

Report

Council



Part 1

Date: 28th April 2015

Item No: 5

Subject Welsh Government White Paper “Power to Local People”

Purpose: To agree a response to the White Paper “Power to Local People”.

Author Will Godfrey, Chief Executive

Ward All

Summary Welsh Government published the “Power to Local People” White Paper on 3rd February with a closing date for responses of April 28th. The White Paper sets out Welsh Government’s vision for the future of local government in Wales based on a wide ranging programme of reform and increasing participative democracy. It represents a watershed moment for local government in terms of future organisational and governance arrangements. It is also a clear challenge from Welsh Government to review current practices and taking account of the on-going financial challenges, look at how local government needs to change to meet the increasing demands of our communities.

The White Paper covers a wide range of governance and democratic proposals. This report sets out a suggested response to these proposals and endorsement of WLGA’s report on the same. The White Paper covers a number of themes which are at the heart of the future for local government.

The Cabinet considered the report at its meeting on 13 April 2015. The Chair of the Cabinet had agreed this would be a matter for the full Council as it affects all members.

The Cabinet broadly supported the concept of reform of local government but matters of detail needed to be carefully considered. Cabinet Members considered the WLGA response as outlined in the report was broadly consistent with the view of Newport City Council.

There were some concerns about the online questionnaire and the need for a sophisticated analysis of responses. It was agreed that the Cabinet would ask who designed the questionnaire and the academic validity of the response. Cabinet Members considered the questionnaire did not give residents the opportunity to provide a view on how current arrangements work. There is a lack of free text space in the questionnaire.

Detailed responses to the specific points were set out in the report identifying which proposals were supported and which were not. This response was generally supported by the Cabinet and recommended for consideration by the Council.

Proposal To endorse the proposed consultation response as set out in the report

Action by Chief Executive

Timetable: Council approval by the Welsh Government deadline for responses on 28 April 2015. Please note that the deadline is at 23:59 on 28 April, the same day as Council.

This report was prepared after consultation with:

- Cabinet
- Chief Executive
- Strategic Directors (People and Place)
- Head of People and Business Change
- Head of Law and Regulation
- Head of Finance
- All Heads of Service
- Chief Democratic Services Officer
- Business Improvement Manager
- Audit Committee
- Political parties have considered their own responses

Background

On 3rd February 2015 the Welsh Government published the Power to Local People White Paper for consultation with a closing date of April 28th.

The White Paper sets out the Welsh Government's vision for the future of local government in Wales, with an underlying principle of giving 'power to local people' through policies of participative democracy whereby communities can better engage and participate in decision making, service development and delivery.

The proposals are focused on the following themes:

- Activist councils, engaged in delivering modern, accessible, high quality public services with their local communities
- A smaller more focussed number of national priorities for local government with councils and their partners setting local priorities based on need and engagement
- More diversity amongst elected members and cabinets
- Reducing the cost of politics and management for local government across Wales, this ties in with the reorganisation and mergers of local authorities
- A stronger place shaping role for local authorities based on building community capacity and resilience
- A greater emphasis on developing new delivery models including transferring assets to communities, cooperative and mutual approaches to running services
- Empowering local people to become more engaged in the delivery of services and the democratic process

The White Paper and accompanying documents can be found at the following link:

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

The Cabinet considered the report at its meeting on 13 April 2015. The Chair of the Cabinet had agreed this would be a matter for the full Council as it affects all members.

The Cabinet broadly supported the concept of reform of local government but matters of detail needed to be carefully considered. Cabinet Members considered the WLGA response as outlined in the report was broadly consistent with the view of Newport City Council.

There were some concerns about the online questionnaire and the need for a sophisticated analysis of responses. It was agreed that the Cabinet would ask who designed the questionnaire and the academic validity of the response. Cabinet Members considered the questionnaire did not give residents the opportunity to provide a view on how current arrangements work. There is a lack of free text space in the questionnaire.

Detailed responses to the specific points were set out in the report identifying which proposals were supported and which were not. This response was generally supported by the Cabinet and recommended for consideration by the Council.

Response from Newport City Council Audit Committee

The White Paper consultation was considered by Audit Committee at its meeting on Wednesday 26 March. This date was after the report deadline for April Cabinet and so the comments received could not be included in the following cabinet report. Audit Committee Member's comments were as follows:

- The role of Audit Committee should be “to ensure” the Chief Executive discharged his statutory improvement functions and not “to assist”.
- The Remuneration Panel should look at pay for all senior officers in addition to Elected Members.
- If Elected Members failed to do their job properly ie read reports and prepare for meetings then more independent members would be preferable. The Chair needed to be competent and it made no difference if he/she was an independent or not.
- It would be useful to have at least one independent member with experience to improve quality across the board and help raise standards generally. The skills that Elected Members brought should be recognised. Members who frequently failed to attend meetings should be replaced.
- Generally politics were “left at the door” but if this was an issue, more independent members could reduce that risk.

Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs					There are no immediate financial consequences in responding to the White Paper
(Income)					
Net Costs (Savings) Net Impact on Budget					

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Not properly preparing for the implications of the local government reform programme	Medium	Low	Cabinet and Council will receive update reports as the programme progresses and will respond to consultation accordingly	Chief Executive

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

There are no direct links to specific Council policies and priorities. Rather this report is about the potential future arrangements and workings of local government in the future, If the proposals are taken forward through the legislative process there will be further rounds of consultation as the implications become clearer.

Options Available

1. To endorse the proposed response as set out in the attached report to Cabinet (Appendix 1)
2. To submit an alternative response, however this will need to take consideration of the deadline for consultation responses being the same day as council (before midnight).

Preferred Option and Why

Option 1. - This response seeks to balance a position of broad support for the reform of local government whilst highlighting areas of specific concern. It is also noted that the White Paper proposals are at varying degrees of development and more detailed consideration will need to be given to the draft legislation which will take this programme forward.

Comments of Chief Financial Officer

There are no immediate financial consequences to this Council in responding to the White Paper though there will clearly be very significant financial issues when any changes to Local Government takes place and these will only become clearer as any process takes place and further details are known.

Comments of Monitoring Officer

There are no specific legal issues arising from the report at this stage as the Council is simply responding to the consultation on the White Paper. Some of the specific questions set out in the consultation document do raise a number of legal and operational issues relating to the process of implementing local government reorganisation and, where appropriate, comments have been included.

Staffing Implications: Comments of Head of People and Business Change

There are a number of proposals on the White Paper which directly relate to the people impact associated with ant future reorganisation of local government and my comments on the relevant proposals are given in the body of this report. As these proposals are taken forward through the legislative programme any impact on staff will be subject to the usual consultation mechanisms and we would look to mitigate its effect.

Equalities Impact Assessment

The proposals are at the discussion/consultation stage and the detail available is not yet sufficient to carry out an equalities impact assessment of specific policy and impact on protected groups.

Consultation

As requested by Welsh Government the City Council has encouraged employees, partner organisations and members of the public to respond to the White Paper consultation. Such responses are however a matter for the individuals and organisations concerned and will be submitted directly to Welsh Government.

Dated: 28th April 2015

Report

Cabinet



Part 1

Date: 13th April 2015

Item No: Insert item number here

Subject Welsh Government White Paper “Power to Local People”

Purpose To agree an outline response to the White Paper “Power to Local People”.

Author Will Godfrey, Chief Executive

Ward All

Summary Welsh Government published the “Power to Local People” White Paper on 3rd February with a closing date for responses of April 28th. The White Paper sets out Welsh Government’s vision for the future of local government in Wales based on a wide ranging programme of reform and increasing participative democracy. It represents a watershed moment for local government in terms of future organisational and governance arrangements. It is also a clear challenge from Welsh Government to review current practices and taking account of the on-going financial challenges, look at how local government needs to change to meet the increasing demands of our communities.

The White Paper covers a wide range of governance and democratic proposals. This report sets out a suggested response to these proposals and endorsement of WLGA’s report on the same.

The White Paper covers a number of themes which are at the heart of the future for local government. It is therefore important that the final response to Welsh Government, due to be submitted by April 28th, is also considered by Council.

Proposal To endorse the WLGA report (dated 27th February) on the “Power to Local People” White Paper and to submit the proposed response set out in the following report subject to Council approval.

Action by Chief Executive

Timetable Council approval by the Welsh Government deadline for responses on 28 April 2015. Please note that the deadline is at 23:59 on 28 April which is the same day as Council.

This report was prepared after consultation with:

- Chief Executive
- Strategic Directors (People and Place)
- Head of People and Business Change
- Head of Law and Regulation

- Head of Finance
- All Heads of Service
- Chief Democratic Services Officer
- Business Improvement Manager
- Audit Committee

Signed

Background

On 3rd February 2015 the Welsh Government published the Power to Local People White Paper for consultation with a closing date of April 28th.

The White Paper sets out the Welsh Government's vision for the future of local government in Wales, with an underlying principle of giving 'power to local people' through policies of participative democracy whereby communities can better engage and participate in decision making, service development and delivery.

The proposals are focused on the following themes:

- Activist councils, engaged in delivering modern, accessible, high quality public services with their local communities
- A smaller more focussed number of national priorities for local government with councils and their partners setting local priorities based on need and engagement
- More diversity amongst elected members and cabinets
- Reducing the cost of politics and management for local government across Wales, this ties in with the reorganisation and mergers of local authorities
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The White Paper and accompanying documents can be found at the following link:

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

The White Paper includes a wide ranging set of proposals which include some firm policy recommendations and less developed points for consideration which may or may not be taken forward in Welsh Government's future programme of reform.

It is noted that a lack of detail on some proposals makes it difficult to give informed comments at this stage, for instance consideration of whether the future authorities should be called 'counties', or reducing the number of councillors, ahead of Welsh Government publishing a boundaries map.

A large number of the proposals relate to corporate governance arrangements and internal process e.g. performance and improvement, audit and regulation. Welsh Government's intention appears to be to drive greater consistency and standardise what is considered to be best practice across Wales. Whilst it is difficult to argue against the principles of many of the proposals for improving governance, it is questionable whether removing local flexibility and the ability to decide on the best arrangements for individual council's will improve standards across the board.

WLGA's response to the White Paper

The Welsh Local Government Association are currently working on a response to the consultation to be agreed at their Coordinating Committee on 27th March. From their initial discussions with Leaders they have published a report setting out their overall reaction to the key themes and ambitions set out in the White Paper (Appendix 1). WLGA are broadly supportive of the White Paper's vision for councils leading communities through a 'place shaping' approach, greater diversity in political representation, stronger arrangements for self-improvement and a peer-support framework and a joined up, proportionate approach to regulation. However despite supporting the principles and ambitions set out in the White Paper, WLGA highlight a number of highly controversial points about political representation raised by Welsh Government. Most notably these include:

- A reduction in full-time Cabinet roles and the introduction of part-time deputy Cabinet Member roles
- A reduction in the number of Councillors in Wales in line with the rest of the UK
- Term limits for Leaders (2 terms), Cabinet Members (2 terms) and Councillors (5 terms)
- Five year fixed elections cycles and consideration of elections phased in thirds
- A review to reduce the level of remuneration for Leaders, Councillors and Cabinet Members
- Consideration of a power of recall for Councillors in line with proposals for MPs
- Similar term limits and salary control proposals are raised for Chief Executives and senior officers

Views on these proposals will be set out by the political parties in their own responses to the White Paper.

Proposed response of Newport City Council

The WLGA response as outlined above (appendix 1) is broadly consistent with the view of Newport City Council. The vision and ambitions set out in the White Paper can be supported in principle, however there is a need to highlight concerns regarding specific proposals, as set out in this report. Furthermore as the White Paper proposals are still at a consultative stage it will be essential for Cabinet to receive further updates as the legislative programme of reform progresses and detailed policy recommendations emerge.

There are a number of concerns arising from the proposals, for instance, the notion of consistency across the devolved public sector and the concept of "One Welsh Public Service" as was raised by the Williams Commission. For example, the introduction of term limits and other proposals relating to the election/appointment of councillors and senior officers will not apply to other Welsh services and institutions, not least the Welsh Government. Remuneration for Leaders and Cabinet Members should reflect the level of responsibility, accountability and time commitments associated with these roles. The assumption that such roles could be undertaken on a part-time basis is rejected given the increasing demands and expectations on senior elected members. It is hard to see how the responsibility for portfolios would decrease should 'part time' roles and reduced allowances be implemented. The implication is that this would result in politicians being expected to do the same work for less money. Furthermore a reduction in salary would widen the gap in status between 'full-time' Assembly Members and 'part time' local government Cabinet Members whilst the White Paper emphasises the importance of strong leadership in reshaping public services and localities.

With regards to term limits for Councillors (including Leaders and Cabinet Members) there are concerns that such restrictions are un-democratic and would effectively remove choice from electors and within administrations when choosing a leader. There is a further concern that such a policy could be considered ageist or ironically have the effect of restricting long-serving, younger councillors who were

elected at a young age e.g. in their twenties and are then required to step-down in their forties. Term limits are thought to be a blunt tool which are unlikely to change the demographic profile of councils but will limit voter choice and could have unintended consequences. It should remain the responsibility of political parties to choose who they select to stand for election and the electorate to ultimately decide on their representatives.

The following White Paper proposals are supported:

- Reviewing the body of local government legislation with a view to longer term consolidation and simplification is strongly supported.
- Audit Committee Chairs – It is agreed that the Chair of a local authority Audit Committee should be an independent appointment.
- Greater use of digital channels and social media – the current Measure provisions are sufficient. Changing the 1972 Act provisions relating to hard copies of agendas would assist. But otherwise, councils should be free to determine their own procedures. The Council broadcasts full Council meetings, Planning and Licensing Committee meetings. Extending this to other committees would be achievable but the grant funding will cease in 2 years' time and continuation of broadcasting will be a budget pressure.
- Audit Committee consideration of complaints reports – this is primarily a performance issue for the executive, but subject to scrutiny by audit.
- It is thought that the Head of Democratic Services should be a chief officer role, and the restriction preventing the Monitoring Officer from being Head of Democratic Services should be removed.
- Regional scrutiny arrangements - Local Scrutiny members are concerned that they are able to scrutinise local outcomes of regional services as well as joint scrutiny of services as a whole
- Scrutiny arrangements - the points describing 'good scrutiny' are agreed. This Council took part in the WAO Peer review and set up a Scrutiny Improvement Group of members as an outcome of that review. Work programming led by members is essential. The ability to scrutinise other providers of services to the residents would be welcomed
- Complaints procedures – within Newport City Council a report is being taken to Cabinet in March that seeks to align our policy and procedures with those promoted by WG and the Public Services Ombudsman – The fact that the White Paper recognises the need to address vexatious complaints is welcomed and as part of the report a new policy is proposed to do this.
- Corporate Governance and Improvement - the proposals for self-assessment, peer reviews and corporate plans are supported
- The promotion/facilitation of shared services models whilst recognising the need for local flexibility, is welcomed.
- The establishment of a Staff Commission is supported provided its primary aim is to assist/support public sector reorganisation and all of the staffing complexities that will undoubtedly arise. It will be important that the right people are appointed to the Commission and they bring expert knowledge of the profession/sector. The future priorities of the Commission should be agreed with 'partners' so that the right blend of strategic focus is achieved.

- Public Services Academi should have greater involvement in the establishment of leadership models and development tools. These need to be flexible so to take account of the differences represented by different aspects of public services.
- The considerations around consistency of performance reporting is supported and will further support accurate benchmarking of service delivery and outcomes.
- Reducing the number of Elected Members in Wales – whilst a reduction was supported this would need to be done through consideration of the needs of individual wards rather than a rigid formula based on a ratio of members to constituents
- Financial planning and management are crucial for Local Authorities to meet the ambitious agenda set out in the White Paper with this in mind the 2 phased approach is supported.
- Local taxation – The paper's response to re-balancing the balance of funding is supported. On average – about 80% of Council's net costs are funded through the revenue support grant and this is very much higher than English Authorities. The current reduction in this funding and the proposed review on its distribution brings the issues these bring into very sharp focus given how high it is and therefore important to the funding of local government in Wales.

The following proposals are not supported:

- Roles of Leaders/Elected Mayors defined in legislation - The statutory basis of the Leader's role is enshrined in the Local Government Act 2000. It does not require further legislation but it should be left to individual councils to establish individual job descriptions based on their own internal processes and constitution e.g. any specific executive functions for which they should have personal responsibility. However the roles and responsibilities identified in the White Paper provide a useful guide when writing job descriptions and a constitution.
- Leader's Manifestos and annual reports - The appointment of the Leader of the Council is, of course, a decision made by the Council. The proposal fails to recognise that the Leader of the Council will inevitably be the person elected as the Leader of the majority Group. This seems to suggest the presentation of goals etc for 'interview' at Council. Perhaps a solution would be an annual report presented by the Cabinet to Council in the same way as annual reports are received from Scrutiny and Democratic Services and Standards Committee. This could set out performance against previous year's objectives and then objectives for the coming year.
- Roles of Cabinet Members defined in legislation –there is no need to legislate on Cabinet Member roles and this is a matter for individual authorities to decide.
- Number of Cabinet Posts – the proposals on reducing the maximum number of Cabinet Members are not supported and it is believed that the current maximum is sufficient. It should then be left to individual councils to determine the optimum level of membership to suit their constitutional requirements and scheme of delegation. In Newport individual cabinet members have individual decision making powers. This improves transparency and accountability The decision has been taken that we need 9 members of the Cabinet to make our governance arrangements work efficiently and effectively.

- The introduction of 'Junior' Cabinet posts is not supported. Questions arise as to how this will affect the number of Special Responsibility Allowances?
- Roles of Elected Members defined in legislation –this is not supported as these matters are best decided by individual authorities, perhaps making reference to best practice guidelines.
- Effectiveness of Members - The effectiveness, or otherwise, of Councillors is a matter for the electorate. Standards committees should not judge the performance of Councillors only regulate behaviour and propriety
- Recall of Elected Members –there could be clearer rules on disqualification due to failure to discharge duties, but public recall would be unworkable.
- Diversity of Cabinets and the introduction of co-opted members - Whilst it is accepted that Cabinets should demonstrate diversity the co-opting of members onto Cabinets would not work in terms of accountability and responsibility. The Democratic Services Committee takes the view that a more diverse mix of Councillors relies heavily on the selection of candidates by parties.
- Roles of Chief Executives defined in legislation – the responsibilities are already set out in the Local Government and Housing Act 1989 and Regulations made thereunder.
- Terms limits/review mechanisms for Chief Executives – this was not supported on the basis that the current procedures are sufficient to ensure transparency and prevent decisions being taken for “political” reasons. Further restrictions on periods of office could undermine the role of Head of Paid Service.
- Senior Manager Salaries – it was agreed that there should be greater consistency across Wales in the salaries of senior officer posts and that this could be achieved through a National Framework. However this framework should not be so prescriptive as to prevent the payment of market supplements where the nature of the role and recruitment issues require this.
- Senior management appointments - the proposals on setting up a Public Sector Appointments Commission to was not thought necessary, as the current appointment regulations are thought sufficient, provided the process is open and transparent councils should have the discretion to make their own chief officer appointments.
- Should a system of “key decisions” be put in place in Wales - Subject to the legislative requirements, councils should be allowed to set their own procedures for scrutiny of decisions. In Newport the “call-in” process only applies where decisions are made unlawfully or unconstitutionally. There is no right of challenge on the merits, even for “key” executive decisions because all members are consulted prior to decisions being made.
- There is still confusion over the definition of Chief Officers and this can include relatively junior officers who are not considered to be Senior Managers. Therefore the extension of the role of the Independent Remuneration Panel to include all Chief Officer posts is not supported. The extended involvement of the IRP will make day to day managing of recruitment, restructures and other operational decisions unworkable.
- Senior Manager Salaries – it is agreed that there should be greater consistency across Wales in the salaries of senior officer posts and that this could be achieved through a National Framework. However this framework should not be so prescriptive as to prevent the payment of market supplements where the nature of the role and recruitment issues requires this.

- Senior management appointments - the proposals on setting up a Public Sector Appointments Commission is not necessary or appropriate. Council's should have discretion to make their own appointments, whilst making reference to a Common Assessment Framework for senior appointments and leadership roles.
- Should a system of "key decisions" be put in place in Wales - Subject to the legislative requirements, councils should be allowed to set their own procedures for scrutiny of decisions. In Newport the "call-in" process only applies where decisions are made unlawfully or unconstitutionally. There is no right of challenge on the merits, even for "key" executive decisions because all members are consulted prior to decisions being made.
- The role of the Workforce Partnership Council is recognised, however this is not wholly representative in terms of size/representation of Local Government. The legitimacy of sector established collective bargaining arrangements such as the Joint Council for Wales will be an essential feature for managing change with our social partners.
- Specific grants - There is inherent tension between the importance given to local priorities and accountability and the need to deliver on WG national strategies, supported through funding via specific grants. Whilst the paper mentions the large number of specific grants and the administrative burden they create, there is little detail or perceived ambition to reduce these and subsume into the revenue grant settlement. Newport currently receives nearly £50m of specific grants. A key issue in creating a new funding framework for Local Authorities has to include a sensible review of the use of specific grants and allowing more freedom to Councils to use funding as local priorities requires but manage national agenda's and priorities in a different way. As funds continue to diminish, allowing greater flexibility to use funds is a key way to manage the problem and the paper recognises that, but from a general taxation viewpoint and not the increased burden of specific grants and the 'core services' they often fund. It needs a more fundamental review and ambition to change than the paper currently indicates

Financial Summary

	Year 1 (Current) £	Year 2 £	Year 3 £	Ongoing £	Notes including budgets heads affected
Costs					There are no immediate financial consequences in responding to the White Paper
(Income)					
Net Costs (Savings) Net Impact on Budget					

Risks

Risk	Impact of Risk if it occurs* (H/M/L)	Probability of risk occurring (H/M/L)	What is the Council doing or what has it done to avoid the risk or reduce its effect	Who is responsible for dealing with the risk?
Not properly preparing for the implications of the local government reform programme	Medium	Low	Cabinet and Council will receive update reports as the programme progresses and will respond to consultation accordingly	Chief Executive

* Taking account of proposed mitigation measures

Links to Council Policies and Priorities

There are no direct links to specific Council policies and priorities. Rather this report is about the potential future arrangements and workings of local government in the future, If the proposals are taken forward through the legislative process there will be further rounds of consultation as the implications become clearer.

Options Available

3. To endorse the WLGA report (dated 27th February) on the “Power to Local People” White Paper and to submit the proposed response set out in this report subject to Council approval.
4. To submit an alternative response

Preferred Option and Why

Option 1. - This response seeks to balance a position of broad support for the reform of local government whilst highlighting areas of specific concern. It is also noted that the White Paper proposals are at varying degrees of development and more detailed consideration will need to be given to the draft legislation which will take this programme forward.

Comments of Chief Financial Officer

There are no immediate financial consequences in responding to the White Paper and my comments with regards to specific White Paper proposals on local government finance are given within the body of the report.

Comments of Monitoring Officer

There are no specific legal issues arising from the report at this stage as the Council is simply responding to the consultation on the White Paper. Some of the specific questions set out in the consultation document do raise a number of legal and operational issues relating to the process of implementing local government reorganisation and, where appropriate, comments have been included.

Staffing Implications: Comments of Head of People and Business Change

There are a number of proposals on the White Paper which directly relate to the people impact associated with any future reorganisation of local government and my comments on the relevant proposals are given in the body of this report. As these proposals are taken forward through the legislative programme any impact on staff will be subject to the usual consultation mechanisms and we would look to mitigate its effect.

Equalities Impact Assessment

The proposals are at the discussion/consultation stage and the detail available is not yet sufficient to carry out an equalities impact assessment of specific policy and impact on protected groups.

Consultation

As requested by Welsh Government the City Council has encouraged employees, partner organisations and members of the public to respond to the White Paper consultation. Such responses are however a matter for the individuals and organisations concerned and will be submitted directly to Welsh Government.

Dated: 13th April 2015

Appendix 1 – WLGA Report on White Paper