

National Assembly for Wales
Research paper

Public services reform: timeline of local government developments

July 2013

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Rhys Iorwerth

With the debate continuing about possible reorganisation within local government, this paper provides a timeline of the main developments in public services reform policy that have impacted on Welsh local government in recent years.

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1. Introduction

1.1. *The political context*

Ever since the current local government structure was established in 1996, there has been debate amongst politicians and commentators as to whether that framework is working effectively.

In March 2011, two notable developments took place that focused minds on this issue. First, 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.

Soon after, the Welsh Government published the ‘Simpson review’ of local government: [Local, Regional, National: What services are best delivered where?](#) This report made 21 recommendations on how local government services could best be delivered in Wales in the forthcoming years, with a heavy focus on collaboration between councils. 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.¹

The Simpson review eventually led to the signing of the [Compact for Change between the Welsh Government and Welsh local government](#) (the ‘Simpson Compact’) in December 2011. This was intended to provide a route map for new ways of organising public services on a national, regional and sub-regional level. The aim was to formalise a partnership approach across a range of council services, and to standardise collaboration in order to improve delivery and outcomes.

Carl Sargeant AM, the Minister for Local Government and Communities until March 2013, emphasised throughout this period that his focus was on delivery. Reorganisation of structures, he said, was not on his agenda.²

However, the announcement by the First Minister on 18 April 2013 that he was establishing a [Commission on Public Service Governance and Delivery](#) has again stirred debate on this matter. According to the First Minister, talk about reorganisation was ‘premature’. He said that ‘no responsible government would incur the cost and disruption of any major structural reforms without a clear, coherent and compelling case for doing so’.

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

² National Assembly for Wales, [RoP: Plenary, 29 March 2011](#) [Accessed 21 May 2013]

Nevertheless, he did acknowledge that this was now a possibility:

I do not believe that there is anyone—or there may be one or two in the Chamber—who believes that having 22 local authorities, with their present boundaries, is right for delivering local government services across Wales. Therefore, the issue of local government reorganisation is something that this commission can consider, and we look forward to any conclusions that it may come to as a result of that. We have had several reviews in the past—Beecham, for example, being one of them—where collaboration has been suggested as the way forward. It has had, to say the least, mixed results. Therefore, fundamental reorganisation may—and I do not wish to pre-empt what the commission is going to do or say—be the way forward.³

1.2. *The historical context*

During much of the twentieth century, local government in Wales was based on a system of elected county councils, county borough councils, urban district councils and rural district councils.

This system remained in place until 1974, when 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 within the central UK 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 a lower tier of community councils and the fire and national park authorities, they form the Welsh local government structure that is still in place today.⁴

In 2012-13, unitary authorities in Wales were forecasted to spend around £9 billion of public money.⁵ The general revenue funding for local authorities in Wales is provided directly by the Welsh Government and through redistributed business rates, as well as by the population of each area through council tax.

³ National Assembly for Wales, *RoP: Plenary*, 30 April 2013 [Accessed 17 May 2013]

⁴ 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 three fire and rescue authorities and three national park authorities.

⁵ Stats Wales, Local Government, Finance, *Budgeted Revenue expenditure by authority and service* and *Capital forecast by authority and service* [Accessed 17 May 2013]

1.3. *The comparative context*

Since devolution, there have been stark contrasts in the ways in which the UK and Welsh Governments have approached public services reform.⁶

In the most basic terms, reform in England has often 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.

In contrast, reform in Wales has focused on encouraging collaboration, rather than competition, between service providers. This has been 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.

⁶ 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

2. A timeline of policy developments

2.1. 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 under the [Local Government \(Wales\) Act 1994](#). The former county and district councils are abolished and a single tier of 22 unitary 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.

2.2. The First Assembly (1999-2003)

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.

2.3. *The Second Assembly (2003-2007)*

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.

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. The plan 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.

2.4. The Third Assembly (2007-2011)

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.

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, was 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 WLGAs 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.

November 2009: The WLGA publishes [*Working Together: Case Studies in Welsh Local Government*](#) to illustrate the manner in which Welsh local authorities have developed collaboration networks across local authority boundaries.

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 services 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.

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.

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 to put the report's recommendations into effect.

2.5. The Fourth Assembly (2011-)

May 2011: 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 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 says that it intends to introduce a *Local Government (Collaborative Measures) (Wales) Bill* that 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: The Welsh Government's [Programme for Government](#) is announced. The document confirms that a *Local Government (Collaborative Measures) (Wales) 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 for Wales will also be reviewed and steps taken to deliver joint procurement systems.

September 2011: The [Public Services Leadership Group](#) is established by the Welsh Government to help drive public service reform both nationally and regionally. Working with the Partnership Council for Wales, it consists of senior leaders who represent public services and geographical areas across Wales, and is chaired by the local government Minister. Its aim is to provide 'national leadership for collaboration, driving the pace of improvement in services for Welsh citizens'.

December 2011: The [*Simpson Compact*](#) is signed between the Welsh Government and local government. Its aim is to find new ways of organising services by considering what can be provided at a national, regional or sub-regional level. It contains a number of specific actions ‘to take collaboration on to the next stage’ in various local government services. Central to this agenda is the Welsh Government’s *Collaborative Footprint for Public Services*, which attempts to standardise collaboration based on six specific regions in Wales: North Wales; Mid and West Wales; Western Bay; Cardiff and the Vale; Cwm Taf; and Gwent.

January 2012: The Minister for Local Government and Communities [*makes a statement to the National Assembly*](#) declaring that he has reconsidered the need to introduce a *Local Government (Collaborative Measures) (Wales) Bill*. He says that he has been given assurance that local government is committed to his collaboration agenda and that legislation would therefore not be required at this stage.

July 2012: The Welsh Government publishes a report on [*Local Authority Service Performance 2010-11*](#). It sets out and compares performance information for all authorities in the areas of social care, education, housing, environment, transport, and leisure and recreation. Further reports are scheduled for future years.

September 2012: The WLGA publishes its [*Collaboration Toolkit*](#), intended as a guide for local authorities wishing to embark on collaboration and joint working. It also covers major technical issues that will be faced by collaborative projects.

October 2012: A Welsh Government [*consultation is launched*](#) on regulations and statutory guidance enabling two or more local authorities to set up joint overview and scrutiny committees under the *Local Government (Wales) Measure 2011*.

October 2012: The Welsh Government announces the establishment of the £10 million *Regional Collaboration Fund* as part of the local government settlement for 2013-14. The fund is intended to help to overcome barriers to collaboration by acting as a catalyst and by providing upfront funding to implement collaboration projects within local government.

June 2012: The Welsh Government publishes the [*Shared Purpose, Shared Delivery*](#) statutory guidance in an aim to reduce the complexity of public service administration. Local authorities were due to draw up their first Single Integrated Plans by April 2013. These integrate the several separate statutory plans of authorities (including community strategies; children and young people plans; health, social care and well-being strategies; and community safety plans) into a single document.

October 2012: The first meeting of the reformed *Partnership Council for Wales* takes place. Local authorities are now represented by a leader from each of the six areas for collaboration, with the Council intended to provide ‘the political accountability and leadership for public service reform and collaboration’.

February 2013: In a *circular to councillors*, the Minister for Local Government and Communities states that there has been ‘reasonable progress on implementing the recommendations of the Simpson Report’ but that there was a need to ‘take action now to make faster progress’. However, the Minister also emphasises that the Simpson Compact is intended to provide ‘better patterns of service delivery’ and that it is ‘not about reorganising local government’.

April 2013: The First Minister makes a statement that he is establishing a *Commission on Public Service Governance and Delivery* to ‘strengthen the delivery of efficient, effective and accessible public services’. The group has been tasked with developing and proposing an optimal model of public service governance and delivery for Wales in light of an assessment of the current arrangements. The Commission has been asked to report to the First Minister by the end of 2013.

3. 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 webpages on collaboration](#)
- [The Welsh Local Government Association's Regional Collaboration Compendium](#)
- [Cardiff Business School, Centre for Local and Regional Government Research publications](#)
- [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 \(April 2009\)](#)
- [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