

COUNCIL

26 NOVEMBER 2014

REPORT OF THE CHIEF EXECUTIVE

Section A – Matter for Decision

Wards Affected – All

Local Government Reform and Reorganisation

Purpose of the Report

1. To update Members on the latest position regarding Local Government reform and to recommend a way ahead.

Background

2. Previous reports to Cabinet and Council (2 and 16 April respectively) outlined the main issues that emerged from the report of the Commission on Public Service Governance and Delivery (the Williams Commission) that issued in January of this year. To recap, the Williams Commission identified two options for Neath Port Talbot Council: a merger with the City and County of Swansea and Bridgend County Borough Councils or Bridgend alone.
3. Since then, there has been a further White Paper on Local Government Reform and a prospectus inviting expressions of interest in voluntary mergers. In actuality, neither of these documents added greatly to the substance of the debate and no conclusions have been reached on many/most of the 62 recommendations in the Williams Commission.
4. However, the following is clear:
 - Bridgend Council has recently confirmed its wish to pursue a voluntary merger with the Vale of Glamorgan – and not this

Authority.

- The option of a Western Bay (three authority merger) does not command widespread support either.
- The City and County of Swansea does not favour standing alone as its preferred option (one of the Williams options).
- This Council will not be permitted to stand alone (we are regarded as too small).

Analysis

5. All of this points to the necessity of opening discussions with the City and County of Swansea. Swansea has identified two options (in addition to it standing alone):

(1) A new Authority based upon the City Region area incorporating parts of Carmarthenshire as well as South West Powys; and

(2) A simple merger between Swansea and Neath Port Talbot.

6. From an officer perspective, we agree that these options should be explored and, like Swansea, our preference is for the first option above. **NB It should be made clear that, at this stage, any communication to Welsh Government will not amount to a proposal for voluntary merger in line with the criteria in the prospectus. There has been insufficient time available to achieve that.**

7. The dynamic that is City Regions has now acquired much greater significance since they were established at the initiative of the Welsh Government in 2013. Following the Scottish referendum, City Regions are emerging as a principal vehicle for devolution in England and that process has already commenced e.g. in Greater Manchester. In the Welsh context, Cardiff Council is engaging with core English cities (notably Bristol) around this agenda and the Swansea Bay City Region needs not to be left behind. It also potentially provides the vehicle for a settlement on the functions of local government going forward – including by extension the future role of town and community councils – where the Welsh Government has yet to respond substantively to the recommendations of the Williams Commission.

8. Despite these synergies, the immediate issue is that both the Welsh Government and the Williams Commission argued that local government reorganisation in Wales should be constrained by existing local authority boundaries (i.e. merger proposals should not seek to incorporate only parts of existing local authority areas). In our view, this argument is unconvincing: it seems to boil down to the assertion that it would be too complex and take too long; but the process already very complex and stretches to 2018 at the earliest and 2020 potentially. Our argument is that it is surely better to get it right if the new structures are to serve Wales for the long term?
9. It will be for Ministers to determine the way forward ultimately; but the decision will strongly influence the timeline for mergers as well as the boundaries. In other words, if this Council and Swansea can reach a common position, we will need the Welsh Government to address certain key issues quickly if a new Authority is to be established on any basis by 2018 (the full proposed timetables are set out at Appendix A).
10. Officers would advise that, if at all possible, the merger process should be completed by 2018; but if not, it should be done on the optimum basis by 2020. We accept the basic arguments set out in the prospectus (including a much shorter period of uncertainty for staff in the communities and greater financial resilience/realising the benefits more quickly). But as of today, there must be some doubt as to whether the whole process is deliverable in little more than three years with two substantive pieces of legislation needed and a National Assembly election in between.

What should happen next?

11. In our view, the critical factors that must be addressed now include the following:
 - We (Swansea and NPT) are downsizing and we do not have the officer capacity to bring forward a full business case by June 2015 as required by the timetable. If this is going to be done, then the Welsh Government must provide financial and human resources to get the job done, including external expert advisors. But at present, there is a lack of clarity around precisely what support is on offer;
 - There is also a lack of clarity around the wider financial incentives on offer and the Welsh Government stance on a number of key issues which would underpin any business case. One example of this is Council Tax levels/equalisation and another is the policies

and guidance that would govern the staff implications of any merger. The Minister is currently consulting on the establishment of a Public Services Staff Commission (which is welcome); but it is the products of this commission that actually matter in terms of ensuring that any business case is robust and that the targeted savings from this exercise can be realised in the medium term. This is because some 60% of any local authority's budget is staff costs and close consultation with trade unions will be required. If we botch this then the savings will very probably not materialise and the new authority could be exposed to new equal pay and job evaluation claims; and

- There are other potentially serious governance and fiduciary issues for officers given that we have a legal obligation to ensure that public money is spent appropriately and in a transparent manner. In other words, the Chief Executive and the Section 151 Officer are not in a position ultimately to sanction significant expenditure on a process where the incentives remain unclear and on a business case that will lack rigour if the above issues are not addressed.

12.If we can resolve these matters then it might be possible to submit the equivalent of a voluntary merger proposal in 2015 and a full business case to support it – either on the 2018 or 2020 timelines.

The Implications for Public Services

13.Returning to the core of any new authority (Swansea and NPT), there are several factors which support the proposal outlined in this report in addition to the City Region of which both authorities are members. These include the following:

- On education, both authorities are part of the ERW Consortium and have joined together in a hub as part of the ERW framework. We also have a shared School Improvement post and historically there is a great deal of interchange between Swansea and Neath Port Talbot schools as well as some shared services which are a legacy of the old West Glamorgan Council e.g. the Music Service;
- On joint council services more widely, there are a number of examples of existing collaboration e.g. the Joint Resilience Unit;

- As regards partners, South Wales Police are currently organised on a basic command unit structure which covers both authorities;
- On fire and rescue, both authorities are served by the Mid and West Wales Fire Service; and
- On voluntary services, there is close working between our Council for Voluntary Services and its sister organisation in Swansea (and between both and their equivalent in Bridgend); but the Welsh Government has made it fairly clear that these bodies will be restructured in due course to fit within the new local government map. Meanwhile, some key voluntary sector partners are already operating on a Swansea/NPT basis e.g. the Citizens Advice Bureau.

14. In the interests of balance, it is important to note that a City Region proposal would cross health, police and other boundaries. However, the prospect of coterminous boundaries between the new local authorities and local health boards is receding anyway (e.g. a Bridgend/Vale of Glamorgan merger would straddle two health board areas).

Financial Implications

15. These are potentially huge (for all of the reasons identified in this report); but they cannot be quantified at present. However, any business case will need to be very explicit on these matters.

Recommendations

1. The Council agrees to open discussions with the City and County of Swansea (and others as necessary) regarding the establishment of a new local authority on a City Region basis to be determined and indicate to the Welsh Government immediately its willingness to do so on a joint basis with Swansea.
2. Should Welsh Ministers exclude (1) above, then the Council should pursue a merger with the City and County of Swansea alone.
3. Either of the above options would be subject to the production of a robust business case and clarity from the Welsh Government around the issues identified in this report, which officers would pursue on a joint basis with the City and County of Swansea.

4. Any business case would be also subject to the final approval of Cabinet and Council.

Reason for Proposed Recommendations

To expedite matters for the reasons outlined in this report.

Appendix

Welsh Government merger timetables

Background Papers

Report of the Commission on Public Service and Governance and Delivery, 20 January 2014

Report of the Chief Executive to Council, 16 April 2014

Devolution, Democracy and Delivery White Paper – Reforming Local Government, Welsh Government White Paper, 8 July 2014

Invitation to Principal Local Authorities in Wales to submit proposals for voluntary merger (the Prospectus), Welsh Government, 18 September 2014

Devolution, Democracy and Delivery White Paper – Public Services Staff Commission, Welsh Government consultation, 21 October 2014

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Local Government Reform and Reorganisation

(a) Implementation of Decisions:

The decisions are proposed for immediate implementation

(b) Sustainability Appraisal:

Community Plan Impacts

Economic Prosperity	-	positive
Education, Leisure & Lifelong Learning	-	positive
Better Health & Well Being	-	positive
Environment & Transport	-	positive
Crime & Disorder	-	positive

Other Impacts

Welsh Language	-	positive
Sustainable Development	-	no impact
Equalities	-	positive
Social Inclusion	-	positive

(c) Consultation

The process of Local Government Reform has been the subject of extensive (and ongoing) consultation by the Welsh Government.