

**National Assembly for Wales**  
Communities, Equality and  
Local Government Committee

## Inquiry into progress with local government collaboration

December 2013



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

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## **Communities, Equality and Local Government Committee**

The Committee was established on 22 June 2011 with a remit to examine legislation and hold the Welsh Government to account by scrutinising expenditure, administration and policy matters encompassing: Wales's culture; languages; communities and heritage, including sport and the arts; local government in Wales, including all housing matters; and equality of opportunity for all.

### **Current Committee membership**



**Christine Chapman (Chair)**  
Welsh Labour  
Cynon Valley



**Leighton Andrews**  
Welsh Labour  
Rhondda



**Peter Black**  
Welsh Liberal Democrats  
South Wales West



**Janet Finch-Saunders**  
Welsh Conservatives  
Aberconwy



**Mike Hedges**  
Welsh Labour  
Swansea East



**Mark Isherwood**  
Welsh Conservatives  
North Wales



**Gwyn R Price**  
Welsh Labour  
Islwyn



**Jenny Rathbone**  
Welsh Labour  
Cardiff Central



**Rhodri Glyn Thomas**  
Plaid Cymru  
Carmarthen East and Dinefwr



**Jocelyn Davies**  
Plaid Cymru  
South Wales East

The following Member was also a member of the Committee during this inquiry:



**Lindsay Whittle**  
Plaid Cymru  
South Wales East

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## Chair's Foreword

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Public services, and the way they are delivered, affect the lives of everyone in Wales and, as such, access to effective, high quality public services is vital.

The Welsh Government has long seen collaboration between public services – and particularly within local government – as a means of providing more efficient and effective services in this regard. As such, we decided to undertake this short inquiry to look at the extent to which collaboration is taking place in local government, and to evaluate its success in terms of efficiency savings and the delivery of services.

Everyone is aware that public services in Wales and local authorities in particular are facing a very challenging financial future. We have heard from high-level witnesses about the urgent need to address this. Our work has led us to conclude that collaboration between local authorities in its current form does not provide an adequate solution, which means that something needs to change.

In this respect, two substantive issues have become clear to us during the course of our inquiry. The first is that the focus of any future local government system put in place should be on the delivery of services and on the best way to deliver specific services in specific areas. The number of organisations delivering those services should be a secondary consideration after it has been decided how different types of services could be most effectively delivered on the ground. The Welsh Government should therefore ensure that effective and sustainable delivery of services drives the future organisation of local government structures. By focusing on delivery, the structures should then fall into place.

The second is that, if collaboration remains a goal, there is scope for more drive from the Welsh Government in this regard. The Welsh Government should also focus on the areas in which collaboration will have the maximum beneficial outcomes, rather than pursue a general policy of encouraging collaboration across the piece.

Both these issues are dealt with in more detail in our report, along with other themes and conclusions which became apparent as we undertook our work.

In forming our conclusions, we are aware that the Commission on Public Service Governance and Delivery is due to submit its report to the Welsh Government before the end of 2013. However, whatever that Commission recommends, and whatever model of local government is proposed, we urge the Minister to take note of our conclusions in responding to the Commission.

A handwritten signature in black ink that reads "Christine Chapman". The signature is written in a cursive, flowing style.

Christine Chapman  
Chair

## Recommendations

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**Recommendation 1.** The Welsh Government should ensure that effective and sustainable delivery of services drives the future organisation of local government structures. (Page 30)

**Recommendation 2.** We believe that strong Ministerial direction, with penalties and incentives, is now needed to drive the collaboration agenda forward in local government. However, we also believe that Welsh local government needs to exert more influence over how this is done and that better engagement between the Welsh Government and local government is needed. (Page 31)

**Recommendation 3.** The Welsh Government should focus on the areas in which collaboration will have the most beneficial outcomes, rather than pursuing a general policy of encouraging collaboration across the piece. (Page 31)

**Recommendation 4.** The Welsh Government should undertake further analysis of the costs and benefits of collaboration between local authorities, including non-financial benefits, and publish its findings. (Page 31)

**Recommendation 5.** The Welsh Government should work with local authorities to ensure appropriate arrangements are in place to enable effective scrutiny of collaborative arrangements, particularly by back-bench members. (Page 32)

**Recommendation 6.** Adequate provision of resources at the outset can lead to long-term benefits with regard to collaboration. The Welsh Government should take this into account as it considers the report of the Commission on Public Service Governance and Delivery. (Page 32)

# 1. Background

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## Context

1. For several years, Welsh Government policy statements have called on public bodies in Wales to work jointly to improve services. This has been particularly true within local government and between local authorities, with the signing of the Simpson Compact between the Welsh Government and local government in December 2011 providing further impetus for this agenda.

2. In April 2013, the Welsh Government established a Commission on Public Service Governance and Delivery to develop and propose an optimal model of public service governance and delivery for Wales after assessing the current arrangements.

3. In light of the above, we decided in July 2013 to undertake our own inquiry looking at the progress of local government collaboration in Wales, within the context of:

- The Welsh Government's policy over several years to encourage more collaboration in the delivery of public services;
- The implementation of the Simpson Compact; and
- The anticipated report of the Commission on Public Service Governance and Delivery before the end of 2013.

## Terms of Reference

4. The overall purpose of the inquiry was to look at the extent to which local government collaboration is taking place, and to evaluate the success of this in terms of efficiency savings and the delivery of services. The terms of reference were agreed as follows:

- The extent to which the Welsh Government's collaboration agenda has been taken forward within local authorities;
- The structural, political and practical barriers to successful collaboration;
- The models of governance and accountability adopted when collaboration takes place; and
- The overall costs and benefits of collaborating to deliver local government services.

5. Due to time constraints, and the work being undertaken by the Commission on Public Service Governance and Delivery, we agreed not to look in detail at case studies or local issues. Rather, the aim was to try to gain an holistic understanding of the way in which the collaboration agenda has been taken forward on the ground, with particular focus on the extent to which collaboration takes place between different local authorities on a regional basis.

### **Method**

6. A written public consultation was launched in July 2013, with a closing date of 6 September 2013. Fourteen written submissions were received.<sup>1</sup>

7. We took oral evidence from six stakeholders on 2 and 10 October 2013. Details of the witnesses, transcripts and consultation responses are provided in Annexes A and B.

8. Agendas, papers and transcripts for each meeting are available in full on the Committee's pages on the National Assembly for Wales' website.<sup>2</sup>

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<sup>1</sup> [www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?Ild=7329](http://www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?Ild=7329)

<sup>2</sup> [www.senedd.assemblywales.org/ieListMeetings.aspx?Committeeld=226](http://www.senedd.assemblywales.org/ieListMeetings.aspx?Committeeld=226)

## **2. The scale, extent and benefits of collaboration**

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### **The Welsh Government's general policy direction**

9. On the whole, respondents agreed that collaboration was a necessity for local government in Wales. Local authorities were generally supportive of this Welsh Government policy aim. According to the Welsh Local Government Association (WLGA), whilst Wales benefitted from its community-based forms of government, local authorities believed this was “only sustainable if they work together to spread costs, share specialisms and improve service quality.”<sup>3</sup>

### **The different forms of collaboration**

10. It was made clear to us in evidence that collaboration could take many different forms. There could be, for example, local collaboration across public services and the voluntary sector within a certain local authority area, which is distinct from collaboration on a regional basis between more than one local authority. Most of the evidence we received was focused on the latter, and the way in which different local authorities work together on a regional basis to deliver services.

11. Witnesses also pointed out how the initial drivers for collaborative activity could vary from ‘bottom up’ collaborations generally instigated by professional networks or within service areas, to larger-scale collaborations led by the Welsh Government and Ministerial direction. We were told that some of these had been in place for several years and were mainstreamed, successful and effective, whilst others were less developed and were slow to progress.

12. We heard that two important national forums in driving forward the Welsh Government's collaboration agenda were:

- The Partnership Council for Wales, which is intended to provide the political accountability and leadership for public service reform and collaboration. It is chaired by the Minister for Local Government and Government Business;
- The Public Services Leadership Group, which comprises senior leaders who represent public services and geographical areas across Wales.

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<sup>3</sup> Communities, Equality and Local Government Committee Paper CELG(4)-26-13(p1), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from WLGA, 10 October 2013

This group is also chaired by the Minister for Local Government and Government Business.

### **The proliferation of various collaborative arrangements**

13. Some witnesses suggested that there was too much complexity in the way local services were being delivered. The WLGA said there were “innumerable partnerships out there, and there is a super structure of complexity in the Welsh environment that is not readily understood”.<sup>4</sup> Specifically in terms of collaboration between authorities, the WLGA said:

“When we did the collaborative agenda, there was a helpful attempt, although it did not work, by Carl Sargeant to introduce a footprint based on six. The trouble is that that footprint of six was imposed over the top of an existing structure where you had four school improvement consortia, three social services collaboratives, four transport consortia – it is just confusing. One of the things that we badly need in Wales is a partnership cull.”<sup>5</sup>

14. The Wales Audit Office also referred to the “large number of different arrangements” which “soak up the time of officers and members”<sup>6</sup>, and questioned whether all add value. It believed that these should be mapped and rationalised.<sup>7</sup>

15. Related to this, the Centre for Public Scrutiny pointed out that “there is a risk that the proliferation of partnerships and collaborations may leave councils struggling to identify responsive scrutiny arrangements at a time when resources for scrutiny are tighter than ever before.”<sup>8</sup> We return to the issue of scrutiny and accountability in chapter 3.

### **The need for more progress**

16. Whilst all witnesses seemed to agree that collaboration activity had increased between local authorities, there was also agreement that this had not been to a particularly large extent.

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<sup>4</sup> RoP [para 113], 10 October 2013, Communities, Equality and Local Government Committee

<sup>5</sup> RoP [para 115], 10 October 2013, Communities, Equality and Local Government Committee

<sup>6</sup> RoP [para 194], 2 October 2013, Communities, Equality and Local Government Committee

<sup>7</sup> RoP [para 197], 2 October 2013, Communities, Equality and Local Government Committee

<sup>8</sup> Communities, Equality and Local Government Committee Paper CELG(4)-25-13(p1), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Centre for Public Scrutiny, 2 October 2013

17. Cardiff Business School told us:

“So while things do seem to be moving in the right direction, the pace of change is not perhaps consistent with the nature of the challenges facing Welsh local government.”<sup>9</sup>

18. In response to a comment from the Auditor General for Wales that the Simpson Compact “promised a lot”, but had not “delivered very much at present,”<sup>10</sup> Joe Simpson admitted that he too would have been much happier had there been greater progress with implementing the Compact. He went on to say:

“I think that the question is whether we are seeing the tanker turn, and I think that there is some evidence that you are beginning to see the tanker turn towards that direction. So, my response to the Audit Office would be: how do we now develop more momentum, rather than looking back too much at why it took so long to develop the momentum?”<sup>11</sup>

19. SOLACE said that the recent report of the Organisational Development and Simpson Implementation Group (which reviewed how the Simpson Compact had been delivered) showed “national agreement and commitment, with supporting structure and investment where needed.”<sup>12</sup> It said that this showed “acceptable progress”<sup>13</sup> in implementing the collaboration agenda set out by Simpson.

20. However, the Auditor General for Wales said that whilst services were certainly working together, he had not seen any transformative change in the way services were delivered and that “to really bring in a transformative change requires a lot of investment, and we have not seen much of that in Wales.”<sup>14</sup>

### **Efficiencies, costs and benefits**

21. The WLGA questioned the extent to which local authorities could make financial savings as a result of collaborating with each other. It concluded:

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<sup>9</sup> Communities, Equality and Local Government Committee Paper CELG(4)-25-13(p2), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Cardiff Business School, 2 October 2013

<sup>10</sup> RoP [para 192], 2 October 2013, Communities, Equality and Local Government Committee

<sup>11</sup> RoP [para 5], 10 October 2013, Communities, Equality and Local Government Committee

<sup>12</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from SOLACE, Consultation Response LGC (14)

<sup>13</sup> Ibid

<sup>14</sup> RoP [para 165], 2 October 2013, Communities, Equality and Local Government Committee

“Local government has been committed to collaboration between Councils and also to engagement with other public service partners for many years ... In terms of large scale efficiencies collaboration has not yielded significant savings, as the approach has generally been incremental, but some efficiencies, cost avoidance and service resilience benefits have been identified and are ongoing.”<sup>15</sup>

22. The WLGA claimed that local authorities had found it easier to make savings and efficiencies through internal budgetary prioritisation measures than through collaboration. The local authority leaders who appeared before us agreed, stating that collaboration “does not always save a lot of money” and “it is not an answer in itself to the financial situation.”<sup>16</sup>

23. Similarly, SOLACE said that “most efficiencies – as a prime objective of collaboration – continue to be sourced locally/internally and will continue to do so given the imminence of the changing budget situation and the control local authorities need to exercise, with certainty, over their own budget planning.”<sup>17</sup> It said that this is borne out by local authority medium term financial plans, where “collaboration efficiencies are a small minority of total efficiencies.”<sup>18</sup>

24. However, Carmarthenshire County Council drew our attention to benefits other than financial that could be achieved through collaboration:

“It must however be noted that not all collaborative programmes will have the same tangible outputs and that improvement in a service cannot always be measured through cost benefit. The benefits of collaboration between local authorities in service areas such as school improvement have facilitated challenge, intervention and support to schools leading to more consistent approaches and capacity and will ultimately lead to improved outcomes for children and young people.”<sup>19</sup>

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<sup>15</sup> Communities, Equality and Local Government Committee Paper CELG(4)-26-13(p1), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from WLGA, 10 October 2013

<sup>16</sup> RoP [para 212], 10 October 2013, Communities, Equality and Local Government Committee

<sup>17</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from SOLACE, Consultation Response LGC (14)

<sup>18</sup> *Ibid*

<sup>19</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Carmarthenshire County Council, Consultation Response LGC (08)

## Assessment and evaluation

25. Witnesses from local government emphasised the importance of having robust business plans in place before committing any resources to collaborative arrangements, so that the expected outcomes are clear. The Leader of Ceredigion County Council said:

“We need good, solid business plans to prove that it is worth doing. It is a waste of time and effort for the staff if we go down a route that is not going to work [... ] You as Assembly Members – or rather, it would be the Government – need outline business cases and full business cases before being allowed to move forward and draw down funding. It is the same for us. We have to take that responsibility.”<sup>20</sup>

26. Similarly, the WLGA pointed out that it was important to undertake a cost and benefit analysis before proceeding with collaborative projects:

“It is important that, if you are doing any change - and I include collaboration in that - you have properly thought through the measures that you are about to take and worked out the costs of collaboration and the risks. It is important. You will want to be able, perhaps, to say, ‘I’m sorry, it’s not working; we’ll pull the plug’, instead of continuing to pour money into any kind of initiative on the grounds of, ‘We’ve started it, so we have to keep going’. That means that you are very clear right at the beginning about what it is that you want to achieve. Part of the issue that we have with collaboration in Wales is that we have a desire to collaborate, but we have not actually defined what it is that we would want out of that.”<sup>21</sup>

27. Cardiff Business School also questioned whether sufficient assessment was taking place of the actual impact of collaborative projects in terms of their benefits. It told us:

“... it is vitally important that arrangements are put in place to assess the performance of those collaborations. At the moment, we do not have those methods of assessment.”<sup>22</sup>

28. It said that it was therefore difficult to find objective evidence of the effectiveness of collaboration in terms of its performance, and concluded:

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<sup>20</sup> RoP [paras 220 and 222], 10 October 2013, Communities, Equality and Local Government Committee

<sup>21</sup> RoP [para 212], 2 October 2013, Communities, Equality and Local Government Committee

<sup>22</sup> RoP [para 100], 2 October 2013, Communities, Equality and Local Government Committee

“We need to put in place arrangements to monitor the performance, but we have not been good on this in Wales generally, across the piece. We are not good in terms of performance management for local authorities, let alone partnerships, where it is all sort of a grey area, and nobody really knows who is involved, what they are trying to do, or anything else.”<sup>23</sup>

29. The WLGA said:

“There will have been pockets of evaluation for different themes, but it is difficult to bring that all together and say, “This is what the benefit has been overall”. There are certainly examples of effective evaluations ... There is quite a lot of information out there; it is the veracity and robustness of that information that might be the problem.”<sup>24</sup>

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<sup>23</sup> RoP [para 133], 2 October 2013, Communities, Equality and Local Government Committee

<sup>24</sup> RoP [para 79], 10 October 2013, Communities, Equality and Local Government Committee

### 3. Barriers and obstacles to collaboration

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#### The loss of local control and local scrutiny

30. The perceived lack of local control was identified as a major barrier to collaboration between authorities. This could take two forms: the loss of control in terms of the services delivered by an authority (i.e. at an executive level) and the loss of control over scrutiny arrangements (i.e. at backbench level).

31. The WLGA pointed out that there were inevitably “winners and losers”<sup>25</sup> in regional collaboration of this type, and said that the political pressure on local Members to respond to local needs and demands was a barrier. It said that “the threat of a loss of control and autonomy is a genuine concern for some elected Members and officers”<sup>26</sup> and therefore there is “suspicion that collaboration will undermine democratic control of services and reduce responsiveness to local needs.”<sup>27</sup>

32. Related to this, the role of backbench members was drawn to our attention. Cardiff Business School told us:

“For the vast majority of elected members, collaboration passes them by. They do not get the opportunity to engage in collaboration; it is executive and cabinet members who are part of these collaborations and partnerships. So, for ordinary backbench members, it is a thing that they know is kind of important and is happening around them, but they are not encouraged to engage in it and they are not part of it. That also complicates things, because it is the cabinet members who are on the boards of partnerships, and they feel that they are fulfilling some kind of accountability role, but, actually, they are decision makers, and the scrutineers, the backbencher members, are not part of this system at the moment at all. That does not help.”<sup>28</sup>

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<sup>25</sup> Communities, Equality and Local Government Committee Paper CELG(4)-26-13(p1), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from WLGA, 10 October 2013

<sup>26</sup> *Ibid*

<sup>27</sup> *Ibid*

<sup>28</sup> RoP [para 144], 2 October 2013, Communities, Equality and Local Government Committee

33. Also on this point, the WLGA said:

“There has been significant disquiet from backbench members, particularly within local authorities, about the shift of accountability up to another level into areas that have generally involved executive members as opposed to members involved in scrutiny.”<sup>29</sup>

34. Joe Simpson questioned whether sufficient resources were being provided to this end:

“One of the problems for a backbencher, the more you move into higher things, is that you feel more and more out of the loop ... Corollary of this switch towards a more collaborative model, which necessarily means that cabinet members are more engaged in those discussions, is that you need to enhance the role of front-line councillors in their community-facing role. By and large, we have been very bad at resourcing that part of the councillor’s role.”<sup>30</sup>

### **The need for better accountability arrangements**

35. Whilst stating that there was broad agreement that collaboration was the potential way forward for public services, Cardiff Business School acknowledged that there was a “crisis of accountability around collaborations”<sup>31</sup> and that “there are no robust frameworks in place.”<sup>32</sup> Cardiff Business School referred to the Welsh Government’s attempts to address this issue by scaling up local overview and scrutiny through joint scrutiny committees (under the [Local Government \(Wales\) Measure 2011](#)). However, it said that authorities “are struggling with that for a number of reasons.”<sup>33</sup>

36. It emphasised that accountability “is an urgent issue to be addressed”<sup>34</sup> but the barriers “can be flushed out and debated at a national level”<sup>35</sup>. It suggested that the solution lies in establishing robust accountability arrangements at a very early stage:

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<sup>29</sup> RoP [para 91], 10 October 2013, Communities, Equality and Local Government Committee

<sup>30</sup> RoP [para 48], 10 October 2013, Communities, Equality and Local Government Committee

<sup>31</sup> RoP [para 152], 2 October 2013, Communities, Equality and Local Government Committee

<sup>32</sup> Ibid

<sup>33</sup> RoP [para 123], 2 October 2013, Communities, Equality and Local Government Committee

<sup>34</sup> RoP [para 152], 2 October 2013, Communities, Equality and Local Government Committee

<sup>35</sup> RoP [para 118], 2 October 2013, Communities, Equality and Local Government Committee

“... we see that scrutiny is involved at a late stage, working hard to try to catch up with what has been happening with these collaborations, and it is an impossible task. So, at the outset of the development of the collaborations, robust accountability arrangements—whatever they are—need to be inbuilt from the outset, and the people involved in the collaborations need to be clear about their responsibilities.”<sup>36</sup>

37. The Wales Audit Office made a similar point:

“In recent years, we have reported on weaknesses in governance in a number of public bodies in Wales, including local authorities. That, very often, stems from blurred accountability. Collaborative arrangements add to that risk, so the importance of being clear from the outset what governance arrangements they have and what the accountability systems are - who is accountable for what and to whom - is critical.”<sup>37</sup>

38. Similarly, legal firm Trowers and Hamlins told us:

“We would also strongly reinforce the view that one of the reasons why collaboration, when it has been undertaken, doesn't always work is that councils have failed to put in place sufficiently strong binding arrangements between them such that there remains appropriate accountability for the delivery of services.”<sup>38</sup>

39. This was an issue that the Centre for Public Scrutiny also referred to:

“Having some accountability arrangements built in advance, when people are thinking about governance arrangements for collaboration or joint work, is very important ... We have made some points in the submission about some of the principles that we think should sit behind collaboration, and they are about understanding the objective of the collaboration and the relative benefits for each of the collaborating partners and for the people who use the services that the partners provide.”<sup>39</sup>

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<sup>36</sup> RoP [para 152], 2 October 2013, Communities, Equality and Local Government Committee

<sup>37</sup> RoP [para 215], 2 October 2013, Communities, Equality and Local Government Committee

<sup>38</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Trowers and Hamlins, Consultation Response LGC (04)

<sup>39</sup> RoP [para 21], 2 October 2013, Communities, Equality and Local Government Committee

40. Conwy County Borough Council said that collaborative working was not easy and could carry great risks, and that working across organisational and geographic boundaries could bring complexity and ambiguity that could generate confusion and weaken accountability. In their view:

“The key to successful collaborative working involves the establishment of good governance, which is defined as the “process of decision-making and the process by which decisions are implemented”. The introduction of clear and consistent collaboration arrangements can reduce the complexity of working in collaboration.”<sup>40</sup>

### **The need for investment and resources**

41. The WLGA suggested that a further barrier to collaboration was the time and resource required to progress joint working to a stage where tangible benefits were realised:

“Experiences of collaboration to date reveal the amount of project management expertise required to facilitate the joint working can be significant, as well as the commitment of staff and Members to the joint working initiative.”<sup>41</sup>

42. The Regional Partnership Board for Central and South West Wales said that “the requirement to invest up front in the feasibility of a shared service can be a further barrier to successful collaboration.”<sup>42</sup>

43. However, it went on to say:

“WG funding intervention has assisted in this regard (e.g. Making the Connections Improvement Fund). The investment financially needs to be matched by an investment in time and energy, as well as in building relationships. Upfront costs to establish new organisations with new configurations of people, IT systems and estate in the current economic climate, are less likely to be forthcoming, unless a clear political mandate is established between Councils to share

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<sup>40</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Conwy County Borough Council, Consultation Response LGC (01)

<sup>41</sup> Communities, Equality and Local Government Committee Paper CELG(4)-26-13(p1), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from WLGA, 10 October 2013

<sup>42</sup> Communities, Equality and Local Government Committee Paper CELG(4)-26-13(p2), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Partnership Board for Central & South West Wales, 10 October 2013

services and take the risk of another authority or public body providing those services.”<sup>43</sup>

### Legal issues around collaboration

44. The Auditor General for Wales referred to wording in the [Local Government \(Wales\) Measure 2009](#) which states authorities must “seek” to collaborate if it would assist them to improve. According to the Auditor General, this can prove problematic:

“The problem that I think that the duty to collaborate comes up against is that local government is not an agent, in one sense, of central Government—it is a sovereign body, elected by its own people and accountable to its own people. If it has to show to its local electorate that it wishes to collaborate, it needs to show that there has been a proper cost-benefit analysis and that that is the right way to go. To overlay the duty that it will collaborate runs against that. In a sense, the wording that you refer to is something that each local authority has to struggle with.”<sup>44</sup>

45. He went on to say:

“When I take an assessment, as I am bound to under the Local Government (Wales) Measure 2009, I am trying to reconcile two things: one is what the local government unit is doing in terms of having costed and looked at the risks properly—which includes the benefit of not collaborating, because it may be to the authority’s advantage not to collaborate—and then, against that, there is the public service good of Wales to collaborate. That is the difficulty and the struggle.”<sup>45</sup>

46. Meanwhile, Trowers and Hamlins said that the collaborative provisions in the *Local Government (Wales) Measure 2009* are “quite blunt” and the legislation does not “differentiate between the different types of legal structures which might be utilised by local authorities in achieving their outcomes.”<sup>46</sup> It said that there has been a long tradition in Wales of

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<sup>43</sup> Communities, Equality and Local Government Committee Paper CELG(4)-26-13(p2), *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Partnership Board for Central & South West Wales, 10 October 2013

<sup>44</sup> RoP [para 168], 2 October 2013, Communities, Equality and Local Government Committee

<sup>45</sup> Ibid

<sup>46</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Trowers and Hamlins, Consultation Response LGC (04)

generalising arrangements for collaboration “which has probably not helped to achieve too many outcomes.”<sup>47</sup>

47. According to Trowers and Hamlins, “the bluntness of the provisions”<sup>48</sup> in the 2009 Measure have not been helpful in this regard and it is therefore crucial that local authorities understand the legal and practical implications of applying different structures when collaborating.

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<sup>47</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Trowers and Hamlins, Consultation Response LGC (04)

<sup>48</sup> Ibid

## 4. Collaboration and the future of local government

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### The drive for collaboration: by whom and how

48. Despite most respondents concluding there was scope to improve the pace and scale of collaboration between local authorities, witnesses disagreed as to who should provide the drive for that and how it should be done.

49. Many witnesses believed that it was the role of the Welsh Government to take on this responsibility. Cardiff Business School suggested that there seemed to be a “broad imperative to collaborate across the piece”<sup>49</sup> – with the Simpson report seeming to cover “almost everything”<sup>50</sup> within the services that local authorities provide. It emphasised that the Welsh Government should be more focused as to where it wants to see collaboration having the biggest impact, and should then focus on driving collaboration forward more pressingly in those areas.

50. Cardiff Business School further said that there seemed to be reluctance within the Welsh Government to be specific in terms of collaboration and a tendency to think that you cannot enforce or direct collaboration. It said that “there is good research evidence to suggest that collaboration can benefit from a reasonably strong steer.”<sup>51</sup> Asked how this should be done, it said:

“It has to be in statutory language, because that fundamentally is the language of local government [...] These are statutory organisations that are weighed down by statutory responsibilities and duties, so a vague encouragement to collaborate does not stand a chance.”<sup>52</sup>

51. The Wales Audit Office made very similar points:

“I think that clarity is what is needed, in terms of what is intended to be achieved [by collaboration]. If it is intended to achieve that there shall be a change in the way in which a service is delivered, and it will be to the whole good of Wales, then legislate; prepare it on that basis and then we are all very clear. I think that problems sometimes occur when you try to use persuasion techniques ...”<sup>53</sup>

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<sup>49</sup> RoP [para 96], 2 October 2013, Communities, Equality and Local Government Committee

<sup>50</sup> Ibid

<sup>51</sup> RoP [para 107], 2 October 2013, Communities, Equality and Local Government Committee

<sup>52</sup> RoP [para 106], 2 October 2013, Communities, Equality and Local Government Committee

<sup>53</sup> RoP [para 173], 2 October 2013, Communities, Equality and Local Government Committee

52. It went on:

“What is needed, actually, is not to tackle collaboration on a broad range, but to pick one or two areas and really drive on that, because the wider we work, the less the effect on any particular area.”<sup>54</sup>

53. The Wales Audit Office stressed the urgency to take action in this regard, bearing in mind the financial outlook for local authorities:

“We are coming to a situation where we have to take hard and urgent decisions ... The local government sector has to take cuts that are closer in size to those having to be made in England. If that is the case, now is the time—and we are nearly in the last few days—to prepare a clear strategy on working together for the future ... [Local authorities] need to find the transformational changes to be able to continue to deliver their statutory services within their budgets ... If you are looking beyond [a year or two], local authorities really have to find some radical solutions to live within their means. That will need service transformational change. So, there is urgency to this.”<sup>55</sup>

54. The Centre for Public Scrutiny also said that “councils sometimes need a legal framework to enable collaboration to happen”<sup>56</sup> and that “those legal enabling powers can be quite important.”<sup>57</sup>

55. However, other witnesses disagreed that there was a need for stronger direction from the Welsh Government. Whilst agreeing that collaboration has not yet developed “in the engine room of local government,”<sup>58</sup> Joe Simpson said:

“I do not believe that formal direction and straight instruction is an effective model. There are three things that I think will drive this. The first of these is the financial settlement, and therefore the need to change ... Secondly, it is your ability to create financial incentives towards that change. Thirdly, because a number of these things are cultural challenges about leadership alignment, you need to invest in some soft skills ... What I am trying to argue is this: you get to a point where you say, ‘Things are not moving fast enough. Can I pull a

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<sup>54</sup> RoP [para 192], 2 October 2013, Communities, Equality and Local Government Committee

<sup>55</sup> RoP [para 205], 2 October 2013, Communities, Equality and Local Government Committee

<sup>56</sup> RoP [para 24], 2 October 2013, Communities, Equality and Local Government Committee

<sup>57</sup> Ibid

<sup>58</sup> RoP [para 8], 10 October 2013, Communities, Equality and Local Government Committee

lever that will guarantee that this system changes?’ Honestly, if you try the lever model, it will not work.”<sup>59</sup>

56. The WLGA told us that in their view incentives worked, but were not so certain about penalties:

“It is up to you if you think penalties are the way to drive things, but if we can work together in partnership, and push the partnership agenda, I think that more things get done.”<sup>60</sup>

### **The Commission on Public Service Governance and Delivery and reorganisation**

57. With the Commission on Public Service Governance and Delivery (Williams Commission) currently tasked with developing and proposing an optimal model of public service governance and delivery for Wales, the WLGA questioned the implications of this for the collaboration agenda. It said that, amongst leaders of local authorities, “there is a general view that the 22-authority structure is subject to such intense questioning that it probably has a great future behind it.”<sup>61</sup> The WLGA called for clarity on this point as soon as possible:

“What happens if you reorganise local government in the future and there are 10, 11, 12 or 14 authorities in Wales? We have all of these collaborations, so how does that then work and how will they sit with the boundaries of the new authorities? Or do we say that we will call a halt to all of this, and pull it all back into a smaller number of unitary authorities? We have to be fairly clear shortly about the direction of travel ...If I was a director of finance in local government at the moment, I would be very reluctant to enter into collaborations if I knew that there was a different journey being suggested for the future of local government. The Williams commission will report at Christmas. If there is to be local government reorganisation, so be it, but we need to know that.”<sup>62</sup>

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<sup>59</sup> RoP [para 61], 10 October 2013, Communities, Equality and Local Government Committee

<sup>60</sup> RoP [para 76], 10 October 2013, Communities, Equality and Local Government Committee

<sup>61</sup> RoP [para 161], 10 October 2013, Communities, Equality and Local Government Committee

<sup>62</sup> RoP [para 146], 10 October 2013, Communities, Equality and Local Government Committee

58. The WLGA continued:

“There are collaborations that go on between authorities all the time ...The question, however, is this: what happens if there is local government reorganisation and authorities are based on the boundaries of the local health boards? The Williams commission says that they must not cross the local health board area ... So, some clarity on the direction of travel is vital. That is the burning platform, because, unless we get that, we could waste a lot of effort in the next period, and I think that what we have to do is to concentrate on making these savings, but doing it in a very clear direction of travel that we do not have at present.”<sup>63</sup>

59. The Wales Audit Office’s comments were similar, stating that “there is a need for clarity regarding how services are delivered across Wales”<sup>64</sup> and without it there would be “uncertainty and a lack of direction ... of purposeful collaborative activity.”<sup>65</sup>

60. This was a view supported by the Centre for Public Scrutiny:

“I think that, at the moment, there is inertia in local government around what the Commission on Public Service Governance and Delivery is going to announce and in terms of the likely impact of reduced budget settlements. There is, perhaps, insularity at the moment about how to deal with some of these local issues and how to manage the potential of political fragmentation. So, I am not sure if there is any left over, if you like, to deal with these risky collaborations.”<sup>66</sup>

61. In relation to local government reorganisation, the WLGA told us:

“We will see what Williams recommends. If it recommends local government reorganisation, I do not think that people are afraid of that. From our point of view, I do not think that we particularly want to get into a numbers game at this point, but if there is a

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<sup>63</sup> RoP [para 146], 10 October 2013, Communities, Equality and Local Government Committee

<sup>64</sup> RoP [para 209], 2 October 2013, Communities, Equality and Local Government Committee

<sup>65</sup> Ibid

<sup>66</sup> RoP [para 31], 2 October 2013, Communities, Equality and Local Government Committee

recommendation around that and if there is reorganisation, the one thing that we would ask ... is that we retain our functional integrity.”<sup>67</sup>

62. However, Joe Simpson warned against reorganisation, stating:

“One of the reasons why I am not a fan of a radical reorganisation as a solution is that a reorganisation just recreates a different set of problems.... The difficulty with the imposed structure is that you do not get the buy-in and you are looking at the map from a national end and not from the end of the citizen. You start getting back to thinking that the solution is a geographic solution. It is about getting to a shared endeavour. That is the challenge.”<sup>68</sup>

### **Structures and flexibility**

63. Joe Simpson elaborated on his point above by stating that there is not “a right size for everything.”<sup>69</sup> He said this was why he did not believe that reorganisation was the answer. Instead, he suggested that the solution lay in authorities combining and collaborating to deliver certain services:

“With radical top-down restructuring of local government, all of the evidence shows that it costs you more, it takes much longer, and at the end of it everyone has forgotten why they did it. The combined authority is about saying that for very specific purposes we understand that we need things done. This is the way that we make decisions that stick.”<sup>70</sup>

64. To achieve this, he emphasised that there was a need for investment in leadership development so that there is a cultural alignment between different organisations. He said that, from this point, people start to see the wider picture about where the benefits come from. He reiterated, however, that “you cannot just do it by prescription.”<sup>71</sup>

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<sup>67</sup> RoP [para 152], 10 October 2013, Communities, Equality and Local Government Committee

<sup>68</sup> RoP [para 29], 10 October 2013, Communities, Equality and Local Government Committee

<sup>69</sup> RoP [para 13], 10 October 2013, Communities, Equality and Local Government Committee

<sup>70</sup> RoP [para 25], 10 October 2013, Communities, Equality and Local Government Committee

<sup>71</sup> RoP [para 13], 10 October 2013, Communities, Equality and Local Government Committee

65. Other witnesses agreed that structural flexibility was important. Cardiff Business School said that “there is no simple answer to the local government size conundrum” because “you have hundreds of different cost curves, all behaving differently.”<sup>72</sup> It concluded:

“Whereas, for one service, the right scale may be regional or even across Wales, another may well be best delivered at an incredibly local level. Each different service has a different answer to that question. That suggests that there is not an answer to the question of what is the ideal size of local government ... The only way to solve this, particularly in pressing service areas, is to have a bespoke approach to collaboration, in which you say, ‘Right, this service really does need to be delivered on a different scale to the local authority scale, so let us work out a collaborative solution for that service’. The scale will vary, as it should.”<sup>73</sup>

66. The Wales Audit Office acknowledged that “the model of collaboration will differ between services, and some are delivered more appropriately at different levels and on different scales.”<sup>74</sup>

67. On this point, Carmarthen County Council said:

“...despite the need to establish some structure and methodology to collaboration it would be to the detriment of service development and the eventual service user for organisations to be restricted to working within a set boundary. Organisations must be allowed to determine the most beneficial and high impact routes for collaboration on a service by service basis. In this case one size most certainly does not fit all.”<sup>75</sup>

68. However, SOLACE stated that “collaboration cannot be a substitute for wider organisational change and major institutional cost overhead reduction if that is the/an objective.”<sup>76</sup>

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<sup>72</sup> RoP [para 146], 2 October 2013, Communities, Equality and Local Government Committee

<sup>73</sup> RoP [para 146], 2 October 2013, Communities, Equality and Local Government Committee

<sup>74</sup> RoP [para 178], 2 October 2013, Communities, Equality and Local Government Committee

<sup>75</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from Carmarthen County Council, Consultation Response LGC (08)

<sup>76</sup> Communities, Equality and Local Government Committee, *Inquiry into Progress with Local Government Collaboration*, Written Evidence from SOLACE, Consultation Response LGC (14)

## **The relationship between the Welsh Government and local government**

69. A further theme to emerge from these discussions was the extent to which local government was involved and engaged in discussions about its future.

70. Whilst advocating a stronger steer from the Welsh Government as to how authorities collaborate, Cardiff Business School pointed out that this could work if local government had more influence as to how it was done:

“We have looked at the relationship between local authorities and the Welsh Government, and one of the things that we have found is that they do not actually feel as involved in the development of policy as they perhaps might. You can have statutory obligations, but developed in partnership ... When I was doing the work on education, a lot of people working in local education authorities actually wanted that firm basis. They wanted to be involved in the development of it, and they wanted to inject the discretion that they thought was necessary in certain places, but they were on the same page.”<sup>77</sup>

71. Whilst Joe Simpson disagreed with Cardiff Business School about the level of Welsh Government prescription, he did call for local government to be more involved:

“What I would not advocate is more direction by Welsh local government; I would advocate more engagement by Welsh local government, so that everyone begins to understand what happens in the reconfiguration. It is a bit like a dance; you cannot be on a dance floor and stay still when everyone else is moving.”<sup>78</sup>

72. When challenged as to the extent to which local government had set out its agenda and outlined its own proposals to the Williams Commission, the WPGA told us:

“We have put a very detailed submission to Williams. We have argued for a couple of things very clearly ... Our view, for example, is that public health in Wales should be within local government.... We will see what Williams recommends.”<sup>79</sup>

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<sup>77</sup> RoP [para 142], 2 October 2013, Communities, Equality and Local Government Committee

<sup>78</sup> RoP [para 43], 10 October 2013, Communities, Equality and Local Government Committee

<sup>79</sup> RoP [para 151], 10 October 2013, Communities, Equality and Local Government Committee

73. Although they welcomed the engagement opportunities provided through forums such as the Partnership Council of Wales and its sub-groups, leaders of local authorities said they wished see the Partnership Council developed and meeting more regularly so that there was greater scope for local government input into decisions.

## **5. Committee's Conclusions and Recommendations**

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### **The context for our conclusions**

74. In forming our conclusions, we were aware that the Commission on Public Service Governance and Delivery would report to the Welsh Government before the end of 2013. We look forward to having an opportunity to discuss the Commission's findings with them in due course.

75. Following the report of the Commission, we understand there is likely to be a delay between agreeing any proposed changes to structures or organisation of services and putting any new arrangements in place. We believe that a clear strategy for this period should be developed by the Welsh Government, and this strategy should be communicated clearly to local government.

### **Structures and the delivery of services**

76. Our first point relates to structures, amid on-going speculation that a reorganisation of Welsh local government will take place in forthcoming years. We firmly believe that the focus of any future local government system should be on the delivery of services and the best way to deliver specific services in specific areas. The number of organisations delivering those services should be a secondary consideration, after it has been decided how different types of services could be most effectively delivered on the ground. By focusing on delivery, the structures should subsequently fall into place.

**The Welsh Government should therefore ensure that effective and sustainable delivery of services drives the future organisation of local government structures.**

### **The need for further drive for collaboration**

77. If collaboration between and within local government continues to be a Welsh Government objective, it is clear from the evidence we received that this needs to be driven at a quicker pace. We are concerned that, although there is consensus that more collaboration is needed, progress seems to be slow and inconsistent.

78. Furthermore, we are concerned that there seems to be some disagreement over who is responsible for making collaboration happen, although we acknowledge that there is a lot of informal, unstructured collaboration already taking place. **We believe that strong Ministerial direction, with penalties and incentives, is now needed to drive the collaboration agenda forward in local government. However, we also believe that Welsh local government needs to exert more influence over how this is done and that better engagement between the Welsh Government and local government is needed.**

79. In doing this, **the Welsh Government should focus on the areas in which collaboration will have the most beneficial outcomes, rather than pursuing a general policy of encouraging collaboration across the piece.** This links to our point above about the need to focus on the delivery of services rather than structures.

#### **The need for more evidence and assessment**

80. It is imperative that local authorities undertake an analysis of the cost curves and benefits of collaboration before committing resources to that end. They should also produce robust business plans showing that better outcomes will be delivered from collaborating, to ensure that public money is spent efficiently and effectively.

81. To enable collaboration to be most effective, we also believe that more evidence and assessment is needed as to where and how it adds value. We agree, in principle, that collaborative working should achieve better quality outcomes, but we are concerned that there is an insufficient evidence base at present to determine whether this is the case within Welsh local government.

Furthermore, it was made clear to us that collaboration can take many forms – many of which might be informal – and therefore this accentuates the need for a better understanding of where it adds value.

82. We were told by many witnesses that collaboration is not a magic bullet. As such, **the Welsh Government should undertake further analysis of the costs and benefits of collaboration between local authorities, including non-financial benefits, and publish its findings.**

83. Once there is a better understanding of when collaboration adds value, stronger Ministerial direction (as referred to above) should then be exercised to drive it forward in the most appropriate places.

## Issues around accountability

84. It is clear from the evidence we received that there are significant issues to be addressed in terms of how collaborative arrangements are scrutinised at a local level, and in terms of where accountability for collaborative work lies within local government. If the Welsh Government continues with its collaboration agenda, there is a need for further work on the provision of local accountability. We heard, for example, of the difficulty faced by local authority back-benchers in scrutinising collaborative arrangements and are unsure whether provisions under the Local Government (Wales) Measure 2011 for joint overview and scrutiny committees are sufficient to overcome the “crisis of accountability” that witnesses referred to. This is an issue that needs to be addressed and prioritised. **The Welsh Government should work with local authorities to ensure appropriate arrangements are in place to enable effective scrutiny of collaborative arrangements, particularly by back-bench members.**

## The need for initial investment

85. We were told that collaboration in local government is not a quick fix. We are also aware that any restructuring or reorganisation of services is likely to place an initial strain on finances. However, it was made clear to us that, for collaboration to work properly, initial investment must be made. In our view, **adequate provision of resources at the outset can lead to long-term benefits with regard to collaboration. The Welsh Government should take this into account as it considers the report of the Commission on Public Service Governance and Delivery.**

86. We acknowledge the WLGA’s comments that, following the report of the Commission, there will inevitably be a delay if, and before, any proposed changes to structures or organisation of services, are to be instigated. We believe that a clear strategy for this period should be developed by the Welsh Government, and this strategy should be communicated clearly to local government.

## **The urgency to take action**

87. To conclude, public services in Wales and local authorities in particular are facing a very difficult financial future. We have heard from high-level witnesses about the urgent need to address this. Collaboration between local authorities in its current form is not an adequate solution, and is not happening quickly enough or consistently across Wales. Urgent action needs to be taken in order to safeguard the future of public service delivery in Wales. We urge the Minister to take note of our conclusions in responding to the Commission.

## **Annex A - Witnesses**

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The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at: [www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?lId=1306](http://www.senedd.assemblywales.org/mglIssueHistoryHome.aspx?lId=1306)

### **2 October 2013**

Rebecca David-Knight	Centre for Public Scrutiny
Tim Gilling	Centre for Public Scrutiny
Dr Rachel Ashworth	Cardiff Business School
Dr Tom Entwistle	Cardiff Business School
Alan Morris	Wales Audit Office
Huw Rees	Wales Audit Office
Huw Vaughan Thomas	Auditor General for Wales

### **10 October 2013**

Joe Simpson	Local Government Leadership Centre
Steve Thomas	Welsh Local Government Association
Susan Perkins	Welsh Local Government Association
Sara Harvey	Welsh Local Government Association
Councillor Ellen ap Gwynn	Ceredigion County Council
Councillor Dilwyn Roberts	Conwy County Borough Council
Councillor Jamie Adams	Pembrokeshire County Council

## Annex B - List of written evidence

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The following organisations provided written evidence to the Committee. All written evidence can be viewed in full at:

[www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=7329](http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=7329)

<b>Organisation</b>	<b>Reference</b>
Conwy County Borough Council	LGC (01)
Bridgend County Borough Council	LGC (02)
Ceredigion County Council	LGC (03)
Trowers and Hamlins	LGC (04)
The Centre for Public Scrutiny	LGC (05)
Powys County Council	LGC (06)
Cardiff Business School	LGC (07)
Carmarthenshire County Council	LGC (08)
Welsh Local Government Association	LGC (09)
Vale of Glamorgan Council	LGC (10)
Flintshire County Council	LGC (11)
Regional partnership Board for Central and South West Wales	LGC (12)
Wrexham County Borough Council	LGC (13)
SOLACE	LGC (14)