



Llywodraeth Cymru
Welsh Government

**STATEMENT
BY
THE WELSH GOVERNMENT**

TITLE **Update on Local Government Reform**

DATE **Tuesday 4 October 2016**

BY **Mark Drakeford AM, Cabinet Secretary for Finance and Local Government**

Thank you for the opportunity to make a statement today on proposals for the reform of local government.

Local government plays a vitally important part in the lives of every citizen in Wales. Councils provide the services which educate our children, look after our elderly, dispose of our waste and light our streets.

They go on doing so, moreover, during what the IFS has called “an extraordinary ten or more years of retrenchment in public spending.” The pressures which austerity produces are real and the need to build new resilience into local authorities remains real too. That is why reform is a requirement, not a choice.

And, as far as reform is concerned, of course there was much in the Draft Local Government (Wales) Bill published during the last Assembly which was welcomed by local authorities and their partners. However, as Members here will be well aware, there were important aspects of these previous proposals which did not find agreement.

In seeking, now, to create a new consensus, I want the Welsh Government’s relationship with local authorities to be based on trust, on willingness to work together and an appreciation of our respective but distinctive roles in improving outcomes for people in Wales.

In pursuit of that new consensus and that new relationship I have visited all 22 local authorities and held meetings with the Welsh Local Government Association, Trades Unions and other stakeholders as well as other political parties represented in this Assembly. I

have listened carefully to their views on the challenges faced by local government and ways these might be best addressed.

As anticipated, my discussions with local authority leaders have shown there is much we agree on, including many of the reform proposals set out in the previous Bill. We have also reached a level of agreement, I believe, on a way forward on these matters which was previously absent. In this Oral Statement I intend to set out the broad elements of this emerging way forward.

In the first instance, the model would see retention of the 22 existing authorities as the democratic tier of local government – so important to citizens – to which councillors are elected. Some authorities may wish to respond to local circumstances by bringing forward proposals for voluntary mergers. I intend to make that possibility available to them and where such proposals come forward which improve the resilience of these authorities we will offer positive support to them and work closely to help bring about change.

While authorities will be the ‘front door’ through which citizens continue to access services locally, my proposals require more widespread and concerted collaboration between authorities in regional arrangements.

I intend, therefore, to pursue options for a new enhanced level of mandatory and systematic regional working. This will provide resilience in staffing and finance and enable the design and delivery of services at the scale necessary for them to enhance effectiveness. This means mandating the services and governance arrangements on consistent geographical delivery footprints, rationalising existing collaborative arrangements.

The approach most often advocated in my discussions over the summer was a two footprint model: one based around City Regions covering strategic transport, land-use planning and economic development; and another aligned to health boards for services such as education improvement, social services and public protection. At this point I have an open mind on the specifics of geography and function, but I am clear that these practicalities must be consistent with the principle of mandated and systematic arrangements.

Llywydd, we will therefore consider all services as part of our discussions, and in particular those which we jointly consider to be the most at risk in times of austerity.

Llywydd, experience in the NHS has shown that shared supporting services are able to offer savings and improvements in quality. I intend to explore with local government those functions which could best be taken forward in the same way.

I want to be clear today, as part of this reform package, that we are setting out on this journey with a new determination. I’m prepared to see progress over a sensible and practical timeframe, but progress must be made.

Finally, let me recognise the part played by town and community councils as part of the local government landscape. They play an important role in many communities, but in my visits across Wales I have been struck by the enormous variability in scale, scope, capability

and ambitions within the sector. I intend to enact a set of arrangements to help town and community councils, as they exist today to become more effective. However, alongside this, I intend to establish an independent group to have a root and branch look at the future role of this tier of government and develop a 'blueprint' for getting maximum potential out of the sector in future.

Llwydd, I am conscious local government has been through a period of extended uncertainty about its future and the corrosive impact this has on morale. It has been part of my aim in taking on responsibility for local government to resolve this uncertainty as soon as possible.

I announced in June that councillors elected to existing councils in 2017 will serve a full five-year term to 2022, providing clarity and certainty for those standing for election next year. Today, I am able to announce that there will also be elections to these councils – less any which merge voluntarily – in 2022. This confirms a permanent five-year election cycle and provides local government with a ten-year stable platform from which to take forward reform.

I am under no illusion about the challenge that lies ahead. We will work with local government and other stakeholders over the coming months to develop the detail of the approach. My approach throughout will be to work with other political parties in what I believe to be the shared ambition to secure a successful future for local government in Wales. Quite clearly, this cannot be developed and delivered by Government alone; shared leadership, political and official is essential

By the turn of the year, I hope to have identified, with local government, their recognised Trade Unions and other partners, a viable way forward. We will have narrowed down what the footprint for regional working should look like, the functions to be delivered through regional working and the related governance and accountability arrangements. We will also consider how the local government funding system should be aligned to support the change programme.

There is a lot to be done. Today, I have set out a fresh approach and the building blocks for reform with the aim of securing a resilient and renewed local government in Wales.

Check against delivery

Embargoed until after *Mark Drakeford AM, Cabinet Secretary for Finance and Local Government* has delivered the statement.