

## National Assembly for Wales

### Developments in public service reform policy that have impacted on local government in Wales

September 2011

Following the enactment of the *Local Government (Wales) Measure 2011*, the publication of the Simpson review of local government in March 2011, and recent proposals for further regional collaboration, this research paper provides a summary of the main developments in public service reform policy that have impacted on Welsh local government in recent years.

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# Developments in public service reform policy that have impacted on local government in Wales

## Introduction

### *The legislative and policy context*

In March 2011, two important developments took place that are likely to substantially affect how local government services are delivered in Wales in the future. On 15 March 2011, the [Local Government \(Wales\) Measure 2011](#) was passed by the National Assembly, giving Welsh Ministers unprecedented powers to amalgamate two or three local authority areas and to issue statutory guidance on collaboration between councils.

This was followed on 29 March 2011 by the publication of the Simpson review of local government: [Local, Regional, National: What services are best delivered where?](#) The report made 21 recommendations on how local government services could best be delivered in Wales in the forthcoming years. It tied in with similar but separate reviews that had been undertaken on behalf of the Welsh Government into the delivery of education and social services in Wales.<sup>1</sup>

The Welsh Government is now taking steps to implement the Simpson review in its drive for further collaboration within local government in Wales, and as part of that has announced its intention to introduce a *Local Government (Collaborative Measures) (Wales) Bill* during the 2011-12 session.

### *The historical context*

Up until 1974, local government in Wales was based on a system of elected county councils, county borough councils, urban district councils and rural district councils. In 1974, a major reorganisation created a two tier Welsh local government structure, consisting of eight county councils and 37 district councils. The two tiers would each be responsible for delivering specific local government services in their areas.

In 1996, concerns from central government that the two tier model of service provision was inefficient led to a further reorganisation. This created a single tier of 22 unitary authorities which would deliver all of the main local government services in Wales. In legislation, these authorities are also referred to as 'principal areas'. Although they are variously styled as 'counties' or 'county boroughs', they have equal powers and are often uniformly described as 'councils'. Together with

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<sup>1</sup> [The Structure of Education Services in Wales](#) (March 2011) and [Sustainable Social Services for Wales – A Framework for Action](#) (February 2011)

a lower tier of community councils and the police, fire and national park authorities, they form the Welsh local government structure that is still in place today.<sup>2</sup>

### *Local government functions*

Unitary authorities are required by law to provide certain statutory services, while they may provide other services at their discretion. Very broadly, local authorities in Wales are responsible for education; social services; housing; planning; traffic, transport and parking; environmental health; cemeteries and crematoria; electoral registration; parks and leisure; public libraries, museums and galleries; refuse collection and disposal; and markets and fairs. In delivering those services, authorities can choose to do so directly, by working in partnership with others, or by commissioning others to provide the services on their behalf.

Unitary authorities in Wales are responsible for around £4 billion of public expenditure a year. The general revenue funding for local authorities in Wales is provided directly by the Welsh Government and through redistributed non-domestic rates, as well as by the population of each authority through council tax. Welsh local authorities currently employ around 150,000 staff, who serve 1,257 councillors.<sup>3</sup>

The [Welsh Local Government Association](#) (WLGA) represents the interests of local government in Wales and supports authorities in the development of policies and priorities in order to improve public services and democracy. It also leads on issues such as improvement and development, equalities, procurement and employment in local government.

### *How the Welsh approach has differed*

Since devolution, there have been stark contrasts in the ways in which the UK and Welsh Governments have approached public service reform.<sup>4</sup> In England, reform has centred on the importance of offering choice to users as to what services they receive. This is based on the theory that by allowing public services to compete with each other for users, it will force the poorest performers to improve. It therefore frees services from central control so that they are able to compete, but requires performance monitoring and league tables to drive forward improvement.

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<sup>2</sup> There are over 700 community and town councils in Wales that receive a precept from the unitary authorities to deliver certain services. There are also four police authorities, three fire and rescue authorities and three national park authorities in Wales.

<sup>3</sup> [WLGA website](#) [Accessed 23 September 2011]

<sup>4</sup> For further reading, see Andrews, R. and Martin, S, [Regional Variations in Public Services Outcomes: The Impact of Policy Divergence in England, Scotland and Wales](#) (2010) in *Regional Studies*, 44 and Martin, S. and Webb, A., [‘Citizen-centred’ public services: contestability without consumer driven competition?](#) (2009) in *Public Money & Management*, Volume 29, Issue 2



In contrast, reform in Wales has focused on encouraging collaboration, rather than competition, between service providers. This is based on the presumption that Welsh population densities are too low to support multiple providers. For many years, Welsh Government policy statements have repeatedly called on public bodies to work jointly to improve services. With the emphasis on sharing expertise and resources to maximize efficiency gains, the theory is that services can improve and capacity can grow throughout the public sector as a whole.

The remainder of this paper provides a timeline of recent developments in public sector reform policy that have impacted on Welsh local government in this regard.

## A timeline of policy developments

### *Pre-devolution*

**April 1974:** The [Local Government Act 1972](#) leads to a major reorganisation of local government in Wales. It creates a two tier local government structure consisting of eight county councils and 37 district councils, each responsible for providing specific local services.

**April 1996:** A further reorganisation takes place as a result of the [Local Government \(Wales\) Act 1994](#). The former county and district councils are abolished and a single tier of 22 authorities is created to provide all of the main local government services in Wales.

**July 1998:** The [Government of Wales Act 1998](#) sets out the general principles for the relationship between the National Assembly for Wales and Welsh local government. It requires the Assembly to set up both a partnership council and a formal scheme to underpin this relationship.

### *The First Assembly*

**July 1999:** The [Local Government Act 1999](#) establishes the Best Value regime, which places a duty on local authorities in England and Wales to secure continuous improvement in services by producing performance plans and conducting reviews of all functions.

**June 2000:** The National Assembly establishes the *Partnership Council for Wales* as an advisory body to promote joint working between the Assembly and local government. Its membership is drawn from various Assembly Members and local government representatives.

**July 2000:** The National Assembly lays its *Local Government Partnership Scheme*, outlining how the Assembly proposes to sustain and promote local government in Wales.

**July 2000:** The [Local Government Act 2000](#) establishes the framework for new political management structures within local government in England and Wales. The majority of Welsh local authorities opt for a leader and cabinet model, although a 'fourth option' is subsequently developed in Wales, allowing for a politically balanced board to function as the executive.

**July 2000:** The [Local Government Act 2000](#) places a duty on each principal council in England and Wales to prepare a community strategy to improve the wellbeing of their areas. The preparation and implementation of the strategy

should involve both the council and a wide range of other organisations, bringing together all those who can contribute to the future of communities to agree on key priorities and pursue them in partnership.

**June 2001:** The Welsh Government publishes guidance on the *Wales Programme for Improvement*, which sets out the Government's approach to fulfil its duties under the Best Value regime. The programme is based on empowering local authorities to lead and manage their own affairs and to develop actions that are right for local circumstances. It places emphasis on self-assessment and self-governance amongst local authorities, in contrast to the inspection and assessment regime developed in England which categorises 'best value' authorities according to their relative performance.

**March 2002:** The Welsh Government announces a consultation on its policy statement, *Freedom and Responsibility in Local Government*. It is the first document in which the Welsh Government has set out fully its policies and future vision for local government in Wales. A significant emphasis is placed on promoting openness, partnership and participation with stakeholders.

**October 2003:** The Welsh Government publishes its commissioned report, *Research Study into the Role, Functions and Future Potential of Community and Town Councils in Wales* (the Aberystwyth report). The report makes several recommendations regarding the role of community and town councils in Wales, proposing that they should be enabled to provide a wider range of services through agreement with their county councils.

### *The Second Assembly*

**October 2004:** The Welsh Government publishes *Making the Connections: Delivering Better Services in Wales*. It is the Welsh Government's strategic framework and vision for public service reform, aiming to create a Welsh public service that shares common goals and works across functional and organisational boundaries. It states that public services, including local government in Wales, should be more citizen focused; more responsive to the needs of communities; driven by a commitment to equality and social justice; and more efficient. It is a strategy bold in its assertion that 'the greatest gains are likely to come from organisations introducing shared support functions'.

**June 2005:** The Welsh Government publishes *Delivering the Connections: From Vision to Action*, which outlines its action plan for the next five years to implement the *Making the Connections* vision. It states that the Government is looking for a dividend of up to £300 million a year by 2008 and at least £600

million a year by 2010 through more efficient ways of working, achieving cost reductions and service improvements.

**December 2005:** The Welsh Government announces the establishment of the *Making the Connections Improvement Fund*. A total of £3 million would be made available in each of the three subsequent financial years to support joint working through public service projects across Wales. The fund would be aimed at assisting projects that improve public services and stimulate change through innovation.

**Early 2006:** *Regional Partnership Boards* are established as sub-committees of the Welsh Local Government Association (WLGA) in North, Central, South East and South West Wales. Set up to develop a range of collaborative projects, their memberships consist of the leaders and chief executives of each of the constituent councils and officials of the WLGA. They can propose collaborative and shared services but have no delegated powers, and the decision to participate in projects rests with the individual councils.

**April 2006:** The WLGA publishes *Efficiency and Joint Working in Local Government in Wales*. It generally recognises the benefits that can be achieved from joint working as advocated in *Making the Connections*, but expresses caution about the actual and perceived difficulties of successful partnership working.

**July 2006:** The *Government of Wales Act 2006* restates the requirement on Welsh Ministers to establish and maintain a *Partnership Council for Wales*, which now meets around three times a year. Whereas the *Partnership Council* during the first two Assemblies was open and included cross-party representation, its focus will now be more on establishing a dialogue between local government and the Welsh Government.

**July 2006:** The long-awaited Beecham report is published – *Beyond Boundaries: Citizen-Centred Local Services for Wales*. Looking at the whole spectrum of public service delivery in Wales, it endorses the Welsh Government’s overall strategy for reform, concluding that the citizen-centred model based on collaboration could be made to work. It also makes clear that a major reorganisation of structures would be a distraction from dealing with some of the fundamental barriers to achieving this. It states that the priority is to get to grips with the problems already facing the existing system and to make it work better by establishing stronger principles of citizen-centred, efficient and accountable services.

**November 2006:** The Welsh Government responds to the Beecham report by publishing *Making the Connections – Delivering Beyond Boundaries: Transforming Public Services in Wales*. It focuses on the need to have better integration of public services and more consistency in performance. It also

includes proposals to set up *Local Services Boards* and *Local Services Agreements* to promote joint working between public bodies.

**March 2007:** The Welsh Government publishes *A Shared Responsibility: Local Government's contribution to improving people's lives*. It pulls together and reasserts the Government's policy aims and objectives in relation to local government, and sets out the challenges to local government based on the Beecham report.

### *The Third Assembly*

**May 2007:** Work begins to set up the first new *Local Service Boards*, introduced by the Welsh Government as a response to the Beecham report. They are intended to grow out of the existing community strategies, with one ultimately for each local authority area. Designed to bring together the main public service providers in those areas, they are meant to be particularly useful where joint working is needed to secure improvements and to solve local problems. Each *Local Service Board* will decide on a number of collaborative projects to drive forward, which will then form the basis of each Board's *Local Service Agreement*.

**December 2007:** The *South East Wales Shared Service Project* is launched, agreed by 10 local authorities in an attempt to save £45 million over 10 years through joint working and by sharing back office functions such as human resources, training and payroll systems.

**April 2008:** The Welsh Government introduces a new *Local Government Partnership Scheme*, setting out how it will consider the interest of local government in all aspects of its work. It fundamentally revises the scheme introduced in July 2000 in order to better reflect the emerging public service reform agenda.

**October 2008:** The WLGA publishes *Working Together - Case Studies in Welsh Local Government*. It provides case studies illustrating how Welsh local authorities have developed collaborative networks across local authority boundaries.

**June 2009:** The *Local Government (Wales) Measure 2009* gives statutory effect to several of the Beecham report recommendations. It attempts to make local authorities more effective by repealing the Best Value regime and placing a new statutory duty on authorities to improve services through strategic planning.

**July 2009:** The Centre for Local and Regional Government Research at Cardiff University publishes *Learning to Improve: An Independent Assessment of the Welsh Assembly Government's Policy for Local Government (First Interim Report)*. The Centre, in partnership with Shared Intelligence, has been

commissioned by the Welsh Government to carry out an independent assessment of its policy for local government for four years between 2008 and 2012.

**November 2009:** The Welsh Government and the WLGA sign [A New Understanding](#). This builds on the statutory partnership between local government and the Welsh Government enshrined in the *Government of Wales Acts* of 1998 and 2006.

**March 2010:** It is announced that the *South East Wales Shared Service Project* has collapsed and will not be going ahead after some authorities pull out of the project, while others are unable to agree on a way forward.

**March 2010:** The Welsh Government sets up the [Efficiency and Innovation Programme](#) to foster innovation and collaboration in public services as a response to the financial climate. The [Efficiency and Innovation Board](#) brings together leaders from the Welsh Government, the NHS and local government to drive forward a number of work streams, focusing on actions where a public service wide approach will deliver efficiencies.

**March 2010:** The Wales Audit Office publishes its annual assessment of public service in Wales, [A Picture of Public Services](#). It emphasises that an approach to collaboration is needed that is focused on delivering shared outcomes from a citizen perspective.

**May 2010:** The WLGA publishes the first edition of its [Regional Collaboration Compendium](#), outlining collaboration projects in local government that have mainly resulted from the work of the *Regional Partnership Boards*.

**September 2010:** The Minister for Social Justice and Local Government announces a review of local government in Wales to look at what needs to be delivered where: locally, regionally or nationally. He states that 22 authorities are currently delivering the same services and that there is a need to consider whether authorities have the capacity to do this in the current economic climate.

**November 2010:** The WLGA publishes the second edition of its [Regional Collaboration Compendium](#).

**March 2011:** The [Local Government \(Wales\) Measure 2011](#) is passed. It contains new provisions for the political management structures of local authorities (in that there is now only a choice between a leader and a cabinet or an elected mayor and a cabinet system). It also includes powers for Welsh Ministers to amalgamate two or three local authority areas and to issue statutory guidance on collaboration between authorities. Additionally, the Measure attempts to strengthen the role of community councils in Wales.

**March 2011:** The Minister for Social Justice and Local Government announces the publication of [Local, Regional, National: What services are best delivered](#)

where? (the Simpson review). It includes 21 recommendations stating that replicating functions and services 22 times in a country the size of Wales creates unnecessary duplication. Although it does not call for reorganisation or for amalgamating authorities, it recommends new ways of organising services and calls for further collaboration between authorities in many service areas. It also proposes the establishment of a new Compact between local government and Welsh Government.

### *The Fourth Assembly*

**May 2011:** Elections for the Fourth Assembly are held, and the Rt. Hon. Carwyn Jones AM is reappointed as First Minister of Wales. The Labour Party's election manifesto includes a commitment to establish an Independent Commission to review the governance and delivery arrangements of public services in Wales.

**June 2011:** The WLGA publishes the third edition of its *Regional Collaboration Compendium*.

**June 2011:** The Centre for Local and Regional Government Research at Cardiff University publishes *Learning to Improve: An Independent Assessment of the Welsh Government's Policy for Local Government (Second Interim Report)*.

**July 2011:** The Welsh Government announces details of its five-year legislative programme. During the 2011-2012 session, the Government intends to introduce a *Local Government (Collaborative Measures) (Wales) Bill* which will facilitate the process of local authorities making joint appointments; require them to consider doing so for posts of specified seniority; and create powers for the Auditor General for Wales to inspect and report on compliance with this duty. Welsh Ministers will be able to intervene in cases of failure.

**July 2011:** The Minister for Local Government and Communities makes a statement announcing his intention to move towards a common structure for the alignment of public service collaboration, based on the current Local Health Board and police authority boundaries. He also states that the leadership and governance arrangements for public sector reform would rest with the *Partnership Council for Wales*.

**September 2011:** At present, the major local government collaborative groupings are set around the WLGA Regional Boards; the Regional Education Consortia; the Regional Social Services Consortia; and the Transport Consortia. It becomes evident that the Minister's proposals to align and to standardise collaborative activity would converge around six regions, namely North Wales; Mid and West Wales; Swansea Bay; Cardiff and the Vale; Cwm Taf; and Gwent.

**September 2011:** The Welsh Government's *Programme for Government* is announced. The document confirms that a *Local Government (Collaborative Measures) Bill* will be introduced, as well as statutory guidance setting out what Welsh Ministers will expect in terms of increased collaboration between local authorities and public service partners. A new programme of public service reform will be established, together with the new Compact and framework for regional collaboration. The arrangements underpinning the *Partnership Council* will be reviewed and steps also taken to deliver joint procurement systems.



## Links and further reading

- [The Welsh Government webpages on improving public services](#) (includes links to the latest Public Service Wales bulletin, publications, strategies, policies and documents)
- [The Welsh Local Government Association website](#)
- [The Wales Audit Office website](#)
- [Click on Wales](#) (local government articles archive)
- [\*The Limits of Co-ordination: Community Strategies as Multi-purpose Vehicles in Wales\*, Local Government Studies, Volume 35, Number 2 \(April 2009\)](#)
- [www.publicservice.co.uk](#) (may include articles of interest)
- [Andrews, R. and S. Martin \(2010\) \*Regional Variations in Public Service Outcomes: The Impact of Policy Divergence in England, Scotland and Wales\* Regional Studies.](#)
- [Martin S and Webb A \(2009\) \*Citizen-centred' public services: contestability without consumer-driven competition?\*, Public Money and Management.](#)
- [Papers from a 2009 Public Administration Conference held at University of Glamorgan](#)
- [Scott L. Greer \(2009\), \*Devolution and Social Citizenship in the UK\*. Policy Press](#)
- [IPPR, \*Devolution in Practice\*, 2010.](#)
- Curtice, J. and Heath, O. (2009) *Do people want choice and diversity of provision in public services?* in Park, A. et al (eds) (2009) [British Social Attitudes: The 25th Report](#), London: Sage
- Bristow G, Entwistle T, Hines F and Martin S (2009) *New spaces for inclusion? Lessons from the 'three-thirds' partnerships in Wales*, International Journal of Urban and Regional Research 34 (2) pp. 903-921

