach has been acknowledged in other ways too. Recognising the potential for confusion over lines of responsibility between the Assembly and Local Government, a number of policy statements and agreements were concluded over the years: *Freedom and Responsibility in Local Government (2002)*, *A Shared Responsibility (2007)* and *A Compact for Change (2011)*.

Performance management is central to this relationship: *"The way in which local government performance is defined, assessed and reported goes to the heart of central-local relations"*.<sup>6</sup> Therefore, since the first Assembly, Welsh Government and Local Government have worked together to develop an approach to Local Government performance and improvement management which currently includes the Local Government (Wales) Measure 2009 and grant incentivised Outcome Agreements.

4 *A new partnership? The National Assembly for Wales and Local Government*, Laffin, Taylor and Thomas, Joseph Rowntree Foundation, 2002

5 For further information on the Partnership Council, including membership and papers, see <http://wales.gov.uk/topics/localgovernment/partnership/pcfww/?lang=en>

6 *Learning to Improve: An Independent Assessment of the Welsh Government's Policies for Local Government, 2007-2011*, Cardiff Business School, Welsh Government Social Research, 2013 <http://wales.gov.uk/statistics-and-research/7945310/?lang=en>

Responsibility for effective performance and delivery rests squarely with Local Authorities, as does responsibility for service or corporate failure. Too often, neither the Executive, senior management nor scrutiny have addressed problems before they have become failures identified through audit or inspection. This has led to interventions directed by the Welsh Ministers. While it is difficult to see that the public would accept anything less in extreme circumstances, intervention as a consequence of audit and inspection should be the last line of defence, not the first. The root of the matter is the failure of local leadership to put in place effective governance, improvement and performance controls. Chapters 6 to 8 below set out our proposals for strengthening performance and improvement management in Local Government.

As the governance of Wales continues to develop and mature, and with further devolution of powers to the Assembly in the pipeline, it is time to rethink relations between National and Local Government. We are in a very different position from 1999.

### 2.3 Present Role of Local Government

We set out in Chapter 1 how the responsibilities of Local Government have changed over the years. Access to health services, welfare, standards of education or supply of clean water were once considered purely local matters. This is no longer the case. They are matters of national interest and in some cases are best now delivered by national or regional organisations. The question of what is best delivered locally, regionally or nationally will change over time, as society changes, as expectations change and as technology transforms the way we live our lives.

Today, Local Authorities exercise a range of powers to improve well-being in their areas. For example:

- **Mandatory powers:** the things Local Government must do, such as education, social services, safeguarding children, waste collection and disposal, housing, development planning, library services, environment and local transport.
- **Discretionary powers:** these are things Local Government may do, such as promoting economic development, the arts, culture, leisure, sports and tourism.
- **Regulatory powers:** this is how Local Government protects the public through services such as trading standards, environmental health, and the licensing of alcohol sales and consumption, taxis and other activities.

The responsibilities of Local Government are laid out in statute but they are not fixed. Rather, they are fluid, they can and do change over time. It is reasonable and necessary to ask from time to time whether some of these services may be better delivered in a different way. In education, for example, the needs of each individual child are unique, but the educational entitlements of children in Flintshire and Monmouthshire are not. Education must be delivered locally, in schools staffed with local teachers, but there is less reason to presume educational services should not be commissioned regionally or nationally. The same could be said for other services, such as social services or waste.

No vision for the future of Local Government in Wales can be reduced to a single set of responsibilities or a simple supposed autonomy. The single most important factor for Local Government in Wales to be successful in the next generation is the quality of leadership. Legislation is not the solution for securing quality leadership, but we can legislate to ensure the Leaders of Local Authorities have every opportunity to exercise their leadership effectively, and to ensure effective support is available to enable them to develop and grow as leaders.

## 2.4 Working Together

Over recent years, there has been increasing recognition that if we are to tailor services around individuals, public service providers need to work together and with providers from other services and the third sector, breaking down unnecessary barriers, and breaking out of traditional silos. The ‘Team around the Family’ is one such example. This model brings a wide range of professionals together to work with a family in order to help it address the breadth of challenges it is facing. The focus is on working with the family as a whole; parents, carers and the wider family play a central role in the whole process. We need to bring this style of approach to different services to ensure organisations work together to meet people’s needs.

The Well-being of Future Generations (Wales) Bill seeks to address this by requiring public bodies to take into account the need to take an integrated approach and to work collaboratively in order to find shared solutions for people and communities. Local Government exercises many powers but often it must do so in partnership. This is essential as we focus increasingly on working with people before they find themselves in difficulty or crisis, or before their health has deteriorated seriously as the way to improve people’s lives, prevent harm and reduce unnecessary demand for costly services.

The main public services currently come together through the Local Service Board, under the leadership of the Local Authority, to develop a single integrated plan for their area. This enables partners to agree their common objectives, in other words, their strategic priorities for tackling inequality and improving well-being in the area. This is crucially important to make sure everybody is pulling in the same direction and understands what their role is.

On a day to day basis, however, the responsibilities for working together fall to managers and front-line staff. Looking after our ageing population means Local Government and the NHS working together as one team. Making our communities safe places to live can only happen if Local Government, the Police and others work closely together on issues such as anti-social behaviour, safeguarding children, preventing young people from going missing, traffic control, and managing town centres during major events and festivals. Since major services are often provided by third sector bodies, they too need their place at the table.

Public services also need to work together behind the scenes, to make services more cost effective, for example, by coming together to share their purchasing powers through the National Procurement Service, so the goods and services they all use can be bought at the best price – such as ICT, vehicles, energy, construction and professional services. Coordination of delivery is improving but there is still a long way to go. The Well-being of Future Generations (Wales) Bill will put Public Services Boards and local well-being planning on a statutory footing. Other Acts of the Assembly, such as the Social Services and Well-being (Wales) Act 2014, put specific requirements on Local Government to work with partners to deliver services for particular groups.

This will build upon and strengthen work which is already underway – such as that being led by the Minister for Economy, Science and Transport to develop further the opportunities which can be gained from working with and across Local Authorities to coordinate work on economic development and provide a better service to business.

Working in partnership is hard. It requires trust between leaders, managers and front-line staff in different organisations. People need to develop new skills and to understand service users’ needs, and those of their families or carers, in great detail. There are practical issues around

sharing information, making systems talk together and finding effective ways to refer people between organisations seamlessly. There are management challenges when staff from different organisations are located together in the same place. There are governance and financial issues because working together challenges the way we manage public money, for instance when action by one organisation reduces the costs to another. It requires new ways of holding public services to account through democratic scrutiny, not just for what each organisation has done, but how they have acted together in the best interests of the public.

Local Government plays a central role in this landscape. Its democratic legitimacy and place-shaping role give Local Government the leadership authority to convene partners, broker relationships and solve problems.

## 2.5 Regional Working and City Regions

In addition to working with other services within a local area, Local Government must increasingly provide leadership and exercise powers beyond individual Local Authority boundaries, as a regional agent of change.

This regional working is already happening in the commissioning of both front-line and back office services, such as social services, adoption and fostering services, services for reducing youth offending and substance misuse, services for missing children, highways, legal and professional services. The Welsh Government expects this trend to continue, with some shared services being commissioned nationally or regionally for the whole of the public sector, where this makes financial sense, and this could also include the development of virtual shared services and virtual back-offices. In section 8.6 we discuss accountability arrangements for regional collaboration.

Following the Hill Review<sup>7</sup> on the future structure of education services in Wales, the Welsh Government developed and agreed a national model for regional working. This has led to education school improvement services being delivered on a regional basis via four consortia rather than 22 individual local authorities. We expect this to lead to improved capability and capacity at senior level and produce savings to be directed to the front-line or directed to supporting education activities.

The regional role of Local Government is of particular importance in the context of the Welsh Government's city regions approach.

Urban development and the growth of cities is the most significant feature of the global economy in our generation. Since 1950, the population of urban areas has grown more than five times, from 746 million to 3.9 billion.<sup>8</sup> 54% of the world population now lives in urban areas, a proportion which is expected to reach 66% by 2050. Meanwhile, the growth of the rural population is expected to decline after 2020.

There is growing evidence that investing in the largest cities, such as London, at the expense of second cities, including those in Wales, results in reduced economic performance overall

<sup>7</sup> Review of Future Delivery of Education Services in Wales, Welsh Government, 2013

<http://wales.gov.uk/topics/educationandskills/publications/guidance/futuredelivery/?lang=en>

<sup>8</sup> World Urbanization Prospects, 2014 Revision, UN Department of Economic and Social Affairs <http://esa.un.org/unpd/wup/>



and exacerbates regional inequalities, especially at times of economic downturn.<sup>9</sup> The ‘core cities’ group<sup>10</sup> in the UK includes Cardiff. These ‘core cities’ are centres for regional economic prosperity, with their surrounding region dependent on them but also providing them with a mobile workforce and an attractive hinterland. They all feature high levels of deprivation, either within the cities themselves or the surrounding region, a legacy of unbalanced investment following previous cycles of industrial growth and decline. With new investment, these second cities are expected to be the main source of new jobs and growth in the next generation.

In Wales, the urban population is concentrated in the south with smaller centres along the North Wales coast and in North East Wales. There are no towns with a population over 25,000 in mid Wales, or west of Colwyn Bay in the North or west of Llanelli in the South. The Welsh metropolitan cities (which have developed alongside the historic cities of St Asaph, Bangor and St Davids) are Cardiff (population 350,000), Swansea (240,000) and Newport (146,000). In North East Wales, the larger Wrexham urban area has a population of just 66,000 but can be considered part of a wider cross-border urban region which includes Deeside, Chester and the Wirral.

According to the City Regions Task and Finish Group established by the Welsh Government to investigate city regions in Wales, our cities generate only 33% of our wealth, which is significantly the lowest proportion of all UK nations and regions.<sup>11</sup> However, almost 69% of the Welsh population lives within the city regions identified by the Task and Finish Group in Swansea Bay (700,000) and South East Wales (1.4 million), and there is significant potential for improving economic performance in these areas with appropriate policies.

The Task and Finish Group considered there would be three main advantages to establishing two city regions in South Wales, with parts of North East Wales considered part of a wider, cross-border region:

- Larger and more efficient labour markets, so the chances of a good match between employer needs and workers’ skills are increased.
- Larger potential markets for goods and services because of the concentration of activity and transport cost savings; and a greater exchange of knowledge, ideas and innovation.
- A city region approach would make it possible for different parts of the region to decide to specialise in a particular offering – whether housing, manufacturing facilities, business services or leisure facilities.

The Task and Finish Group identified that the key to improved economic performance in these regions is the integration of economic development, skills, regeneration, transport, planning and the environment. This will require the Welsh Government, Local Government and the private and third sectors to work closely together.

To enable this, the Welsh Government has taken a lead role by acting upon the recommendations of the Task and Finish Group. City Region Boards have been established in the Swansea Bay City Region and the Cardiff Capital Region to take this agenda forward.

<sup>9</sup> See, for example, European Second Tier Cities in Austerity: Why Invest Beyond the Capital?, Liverpool John Moores University, 2012 <https://ljamu.ac.uk/EIUA/second-tier-cities/index.htm>

<sup>10</sup> <http://www.corecities.com/>

<sup>11</sup> <http://wales.gov.uk/topics/businessandconomy/policy/city-regions/?lang=en>, Welsh Government, 2012

These Boards are continuing to meet on a regular basis and are making good progress in providing their respective regions with leadership, vision, and strategic direction. They will continue to focus and refine their priorities as they seek to home in on those projects where regional alignment and collaboration brings strategic and added value.

These arrangements reflect the fact the City Regions agenda is not a business as usual, public sector agenda. It requires a collaborative and business-led partnership – connecting the private sector with the public and education sectors. It requires a different order of leadership, one which looks beyond parochial interests, willing to trade benefits and costs across boundaries, moving at the pace of the fastest, not the slowest. Local Authorities must work together and with their partners on matters such as the regional strategic development plan proposed under the Planning (Wales) Bill, education and skills, and making our cities and their surrounding regions attractive places for residents, visitors and business investment, using the extensive powers at their disposal.

It is not the intention of the Welsh Government at this time to enable the creation of Combined Authorities under the Local Democracy, Economic Development and Construction Act 2009. There are currently five such Authorities in England: Greater Manchester, Sheffield City Region, North East, Liverpool City Region and West Yorkshire, with a further Combined Authority proposed for Birmingham in 2015. Local Authorities in Wales already have extensive powers to enter into collaborative arrangements with other Authorities. Taken together with the creation of larger Local Authorities, the framework of the Wales Infrastructure Investment Plan and the closer proximity of National Government to Local Government in Wales, the Welsh Government does not believe there is currently a need for Combined Authorities in Wales, as defined under the 2009 Act.

## 2.6 A Sustainable Framework for Public Services in Wales

The Well-being of Future Generations (Wales) Bill sets a new context for relations between National and Local Government, and the whole of the Welsh public service. The Bill provides for well-being goals setting a framework within which the Welsh Ministers will set national strategic direction and Local Government will set its local objectives, responsive to local need and subject to local accountability.

The Bill underpins the public service reform agenda, clearly setting out how the specified public bodies, including the Welsh Ministers and Local Government, will work to improve national and local economic, social and environmental well-being. It directly addresses the issue of function, not form, establishing five ways of working key to public bodies improving well-being in a sustainable manner:

- Long-term thinking – balancing the need to take action in the short term with the need to meet the long term needs of Wales, especially where short term actions may have a detrimental effect in the future.
- An integrated approach – considering how a public body's objectives impact upon the well-being goals and on economic, social and environmental well-being.
- Preventative action – taking action now in order to prevent problems occurring or getting worse.
- Collaboration – acting collaboratively with other bodies to assist in the achievement of the body's objectives, or another body's objectives.

- Involvement – involving the people and communities whose well-being is being considered and engaging them in finding sustainable solutions.

The Bill strengthens the community leadership role of Local Government by placing an emphasis on collaboration around place. It will require public services in a Local Authority area to work together through the Public Services Board to improve local well-being. Ambitious Councils will use the Board to drive forward the radical transformation which is needed across public services by fully engaging with the community. Most importantly, both Local Authorities and Public Services Boards are subject to local accountability for their responsibilities under the Bill. There are no negotiated agreements with the Welsh Ministers and Ministerial intervention is limited to extreme circumstances.

The Local Government (Wales) Measure 2009 linked together local priorities in the community strategy with Local Authority corporate and service improvement. The Well-being of Future Generations (Wales) Bill will supersede this by providing a more integrated and streamlined, whole public service approach.

The Bill paves the way for Local Government to act with greater autonomy, measured on the outcomes it achieves, and reporting on fewer indicators. However, autonomy needs to be balanced with appropriate accountability. This White Paper sets out how we intend to achieve this through greater transparency of decision-making by Local Authority Cabinets (Chapter 3), a stronger role for Elected Members (Chapter 4), giving communities a greater say in how and by whom services are delivered (Chapter 5), strengthening corporate governance (Chapter 6), more effective performance management (Chapter 7) and better joining up of internal and external review through inspection and audit (Chapter 8). We also discuss a new finance framework for Local Government (Chapter 9).

We hope these improvements assist local leadership to get a grip on issues before they become crises. We do not believe the public deserves anything less than top quality, proactive local leadership which thinks ahead and takes decisive action. However, should failures still happen, and where local leaders fail to take corrective action, the public will continue to expect the Welsh Ministers to intervene, swiftly and decisively.

We propose a better-defined relationship between National and Local Government, with a clearly defined leadership role for the Welsh Government in the fields of education, social services, economic development and the environment, based around a limited number of national expectations concerning the social, economic and environmental well-being of communities. For example, in the field of education, these might be expressed as the expectation that young people leaving primary school will have literacy and numeracy levels appropriate to their age, and at secondary school, a rising proportion of young people will gain five good GCSEs including English or Welsh and Maths, and the gap between pupils in receipt of free school meals and other pupils will be closed. In other areas, while Welsh Government may set clear aspirations, it will be for Local Government to determine local priorities.

We believe we already have evidence in Wales that the process of setting straightforward national expectations has resulted in improved performance and responsiveness to the needs of local communities and service users. The development of the Welsh Housing Quality Standard (WHQS), for example, led to ballots where tenants in half of Welsh Local Authorities opted to transfer the Local Authority housing stock to Community Housing Mutuals or other social enterprises in the form of Registered Social Landlords. In those Authorities, faster progress has been made on average in achieving WHQS Page 27 generally three to five years earlier, resulting

in real benefits for tenants. Many of those Community Housing Mutuals and Registered Social Landlords have themselves been a spur to local employment and wider range of community benefits, the creation of further social enterprises engaged in environmental management, community energy purchasing or town centre regeneration. They have also been able to leverage significant sums of alternative finance for the renovation of their own stock.

There is a similar situation with regard to waste. Local Authorities are responsible for collecting and processing all domestic waste but targets are set nationally. Under our *Towards Zero Waste* strategy, the Welsh Government has invested £676 million since 2001 in Local Authorities to help them deliver against recycling targets, helping to save on landfill costs and generate new jobs in Wales. Their progress has been impressive and the overall rate of recycling has roughly doubled in the space of seven years. From a poor position relative to the rest of the UK, recycling in Wales is now ahead of the other home nations by a wide and growing margin. Wales is also fourth in Europe for municipal recycling. There are already 10,000 jobs in Wales directly related to recycling. This has been achieved by a combination of investment, targets, the risk of fines and behaviour change.<sup>12</sup>

The Partnership Council for Wales and the Welsh Government's Local Government Scheme will play an important role in taking forward this agenda for public services in Wales. However, we propose that our focus within the Partnership Council and the Local Government Scheme should switch to the assessment of the key national expectations and strategies for delivering these as a single public service, and the management of developing collaborative practice between Local Authorities, in partnership with the wider public service in Wales. In the provision of corporate services such as back-office functions, procurement, ICT, human resources, and payroll, there will be a general expectation of collaboration. The Partnership Council will have a key role in fostering innovation and driving forward progress on the public services reform agenda.

## 2.7 Local Authority Areas

The Commission on Public Service Governance and Delivery recommended reducing the number of Local Authorities in Wales through a series of mergers. The arguments for this recommendation and supporting evidence were set out extensively in the Commission's Report. The Welsh Government accepted these arguments in a White Paper published in July 2014, *Devolution, Democracy and Delivery: Reforming Local Government*. The White Paper set out the Welsh Government's current preferred option, to merge Local Authorities on the basis of the Commission's Option 1, which would result in 12 new Authorities.<sup>13</sup>

170 responses were received to the White Paper consultation. The consultation responses and a summary report have been published on the Welsh Government's website.<sup>14</sup> While there are different views about the mergers, not least from some Local Authorities and the Welsh Local Government Association, there is also widespread conviction that reform is necessary. This reinforces the evidence given to the Commission. The Welsh Government has taken these

<sup>12</sup> <http://wales.gov.uk/about/cabinet/cabinetstatements/2014/recycling/?lang=en>

<sup>13</sup> Option 1 as set out by the Commission on Public Service Governance and Delivery, would involve merging the following Local Authorities: Gwynedd/Anglesey, Conwy/Denbighshire, Flintshire/Wrexham, Ceredigion/Pembrokeshire, Neath Port Talbot/Bridgend, Rhondda Cynon Taf/Merthyr Tydfil, Blaenau Gwent/Torfaen/Caerphilly, Monmouthshire/Newport, Cardiff/Vale of Glamorgan. The following Local Authorities to continue: Powys, Carmarthenshire, Swansea.

<sup>14</sup> <http://wales.gov.uk/consultations/localgovernment/white-paper-reforming-local-government/?lang=en>

views into account and remains firmly of the view both structural and organisational reform of Local Government is necessary.

In September, the Welsh Government issued an *Invitation to Principal Local Authorities in Wales to submit proposals for voluntary merger*.<sup>15</sup> The Welsh Government received three expressions of interest from the following Local Authorities: Conwy and Denbighshire; Bridgend and the Vale of Glamorgan; and Blaenau Gwent and Torfaen.

The Welsh Government's intention is to proceed with mergers of Local Authorities, through the second Local Government Bill to be introduced into the National Assembly for Wales in Autumn 2016.

The second Bill will set out the following provisions to enable orderly mergers:

- the date a new Authority comes into existence, and its name and status;
- electoral arrangements for a new Authority, the date of first elections and the length of term of office for Councillors elected in first elections and thereafter;
- establishment, composition and functions of shadow Authority and shadow Executive;
- abolition of existing Authorities and standing down of Councillors of these Authorities;
- cancellation of elections to current Authorities;
- postponement of Community Council elections in areas affected by proposed merger and extension of terms of sitting Community Councillors;
- duty on existing Authorities to collaborate in preparing for the new Authority and to work with its shadow Authority or Executive;
- set out arrangements for achieving the timely transfer of property, the continuation of rights and liabilities;
- staff matters; and
- financial matters.

Local Government too has a role, and a moral responsibility, to ensure it acts positively in ways which support orderly mergers for the benefit of their local communities.

Merged Local Authorities will remain subject to the Welsh language standards set by regulation under the Welsh Language (Wales) Measure 2011. Merging Authorities may be at different stages in terms of their current practice and aspirations in relation to the use of the Welsh language in service provision, policy making, operations, promotion of the language and record keeping. Where it is the case that merging Authorities are at different stages, it is critical that the higher standards must apply to the new merged Authority. This is an opportunity for Local Authorities across Wales to be significantly more ambitious and aspirational for our shared goal of a bilingual Wales. There will be a role for the Welsh Language Commissioner to monitor standards during mergers and there may be a role for the Public Services Staff Commission (see 2.9 below) to identify best practice in relation to the Welsh language and workforce matters.

## 2.8 Status of the New Authorities

The new Authorities will be Principal Councils within the meaning of the Local Government Act 1972. The Welsh Government believes they should be corporate bodies known as “Counties” and that the term “County Borough” should no longer be used. To most people, the historic reasons behind the difference in names lost its significance years ago.

We recognise that the Council chair or Mayor plays an important civic role undertaking ceremonial duties. Previously confined to County Boroughs only, we intend to make legal provision that any of the new Councils should be able to nominate the chair of the Council as Mayor, so this important function may continue.

This is, of course, different from the role of Elected Mayor which is a form of executive structure a Local Authority may choose to adopt following a referendum of local people under the Local Government Act 2000.

## 2.9 Public Services Staff Commission

The workforce in Local Government will be instrumental to the transformation we seek. Our vision for the public service workforce is to build an engaged, motivated, and high performing workforce, attract and retain talent, develop the right skills, and ensure equality and diversity, underpinned by our social partnership approach, embodied in the Workforce Partnership Council.<sup>16</sup>

We intend to legislate to create a statutory Public Services Staff Commission in the second Local Government Bill. In order to achieve this, the Welsh Government recently consulted on establishing a non-statutory Public Services Staff Commission in April 2015. Its role will be to ensure fairness and consistency, and to be an independent and impartial source of information and advice. The Commission will be set up using powers under section 60 of the Government of Wales Act 2006.

The recent White Paper consultation set out our proposals for such a Public Services Staff Commission. It would have a remit to identify and propose practical solutions to issues arising from reform which could be considered and implemented. The range of skills and experience which the Commission will require includes human resources, leadership and organisational change, finance and accountancy, employee relations, knowledge of Local Government and its major responsibilities, other public services, organisational development, and Trade Union organisation. A Secretariat to support the Staff Commission would be established with complementary skills and experience. The Staff Commission would be required to consult widely, such as with employers, trade unions, employees and the Workforce Partnership Council, and forge links with other bodies such as the Independent Remuneration Panel. It would seek out and disseminate best practice. It would not supplant existing bargaining and negotiating mechanisms or undermine the successful partnership of the Workforce Partnership Council.

The workforce matters to be considered by the Staff Commission could include:

- recruitment and retention of staff within and across Local Authorities before and during mergers;
- transfer of staff from current to new Local Authorities;
- harmonisation of terms and conditions of service, for example, approaches to travel and subsistence payments, flexible working hours and voluntary severance and redundancy packages;
- job evaluation/grading;
- senior post recruitment and remuneration, in conjunction with the specific responsibilities currently allocated to the Independent Remuneration Panel;
- pensions and impact of transferring staff to different public service pension schemes;
- impact on staff recently transferred to private sector contractors; and
- issues affecting the wider public service workforce, such as zero-hours contracts and leadership development.

In 3.16 below, we raise the issue of achieving more consistency in appointments to senior roles in Local Government, with the possibility of forming a Public Appointments Board or similar. We would need to consider how such a Board would work alongside the Staff Commission.

## 2.10 Legal Competence of Local Government

Local Government operates in a challenging environment, where it needs the flexibility to work in partnership with a range of public, private and third sector bodies with increasingly diverse forms of service delivery, commercial activity and financial arrangements. Local Government must be freed up to innovate.

Traditionally, Local Government has only been able to undertake activity expressly permitted through specific powers or duties. The Local Government Act 2000 introduced the ‘power of well-being’. This marked a radical shift, giving competence to Local Government to act in any way which improved the well-being of people in each area, so long as it was not otherwise prohibited from doing so by other legislation.

In practice, the power of well-being has sometimes proved to be problematic to exercise. For this reason, Local Government in Wales has argued for a general power of competence. We believe this is appropriate for Local Authorities and some Community Councils. The general power of competence would allow Local Authorities and competent Community Councils (see 4.9 below) to act in their communities’ financial interest to generate efficiencies and secure value for money outcomes. They would be able to raise money by charging for discretionary services and to trade. This is therefore a wide power, limited only by the need to ensure Local Authorities and Community Councils do not do anything which they are specifically prevented from doing by legislation. It would allow Local Authorities and competent Community Councils to engage in activities potentially judged to be outside the well-being power, such as providing certain indemnities and guarantees.

In line with this, we intend to review the provisions of the Deregulation and Contracting Out Act 1994 (as amended), as they apply to Local Authorities in Wales, to allow Local Authorities generally to make decisions on how they deliver services, other than in prescribed circumstances. It may be, for example, that the provision of back-office functions, procurement, ICT, human resources, and payroll, where there will be a general expectation of collaboration, might best be provided by a single national provider which could be a wholly-owned subsidiary of Local Government in Wales. Other services might be more economically provided through in-sourcing across a range of Local Authorities rather than out-sourcing. Our rules need to be flexible enough to allow this.

### 2.11 Other Powers

We intend giving a general power to Local Authorities to ensure consistent and effective provision of Community Councils and other democratic models of neighbourhood participation, within their geographic areas (see 4.8 below).

Local Authorities in Wales have also argued for the devolution of other powers to Local Government. In their evidence to the Commission on Public Service Governance and Delivery and in their document, *In Defence of Localism*, the Welsh Local Government Association argued, for example, for public health to become a responsibility of Local Government.

The Welsh Government is in favour of giving more powers to Local Government but Local Authorities must first demonstrate effective exercise of their existing powers.<sup>17</sup> Reformed Authorities, with greater capacity and capability, will have an opportunity to assert greater responsibility and show tangible improvements. When this has been adequately demonstrated, the Welsh Government will be prepared to consider the appropriateness of further devolution of powers.

### 2.12 Local Authority Constitutions

Although rules are necessary to ensure good governance, too many can hinder decision-making and stifle innovation. They can also make the working of Local Government opaque and difficult to understand. The Welsh Government is therefore seeking views on whether some of the procedures and processes of Local Government can be simplified, while at the same time improving transparency.

The Local Government Act 2000, when taken together with the Local Government Act 1972 and the Local Government and Housing Act 1989, requires Local Authorities to adopt a constitution which sets out their standing orders and rules relating to procedures, conduct, remuneration and role specifications relating to the governance, administration, finances, commercial and collaborative activities. Their purpose is to enable Councillors, officers, the public and stakeholders to understand how the Council makes decisions and who is responsible for those decisions.

The result is Local Authority constitutions in Wales which range from around 250 pages to over 450. While Local Authority constitutions may need to be lengthy to fulfil statutory requirements,

<sup>17</sup> See, for example, the statement by the First Minister in the National Assembly for Wales Record of Proceedings, 28 January 2014.



it is doubtful whether documents of this length help local people understand their Authority's decision-making, or help communicate the values of the Authority to the people they serve. We believe there is a case for requiring Local Authorities to have a constitution which is not simply a rule book but which sets out first and foremost the Authority's values, the principles under which it will operate and, in particular, its relationship with the public it serves. The Co-operative Council Constitution of the London Borough of Lambeth is just such an example.<sup>18</sup>

In so far as the present Council constitutions reflect procedural rules required by legislation, we are seeking views on whether specific bureaucratic burdens imposed by Local Government legislation should be repealed or amended, with a view to simplifying Local Authority procedures, and whether there is merit in developing a more streamlined model Local Authority constitution. For example, whilst most Local Authorities now distribute papers in electronic format, the Local Government Act 1972 requires papers to be distributed in hard copy. This remains the practice in most Community Councils. These kinds of provisions need to be updated to reflect the world we live in.

### 2.13 Review of the Body of Local Government Legislation

Legislation relating to the operation of Local Government has accumulated over the years and much of it has been extensively amended. It seems plausible Local Government organisational design and operating procedures, which were largely set down between the 1970s and 2000 and with their roots further back in the Victorian era, may not be best suited for the next generation.

We are therefore seeking views on whether a fundamental review of the body of Local Government legislation is justified. This would be a longer term ambition and could not be accomplished prior to introducing the legislation proposed in this White Paper. It is a task which might be undertaken, for example, by the Law Commission. However, it could allow a future Assembly to create a new body of legislation for Local Government in Wales which was fully fit for the 21st Century.

This could open the door to simplify significantly the way Local Government operates in the longer term.

### 2.14 We would like your views

The Consultation Survey asks questions on the following themes:

- Status of reformed Authorities
- General power of competence
- Deregulation and Contracting Out Act 1994
- Local Authority constitutions
- Legislative burdens and review of the body of Local Government legislation

<sup>18</sup> <http://lambeth.gov.uk/elections-and-council/about-lambeth/constitution-guide>

### 3. Renewing Democracy

For Local Government to operate effectively, there needs to be clarity about roles and responsibilities and Elected Members should reflect the diversity of cultures, voices and aspirations in the communities they represent.

We propose to set out in legislation the roles and responsibilities of the Leader, Cabinet Members, Elected Members and the Chief Executive Officer. We will take further action to increase the diversity of Councillors. We will take action to reduce the cost of politics and management in Local Government and to bring more consistency to the appointment and remuneration of senior officers.

We are seeking views on whether the way we compensate Elected Members at present is still appropriate, whether the number of terms an Elected Member may serve should be limited, and whether there should be a right of recall. We are seeking views on whether the restrictions which prevent some Local Authority officers from standing for election should be relaxed. Finally, we are seeking views on whether Local Government elections should continue to occur every four years or whether we should consider alternatives.

#### 3.1 Introduction

Democracy is the foundation which gives Local Government the moral and political authority to exercise the full range of powers and responsibilities vested in it by law. We believe this was insufficiently stressed in the report of the Commission for Public Service Governance and Delivery. At present, we do not believe local democracy is achieving its full potential in shaping places and improving the well-being of people in Wales.

Enquiries into some recent failures in Local Government in Wales have revealed confusion and ambiguity about who is responsible for what. For example, the recent peer review of Carmarthenshire County Council noted:

*“There was generally an inconsistency in the understanding of the respective roles of elected members and officers, and the perception has been that the Chief Executive and senior officers have dominated some of the decisions of the Executive Board to the extent that the balance of governance has become disjointed and the Council is widely perceived to be officer-led”.*<sup>19</sup>

Similar conclusions have been reached in reviews relating to other Local Authorities, including Pembrokeshire,<sup>20</sup> Merthyr Tydfil<sup>21</sup> and Birmingham.<sup>22</sup> This confusion undermines effective leadership. The Welsh Government considers there is a need to clarify the roles and responsibilities of the political and administrative leaders in Local Government. The statutory responsibilities of some of these roles are set out in various pieces of legislation, but there is no general description of the expectations of these key roles in Local Government. In Denmark, for example, the Code for Chief Executive Excellence sets out clearly these different roles.<sup>23</sup>

Healthy democracy also depends on the public taking a vital interest in the work of their Council and Councillors. This is unlikely to happen while our local politicians do not reflect the communities they serve. This undermines public trust. Put simply, the vast majority of Councillors are white, male and over 50. Part of the reason there is a shameful lack of women and ethnic minority Councillors in Local Government in Wales may be because we have lost sight of what we expect from local Councillors. Councillors were always meant to be part of the community they represented but in recent times, we have seen a gradual shift towards more full-time, professional, paid politicians. We do not believe this is what the public wants. It increases the cost of local democracy and makes the role of the Councillor unattractive to many people.

We also need to ask whether it is healthy that Councillors and the Chief Executive can stay in their roles indefinitely. While such commitment is admirable, it may also serve to make Local Authorities less adaptable to change in a dynamic world and may restrict the opportunities for broader participation in local democracy. Finally, as the National Assembly moves to a five year electoral cycle, we need to consider what are the best electoral arrangements for Local Government.

### 3.2 The Local Government Elections

Free and fair elections are the foundation of all democracies. Elections to the UK Parliament are for a fixed five year term, as are elections to the National Assembly for Wales following enactment of the Wales Act 2014. However, Local Government in Wales remains on a four year electoral cycle. In practice this means that elections to Local Government – at both Local Authority and Community Council level – coincide from time to time with either general or Assembly elections. Where there are multiple elections in a single year there are arguments in favour of holding different elections on one day, countering voter-fatigue for instance. However, these proposals are often outweighed by the potential confusion of different ballot papers with different voting systems and the greater potential for administrative errors.

20 Joint inspectorates' review of inter-agency arrangements and practice to safeguard and protect children in Pembrokeshire, CSSIW, 2011 <http://cssiw.org.uk/our-reports/local-authority-report/2011/joint-inspectorates-safeguard-protect-children-pembrokeshire/?lang=en>

A report on the quality of local authority education services for children and young people in Pembrokeshire County Council, Estyn, 2012 <http://www.estyn.gov.uk/english/news/estyn-report-published-on-education-services-in-pembrokeshire/>  
Special Inspection – Implementation of Safeguarding Arrangements, Pembrokeshire County Council, WAO, 2012 <http://www.wao.gov.uk/publication/pembrokeshire-county-council-special-inspectionimplementation-safeguarding-arrangements>

21 Peer Review of Merthyr Tydfil County Borough Council, WLGA, 2012 <http://www.wlga.gov.uk/english>

22 The way forward: an independent review of the governance and organisational capabilities of Birmingham City Council, Sir Bob Kerslake, 2014 <https://www.gov.uk/government/publications/birmingham-city-councils-governance-and-organisational-capabilities-an-independent-review>

23 [http://www.publicgovernance.dk/?siteid=672&menu\\_start=672](http://www.publicgovernance.dk/?siteid=672&menu_start=672)

As part of the Welsh Government's response to the second report of the Silk Commission on devolution, we are seeking legislative competence to determine the running of Local Government elections as part of a reformed devolution settlement. We also believe it is important that candidates in Local Government elections are open and transparent about their political affiliations. We are therefore seeking views on whether candidates in Local Government elections should be required to record their membership of a registered political party on their nomination form, whether or not they are standing on behalf of that political party.

Looking forward, Local Government elections could be moved to fixed five year terms with their election cycle arranged so that they took place in different years to the general or Assembly elections. This would mean an election day where the focus was primarily on Local Government. The Welsh Ministers are currently able to achieve this by altering the date of Local Government elections on a case by case basis under section 86 of the Local Government Act 2000.

In some Authorities elsewhere in the UK, elections have traditionally been held on the basis of a third of Councillors elected in each year. There are arguments that suggest such a model assists in ensuring more regular contact between political parties and the wider public, although other evidence suggests it may foster short-termism and lack of continuity. This was the conclusion of Sir Bob Kerslake's independent review of governance and organisational capability in Birmingham City Council in 2014.<sup>24</sup> A similar conclusion was reached by Bristol City Council in March 2013 when they resolved to change from elections by thirds to whole council elections from 2016. They believed it would increase voter turnout, reduce costs and *"a clear mandate from the electorate once every four years could enable the council to adopt a more strategic, long-term approach to policy and decision-making - and focus less on yearly election campaigning"*.<sup>25</sup>

The Local Government Act 2000 allows the Welsh Ministers to alter the way in which elections are held so that Councillors in Local Authorities are elected in phases, for example half of Council seats could be elected in one year and the other half the next. This would have the advantage of regular renewal of the body of Elected Members, though it would also have implications for political balance and the leadership of Authorities, particularly where there is not a decisive majority for one political group. There is, however, no evidence that the frequency of elections makes any difference to the turnout at Local Government elections in the UK, which is usually between 30% and 40%.<sup>26</sup>

The Welsh Government is seeking views on both the length of Local Government election cycles and the appropriateness of phasing within a Local Authority area.

### 3.3 The Role and Responsibilities of the Leader

Leaders should be selected by the Council on the basis of the commitments they make. Therefore, Elected Members and the public have a right to know what they stand for. Where a candidate is standing for Leader, the Welsh Government believes it is right they should publish a written manifesto and present it orally to the Council before the election of Leader takes

24 The way forward: an independent review of the governance and organisational capabilities of Birmingham City Council, Sir Bob Kerslake, 2014 <https://www.gov.uk/government/publications/birmingham-city-councils-governance-and-organisational-capabilities-an-independent-review>

25 <http://www.bristol.gov.uk/page/council-and-democracy/future-elections-bristol>

26 Historic data for local, national and European elections are available at: <http://www.theguardian.com/news/datablog/2012/nov/16/uk-election-turnouts-historic>

place, and subsequently present an annual statement of progress in delivering that manifesto. The annual statement should set out the successes and challenges faced by their Council and the steps the Leader has personally taken to eradicate poor performance or to take action where it has happened. This will implement a specific recommendation of the Commission on Public Service Governance and Delivery.<sup>27</sup>

Leaders depend on Cabinet Members and the Local Authority officers to deliver, delegating functions to them and holding them to account. The Leader, not the Chief Executive, is the political spokesperson for the Council, while the Chief Executive is responsible for management of the Authority and its staff. To ensure the public is clear on these issues, we propose the Leader (or Elected Mayor) of a Local Authority should be given a statutory duty to set objectives for each Member of the Cabinet and hold them to account each year for their progress, and for these documents to be published.

We also believe the Leader should be required to set objectives for the Chief Executive, on behalf of the Authority, assess their performance annually and make a report each year to Council. The Leader should hold the Chief Executive to account for delivering the Executive's priorities which will include their political priorities and their proposed well-being objectives under the Well-being of Future Generations (Wales) Bill. In this context, it is important to note that the Leader's manifesto and annual statement are separate and different from the Chief Executive's corporate plan and annual report (see 3.13 and 7.2 below). The former sets the Executive's priorities, whilst the latter sets out how the Chief Executive will ensure the Local Authority delivers those priorities operationally. There must be no confusion between these roles.

Leaders must also be powerful advocates for equality and diversity, translating this into positive action. Consideration should be given to the role of the Leader in promoting diversity, for example, when selecting Elected Members for the Cabinet. We accept that there will be circumstances where achieving diversity is not possible but in most cases, we can and should do better than we are at present. We therefore propose that Leaders should have due regard to equality and diversity objectives when selecting their Cabinet. It is essential Cabinets are able to draw on as wide a range of views as possible in order to give them insight into the issues of concern to residents of the area, especially those who may be disproportionately affected by Council decisions. We therefore believe, where Leaders are unable to select a balanced Cabinet, they should give serious consideration to co-opting additional, non-voting Cabinet Members, to act as advisors.

### 3.4 The Role and Responsibilities of Cabinet Members

The Cabinet and scrutiny system introduced by the Local Government Act 2000 was intended to improve the *"inefficient and opaque"*<sup>28</sup> committee system which it replaced. The Act made a clear distinction between the role of the Executive, comprising the Leader and Cabinet Members, and the role of non-executive Elected Members. All Local Authorities in Wales operate the Leader and Cabinet Executive model. The Leader and Cabinet system concentrates many Local Authority functions in the hands of a 'corporate' centre. This has significantly streamlined decision-making, however, there have been other consequences.

<sup>27</sup> Recommendation 40, paragraph 4.77 in the Commission's final report.

<sup>28</sup> Local Voices: Modernising Local Government in Wales, Welsh Office, 1998

An independent evaluation of Cabinet Executive arrangements in Local Government, commissioned by the Welsh Government,<sup>29</sup> assessed the impact the Cabinet system has had on decision-making, democracy and accountability, and the extent to which the overview and scrutiny arrangements of the Authority enable effective scrutiny of the Executive. As might be expected, the views of ruling administrations about the Cabinet system are positive, whilst the views of opposition Members are less so. While some Cabinets are transparent in the way they work and make decisions, there is evidence that a culture of making decisions behind closed doors continues in some areas and that scrutiny is often insufficiently robust to challenge this lack of transparency effectively.

This is a serious criticism of the current system, but there is no evidence a return to the committee system would lead to more effective decision-making or greater transparency. It indicates, however, a pressing need to put in place mechanisms to improve transparency and strengthen scrutiny (see Chapter 8), and to clearly differentiate between the roles of the Executive and senior management team. Numerous reports have found the Cabinet system has also led to a perceived diminution of the role of ordinary Elected Members.<sup>30</sup>

There is good evidence that in some Councils there is too much blurring of roles between the Executive and senior management (see 3.1 above). Members of the Executive should not become part of the bureaucracy. They are there to set the political direction of the Authority, seeking to lead on behalf of the public, not to become part of the machinery of operation. Their role is to challenge the senior management team and to ensure both national standards and local priorities are delivered. At present, too often it appears that we have a full time professional political cadre in Local Government, on top of a full time professional bureaucracy, with too little separation of functions. This takes Local Government away from its roots and it is not at all clear this is what the public wants.

The system has also led to higher leadership costs. Under the Local Government Act 2000, the number of executive roles – the Leader and Cabinet Members – in a Local Authority in Wales may not exceed ten. At present, all Local Authorities in Wales have at least seven executive members and the majority have either nine or ten.<sup>31</sup> Paradoxically, the trend in many Local Authorities in recent years has been to reduce the size of the senior management team to comprise a Chief Executive and a small number of corporate directors with a wide span of responsibilities, although this is certainly not true in all Local Authorities in Wales. This is in response to financial pressures, a conscious effort to break down service silos, and to streamline decision-making. It is not clear why the rationale which has reduced the size of senior management teams does not also apply to Cabinets.

A senior salary is payable to certain Elected Members whose work is considered to be full time. Each Cabinet Member is considered full time and is entitled to a senior salary, as are some other roles, such as chairs of scrutiny and the Council chairman. Some Cabinet roles come

29 An Evaluation of Welsh Local Government Executive and Scrutiny Arrangements, Downe et al, Welsh Government, 2015 <http://wales.gov.uk/statistics-and-research/independent-evaluation-welsh-local-governments-executive-scrutiny-arrangements/?lang=en>

30 See, for example, The Operation of New Political Management Structures in Local Government, Local Government and Public Services Committee, National Assembly for Wales, 2004, and Frontline councillors and decision making <http://www.jrf.org.uk/publications/frontline-councillors-and-decision-making>

31 Blaenau Gwent, Caerphilly, Carmarthenshire, Conwy, Gwynedd, Newport, Swansea, Wrexham (10); Cardiff, Neath Port Talbot, Pembrokeshire, Powys, Rhondda Cynon Taf (9); Geredigion, Denbighshire, Flintshire, Monmouthshire, Torfaen (8); Anglesey, Bridgend, Merthyr Tydfil, Vale of Glamorgan (7).

with important legal responsibilities, for example, the Leader and the Cabinet Members for social services and education. These may with good reason be considered full time roles, given their responsibilities and the fact that education and social services account for two thirds of Local Government spend. However, it is not clear whether all Cabinet posts should be seen to be more or less full-time and whether the same levels of remuneration are appropriate for all members of the Cabinet. The same consideration applies to the other roles carrying senior responsibility allowances.

It may be that there should be full-time senior Cabinet and part-time deputy Cabinet positions. This would have the advantage of opening up opportunities for new or younger Councillors to experience executive decision-making without having to commit to a more or less full-time position. An alternative is to use legislation to limit the number of Cabinet Members per Authority, depending on size.

This raises the broader issue of the induction and training of Leaders and Cabinet Members, and succession planning. Members of the Executive have very significant legal and financial responsibilities and yet, at present, training for these roles is patchy or inconsistent at best. For example, we are only aware of one area in Wales – Torfaen – where Elected Members have been able to access degree level training.<sup>32</sup> It is important we invest in our political leadership. We therefore propose there should be a development programme, led by our public service Academi, for new and existing Council Leaders, for Councillors with the potential to become Cabinet Members, and for leaders of the opposition who have a realistic chance of making the transition from opposition to government and become Council Leaders in the future.

We return to the issue of the remuneration of Elected Members and the appointment and remuneration of senior officers below.

### 3.5 The Role and Responsibilities of Elected Members

The Welsh Government also intends to clarify the expectations which an Elected Member of a Local Authority is expected to fulfil, including strengthening their roles as community advocates through Area Boards (see 4.5). We would set out their need to communicate with and represent their electorate, including the holding of surgeries and participation in community governance, to attend and participate in the committees to which they are appointed, and to hold the Executive to account through overview and scrutiny. All Elected Members must as a minimum be accessible to the public through electronic mail, and by preference also through the use of social media.

We should also require Elected Members to attend appropriate training. The responsibilities on Elected Members will increase in larger, merged Authorities and the Welsh Government believes it is prudent to invest in their skills. Under our proposals, Elected Members will need to commit to continuing personal development in order to develop high levels of expertise in finance, service and corporate matters to enable effective scrutiny of the Executive, and expertise in communication to enable effective community engagement. Some will wish to develop particular expertise in scrutiny, others in community engagement. At three recent (November 2014) Welsh Government workshops with Councillors and Local Authority officials on the impact of the Local Government (Wales) Measure 2011, the further training needs of Councillors were identified as: equalities, code of conduct, regulatory roles, legal responsibilities,

performance and risk management, freedom of information, data protection, use of social media, ICT, remote working, and the Councillor's role as a school governor.

Local Authorities are required to support Elected Members to publish annual reports and Members are encouraged to produce them, although fewer than half currently do so. Some Elected Members have argued that annual reports are not necessary as they are judged by the public in the ballot box. It is difficult to see how most members of the public could judge the achievements of individual Elected Members without being able to access regular information about their Council and community activities. Therefore, the Welsh Government considers all Elected Members should be legally required to produce an annual report. Whilst this should include information about their attendance, membership of committees and Area Boards (see 4.5), remuneration, training, case work and correspondence, they should focus more explicitly on qualitative information about what they have achieved during the year and how people and communities are better off as a result.

Elected Members are paid from the public purse and are responsible for significant decisions about public spending, so their actions must be open to scrutiny by any member of the community whose interests they represent, as well as other persons affected by their actions. The Local Government ethical standards framework guides Elected Members on the appropriate standards of conduct expected of them in undertaking their roles, whilst providing reassurance to the public that action will be taken if things go wrong. In our 2012 *'Promoting Local Democracy'* White Paper,<sup>33</sup> we said the standards framework remained fundamentally sound, but we proposed a number of changes to improve its overall operation, including the adoption of local complaint resolution policies for low-level complaints between Members and the capping of indemnities. The Welsh Government welcomes the positive response from all Authorities in adopting such policies.

The Local Government (Democracy) (Wales) Act 2013 makes provision for the establishment of joint Standards Committees, the electronic publication of registers of interests and powers to enable the transfer of misconduct reports and Member dispensation requests between Standards Committees to overcome potential conflicts of interest. These provisions will be brought into effect later this year. Also, this year, we will bring forward legislation to modify the model code of conduct for Local Authority Members to facilitate the operation of local resolution policies and to clarify the position of Members with constituency interests. We will also exempt Local Authorities from publishing misconduct reports during ongoing proceedings.

We believe these reforms will improve and strengthen the ethical standards framework. However, we are seeking views on whether there should be any further reforms, in particular in respect of the most serious cases. Standards Committees and Monitoring Officers already play a key role in supporting and advising Members on conduct matters. There should be a new power for Standards Committees to consider cases where there are serious concerns that an Elected Member is failing to fulfil their duties satisfactorily. We would provide Standards Committees with appropriate sanctions which could be imposed. There would need to be safeguards against vexatious complaints.

It is important Local Authorities take full responsibility for the poor performance of Elected Members and manage this internally in a transparent manner. It is also important that as part of this process we consider an appropriate appeals process for Elected Members, whether that



be internally within the Authority, to the Adjudication Panel for Wales or another body. We are seeking views on the most appropriate procedure.

### 3.6 Diversity among Elected Members

The Welsh Government wants to reach a position where electors and communities can identify closely with their elected representatives. This is best achieved when the membership of elected bodies reflects, as much as possible, its electorate. This suggests an equal gender split, a balanced age profile and a fairer representation of black, Asian and minority ethnic people, as well as those with disabilities. This is not simply a desire to achieve greater equality, important though that is. It is far more likely that a Council will make decisions which meet the needs of the whole community if all interests are represented in the Council chamber. Unfortunately, this is not the case at present.

A recent report by the Expert Group on Diversity in Local Government, *On Balance*,<sup>34</sup> showed the make-up of Councils in Wales to be a poor reflection of the communities they serve. Around 25% of the population is aged over 60, but among Elected Members this rises to almost 60%. Women make up just over half the population overall, but among Elected Members, women are outnumbered by men by almost three to one. Only one Council has a female Leader (Ceredigion) and only three Chief Executives out of 22 are women (Ceredigion, Torfaen and Wrexham).

Out of 193 Cabinet Members in Wales, only 39 – one in five – are women. Only one Council, Carmarthenshire, has more than three women Cabinet Members. At the time of writing, two Councils, Anglesey and Bridgend, have no women in their Cabinets. It is quite possible there is a similar position in respect of other protected characteristics, such as disabled people and those who are lesbian, gay, bisexual or transgender, although we lack the necessary data. This poor representation, both generally among Elected Members and specifically in leadership positions, undermines trust in Local Government and in the eyes of many, also undermines its relevance and legitimacy.

There is greater diversity in the third sector and among social enterprises. For example, women account for a greater proportion of the workforce in the third sector (67%) than either the public sector (64%) or the private sector (40%). Among senior managers in the third sector, women represent 50% of the workforce, compared with 46% in the public sector and just 24% in the private sector.<sup>35</sup> However, very few people who work in the third sector consider becoming a Councillor in Local Government. This is a vital loss to local democracy. It deprives Local Government of committed community activists and prevents Local Government becoming a more diverse, more effective agent of change. In 3.12, we set out our proposals to make it easier for most Local Authority employees to stand for election.

If we want to encourage a more diverse range of people to seek elected office in Local Government, we must ensure our Councils are places where an open culture thrives and people are made to feel welcome and respected, whatever their background. Behaviour is key to this.

<sup>34</sup> <http://wales.gov.uk/topics/localgovernment/publications/expert-group-report/?lang=en>

<sup>35</sup> Women's' leadership, employment and participation in the third sector and social enterprises, Third Sector Research Centre, Briefing Paper 40, 2010 <http://www.birmingham.ac.uk/generic/tsrc/research/workforce-and-workplace/women-in-the-third-sector.aspx>.

For further information on women in managerial roles in the third sector, see also Close to Parity, Rowena Lewis, Clore Duffield Foundation, 2010 <http://www.cloresocialleadership.org.uk/Rowena-Lewis.aspx>

For example, *On Balance* quoted research<sup>36</sup> which indicates that women, on achieving public office, are more likely to resign from positions held and then to drop out of activity altogether. We have seen evidence of this in Welsh Local Authorities, where the number of female Cabinet Members has fallen since the 2012 elections. Whilst other factors, such as the timing of meetings, may play a part, this also suggests that the atmosphere in our Councils may be overly “macho”.

Changing behaviours in a Local Authority requires leadership. Therefore, we propose placing a duty on Leaders, Group Leaders and Chief Executives to ensure diversity is respected. For Leaders, this duty will extend to ensuring that there are coherent anti-bullying and harassment policies in place for Councillors, not only in respect to Local Authority staff but also in respect of other Councillors. Group Leaders should also be required to ensure they are taking this responsibility seriously within their groups, and Chief Executives should be required to ensure there are anti-bullying and harassment policies in place for staff. In each case, the Monitoring Officer and Standards Committee will have enforcement roles. In addition, we need to support our Elected Members appropriately and they should be due similar entitlements to a balanced life as others working in the public and private sectors. For example, the Local Authority, the public and the media should support them when they take maternity or paternity leave, or when they need time out for caring responsibilities.

In 3.3 above, we set out our proposal that Leaders should be required to have due regard to equality and diversity objectives when selecting their Cabinet, and that they should give serious consideration to co-opting non-voting Cabinet members where they cannot achieve a balanced Cabinet. We also believe the same principle should apply to committees of the Council, including Scrutiny Committees, and that, where appropriate, Councils should make a decisive effort to co-opt additional members to committees in order to achieve a diversity which more closely reflects the local population.

The Welsh Government has published an action plan in response to the report of the Expert Group.<sup>37</sup> We have established a project, involving all relevant stakeholders, to pursue this plan and are determined, as a minimum, to work with political parties and other partners to achieve the goal of female candidates being selected in at least 40% of seats considered winnable by the nominating party. We will continue to pursue this agenda diligently.

However, it is difficult for National Government to have an immediate and direct influence on diversity in Local Government, or to legislate for diversity. Rather, Local Authorities, political parties, and bodies such as the Welsh Local Government Association and the Society of Local Authority Chief Executives in Wales, must work harder to encourage more diverse candidates at local elections and to ensure Elected Members are accorded appropriate flexibility and support in their roles. Prior to the last Local Government elections in 2012, the Welsh Government in partnership with the Welsh Local Government Association ran an information campaign to encourage people to become a Councillor, with a view to increasing the diversity of Councillors across Wales. While it is our intention to run a similar campaign in advance of the next Local Authority elections, we also believe that Local Government, in its own interests, must actively

<sup>36</sup> *Last in, first out – Gendered patterns of local councillor dropout*, Allen, P. A., 2013. *British Politics* 8(2) pp. 207-224.

<sup>37</sup> *On Balance: Diversifying Democracy in Local Government in Wales*, Report of the Expert Group on Diversity in Local Government, 2014 <http://wales.gov.uk/topics/localgovernment/publications/expert-group-report/?lang=en>

promote democracy and diversity in democracy. The report of the Councillors' Commission,<sup>38</sup> established by the UK Government in 2007, considered how to broaden participation in Local Government. It called for Authorities to be charged with responsibility for "*raising interest and providing information on becoming a councillor*" and "*actively promoting the role of elected councillors and their activities*", as well as facilitating other forms of civic participation.

Although provision in relation to this was included in the Local Democracy, Economic Development and Construction Act 2009, it was not commenced and has since been repealed. The Welsh Government believes it is time to implement the Councillors' Commission proposal. In 3.13 below, we set out our intention to put a duty on the Chief Executive of a Local Authority to promote engagement and diversity in democracy.

In many areas, Local Authorities already run Youth Councils whose work provides a crucial young people's perspective on the work of the Council. The Welsh Government has made clear its commitment to children and young people by adopting the United Nations Convention on the Rights of the Child (UNCRC) into law, through the Rights of Children and Young Persons (Wales) Measure 2011. We encourage all Local Authorities to adopt the UNCRC but we also believe they should give young people a voice and introduce them to local democracy through Youth Councils. As part of the Chief Executive's duty to promote engagement and diversity in democracy, we intend to require the Chief Executive to establish a Youth Council.

### 3.7 Remuneration of Elected Members

There is legitimate public and media interest in the remuneration of Councillors. People rightly expect that all those who choose to serve in Local Government uphold the public trust by embracing the values and ethics implicit in such public service. At the same time, people who give their time to serve their community through Local Government are entitled not to be out of pocket for doing so. If we did not compensate people for their contribution, local democracy would become the exclusive domain of the rich. Democracy must open to everybody.

The salary of Cabinet Members is set by the Independent Remuneration Panel for Wales. The salary payable is determined by the size of the Council. Leaders earn between £43,000 and £53,000, Deputy Leaders £30,000 to £37,000, and other Cabinet Members £26,000 to £32,000. This is based on them being full-time roles.

Councillors currently receive a payment of just over £13,000 per annum. This is based on the role taking three days a week. The payment was introduced to replace an attendance allowance which was widely seen as subject to abuse. We do not wish to disadvantage anybody financially from being a Councillor as this would contradict our clear intention to increase diversity among Councillors. However, it has now become an expectation. The payment affects people differently. For a retired person, it is a significant extra income compared with the basic single person State Pension in 2014-15 of £5,881 per annum. This may help explain the over-representation of Councillors over 60. On the other hand, it may only partially compensate somebody whose ordinary job is higher paid, or disadvantage a single parent with a part time job by moving them into a higher tax bracket.

<sup>38</sup> Representing the future: The report of the Councillors' Commission, Councillors Commission, 2007 <http://webarchive.nationalarchives.gov.uk/20080910134927/communities.gov.uk/councillorscommission/>

The total cost of Elected Members, including the costs of Cabinets and senior responsibility functions in scrutiny, is £21.7 million annually across Wales. We need to clarify whether we intend to compensate Councillors for their time or pay them for the work they do. There is an important difference.

The Welsh Government believes the system of remuneration for Councillors – Executive and non-executive – needs to be clearly spelt out in such a way as the public can see how the levels payable are arrived at. Councillors' remuneration in Wales should be more in line with the amounts paid in similarly sized Authorities in England, Scotland and Northern Ireland.

### 3.8 Release of Elected Members from Employment

Local Authorities play an essential role in improving the well-being and prosperity of our communities. Organisations in the public, private and third sectors benefit greatly from their work. Employers who release their employees to undertake civic responsibilities as a Councillor are making a significant statement about their corporate social responsibility.

Many Local Authorities now conduct a great deal of their Council and committee business outside of normal working hours. This makes it easier for those in employment to serve as a Councillor and is potentially an important factor in promoting more diversity among Elected Members. Nevertheless, Council business may still need to be conducted during the working day and not all employees work from nine to five. In order to promote diversity further and make it easier for people in employment to serve as a Councillor, the Welsh Government is seeking views on whether the devolved public service organisations should be required to release employees to undertake duties as an Elected Member, in the same way as many of these organisations already release staff to undertake voluntary work. Consideration would need to be given to the number of days per year that would be permissible. Given that Elected Members receive a payment for their Council duties, any such leave should be unpaid. We welcome views on this proposal.

If we were to proceed with these proposals, we would also encourage non-devolved public service organisations, as well as the third sector and private businesses, to release employees for Councillor duties on the same basis, as part of their corporate social responsibility.

### 3.9 Number of Elected Members

Our proposals to merge existing Local Authorities into a smaller number of new Authorities (see 2.7 above) will have implications for the number of Elected Members in Wales. On average, each Councillor in Wales serves a population of 2,401, significantly lower than England (3,814) and almost half that in Scotland (4,259).

The Welsh Government believes we should see an overall reduction in the number of Elected Members in Local Authorities to approximate more closely the position in the other parts of the UK. We are seeking views on the number of Elected Members in order to inform work which will be undertaken by the Local Democracy and Boundary Commission for Wales.

### 3.10 Term Limits for Elected Members

There has been significant research into whether there should be a restriction on the number of consecutive terms an Elected Member may serve on a Council. This is known as a 'term limit'. At present, there is no limit. The Welsh Government's survey of candidates in the 2012 Local

Government elections<sup>39</sup> showed that 83% of elected candidates had served as a Councillor in the past, suggesting that re-election is very common. The survey also showed that half of all Councillors in Wales have served at least ten years, and media reports have identified some have served over 50 years.

Whilst the research is not conclusive, term limits have shown greater competition in elections and seen a more diverse pool of candidates.<sup>40</sup> The Councillors Commission<sup>41</sup> recommended term limits should be introduced for Elected Members as well as for Leaders and Elected Mayors. There is some evidence that turnover among newly Elected Members in the UK is greater among younger, more diverse Councillors which has the effect of restricting diversity and strengthening the cohort of predominantly older, male Elected Members.<sup>42</sup>

There are arguments against term limits, not least that the ballot box gives the electorate the opportunity to impose their own term limits. However, the Welsh Government believes overall there is merit in considering limiting the number of terms Elected Members, Leaders and Elected Mayors may serve. We are seeking views on a proposal the limit should be five terms for Elected Members, and a tighter limit of two terms for Leaders and Elected Mayors and for continuous service in a Council's Cabinet.

### 3.11 Recall of Elected Members

The Recall of MPs Bill,<sup>43</sup> currently making its way through the Houses of Parliament, causes a Member of Parliament to lose their seat and a by election to be held if ten percent of the electorate in the constituency sign a petition to call for this. Recall can only be triggered if certain conditions are met. Broadly speaking, these are that the MP has been convicted of an offence and imprisoned or they have been suspended from the House of Commons for at least ten days.

The Welsh Government would welcome views as to whether similar provisions should be put in place for Elected Members of Local Authorities. The conditions to trigger recall of an Elected Member in Local Government could include, for example, where sanctions have been imposed on a Councillor by a Standards Committee or the Independent Adjudication Panel following a breach of the code of conduct or failure to perform effectively as an Elected Member (see 3.5 above).

### 3.12 Electoral Qualification

There are certain legal restrictions on who may stand for elected office. For example, to stand for election to a Local Authority, a person must be over 18 and meet certain citizenship and local residency or working criteria. A person may also be disqualified from standing for a number of reasons, such as that they are employed by the same Local Authority or subject

39 Local Government Candidates Survey 2012, Welsh Government, 2013 <http://wales.gov.uk/statistics-and-research/local-government-candidates-survey/?lang=en>

40 For example, The Political and Institutional Effects of Term Limits, Sarbaugh-Thompson et al, 2004, Legislative Term Limits and State Aid to Local Governments, Yakovle et al, 2012

41 Representing the future – The report of the Councillors Commission, Councillors Commission, 2007 <http://webarchive.nationalarchives.gov.uk/20080910134927/communities.gov.uk/councillorscommission/>

42 <http://www.csbppl.com/2012/02/07/too-many-councillors-leaving-leaves-councils-too-homogeneous/> and The 2008 Survey of Local Election Candidates, IdeA 2008, <https://www1.plymouth.ac.uk/research/ceres/TEC/research/Surveys/Pages/2008-Local-Candidate-Survey.aspx>

43 <http://services.parliament.uk/bills/2014-15/recallofmps/documents.html>

of a bankruptcy restrictions order. This section seeks views on whether it should be easier for employees of a Local Authority to stand for election to the same Authority and whether there should be restrictions preventing Elected Members of Local Authorities also serving as either Assembly Members or Community Councillors.

The Assembly's Constitutional and Legal Affairs Committee, in its consideration of disqualifications from election to the Assembly, has raised the issue of Local Authority Elected Members serving as members of the National Assembly.<sup>44</sup> Given the demands on time and the potential for conflicts of interest, the Welsh Government would welcome views on whether Elected Members in Local Government should be disqualified from serving as an Assembly Member at the same time. Such a provision would be a matter for the Assembly and would not form part of the second Bill.

Almost half of all Elected Members of Local Authorities are also Members of one or more Community Council and many have served their political apprenticeship in Community Councils. It is important that this development path for elected representatives is preserved and encouraged. Nevertheless, we have seen very little evidence this has led to improved relations between Community Councils and Local Authorities, or to more extensive delegation of functions to Community Councils, or that Community Councils are an effective means for Local Authorities to engage with communities.

In addition, given the Welsh Government's intention to give powers to Local Authorities to review Community Councils (see 4.8 below), this would give rise to the potential for extensive conflicts of interest where Councillors serve on both Local Authorities and Community Councils. Therefore, we are seeking views on whether Elected Members of Local Authorities should be disqualified from serving on Community Councils.

Officers and staff in Local Authorities generally have a thorough understanding of their communities and a deep commitment to improving their well-being. Many would themselves make effective Elected Members, but there are restrictions on some senior employees of a Local Authority standing for elections.<sup>45</sup> In particular, although all Local Authority employees (including school staff) can stand for election unless they hold a politically restricted post (generally higher paid officers), none of them can stand for election to their own employing Authority. This makes sense from the point of view of them not being able to make decisions affecting their own employment conditions and the Welsh Government recognises the need for checks and balances to ensure the integrity and impartiality of advice offered by officers to Elected Members. However, given that Local Authorities are major employers in all areas of Wales, these restrictions may be preventing a wide range of suitable candidates from diverse backgrounds from coming forward to stand for election in their local area.

Whilst any person who is disqualified currently from standing may resign their post to stand for election, this is a significant disincentive due to the risk it carries for the individual. We are therefore seeking views on whether this disqualification should be reviewed to make it easier for the majority of Council officers to put themselves forward. In line with the recommendations of

<sup>44</sup> Disqualification of Membership of the National Assembly for Wales, Constitutional and Legislative Affairs Committee, National Assembly for Wales, 2014 <http://www.senedd.assembly.wales/mgIssueHistoryHome.aspx?lId=3542>

<sup>45</sup> Various restrictions are set out in the Local Government Act 1972 and the Local Government and Housing Act 1989. See <http://www.electoralcommission.org.uk/i-am-a/candidate-or-agent/local-elections-england-and-wales>

the Electoral Commission,<sup>46</sup> we propose that Local Authority officers – other than those holding politically restricted posts – should be entitled to stand for election to their own Authority. Only if elected should they be required to resign their paid employment with the Authority. This will widen the pool of potential candidates while ensuring there is no conflict of interest once the candidate is elected.

### 3.13 The Role and Responsibilities of the Chief Executive

The term “Chief Executive” (occasionally “Managing Director”) is widely used throughout Local Government in Wales to denote the head of a Local Authority’s administration, but the title is not found in Local Government legislation. The principal responsibility of Chief Executives is to ensure the good governance of their Local Authority so that the organisation is capable of delivering the Executive’s objectives and discharging the other statutory functions of the Authority, in a way which is lawful and fiscally appropriate.

Section 4 of the Local Government and Housing Act 1989 places a duty on Local Authorities to designate one of their officers as the “head of their paid service” and Local Authorities must provide the Head of Paid Service with the staff, accommodation and other resources to allow him or her to perform their duties. The 1989 Act also places certain duties on the Head of Paid Service, namely that they must report to the Local Authority on the following “matters”:

- the manner in which the discharge by the Authority of their different functions is coordinated;
- the number and grades of staff required by the Authority for the discharge of their functions;
- the organisation of the Authority’s staff; and
- the appointment and proper management of the Authority’s staff.

The statutory role of Head of Paid Service is almost always exercised by the officer more usually referred to as the Chief Executive (or Managing Director), but there is nothing in legislation to require the Head of Paid Service to be combined with that of the Chief Executive, nor is there any statutory definition of any other duties of a Chief Executive in a Local Authority.

Chief Executives, where they are also the Head of Paid Service, are afforded an unusual degree of protection in their role, along with some other chief officers. This is to protect them from political interference. However, if the Chief Executive is failing in their responsibilities, this imperils local democracy and there must be a clear audit trail of objective setting and performance management to support the Council in taking decisive action. It is for this reason we have set out our intention in 3.3 above that the Leader should be required to manage the performance of the Chief Executive on behalf of the Council, and make annual reports to the Council on their performance. The protection afforded to chief officers, including Heads of Paid Service, must not prevent the Council from dismissing them without compensation where they are not performing their duties responsibly.

We believe Local Authorities must have a Chief Executive and that this person must be designated the Head of Paid Service. This requirement should not prevent a Chief Executive from being appointed jointly by two or more Local Authorities. In addition, as part of ensuring local accountability for performance and improvement, we propose to put five specific duties on the Chief Executive to:

1. make arrangements to prepare and publish a corporate plan;
2. make arrangements to prepare and publish annual self-assessments of corporate improvement and service performance;
3. commission a peer review every two years and prepare a report for the Council on actions to be taken following the recommendations of the peer review;
4. put in place a performance management system for all employees of the Local Authority; and
5. promote engagement and diversity in democracy.

The purpose of these duties is to ensure the effective governance of Local Authorities and to provide the Council with a sound basis for judging the performance of the Chief Executive. The first three are discussed in detail in Chapters 6 and 7 below. The requirement for a performance management system, linked to the corporate plan, is self-explanatory. The duty to promote engagement and diversity in democracy is discussed in 3.6 above.

In addition, we believe the Chief Executive should act as the Electoral Registration Officer and Returning Officer for Local Authority elections in the area, and that there should be no separate payments for these functions, which we consider central to the role of the Chief Executive. When the opportunity arises, we will legislate to give effect to this.

### 3.14 Term Limits for Chief Executives of Local Authorities

The Welsh Government believes there should be term limits on the appointment of Chief Executives. There is reason to believe that, in some circumstances, Chief Executives retaining their posts for long periods can lead to an entrenchment of power and influence within the Authority which can serve as an obstacle to effective relations between Elected Members and officers and threaten the independence of the Executive.<sup>47</sup> This phenomenon is not restricted to Local Authorities.<sup>48</sup>

In the Republic of Ireland, Chief Executives of Local Authorities are recruited through a competitive recruitment process organised by the Public Appointments Service. They are appointed for a period of seven years and the appointment may be extended by a maximum of three years.

In New Zealand, the Local Authority has to appoint a Chief Executive for a term of no more than five years. In the year before the contract expires, the Local Authority must review the Chief Executive's performance and their skill mix, and consider how the skill mix fits with the Local Authority's expected future needs. Based on that review, the Local Authority can then decide

<sup>47</sup> See for example the findings of the Peer Review of Carmarthenshire County Council, WLGA, 2014  
<http://www.wlga.gov.uk/previous-peer-reviews/>

<sup>48</sup> See, for example, Long CEO Tenure Can Hurt Performance, Luo, Kanuri & Andrews, Harvard Business Review, March 2013



either to reappoint the incumbent for another two years, without advertising or any other process, or to advertise the pending vacancy and start afresh.

We would therefore welcome views on a proposal to either set a limit on the length of an appointment of a Chief Executive or set a term period which would lead to a review before re-appointment could be considered. We consider that the Public Services Staff Commission, once established, would be best placed to take forward this work and develop proposals.

### 3.15 The Cost of Senior Management in Local Government

With regard to the pay of the officers of a Local Authority, we have already taken a number of steps to increase transparency so that the public can find out who earns what in Local Government. Under the Localism Act 2011, Councils must publish pay policy statements which set out the Council's policy for remunerating chief officers, as well as the lowest paid employees. The Localism Act 2011 provides Welsh Ministers with the power to issue guidance, which Councils must have regard to, on the preparation of pay policy statements. Our current Guidance recommends a full Council vote on the salary of new appointments and severance packages of £100,000 or above.<sup>49</sup> Under the Local Authorities (Standing Orders) (Wales) Regulations 2006, any decision to determine or vary the remuneration of chief officers must be made by full Council. Under the Accounts and Audit Regulations (Wales) 2005, Local Authorities are required to publish details of the salaries of Chief Executives and chief officers.

A new system for guarding against excessive salary awards for Chief Executives in Local Authorities was introduced in April 2014. This requires Local Authorities to consult with the Independent Remuneration Panel before deciding on any variation to the salary of their Chief Executive which is proportionally higher or lower than other employees. We believe similar safeguards should be introduced for all chief officers across Local Authorities in Wales. The Local Government (Wales) Bill proposes to extend the powers introduced by the Local Government (Democracy) (Wales) Act 2013 to cover all chief officers of Local Authorities in Wales, but only does so temporarily and only in relation to Local Authority mergers. We intend to make this element of control a permanent reform which will apply to all Local Authorities in the future.

The salaries of the senior management team in Local Authorities are determined by the Council. The salary range for Chief Executives of Local Authorities in Wales in 2012-13, excluding any extra fees they earn as Returning Officers for elections, was in the range £105,851 (Conwy) to £194,661 (Pembrokeshire). In comparison, in 2012-13 the salaries of Chief Executives of NHS Health Boards in Wales were in the range £135,000 to £200,000; Chief Constables, £133,068 to £154,370; and Chief Fire Officers, £116,387 to £131,187.<sup>50</sup> The Authorities in England most comparable in terms of their functions to Welsh Local Authorities are the Unitary Authorities. The average (mean) salary of a Chief Executive of a Unitary Authority in England in 2013 was £147,150, reaching £168,483 in the top quartile and £131,278 in the bottom quartile.<sup>51</sup>

49 In other words, by a vote of all Elected Members, both Executive and non-executive. It is not a decision that may be taken by the Executive alone or by a committee of the Council.

50 Senior management pay across the Welsh public sector, Wales Audit Office, February 2014  
<http://www.wao.gov.uk/publication/senior-management-pay-across-welsh-public-sector-memorandum-public-accounts-committee>

51 SOLACE evidence to the Communities and Local Government Select Committee Inquiry into Local Government Chief Officer Remuneration <http://www.parliament.uk/business/committees/committees-a-z/commons-select/communities-and-local-government-committee/inquiries/parliament-2010/chief-officers-pay/>

Under the Accounts and Audit Regulations (Wales) 2005, Local Authorities are required to publish details of their senior management, as defined by the CIPFA Code of Practice on Local Authority Accounting. The number varies considerably from place to place. According to Local Authority statements of accounts for 2013-14, in Blaenau Gwent and Neath Port Talbot there were just three senior managers, whilst in Caerphilly, Ceredigion and the Vale of Glamorgan there were four. Nine Local Authorities reported having ten or more senior managers, including 15 in Denbighshire and Merthyr Tydfil, and 17 in Conwy. Senior managers (excluding Chief Executives) earn salaries from £60,000 to almost £150,000. Across all Local Authorities in Wales, the total cost of Chief Executives and senior management was £25.7 million in 2013-14.

There is little justification for the wide variation in both the number and salaries of these senior posts, which is unrelated to the size of Councils. There is a good case for considering greater consistency across Wales.

The Welsh Government considers that the cost of senior management teams in Local Government in Wales is excessive. We intend to act to reduce the cost of politics and management of Local Government in Wales.

### 3.16 Senior Appointments to the New Authorities

We also need to consider the appointments procedure for Chief Executives and chief officers to the new Authorities. However, the issue of senior appointments in Local Government is part of the wider consideration that needs to be given to the development of leadership in the public service in Wales. The Commission on Public Service Governance and Delivery made a number of recommendations on leadership, culture and values. The Welsh Government committed to addressing these in the White Paper *Devolution, Democracy and Delivery: Improving public services for people in Wales*, by saying we were “exploring options for strengthening the process for senior public sector appointments, including developing a common framework of principles and considering the potential role of a public sector appointments commission”. There are existing models in New Zealand, the Republic of Ireland and Northern Ireland which could be adapted, one example of which is given below.

**CASE STUDY: Public Services Leadership – New Zealand**

There is much to learn from New Zealand about creating and maintaining a cadre of leaders and nurturing leadership capacity. The public service has a more defined single identity called 'New Zealand State Services', which includes over 100 organisations – the civil service, a wide range of government sponsored bodies and government owned enterprises, Crown Agents, the Police, further and higher education institutions, and health boards. New Zealand State Services does not cover Local Government, but leaders do work towards agreed national objectives. The role of the State Services Commissioner includes promoting collaboration, developing high-calibre leaders and evaluating their performance, overseeing workforce and personnel matters, and advising on the design and efficiency of public services.

The movement of leaders between 'Crown Entities' appears to be a cultural norm in New Zealand. Some ideas, such as common values, collective objectives, standards, and whole public service performance reporting, are becoming part of the way they do business. Growing talent at entry level and middle management is also important to provide strength, depth, challenge and capacity into the leadership cadre.

As a small nation, New Zealand routinely recruits talent from abroad, including from Wales. Economic migration from New Zealand is also common. New Zealand State Services maintain links with their leaders who choose to work abroad. Their talents and experience are utilised whilst abroad and when they return.

There also appears to be a stronger and more integrated delivery relationship between the public and private sectors. In New Zealand, public organisations often own organisations run on a commercial basis, providing services such as utilities, forestry and transportation. Whilst the primary intention is service delivery, as a by-product there is also a more fluid interchange at senior levels between the public and private sectors. This provides a wider and more dynamic leadership cadre at political, Board and officer levels.

The policy objective would be to give a more structured approach to developing the skills and careers of public service leaders in Wales, including the kind of entrepreneurial skills which Local Authority leaders will require to work with communities to establish new co-operative and social enterprise models of service delivery. There are a range of different options available. It may be possible to establish a Public Sector Appointments Commission to manage all senior appointments to Local Government. Its role would be to ensure all senior officers had appropriate leadership skills and competencies. Potentially this pool of leaders could be employed on a common basis so that as they moved between roles and between organisations in Wales, the public service was not subject to unnecessary severance and recruitment costs.

Alternatively, a Public Sector Appointments Commission could test the competence of potential candidates, based on role descriptions and grading provided by the Public Services Staff Commission (see 2.9 above). Local Authorities would be required to make appointments from among candidates who were approved by the Commission.

If there was no Public Sector Appointments Commission, the Public Services Staff Commission could be tasked with developing a framework and process for evaluating and grading all senior roles in the new Authorities, a role not dissimilar to that of the Commissioner for Public Appointments in Northern Ireland. It would remain the responsibility of the Local Authorities or shadow Authorities to make the new appointments but there would be consistency in the processes followed and the role descriptions and remuneration packages of the appointees.

The approaches outlined above would have the advantage of building a cadre of leaders with shared public service values, one of the central recommendations of the Commission on Public Service Governance and Delivery. We welcome your views on the establishment and remit of a Public Sector Appointments Commission.

### 3.17 We would like your views

The Consultation Survey asks questions on the following themes:

- Local Government elections
- The roles and responsibilities of Leaders, Cabinet Members and Elected Members
- Standards Committees
- Diversity of Elected Members
- Remuneration of Elected Members
- Number of Elected Members
- Restrictions on Elected Members and Electoral qualification
- Recall of Elected Members
- The role and responsibilities of Chief Executives
- Term limits for Chief Executives
- Remuneration and appointment of senior officers

## 4. Connecting with Communities

At the heart of our vision for Local Government in Wales is a new relationship with local communities. We propose to achieve this by giving Elected Members a leadership role at the head of Area Boards within their Local Authorities, in order to ensure the new, larger Authorities are closer to their communities.

As part of this, we need to raise the ambition of Community Councils so they are better placed to deliver important community services in the future. This means building their capacity and capability, as well as strengthening their governance and their engagement with other services and the third sector. We propose to give a power to Local Authorities to review Community Councils in order to achieve these objectives, and to complete these reviews by 2022.

### 4.1 Introduction

Rising pressures on public services and diminishing resources means in future Local Authorities may have to do less directly in some areas themselves. Activist Councils must be agents of change in communities, supporting and enabling communities to do more for themselves. Local Authorities have always had a role in building community capacity, capability and resilience but traditional service based departmental structures and Cabinet portfolios have sometimes served to reinforce silos, rather than joining up services based on community needs.

There is growing consensus that the future of public services lies in the quality of the relationship between service providers and local people<sup>52</sup> and we agree with the Wales Council for Voluntary Action that we should be “*putting people at the centre*”, treating people and communities as equals in design and delivery.<sup>53</sup> We commissioned research into how we could better bring the power of local people into local public services.<sup>54</sup> This clearly showed we can and should be involving services users, the people who support them and front-line staff at every stage: prioritising, commissioning, designing, delivering and assessing services. This is not about consultation. It is essential, of course, that Councils should engage and consult with the public over big strategic decisions, like the annual budget or Council Tax levels. But consultation is not the same as involving people routinely in how services are delivered.

For most people, most of the time, Council services happen as a matter of routine. The bins are collected, the day care centre opens, there is internet access in the library. Most of us engage more intensively from time to time, such as when we have to choose schools for our children,

52 See, for example, The Relational State, IPPR, 2012 <http://www.ippr.org/publications/the-relational-state-how-recognising-the-importance-of-human-relationships-could-revolutionise-the-role-of-the-state>

Making Sense of the Future, INLOGOV, University of Birmingham, 2013 <http://www.birmingham.ac.uk/schools/government-society/departments/local-government-studies/news/2013/07/new-book.aspx>

Moving beyond the market: a new agenda for public services, NEF, 2014

<http://www.neweconomics.org/blog/entry/the-market-is-failing-public-services-whats-the-alternative>

The Condition of Britain, IPPR, 2014; <http://www.ippr.org/publications/the-condition-of-britain-strategies-for-social-renewal>

53 Putting people at the centre, WCVA, 2014 <http://www.wcva.org.uk/about-us/news/2013/10/putting-people-at-the-centre-will-transform-public-services>

54 Bringing the Power of the Citizen into Local Public Services – an Evidence Review, Tony Bovaird and Elke Loeffler, Welsh Government Social Research, 2014 <http://wales.gov.uk/statistics-and-research/democracy-community-governance/?lang=en>

arrange home services for an elderly parent or respite care for a disabled child. At these times, people expect to have a say because what happens affects us greatly. They may need to make new travel arrangements, or change their work patterns, or make adaptations to our home. As service users, or families of service users, their own contribution is an essential part of the solution.

People also want a say before Local Authority services are changed or stopped. Sometimes they value such services sufficiently to get involved in community action to preserve them. Community bodies have a right to be given that opportunity and to be granted sufficient time to develop proposals and make arrangements. Councils can play a crucial role helping communities come together to form social enterprises or community trusts to take over facilities and services which are important to them. We will deal with this aspect in the next Chapter.

However, people demand more than this of our Councils in the 21st Century. They want to know their Councils are shaping the places where they live to make them great places to be. People want to know their Council is attracting investment and jobs, connecting the places where people live with the places where they work, joining people together through superfast broadband, making sure there are rich and vibrant amenities – lively high streets and shopping centres, theatres, museums, sports stadiums, conference centres, parks and green spaces, waterfronts and great events. In Wales, we want activist Councils.

This demands civic leadership. It depends on trust between Councils and residents, and people feeling able to influence decisions. It means the Council workforce involving people in decisions and shaping services, and Councillors who stand up for those they represent to make sure this happens. Of all the public services, Local Government is unique in having elected representatives whose whole purpose is to nurture this relationship with the public. It is time to revitalise the civic leadership role of Elected Members .

## 4.2 Community Leadership

The Local Government Act 2000 introduced the concept of community leadership. This was not a new concept for Local Authorities and recognised the important role they have always played in standing up for the people they represent. However, the Act enabled Local Authorities to exercise this role through the preparation of Community Strategies, in conjunction with local public service partners. These strategies are intended to enhance local well-being by improving policy and service coordination, tackling cross-cutting issues and targeting resources at community policies.<sup>55</sup> They are also intended to shift the focus from the service provider to the service user.

The Welsh Government's evaluation of Community Strategies<sup>56</sup> found they were not engaging Elected Members and local communities, and were being submerged under a welter of other partnerships, plans and strategies. In response, the Welsh Government rationalised the statutory plans, leading to the introduction of Single Integrated Plans in 2013. The Well-being of Future Generations (Wales) Bill goes further by proposing to make Public Services Boards

<sup>55</sup> The Limits of Co-ordination: Community Strategies as Multi-purpose Vehicles in Wales, Sullivan & Williams, Local Government Studies, Vol.35, No. 2, pp.161-180, April 2009

<sup>56</sup> People, Plans and Partnerships: A National Evaluation of Community Strategies in Wales, Welsh Assembly Government, 2006, 1.9 <http://wales.gov.uk/topics/localgovernment/research/communitystrategies/?lang=en>

statutory partnerships, whose members<sup>57</sup> share joint responsibility for preparing local well-being assessments and Local Well-being Plans, which will replace Community Strategies and Single Integrated Plans.

While this will strengthen the integration of public services, with a strategic focus on ‘place’, we believe there needs to be a strengthening of the role of Elected Members within larger Local Authorities to ensure voices in their area are heard and given a clear path to influence decision-making in their Local Authority and Public Services Board. We believe the representative role of Elected Members can be strengthened by putting in place new area governance arrangements which give a prominent role to Elected Members.

### 4.3 Community Governance in Wales

Community governance is the way in which people in local areas or neighbourhoods organise themselves to identify their priorities, manage their assets and influence the decisions of public services. There are a variety of community governance approaches in Wales, some statutory, many voluntary (but governed by charitable law), and some informal. These include but are not limited to:

- Area Committee arrangements in Local Authorities;
- statutory bodies, such as Community Councils and Community Health Councils;
- partnerships between Local Authorities, other public services, voluntary groups and others, such as neighbourhood partnerships and area boards;
- third sector bodies such as Community Voluntary Councils, community development trusts, advocacy groups, social enterprises;
- partnerships which are a result of public funded programmes such as Communities First and regeneration partnerships;
- partnerships developed by other public services, such as environmental partnerships and the Partnerships and Communities Together (PACT) community engagement approach of the Police.

This crowded landscape is rich, but also makes it difficult for the views of the community to be expressed and heard in a coherent way. Individual groups, including those representing the vulnerable and marginalised, can struggle to get access to decision makers, or enter into a dialogue with public services. Building relationships of trust with public services is problematic and ‘bottom up’ initiatives are difficult to develop and implement. Without a conduit for communities and Local Authorities to engage on a continuing basis, engagement usually happens too close to decisions being made or even after decisions have been made. This results in lost opportunities for communities to manage their future.

The Welsh Government is proposing Elected Members should have a strengthened role in leading their communities and providing this conduit. We believe this is essential to ensure open and transparent decision-making and so people can see the difference their involvement in local democracy makes. This will demand new skills of Elected Members. As the former Archbishop of Canterbury put it in his Bevan Foundation lecture of 2002:

<sup>57</sup> The proposed statutory members of Public Services Boards will be Local Authorities, Local Health Boards, Fire and Rescue Authorities and Natural Resources Wales.

*“one of the things we are short of at the moment is brokering skills in communities ... By brokering, I mean the presence of those who are able to facilitate conversation about common goals, conversation beyond competition, and to ask about corporate needs and opportunities.”*

We will expect to see a system of community governance form the core of an Authority's values and determine the design of its corporate systems and operating model, that is, its management and workforce structures, its performance systems and its engagement processes.

#### 4.4 Community Governance Case Studies

The Commission for Public Service Governance and Delivery recommended that Local Authorities should develop, adopt and implement a neighbourhood management<sup>58</sup> or similar approach to engaging with local people to identify, prioritise and address local social, economic and environmental issues. The Welsh Government agrees. We commissioned research into the extensive literature on community governance to help develop our options.<sup>59</sup> This research highlights the key rationales for adopting an area or neighbourhood approach as:

- civic rationale: allowing a more meaningful dialogue between people and public service providers;
- social rationale: involving people in commissioning and delivering public services;
- political rationale: enabling people to understand how decisions are made locally and how they can influence those decisions;
- economic rationale: commissioning services in a joined up way to address the specific needs of different neighbourhoods.

These support precisely the reform we wish to see in the relationship between Local Government and local communities.

Neighbourhood or area management can take a number of different forms with different names but they have a great deal in common, as the following case studies illustrate.

<sup>58</sup> For further information on neighbourhood management see, for example, Neighbourhood Management Pathfinders: Final Evaluation Report <http://www.sqw.co.uk/files/5713/8712/8264/80.pdf>

<sup>59</sup> Community Democratic Governance: Evidence Synthesis and Advice, Tony Bovaird, INLOGOV, University of Birmingham, Welsh Government Social Research, 2014. <http://wales.gov.uk/statistics-and-research/democracy-community-governance/?lang=en>



### **CASE STUDY: Neighbourhood Partnership – Wales**

The neighbourhood partnerships approach in Cardiff was developed by the Cardiff Partnership Board as a response to significant inequities in outcomes for people living in different areas of the city.<sup>60</sup> There are six multi-agency neighbourhood partnerships, each led by a lead Elected Member and supported by a neighbourhood officer who is an employee of Cardiff Council. Each partnership has an action plan which addresses the neighbourhood's priorities within the framework of Cardiff's Single Integrated Plan, for example, by providing community grants or shaping local programmes to tackle the problem of young people not in employment, education or training. The Cardiff Council ward Members for each neighbourhood meet together regularly to review progress and provide strategic oversight.

The Wales Audit Office conducted a two-part review of Cardiff's neighbourhood approach, in 2012 and 2013.<sup>61</sup> Their overall conclusion was that by working collaboratively with partners, the Council has engaged with local people to identify local priorities and support activities and schemes which deliver improvements but the sustainability of arrangements and performance management need further development.

Similar approaches are emerging elsewhere. For example, Newport is implementing an approach based on three areas, while in Monmouthshire there are four areas. Powys is piloting a similar approach in Newtown, anticipating roll out focusing on seven market towns and their surrounding areas across the county.

<sup>60</sup> [http://www.cardiffpartnership.co.uk/content.asp?nav=263&parent\\_directory\\_id=2](http://www.cardiffpartnership.co.uk/content.asp?nav=263&parent_directory_id=2)

<sup>61</sup> *ibid*

### **CASE STUDY: Area Boards – Wiltshire**

The Wiltshire Area Boards are a way of working to bring local decision-making back into the heart of the community. They are a formal part of Wiltshire Council that try to find solutions for local issues such as road repairs, traffic problems and speeding in villages, litter, facilities for young people and affordable housing.

People who work with the 18 Area Boards include Councillors, community area managers, democratic service officers, together with one member of the Council's Cabinet. It also includes the local NHS, fire and emergency services, Police, town and parish councils, community area partnerships and many other groups.

By working in partnership with local communities, the Council believes it can achieve much more than it ever could on its own. They hope this will lead to better services, better communities and a better quality of life for everyone in Wiltshire.

**CASE STUDY: Community Boards – New York**

There are 59 Community Boards in New York City. The Boards are made up of members appointed from the neighbourhoods in the community, with an ex officio role for the New York City Councillors for the area.

The Boards have a strong advocacy role. The Community Board's district manager will deal directly with the service delivery organisations in the area to resolve problems and improve services. The organisation of front-line services is aligned with the Community Board areas. Each Board has a local community plan and each year prepares a 'Statement of Community District Needs' which it presents to the New York City Mayor and City Council. The Mayor must show how he has responded to the Community Boards' statements of needs in his annual budget.

All Community Board meetings are open to the public who may address the Board on any community matters.

**CASE STUDY: Counties and Municipal Districts – Ireland**

In Ireland, the reforms introduced by the Local Government Act 2014 abolished Town Councils, the lower tier of government. The reforms are designed to enhance democratic governance, subsidiarity and accountability, removing the anomaly of residents in many towns having double votes and two sets of Councillors (Town and County), with some small centres having a Town Council while certain other larger centres had not.

The 31 Counties are now divided into 95 Municipal Districts. The Councillors elected to the Municipal Districts collectively form the County Council. The County Council provides a single county wide executive and operational structure and exercises strategic functions. The Municipal Districts have community functions delegated to them. They are decision-making bodies but they are not corporate structures.

## 4.5 Member-led Community Governance

The Welsh Government considers that an inclusive and participative neighbourhood or area approach, led by Elected Members, is a model of community governance which can and should be adopted by all Local Authorities in Wales. This will ensure, with fewer, larger Local Authorities, that communities play a greater role than at present.

The case studies above are a mix of statutory and voluntary arrangements. Neither is necessarily more effective. However, the Welsh Government does not consider the Area Committees which exist in some Welsh Local Authorities are fit for purpose. Just as we are asking the Executive in Local Authorities to share more power with ordinary Elected Members, so Elected Members must share power with their communities. This is because we do not believe that representative democracy and participative democracy are mutually exclusive. Area Committees which do not give an equal place at the table to community bodies, the third sector or other public services, and which engage directly with and are directly accessible to the public, including children and young people, are not sustainable.

Our research suggested a number of ways forward, from entirely voluntary arrangements to an imposed national system.<sup>62</sup> Our preferred option is a national framework which requires Local Authorities to put in place a community governance system meeting certain guidelines, but passing responsibility to Local Authorities for how this is designed in their area. In particular, this would include how the ‘operational’ Area Boards, whose focus is on making an immediate and tangible difference in communities, will work with the ‘strategic’ Public Services Boards proposed under the Well-being of Future Generations (Wales) Bill, whose focus is generally on the longer term. We are therefore intending to introduce legislation to ensure Local Authorities establish ‘Area Boards’ which reflect modern, inclusive, participatory principles, with a guaranteed role for community bodies, the third sector, Community Councils and other public services.

We recognise the potential for increasing complexity if Area Boards are imposed on top of existing structures, but we do not believe this is a significant risk. In areas which are already implementing neighbourhood or area approaches, this is encouragement to go further, faster. In areas where there are currently Area Committees, these should be replaced with a more inclusive approach. In Local Authorities where no such approach is currently in hand, this is a clear signal that the Welsh Government considers Member-led community governance to be an essential part of local democracy.

The real issue is the extent to which Area Boards might have responsibilities and budgets delegated to them and whether they are able to influence services in their area by entering into a dialogue directly with the Local Authority officers who have day to day responsibility for delivering those services. Leaders and Executives in Local Authorities must recognise the value of supporting Member-led community development and be bold and ambitious in empowering Area Boards to achieve this.

In addition to managing local responsibilities and budgets, there is an opportunity for Area Boards to take on the current and future responsibilities for area based initiatives, including those funded by UK and Welsh Government programmes. Work that has been undertaken on

<sup>62</sup> Community Democratic Governance: Evidence Synthesis and Advice, Tony Bovaird, INLOGOV, University of Birmingham, Welsh Government Social Research, 2014. <http://wales.gov.uk/statistics-and-research/democracy-community-governance/?lang=en>

Total Place and community budgeting has a direct relevance here.<sup>63</sup> The Welsh Government considers there are significant further opportunities for rationalising partnership working at the local level and bringing it under the control of Elected Members. This is an agenda which should be taken forward vigorously by Local Authorities.

#### 4.6 Definition of Areas

The Well-being of Future Generations (Wales) Bill makes provision for the Welsh Ministers to determine the 'communities' in each Local Authority area or, where they have not done so, for Local Authorities to do so themselves. In the Bill, 'communities' has a general meaning of places within the Local Authority, which together cover the whole of the Local Authority area. It does not mean communities, as defined in the Local Government Act 1972, which are the small geographic units that form the basis for Community Councils.

In the Bill, the reason for defining communities is to ensure the assessment of local well-being is conducted in a way which enables the Public Services Board to identify the different needs of different parts of the Local Authority area. We believe the communities which will be identified under the Bill, when it is enacted, should form the basis for Local Authorities' Member-led Area Boards in the future. However, our view is that no Local Authority can engage effectively with large numbers of community governance structures, such as the 111 Community Councils in Powys. Local Authorities should take a pragmatic view, drawing on best practice elsewhere.

#### 4.7 Community Councils

The report of the Commission for Public Service Governance and Delivery (3.120-3.130) expressed major concerns around the number, scale, representativeness and accountability of Community Councils, concluding the sector was in need of reform and Community Council areas should be merged or enlarged. The Welsh Government agrees.

#### Community Councils: Headline Facts<sup>64</sup>

735 Community Councils cover approximately 96% of Wales' land surface, including 70% of its population. There are few Community Councils in Cardiff, Merthyr Tydfil, Newport, Neath Port Talbot, Rhondda Cynon Taf and Swansea.

Community Councils spend over £40 million a year, of which £30 million is raised through a precept on the Local Authority Council Tax. On average, Community Council precepts rose by 88% between 2002-03 and 2012-13. The highest precept is £959,930.

At the last election, only one in five Community Councillors was elected through public poll. 67% of seats were uncontested and there were no candidates in a further 12% of seats.

On average, 45% of County Councillors are also Community Councillors. This ranges from none in Merthyr Tydfil to 87% in Wrexham and 99% in Flintshire.

<sup>63</sup> Total Place and, more recently, community budgeting are two similar approaches which aim to take a 'whole area' approach to public services, leading to better services at less cost. They seek to identify and avoid overlap and duplication between organisations, delivering a step change in both service improvement and efficiency at the local level, See, for example, <http://www.communitybudgets.org.uk/>

<sup>64</sup> Developing a Comprehensive Understanding of Community and Town Councils in Wales: Evidence review for the Welsh Government, Woods, Aberystwyth University, 2013 <http://wales.gov.uk/statistics-and-research/developing-comprehensive-understanding-community-town-councils-wales/?lang=en>

There are 8,069 Community Councillors. 68% are men; 80% are aged over 50, 60% over 60. 99.5% are white.

72% of Community Councils serve populations of less than 2,500, but they range from 179 (Ganllwyd) to 45,145 (Barry).

There is just one Community Council in Merthyr Tydfil, 77 in Pembrokeshire, and 111 in Powys.

One of the great strengths of Community Councils is that they are closer to local people than any other tier of government. Yet, in practice, the quality and openness of interaction with the public by Community Councils can vary significantly.<sup>65</sup>

As Community Councils are not required to submit reports or be subject to performance or improvement regimes, there has historically been a dearth of information about their activities and added value. A report by the Wales Audit Office in 2013 on Community Council accounts found systemic weaknesses, and in 2014 they reported there had been little improvement.<sup>66</sup> The Welsh Government commissioned research into their role, functions and potential in 2002,<sup>67</sup> a survey of Community Councils in 2010<sup>68</sup> and further research in 2012.<sup>69</sup> The reports identified a range of good practice and potential for further development but they also acknowledged some key issues:

- the limited extent to which Local Authorities have delegated functions to Community Councils;
- a range of capacity issues associated with smaller Community Councils;
- the quality of their relationship with Local Authorities;
- the legitimacy of their democratic mandate;
- the financial management structures of smaller Community Councils;
- the demographic profile of Community Councillors; and
- their connection with local communities.

In 2014, the Welsh Government commissioned a survey of the public's perceptions of Community Councils.<sup>70</sup> The report highlights that there is generally a high level of awareness of Community Councils, they are valued by communities and effective engagement increases satisfaction. However, there is a lack of awareness of what they do and some confusion with

65 *ibid* section 23

66 Improving Financial Management and Governance: issues from the Audit of Community Council Accounts 2011-12, WAO, 2013 <http://www.wao.gov.uk/publication/improving-financial-management-and-governance-issues-audit-community-council-accounts>; Financial Management and Governance in Local Councils 2012-13, WAO, 2014. <http://www.wao.gov.uk/publication/financial-management-and-governance-local-councils-2012-13>

67 Research Study into the Role, Functions and Future Potential of Community Councils in Wales, University of Wales Aberystwyth for Welsh Government, 2003 [http://www.aber.ac.uk/communitygovernance/39204\\_ENGLISH.pdf](http://www.aber.ac.uk/communitygovernance/39204_ENGLISH.pdf)

68 Community and Town Councils Survey 2010: Findings report, Welsh Government, 2011 <http://wales.gov.uk/topics/localgovernment/research/commtcsurv1011/?lang=en>

69 Developing a Comprehensive Understanding of Community and Town Councils in Wales: Evidence review for the Welsh Government, Aberystwyth University for Welsh Government, 2013 <http://wales.gov.uk/statistics-and-research/developing-comprehensive-understanding-community-town-councils-wales/?lang=en>

70 Community and Town Councils in Wales, IFF Research for Welsh Government, 2014 <http://wales.gov.uk/statistics-and-research/developing-comprehensive-understanding-community-town-councils-wales/?lang=en>

Local Authorities' functions. There is considerable confusion over the amount of precept raised by Community Councils.

#### 4.8 Local Authority Review of Community Councils

The Welsh Government recognises the good work that Community Councils can do (see 5.2 below, for example). However, we also believe there is a clear case for reform. Community Councils must be more ambitious, partnership orientated, open and transparent if they are to play an active role in meeting the needs of communities and providing vital public services during a period of continuing financial austerity. They can no longer continue to do the same things in the same way, raising the same precept and be merely 'the icing on the cake'. In particular, we wish to see Community Councils being more actively involved in participating in services which meet the needs of vulnerable groups in communities, such as children and families, young people, and the frail elderly.

The Well-being of Future Generations (Wales) Bill will require Community Councils with a turnover of £200,000 or more to show how they are contributing to achieving the well-being objectives in their area, as set by the Public Services Board. This is an important reform, because it establishes the work of Community Councils as part of the wider public service and requires them, locally, to contribute to shared public service objectives. This is a proper and effective use of public money.

However, only a small number of Community Councils, fewer than ten percent, will be affected by the Bill's provisions. We believe all Community Councils are part of the public service and should be contributing to the well-being objectives in their Local Authority area, working with the Elected Member-led Area Boards proposed above. This is why we concur with the findings of the Commission on Public Service Governance and Delivery that there should be fewer, larger Community Councils.

Many Community Councils have also argued the Principal Local Authorities should delegate more responsibilities to them. We agree, but in order for this to happen they must have appropriate capacity and capability. Implementing structural reform, as proposed by the Commission, either through merging or enlarging Community Council areas, will help achieve this.

The Welsh Government is responsible for leading reform of Local Authorities in Wales. On the principle of subsidiarity, we believe reform of the Community Council sector should be led by the Local Authorities, as happened previously under the Local Government Acts of 1929 and 1958. They are best placed to do this through their community leadership responsibilities, and as part of establishing coherent Member-led community governance in their areas. Local Authorities currently have powers to conduct community reviews, and the Local Democracy and Boundary Commission for Wales has a role in reviewing all Local Government areas in Wales and the electoral arrangements for Community Council areas.

We propose to give more extensive powers to Local Authorities to review the structure, role, and governance of Community Councils within their areas, with a view to achieving fewer, larger Community Councils, and for this to be completed by 2022. We welcome views on how this could be achieved effectively.

#### 4.9 Community Council Governance and Standards

In addition to the structural reform of Community Councils, detailed above, there is a strong case for bringing more consistency to the sector, with higher standards of governance and financial management, professional capacity and capability, and greater democratic accountability. This would enable Local Authorities to work effectively with the sector, and provide communities with more confidence in their Community Councils. The Welsh Government is proposing a number of ‘competency’ tests, with Community Councils who meet these tests being deemed ‘competent’. These tests might include:

- a democracy test: at least two-thirds of the Councillors on a Community Council have been declared elected at either an ordinary election or a by-election;
- a capability test: the Community Council must employ a clerk with relevant professional qualifications. Relevant qualifications might include Certificate in Local Council Administration; Certificate of Higher Education in Local Policy; Certificate of Higher Education in Local Council Administration; the first level of the foundation degree in Community Engagement and Governance awarded by the University of Gloucestershire; or qualifying professional status such as a lawyer or accountant;
- a capacity test: the Council has a minimum annual budget of £200,000; and
- a governance test: the Council has implemented a sound system of financial management and internal control in line with statutory requirements,<sup>71</sup> and meets certain other criteria such as having a website on which it publishes agendas, minutes and accounts and being contactable by email.<sup>72</sup>

We propose that competent Community Councils should acquire a number of privileges over other Community Councils:

- we will extend the general power of competence to competent Community Councils, while prescribing that Community Council funding can not be used for political purposes. A competent Community Council would not be subject to the section 137 limits of the Local Government Act 1972;
- they will be deemed to be community bodies, with certain rights or entitlements, as set out in the next Chapter; and
- they will not necessarily be subject to capping of the precept. We propose other Community Councils should be subject to a cap on the annual increase in the precept which could be the same as the percentage increase in the Principal Local Authority’s Council Tax in the same financial year.

More generally, given their greater capacity and capability and on the principle of subsidiarity, we would expect to see more extensive delegation of functions from Principal Local Authorities to competent Community Councils.

Community Councils which can demonstrate they meet these competency tests will need to pass a resolution to that effect and notify a committee of the Local Authority in their area. The Local Authority would be required to nominate one of its committees for this purpose.

<sup>71</sup> The Accounts and Audit (Wales) Regulations 2005

<sup>72</sup> Local Government (Democracy) (Wales) Act 2013

The committee nominated by the Local Authority should have powers to require a Community Council at any time to demonstrate its continuing competence and if it is not satisfied, revoke the Community Council's competency qualification.

At present, fewer than ten percent of Community Councils pass the proposed capacity test (annual budget of £200,000). We wish to see this number rise significantly. We will expect the review of Community Councils by Local Authorities to significantly reduce the overall number of Community Councils and increase the number of potential competent Community Councils.

We will also consider what other governance and transparency arrangements should apply to Community Councils, as they do to Elected Members of Local Authorities, in order to improve their accountability. This might mean, for example, a requirement on the Chair of the Community Council to publish an annual report, which could also incorporate the reporting requirement which is proposed in the Well-being of Future Generations (Wales) Bill, to set objectives for, or otherwise manage the performance of, the clerk to the Community Council, and for the public to have a right to attend, speak at and record meetings of their Community Council, including film and video recording. We will also clarify the legislative framework governing community polls.

#### 4.10 Community Councillors serving on more than one Community Council

In 3.12 above we seek views on whether a Community Councillor should continue to be able to serve as an Elected Member of a Principal Local Authority at the same time. At present, some Community Councillors also serve on more than one Community Council. We are seeking views on whether a person should be able to serve on more than one Community Council at the same time.

#### 4.11 We would like your views

The Consultation Survey asks questions on the following themes:

- Member-led Area Boards
- The reform of Community Councils



## 5. Power to Local Communities

**In order to realise our ambition of Local Authorities which actively share power and responsibility with the communities they serve, we set out in this Chapter the role we see for mutualism, co-operation and shared ownership in the transformation of public services. We set out the way in which communities can engage with Local Authorities in joint endeavour and how people can protect land and property of community value for the future.**

**We intend to achieve this by giving community bodies a number of rights which they can exercise in relation to services and assets.**

### 5.1 Introduction

Effective community involvement requires us to establish a framework which allows for greater sharing of power and responsibility between Local Authorities and the communities they serve. This will enable communities to go beyond having their voice heard to actively taking responsibility for the changes and improvements they wish to see in their community.

Our vision for Local Authorities in Wales is that they become activist Councils, taking action to support and improve the well-being and resilience of their communities.

We believe that control over public services in a place should be democratically led, and we will retain the public sector as the primary deliverer of our priorities in Wales. Improving performance and cost reduction can be assisted by contestability through comparison, challenge and collaboration.

The Welsh Co-operative and Mutuels Commission argued in February 2014 that a historic opportunity has opened up for an alternative approach to economic development, public policy and service provision, based on mutualism, co-operation and shared ownership, creating the opportunity for better government and a fairer society.

The Commission concluded that new ways of delivering public services must be found, with co-operatives and mutuels playing a vital role in this process, encouraging innovation, developing new sources of income and meeting people's needs. The Commission believes strongly that public service providers should seek advice on co-operative and mutual business models from specialist business advisors, and engage early and in a meaningful way with its workforce when they are considering changes. However, it found that there are at present few sources of specialist expertise.

We will work with Local Authorities and the third sector to create meaningful contestability, so that Local Authorities procure services from the best value provider, subject to exacting social principles. We will help Councils work with other Councils, Community Councils, co-operatives and mutuels, and their local community to develop new models of service delivery. We welcome insourcing where this provides better value and better services for our communities.

## 5.2 New Models for Future Delivery

There is a long tradition of ethical entrepreneurship in Wales. The Welshman Robert Owen was one of the founding fathers of the co-operative movement in the nineteenth century. His legacy in Wales today includes hundreds of small community trusts, co-operative firms, mutuals and social enterprises. But there are also some big players – the housing associations who build, manage and maintain much of our social housing; Glas Cymru, owner of Dŵr Cymru Welsh Water; agricultural and dairy co-operatives; firms at the cutting edge of innovation such as Dulas and Aber Instruments; as well as credit unions and building societies such as the Principality. The Welsh Co-operative and Mutuals Commission recently identified a range of new opportunities for ethical enterprise in major sectors such as energy, social care, leisure and transport.<sup>73</sup>

Some Local Authorities have shown growing enterprise in stimulating opportunities for social and community enterprise, although their actions are often motivated by financial necessity rather than innovation and opportunity. Therefore, we believe communities must be empowered to initiate action themselves. We will give community bodies a range of rights which will enable them to become involved in local services and take responsibility for community assets.

Local Authorities will need to provide the leadership and expertise to make things happen, and Elected Members will have a crucial role as agents of change in the community.

In July 2013, for example, Torfaen County Borough Council transferred three major sports and leisure facilities – Pontypool Ski Slope, Cwmbran Stadium and Fairwater Leisure Centre – to a community trust. Torfaen Leisure Trust is run by a board of trustees made up of local volunteers with a huge range of business and public sector experience, as well as Elected Members.

The Trust is now able to access the finance to make major improvements. Just across the Afon Llwyd river from Cwmbran, Croesyceiliog and Llanyrafon Community Council have created a community trust jointly with the Woodland Road Sports Association to run the Woodland Road centre. The centre has over 35,000 visits every year and the community trust will enable them to bid for funding to improve the facilities. During 2014, Neath Port Talbot County Borough Council transferred a number of library facilities to different community groups, including to community trusts and Community Councils. In Powys, a dance company which has been run by the Local Authority for the past 35 years is at present being handed over to a charitable incorporated organisation with a board of trustees.

The Welsh Government believes there is significant untapped potential in the power of community enterprise. The Social Services and Well-being (Wales) Act 2014 will require Local Authorities to promote the development of co-operatives and mutuals in the field of social care. In the coming months, we intend to work with and through the Wales Co-operative Centre to develop best practice guidance for Local Authorities and facilitate the engagement of social enterprises, co-operatives and community groups in future service provision. We also provide support for the Wales Council for Voluntary Action, who are leading the way on innovative funding models, such as the Wales Well-being Bond. We now need to empower communities to innovate.

Managing this complex environment will require a different approach to local governance and leadership of the highest calibre. This is not a license or an encouragement for Local Authorities

<sup>73</sup> Report of the Welsh Co-operative and Mutuals Commission, Welsh Government, 2014 <http://wales.gov.uk/topics/businessandconomy/business-wales/welsh-coop-mutuals-commission/?lang=en>

to wash their hands of some services or not to care about some aspects of well-being in their area. Quite the opposite. In addition, in transferring assets or services to community bodies or social enterprises, it is essential Local Authorities ensure the rights of children and young people and Welsh language speakers are protected.

### 5.3 Community Participation

The Welsh Government considers that a community's ability effectively to influence how local services are delivered is dependent on their being able to engage in discussions with a Local Authority about the services that matter to them.

Where a community body (see 5.6 below) believes it could help improve a service, it will be able to make a request to the Authority setting out how it considers it could help improve that service. The Local Authority would be required to respond promptly and engage actively with the community body to take the work forward, unless there were valid reasons for not doing so. There would need to be safeguards to prevent abuse and vexatious requests.

We envisage community bodies using such a power to open a dialogue with their Local Authority as to how a service could better meet the needs of the community or specific users. This might mean, for instance, agreeing improvements in the way services are designed, how they are delivered, such as where, when and by whom, or enhancing the service with additional community effort where appropriate, such as volunteers working alongside Council staff or joining up statutory and voluntary services. This will provide a formal route for communities to work with Local Authorities, combining the experience and insight of service users and communities alongside professional expertise.<sup>74</sup>

A community body could, subject to their having the necessary capacity and capability, propose that they take on the delivery of the service themselves. If the Local Authority agreed, in most circumstances this would then trigger an appropriate procurement process.

This proposal will require Local Authorities to develop new skills to facilitate joint working around the needs of services users. They will need to focus not only on the resources available to them within the Council but also on harnessing the capabilities of communities and the third sector. This will need a significant cultural change within Local Government and leadership which actively seeks opportunities to share power with communities.

### 5.4 Property Transfer to the Community

Local Authorities own a large variety of property or assets, both land and buildings, which contribute to community well-being. In the broadest sense, these assets already belong to the community but in certain circumstances, Local Authorities may wish to transfer the running or ownership of property to a community body. Asset transfer is not a new concept. The Local Government Act 1972 (General Disposal Consent (Wales) 2003) provides that Local Authorities may dispose of land, including for less than market value, where the disposal is in the interests of the economic, social or environmental well-being of its area.

The ownership or management of property by a community can deliver positive benefits by increasing community confidence, allowing the community to drive its own regeneration

<sup>74</sup> The theoretical underpinning for this approach is set out in a briefing note commissioned by the Welsh Government, Bringing the power of the citizen into local public services. Bayard and Loeffler, 2014 <http://wales.gov.uk/statistics-and-research/democracy-community-governance/?lang=en>

objectives, tailor services to their needs and increase local jobs and skills. The Welsh Government has an excellent record of supporting communities to own and manage property and land. The Community Asset Transfer Programme was a £13 million joint venture between the Welsh Government and the Big Lottery Fund, while the current Community Facilities Programme offers capital grants of up to £500,000 to community and voluntary bodies, including social enterprises. As the proposed merger of Local Authorities proceeds, the Welsh Government expects the new Local Authorities will have assets which they will wish to release. These provisions are intended to facilitate more widespread transfer of assets to the community.

At present, asset transfer must be initiated by the Local Authority. We are proposing that eligible community bodies should be able to start the process of asset transfer through a request to their Local Authority. This right could also be used by a community body where a Local Authority is proposing to close a facility and has not first offered the community sufficient opportunity to take it over. This will guarantee community bodies a certain amount of time in which to develop their plans.

A community body would need to demonstrate the viability of its proposed use of the property and evidence that it has the capacity to appropriately manage and develop the property. Community bodies will need to demonstrate community support for their proposals and a commitment to accountability, open access and maximising the use of an asset by and for the community. There will be a need to ensure community assets are retained in community ownership, with appropriate safeguards to prevent sale into the private sector.

Following feedback received from a number of stakeholders and departmental representatives within Welsh Government regarding the challenges of budgetary pressures, inconsistencies in approach in terms of asset transfers, expectation of increased numbers of community asset transfers, expectations of community groups, together with capacity and capability concerns, a best practice toolkit is being developed, in conjunction with partners from across the wider public and third sector. The toolkit will help community bodies to demonstrate the viability for the proposed use of the property, and develop capacity and capability in managing the asset following transfer.

Community asset transfers are not intended as a route to surplus asset disposal but should be seen as an opportunity to help a neighbourhood develop a thriving and resilient community and sustain long-term use of property, assets and services. The toolkit will be an important instrument to help realise this ambition. It is expected that the document will be published in March 2015. Details of surplus public sector assets will also be made available through the *SpaceCymru* portal on the *AssetsCymru* website.

## 5.5 Community Ownership

It is not only land or buildings owned by the Local Authority that can contribute to the well-being of a community. Communities may wish to have a greater say over the future use of property in private ownership, such as a village pub or shop, or property owned by another public body. These facilities can often have a significant influence on community cohesion, local employment opportunities or the protection of Welsh language communities. This would mean communities having the right to 'first refusal' when these properties came up for sale, and a period during which the community body could raise the necessary funds to buy the property at an agreed market value. It would also give communities an accelerated procedure for bringing abandoned or neglected property back into productive use.

Rural communities in Scotland have had the ‘right to buy’ land and property for the last ten years through the Land Reform (Scotland) Act 2003. The Community Empowerment (Scotland) Bill, which is currently passing through the Scottish Parliament, includes provisions to extend this right to urban communities. According to data in the Scottish Register of Community Interests in Land (December 2014),<sup>75</sup> 175 applications had been received since the 2003 Act came into force, with another 34 registrations ongoing. Of these, the right to buy has been activated in 17 cases, that is, those which are in the process of purchasing and those that have purchased.

Whilst purchases under the right to buy are generally made at market value there have been instances where a nominal amount is paid. The Machrihanish Airbase Community Company bought the 1,025 acre former Machrihanish Airbase estate from the Ministry of Defence for £1 in May 2012. In addition to purchasing land, examples of purchases include a sporting estate (Assynt Foundation), forestry (Bute Community Land Company & Crossgates Community Woodland), Army/Air force bases (Comrie Development Trust & Machrihanish Airbase Community Company), a lighthouse (Covesea Lighthouse Community Company) and a church (Catrine Community Trust).

Sunart Community Company is purchasing a raw water intake and associated infrastructure on the edge of their community from Scottish Water. The infrastructure is no longer used as a water supply. The community proposes to adapt this to provide a micro-hydro generation facility, which once operational will be maintained on a regular basis.

We intend that communities in Wales should have similar rights giving them an opportunity to safeguard assets of community value. We wish to do this in a way which keeps bureaucracy to a minimum, which helps answer questions about access to funds as well as opportunities to buy, and which includes protections for private property owners. We will be consulting further on the detail of these proposals following discussions with representative organisations.

As part of the work being taken forward by the National Asset Working Group to develop community asset transfer guidance, we are exploring with Cabinet Office whether e-PIMS Lite, the Wales public sector land and property database, could be used as the register to record assets of community value in Wales.

## 5.6 Community Bodies

With rights come responsibilities. It is essential that the proposed community rights set out above are delivered in a manner which minimises risk or negative impact on the Local Authority, the wider public sector, other communities or local people. This is of particular relevance in respect of community ownership where the delivery of benefits to one community could have a detrimental effect on other communities. The public would require assurance that these rights could not be abused by special interest groups that did not genuinely represent the community’s interests.

Broadly speaking, we will define community bodies as voluntary sector organisations, co-operatives, mutuals, social enterprises and Community Councils. In the case of Community Councils, we are proposing that only competent Community Councils, in the meaning set out in the previous Chapter, would be eligible to exercise these rights.

<sup>75</sup> <http://rcil.ros.gov.uk/RCIL/default.asp?category=rcil&service=Home>

Any community body wishing to take on a more active role in delivering services would be required to meet certain standards with regards their organisation and membership, including having well-defined aims and purposes which relate to improving the economic, social or environmental well-being of the community. There would need to be appropriate standards of governance, financial management and transparency which would be defined in legislation. In order to ensure the body adequately represented the entire community, membership would have to be open, although the majority of members would need to be members of the community the body was representing, with these members having control of the body.

Any community group seeking to initiate asset transfer or purchase property of community value would be required to meet appropriate governance and financial standards, such as being registered as a company limited by guarantee with appropriate financial management arrangements. It is also envisaged that the body would be required to be of a certain size.

We expect that Elected Members of Local Authorities will have a role to play in facilitating the use of these entitlements through their role on Area Boards (see 4.5 above). For example, this could mean helping community bodies identify opportunities to exercise their rights, encouraging joint working between community bodies with common aims, and signposting community groups to support and advice.

### 5.7 We would like your views

The Consultation Survey asks questions on the following themes:

- Community participation
- Property transfer and community ownership

## 6. Corporate Governance and Improvement

We believe visionary and focused leadership is the most important factor for ensuring Local Authorities are able to provide sustainable outcomes for local areas. This leadership must be supported by a capable, adaptive and strategic corporate management team. In this Chapter we discuss how Local Authorities might be best supported to improve their leadership capacity and capability.

We propose the following changes:

- strengthening the role of Local Authority Audit Committees;
- repealing Part 1 of the Local Government (Wales) Measure 2009;
- introducing a system of annual self-assessment, complemented by biennial peer-review, to support Local Authorities to improve their corporate capability and capacity; and
- giving Welsh Ministers powers to commission independent reviews of Local Authority corporate capability and capacity, and dependent of the findings, to take action to support change and improvement.

We also ask for views on whether there are any elements of the Local Government (Wales) Measure 2009 that should be restated within the new arrangements, and whether they can be built on or strengthened.

### 6.1 Introduction

The public and the people who work for Local Authorities expect them to be well run. In the context of the immense pressures facing public services, their leaders must be capable of steering their organisations through some of the most profound changes since Local Government was established. This will require visionary leadership and sound corporate governance which is capable of innovating and taking managed risks to achieve the transformation necessary. Openness, transparency and challenge are at the heart of managing this change.

In recent cases where the Welsh Government has formally intervened in Local Authorities experiencing service failure, the diagnosis has always pointed to corporate failings and governance weaknesses. Often this has been due to leadership and management being unprepared for the pressures they are experiencing, sometimes compounded by an unhealthy culture which holds power for its own purposes, rather than to deliver services for the public. As we set out in 3.1 above, it has also resulted from a blurring of the roles of the political Executive and the senior management team. This must change.

There is no common, consistent and shared understanding of how administrative costs relate to service delivery across Local Government in Wales. Given the significant financial challenges we face, compiling and using good quality information on how we spend our money is essential, particularly in relation to workforce planning, developing better delivery and creating effective shared services. The Welsh Government has commissioned an independent review of

administrative costs across all Local Authorities in Wales. This review will identify and compile consistent data that will enable us to compare and contrast patterns of spending between Authorities, identify best organisational practices, and make recommendations to help focus their resources to front-line services. We anticipate publishing this research in the summer of 2015.

Removing cost from unnecessary bureaucracy and redirecting it to the frontline is essential. However, the Commission on Public Service Governance and Delivery found that in releasing efficiency savings, Authorities' corporate capacity has often been the casualty of cuts and this may have restricted some Authorities' ability to improve. It is essential Local Authorities retain resilient governance capability and strategic capacity. Local Authorities are large, complex organisations, spending hundreds of millions of pounds of public money. A capable, adaptive and strategic corporate apparatus is a prerequisite for managing change and improving services.

## 6.2 Corporate Governance

Corporate governance is about how well an organisation is running its business. As set out in 2.6 above, the Well-being of Future Generations (Wales) Bill establishes five ways of working, which provide the context within which all public bodies should operate their approach to corporate governance.

As a minimum, effective corporate governance must focus on:

- how the organisation identifies and manages the risks it faces;
- whether there are appropriate internal controls in place, for example, in relation to corporate and workforce planning, performance management, grants management, procurement, major programmes and project management, fraud and corruption, and business continuity;
- whether the Authority is able to demonstrate compliance with equalities, Welsh language and other statutory duties and legislative requirements; and
- whether there are finance systems and procedures in place to manage and monitor budgets, and to promote economy, efficiency and effectiveness in the use of resources.

We set out in 3.13 above our proposal to make it a statutory obligation of the Chief Executive to make arrangements for securing systematic improvement in their Authority through a number of specific duties. The processes outlined above enable the Chief Executive to give assurance to the Executive and the public that the Local Authority is well run and the public's taxes are well spent. In addition, in order to ensure a Local Authority operates within the law, it is the duty of the Monitoring Officer to report to Elected Members if any decision of the Authority is likely to be illegal. Monitoring Officers, therefore, play an important role in reminding Members and officers that they must act within the law and with honesty, integrity and propriety.

Local Authorities are required under the Local Government (Wales) Measure 2011 to establish an Audit Committee. Effective challenge by the Audit Committee is a key part of the corporate governance assurance process. Strengthening the role of internal audit procedures and of the Audit Committee will be essential if Local Authorities are to be less reliant on external assurance. External audit will continue to play a crucial role in determining whether internal controls are adequate.



On the basis of these corporate governance processes, the senior management is able to determine what the priority matters for improvement are. If corporate governance does not operate effectively, the risk of financial deficit and service failure rises, fraud and corruption become more probable, and the public is more likely to come to harm.

### 6.3 The Local Government (Wales) Measure 2009

Welsh Government has been working to develop support for improvement in Local Government for over a decade. Most recently, the Local Government (Wales) Measure 2009 placed a duty on Local Authorities to make arrangements to secure continuous improvement by setting improvement objectives and publishing their plans for achieving this improvement for each financial year.

The 2009 Measure aimed to establish a broad definition of improvement that includes action Authorities would undertake to improve strategic effectiveness (i.e. delivering the Authority's community strategy), service quality, service availability, fairness (i.e. equality and social inclusion), sustainability, and efficiency and innovation. The Local Government (Wales) Measure 2009 gives Authorities broad powers which allow them to collaborate with others in order to achieve these objectives. The intention was to bring greater focus to delivery and align performance more closely with community strategies. The requirement to publish information is intended to enable the public and other stakeholders, including Welsh Government, to have better access to improvement data. The Wales Audit Office, in conjunction with other external review bodies, publishes an annual assessment of whether an Authority has achieved its planned improvements and whether it has the capacity to improve further.

The Local Government (Wales) Measure 2009 gives the Welsh Ministers powers to offer support to failing Local Authorities and to intervene where necessary. It also places responsibility on the Auditor General for Wales to coordinate more effectively the work of auditors and inspectorates with Authorities.

To assist Local Authorities in achieving the improvement objectives they have identified, the Welsh Government has concluded an Outcome Agreement with each Authority. Outcome Agreements are linked to a grant, which will be paid in full or in part to an Authority, according to the extent to which the Authority has achieved the outcomes in its Agreement.

Evaluation of the impact of Outcome Agreements – and by extension Part 1 of the Local Government (Wales) Measure 2009 – found that they have generally been effective in achieving better corporate focus on improvement and outcomes, although it was difficult to assess whether they had led to performance improvements.<sup>76</sup> The *Learning to Improve*<sup>77</sup> report found improvement plans have fallen short in supporting the public to hold their Councils to account, and are not sufficiently used by local Scrutiny Committees. *Learning to Improve* also raises questions about the consistency, objectivity and usefulness of the Welsh Audit Office's annual improvement assessments in supporting Local Authorities to improve. The annual assessments focus on making improvement 'auditable' has led to too much reliance on external assessment rather than local accountability. This does not always provide either the Local Authorities, Welsh Ministers or the public with the assurance they are seeking. As *Learning to Improve* states

<sup>76</sup> Do Outcome Based Approaches to Service Delivery Work? Local Authority Outcome Agreements in Wales, Dr Jennifer Law, University of South Wales, 2013, <http://caspp.southwales.ac.uk/publications/>

<sup>77</sup> Learning to Improve, Welsh Government, 2013, <http://wales.gov.uk/statistics-and-research/7945310/?lang=en>

(Part 2, p.80), "there have been a number of examples of councils – in Wales and other parts of the UK – whose management processes have been judged to be satisfactory by inspectors and auditors but where serious problems with performance have subsequently come to light".

The Welsh Government believes a more risk-based approach to improvement and innovation would permit Local Authorities to respond more quickly and effectively to the challenges they face and return accountability for improvement to the local leadership. We therefore intend to repeal the provisions in Part 1 of the Local Government (Wales) Measure 2009, put specific improvement duties on the Chief Executive and strengthen Local Authorities' internal accountability processes. We are seeking views on whether any aspects of Part 1 of the Local Government (Wales) Measure 2009 should be restated in new legislation.

National Parks Authorities and Fire and Rescue Authorities currently fall within the scope of the 2009 Measure. It is not our intention for the reforms set out in this White Paper to apply to these Authorities. We will consult separately on proposals for reform of these Authorities.

#### 6.4 Managing Improvement

Repeal of Part 1 of the Local Government (Wales) Measure 2009 would require the strengthening of Local Authorities' corporate governance arrangements, including the role of the Audit Committee. We therefore propose to amend the Local Government (Wales) Measure 2011 to clarify the responsibilities and remit of Audit Committees, rename them Corporate Governance and Audit Committees, and expand their independent membership, including requiring that they be chaired by a suitably appointed independent person. The Audit Committee will be a powerful force to assist Chief Executives of Local Authorities to discharge their new statutory improvement functions, set out in 3.13 and below, in order to provide the Executive with assurance that the Authority is well run and has the systems and procedures in place to secure continuing improvement.

We are proposing that in order to discharge their improvement functions, the Chief Executive should be required to undertake an annual self-assessment of the Authority's corporate governance and service performance, and to provide a report to the Leader on matters of concern. The report should include how the Chief Executive has taken action in response to reports of the Audit Committee, self-assessment and peer review, and is to be published. We are also proposing the Chief Executive should in addition make arrangements every two years for a peer review to be undertaken, in order to provide external challenge to the self-assessment process.

These proposals would implement our policy objective of ensuring Local Authorities are accountable to Elected Members and the public for their performance and improvement, based on sound corporate governance and independent challenge. The proposals also clarify the distinction in roles between the Executive and the senior management of the Authority.

We suggest the new approach might be framed around the following principles:

- Rapid and responsive: providing timely and relevant evidence to management and members.
- Risk based: focused on where there are problems or weaknesses.
- Trusted and respected: commanding the confidence of those who are subject to the arrangements and those who use the data.

- Open and transparent: outcomes from the work must be frank, honest, clear and in plain language.
- Consistent and mutually reinforcing: avoiding duplication and nugatory work.

As discussed in Chapter 2, we would expect the values set out in each Local Authority's constitution to reflect its approach to transparent corporate governance and how it engages with Elected Members and the public on these issues.

We believe such a system can be developed and that all partners will be committed to working constructively to design it. Whilst the Welsh Government will set out in legislation a requirement for Local Authorities to undertake self-assessment and peer review, we propose the specifics of the new arrangements would be set out in regulations and/or statutory guidance rather than in primary legislation. This will enable us to develop arrangements in partnership with stakeholders to ensure they are fit for purpose and capable of changing over time as conditions change.

### 6.5 Self-assessment and Peer Review

An approach based on annual self-assessment and biennial peer review will allow Authorities the freedom to determine the best arrangements to secure improvement in the way they conduct their business, suited to their own circumstances. There will continue to be a role for the Wales Audit Office to provide critical independent assessment, for the social services and education Inspectorates to assess service performance and, where absolutely necessary, swift intervention from Welsh Government in the event of failure which has not been addressed by the Authority.

Peer review involves giving suitably qualified and experienced professionals full and open access to an Authority's staff and systems to identify areas for improvement. Peer reviews are already established in Local Health Boards and are embedded in the new three-year budgeting and planning regime.<sup>78</sup> Many Authorities in England and Wales have already conducted peer reviews and these have proved to be honest and informative. For example, see the reviews of Blaenau Gwent, Powys, Cardiff and Carmarthenshire.<sup>79</sup> The reviews are typically 'short and sharp' lasting no more than a week. The reviewers are normally Executive Members and senior officers from other Local Authorities (including from outside Wales), retired Members and officers, and professionals with expertise in particular areas, such as the law, ICT, HR and finance. Reviews should also include suitably qualified individuals from the private and third sector. Trust, credibility and transparency are critical elements which make peer review effective.

The Local Government Association has produced a number of guides, case studies and an evaluation<sup>80</sup> as to the effectiveness of peer review, or 'peer challenge' as it is also known. The findings of this evaluation show that peer review can bring about positive impact in five key areas: greater self-awareness, improved external reputation, behaviour change, organisational change, and service transformation.

<sup>78</sup> <http://www.hiw.org.uk/the-peer-review-programme>

<sup>79</sup> <http://www.wlga.gov.uk/previous-peer-reviews/>

<sup>80</sup> Corporate peer challenge adding value (2013) and Supporting Governments to succeed: Independent evaluation of the LGA's corporate peer challenge programme (2014), Local Government Association <http://www.local.gov.uk/peer-challenge>

A peer review of an Authority is a 'reality check' and an essential part of encouraging organisations to be more ambitious. A formal and regular programme of peer review would also help to develop a wider culture of sharing and learning.

Self-assessment and peer reviews might include the following aspects:

- strategic vision for the Authority;
- corporate planning, including financial management;
- governance arrangements;
- quality and timeliness of management and service information;
- leadership, recruitment, talent development and retention;
- equality and diversity, and Welsh language standards;
- efficiency;
- procurement and the value delivered to local communities through third party expenditure;
- engagement with the public, workforce and partners;
- responding to demographic, financial and demand pressures;
- service innovation; and
- effective working arrangements and collaboration with other Public Services.

We believe this approach will enable rapid and responsive assessment of an Authority's capability as well as being highly flexible to local circumstances. Peer reviews should be open and transparent. We would require the results of these reviews and the Local Authority's response to them to be published as a matter of routine and considered by the Audit Committee, and by the full Council.

## 6.6 Powers to Intervene

With greater emphasis on local accountability, it is appropriate to consider whether existing arrangements for intervention by the Welsh Ministers remain appropriate. In certain circumstances, the Welsh Government will continue to have a role in intervening as a last resort. The Welsh Ministers have powers to intervene where there are failings within specified service areas, such as social services or education. Given the risk of harm to vulnerable individuals where these services fail, the public will continue to expect the Welsh Government to take action when required. Therefore, we do not propose to change these powers.

We also need to consider the Welsh Ministers' powers to intervene in Local Authorities where they are considered to be failing at a corporate level. The Local Government (Wales) Measure 2009 makes provision for the Welsh Ministers to intervene on the basis of advice received from the Auditor General for Wales. Where this has happened over recent years, there is good evidence from the reports of the Wales Audit Office and the Inspectorates that problems were entrenched and often known about for some time, but local leadership had not taken action or sought support from the Welsh Ministers at an early stage.

We believe the proposals in Chapters 6 and 7 to strengthen corporate governance and performance management will reduce the risk of this happening in future. Nevertheless, where there is evidence that performance is falling short of the mark for a sustained period, the public

would expect the Welsh Ministers to intervene and provide support to the Authority to improve. If the Local Government (Wales) Measure 2009 is repealed, as we intend, we believe there is a need to legislate to ensure the Welsh Ministers continue to have powers to intervene in the event of corporate or service failure.

We propose the Welsh Ministers should have the power to commission an independent review of the corporate governance of a Local Authority. An independent review might be triggered when the Authority's performance is lagging significantly, or for a sustained period, behind its peers in key areas; where there are concerns raised by the Authority itself or its Members; where concerns are raised through whistleblowing; where information and intelligence provided by auditors and inspectorates identifies concerns; or there is significant public concern about an issue.

Depending on the evidence and advice put forward as a result of an independent review, the Welsh Ministers would need to consider whether additional support or formal intervention is necessary. We envisage a differentiated approach, for example, directing the Local Authority to take action, mandating peer led support, or stepping in directly to provide support, for example through the use of commissioners.

In addition, we propose to consider the current Local Government and Support and Intervention Protocol<sup>81</sup> in light of the changes proposed in this White Paper to ensure it remains fit for purpose.

## 6.7 We would like your views

The Consultation Survey asks questions on the following themes:

- The Local Government (Wales) Measure 2009
- Strengthening the role of Corporate Governance and Audit Committees
- Self-assessment and peer review
- Ministerial intervention

## 7. Performance in Local Government

In this Chapter we discuss the management and improvement of service delivery in Local Authorities. Key to this is effective corporate planning to inform decisions and policy development. We consider the importance of management information and data in service planning, performance management and assessment by Scrutiny Committees, the public, external review bodies and other stakeholders.

We propose the following changes:

- a statutory requirement for all Local Authorities to produce and publish a corporate plan which covers the short, medium and long term. This will be complemented by a requirement for the Local Authority to produce an Annual Report setting out their performance over the preceding year. The corporate plan and Annual Report will incorporate the Authority's well-being objectives, as intended by the Well-being of Future Generations (Wales) Bill;
- the creation of a single online information portal where comparable information will be published regarding the performance of all Local Authorities, as well as other key documents such as the corporate plan, self-assessment, peer review and inspection reports; and
- a statutory requirement for all Local Authorities to have an online (and offline) complaints process. We will require Local Authorities to publish information on complaints, including how complaints have been considered and action taken.

### 7.1 Introduction

People expect and deserve excellent public services in their Local Authority area. Expectations are changing. The public expects services to be responsive, personalised and increasingly delivered or accessed through digital channels. Previous chapters explain our vision for community-centred Local Authorities which are a distinct, democratically accountable part of the governance of Wales. Authorities are directly accountable for the performance and improvement of the services provided by them to their local communities.

The Welsh Government sets the policy and legal frameworks within which Local Authorities operate. It is the Welsh Government's role to set out national expectations and to articulate the standards which local people can expect Authorities to meet. While ensuring that minimum standards are delivered across Wales, Local Government's role is to ensure services are appropriate to the communities that they live in, and should increasingly be focused on prevention and early intervention. One size does not fit all and Local Authorities have a responsibility to ensure they are considering what is most appropriate for all the different communities that they serve. Providing the right services, however, depends on effective corporate planning based on robust evidence, a performance management framework based on timely management information and procedures for benchmarking performance against the best. It also requires Local Authorities to work in collaboration with public sector partners.

Where Local Authorities can bring forward a sound business case for service transformation which requires additional revenue at the outset in order to generate future savings, the Welsh Government can assist through our Invest-to-Save fund.

The Commission for Public Service Governance and Delivery identified performance management arrangements in public services in Wales, including in Local Government, as an area of concern. The Commission drew attention to the complexity of performance management information, the multiplicity of indicators and fragmentary performance management systems. Without a foundation of effective performance management, it is difficult for an Authority to identify current performance levels, let alone develop a plan to improve or sustain services. Poor information on performance weakens governance, prevents managers from making the right decisions, frustrates improvement and hinders scrutiny. We agree with the Commission's analysis. This Chapter focuses on the arrangements which are needed to ensure Local Authorities are delivering good and improving services.

## 7.2 Corporate Planning

For Authorities to perform at their best, they must understand the aims, objectives and goals to which they are working and use them to shape their corporate planning. These goals will be determined by local priorities as well as national policy direction set by the Welsh Government.

It is the intention of the Well-being of Future Generations (Wales) Bill that the National Assembly for Wales will, for the first time, set out long-term well-being goals for Wales. There will be national indicators to measure progress towards the achievement of the well-being goals. Local Authorities and other public services would align their objectives to the achievement of the national well-being goals. This would mean a much improved focus on what Local Authorities are seeking to achieve in order to improve the economic, social and environmental well-being of Wales, for current and future generations.

Our proposals for a new performance framework will start with those national goals and indicators. The local well-being plan, required by the Well-being of Future Generations (Wales) Bill, will set out the collective public service plan for an area, developed by the Public Services Board in conjunction with the people and communities who live there. Based on evidence, the well-being plan will identify the outcomes which are the priorities of all public services for achieving the long term well-being in their area. These will include the Local Authority's priorities for action in planning its service provision needs.

The Leader's manifesto (3.3 above) will set out the Local Authority Executive's political priorities and in 3.13 we set out our proposal that Chief Executives of Local Authorities must produce a corporate plan to put these actions into effect. The corporate plan is a tool of management at present and we intend that to continue but the Council should no longer approve the plan. This is meant to clarify the functions of Elected Members of the Council (Executive and non-executive) and the administrative management of the Authority respectively. It will increase the responsibility on the Executive and Scrutiny Committees to hold the Chief Executive to account for delivering the Council's priorities. The Council must approve the budget and its committees and the Executive will be required to scrutinise the senior management team on delivery of their objectives through the corporate plan. Many are already doing this, of course, but we believe it is time to make it a statutory requirement.

Local Authorities are highly complex organisations. Each year, they spend many billions of pounds of public money, delivering hundreds of services to millions of people. We should expect

them to be run with high standards of financial rigour, careful consideration of the current and future needs of their people and communities, and focused on continuing performance improvement. It is important that the range of services is managed coherently so as to make the maximum use of skills, resources and experience.

The corporate plan will set out how the Authority intends to address the Executive's priorities in the short, medium and long term. It will set out what the Local Authority plans to achieve, how they will achieve it and what funding will be required to deliver this. It will bring together the Authority's arrangements for strategic planning, financial planning and workforce planning. This public document will support the Authority in engaging with the public about strategic issues which affect the whole Local Authority area, as well as issues which affect specific communities and or particular services.

We will work with Local Authorities and other stakeholders to develop guidance to help Local Authorities prepare their corporate plan. We will expect the corporate plan to explain throughout how duties in respect of the Welsh language and equalities will be delivered. As a minimum we envisage the corporate plan would include:

- strategic population outcomes for the area, as agreed in the local Well-being Plan;
- corporate priorities for service delivery and improvement, including Welsh language standards, and the steps to achieve the objectives in the local well-being plan;
- financial management plans, including medium-term financial planning, corporate procurement strategies and asset management plans;
- workforce plans, including the strategic equalities plan;
- the risk register;
- existing service performance and benchmarking data;
- public engagement and involvement strategy, including in relation to setting of annual budgets and council tax;
- planned performance levels for the short, medium and long term; and
- an Annual Report setting out achievements and performance outcomes of the previous year, which could also be used discharge the Local Authority's proposed duty under the Well-being of Future Generations (Wales) Bill to report on how they have delivered their objectives in a manner consistent with the sustainable development principles.

The Auditor General for Wales is the statutory external auditor for Local Authorities in Wales. This means that he audits their accounts and his role includes examining how public bodies manage and spend public money and how they achieve value in the delivery of public services. In addition, it is proposed there will be a new duty on the Auditor General under the Well-being of Future Generations (Wales) Bill that requires him to examine and report on the application of the sustainable development principles in both the setting and the achieving of objectives by Local Authorities. This means looking at the arrangements they have in place to ensure they take account of the long term, the need for an integrated approach, working with others, involving people, and taking preventative action in both setting and taking steps to meet their well-being objectives.

The Auditor General would therefore be able to consider issues such as whether the body can show that it has organised itself to have robust mechanisms and procedures in place and



whether these are actually being used, that is, are the sustainable development principles being applied when the body is making key decisions about setting well-being objectives and also when taking steps to achieve them.

The statutory corporate plan we are proposing for Local Authorities could be an essential source of evidence for the Auditor General both in his routine auditing of Local Authorities and in his examination of the application of the sustainable development principles. It will also be vital for Scrutiny Committees to challenge the Executive effectively, and to provide the public with the information they need to understand how public funding is being spent.

### 7.3 Comparing services through objective real-time data

Timely and accurate management information and the ability to analyse this information effectively will be essential to support the development of the corporate plan and to underpin self-assessment and peer review.

Effective use of good quality and timely information is critical to delivering better service outcomes and achieving improvement. There are two main elements of information that we wish to consider:

- the data required so the performance of Authorities can be compared, such as national performance tables and comparative statistics, enabling the Authority to be held to account by elected representatives and the public; and
- the information about an Authority which would be used by its management and the scrutiny process to maximise capability and delivery.

The Commission on Public Service Governance and Delivery argued the current plethora of performance management frameworks imposed by the Welsh Government are too complex, bureaucratic, costly and insufficiently focused on outcomes for people.

In *Improving public services for people in Wales*,<sup>82</sup> we committed to strengthening performance management across public services through developing a common approach for performance measurement. This would focus on outcomes, as well as rationalising and aligning the many sets of performance measures. The Government accepts the challenge and will develop a new approach to performance data across the range of its activities, starting from the premise that we must collect fewer, more meaningful measures.

The right information used by managers to support the improvement of services is critical. When published it can be a powerful motivation for improvement. The Welsh Government accepted this sometime ago and created the web-based 'mylocalschool'<sup>83</sup> information source which provides detailed data on individual schools. More recently, the Welsh Local Government Association has launched the 'mylocalcouncil'<sup>84</sup> website and the Local Government Association in England has also developed 'LG Inform.'<sup>85</sup> While these websites provide information on Local Authority services, they give no meaningful context to help the public or Elected Members interpret variations. The challenge now is to encourage the widespread use of data and analysis.

82 *Improving public services for people in Wales*, Welsh Government, 2014  
<http://wales.gov.uk/topics/improvingservices/devolution-democracy-delivery/?lang=en>

83 <http://mylocalschool.wales.gov.uk/>

84 <http://www.mylocalcouncil.info/>

85 <http://lginform.local.gov.uk/>

Driving up public service performance requires the pull of public demand as much as the push of Government expectation.

We believe the use of digital technology should be expanded across all public services to ensure all those with an interest have access to data for their communities, for their Local Authority and for Wales as a whole. Therefore we propose establishing a single, accessible portal to provide regular, timely, and comparable information to challenge variations in performance. We propose including data for the UK to ensure our services are compared against the very best. Contextual information which can help to interpret raw data should also be made available on this portal. This could include reports by the Wales Audit Office and the Inspectorates, self-assessment and peer review reports, the corporate plan and complaints information. We would require Local Authorities to publish this information, using agreed definitions, by a set date.

We aim to work with public sector organisations, regulators, auditors and inspectorates to produce:

- a more strategic approach to performance management across the whole public sector;
- outcome indicators and performance measures to support public service leaders in their decision-making;
- better value for money from collecting performance information; and
- more transparent reporting of information which will have a greater impact.

We will consult on how they are designed and developed in due course.

In the future, corporate plans will include a standardised set of performance outcomes and measures. We have also received evidence during our recent consultation that the inclusion of minimum standards<sup>86</sup> would drive performance and this is something we will consider as part of our new performance management framework. In setting minimum standards of performance, it may be appropriate to consider the use of financial penalties for non-compliance. We are seeking views on the use of minimum standards and financial penalties.

#### 7.4 Procurement supporting sustainable provision of services

Collectively, Local Government is responsible for almost two-thirds of total annual public procurement expenditure in Wales. It is essential the public have confidence their taxes are being well spent. Governance of procurement is managed through a non-statutory Procurement Board and locally procurement capability is assured through Procurement Fitness Tests. The Procurement Board oversees the procurement improvement plan across Wales and also receives reports on the performance of individual Local Authorities. In order to develop better understanding of procurement outcomes and to support collaboration across Wales, we will work with Local Government to agree a common structure for classification of procurement expenditure.

#### 7.5 Digital Councils

We have seen examples of ways in which digital technology is being used to engage with the public, enhance transparency and improve services, and so improve performance in a number

<sup>86</sup> See for example the WLGA response to the Reforming Local Government White Paper <http://wales.gov.uk/consultations/localgovernment/white-paper-reforming-local-government/?status=closed&lang=en>

of areas of public service delivery, including education and social services. Local Authorities have the opportunity to become digital pioneers, creating bespoke services which can be adapted by other public service users. However, while there are certainly examples of good digital practice among Welsh Local Authorities, we are not yet witnessing the wholesale transformation of both the corporate model, public engagement and service delivery through the use of digital technology which is evident in other sectors. We question whether most Local Authorities fully understand the kind of cultural change required to achieve the greatest impact.

It is not an issue of better network management, the corporate needs of the Authority, or infrastructure issues, although we expect Local Authorities to make use of the new Public Service Broadband Aggregation contract. The focus needs to be on ease of use and open access, not command and control. It is about the potential of digital technology to improve service delivery and the service experience of residents, communities and front-line staff through much greater ease of access. This includes the use of data collected by Local Authorities, which could be a rich source of information for future service configuration.

In the *Reforming Local Government White Paper* we set out our intention to legislate to require that all full Council and Executive meetings must be broadcast online, at the same time encouraging the broadcasting of committees. We now wish to go further to ensure the work of Councils is as fully accessible to the public as possible, having regard to restrictions around confidentiality of data and commercially sensitive information for example, so that they can engage more closely in decisions about matters that affect them. The broadcasting requirement will provide an accurate public record of Local Authority proceedings, therefore we believe it is for individual Authorities to decide whether the public may film or record any of their proceedings. We will enable Local Authorities to make provision for recording of proceedings through their standing orders. However, given the importance of social media in stimulating dialogue and engagement, we consider the public should have a right to report live from any Council proceedings through written or electronic media.

We also consider that the public should have a right to have their say on matters being discussed by the Council. We therefore intend to put a duty on Local Authorities to make arrangements to enable the public to make their views known on any open agenda items of the full Council, the Executive or any Committees of a Local Authority, and for those views to be taken into account. This will require that existing requirements to publish agendas and meeting papers in advance must be closely adhered to.

## 7.6 Complaints

All feedback, including complaints, offers valuable information which can lead to improvements, but there has to be the right organisational ethos to enable this to happen. Complaints, often a mechanism through which people interact with their Local Authority, should be reported on, where appropriate, in an accessible, open and transparent way. Analysis and understanding of complaints is essential for informing service improvement and for improving governance arrangements. It is therefore important complaints and concerns are considered, even if it is not possible or appropriate to fully address them.

A recent review of complaints handling in the NHS<sup>87</sup> raises a number of issues that apply in the Local Government setting. Those who need to complain must have confidence in the complaints process and where the issues raised are serious, it is particularly important that the process is timely and independent. The review also highlights that it should not be painful or difficult to complain and when it is necessary to make a complaint, the onus should not be on the individual complaining to follow up progress.

The Older People's Commissioner produced a scoping study<sup>88</sup> of complaints procedures in 2010 which highlights the importance of complaints in improving services, and issues faced by older people in particular. The report raised issues with regards to individuals tracking their complaint, but also the need for greater transparency in the way that organisations publish information in a comparable way.

We intend to require all Local Authorities to establish a streamlined online complaints process. The use of digital technology can facilitate the processing and tracking of complaints, provide an auditable trail and enable the Authority to build up a comprehensive picture of issues with service delivery, governance and the views of the public. We propose to require the Local Authority to provide a regular report on complaints to the Authority's Audit Committee. This report will include information about the Authority's approach to complaints handling and how they are used to improve services, as well as data such as number and categories of complaints raised and resolved.

### 7.7 We would like your views

The Consultation Survey asks questions on the following themes:

- Corporate planning
- Single information portal
- Minimum performance outcomes and financial penalties
- Complaints

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87 A Review of the NHS Hospitals Complaints System Putting Patients Back in the Picture, Ann Clwyd MP and Professor Tricia Hart, October 2013 <https://www.gov.uk/government/publications/nhs-hospitals-complaints-system-review>

88 A Scoping Study of Complaints, Susan Lambert for the Older People's Commissioner for Wales, 2010 [http://www.olderpeoplewales.com/en/news/news/1-07-28/A\\_Scoping\\_Study\\_of\\_Complaints\\_for\\_the\\_Older\\_People\\_s\\_Commissioner\\_for\\_Wales.aspx](http://www.olderpeoplewales.com/en/news/news/1-07-28/A_Scoping_Study_of_Complaints_for_the_Older_People_s_Commissioner_for_Wales.aspx)

## 8. Strengthening the Role of Review

This Chapter discusses the role of scrutiny by Elected Members (internal review) and audit, inspection and regulation bodies (external review) in supporting Local Authorities to deliver better outcomes for local areas. We do not believe internal and external review processes work together well enough. We discuss how we will strengthen internal review to ensure it has more impact on Local Authority decision-making. We also discuss the benefits of sharing information between the different external review bodies and with internal review.

We propose the following changes:

- requiring Local Authorities to set out, regularly, the ‘key decisions’ they will be considering so as to enable internal review to be planned more effectively;
- strengthening Scrutiny Committees’ forward planning by requiring them to make reference to ‘key decisions’ and corporate plans, as well as setting out what they intend to scrutinise and who they will engage with in doing so;
- requiring external review bodies to share information with each other and with local Scrutiny Committees;
- requiring external review bodies to co-ordinate their work in respect of Local Authorities and produce a combined assessment of each Local Authority every two years; and
- requiring external review bodies to produce a joint annual assessment of the state of Local Government in Wales.

We also ask for views on whether we should take further steps to protect the independence of the Democratic Services functions and the support they provide for Elected Members’ scrutiny responsibilities.

### 8.1 Introduction

The Commission for Public Service Governance and Delivery considered scrutiny to play a key role in democratic accountability. According to the Centre for Public Scrutiny:

*“Public scrutiny is an essential part of ensuring that government remains effective and accountable. Public scrutiny can be defined as the activity by one elected or appointed organisation... examining and monitoring all or part of the activity of a public sector body with the aim of improving the quality of public services.”*<sup>89</sup>

However, the Commission found weaknesses both in the exercise of scrutiny functions and the status and resources it is afforded by Local Authorities. The Commission also noted the lack of integration of audit, inspection and regulation bodies and internal scrutiny by Elected

<sup>89</sup> <http://www.cfps.org.uk/>

Members. We agree that internal and external review is critical to securing corporate and service improvement through holding to account and challenge and that in order to be more effective internal and external review should work more effectively together to support improvement.

Performance and improvement is first and foremost the responsibility of the Local Authorities concerned and better leadership is needed in this area to reduce significantly the incidence of adverse audit and inspection reports and Welsh Government interventions as a result of poor performance. Audit and inspection have too often been the first line of defence against poor performance, rather than the last. The Welsh Government's role is to set the overall regulatory framework. Local Government should pursue and exceed the minimum standards and requirements, with local Scrutiny Committees holding Authorities to account. The audit and inspection bodies are there to provide independent assurance that internal controls are working effectively and to challenge under-performance. In addition to this regulatory function, they also have a crucial role in sharing good practice on improvement.

Good leaders, whether political or operational, embrace challenge from internal and external scrutiny. Challenge is not about defending the current position but listening to different perspectives and seeking out alternative options in order to make services better, whether that is more relevant, more efficient or more effective. While the cost of scrutiny, audit and inspection should be proportionate, it must not be considered a bureaucratic cost, it is the investment we make in improvement. Review, whether carried out internally by Elected Members, or externally by audit and inspection bodies, must be well informed, drawing on information, intelligence and data from a wide range of sources. Reporting should be timely, objective, evidence based and placed in the public domain.

## 8.2 Internal Review – Scrutiny by Elected Members

Internal review by Elected Members, or scrutiny, contributes to decision-making processes that are clear and accessible to the public, holding to public account those making decisions.

Scrutiny Committees are appointed by the full Council to examine the work of the Executive and other functions of the Authority, such as planning and regulatory functions. Their role is to support the Authority to maintain high service delivery standards, and to steer them towards improved efficiency and effectiveness, and better outcomes for local communities. Good scrutiny involves service users and the public and ensures they have opportunities to influence and improve the services they receive. The Local Government Act 2000 requires Local Authorities to have one or more Overview and Scrutiny Committees.

Overview and Scrutiny Committees can:

- review or scrutinise decisions made by the Local Authority in the exercise of functions (whether they are functions which are the responsibility of the Executive or not);
- make reports or recommendations accordingly; and
- make recommendations on matters which affect the area or its inhabitants.

Internal review by Elected Members can be divided into four broad categories:

*Horizon-scanning scrutiny:* looks at future social, economic, political and other changes which are likely to have an impact on Local Government, in order to help Authorities adapt to them accordingly. For example, this might mean examining the likely impact of changes to the welfare system, or the impact of an ageing population, or of major advances in digital technology.

*Thematic scrutiny:* examines a specific topic or area that has been highlighted as a matter of concern, such as systemic child abuse or modern slavery. In this way, scrutiny can help the Authority develop its policies and respond more effectively to local needs.

*Pre-decision scrutiny:* examines an Authority's proposals, objectives and draft programmes in order to inform their development before they are implemented. In this way, scrutiny can help the Authority to achieve optimum impact by avoiding mistakes and grasping opportunities in its policy-making and service delivery.

*Post-decision scrutiny:* examines the implementation of Authority policy and performance in terms of service delivery. It enables the Authority to review the effects of its decision-making, learn lessons, helping it to recognise any unforeseen consequences and assisting it to revise its policy and practice accordingly.

Scrutiny annual reports describe the work and outputs of Scrutiny Committee reviews, and give an early indication of future areas of planned review. They are formally reported to full Council.

### 8.3 Effective Internal Review

The Centre for Public Scrutiny has been undertaking work on the financial 'return on investment' as well as the 'social return on investment' of Scrutiny Committees.<sup>90</sup> The Centre has developed a model for establishing the return on investment of scrutiny. Their research shows that the impact of scrutiny can be measured and can offer a significant business benefit when done well.

In order to deliver on this, effective internal review must be appropriately resourced. Those supporting internal review should be highly skilled at analysis and interpreting information, and be aware of innovation from across the sector. Those scrutinising must provide constructive challenge to the Executive and senior management, ensuring they are aspirational in their goals, innovative in their approach, and proportionate in managing risk.

<sup>90</sup> Tipping the Scales, Centre for Public Scrutiny, 2012 <http://www.cfps.org.uk/publications?item=7137&offset=25>; Measuring what matters, Centre for Public Scrutiny <http://www.cfps.org.uk/publications?item=106&offset=0>; Valuing Inclusion, Centre for Public Scrutiny, 2012 <http://www.cfps.org.uk/publications?item=7303&offset=0>

A number of areas for improvement have been identified in current arrangements<sup>91</sup> such as:

- improving the information available to undertake internal review;
- improving the planning process for internal review;
- ensuring that the impact of internal review is appropriately evidenced;
- recognising the importance, status and value of internal review;
- resourcing internal review appropriately;
- ensuring the process of internal review effectively engages with communities; and
- recognising that internal review is an essential part of the system for securing service improvement.

#### 8.4 Strengthening Internal Review by Elected Members

We believe the relationship between the Executive and Scrutiny Committees is crucial. To be most effective it needs to be an open and engaged relationship. And, for internal review to be a critical part of improvement arrangements, Scrutiny Committees must be independent and have effective powers at their disposal.

In the *Reforming Local Government White Paper* we asked for views about how we could strengthen scrutiny to support service improvements. We have set out below a number of proposals for consideration which we believe will achieve this.

##### 8.4.1 Ensuring Local Authorities resource local review

In 2009, the Councillors Commission Expert Panel for Wales published its report *Are We Being Served*.<sup>92</sup> Several of the issues they examined related to the experience of Councillors since the introduction of Executive structures which make the majority of decisions. Their recommendations included giving consideration to introducing a legal separation of the Executive and Non-executive functions of the Council, with separate funding streams, which would protect the independent and unbiased provision of support for Elected Members' scrutiny responsibilities.

The Welsh Government set out proposals to strengthen scrutiny and community leadership in *A Shared Responsibility*.<sup>93</sup> Subsequently the Welsh Government legislated to strengthen the role and independence of scrutiny in the Local Government (Wales) Measure 2011 and made provision for the delegation of functions to Elected Members in relation to their

91 Good Scrutiny? Good Question!, Wales Audit Office, 2014 <http://www.wao.gov.uk/publication/good-scrutiny-good-question-auditor-general-wales-improvement-study-scrutiny-local>; Final Report, Commission on Public Service Governance and Delivery, 2014 <http://wales.gov.uk/topics/improvingservices/public-service-governance-and-delivery/report/?lang=en>; Annual Survey of Overview and Scrutiny in Local Government - 2013-14, Centre for Public Scrutiny, 2014 <http://www.cfps.org.uk/publications?item=11650&offset=0>; Joining Up the Dots: Overview and Scrutiny in Local Government Since 2003, Centre for Public Scrutiny, 2012 <http://www.cfps.org.uk/publications?item=7042&offset=50>; Explanatory Memorandum Local Government (Wales) Measure 2011, National Assembly for Wales <http://wales.gov.uk/topics/localgovernment/publications/lgmeasure11/?lang=en>; Chief Inspector's Annual Report 2012-13, Care and Social Services Inspectorate Wales <http://cssiw.org.uk/our-reports/annual-reports/2012-2013/?skip=1&lang=en>; Annual Report 2012-13, Estyn <http://www.estyn.gov.uk/english/annual-report/annual-report-2012-2013/>

92 Are we being served? The Report of the Councillor Commission Expert Panel Wales, 2009 <http://www.wlga.gov.uk/publications-and-consultation-responses-imp/are-we-being-served-the-report-of-the-councillor-commission-expert-panel-wales>

93 A Shared Responsibility, Welsh Assembly Government, 2007 <http://wales.gov.uk/topics/localgovernment/publications/sharedresponsibility/?lang=en>



electoral division, and for Members to refer matters to a Scrutiny Committee. The Welsh Government also made provision in relation to Democratic Services. The Democratic Services regime attempts to strengthen the hand of the non-executive Member but in practice the effectiveness of this varies from Council to Council.

The Centre for Public Scrutiny has also recently highlighted concerns about decreasing resources to support scrutiny. Overview and Scrutiny Committees have had their resources reduced by 20% in real terms over the last five years.<sup>94</sup> Given the importance of internal review in supporting service improvement, this needs to be addressed. Scrutiny must have appropriate and sufficient support, in the form of skilled officers and its own budget. To further support this we believe that there should be a requirement for the Head of Democratic Services to be a Chief Officer.

Following our recent review of the implementation of the Local Government (Wales) Measure 2011, we also intend to remove the requirement that the Monitoring Officer may not also be the Head of Democratic Services. The evidence we received suggested this prohibition is unnecessary and, indeed, that there is a great deal in common between the two roles.

We are also seeking views on whether we should take further steps to protect the independence of the Democratic Services functions and the support they provide for Elected Members' scrutiny responsibilities.

#### 8.4.2 Strengthening Pre-decision Scrutiny

Reviewing a decision before it is made is more effective than looking at a decision after it is made. Pre-decision scrutiny allows Scrutiny Committees the opportunity to challenge assumptions that may have been made in the lead-up to a decision or how decision-makers have considered the positive impact or any risks that might arise. The Committee will often bring a different perspective which can improve the robustness of decision-making. Many believe that pre-decision scrutiny allows greater influence over decision-making.<sup>95</sup> Currently, however, there is no statutory requirement for Local Authority Executives to inform Scrutiny Committees of their proposed decisions.

In England, the concept of a "key decision" is defined in regulations.<sup>96</sup> A key decision is defined as:

*"an executive decision, which is likely a) to result in the relevant local authority incurring expenditure which is, or the making of savings which are, significant [...] or b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions [...]"*

Individual Councils in England have adopted varying definitions for what a key decision is, but they all reflect these two broad requirements. Since 2012 councils in England have been obliged only to give 28 days notice of planned key decisions (and there is also some provision for a shorter timescale in the case of urgency). In practice, however, most have chosen to retain a formal Forward Plan which is published every month, which sets out planned key decisions for the subsequent four months.

94 Joining Up the Dots, Centre for Public Scrutiny, 2012 <http://www.cfps.org.uk/publications?item=7042&offset=50>

95 Report into How the Local Government Act 2000 is Working, The Transport, Local Government and the Regions Committee <http://www.publications.parliament.uk/pa/cm200102/cmselect/cmtrglg/602/60203.htm>

96 The Local Authorities (Executive Arrangements)(Meetings and Access to Information)(England) Regulations 2012

Generally only “key decisions” made by the Authority are subject to call-in for consideration by a Scrutiny Committee. Key decisions will for the most part be decisions made by individual Cabinet Members (where a power for individual Cabinet Members to make decisions is delegated from the Cabinet) or by Cabinet as a whole.

In Wales, the concept of a “key decision” does not exist but could be introduced to support more effective use of planning for pre-decision scrutiny.<sup>97</sup> We are seeking views on how this might best be introduced in Wales.

### 8.4.3 Planning for Scrutiny

The Wales Audit Office report *Good Scrutiny? Good Question!*<sup>98</sup> highlights the importance of effective planning of scrutiny. The Centre for Public Scrutiny has already done work to support better planning arrangements, and there is evidence of some good annual scrutiny programme planning within Local Authorities.<sup>99</sup> The Local Government (Wales) Measure 2011 already requires Scrutiny Committees to publish forward plans of their scrutiny work programme and consult with electors, but we are seeking a step change that will increase the impact of scrutiny by widening its focus to consider national goals as well as local priorities into its work planning. In Chapter 7 we set out proposals that Chief Executives of Local Authorities must set out short, medium and long term performance aspirations and performance plans as part of their corporate planning arrangements. For internal review to add real value to their Local Authority, Scrutiny Committees should mirror this approach to planning. We believe there is merit in requiring Scrutiny Committees to do the same and establish short, medium and long term scrutiny plans linked to the national goals and their Authority’s corporate plan, local well-being plan (as proposed in the Well-being of Future Generations (Wales) Bill) and key decisions.

To support others in contributing to the scrutiny process and strengthen the voice of local people, we propose that Scrutiny Committees should be required to set out in their forward plans how they will engage with service users and the public. This should include identifying which community groups and representatives they intend to call upon and engage with. In considering their calls for evidence, Scrutiny Committees should make particular reference to under-represented groups and increasingly consider the appropriateness of co-opting individuals to contribute to the debate. Guidance<sup>100</sup> was issued on co-option under the Local Government (Wales) Measure 2011 and we would encourage Scrutiny Committees to make reference to this.

### 8.4.4 Voting Rights on Scrutiny Committees

In Chapter 3, we explored the case for co-opting additional members both to the Cabinet and committees of the Council, including Scrutiny Committees, in order to improve diversity and secure more balanced representation when required. Currently, the law permits co-opted members of advisory committees to the Council to have voting rights, but it does not permit co-opted members of Scrutiny Committees to have voting rights.

The Welsh Government believes this restricts Scrutiny Committees from making the most

<sup>97</sup> Practice guide 2: Pre-decision scrutiny, Centre for Public Scrutiny, 2014 <http://www.cfps.org.uk/practice-guides>

<sup>98</sup> Good Scrutiny? Good Question!, Wales Audit Office, 2014 <http://www.cfps.org.uk/publications?item=113&offset=0>

<sup>99</sup> A cunning plan? Devising a scrutiny work programme, Centre for Public Scrutiny, 2011 <http://www.cfps.org.uk/publications?item=113&offset=0>

<sup>100</sup> Statutory Guidance from the Local Government Measure 2011, Welsh Government, 2012 <http://wales.gov.uk/topics/localgovernment/publications/statguide/?lang=en>

of the experience and knowledge of experts, service users and under-represented people. We believe consideration should be given to permitting Councils to grant voting rights to co-opted members of Scrutiny Committees in appropriate circumstances.

#### 8.4.5 A Local Public Accounts Committee

Local Government and public services more generally are working in a complex world. This requires stronger public scrutiny and accountability for partnerships and joint or pooled budgets. To meet this challenge, the Centre for Public Scrutiny has developed a proposal for local Public Accounts Committees.<sup>101</sup>

This proposal would involve the introduction of independent, local Public Accounts Committees, with oversight over all public expenditure in a local area. A local Public Accounts Committee would have the power to scrutinise public expenditure in a local area. Its focus would be on the value for money achieved by the combined spending of public money in the local area, with a particular remit to assess whether planned outcomes are being achieved through partnership-working and pooled or joint budgets agreed under place-based finance arrangements. Local Public Accounts Committees could provide place based accountability and be an important link to Public Services Boards.

This work is due to be piloted in Westminster and Kensington and Chelsea Councils. We believe these proposals could merit further consideration and we are seeking views on the concept of introducing such a model in Wales.

### 8.5 Giving Communities a Voice in Scrutiny

People want to be involved and engaged if they believe they can make a difference. In Chapters 4 and 5, we set out our proposals to enhance engagement with local people and communities. This includes engagement in the assessment of service provision, such as through participation in scrutiny.<sup>102</sup> While this is already happening in some places, it is neither systematic nor embedded as part of the culture of our public service organisations.

For example, the Care and Social Services Inspectorate Wales (CSSIW) has changed the way they carry out inspections of services to place the views of people using services at the heart of their work. They now spend more time listening, talking to people and observing. In 2013 and 2014, CSSIW piloted ‘independent visitor’ schemes in care homes for older people and people with a disability, and children’s homes. Their National Advisory Board includes a wide range of representation from among service users, third sector and professional organisations. We consider this an example of good practice from which Local Government could have much to learn.

We intend to strengthen the opportunity for people to directly contribute to service improvement through local scrutiny, by requiring opportunities to be made available for local community based representative bodies to engage with scrutiny. For example, Scrutiny Committee calls for evidence should be directed to local community based representative bodies through the Area Boards we propose in Chapter 4 above, and information on which groups that Scrutiny Committee intends to engage with should be included in its forward plan. In addition, individuals and representative bodies should be able to petition Scrutiny Committees

101 A local Public Accounts Committee for every place: a CfPS proposal, Centre for Public Scrutiny, 2013 <http://www.cfps.org.uk/publications?item=11575&offset=0>

102 Bringing the power of the citizen into local public services: an evidence review, Tony Bovaird, INLOGOV, Welsh Government Social Research, 2014. <http://wales.gov.uk/statistics-and-research/democracy-community-governance/?lang=en>

on matters of Authority wide concern. Scrutiny Committees would be required to consider the appropriateness of exploring the matters raised and respond to the petitioner.

Direct engagement of the public with their elected representatives is a crucial part of the local democratic process. Some Local Authorities in Wales, such as Cardiff, already offer people the opportunity to question the Leader of the Council, and we propose this opportunity should be offered within all Local Authority areas.

### 8.6 Scrutiny of Regional Collaborative Working

Local Authorities are increasingly commissioning services jointly to be delivered across a regional area. These include services such as education improvement services, social services, children's services and technical services. Local Government has raised the issue of simplifying the scrutiny arrangements for services delivered collaboratively across a region.<sup>103</sup>

The Local Government (Wales) Measure 2011 enables Local Authorities to form Joint Overview and Scrutiny Committees to undertake this task. However, the evidence suggests these powers are rarely used and, in some cases, may be exercised in addition to, rather than instead of, scrutiny by individual Authorities. It is onerous and bureaucratic for regional delivery bodies, whose services have been commissioned by Local Authorities jointly, to be subject to scrutiny separately by each of the relevant Local Authorities. We are therefore seeking views on whether it would be beneficial to simplify regional scrutiny. For example, legislation could require that where services have been commissioned jointly, they must be scrutinised by a Joint Overview and Scrutiny Committee, made up of elected members of the commissioning Authorities. The Joint Overview and Scrutiny Committee could be required to address any concerns raised by local Scrutiny Committees and report to them on action taken.

### 8.7 External Review – Scrutiny by Audit, Inspection and Regulation Bodies

The Welsh Government defines audit, inspection and regulation as follows:

*Audit is concerned with accuracy. It considers whether a set of data about an organisation (e.g. its financial statements) is properly calculated and fairly presented.*

*Inspection is concerned with competence. It considers whether an organisation and/or the services it provides are of an adequate standard, whether in terms of public need or expectation or of an accepted professional practice.*

*Regulation is concerned with compliance. It considers whether an organisation's activities conform to legal or similar requirement; and may lead to formal action if they are found not to be.*

The key bodies in Wales in relation to Local Government are the Auditor General for Wales and the Wales Audit Office, Estyn (education and children's services) and the Care and Social Services Inspectorate Wales (CSSIW).

External audit, inspection and regulation are vital parts of our current approach to testing and improving public services. We believe they play a valuable role in providing an authoritative and independent view of Local Authority performance which encompasses both corporate

<sup>103</sup> See for example, 3.5 in the Consultation – summary of responses to the White Paper, Devolution, Democracy and Delivery: Reforming Local Government <http://wales.gov.uk/consultation/localgovernment/white-paper-reforming-local-government/?status=closed&lang=en>

governance and service provision. Existing legislation defines the roles and duties of the audit, inspection and regulation bodies and provides a framework in which they operate.

Audit, inspection and regulation bodies play a critical role in working with Local Authorities to test a number of aspects of their business including propriety, accountability, service standards and improvement. Sometimes, their work is seen as burdensome or a distraction from the business of delivering services. While this may be understandable when staff and resources are pressed, external scrutiny plays a critical role in ensuring services are fit for purpose.

### 8.8 Strengthening Links between External and Internal Review

The Commission on Public Service Governance and Delivery proposed that *“auditors, inspectors and regulators who report on individual organisations must do so directly to the appropriate Scrutiny or Audit Committee. Where appropriate, they should assist the committee in its consideration and holding the executive to account.”* We agree. We believe this is critical to ensuring a stronger, more flexible and adaptive relationship between external review bodies which can better support Local Authorities to improve.

A strong relationship between internal review and review by external bodies is essential in ensuring a Local Authority is held to account for its governance arrangements and planning for improvement at the corporate centre and improving the Authority. We therefore intend to require external review bodies to share audit, inspection and regulatory reports with the relevant Audit or Scrutiny Committee. These committees would be required to review them and provide recommendations to the Authority. Where appropriate or when requested, the external review bodies would be required to present their findings and recommendations to members of the relevant Audit or Scrutiny Committee.

The Welsh Government is currently funding a project under the Scrutiny Development Fund to test this approach. The project is based in Cardiff Council, where the scrutiny team is working with external review bodies to make recommendations on how the functions of local scrutiny and external review can be better aligned and mutually supportive. A report is scheduled to be published in May 2015. In practice, some of this is beginning to happen.

Work is already underway to strengthen these links. Estyn and CSSIW are already sharing their reports with Elected Members. CSSIW has also developed their “New Deal” offer, working with Scrutiny Committee chairs and Elected Members to provide them with training to increase awareness and understanding of the sector and support them in their scrutiny process, providing regular publications to keep Members informed of best practice, and regular reports on local issues through dedicated Area Managers.

### 8.9 Strengthening Links between External Review Bodies

In Chapter 6, we set out a new system to drive improvement through self-assessment and peer review. We believe that by bringing together these evaluations, alongside reports from external review bodies it is possible to evaluate the ‘whole system’ at both a Local Authority level and for Local Government as a whole.

We propose to require the Wales Audit Office, Estyn and CSSIW to come together, drawing on existing reports and information, to produce a single ‘whole system’ assessment of each Local Authority. We anticipate this report would be produced on a biennial basis initially, alternating with the peer review cycle, to support Authorities to develop a better understanding of their

corporate 'health' and allow them to consider any additional action they need to take or support they might require to address issues or concerns.

To complement these assessments we will require the Wales Audit Office, Estyn and CSSIW to produce a single annual assessment of the state of Local Government in Wales and present this to Welsh Ministers and the National Assembly for Wales. This will support the major programme of Local Government reform and highlight areas for improvement support across the whole sector.

The Local Government (Wales) Measure 2009 (section 23) already requires the external review bodies to work together to coordinate their inspections to minimise the impact on Local Authorities and produce a timetable of work. Given our intention to repeal the Local Government (Wales) Measure 2009, we will restate these requirements in new legislation. To encourage greater openness and transparency, we will require this information to be included on the single information portal (see 7.3 above).

### 8.10 The Review of Audit, Inspection and Regulation

The Welsh Government recently commissioned an independent review of audit, inspection and regulation in Wales, encompassing the Wales Audit Office, Estyn, CSSIW and Healthcare Inspectorate Wales.<sup>104</sup> Following this review we are proposing a threefold approach. The Welsh Government will set the overall regulatory framework and it will be for local leaders and decision-makers to ensure they are complying with the framework and attaining national standards. Secondly, it is for Local Government scrutiny to hold the Executive to account, and to pursue performance excellence and challenge underperformance rigorously. Finally, it is for the audit and inspection bodies to identify areas for improvement and, in extreme circumstances, advise Welsh Ministers on the need for intervention.

The first phase of this review aimed to establish the purpose of audit, inspection and regulation. It resulted in the development of an external review framework, setting out the purpose, core functions and attributes of audit, inspection and regulation. These are set out below, we are seeking views on them.

This external review framework supports the need for a more effective and joined-up approach to audit, inspection and regulation, allowing for the identification of potential problems more quickly and informing improvement activities more effectively. The external review framework was developed as a means to identify current good practice and identify current barriers to the provision of a system which is well coordinated and successful in promoting improvement. As such, it can be used as a model to identify when and where external review work well in Wales and how this good practice can replicated elsewhere.

Purpose:

- Protecting the interests of citizens by holding the use of public resources to account and by rigorously telling the story of how citizens experience services.
- Contributing to the wider improvement framework, within organisations, the Welsh Government and wider public sector.

<sup>104</sup> Phase 1 – Draft Report: Review of Audit, Inspection and Regulation, Shared Intelligence for Welsh Government, 2014 <http://wales.gov.uk/consultations/localgovernment/phase1/draft-report-review-of-audit-inspection-regulation/?skip=1&lang=en%20> (Additional Concluding Section to be published early 2015)

#### Core Functions:

- Assessing compliance with governance, financial stewardship and probity standards and regulations.
- Assuring the quality and cost effectiveness of service provision.
- Public reporting on the stewardship of public resources, service delivery against standards and the adherence to regulations.
- Contributing to improvement including by encouraging self improvement, acting upon a critical report and encouraging wider sectoral support.
- Identifying, acting upon and reporting early signs of ‘failure’ within a service or organisation.
- Informing policy and practice, beyond individual organisations.

#### Key attributes:

- **Proportionality:** proportionate to the risk, potential for improvement, likely benefit and interests of citizens. It applies in terms of deciding whether to use external review and in deciding its nature, scope and duration.
- **Independence:** it must not be constrained by any party in reaching its conclusions and publishing its findings. It must be free to make judgements about service delivery and report its findings into the public domain, and it must be able to decide how it discharges its responsibilities, once its focus has been agreed.
- **Accountability:** external review must demonstrate and report on the impact of its activities. Assessments and findings must be fair and capable of being defended.
- **Collaboration:** external review must collaborate in the interests of greater local impact, greater cost effectiveness and to reduce the burden on those being reviewed.
- **Value for money:** external review should be able to demonstrate it delivers benefits commensurate with its cost.
- **Transparency:** external review must be transparent in all its activities, its focus, decision making criteria, business processes, assessments and reporting. Reports must be clear, independent and consistent.
- **Professionalism and competence:** external review must be conducted in a way which demonstrates professional integrity and competence. It should be credible, consistent and impartial in all its activities.

It is clear audit, inspection and regulation should be focused on the outcomes which are achieved, rather than processes and methodologies used to deliver those outcomes, except where these processes are hindering delivery and improvement. As such, the arrangements which each Authority puts in place to deliver services should remain largely a matter for them, so long as they are clearly delivering the outcomes.

In view of our proposal to repeal Part 1 of the Local Government (Wales) Measure 2009, we propose to continue looking at the role of audit, inspection and regulation as part of the development of the new arrangements. This includes the promotion of a more joined up approach in relation to audit, inspection and regulation, and the benefits this could realise.

### 8.11 We would like your views

The Consultation Survey asks questions on the following themes:

- Democratic services
- Strengthening internal scrutiny
- Encouraging public voice
- Regional scrutiny arrangements
- Strengthening links between external scrutiny
- The external review framework



## 9 Reforming Local Government Finance

**This Chapter discusses how the funding of Local Government will need to change to support the reforms outlined elsewhere in this paper and to provide a more effective framework for funding Authorities. It also discusses the need for clearer financial governance and accounting arrangements and how these may be simplified in the future.**

**We propose a phased approach to developing a Local Government finance system fit for the new Authorities, which in the shorter-term will include the necessary changes to effect mergers and the reforms proposed in this paper.**

**In the longer-term, we intend to consult on and bring forward further legislation to effect more fundamental changes to the Local Government finance system. The longer-term approach will enable us to design a system which takes account of wider changes to the powers and fiscal responsibilities of the Assembly, and could allow Local Authorities to raise more of their finance themselves.**

### 9.1 Introduction

*Reforming Local Government* and the earlier Chapters of this White Paper set out what we want from Local Government in Wales and our proposals for reforming the way in which it operates and delivers services to produce improved performance and clearer accountability. These ambitions will need to be supported by changes to the way local services are funded and to the mechanisms for distributing, raising, managing and accounting for the funding.

Local Authorities in Wales (County and County Borough Councils) currently spend over £8 billion a year on running costs and capital spending in delivering services. This spending is funded from a number of sources. These include Welsh Government general and specific grants, redistributed non domestic rates, grants from other bodies, income from Council Tax, fees and charges, capital receipts and borrowing. Authorities also manage significant reserves and balances. The largest single source of funding is the Welsh Government's Revenue Support Grant which currently contributes around £3.3 billion a year, whilst centrally redistributed non domestic rates contribute a further £1 billion. The future financial and demand pressures have been well documented but the relative protection afforded to Local Government funding in Wales and the contributions from the various funding streams means, despite the recent reductions to the funding provided through the Revenue Support Grant, overall spending by Authorities in Wales has continued to increase, albeit modestly.

The current system for funding local services is complex. It is formed of different but closely interconnected parts and reflects choices made over time and for different aspects of the system. There are also specific arrangements for funding certain parts of Local Government not included in the figures above. Some of these, such as Fire and Rescue Authorities and Community Councils, form part of the *Reforming Local Government* agenda but there are others which do not. For example, the funding for police services in Wales is partly devolved and partly not – the Welsh Government distributes Revenue Support Grant and non domestic rates to Police forces in Wales and manages the framework for the Police component of Council Tax, whilst the Home Office is responsible for overall policy, spending plans and certain funding

streams including the Police Grant. This means there may be limits to the extent to which we might be able to develop and redesign parts of the system within the current devolution settlement for Wales. The opportunities for change could be much greater should a different range of powers be devolved to Wales at a future date.

## 9.2 Our Vision

We will review the mechanisms for funding Local Authorities and the frameworks which underpin the management of their income and expenditure to ensure they provide fit for purpose financial systems for the new Authorities. However, the mechanisms need to do more than this. They need to provide a funding environment which supports the reforms set out elsewhere in this White Paper. This means having financial mechanisms which enable the provision of better services as part of a stronger framework for determining which services are provided and how; for deciding how the available resources are used to fund them; for ensuring funding is used efficiently and to greatest effect; and for building clearer lines of accountability between the decision-makers and local people, including where possible the greater involvement of local people in making such decisions.

In particular, we want to consider how we can develop stronger links between funding, performance and the delivery of strategic outcomes. We will also seek to simplify the current funding arrangements where this is practicable and to ensure Local Government's funding and budgetary arrangements are more inclusive and transparent and are connected to our proposals for community governance and the role of Councillors, including their role in scrutinising proposals and decisions. This will entail greater access to information about how each Authority proposes to use its funding, how effective it has been in using it, and the extent to which this results in the delivery of better services. This will be a critical component of the corporate plan (Chapter 7). We also want a system which can be more responsive to the needs of Wales. The current system remains robust and sustainable, but many of its features were designed with the needs of the UK as a whole in mind.

The Welsh Government's role in relation to funding and financial management is to create the framework within which Local Government can operate to best effect. Authorities have clear responsibilities for setting budgets, taking account of local priorities, and for ensuring they manage their resources prudently, efficiently and effectively and deliver value for money. We want to maintain, and where possible reinforce, clear lines of accountability.

Our aim therefore is to develop:

- an effective and efficient system for funding the new Authorities;
- the framework for financial governance to ensure it provides for the effective management of resources by the new Authorities and provides clear lines of accountability; and
- funding and financial regimes which support the reform of Local Government democracy, governance and performance.

As such, the features of the new framework should include the following:

- create stronger links between funding and the delivery of outcomes, enabling improvement in service delivery, performance and efficiency;
- reflect existing patterns of need whilst, over time, seeking to reduce the disparity in need across Wales;

- encourage and enable innovative approaches to delivering services, for individual Authorities and for Authorities in partnership with public sector partners and other bodies;
- provide greater freedom to make decisions locally, allied to clear improvements in performance. Foster better planning with a more integrated and sustainable approach to balancing funding and service pressures;
- enable Authorities to manage demand for services over the longer term;
- offer a wider range of options for funding delivery, including more flexible arrangements for funding joint ventures;
- engage local communities in important choices and decisions;
- provide clearer information about how funding decisions have been made and by whom; and
- ensure this information is easily accessible to all.

### 9.3 Our Approach

We need to take a more strategic and longer term approach to reform of the finance system and its interconnected parts. We must ensure the approach integrates effectively with the way the Welsh Government takes forward wider constitutional and fiscal reforms, in particular, the need for a consistent framework for administering devolved taxes. Fundamental changes to the funding arrangements are not without their risks and any significant change may result in large or more frequent movements in funding between public service organisations. A feature of any new funding system should be that it is sufficiently stable to ensure where movements in funding are necessary, they do not pose a risk to the financial stability of organisations as a whole or to the key services which they provide to the public. We will need to take such risks into account in developing our proposals, as there cannot be any expectation of large injections of new money to mitigate such effects. Not all of these changes would need primary legislation, we can make many changes through secondary legislation, guidance or the promotion of good practice.

We intend to approach the reform of the funding framework in distinct phases. The first phase will identify and implement the essential changes needed to effect the merger of Authorities and the reforms set out in this paper. Any legislative changes required will be incorporated into the second Bill, referred to earlier in this White Paper, or taken forward in secondary legislation under existing powers.

The next phase will consider more fundamental changes to the way Local Government is funded. This may include looking at the balance between funding which is provided centrally and that which is generated locally through local taxes and other charges. It may also include considering whether the current forms of local taxation (Council Tax and non-domestic rates) need to be redesigned. It will also consider the findings of relevant work which is underway elsewhere, such as the report of Independent Commission on Local Government Finance in England, due to be published later this year. We expect this to lead to a further White Paper after the next Assembly elections in 2016.

This approach will enable us to design a system which takes account of wider changes to the powers and fiscal responsibilities of the Assembly, notably, the full devolution of non-domestic rates in April 2015, non-domestic rates revaluation in 2017 and new devolved taxes expected

to come into effect in April 2018. We will therefore develop and consult on more detailed proposals in due course.

*Reforming Local Government* offers a once-in-a-generation opportunity to effect a new approach and any fundamental reform of the funding will require considerable time and preparation to develop, design and implement. Therefore, we are seeking initial views on how the funding framework might be improved. The following sections distinguish between the areas which we believe will need to be addressed in readiness for the merger and reform of Local Authorities and those which might form part of a more fundamental and longer-term review of the funding framework.

### 9.3.1 Sources of funding

Local Government services and capital investments are currently funded through a mix of centrally provided and locally raised funding. The balance between these sources reflects the fact Local Authorities have a range of statutory duties to provide certain services but have discretionary powers to deliver additional services and also have some discretion as to the way in which they deliver certain statutory functions.

Within Local Government, there is a question as to whether the balance between the funding provided centrally and that generated locally should change. For example, a change in the balance of funding to give Local Government more discretion over local sources of funding could result in Authorities having greater flexibility to meet financial challenges. Any such change would need to go hand in hand with Authorities being more directly accountable to local people for the use of the funding at their disposal and improving long term financial and service planning to ensure the available funding is used to best effect.

This might include new or stronger mechanisms to ensure funding is used strategically, for example targeting it towards preventative spend which delivers sustainable improvements in public services. Funding should have clear links to the delivery of national policy outcomes and the approach to performance improvement set out in Chapter 6. It might also include consideration of how the funding system could reflect success in achieving longer term positive outcomes or, if necessary, deter or address poor performance.

### 9.3.2 General revenue funding – local taxation

The approach to funding the general revenue costs of Local Government in Wales has existed in its current form since 1993 when Council Tax was introduced. For Local Authorities, the main Welsh Government component of funding is made up of Revenue Support Grant and redistributed non domestic rates. It is determined by assessing the relative need of each Authority, based on a number of agreed indicators, and taking account of its ability to raise Council Tax (this depends on the number and value of properties liable for Council Tax in each area – its tax base). This annual process is carried out in detailed consultation with Local Government and is subject to formal approval in the Assembly.

Both Council Tax and non-domestic rates bear many similarities to previous funding mechanisms, in that they are related to the value of the property (domestic or non domestic) on which they are levied and the fact that they are raised within each Authority to generate funding for the local services provided in that area.

Whilst both systems have had their critics, they have stood the test of time as mechanisms for raising revenue to fund local services. The most comprehensive review of the Council

Tax system, the 2007 Lyons Review,<sup>105</sup> concluded that the system was “not broken”. The Review made a number of recommendations for improving the system, including the revaluation of properties and the extension of the bandings: these were implemented in Wales. Apart from a few specific exemptions, non domestic rates apply to all non domestic property, including public property and property occupied by non profit making organisations. Changes to the system in 1990 introduced a national approach with receipts being pooled and redistributed to iron out local variations and ensure sufficient funding is available for Authorities with small tax bases. Very few Authorities in Wales consistently raise more in non-domestic rates than they receive from the national pool.

Much of this local variation will be reduced by having a smaller number of larger Authorities and there will be substantial scope for economies of scale in administration and collection. However, replacing or redesigning either system would be costly and complex and could result in substantial shifts in liability for some tax-payers. Any replacement system would therefore need to offer clear benefits or improvements to justify the investment. We would also wish to ensure any large-scale redesign complements the approach taken in Wales to the collection and management of devolved taxes through the creation of the Welsh Revenue Authority and aligns to the tax principles of fairness, simplicity, stability and supporting growth outlined by the Welsh Government in November 2014. Therefore, as outlined in *Reforming Local Government*, we do not anticipate making major changes to the main features of the Local Government finance system in advance of the second Bill.

However, in the shorter term, we intend to take the opportunity to simplify and streamline the existing systems as much as possible to support greater efficiency and clearer accountability. Both the Council Tax and non domestic rates systems have grown incrementally over the past 20 years, with various relief schemes – such as Council Tax reduction schemes – new provisions, discounts, exemptions and so forth being added on. There are also some inconsistencies. We wish to review and design out some of these complexities to develop simpler, more understandable systems which are easier to manage. There is also a question as to how much local discretion should be allowed in the administration of the schemes. Non domestic rates are set nationally, whilst Authorities have discretion to set their Council Tax, with the Welsh Ministers having powers to impose limits (caps) where they consider increases to be unreasonable. We are seeking views on whether specific parts of the existing local taxation systems could be simplified.

### **9.3.3 General revenue funding – distribution**

The available Welsh Government funding provided through the Revenue Support Grant and non-domestic rates is distributed between Local Authorities using a formula which is reviewed annually. It incorporates a series of indicators of the social and economic characteristics for each Authority, providing an assessment of their relative need on an objective basis. We intend to retain this needs-based formula approach but the process of mergers will require the development of a new basis for distributing the funding.

In the short term, we intend to consider any changes to the distribution system which are necessary to enable the Welsh Government to continue to distribute revenue funding to Authorities during the period of transition to new Authorities. Any necessary changes will be included in the second Bill or effected as part of secondary legislation.

<sup>105</sup> The Lyons Inquiry into Local Government, 2007 <http://www.lyonsinquiry.org.uk/>

In the longer term, we will conduct a fundamental review of the current distribution mechanism to ensure it can assess the relative need of the new Authorities, whilst ensuring the funding methodology does not in itself reinforce disparities in need across Wales. The review will look at the underlying methodology as well as the formula itself. The current approach draws on past spending patterns whereas we will want to explore the scope for the distribution to reflect a more outcome-based approach to performance and improvement. As well as reviewing the formula and the component indicators, we want to ensure the new distribution is as clear and simple as possible. We already publish comprehensive details about the way the funding is distributed but transparency is about clarity as well as openness.

The new approach will also need to take account of any changes to other tiers of Local Government where reform might have implications for the way those Authorities are funded. These might include, for example, Fire and Rescue Authorities and Community Councils (see 4.9 above). As each of these tiers is funded in a different way at present, we will also aim to develop funding arrangements which allow for a simpler and more consistent approach. We will develop this new approach in consultation with Local Government.

#### **9.3.4 General revenue funding – council tax**

The *Reforming Local Government* White Paper noted there should be no need for the overall Council Tax requirement to increase as a consequence of mergers whilst recognising there might be local impacts on Council Tax levels as a result of the redistribution of funding. It asked for views on the most equitable approach to raising revenues for local services and we will take the responses into account in designing the funding systems for the new Authorities.

#### **9.3.5 Other revenue funding and flexibility**

Welsh Authorities also receive a considerable amount of revenue funding in the form of specific grants from the Welsh Government (around £700 million a year) and from other government bodies. These grants provide funding for specified purposes and Ministerial priorities. We recognise there are administrative overheads associated with managing funding in this form and that Authorities want greater flexibility in how they use such funding. However, there is a balance to be struck in ensuring some funding is available for, and is targeted towards, national priorities and new initiatives. We will explore, as part of our initial work and the longer term review, the scope for managing such resources in ways which contribute to the delivery of better services and provide clearer accountability, including whether such funding might be better deployed by channelling it to other providers.

Authorities also generate over £1 billion a year in locally-raised fees and charges and other income. Greater local flexibility over the setting of fees and charges might assist Authorities in managing financial challenges. The Welsh Government recognises there may be some benefits in giving local discretion over the setting of fees and charges. A general power of competence, as referred to in Chapter 2, would provide for this but we would also want sufficient controls in place to ensure key services are affordable for those who need them and the services are delivered in ways which are consistent with national priorities.

Another source of funding available to Local Authorities is repayable grants administered by the Invest-to-Save Fund. Approximately £20m is available for distribution to public services each year through an annual bidding round. The Invest-to-Save Fund is also well positioned to provide support for innovation and service redesign.

We will also consider other areas where greater flexibility might offer Local Authorities more control over the planning and management of their budgets. We are seeking views on how greater flexibility can be designed into a new Local Government finance system, whilst safeguarding the need to target appropriate spend towards national priorities.

### **9.3.6 Capital funding**

Like revenue spending, capital spending and investment is supported through a mix of central and local funding. The Welsh Government provides capital funding through general and specific grants, as well as through access to Invest-to-Save funds. Support for the cost of borrowing is provided through the Revenue Support Grant and through the Local Government Borrowing Initiative. Local Authorities complement this with the use of capital receipts and locally funded borrowing. Local Authorities also manage substantial portfolios of capital assets although these vary considerably from Authority to Authority.

There is already a well established framework governing capital spending which gives Local Authorities considerable autonomy whilst ensuring that any borrowing is prudent and affordable and assets are managed appropriately. Building on this, we want to ensure the capital funding system is fit for the 21st Century and to explore innovative approaches to funding and ways of ensuring capital infrastructure is developed strategically and managed effectively to deliver the best outcomes. Such considerations will form part of the longer term work on reforming the Local Government finance system. We are seeking views on whether there are any changes that would be achievable and desirable in the shorter term and as part of the second Bill.

### **9.3.7 Funding other tiers of Local Government**

As well as the Local Authorities, the current funding arrangements encompass a number of other tiers of Local Government, including Police and Crime Commissioners, Community Councils, Fire and Rescue Authorities, and National Park Authorities and a number of smaller authorities, boards and committees. These do not all fall within the scope of Reforming Local Government but we will examine the options for making the funding arrangements more coherent and effective for those bodies which do.

Community Councils are currently funded mainly through each Community Council issuing a precept for Council Tax to its Local Authority. The precept for a particular Community Council forms part of the Council Tax bill for each household in the relevant area. These precepts are subject to different rules from those over the Council Tax set by a Local Authority or a Police and Crime Commissioner.

The proposals for community governance in Chapters 4 and 5 will have implications for the way services and functions are carried out within communities and, in turn, for the way such services are funded. We will want to ensure any new funding arrangements provide clear accountability and maximise the opportunity for communities to be engaged in decision making.

Fire and Rescue Authorities are funded through a levy on their component Local Authorities. The levy is apportioned according to the population base of the constituent Authorities but is funded from each Authority's general revenue funding. This means it is

funded through a combination of the Revenue Support Grant, redistributed non-domestic rates and Council Tax but the contribution from each of these sources is not identifiable. The arrangements will need to be reviewed in light of any reforms to how fire and rescue services are governed. The Welsh Government will be consulting separately on proposals for the governance of Fire and Rescue Authorities and any associated changes to funding arrangements.

Outside the scope of this White Paper, changes to the functions and governance of National Park Authorities are also being considered. We will keep the financial arrangements under review to ensure they support the effective operation and oversight of the national parks, integrate more effectively with other parts of the Local Government finance system and align with the vision outlined earlier in this chapter.

## 9.4 Financial Governance

The current framework for governing financial and accounting practices and audit requirements for Local Government finance is set out over an extensive body of primary and secondary legislation, supplemented by numerous pieces of statutory and professional guidance and codes of practice. In addition to the management of the various funding streams referred to above, it encompasses the management of reserves, treasury management functions, the management of assets and liabilities, the preparation of accounts, and forward planning to name but a few. One of the key features of the regime however, is that it is based on the principle that each Authority is a separate, democratically accountable body which has a considerable degree of flexibility in the way in which it exercises the duties placed upon it and provides services. The framework requires prudence in financial management and requires those responsible for making decisions to do so transparently and be accountable for the decisions they make. There are also specific fiduciary duties on each Authority's Section 151 Officer, as appointed under the Local Government Act 1972. All Local Authorities are subject to rigorous external audit.

We do not propose to change this central principle as we believe it is fundamental to the way Local Government operates and its relationship with the Welsh Government. Neither do we intend to separate the approach in Wales from that which currently exists and works within UK-wide professional frameworks. However, we will look to update, streamline and consolidate aspects of the framework to ensure decisions can be made in ways which lead to improved delivery and performance and focus spending where it has the greatest impact. We intend to consider improvements to the current system both in terms of accountability and community engagement, and also in terms of financial planning and access to information.

### 9.4.1 Accounting, accountability and engagement

The arrangements for financial governance should make the responsibilities for decision-making more transparent and provide clearer lines of accountability between the Welsh Government (and other funding bodies), Local Government and local people. Our vision for the future framework is one of greater openness and accountability, where people actively engage in the spending decisions which affect their daily lives and the end result carries with it a clear rationale. In support of this approach to openness and transparency and greater community engagement, we intend to issue statutory guidance on how Authorities should engage with the local community when determining their annual budget and Council Tax requirement. We would expect all Authorities to improve the transparency and accessibility of published accounting information by making information such as budgets,



balances and past expenditure levels available on the single information portal when established.

#### **9.4.2 Financial planning**

A key requirement of the future governance framework is that it needs to reconcile the enduring reality of funding constraints with the expected growth in demand for certain local services. We recognise this means difficult choices for spending. The corporate planning requirement set out in Chapter 7 will support more robust medium and long term financial management, asset management and workforce planning.

The Welsh Government has a clear policy to provide indicative settlements for Local Government where we have forward indications regarding the Welsh Government Budget from the UK Government. We do not intend to change this policy and we will use this information to support medium and longer term financial planning. Simpler, clearer financial planning systems should stimulate better focused and better performing local services which take account of priorities and funding pressures now and in the future.

### **9.5 We would like your views**

The Consultation Survey asks questions on the following themes:

- Our vision and the proposed phased approach
- Balance of funding and flexibility
- General revenue funding – local taxation
- General revenue funding – distribution
- Financial governance and accounting arrangements

## 10. Conclusion

This White Paper sets out our vision for the future of Local Government in Wales. We want high performing, inclusive and accountable Local Authorities which operate transparently and openly, and plan effectively. We want Local Authorities, and Community Councils, to make best use of the resources available to them, sharing power and responsibility with the communities they serve.

Delivering this vision will need a proper relationship between those who provide a service and those who rely on it, through stronger local democracy and more effective scrutiny.

The Welsh Government cannot deliver the changes needed on its own, and neither should it. All our public services face complex and unprecedented challenges, as well as a future that will be politically, socially and technologically dynamic. Success will require astute and adaptive leadership commensurate with the challenges we face. We will find and we will support that leadership wherever it grows – in our Local Authorities, in our other public services, and most of all our communities themselves.

## 11. Glossary of Terms

Term	Explanation
Audit	Audit is concerned with accuracy. It considers whether a set of data about an organisation (e.g. its financial statements) is properly calculated and fairly presented. The independent examination of data, statements, records, operations and performance (financial or otherwise) of a Local Authority to ensure public money is being spent efficiently and effectively.
Cabinet	<p>The Leader and Cabinet model was introduced following the Local Government Act 2000. The Cabinet consists of the Leader and other Cabinet Members, usually formed by the majority party in the Local Authority. Each member of the Cabinet holds a separate portfolio, such as education, social services, culture, etc.</p> <p>The Leader and Cabinet are responsible for policies, plans and strategies, and for recommending them to the full Council.</p>
Community Council	A Community Council is a public representative body. It is established to attend to local interests and to organise community activities. Community Councillors are elected to a Community Council by public poll.
Community of Interest	A 'community of interest' is defined not by space, but by some common bond (e.g. feeling of attachment) or entity (e.g. farming, church group). It is a gathering of people assembled around a topic of common interest. Its members take part in the community to exchange information, to obtain answers to questions or problems, or to improve their understanding of a subject.
Community of place	A community of place or place-based community is a community of people who are bound together because of where they reside, work, visit or otherwise spend a continuous portion of their time. Such a community can be a neighborhood, town, coffeehouse, workplace, gathering place, public space or any other geographically specific place that a number of people share, have in common or visit frequently.
Constitution	Local Authorities are required by law to have a constitution which sets out their standing orders (the rules under which they operate) and various other matters such as how elected members must behave, and job descriptions for key roles.
Council	The Council is the full body of elected members in a Local Authority, including members of the Executive and all other Elected Members. It does not include any employees of the Local Authority. Some decisions may only be taken by full Council and may not be delegated to the Executive, committees of the Council or to employees.
Councillor	Another term for an Elected Member. It can refer to Elected Members of Principal Local Authorities or Community Councils – the meaning is generally clear from the context.
Elected Member	A person elected by public poll to a Local Authority
Executive	Within the context of this White Paper, this is another term for the Leader and Cabinet.

External review	Critical review of the decisions and actions of a Local Authority by external bodies, in particular the Wales Audit Office, and the bodies charged with inspecting social services (Care and Social Services Inspectorate Wales) and education (Estyn).
Head of Paid Service	A statutory role charged with providing and managing the staff of a Local Authority.
Inspection	Inspection is concerned with competence. It considers whether an organisation and/or the services it provides are of an adequate standard, whether in terms of public need or expectation or of an accepted professional practice.
Internal review	In this paper, this phrase is mostly synonymous with scrutiny, but it also includes other mechanisms such as review by the Executive of its performance or effectiveness, or the actions of internal audit and governance functions.
Local Authority	A County or County Borough Council in Wales. See also Unitary Authority. In this document we use the term Local Authority except where specified.
Local Government	Local government is a form of public administration which exists as a lower tier of administration. The term is used to contrast with offices at a higher level referred to as central or national government (i.e. the Whitehall Government or the Welsh Government).  Local government act within powers delegated to them by legislation or directives of the higher level of government.
Local Service Board	Local Service Boards (LSBs) are non-statutory partnerships across the 22 Local Authority areas in Wales. They agree and oversee a single-integrated plan for the area; the single integrated plan brings together four statutory plans (the Community Strategy, the Children and Young People's Plan, the Health, Social Care and Well-being Strategy and the Community Safety Partnership Plan).  The membership, structure and approach of LSBs vary across Wales, but all have the key leaders and chief executives of the major public service providers in the area.
Non-executive member	An Elected Member who does not sit on the Cabinet of a Local Authority
Officers	Individuals employed by a Local Authority.
Peer Review	Critical review of the decisions and actions of a Local Authority conducted on the invitation of the Local Authority by capable individuals such as senior officers from another public body or retired senior officers.
Public service	The concept of public service is based on a social consensus that certain services should be available to all, regardless of income. Public services benefit all of society rather than just the individual who uses the service.  A public service is a service which is provided by government to people living within its jurisdiction, either directly (through the public sector) or by financing provision of services.

Public Services Board	The Well-being of Future Generations (Wales) Bill proposes to change Local Service Boards into statutory Public Services Boards.
Regulation	Regulation is concerned with compliance. It considers whether an organisation's activities conform to legal or similar requirement; and may lead to formal action if they are found not to be.
Scrutiny	Investigation, enquiry or examination of the decisions of a Local Authority executive, or of the actions or decisions of a Local Authority officer, or into policy areas.
Seat	A place in an elected legislative or other body, individuals are elected to a seat by public poll.
Self-Assessment	Critical review of the capability and capacity of a Local Authority conducted by the Authority itself. Self-assessment is used to explore strengths and identify areas for self-improvement. Focused on supporting an organisation to develop their ambition and approaches to system and service transformation.
Social enterprises, mutual, cooperative and collective ownership models	<p>A business or service with primarily social objectives whose surpluses are principally reinvested for that purpose in the community, rather than being driven by the need to maximise profit for shareholders and owners</p> <p>The key characteristics of a social enterprise are:</p> <ol style="list-style-type: none"> <li>1. They trade, i.e. sell, goods and/or services and any profit or 'surplus' made as a result of their trading activities is either ploughed back into the business or distributed to the community they serve.</li> <li>2. They have a clear social purpose. This may include job creation, or the provision of local facilities e.g. a nursery, community shop, or social care for the elderly.</li> <li>3. They are owned and managed by their employees.</li> </ol> <p>A social enterprise can be a Community Interest Company, a Company Limited by Guarantee, a Company Limited by shares, or an Industrial or Provident Society. Many also take charitable status, such as Housing Associations.</p>
Term Limit	A statutory restriction on the number of terms an official or officeholder may serve.
Uncontested seat	A seat on an elected legislative or other body where only one candidate is put forward. As such no votes are actually cast and the candidate is by definition the victor.
Unitary Authority	A Unitary Authority discharges all the main functions of a Local Authority. In England, and in Wales in the past, these functions have been shared between different tiers of Local Government, such as County and District Councils. In this document we use the term Local Authority except where specified.





Llywodraeth Cymru  
Welsh Government

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Devolution,  
Democracy and  
Delivery

# Reforming Local Government: Power to Local People

## Consultation Survey (Full)

Date of issue: 3 February 2015  
Action required by: 23:59 on 28 April 2015

<b>Overview</b>	<p>The White Paper 'Reforming Local Government: Power to Local People' is the Welsh Government's statement of intent about the future of Local Government in Wales.</p> <p>The White Paper sets out the Welsh Government's proposals for reform in the following fields: local democracy, the roles and remuneration of Elected Members and senior officers, community governance and Community Councils, community rights, corporate improvement, service performance, scrutiny, audit, inspection and regulation, and finance.</p>				
<b>How to respond or for further information</b>	<p>This consultation covers a large number of matters. Many are of interest to the general public but some are technical in nature and may only to be of interest to Local Authorities. We have designed a web-based questionnaire in order to make both collecting and analysing responses easier.</p> <p>You may choose to address all the issues raised by this White Paper or to complete a shorter version of the questionnaire which focuses on the main matters of public interest. You will be able to choose your preferred option when you start the questionnaire. A word version is also available but we strongly encourage respondents to use the online questionnaire.</p> <p>To respond to the consultation please either complete the online form or request the accompanying questionnaire and return it</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">either by email to</td> <td style="width: 50%;">or by post to</td> </tr> <tr> <td><a href="mailto:RLGProgramme@Wales.gsi.gov.uk">RLGProgramme@Wales.gsi.gov.uk</a></td> <td>Reforming Local Government Welsh Government Cathays Park Cardiff CF10 3NQ</td> </tr> </table>	either by email to	or by post to	<a href="mailto:RLGProgramme@Wales.gsi.gov.uk">RLGProgramme@Wales.gsi.gov.uk</a>	Reforming Local Government Welsh Government Cathays Park Cardiff CF10 3NQ
either by email to	or by post to				
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<b>Further information and related documents</b>	<p>This document is also available in a shorter, plain English version and a youth friendly version on the Welsh Government website.</p> <p>Large print, Braille and alternative language versions of this document are available on request.</p>				
<b>Data protection</b>	<p>How the views and information you give us will be used:</p> <p>Any response you send us will be seen in full by Welsh Government staff dealing with the issues which this consultation is about. It may also be seen by other Welsh Government staff to help them plan future consultations.</p> <p>The Welsh Government intends to publish a summary of the responses to this document. We may also publish responses in full. Normally, the name and address (or part of the address) of the person or organisation who sent the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name or address published, please tell us this in writing when you send your response. We will then blank them out.</p> <p>Names or addresses we blank out might still get published later, though we do not think this would happen very often. The Freedom of Information Act 2000 and the Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including the Welsh Government. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks to see information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published, that is an important fact we would take into account. However, there might sometimes be important reasons why we would have to reveal someone's name and address, even though they have asked for them not to be published. We would get in touch with the person and ask their views before we finally decided to reveal the information.</p>				



This is the consultation survey linked to the document *Reforming Local Government: Power to Local People*. It asks some initial questions to establish if you are an individual, a representative body or another type of organisation. It then goes on to ask questions related to themes within the White Paper. Some questions are yes/no, some ask you to express your agreement with a proposition along a 5-point scale, and some ask for your views and give a box in which to provide your thoughts.

### Initial Questions

I am replying on behalf of:							
1.1	<input type="checkbox"/> I am a member of the public, these are my individual views Please tick which age bracket you fall into: <input type="checkbox"/> Under 18 <input type="checkbox"/> 26-35 <input type="checkbox"/> 46-55 <input type="checkbox"/> 65+ <input type="checkbox"/> 18-25 <input type="checkbox"/> 36-45 <input type="checkbox"/> 56-65 <input type="checkbox"/> Prefer not to say Please tell us which Local Authority Area you reside in:						
1.2	<input type="checkbox"/> A Local Authority Please state which Local Authority you represent						
1.3	<input type="checkbox"/> A Community Council Please state which Community Council you represent						
1.4	<input type="checkbox"/> Political Group / Party Please state the name of the party you represent						
1.5	<input type="checkbox"/> Representative body, Professional Body or Association Please state the name of the body						
1.6	<input type="checkbox"/> Elected Member Please state which Local Authority or Community Council you sit on						
1.7	<input type="checkbox"/> Third Sector Please state the name of the organisation you represent						
1.8	<input type="checkbox"/> Trades Union Please state the name of the Trades Union you represent						
1.9	<input type="checkbox"/> Government Agency/ Other Public Sector Body Please state the name of the organisation you represent						
1.10	<input type="checkbox"/> Other Please provide additional information						
1.11	If responding on behalf of an organisation or representative group, how did you gather the views of your members or members of the public in responding to this consultation?						
1.12	Please tell us which document you have read: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;"><input type="checkbox"/></td> <td>Reforming Local Government: Power to Local People (Full White Paper)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reforming Local Government: Power to Local People (Summary Version)</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Changing Local Government (Young people version of White Paper)</td> </tr> </table>	<input type="checkbox"/>	Reforming Local Government: Power to Local People (Full White Paper)	<input type="checkbox"/>	Reforming Local Government: Power to Local People (Summary Version)	<input type="checkbox"/>	Changing Local Government (Young people version of White Paper)
<input type="checkbox"/>	Reforming Local Government: Power to Local People (Full White Paper)						
<input type="checkbox"/>	Reforming Local Government: Power to Local People (Summary Version)						
<input type="checkbox"/>	Changing Local Government (Young people version of White Paper)						
Contact Details							
1.13	Name						
1.14	Postal address						
1.15	Telephone number						
1.16	Email address						
Declaration							
1.17	Consultations are likely to be made public, on the internet or in a report. <b>If you would prefer your response to remain anonymous, please tick here:</b>						
	<input type="checkbox"/>						

## Chapter 2: Balancing the Responsibilities of National and Local Government

Chapter 2 discusses the relationship between the different spheres of government in Wales and how this has developed since devolution in 1999. It clarifies the role of the Welsh Government as providing leadership, setting standards and defining a limited number of national expectations. It also examines the role of Local Government as an agent of change in their local areas, in their relationships with other public services and at the regional level, particularly city regions.

Status of Reformed Authorities						
		Yes	No	Don't Know		
2.1	Do you think all Local Authorities in Wales should be known as Counties?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
2.2	If no, what is your reasoning to allow other titles for reformed Authorities?					
		Yes	No	Don't Know		
2.3	Do you think Local Authorities should be able to nominate the chair of the Council as a Mayor?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
General Power of Competence						
		Yes	No	Don't Know		
2.4	Should Local Authorities in Wales be granted a general power of competence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
2.5	If yes, should there be any constraints on it?					
Deregulation and Contracting Out Act						
		Yes	No	Don't Know		
2.6	Should the provisions of the Deregulation and Contracting Out Act 1994, as they apply to Local Authorities, be reviewed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
2.7	Do you have any issues you wish to raise with regards to Deregulation and Contracting Out?					
Local Authority Constitutions						
2.8	Can you identify any specific areas of official procedure which might be changed in order to make the operation of Local Authorities more agile, open and transparent?					
	To what extent do you agree or disagree with the following statement:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
2.9	<i>Local Authorities should set out in plain language their values and the principles they will use to operate in their constitution</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.10	<i>Local Authorities should set out how they intend to build a relationship with their communities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Legislative burdens and review of Local Government Legislation					
To what extent do you agree or disagree with the following statement:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
2.11 <i>There is merit in reviewing the body of legislation relating to Local Government administration with a view to longer term consolidation and simplification</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.12 Do you have any other proposals for extending the powers or functions of Local Government which should be considered?					

### Chapter 3: Renewing Democracy

Chapter 3 sets out the need for greater clarity in the roles and responsibilities for the leader, Cabinet members, elected members and the chief executive officer. It also sets out the benefits of improving diversity of Councillors. We also discuss the need to reduce the cost of politics and management in Local Government and to bring more consistency to the appointment and remuneration of senior officers.

Local Government Elections					
	4 years	5 years	Don't Know		
3.1 What should be the cycle of elections to Local Authorities in Wales?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
	Yes	No	Don't Know		
3.2 Should Local Authorities elect Members on a rolling basis, for example by thirds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.3 If yes, how would this best operate in practice?					
Defining the Roles and Responsibilities of the Leader					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
3.4 <i>Where a candidate is seeking to become the Leader of a Council they should produce a written manifesto setting out what they intend to achieve</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.5 <i>Where a candidate is seeking to become the Leader of a Council they should present this manifesto orally to the Council before the election takes place</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.6 <i>The Leader of a Council should produce an annual report setting out the achievements delivered against the manifesto</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Yes	No	Don't Know		
3.7 Should the roles, responsibilities and duties of Leaders/ Elected Mayors be defined in legislation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.8 Should the Leader be required to set objectives for Cabinet Members?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.9 Should the Leader be required to set objectives for the Chief Executive?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.10 Should these objectives be made public?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.11 Should the Leader be required to produce a report to full Council on the achievement of these objectives?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.12 Are there any other generic duties that should be included in the role of the Leader?					
Defining the Roles and Responsibilities of Cabinet Members					
	Yes	No	Don't Know		
3.13 Should the generic roles, responsibilities and duties of Cabinet Members be defined in legislation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.14 What generic duties should be included in the role of a Cabinet Member?					

To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
3.15 <i>There should be greater consistency in the number of Cabinet posts in the reformed Local Authorities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.16 Should the maximum number of Cabinet Members serving on a Local Authority (currently 10) be reduced?	Yes	No	Don't Know		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.17 What should be the maximum number of Cabinet Members?					
3.18 What is the reason for your suggestion?					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
3.19 <i>Some Cabinet posts should be considered as 'Deputy' or 'Junior' positions as an opportunity to develop a wider cadre of future political leaders</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.20 <i>'Deputy' or 'Junior' posts should be considered as part time positions to reflect a lower level of responsibility</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.21 Should the public service Academi be asked to look at a development programme to support future political leaders?	Yes	No	Don't Know		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.22 What do you think the Public Service Academi development programme look like?					
Defining the Roles and Responsibilities of Elected Members					
3.23 Should the generic roles, responsibilities and duties of Elected Members be defined in legislation?	Yes	No	Don't Know		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
What do you think should be included in the role of the Elected Member?	Yes	No	Don't Know		
3.24 Regularly communicating with constituents	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.25 Regular surgeries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.26 Participation in Community Governance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.27 Participation in committees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.28 Attending core training skills sessions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.29 Are there any other aspects you think should be included in the role of the Elected Member?:					
3.30 Should all Elected Members be required to produce an Annual Report?	Yes	No	Don't Know		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

<b>Standards Committees</b>					
To what extent do you agree or disagree with the following statement:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
3.31 <i>The powers of Standards Committees should be enhanced to enable them to consider cases where there is an allegation of a Councillor failing to fulfil their duties satisfactorily</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.32 If you agree, how should their powers be enhanced?					
3.33 What sanctions might there be for Councillors failing to fulfil their duties satisfactorily?					
3.34 Where internal processes have failed to operate satisfactorily should there be a role for an independent body?	Yes	No	Don't Know		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.35 If yes, in what circumstances should they be involved?					
3.36 Who do you think would be best placed to undertake this role?					
<b>Recall</b>					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
3.37 <i>There should be a system by which the public could recall a councillor during their term of office and trigger a by election</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.38 How might this work in practice?					
<b>Equality and Diversity</b>					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
3.39 <i>Leaders should be placed under a duty to have regard to diversity when appointing their Cabinet</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.40 <i>Where it is not possible to put forward a diverse Cabinet, Leaders should consider co-opting members to provide advice and support decision making</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.41 If you are supportive of co-opting on Cabinets how would this best work in practice?					
3.42 How should Group Leaders be required to consider diversity?					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
3.43 <i>Local Authorities should be placed under a duty to promote engagement with democracy</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.44 <i>Local Authorities should be required to establish Youth Councils</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.45 <i>Devolved public service organisations should be required to release staff to serve as Local Authority Councillors</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.46	<i>Devolved public service organisations should be required to release staff to serve as Community Councillors</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3.47	<i>All organisations (public, private and third sector) should be encouraged to release staff to serve as Councillors</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Remuneration of Elected Members</b>							
3.48	What issues should be taken into account when reviewing Councillors remuneration?						
<b>Number of Elected Members</b>							
					Yes	No	Don't Know
3.49	Do you agree the number of Elected Members in Wales should be reduced?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.50	What issues should be taken into account when considering the number of Elected Members?						
<b>Term Limits for Elected Members</b>							
Do you agree with the following proposals for term limits:		Yes	No	Alternative limit	Don't Know		
3.51	Elected Members (5 consecutive terms)	<input type="checkbox"/>	<input type="checkbox"/>	Please specify	<input type="checkbox"/>		
3.52	Cabinet Members (2 consecutive terms)	<input type="checkbox"/>	<input type="checkbox"/>	Please specify	<input type="checkbox"/>		
3.53	Leaders/ Elected Mayors (2 consecutive terms)	<input type="checkbox"/>	<input type="checkbox"/>	Please specify	<input type="checkbox"/>		
<b>Electoral Qualifications</b>							
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	
3.54	<i>Serving members of Local Authorities should <b>not</b> be able to serve as Assembly Members <u>and</u> continue their position in the Local Authority.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3.55	<i>Local Government employees other than those in politically restricted posts should be able to stand for election to their own Authority and only resign if elected</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Role and Responsibilities of Chief Executive</b>							
					Yes	No	Don't Know
3.56	Should the role of Chief Executive Officer for a Local Authority be defined in legislation?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Should the role of Chief Executive Officer include:							
3.57	Responsibility as Head of Paid Service?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.58	Responsibility as Electoral Registration Officer and Returning Officer?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.59	Responsibility for performance and improvement?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Should the role of Chief Executive Officer include a requirement to:							
3.60	Make arrangements to prepare a corporate plan?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.61	Make arrangements to prepare annual self-assessments of corporate and service performance?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.62	Make arrangements for the promotion of democracy within a Local Authority Area?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3.63	Commission a peer review every two years and prepare a report for the Council on actions to be taken following the recommendations of the peer review?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3.64	Put in place a performance management system for all employees of the Local Authority?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<b>Term Limits of Chief Executive</b>								
To what extent do you agree or disagree with the following statement:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree		
3.65	<i>Arrangements should be put in place to limit the length of time a Chief Executive can serve</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.66	<i>Arrangements should be put in place to set a term period which would lead to review before re-appointment of a Local Authority Chief Executive could be considered</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Should the Public Service Staff Commission be asked to explore:					Yes	No	Don't Know	
3.67	Arrangements for appointing Chief Executive Officers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3.68	The appropriateness of limiting the length of an appointment of a Chief Executive Officer?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
3.69	The appropriateness of setting a term period which would lead to review before re-appointment could be considered?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
<b>Remuneration of Senior Managers</b>								
To what extent do you agree or disagree with the following statement:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree		
3.70	<i>There should be greater consistency in the number of senior officer posts in the reformed Local Authorities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.71	<i>There should be greater consistency in the salaries of senior officer posts (including Chief Executive Officer posts) in the reformed Local Authorities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.72	<i>There should be a national framework to guide salary scales for all chief officer posts</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.73	<i>Local Authorities should be required to consult an independent advisory body on the salaries of all chief officers</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
3.74	What would be an appropriate mechanism for Local Authorities to consult an independent advisory body on the salaries of all chief officers?							
<b>Senior Officer Appointments</b>								
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree		
3.75	<i>There should be greater consistency in the appointment process of senior officer posts (including Chief Executive posts) in the reformed Local Authorities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
In order of preference, which of the following do you believe to be most appropriate mechanism to support senior officer appointments:					1st	2nd	3rd	4th
3.76	A Public Sector Appointments Commission would ensure all senior officers had the right leadership skills and competencies.				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



Senior officers would be employed on a common basis and posted to an organisation, individuals would be moved across the public service as demand required (similar to the New Zealand case study).				
3.77 A Public Sector Appointments Commission would ensure all senior officers had the right leadership skills and competencies.  Local Authorities would then make appointments from the pool of approved candidates.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.78 A Common Assessment Framework and process to establish a consistent approach to the appointment of senior officers.  Local Authorities would have responsibility for making appointments of senior staff.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.79 Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.80 What other mechanism do you think should be used to support senior officer appointment?				

## Chapter 4: Connecting with Communities

Chapter 4 sets out our vision for a new relationship between local communities and Local Government in Wales, where larger Authorities are closer to their communities than is the case at present. This includes discussion of the role of Elected Members in leading this. We also discuss the need to raise the ambition of Community Councils so they are better placed to deliver important community services in the future. This means building their capacity and capability, as well as strengthening their governance and engagement with other services and the third sector.

<b>Member Led Community Governance</b>					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
4.1 <i>Local Authorities should develop, adopt and implement a neighbourhood management or similar approach to engaging with citizens to identify, prioritise and address particular local issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 <i>An inclusive and participative neighbourhood or area approach, led by Elected Members, is a model of community governance which should be adopted by all Local Authorities in Wales</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.3 <i>Community bodies, the third sector or other public services should have an equal place in neighbourhood area approaches</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.4 <i>Local Authorities should have responsibility for how community governance is designed in their area</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.5 <i>Member-led community governance is an essential part of local democracy</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.6 <i>Communities which will be identified under the Well-being of Future Generations (Wales) Bill should form the basis for Local Authorities' Member-led Area Boards in the future</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.7 <i>Neighbourhood area approaches should be able to facilitate place based budgets</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.8 <i>Local Authorities should seek to rationalise the number of partnership arrangements that it works with</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.9 <i>A national framework which requires Local Authorities to put in place a community governance system meeting certain guidelines should be established</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.10 What should be included within a national framework?					
4.11 How best can Elected Members support their communities to do more?					

Review of Community Councils						
				Yes	No	Don't Know
4.12 Should Local Authorities review the role, structure, scope and governance of Community Councils within their areas?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.13 Should this review be completed by 2022?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.14 If no, what do you think the timescale should be for the implementation of community level reform?						
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
4.15 <i>Community Council areas should be merged or enlarged</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Competent Community Councils						
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
4.16 <i>Community Councils should be subject to competency tests in return for greater rights and responsibilities</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.17 <i>Only 'competent' Community Councils in Wales should be granted a general power of competence</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.18 If Community Councils in Wales are granted a general power of competence, what should be the constraints on it?						
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
4.19 <i>Democracy test: at least two-thirds of the Councillors on a Community Council have been declared elected at either an ordinary election or a by-election</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.20 <i>Capability test: the Community Council must employ a clerk with relevant professional qualifications</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.21 <i>Capacity test: the Community Council has a minimum annual budget of at least £200,000</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.22 <i>Governance test: the Community Council has implemented a sound system of financial management and internal control in line with statutory requirements, and meets certain other criteria such as having a website on which it publishes agendas, minutes and accounts and being contactable by email.</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.23 Are there any other 'competency' tests that you believe would be relevant?						

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				Yes	No	Don't Know
4.24	Should competent Community Councils be required to pass a motion to this effect and notify their Local Authority?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
4.25	Should competent Community Councils be required to be required to continue to demonstrate 'competence' to their Local Authority?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
4.26	Should Local Authorities be able to revoke a competent Community Councils status if they are not satisfied?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
4.27	<i>Governance and transparency arrangements should apply to Community Councils</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.28	<i>The public should have a right to attend, speak at and record meetings of their Community Council</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.29	<i>The Chair of the Community Council should be required to publish an annual report, which could also incorporate the reporting requirement proposed in the Well-being of Future Generations (Wales) Bill</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.30	<i>The Chair of the Community Council should be required to set performance objectives for the clerk of the Community Council</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.31	<i>The legislative framework governing community polls should be reviewed</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Electoral Qualifications</b>						
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
4.32	<i>Serving members of Local Authorities should be able to become a member on a Community Council <u>and</u> continue their position in the Local Authority</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.33	<i>Serving members of a Community Council should only be able to be a member of <u>one</u> Community Council</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Chapter 5: Power to Local Communities

Chapter 5 sets out the way in which communities can engage Local Authorities in joint endeavour and how people can protect land and property of community value for the future. We intend to achieve this by giving community bodies a number of rights which they can exercise in relation to services and assets.

Community Bodies						
5.1 Do you agree Community Bodies should be subject to a competency test before they could take a more active role in delivering services or purchasing assets?				Yes	No	Don't Know
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To what extent do you agree or disagree with the following statements: <i>Community bodies would need to demonstrate:</i>		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
5.2 <i>Appropriate standards of governance</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3 <i>Appropriate standards of financial management</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.4 <i>Appropriate standards of openness and transparency</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.5 <i>Representative local membership</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.6 Are there any other 'competency' tests that you believe would be relevant?						
Community Participation						
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
5.7 <i>Community bodies should be able to request involvement in the development and delivery of local services</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.8 <i>Local Authority should be required to respond to these requests</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.9 What is the role of Elected Members in facilitating requests for community participation?						
Asset Transfer						
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
5.10 <i>Community bodies should be able to initiate the transfer of assets from a Local Authority</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.11 <i>Community bodies should have the right of 'first refusal' of community assets that are on the private market</i>		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.12 What is the role of Elected Members in facilitating requests for community asset transfer?						
				Yes	No	Don't Know
5.13 Local Authorities should be required to establish and maintain a register of community interests?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Chapter 6: Corporate Governance and Improvement

Chapter 6 discusses how Local Authorities might be best supported to improve their corporate capability and capacity. We believe effective leadership is the most important driver for ensuring Local Authorities are able to provide sustainable outcomes for local areas.

Corporate Governance						
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	
6.1 <i>The proportion of independent members sitting on a Local Authority's Audit Committee should be increased</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.2 <i>The Chair of a Local Authority's Audit Committee should be an independent member</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.3 What proportion of the Audit Committee should be independent?	At least 2 people	1/4 of the Committee	1/3 of the Committee	Other	Don't Know	
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Please specify	<input type="checkbox"/>	
6.4 What is the rationale for your answers?						
Self-Assessment and Peer Review						
6.5 Do you agree that responsibility for effective performance and delivery rests with the Local Authority, as does responsibility for service or corporate failure?				Yes	No	Don't Know
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	
6.6 <i>Self-assessment is an appropriate mechanism for organisations to use to consider their current levels of capacity and capability</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.7 <i>Peer Review is an appropriate mechanism for organisations to use to challenge this self-assessment</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Self Assessment and peer review should consider:				Yes	No	Don't Know
6.8 Strategic Vision for the Authority				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.9 Corporate planning, including financial management				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.10 Governance arrangements				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.11 Quality and timeliness of management and service information				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.12 Leadership, recruitment, talent development and retention				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.13 Equality and diversity				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.14 Efficiency				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.15 Procurement and the value for money delivered to local communities through third party expenditure				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.16 Engagement with the public, workforce and partners				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.17 Responding to demographic, financial and demand pressures				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6.18 Service innovation				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.19 Effective working arrangements with other Public Services				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
				Yes	No	Don't Know	
6.20 Should a self-assessment be undertaken each year?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.21 Should a peer-review be undertaken biennially (every other year)?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.22 Should the Chief Executive be required to provide a report to the Leader on matters of concern as a result of a self-assessment and peer review?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.23 Should these reports be considered by full Council?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.24 Should these reports be considered by the Local Authority's Audit Committee?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.25 Should these reports be made public?				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.26 How should self-assessment and peer assessment be implemented most appropriately to support improvement?							
6.27 How should Local Authorities be supported to build expertise in self-assessment and peer review?							
6.28 How could Welsh Government best support Local Authorities to improve?							
<b>Power to Intervene</b>							
6.29 Do you agree that in some circumstances Ministers should intervene where a Local Authority is showing signs of failure?				Yes	No	Don't Know	
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
To what extent do you agree or disagree with the following statements:			Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
6.30 <i>Commissioning an independent review is the correct mechanism to establish if a Local Authority is in need of support</i>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Which of the following triggers should be used to establish an independent review:				Yes	No	Don't Know	
6.31 The performance of an Authority lagging significantly, or for a sustained period, behind its peers in key areas				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.32 Where there are concerns raised by the Authority itself or its Members				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.33 Where information and intelligence provided by external review bodies identifies concerns				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.34 Where concerns are raised through whistleblowing				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.35 Where there is significant public concern about an issue				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.36 Are there any other issues which you consider to be triggers for a review?							
6.37 Do you agree that the findings from an independent review should be used to prompt Ministerial support and intervention?				Yes	No	Don't Know	
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.38 How could the Local Government and Support and Intervention Protocol be revised to reflect these proposals?							

**Local Government (Wales) Measure 2009**

6.39 What elements of Part 1 of the 2009 Measure which should be restated within this new system?

6.40 Could these elements be built upon?



## Chapter 7: Performance in Local Government

Chapter 7 discusses the importance of information to deliver better outcomes for local areas. It does not discuss specific measures, but instead sets out how performance information can be used to best effect by the Local Authority, its scrutiny committees, the public, external review bodies and other interested stakeholders. Key to this is effective corporate planning which should use information and data to inform decisions and policy development.

Corporate Planning						
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	
7.1 <i>Local Authorities should be required to produce a Corporate Plan</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Should the following categories be included within a Corporate Plan:				Yes	No	Don't Know
7.2 Strategic population outcomes for the area, as agreed in the local well-being plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.3 Corporate priorities for service delivery and improvement, including the Welsh language standards, and the steps to achieve the objectives in the local well-being plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.4 Financial management plans, including medium-term financial planning, corporate procurement strategies and asset management plans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.5 Workforce plans, including the strategic equalities plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.6 The risk register	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.7 Existing service performance and benchmarking data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.8 Public engagement strategy, including in relation to setting of annual budgets and council tax	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.9 Planned performance levels for the short, medium and long term	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.10 An Annual Report setting out achievements and performance outcomes of the previous year, which could also be used discharge the Local Authority's proposed duty under the Well-being of Future Generations (Wales) Bill to report on how they have delivered their objectives in a manner consistent with the sustainability principle	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.11 Are there any other categories that should be included within a Corporate Plan?						
Corporate Plans should include information that is :				Yes	No	Don't Know
7.12 short term				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.13 medium term				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.14 long term				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.15 How would the corporate plan be best presented and used in engaging with the public?						

<b>Single Information Portal</b>						
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	
7.16 <i>Local Authorities should all produce information on performance levels and outcomes using the same data definitions.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.17 <i>Local Authorities should all produce information on performance levels and outcomes using a consistent format and at the same time to allow for comparison.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.18 <i>A single information portal would be a useful mechanism to provide regular, timely, and comparable information on a Local Authority area and Authorities across Wales to support and challenge performance in an area.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
A single information portal should include information on:				Yes	No	Don't Know
7.19 Standardised performance data	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.20 Complaints	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.21 Reports from audit, inspection and regulation bodies	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.22 Self-assessment and peer review reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.23 Information on upcoming inspections and audits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.24 Other (Please specify)						
7.25 In addition to information on performance, is there any other information that should be included on a single information portal?						
<b>Minimum Performance Outcomes</b>						
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	
7.26 <i>As part of a future performance regime the setting of minimum performance outcomes or standards should be considered</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.27 <i>There should be consequences for Local Authorities that fail to meet minimum Standards</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.28 If you agree, what consequences should there be for Local Authorities that fail to meet minimum standards?						
7.29 Should financial penalties be used as an incentive for performance outcomes or standards?				Yes	No	Don't Know
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Digital Councils</b>						
7.30 How should Local Authorities be encouraged to make greater use of digital channels and social media?						
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	

7.31 <i>Local Authorities should decide whether members of the public can record Council meetings</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.32 <i>The public have a right to report live from any Council proceedings, through written or electronic media</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.33 <i>Local Authorities should make arrangements to allow the public to make their views known on agendas of the full Council, the Executive of Committees in advance of meetings</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Complaints</b>						
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	
7.34 <i>Local Authorities should have an online, as well as paper based, complaints process</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.35 <i>Local Authorities are already required to report on complaints made with regards to social services, they should be required to report on all complaints made about their services</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.36 Is an Authority's Audit Committee best placed to consider reports on complaints (including data on number of complaints received, the timeliness of their resolution, etc)?				Yes	No	Don't Know
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.37 If no, who would be best placed to consider such a report?						

## Chapter 8: Strengthening the Role of Review

Chapter 8 discusses the important role of internal and external review in supporting Local Authorities to deliver better outcomes for local areas. We believe the internal and external review processes do not currently work together well enough. The Chapter discusses how we will strengthen internal scrutiny to ensure it has a greater impact on Local Authority decision making. We also discuss the benefits of sharing information between the different external review bodies and with internal scrutiny. The Chapter also discusses how external review bodies should work together more.

Democratic Services						
				Yes	No	Don't Know
8.1	Do you agree that the Head of Democratic Services should be a Chief Officer role?			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.2	Should the requirement preventing the Monitoring Officer from also being the Head of Democratic Services be removed?			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.3	How might we strengthen the independence of the Democratic Services function from the leadership of the Local Authority?					
Planning for scrutiny						
				Yes	No	Don't Know
8.4	Is it appropriate to put in place a system of "key decisions" in Wales?			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.5	If introduced, how far in advance should the Executive be required to set out "key decisions"?	3 months	4 months	6 months	Other	Don't Know
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Please specify	<input type="checkbox"/>
To what extent do you agree or disagree with the following statements:		Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
8.6	<i>Scrutiny Committees should be required to establish short, medium and long term scrutiny plans</i>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.7	<i>Scrutiny Committees should be required to set out who they will engage with as part of their scrutiny plans</i>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.8	<i>Scrutiny Committees should be required publish their scrutiny plans</i>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
				Yes	No	Don't Know
8.9	Should co-opted members on Scrutiny Committees be allowed to vote?			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.10	What is your reason for this answer?					
8.11	If yes, what circumstances would voting take place?					

Local Public Accounts Committees					
	Yes	No	Don't Know		
8.12 Should Local Public Accounts Committees be established in Wales?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
8.13 How might a Local Public Accounts Committee operate in practice?					
Giving communities a voice in scrutiny					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
8.14 <i>Scrutiny Committees calls for evidence should be directed to relevant local community based representative bodies</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.15 <i>Individuals and representative bodies should be able to petition scrutiny committees</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.16 How should a scrutiny committee be required to consider and respond to petitions?					
8.17 Should Local Authorities establish a 'public question time' where members of the public would be given the opportunity to raise issues with the Leader of the Council?	Yes	No	Don't Know		
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
Regional scrutiny arrangements					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
8.18 <i>Where a regional delivery mechanism is established , for example through joint commissioning, a joint scrutiny committee must be established</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.19 How would this regional scrutiny committee model interact with local scrutiny?					
Strengthening links between External and Internal review					
	Yes	No	Don't Know		
8.20 Should the audit, inspection and regulation bodies be required to share their reports with relevant Audit or Scrutiny Committees of a Local Authority?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
8.21 Should the relevant Audit or Scrutiny Committee of a Local Authority be required to scrutinise the findings from audit, inspection and regulation reports?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
8.22 Should the audit, inspection and regulation bodies be required to appear before relevant Audit or Scrutiny Committees of a Local Authority to present their finding when requested to do so?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
8.23 How else could links between external and internal review be strengthened?					
Strengthening links between external review					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
8.24 <i>The audit, inspection and regulation bodies should be required to come together to plan a joint timetable of work with regards to Local Authorities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.25 <i>This joint timetable should be published on the single information portal when established</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Reforming Local Government: Power to Local People Consultation Survey (Full)

8.26 <i>The audit, inspection and regulation bodies should be required to come together to produce a 'whole system' assessment of each Local Authority</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.27 <i>The audit, inspection and regulation bodies should be required to come together to produce an assessment of the overall health of Local Government</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.28 If introduced, how often should a 'whole system' assessment of each Local Authority be undertaken?	Every year	Every 2 years	Other	Don't Know	
	<input type="checkbox"/>	<input type="checkbox"/>	Please specify	<input type="checkbox"/>	
8.29 How should this 'whole system' assessment of Local Authorities be developed?					
8.30 If introduced, how often should an assessment of the health of Local Government be produced?	Every year	Every 2 years	Other	Don't Know	
	<input type="checkbox"/>	<input type="checkbox"/>	Please specify	<input type="checkbox"/>	
8.31 How should this assessment of the health of Local Government be developed?					
<b>External Review Framework</b>					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
<i>The purpose of external review is:</i>					
8.32 <i>Protecting the interests of citizens by holding the use of public resources to account and by rigorously telling the story of how citizens experience services.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.33 <i>Contributing to the wider improvement framework, within organisations, the Welsh Government and wider public sector.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.34 Are there any other things you would consider to be part of the purpose of external review?					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
<i>The core functions of external review are:</i>					
8.35 <i>Assessing compliance with governance, financial stewardship and probity standards and regulations</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.36 <i>Assuring the quality and cost effectiveness of service provision</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.37 <i>Public reporting on the stewardship of public resources, service delivery against standards and the adherence to regulations</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.38 <i>Contributing to improvement including by encouraging self-improvement, acting upon critical reports and encouraging wider sectoral support</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.39 <i>Identifying, acting upon and reporting early signs of 'failure' within a service or an organisation</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8.40 <i>Informing policy and practice, beyond individual organisations.</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.41 Are there any issues or barriers which would prevent external review bodies performing these functions?					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
<i>The key attributes of external review are:</i>					
8.42 <i>Proportionality: proportionate to the risk, potential for improvement, likely benefit and interests of citizens. It applies in terms of deciding whether to use external review and in deciding its nature, scope and duration</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.43 <i>Independence: it must not be constrained by any party in reaching its conclusions and publishing its findings. It must be free to make judgements about service delivery and report its findings into the public domain, and it must be able to decide how it discharges its responsibilities once its focus has been agreed</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.44 <i>Accountability: external review must demonstrate and report on the impact of its activities. Assessments and findings must be accurate, fair and capable of being defended</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.45 <i>Collaboration: external review must collaborate in the interests of greater local impact, greater cost effectiveness and to reduce the burden on those being reviewed</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.46 <i>Value for money: external review should be able to demonstrate it delivers benefits commensurate with its cost</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.47 <i>Transparency: external review must be transparent in all its activities, its focus, decision making criteria, business processes, assessments and reporting. Reports must be clear, independent and consistent</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.48 <i>Professionalism and competence: external review must be conducted in a way which demonstrates professional integrity and competence. It should be credible, consistent and impartial in all its activities</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.49 Are there any issues or barriers which would prevent external review bodies demonstrating these attributes?					

## Chapter 9: Finance

Chapter 9 discusses the way Local Government is funded and how this will need to change to support the reforms outlined in the White Paper in the shorter term, and also the need for a more fundamental review of the system in the longer term.

Our vision					
9.1 What are your views on the proposed phased approach, where we intend to make the necessary changes needed to effect mergers and the reforms set out in this paper in the short term, and consider more fundamental changes to the system in the longer term?					
9.2 What specific features do you think a new financial framework for Local Government should exhibit?					
9.3 What specific aspects of the existing local taxation system could be simplified? (The existing local taxes are council tax and non-domestic rates.)					
General revenue funding – distribution					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
9.4 <i>The distribution of central funding should take account of the relative need of each Local Authority, based on the demographic, social and economic characteristics across Wales</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.5 <i>The distribution of central funding should take account of the ability of each Local Authority to raise income from local taxpayers</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.6 What would you change about the existing funding distribution mechanism to promote greater flexibility?					
9.7 What would you incorporate into a future funding distribution mechanism to promote greater flexibility?					
Financial Governance					
9.8 How do you think Local Authorities could engage more effectively with residents before determining their spending priorities?					
9.9 How do you think information about the results from engagement exercises could be made available to residents?					
9.10 How can we ensure financial plans are robust, strategic and sustainable?					
9.11 What financial information should Local Authorities publish?					
9.12 How can Local Authorities ensure the information is transparent and clear for people to understand?					
Any other comments					
9.13 Are there any other issues we should consider as part of our programme of Reforming Local Government in Wales, for example matters relating to policy, legislation or implementation?					



## 10 Impact Assessments

This section asks questions in relation to the impact assessments which will be undertaken and published in support of the Draft Bill which will be published later in 2015.

The questions are specifically seeking further evidence and information on the issues of Welsh Language, Children and Young People, and Equalities in relation to the proposals set out in the White Paper.

Welsh Language					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
10.1 <i>The proposals set out in this White Paper will generally support the Welsh Government's strategy for the Welsh Language – laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.2 <i>The proposals set out in Chapter 2 (Balancing the responsibilities of National and Local Government) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.3 <i>The proposals set out in Chapter 3 (Renewing Democracy) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.4 <i>The proposals set out in Chapter 4 (Connecting with Communities) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.5 <i>The proposals set out in Chapter 5 (Power to Local Communities) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.6 <i>The proposals set out in Chapter 6 (Corporate Governance and Improvement) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.7 <i>The proposals set out in Chapter 7 (Performance in Local Government) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.8 <i>The proposals set out in Chapter 8 (Strengthening the Role of Review) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.9 <i>The proposals set out in Chapter 9 (Finance) will generally support laith fyw: laith byw?</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.10 What do you see as the <b>positive</b> impacts/effects of the proposals set out in this White Paper for the Welsh Language?					
10.11 How might these be further developed?					
10.12 What do you see as the <b>negative</b> impacts/effects of the proposals set out in this White Paper for the Welsh Language?					
10.13 How might these be mitigated against?					

Children and Young People					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
10.14 <i>The proposals set out in this White Paper will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.15 <i>The proposals set out in Chapter 2 (Balancing the responsibilities of National and Local Government) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.16 <i>The proposals set out in Chapter 3 (Renewing Democracy) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.17 <i>The proposals set out in Chapter 4 (Connecting with Communities) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.18 <i>The proposals set out in Chapter 5 (Power to Local Communities) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.19 <i>The proposals set out in Chapter 6 (Corporate Governance and Improvement) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.20 <i>The proposals set out in Chapter 7 (Performance in Local Government) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.21 <i>The proposals set out in Chapter 8 (Strengthening the Role of Review) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.22 <i>The proposals set out in Chapter 9 (Finance) will generally have a positive impact on children, young people and their families</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.23 What do you see as the <b>positive</b> impacts/effects of the proposals set out in this White Paper for children, young people and their families?					
10.24 How might these be further developed?					
10.25 What do you see as the <b>negative</b> impacts/effects of the proposals set out in this White Paper for children, young people and their families?					
10.26 How might these be mitigated against?					

Equalities					
Equalities in this context refers to groups with protected characteristics under the Equality Act 2010: Age; disability; gender reassignment; marriage or civil partnership (in employment only); pregnancy and maternity; race; religion or belief; sex; and sexual orientation.					
To what extent do you agree or disagree with the following statements:	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree
10.27 <i>The proposals set out in this White Paper will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.28 <i>The proposals set out in Chapter 2 (Balancing the responsibilities of National and Local Government) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.29 <i>The proposals set out in Chapter 3 (Renewing Democracy) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.30 <i>The proposals set out in Chapter 4 (Connecting with Communities) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.31 <i>The proposals set out in Chapter 5 (Power to Local Communities) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.32 <i>The proposals set out in Chapter 6 (Corporate Governance and Improvement) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.33 <i>The proposals set out in Chapter 7 (Performance in Local Government) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.34 <i>The proposals set out in Chapter 8 (Strengthening the Role of Review) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.35 <i>The proposals set out in Chapter 9 (Finance) will generally have a positive impact on equalities issues</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.36 What do you see as the <b>positive</b> impacts/effects of the proposals set out in this White Paper on equalities issues?					
10.37 How might these be further developed?					
10.38 What do you see as the <b>negative</b> impacts/effects of the proposals set out in this White Paper on equalities issues?					
10.39 How might these be mitigated against?					

Other Issues
Are there any proposals set out in the White Paper that have particular issues with regards to the following areas:
10.40 Privacy <i>[how personal information, related to groups or individuals, is collected, stored, protected, shared and managed as a result of policy development and delivery]</i>
10.41 Rurality <i>[how the needs of the people who live, work, socialise and do business in rural areas are objectively considered in policy development and delivery]</i>
10.42 Health <i>[how the health and wellbeing of a population may be affected by a proposed action]</i>
10.43 Biodiversity and Habitat Regulations <i>[how biodiversity might be conserved and enhanced to halt the loss of habitats and species, and to take action to restore and enhance them by a proposed action]</i>
10.44 Climate Change <i>[how proposed actions will contribute to reducing emissions by 3% in devolved areas.]</i>
10.45 Environmental Impact Assessment <i>[how protection for land with special environmental, historic or cultural importance may be affected by a proposed action]</i>
10.46 Strategic Environmental Assessment <i>[how environmental issues are considered as part of proposed action]</i>

**Report to Council Workshop  
26<sup>th</sup> March 2015**

**Welsh Government White Paper: Reforming Local Government:  
Power to Local People**

The White Paper was published on the 3<sup>rd</sup> February 2015 by the Minister for Public Services in three versions, the full version, a copy of which is attached at Appendix 1, the Everyday (summary) version and the Young People version. The alternative versions can be accessed at <http://gov.wales/consultations/localgovernment/power-to-local-people>.

The paper is accompanied by a consultation survey a copy of which is attached at Appendix 2. The paper is extensive and includes a number of clear policy proposals, a reiteration of previous policy commitments and a number of open ended questions seeking views on policy options. Although some of the proposals and policy options are complex the paper offers limited detail around how they would be implemented.

At a recent engagement event civil servants set out the Governments drivers for change.

**Devolution Settlement**

There has been a change in the role of the Assembly and the Welsh Government since devolution but there are wider law making powers and a separation of Assembly and Government. Further devolution of powers is proposed and Government felt it was a good time to look at the relationship between national and local Government.

**Local Democracy**

There have been a number of service failures which it was accepted were mainly in South Wales. Despite intervention, not all of these services have improved and there is a need for better improvement mechanisms.

**Financial Position**

The cumulative nature of the cuts means that it will not be possible to continue to operate in the same way with further cuts to central funding. The Government wants to consider what Local Government does, how it does it and what it does not need to do.

The Government also believes that whilst the Williams Commission dealt with performance management issues it did not deal with democratic issues and the purpose of the white paper is to try and fill some of the gaps left by Williams.

These were identified as:

### **The operation of local democracy.**

The Government would like to see a change in the relationship between Local and National Government with greater emphasis on Local Government managing its own affairs, having more autonomy and more power. It is not the role of Welsh Government to monitor the performance of Local Government but to set national standards in some areas such as Education, Social Services, Waste and Economic Development.

The proposed general power of competence is seen by Government as being an important tool for Local Government to be more innovative.

The Government is concerned about the blurring of boundaries between politicians and senior management in some Authorities and cited Estyn and WLGA reports in respect of Pembrokeshire and Carmarthenshire respectively. The Government is concerned to improve the quality of leadership both political and operational and seeks to address some of these issues in the paper.

The Government is increasingly concerned about the need for greater diversity in the membership of Local Authorities and wishes to see elected bodies that reflect the communities they represent whilst accepting that this is difficult to legislate for.

### **Relationship between the Local Authority and the community**

The Government wants to see a broadening out of area committees and an approach to area and community governance which is inclusive of elected members and community bodies. They would like to see larger community councils with greater resources and high standards of corporate governance.

### **Corporate Improvement**

The Government wants to make Local Authority's more responsible for their own improvement. The Government wants to see an increase in self-assessment and peer review which it considers to be more constructive than external inspection. The Government wants the corporate centre of the Authority to be responsible for improvement monitoring with less reliance on WAO and others. The Government wants to see an increase in the development of scrutiny with more resources and support and closer co-operation with external regulatory bodies.

### **Proposals**

The white paper runs to approximately 100 pages with the consultation response survey covering an additional 30 pages. It isn't therefore possible to set out all of the proposals being made in this document. The following are a summary of the main proposals under the key headings set out above: -

## **Operation of Local Democracy**

The paper seeks views on fixed Local Authority terms of five years. The Government also wants views on the phasing of elections e.g. elections by thirds.

The paper suggests that there be statutory definitions of the roles and responsibilities of the Leader, Cabinet members and Elected members. It suggests that candidates for the position for Leader should produce a written manifesto which, on election of the successful candidate, would become the executive priorities for the term. The Leader would then produce an annual report setting out the achievements delivered against the manifesto, set objectives for the Chief Executive and Cabinet members in respect of those priorities, hold each of them to account, and publish the results.

The Council would not approve a corporate plan. The corporate plan, under the new proposals, would be a document produced by the Chief Executive setting out how the Authority would deliver the priorities set out in the Leader's manifesto.

It is suggested that the Leader should have a duty to have regard to equality and diversity in appointing Cabinet members, and if unable to appoint a balanced Cabinet, to consider co-opting non-voting Cabinet members to act as advisors.

It is proposed that there be generic roles, responsibilities and duties for Cabinet members to be defined in legislation and views are sought on what these duties should be. Cabinet should not become part of the Council's bureaucracy, they should set the political direction of the Authority and not become part of the machinery of operation. Their role is to challenge the senior management team and ensure national standards and local priorities are delivered.

The paper suggests a reduction in the size of Cabinet and seeks views on this. It also suggests that not all Cabinet roles should be considered full-time with the exception of the Leader and the Cabinet members for Social Services and Education. It suggests some full-time senior Cabinet and part-time deputy Cabinet positions.

The Government wants to set out clear expectations in legislation of elected members to include the holding of surgeries, attendance and participation at Committees and holding the executive to account through scrutiny. All members should be accessible to the public via e-mail and, preferably, social media. There would be a statutory list of mandatory training for members and a mandatory requirement for them to complete annual reports.

The paper also suggests that Standards Committees have powers to sanction members who fail to fulfil their duties satisfactorily. It also asks for views on the right of re-call for members who have been sanctioned by a standards committee either for failing to fulfil their duties or for misconduct.

The paper proposes a duty on the Chief Executive of the Local Authority to promote engagement and diversity and democracy and to establish a Youth Council.

Webcasting of all full Council and Cabinet meetings will be compulsory. The public should have the right to report live via social media from Council proceedings. A duty will be placed on Authorities to make arrangements to enable the public to make their views known on any open agenda items of Council, Cabinet or any Committee of the Council and for those views to be taken into account.

The paper wishes to see a reduction in remuneration for elected members, a reduction in the number of elected members and seeks views on term limits for elected members. The suggested limits are that no member should serve for more than five terms and that no member should be able to serve more than two terms as a Leader or Cabinet member. The paper also seeks to clarify the role and responsibilities of Chief Executive by imposing statutory duties to ensure effective Government and to provide a basis for judging the performance of the Chief Executive.

Views are sought in the paper on term limits for Chief Executive either by setting a limit on the length of an appointment of a Chief Executive or a term period which would lead to a review before a re-appointment could be considered.

The paper wishes to see a reduction in the cost of senior management in Local Government with a requirement that the Independent Remuneration Panel be consulted on any variations to the pay of Chief Officers which is proportionally higher or lower than other employees. The paper considers the establishment of a Public Sector Appointments Commission to manage all senior appointments to Local Government. This Commission would ensure that all senior officers have appropriate leadership skills and competencies, and create a pool of leaders to be employed on a common basis so that they could move between roles and organisations in Wales.

Alternatively, the Commission could test the competence of potential candidates and Local Authorities would be required to make appointments from among candidates who were approved by the Commission.

If there was no Public Sector Appointment Commission, the Public Services Staff Commission could develop a framework and process for evaluating and grading all senior roles in the new merged Authorities. Local Authorities would retain the responsibility for appointment but there would be consistency in role descriptions and remuneration packages.

### **Relationship between Local Authority's and Communities**

The paper wants to see an inclusive and participative neighbourhood or area approach to community governance. The preferred option is a national framework requiring Local Authorities to put in place a community governance system meeting certain guidelines but passing responsibility to Authorities of how this is designed in their area. The suggestion is that there would be Area Boards led by local members with a guaranteed role for community bodies, the third sector, community councils and other public services. These Area Boards may have budgets and decisions delegated to them.



The paper proposes that Local Authorities should review all Community Councils in their area by 2022 with a view to creating fewer, larger, Community Councils. The paper proposes a competency test to ensure higher standards of governance and financial management. Competent Community Councils will have greater rights than other Community Councils.

The paper wishes to improve community participation. One suggestion is that where a community body (as defined in the paper) believes it could improve a service it would be able to make a request to the Local Authority setting out how it considered it could help improve the service. The Authority would be required to respond promptly and engage actively with the community body to take the work forward unless there were valid reasons for not doing so.

Eligible community bodies should be able to initiate the process of asset transfer by a request to the Local Authority.

The Paper also suggests a right of first refusal for community bodies in respect of “community assets” such as village pubs or shops in private ownership when they are put up for sale.

### **Corporate Governance and Improvement**

Where Welsh Government has formally intervened in respect of service failure it’s diagnosis has been of corporate failings and governance weaknesses. Cuts to corporate capacity have in Government’s view, restricted some Authorities ability to improve. Statutory duties for Chief Executives to make arrangement for securing systematic improvement are proposed to enable the Chief Executive to give assurance to the Executive and the public that the Council is well run.

The Government considers that the duties placed on Local Authorities under part 1 of the Local Government (Wales) Measure 2009 should be repealed. The Government considers that they have been effective in achieving better corporate focus on improvement, but it has been difficult to assess whether any performance improvements have occurred. It also considers that there are questions about the usefulness of the Welsh Audit Office annual improvement assessments in supporting improvement.

They propose to re-name the Audit Committee as the ‘Corporate Governance and Audit Committee’, expand its independent membership and require that it be chaired by a suitably appointed independent person.

The Chief Executive would be required to undertake annual self-assessment of the Authority’s corporate governance and service performance and report to the Leader. In addition the Chief Executive should make arrangements every two years for a peer review to provide external challenge to the self-assessment.

The Welsh Government considers that the public will still expect it to take action when required where there are failings within specified service areas, so does not propose to amend their powers of invention. In addition they propose to give Welsh

Ministers the power to commission an independent review of the corporate governance of a Local Authority following which the Government may intervene.

The paper also deals with corporate planning. A Local Authority must understand the aims and objectives to which it is working. These will include national policy direction set by the Government as well as local priorities.

The Well-Being of Future Generations (Wales) Bill will require the Assembly to set out long term well-being targets for Wales Local Authorities and public services will align objectives to these national goals. This will require a local wellbeing plan to set out the collective public service plan for the area and will include the Local Authority's priorities for planning its service provision.

The Leader's manifesto referred to above will set out the Councils political priorities. The Chief Executive's corporate plan will detail how these will be delivered but will no longer be approved by Council.

The Government intends to develop a new approach to performance data by collecting fewer, more meaningful, measures.

Corporate plans will include standardised sets of performance outcomes and measures. They seek views the use of minimum standards and the use of financial penalties for non-compliance.

Government also proposes a single, accessible portal for the public to receive regular, timely and comparable information in respect of performance, to include data from the whole of the UK.

There will be a requirement to have an online complaints process.

The paper considers the role of Scrutiny in improvement and proposes that Local Authorities set out "key decisions" that they would be considering, to enable internal review to be planned more effectively. This is in place in England and requires some key decisions, and the reports supporting the making of those decisions, to be published many weeks in advance of a decision being made in order to assist Scrutiny.

The Government also wants to strengthen Scrutiny's forward planning by requiring them to make reference to these key decisions and the corporate plan, setting out not only what they intend to scrutinise but who they will engage with in doing so.

There should be a greater emphasis on pre-decision scrutiny.

Government proposes to require external review bodies and regulators to share information with each other and with Scrutiny. These bodies should also coordinate their work and produce a combined assessment of each Local Authority every two years.

The paper also suggests increased support for Scrutiny. This includes consideration of the separation of support for the executive and non-executive functions of the Council with separate funding streams.

The paper suggests greater use of co-option onto Scrutiny Committees and that co-optees should be entitled to vote. There should be greater joint scrutiny of regional collaborative working. There is also a suggestion of an independent Local Public Accounts Committee with oversight over all public expenditure in a local area. This Committee would have power to scrutinise all public expenditure.

## **Finance**

The paper discusses Local Government finance and the Government's intention to simplify and clarify financial governance and accounting arrangements. It proposes a phased approach to develop a new local government finance system with greater emphasis on Local Authorities raising more of their own finance themselves. At the recent engagement event Civil Servants accepted that this chapter was vague and that there would need to be a further white paper about funding and the potential re-design of local taxation systems. This further white paper will not appear until after the Assembly elections in 2016.

Members' views on the proposals set out in the paper are sought in order that they can be built into a Council response to be approved by full Council in April.

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## REFORMING LOCAL GOVERNMENT: POWER TO LOCAL PEOPLE

### CONSULTATION RESPONSE OF DENBIGHSHIRE COUNTY COUNCIL

The County Council is pleased to respond to the recent White Paper entitled Reforming Local Government; Power to Local People. The Council has replied in detail to the lengthy consultation survey in the attached Appendix. The Council felt it important to provide an overview of its response which it seeks to summarise in this document.

The Council considers that the White Paper is in danger of being too ambitious in terms of the breadth of issues that it seeks to address. There is a danger that the focus of the Paper is diverted from what the Council considers to be the key themes, which if progressed properly, will give the newly formed Local Authorities every chance of succeeding in providing high quality services, but which if not addressed appropriately will set those authorities up to fail.

The key themes identified by this Council are Leadership, Corporate Governance, Performance and Improvement. If authorities are well led, governed appropriately and have a culture of high performance and continuous improvement they are much more likely to succeed than those that do not.

The Council agrees that there should be some statutory definition of the role of the Leader. The Council does not agree that this should be overly prescriptive but should set out the behaviours and competencies that reflect aspects of good leadership. What is most important is the quality and effectiveness of the leadership not a list of specific duties. The discharge of a specific statutory duty does not in itself demonstrate good leadership.

The Council agrees that there should be a development programme provided to support both current and future political leaders to help them achieve the necessary leadership competencies. The Public Service Leadership Panel could help to shape and define what excellent leadership looks like and devise a programme of training and support to help current and future leaders to achieve the required competencies.

The Council agrees that there should be generic duties for Chief Executives to improve consistency across Wales and that this should include the role of Head of Paid Service and a responsibility for performance and improvement.

The Council agrees that there should be a common assessment framework of appropriate skills and competencies for candidates for senior officer appointments but does not agree that such appointments should be the responsibility of a Public Sector Appointments Commission. The Council believes that Local Authorities should retain responsibility for the appointment of senior staff subject to a common assessment framework. Individuals appointed to senior officer positions need to be accountable to the people who appoint them. Local Authorities, if they are to take more responsibility for their own improvement, as suggested in the Paper, should take responsibility for the appointment of their senior leaders.

The Council agrees that there should be a consistent framework for the evaluation and grading of senior officer posts in the reformed Local Authorities. The Council

does however believe that Local Authorities should retain discretion as to the number of senior officers that they employ and that they should determine the composition of those senior roles.

The Council believes that the focus of Local Authorities should be on the quality of leadership and not the amount of time that a leader stays in post. The Council does not agree with artificial term limits either for politicians or for senior officers.

The Council welcomes the recognition that robust annual self-assessment is a key component of effective corporate governance. The Council has been conducting annual self-assessments for the last 4 years. These are effective because the self-assessment is a culmination of Annual Service Challenges. These are internal challenges including Cabinet and Scrutiny Members, Corporate Directors and Heads of Service. They also include regulators. WAO attend every Service Challenge and CSSIW and Estyn are invited to the appropriate ones. The Service Challenges are chaired by the Chief Executive.

The Council agrees with the proposal for the introduction of peer review. The Council does however consider that a bi-annual peer review could become burdensome and that there should be a minimum of one peer review per council term with the frequency of subsequent peer reviews being determined on a risk basis depending upon the findings of the initial peer review.

The Council agrees that a joint assessment by external inspectors and regulators of a Local Authority would be a valuable challenge to the Local Authority's self-assessment. The Council suggests that, as with peer reviews, there should be a minimum of one joint assessment per council term, with the frequency of subsequent assessments determined on a risk basis depending on the outcome of the first assessment. This would release the resources of those external inspectors and regulators to focus their attention where it is most needed.

The Council agrees the role of the Audit Committee is extremely important in ensuring proper standards of corporate governance. This Council's Audit Committee is called the Corporate Governance Committee and receives all external inspection and regulatory reports as well as an annual report on the Council's self-assessment.

The Council agrees that there should be a residual power for Welsh Government to intervene in poorly performing Local Authorities. The Council believes that where such interventions take place they should be corporate and not service based as it will almost inevitably be corporate governance and systems failures that will have contributed to or caused the service failure. A robust system of self-assessment should make much less likely the situation where Local Authorities are only alerted to failing services by external regulators.

The Council agrees that for Local Authorities to perform at their best they must understand the aims, objectives and goals to which they are working and use them to shape their corporate planning.

The Council does not however agree with the proposals set out in Chapter 3 of the Paper regarding the Leader's manifesto and the Corporate Plan. The Council agrees that candidates for leadership should set out their values and the priorities

they wish to see pursued by the Council, and that they should present this to the Council before the election. This Council's Constitution currently provides for candidates for the position of Leader to present their preferred priorities. The Council does not agree however that these should, as seems to be suggested in the Paper, become the Council's priorities. The Council currently consults the public on what its priorities should be, involves all members in the formulation of those priorities, and then approves the priorities in Full Council. This takes time, but is a powerful method of ensuring that the whole Council is committed to the achievement of these agreed priorities. The Council's energies are then applied to the delivery of an agreed set of priorities and not in arguing over whether they are the correct priorities. The Council's Corporate Plan is then approved by the whole Council.

Leaders are usually elected within a short time of the Local Government Elections themselves, usually at the first Council meeting thereafter. The model proposed by the Paper suggests that a Leader would be able to produce a detailed set of priorities for the whole Council for the next term within a matter of days. This has the potential to lead to rushed and potentially ill thought out manifestos. This may be a model that the Paper anticipates may work where a single political party has overall control of a Local Authority but would not work in councils where there exists no overall political control.

The Council agrees that there should be an annual report setting out the achievements against the agreed priorities and already does so.

The Council believes that the duty imposed by Part 1 of the Local Government (Wales) Measure 2009 to make continuous improvement is an important obligation and would wish to see it restated in any new legislation.

There are some areas of the Paper which the Council believes are overly prescriptive, unlikely to achieve the stated intention, and inconsistent with the concept of Local Authorities having greater autonomy.

Whilst the Council would welcome a fixed 5 year term for Local Authorities it believes that phased elections are a bad idea. Apart from imposing an additional burden on Local Authorities to have to organise more frequent elections, the Council does not believe that this would assist Local Authorities to improve service delivery. The Council considers that election by thirds could lead to instability and an almost inevitable focus on the short rather than the long or medium term.

The Council does not agree with the reduction in the number of Cabinet Members, nor does it agree with the concept of full and part time Cabinet Members. Local Authorities are likely to get bigger and the delivery of services more complex. If Cabinet Members are to be able to properly hold officers to account, their portfolios should not be so broad and wide ranging that their capacity to focus on individual service improvement and delivery is diminished. There is also the issue that non-executive members already feel removed from decision making. Further reducing the number of decision makers does not seem to be helpful in addressing this. In addition Local Authorities who seek to reflect a political balance in their Cabinets will find it much harder to do so with a smaller Cabinet. Where there is no overall political control a balanced Cabinet helps to achieve stability.

The Council is concerned that the identification of certain Cabinet roles as being part time or junior may lead to a perception that some services are less important than others. Local Authorities should be able to determine portfolios for their Cabinet Members which are appropriate to their local circumstances.

The Council is concerned that a proposal to reduce the remuneration of Elected Members will be counterproductive if the government wishes to see an increase in the number of Elected Members of working age and from diverse backgrounds. It is difficult to see how a reduction in the level of remuneration is likely to encourage people of working age or those from less affluent circumstances to take on the challenge of standing for election.

The Council considers that the Paper's focus should be on encouraging and increasing the diversity of candidates for election to Local Authorities rather than seeking to impose constraints on the composition of Cabinets from among those who have been elected, and does not believe that co-opting non-elected non-voting Cabinet Members is something that would be helpful. The Council is committed to the principles of equality and diversity and is already subject to the public sector equality duty in the exercise of its functions.

While the Council agrees that local communities should have a voice in the identification of local issues and propose solutions to them, it believes that the proposals for member led community governance are vague, muddled and lacking in detail. There is no clear definition of the role and responsibilities of Area Boards or how they would fit with Public Service Boards and existing Local Authority structures.

The Council believe that it is overly ambitious to suggest a review of all Community Councils by 2022 by newly merged authorities which will only come into being in 2020. The Council also believes that there is an undue burden placed upon the new Local Authorities in seeking to review their Community Councils, judge whether or not they are competent and monitor their continuing competence. The Council considers that there should be greater detail regarding the proposals for community participation and asset transfer.

The Council agrees that pre-decision scrutiny is a valuable part of good decision making and that there should be clear structures and processes whereby Elected Members and the community can refer matters to scrutiny. The Council agrees that there should be clear forward planning of scrutiny focusing on key themes and priorities. The Council agrees that there should be stronger links between external regulatory and inspection bodies at Scrutiny Committee and that external bodies should better co-ordinate their activities in respect of individual Local Authorities.

While there is much to welcome in the Paper, translating these broad proposals into positive outcomes will depend very much on a focus on the key issues identified in this response, avoiding the distraction of trying to deal with too many issues and reforms at once and the detail produced by the Welsh Government in draft legislation. The Council looks forward to commenting on draft legislation and to contributing to the development of those proposals.



## **APPENDIX**

### **Chapter 2 – Balancing the Responsibility of National and Local Government**

#### **Status of Reformed Authorities**

The main focus of the Paper should be on the themes of leadership, performance and corporate governance. The Council has no opinion on whether the name of an authority will impact upon these themes. The Paper suggests that Authorities should better engage and involve their communities. Where local people wish to see their authorities retain such identities then there should be no bar to their retention.

The Council agrees that whether the Civic Head should be called Mayor or Chair should be a matter for local determination.

#### **General Power of Competence**

Local Authorities should be granted the general power of competence. This power should not, however, be regarded as a panacea. The law already places constraints on the use of this power in that it will not allow Local Authorities to do anything which they are currently prohibited from doing by existing legislation. There are many such prohibitions and restrictions. Local Authorities will also be constrained by the public law principles which apply to the exercise of any of their functions. The Council does not see the need for any further constraint.

The Council considers that the provisions of the Deregulation and Contracting Out Act 1994 should be reviewed to provide greater clarity and flexibility. The Council does not agree with the suggestion that a single back office function for the whole of Wales would be effective.

#### **Local Authority Constitution**

It is agreed that Local Authorities should set out their values and the principles they will use to operate in their constitutions. The current Constitution contains the Members' Code of Conduct, Officers' Code of Conduct, Member/Officer Protocol and Access to Information protocols which to some extent set these values out although a simpler, clearer summary may be helpful. In addition the Council has in the Constitution set out role descriptions for each of the roles that Elected Members may undertake. Each of these descriptions makes reference to the Council's values.

The Paper appears to suggest that Constitutions are too long and contain too many rules. The Council must have rules to govern the making of decisions and the spending of money. At the very least Councils will need Financial Regulations, Contract Procedure Rules and a Scheme of Delegation. Councils also need clear rules of debate and procedures for the conduct of their meetings and those of their committees. If these are not to appear in the Constitution, then where should they appear?

## **Legislative Burdens and Review of Local Government Legislation**

There is merit to reviewing this legislation with a view to simplification and consolidation. This will however be a lengthy task and what the newly merged Local Authorities will require is a period of stability in order to focus on their own performance and not be distracted by continual legislative change.

### **Chapter 3 – Reviewing Democracy**

#### **Local Government Elections**

It is agreed that a 5 year cycle of elections would be appropriate. This is the cycle considered appropriate for the UK Parliament and National Assembly for Wales. A 5 year cycle would also cost Local Government less than a 4 year cycle.

The Council does not agree with the suggestion that there be a phasing of elections. There are clear practical implications and additional costs of having to organise phased elections some of which may clash with elections to other bodies, and the potential confusion for electors, both of which are reasons cited by the Paper in support of having a 5 year cycle.

More importantly the Council does not believe that this would assist Local Authorities to improve service delivery. The Council considers that election by thirds could lead to instability and an almost inevitable focus on the short rather than the long or medium term. It will also mean some Elected Members will not have had the opportunity to elect the Leader or contribute to the Council's priorities, unless this is to take place after each phased election. This would provide the potential for changes in leadership and priorities every two years which would cause the Council to operate on a permanent short term cycle.

#### **Defining the Roles and Responsibilities of the Leader**

The Council welcomes the focus placed by the Paper on the question of leadership both political and operational. The Council agrees that candidates for Leader should set out their values and the priorities that they wish to see pursued by the Council, and that they should present this to the Council before their election. This Council's Constitution currently provides for candidates to present their preferred priorities.

The Council does not agree however that these should, as seems to be suggested in the Paper, become the Council's priorities. The Council currently consults the public on what its priorities should be, involves all Members in the formulation of those priorities and then approves them in Full Council. This takes time, but is a powerful method of ensuring that the whole Council is committed to the achievement of these agreed priorities. The Council's energies are then applied to the delivery of an agreed set of priorities and not in arguing over whether they are the correct priorities.

Leaders are normally elected within a short time of the Local Government elections themselves, usually at first Council. The model proposed by the Paper suggests that a Leader would be able to produce a detailed set of priorities for the whole Council for the next term within a matter of days. This has the potential to lead to rushed and potentially ill thought out manifestos and would not work in Councils where there

exists no overall political control. Alternatively, if there were to be sufficient time for candidates for leadership to formulate and consult upon their priorities, there would be a period of instability with no Leader.

It is agreed that an annual report should be produced setting out the achievement against the agreed priorities.

The Council agrees that there should be some statutory definition of the role of Leader. The Council does not agree that this should be overly prescriptive. The Paper suggests a new relationship between National and Local Government with greater autonomy for the latter. Any definition should perhaps be cast as broadly as possible to reflect aspects of good leadership. What is most important is the quality and effectiveness of the leadership, not necessarily a tick box list of specific duties.

The Council agrees that the Leader should be required to set objectives for Cabinet Members. This is the practice in this Council. The Council agrees that objectives should be set for the Chief Executive. This is the practice of this Council. However, the annual setting of objectives and performance appraisal of the Chief Executive is conducted by a politically balanced panel of members and is not the preserve of the Leader. The Chief Executive is after all accountable to the whole Council not just the Leader.

There are employment law and data protection safeguards to be considered before deciding whether to make what is effectively a performance appraisal of a Chief Executive public.

### **Defining the Roles and Responsibilities of Cabinet Members**

The Council agrees that the generic roles and responsibilities of Cabinet Members should be defined. Again the Council believes that these should not be too prescriptive and should allow for Local Authorities to retain sufficient flexibility to suit their local priorities and circumstances. This definition should perhaps reflect the role description currently set out in this Council's Constitution which is itself based upon a description provided by WLGA.

With regard to the number of Cabinet posts, the Council believes that this is a matter for local determination within an overall cap. The current limit is 10. This Council has a Cabinet of 8, including the Leader. Although there may be perceived to be some relationship between the size of an authority and the number of Cabinet posts required, all Local Authorities have the same range of Executive functions.

The role of a Cabinet Member is not just internal to the Council, but includes a representative role in regional and national bodies. Increasingly, streamlined decision making processes will be required, making further demands on Cabinet Members to make delegated decisions.

There is no suggestion in the Paper that the workload of a Cabinet Member will diminish. If Cabinet Members are to be able to properly hold officers to account, their portfolios should not be so broad and wide ranging that their capacity to focus on individual service improvement and delivery is diminished. Further, in the new larger Local Authorities, the Cabinet is already likely to be a relatively small

proportion of the total Council. A further reduction suggests a concentration of decision making via an ever decreasing number of members. Non-executive Members already feel removed from decision making. Further reducing the number of decision makers does not seem to be helpful in addressing this. Local Authorities that seek to reflect a political balance in their Cabinets will find it much harder to do so with a smaller Cabinet. In Local Authorities with no overall political control, the balance of the Cabinet helps achieve stability.

The Paper misrepresents the position regarding senior salaries for Cabinet Members. There is no entitlement to a senior salary under the current arrangements for anyone other than the Leader of the Largest Opposition Group. Cabinet Members are eligible to receive a senior salary if the Council decides to pay one to them. They are not entitled to it.

The concept of 'Deputy' or 'Junior' Cabinet Members needs to be clarified. The word 'Deputy' implies a person who stands in for the substantive Cabinet Member when they are unavailable; perhaps representing the Cabinet Member at meetings that he or she is unable to attend. This may provide opportunities for those who wish to become Cabinet Members in their own right. These 'Deputies' would, if they formed part of the Executive, not be able to take part in Scrutiny. The number of elected members on the Local Authority will determine whether this would hamper effective Scrutiny.

The word "Junior" implies a secondary or lesser Cabinet Member, deferring to the "Senior". This could have the effect of identifying certain functions of the Council as somehow less important or worthy of attention. The Leader of a Local Authority should be given the flexibility to assemble a Cabinet with portfolios made up of sufficient areas of responsibility that justify the role and are appropriate to the needs of that Local Authority at that time. Some services not identified in the Paper as deserving of a 'full time' Cabinet Member may in some authorities require full time attention due to the improvement required in their performance. It should be a matter for local determination.

It is agreed that a development programme should be provided to support both current and future political leaders. The Public Service Leadership Panel should define what excellent leadership looks like and a programme should be developed to support current and future leaders to achieve the necessary competencies.

### **Defining the Roles and Responsibilities of Elected Members**

The roles and responsibilities of elected members and their additional roles and responsibilities as Scrutiny members, Chairs of Committees, Cabinet Members or as Group Leaders are all set out in the Council's Constitution. These are based upon role descriptions provided by WLGA. These could form the basis of a generic statutory definition.

Members of this Council have previously expressed surprise and frustration at the lack of a statutory requirement to attend committees more frequently than the current minimum threshold for disqualification contained within the Local Government Act 1972. Members of this Council have agreed a set of core mandatory training sessions.

Elected Members do not agree that the holding of surgeries should be mandatory, neither do they agree that Annual reports should be compulsory. Elected Members are of the view that it is up to them to communicate with their constituents in the manner that they and their constituents consider best, and not have any particular method dictated to them.

### **Standards Committees**

The question of whether Standards Committees should consider cases of a Councillor's poor performance raises many questions.

What is the consistent threshold to be applied to Councillors?

Is the judgement qualitative or quantitative, e.g. the number of meetings attended or the effectiveness or lack of a contribution at the meeting?

Who may make a referral to the Standards Committee?

Will such referrals be used as political tools by political opponents or pressure groups?

Will there be a requirement for a minimum number of persons to request a referral?

Who conducts an independent investigation into the referral?

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This proposal is fraught with the potential for abuse. The Paper suggests a need for the separation of officers and members and a stop to the blurring of roles. The Paper wishes to see Local Authorities that are not officer led. Does it now suggest that officers 'manage' members? If not officers, are members to manage this process? Will political groups refer their own members? Will they be allowed to refer members of other groups?

### **Recall**

There may be situations where an Elected Member has a period of suspension imposed on them by the Standards Committee or Adjudication Panel for Wales as a result of misconduct. In such circumstances the member's conduct will have caused their constituents to be unrepresented for a period of time. It may be appropriate to consider recall for these more serious cases of misconduct.

### **Equality and Diversity**

The Council is committed to the principles of equality and diversity and is already subject to the public sector equality duty in the exercise of all of its functions. The co-option of non-elected, non-voting Cabinet Members is not something that the Council supports. Cabinet Members already have advisers, they are the professional officers employed to advise members on the exercise of their functions including their duties with regard to equality and diversity. All decisions taken by Cabinet and Council are informed by an Equalities Impact Assessment.

It would appear to the Council that Government's focus should be on encouraging an increase in the diversity of candidates for election to Local Authorities rather than seeking to impose constraints on the composition of Cabinets from those who have been elected. The political parties will have a role to play in the diversity of the candidates that they select.

The Council agrees with the suggestion that Local Authorities should be placed under a duty to promote democracy and to establish Youth Councils.

The Council agrees that all employers should be encouraged to release staff to undertake their duties as Elected Members. The suggestion of requiring public service bodies to release staff may have an unintended consequence of providing an advantage for such staff to stand for and hold public office to the detriment of those who work in different sectors of the economy. There may be a danger of stifling innovation and blurring the roles of officers and members if disproportionate numbers of those elected also work in the public service.

### **Remuneration of Elected Members**

The remuneration of Elected Members is something that the Government has placed in the hands of the Independent Remuneration Panel for Wales. Local Authorities are required to implement their recommendations. This has led to consistency across Wales.

The Paper suggests that there should be an increased number of Elected Members of working age and from diverse backgrounds. The Paper correctly identifies that the current level of remuneration will have different consequences for different groups of people, suggesting that it is most beneficial to those who may have retired. It is difficult to see how a reduction in the level of remuneration is likely to encourage people of working age or those from less affluent circumstances to take on the challenge of standing for election.

The Paper suggests that it does not want to see a cadre of professional politicians, yet suggests measures intended to professionalise the role of Elected Members. The reduction in the number of Local Authorities will inevitably lead to a reduction in the number of Elected Members and a higher number of constituents for them to serve. In rural areas in particular, this will lead to larger geographical areas including populations scattered across a number of communities, each with their own community bodies with which to engage. This is likely to require a greater time commitment than currently and appears inconsistent with a reduction in remuneration.

### **Term Limits for Elected Members**

The Council does not agree with any of the proposed term limits. It is for the electorate to decide who represent them.

In the case of Cabinet Members and Leaders, their term should be limited by their performance as judged by the Leader and Council respectively. It would appear counterproductive to set artificial limits preventing able Leaders or Cabinet Members from continuing to serve in these roles.

### **Electoral Qualifications**

It would appear sensible that Members of Local Authorities should not be able to serve as Assembly Members and continue in their position in the Local Authority. It

is difficult to see how they would have sufficient time to perform both roles effectively. There would also be considerable potential conflicts of interest.

The Council has no strong opinion on allowing officers to stand for election without resigning unless elected. There are potential difficulties if officers are standing against incumbent Councillors and return to their posts following defeat. Officers are obliged to act with political neutrality. The above scenario could cause a perception that this is not the case.

### **Roles and Responsibilities of Chief Executive**

The Council concurs that there should be generic duties for all Chief Executives to improve consistency across Wales and that this should include the role of Head of Paid Service and a responsibility for performance and improvement.

Electoral Registration is not a devolved matter, neither is the role of Returning Officer in elections other than to the Welsh Assembly or Local Government.

With regard to the proposed Chief Executive's Corporate Plan, the Council refers to the comments made earlier in this response.

The Council welcomes statutory recognition of the importance of self-assessment of both corporate and service performance. This Council operates a system of 'Service Challenges' whereby each service must prepare its own self-assessment and a performance report is prepared by the Council's Improvement Service. The Chief Executive, Corporate Director, Lead Members, Finance and Improvement Officers, Scrutiny Members and representatives of Welsh Audit Office, and where relevant, CSSIW and Estyn prepare lines of enquiry and pursue these with the relevant Head of Service at a Service Challenge Meeting which produces actions for the service to improve. This is regarded as an essential process for corporate understanding and oversight of performance and improvement.

The Council agrees with the principle of peer review as a constructive process for improvement and dissemination of good practice. The suggested frequency of these reviews may need to be reconsidered. The Paper proposes annual self-assessment together with, in each year, either a peer review or a corporate assessment by external inspectors and regulators. Consideration should be given to a system of annual self-assessment, a minimum of a peer review and corporate assessment in each Council term, with additional peer reviews and corporate assessments on a more frequent basis depending on the findings of the initial external reviews and assessments.

The Council agrees with the requirement for a performance management system for all employees. This Council operates such a system.

### **Term Limits of Chief Executive**

The Council does not agree that artificial term limits should be imposed on the service of a Chief Executive whether with or without review. Term limits can result in short term approaches and, perversely, almost create a sense of entitlement, such that the term becomes a minimum. A Council may perceive that it is easier to wait

for a poorly performing Chief Executive to reach the end of his/her term than to take action to remedy the situation.

The Council believes that the focus should be on the quality of leadership not the amount of time that a leader remains in post.

The Chief Executive is an employee and should be able to lead and advise on the basis of the long term benefit of the Local Authority and not on the basis of seeking 're-election' at the end of a term.

The Council believes that there should be a consistent framework for the evaluation and grading of senior officer posts in the reformed Local Authorities. The Council considers that Local Authorities should retain discretion as to the number of senior officers that they employ and that they should determine the composition of these senior roles.

A consistent framework for the evaluation and grading of such roles would obviate the need for Local Authorities to consult any independent advisory body.

### **Senior Officer Appointments**

The Council believes that Local Authorities should retain the responsibility for the appointment of senior staff but agrees that a common assessment framework of appropriate skills and competencies would assist in establishing a consistent approach.

### **Connecting with Communities**

#### **Member Led Community Governance**

The Council agrees with the principle that local communities should have a voice in the identification of local issues and the proposed solutions to them. The Council also agrees with the principle of a partnership approach, led by Elected Members and including community bodies, the third sector and other public services. The Council also welcomes the proposal that any form of local community governance should be designed by Local Authorities. The Council agrees that the number of partnership arrangements should be rationalised although it is not entirely clear how this would work in practice.

The concept of Area Boards is interesting but a number of questions arise from the description set out in the Paper and comments made at a recent engagement event. There would need to be clarity as to the exact roles of Area Boards and how they fit with Public Service Boards and existing Local Authority structures. There should be a minimum of duplication of reporting to, and seeking of approval from these various bodies by officers and others.

The Paper suggests that there should be an equal playing field for community bodies, the third sector and other public services. Does this mean they are entitled to vote on issues relating to the exercise of Local Authority functions? If they are to be Member led, will there be an inbuilt majority of votes for Elected Members?



At a recent engagement event it was suggested by officials that such Boards would not use voting to make decisions, but rather, they would attempt to achieve consensus. If budgets and functions are delegated to such bodies then they will need to have some form of accountability for decision making. How will this be done if no voting is recorded? Who will scrutinise these Boards?

The Paper suggests that 'Communities' identified by Ministers under the Well-being of Future Generations (Wales) Bill should form the basis of Area Boards and Public Service Boards. Whilst it is sensible, that if Area Boards are to work together with Public Service Boards, they cover the same area, it suggests that Ministers and not Local Authorities will design the community governance referred to in the Paper.

There is no suggestion in the Paper as to the size of these Communities or their number, other than they will be larger than Community Councils which will themselves increase in size. Detail as to the size of these Communities will determine the extent to which they are effective in engaging local communities as we currently understand them and will surely influence any review of Community Councils.

Area Boards will only be truly effective if they are empowered to make decisions and hold budgets. Without such powers they may turn into discussion groups. It is suggested in the Paper that they are 'operational' whereas Public Service Boards are strategic. Will Area Boards have responsibility for delivering the Council's priorities as well as the well-being objectives of the Public Services Boards? Roles and responsibilities will need to be clear and unambiguous to prevent confusion arising between Boards, Local Authorities and the public as to the roles and responsibilities of each.

There is no suggestion in the Paper as to who will provide secretarial, administrative, legal or financial support and advice to these Boards. This has the potential to provide a significant extra resource burden on the provider.

### **Review of Community Councils**

There is a case for smaller Community Councils to amalgamate and become more effective and proactive in order that they may be able to take on some functions that Local Authorities are no longer able to deliver.

If Local Authorities are to be responsible for this review, there need to be clear guidelines as to size etc. in order to achieve consistency across Wales. Will these new Community Councils be expected to form the Communities envisaged by the proposals regarding Area Boards, either as single bodies or as clusters?

It appears ambitious to complete a review of all Community Councils by 2022. Given that there are to be mergers of principal authorities, these newly merged authorities should, if Local Authorities are to conduct the review, consider the arrangements for Community Councils in their area and not the existing Local Authorities. These new Local Authorities do not take effect until 2020. It is difficult to see how the Community Councils can be reviewed properly in 2 years. There are many sensitive geographic, logistical, linguistic and political implications to consider. These new Local Authorities will also be in their infancy and, it is suggested that in their first

term, their energies and resources should be applied to ensuring that they are performing effectively themselves, before embarking on the reviews of other bodies. Another option would be for the Local Democracy and Boundary Commission to conduct such reviews since they will have completed the review of electoral arrangements for the new Local Authorities, and should have acquired knowledge of the communities contained within them as part of that process.

### **Competent Community Councils**

The Council agrees that there should be greater consistency in the governance arrangements of Community Councils and greater capacity in order that they may participate more effectively in service delivery. The word 'competent' may be seen as patronising and, if such tests are to be introduced, then a 'Corporate Governance' test or threshold would be a more palatable expression.

It would seem a little illogical for Community Councils that were not deemed 'competent' to be granted a general power of competence. If a general power of competence is to be granted, there should be no further constraints other than those already provided by the law.

Some form of democracy test may be appropriate as there is a feeling in some communities that some Community Councils adopt a complacent and 'closed door' approach to vacancies by co-opting like-minded individuals rather than widely advertising vacancies.

Many Community Councils have experienced difficulty in filling council clerk vacancies. A 'capability' test requiring professional qualifications may exacerbate the situation and cost more. The ability to attract and retain such staff will undoubtedly depend on the size of the Council and the level of salary on offer.

Only 2 of the 37 City, Town and Community Councils in Denbighshire have a budget of £200k or more. Community Councils would need to be much larger than they currently are to reach such a budget level. There is a danger that new enlarged Community Councils are created just in order to achieve a larger budget rather than represent a cohesive community. The requirement to employ a professionally qualified clerk may impose a financial burden representing a significant proportion of a Council's budget if it is on or about £200k.

The Council would like to know how the £200k figure has been arrived at. The reference to the £200k threshold in respect of the Well-being of Future Generations (Wales) Bill in paragraph 4.8 of the Paper is to turnover and not to budget. It would appear logical that the threshold is the same for both purposes.

The Council agrees that there should be sound financial and internal control in line with statutory requirements. If these are statutorily required there seems little point in an extra test.

It would appear simpler to create bodies of an appropriate size, set statutory minimum governance requirements and grant the same rights and responsibilities to all of them.

Community Councils could be assessed against these requirements by inspection and sanctioned if they fail to comply. Allowing Community Councils to declare themselves to be competent, and requiring Local Authorities to continually assess their competence, appears to impose a significant additional burden on Local Authorities. If Local Authorities were to revoke a Council's status as "competent", what would be the appeal mechanism? What compensation would Community Councils be able to claim as a result of a wrongful revocation? What would be the impact on service delivery of functions delegated to a Community Council that ceased to be competent? If the Community Council ceased to be competent would it relinquish its place on an Area Board? There seems to be a level of complexity introduced by the test which will inevitably impose a significant resource burden on the Local Authority.

Community Councils should be subject to governance and transparency arrangements. The public already have a right to attend. Allowing the public the right to speak and record meetings may be problematic for some Community Councils who may not have sufficient staff resources to manage these. There are some Community Councils where individuals within the community would monopolise and cause difficulties at such meetings.

The Council agrees that the Chair of a Community Council should publish an annual report.

The setting of performance objectives for the Clerk should be a matter for the Community Council. The Chair changes every year and this could cause difficulties in maintaining a consistent approach to the setting of objectives and their appraisal.

The law relating to community polls is cumbersome and would benefit from a review.

### **Electoral Qualifications**

There is a potential for a conflict of interest where a County Councillor is also a Community Councillor. This can place the individual in a difficult position. Twin hatted Councillors on Community Councils may be perceived as having an advantage over non County Councillors as they have access to information not otherwise in the public domain.

The new merged authorities with fewer Councillors and larger Community Councils may lead to the twin hatted role becoming even more difficult for one person to fulfil. An increase in the size of Community Councils may make it difficult for one Councillor to be a member of more than one Community Council.

## **Chapter 5 - Power to Local Communities**

### **Community Bodies**

It certainly seems sensible that if democratically elected bodies such as Community Councils are subject to competency tests, that unelected bodies should be required to demonstrate a level of competence before they are able to influence the spending of public money or the deployment or management of public resources and assets.

They should be obliged to demonstrate these matters set out in survey questions 5.2 to 5.5. It is not clear who would judge whether a body qualified as a community body. What rights of appeal would a body have against a judgement that it was not competent?

### **Community Participation**

Local Authorities will increasingly be seeking the participation of community bodies as defined in the paper to assist in more innovative ways of delivering services. The Council would be pleased to receive serious requests from serious bodies in respect of the development and delivery of services. It is important that while Local Authorities should be required to respond there should be no presumption that Local Authorities are expected to agree to such requests. There will need to be a robust business case for any such request to be approved. Local Authorities may have equally or more valid proposals for delivering services without that particular community body. There should be safeguards against Local Authorities expending time and money in responding to frivolous or vexatious requests.

### **Asset Transfer**

Many of the points made in respect of community participation are equally relevant to the proposals relating to Asset Transfer. This Council has transferred assets to other bodies. However, the Local Authority must be able to retain the right to make the final decision over whether or not to transfer an asset.

The right of first refusal is an interesting concept likely to be of greater concern to private property owners than Local Authorities. There would need to be careful consideration of the legal safeguards required, especially for the rights of natural persons who own property.

It is not clear why Local Authorities in Wales should be required to establish and maintain a Register of Community Interest, when, in Scotland, it is the Keeper of the Registers of Scotland, a non-ministerial government department that maintains the Register. Would it not be more appropriate to seek the assistance of the Land Registry, a central repository of information relating to interests in land, used by all prospective purchasers of land, rather than impose a further bureaucratic burden on Local Authorities?

## **Chapter 6 – Corporate Governance and Improvement**

### **Corporate Governance**

The Council notes that the options put forward in the consultation survey regarding the proportion of independent members on the Audit Committee do not suggest that independent members should form the majority of the Committee. The Council welcomes this. If Local Authorities are to take greater responsibility for their governance and improvement Elected Members should be in the majority on such a Committee. The Council agrees that independent members can bring a fresh perspective and challenge to the work of an Audit Committee and does not oppose an increase in their number provided they remain in the minority. There should perhaps be a minimum and maximum which an authority can appoint if there are

sufficient well suited candidates and should not just be required to fill seats on a committee for the sake of it.

The Council does not agree that the Chair must be an independent member, but does not either believe that an independent member should be precluded from chairing. The Chair should be selected on merit by the Committee.

### **Self-Assessment and Peer Review**

The Council agrees that responsibility for effective performance and delivery rests with the Local Authority as do responsibility for service or corporate failure.

The Council welcomes the focus placed in the Paper on the importance of self-assessment. The Council agrees that this is an appropriate mechanism for organisations to consider their current capacity and capability.

The Council operates a form of self-assessment in that it combines the former improvement report with its annual governance statement which is considered by the Council's Corporate Governance Committee each year. In addition the Council operates a system of Service Challenges as described earlier.

Peer review would appear to be an appropriate mechanism to challenge the self-assessment.

The list of areas that are to be considered seems comprehensive. The detail of what should and should not be included could be worked on with local government to assemble a sufficiently comprehensive package without necessarily including all of them.

Self-assessment should be undertaken each year. The Council does this and finds it useful to understand the health of the organisation and the areas which require attention.

Peer review should be done perhaps as a minimum of once each term with a greater frequency determined by the results of the latest peer review and any issues raised in subsequent annual self-assessments or by external assessments.

The Chief Executive should be required to report annually on matters of concern to the Leader and Full Council. These reports should also be considered by the Corporate Governance and Audit Committee. These reports should be public subject to the existing legislative requirements regarding exempt information.

In order to ensure that self-assessment and peer assessment can be implemented most appropriately, it is suggested that Government seeks examples of good practice which exist in Wales and other parts of the UK and works with Local Authorities to find methods that are best suited to their circumstances.

Local Authorities should be supported in training and developing their members and officers to understand the benefits of these processes and the importance of robust but constructive challenge. There should be a recognition that the process will need

to develop and adapt over time as the organisation develops and members and officers have greater confidence in their ability to make the process work effectively.

### **Power to Intervene**

There should be a reserve power for Ministers to intervene where a Local Authority is showing signs of failure.

It is important that this is very much a power of last resort.

Robust self-assessment, peer review and joint assessment by external regulators and inspectors should raise any concerns or issues to be addressed before the need for intervention arises.

The Council would suggest that a sustained lowering of performance in key areas may be an appropriate trigger. However, key areas should be defined. Performance may be lower in some areas by choice through the application of resources to other areas determined locally to be of higher priority.

The Council agrees that the Local Authority could self-refer the matter to Government. The Council agrees that external review bodies should be able to refer concerns where these have already been raised with the Local Authority and no satisfactory response has been received.

The Council accepts that concerns may be raised through Whistleblowing. Local Authorities have Whistleblowing procedures in place to enable concerns to be raised and investigated. It would seem sensible to use concerns that have been substantiated to be a trigger rather than just the raising of them.

The Council suggests that there be a better definition of “significant public concern” before this is used as a trigger.

The findings of an independent review should inform rather than prompt Ministerial support and intervention.

The Local Government Support and Intervention Protocol should be redrafted to reflect the legislative reality that exists after the legislation to enact the proposals in the Paper is introduced. The current protocol refers often to the 2009 Measure much of which is to be repealed.

### **Local Government (Wales) Measure 2009**

The Measure contains a general duty to improve. This appears to be an important value to retain. This Council has embraced this duty through an outcome focused Corporate Plan that directs the Council’s efforts towards achieving priority objectives developed following extensive stakeholder engagement.

The repeal of Part 1 creates uncertainty over the future of National Strategic Indicators, Public Accountability Measure and Service Improvement Datasets. The Council agrees that there is a need for fewer, more meaningful measures but

suggests that Local Authorities are involved in their identification and the writing of the guidance to accompany them.

## **Chapter 7 – Performance in Local Government**

### **Corporate Planning**

The Council agrees that Local Authorities should be required to produce a Corporate Plan. The Council has commented earlier in this response about the concerns it has about the Leader's manifesto being regarded as a set of priorities for the Council. There is also concern that the Corporate Plan is not proposed to be approved by Council and would be a document of the Chief Executive.

There is also a concern about having a Corporate Plan that is too large and complex to understand and implement. The Council has worked to simplify the current Corporate Plan and engage with the public over its priorities. It is feared that over-complicating the Plan would disengage stakeholders.

The Paper proposes that, as well as including the Local Authority's priorities for action in response to the local well-being plan, and the Leader's priorities, it must also include priorities for service delivery and improvement (also risk based improvement), including Welsh language standards, financial management plans (medium term financial planning, corporate procurement strategies and asset management plans), workforce plans including the Strategic Equality Plan, the risk register, existing service performance benchmarking data and planned performance levels for the short, medium and long term, public engagement strategy (including in relation to the setting of annual budgets and council tax), and finally an annual report on performance. This suggests that the Corporate Plan would need to be managed on a more formal footing as a programme in its own right. There are, however, some elements that require further explanation:

It is unclear why an annual report on performance for the previous year would be included in a plan which sets priorities for the year ahead. The former is currently published in October, while the latter tends to be in May. Are there proposals to change reporting/publication deadlines? It is assumed that this was included on the list as part of the requirement for managing the Corporate Plan and not that it should be included in the Plan itself.

There is no mention of the need for annual delivery documents for the Corporate Plan. This is how Local Authorities currently meet their duty to secure continuous improvement. It is assumed that these are still a requirement in order to map supporting service activities from one year to the next and report on them annually. It is understood that the priorities themselves would remain for the duration of the Wellbeing Plan and the Leader's term of office.

It is unclear what is meant by "long term". This means different things to different people and would benefit from definition to put the proposals into context. Does long term mean five, ten or twenty years etc?

Is the risk register referred to, the Local Authority's own Corporate Risk Register (which does cover risks to priorities), the risk register for each service delivery area, or a specific Corporate Plan risk register which would complement running the Corporate Plan as its own programme?

Would a separate Strategic Equality Plan still be a requirement?

### **Single Information Portal**

The Council agrees that the information produced by Local Authorities on performance levels should use the same data definitions, use a consistent format and be produced at the same time to allow for a comparison. It is unclear who would maintain this, how the information would be collected and how it would be funded. It is hoped that this will not be a duplication of our own internal performance systems. There is a concern regarding the practical implementation of the proposed portal given previous failure to bring a performance management solution for the whole of Wales into fruition.

### **Minimum Performance Outcomes**

The setting of minimum standards for performance raises a number of questions. What is a valued standard in one authority may not be valued in another. As an example, SCA002a, the rate of older people (aged 65 or over) supported in the community per 1000 population aged 65 or over at 31 March. By Welsh Government's standards, Denbighshire is one of the worst performing authorities. The Council believes, however, that people should be re-enabled to live independently. Any minimum standards that are set should be agreed with the local authority, especially if financial penalties for non-compliance are to be introduced. On an authority by authority basis, and much akin to the current Outcome Agreements (which are not effective), this will be a hugely time consuming process that may ultimately deny funds where they may be most beneficial to improve performance

### **Digital Council**

Local Authorities are increasingly making greater use of digital channels and social media, although the Council agrees that there is much more to do in this area.

The Council agrees that Local Authorities should decide whether members of the public can record Council meetings. The Council's view is that there is no need for such recordings to be made where meetings are webcast. It is also a matter of concern that a member of the public can edit their own recordings and post misleading and misrepresentative versions of meetings online.

The Council does not prevent members of the public or the media from using social/electronic media at Council meetings provided that they do not cause a nuisance or disturbance at the meeting.

The Council publishes the reports and agendas of all meetings in advance. Members of the public can lobby their Councillors and contact the Council direct by other means.



## **Complaints**

The Council already has an online complaints as well as a paper based complaints system. The Council has no objection to reporting on all complaints. The Council already reports annually to the Council's Corporate Governance (Audit) Committee and more frequently to the Council's Performance Scrutiny Committee.

## **Chapter 8 – Strengthening the Role of Review**

### **Democratic Services**

The Council agrees that the Head of Democratic Services should be a Chief Officer and that the restriction regarding the Monitoring Officer undertaking the role be removed.

The Democratic Services functions as set out in the Local Government (Wales) Measure 2011 require support and advice to be given to all members of the Local Authority. The Democratic Services function of the Council is independent from the leadership of the Council in that there are clear structures and processes by which Elected Members and officers can refer matters to Scrutiny. A Chairs and Vice Chairs of Scrutiny Group (which includes the Chair and Vice Chair of the Corporate Governance (Audit) Committee and Chair of the Democratic Services Committee, as well as the Scrutiny Chairs) determines which of those referred matters should be placed on an Agenda, and which is the most appropriate Committee to consider the matter.

The Council believes that introducing what would effectively be separate bureaucracies for Scrutiny and the Executive with separate funding streams would lead to a much increased resource burden and could lead to duplication and divisiveness which would be counter-productive to effective pre-decision scrutiny..

The Council agrees that there is great value in pre-decision scrutiny and is concerned that an artificial separation of support could impair the effectiveness of that process.

### **Planning for Scrutiny**

The Council does not object in principle to a system of "key decisions" in Wales. The Council is concerned that there should be a clear definition of a key decision and that the system should not be so prescriptive or unwieldy that a Cabinet would be prevented from being able to react swiftly to changing circumstances or to make an urgent decision promptly.

Regulations in England regarding key decisions require all reports and background papers to be available and published at least 28 days in advance of the decision. This will cause us to have to change the way we work as we would have to add translation time to this before publication.

In addition, the regulations in England require 28 days' notice of a meeting which will be held in private. We take this to mean that meetings where just one item would be

discussed in Part 2 would have to have the same period of notice. Would this notice requirement relate only to decision making meetings or would it relate to Scrutiny meetings which may have Part 2 items for consideration?

The Council believes that three months' notice of key decisions should be sufficient.

The Council does not object to the publication of Scrutiny plans as this will help to focus Scrutiny on key themes and priorities and discourage ad hoc referrals to Scrutiny. The Council would need more information as to the meaning of short, medium and long term in respect of scrutiny plans.

The Council agrees that Scrutiny plans should set out how they will engage with stakeholders.

The Council does not believe that co-opted members should be allowed to vote other than those who already have that right (e.g. Education).

The need for co-optees should be considered on an issue by issue basis. The Council operates a Scrutiny system which has themed committees. It may be difficult to identify appropriate co-optees to be attached permanently to these committees. The Council would prefer that Scrutiny be required to engage with appropriate stakeholders in order to receive their evidence and benefit from their expertise. This may include, but does not necessarily require, co-option or voting rights. It should be for local determination as to whether or not to co-opt in this way.

### **Local Public Account Committees**

There is insufficient detail to enable the Council to properly consider this proposal. Whilst there may be a benefit to this type of overview there is a danger of duplication of public bodies' own audit and financial management processes.

The further detail required to properly consider the benefit of this proposal would include the following:

What powers would such committees have?

What would 'local' mean?

Who would support these committees?

Will they be organised by Welsh Government or will Local Authorities or other public sector bodies be expected to resource them?

Who will appoint the membership?

### **Giving Communities a Voice in Scrutiny**

The Council already has in place processes for members of the public including representative bodies to refer matters to Scrutiny. This is not well used and more should be done to encourage the public to engage with Scrutiny. The Scrutiny Committee should be able to determine whether or not to take up the referral and should give reasons for any refusal to take it forward.

## **Regional Scrutiny Arrangements**

The Council agrees that regional service delivery mechanisms should be scrutinised regionally to avoid duplication.

There must however be a mechanism whereby issues that Elected Members consider should be scrutinised are fed into the process to ensure that the regional Scrutiny vehicle does not miss issues of local importance. Local scrutiny should be able to require the regional scrutiny body to consider issues of concern identified locally.

## **Strengthening Links between External and Internal Review**

The Council agrees that audit, inspection and regulation bodies should be required to share their reports with Audit or Scrutiny Committees. All external regulatory and audit reports are presented to the Council's Corporate Governance Committee. A representative of Welsh Audit Office attends every meeting of the Corporate Governance Committee. The Corporate Governance Committee will consider the findings of such reports, and if relevant, refer pertinent issues to Scrutiny.

## **Strengthening Links between External Review**

The Council agrees with the statement at 8.24 of the consultation survey. A joint timetable may reduce duplication but also assist Local Authorities in planning the resource required to facilitate the work of these bodies in their organisation.

The Council agrees that a whole system assessment of each authority should be conducted jointly. No service of the Council exists in isolation and a whole service assessment in conjunction with self-assessment and peer review can help identify issues which may require corporate or systemic solutions.

The Council has no objection to the assessment of the health of Local Government in Wales, provided it results in meaningful outcomes and assists improvement locally.

The Council believes that the whole system assessment of a Local Authority should be conducted at least once per term, with the frequency of subsequent assessments determined on a risk based approach taking into account the results of the first assessment.

## **External Review Framework**

The Council agrees with the statements set out in the consultation response as to the purpose, function and attributes of external review.

The Council welcomes a focus on outcomes rather than process and the recognition that the arrangements which each Local Authority puts in place to deliver services should be a matter for it to determine.

## **Chapter 9 – Finance**

### **Our Vision**

It would appear sensible that fundamental reforms to the funding system of Local Authorities are considered in the longer term in order that the newly merged Local Authorities may concentrate on establishing themselves and the delivery of services in the newly merged areas without the added distraction or complication of a new funding system being introduced at the same time.

The Paper states that the Welsh Government's role is to create a framework within which Local Government can operate to best effect. The Council is of the view that Local Authorities are best placed to determine how money should be spent in their areas and would like to see a reduction in the number of hypothecated grants. These grants are subject to detailed rules on how they may be spent and have their own audit and reporting requirements. These rules and requirements often result in money having to be spent in ways that a Local Authority would not prioritise as the best use of it to address needs identified in their area. There is also an additional financial administration and accounting burden placed upon Local Authorities, and the Welsh Government, in administering the rules and audit requirements attached to the individual grant. If Local Authorities are to be more responsible and accountable as suggested in the Paper, they should have greater freedom in how they allocate spending in their areas.

### **Financial Governance**

The proposal in the Paper that a Leader's manifesto should set out the Council's priorities will not assist Local Authorities in engaging effectively before determining spending priorities. The Council's priorities inform decisions on spending. The Council currently consults and engages with the public on the formulation of these priorities before approving the Corporate Plan. This engagement does not feature in the Paper's proposals regarding the Leader's manifesto and the Chief Executive's Corporate Plan.

Local Authorities can engage more effectively by concentrating on understanding the impact of decisions regarding spending priorities and cuts. Given the reduction in funding and the raft of statutory duties and national policy requirements there is often little real choice for Local Authorities in determining budget decisions. It is important that they properly understand the potential impact of decisions in order to best mitigate adverse impacts. Online methods of engagement in addition to more traditional methods will ensure the widest coverage of any such exercise.

The results of engagement can be made available online on Council websites and by reports to public meetings of the Council and its committees which are published.

Financial plans are more likely to be robust and sustainable if they are based on timely and reliable information from Welsh Government. Local Authorities can find that financial plans are adversely affected by in year cuts and late revisions to financial forecasts from Welsh Government. In addition, grants which are offered late in the financial year, and are required to be spent in year, can lead to last

minute, short term decision making, whereas the release of such monies to Local Authorities as part of their general funding would enable them to use the money in a more planned and sustainable way.

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