

Doc 5 – Cabinet Secretary for Local Government and Public Services Correspondence to WLGA and Chief Executives

Letter to Local Authority Leaders regarding powers and flexibilities – 08 December 2017

Annwyl Arweinydd,

Gweler ynghlwm llythyr a dolen i ddatganiad ysgrifenedig oddi wrth Ysgrifennydd y Cabinet dros Lywodraeth Leol a Gwasanaethau Cyhoeddus.

<http://gov.wales/about/cabinet/cabinetstatements/2017/localgovernmentupdate/?skip=1&lang=en>



MA-P-AD-04510-1
- local autho...

Dylai anfon ymatebion at paula.james@gov.wales erbyn 31 Ionawr 2018

Dear Leader,

Please find attached a letter and a link to a written statement from the Cabinet Secretary for Local Government and Public Services.

<http://gov.wales/about/cabinet/cabinetstatements/2017/localgovernmentupdate/?lang=en>



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Responses should be sent to paula.james@gov.wales by January 31st 2018

Letter:

I was delighted to join you in November at the WLGA Autumn Seminar and I wanted to follow up an invitation I made at that event.

Like you, I want Welsh councils to be powerful, with all the powers you require to shape the future of the communities that we serve and we all recognise the critical role local government plays in delivering services to these communities. We also recognise the shared ambition we have for local government to be empowered to maximise the impact it has on the lives of citizens. With that in mind, I want to restate my invitation for local government colleagues to suggest additional powers or flexibilities which would aid you in your work and in making a difference for people across Wales.

I am aware of a number of suggestions and proposals, particularly emerging from the City Deal and Growth Deal processes, as well as some long standing areas of interest

and I believe it would now be helpful to draw together this thinking to aid fuller consideration.

I have highlighted this initiative to my Cabinet and Ministerial colleagues because some of your responses are likely to identify issues which fall to other portfolios. I will work with them to make sure any matters you identify are given full and proper consideration. I would be grateful for your responses by January 31st 2018, which should be sent to paula.james@gov.wales please.

Response from WLGA Leader to the Cabinet Secretary on powers and flexibilities – 31 January 2018

Please find attached letter from WLGA Leader Cllr Debbie Wilcox to the Cabinet Secretary in response to his letter on powers and flexibilities.



180131 - WLGA
Leader to Cabinet Sec

Alun Davies AM
Cabinet Secretary for Local Government and Public Services
Welsh Government
Cardiff Bay
Cardiff
CF99 1NA

Dear Alun,

Powers and Flexibilities

I write in response to your letter of the 8th December inviting leaders to respond with proposals for more powers and flexibilities which would assist local authorities further in their work in making a difference to the lives of people across Wales.

Leaders have welcomed your early dialogue and this invitation to help shape and strengthen local government's future. I also very much welcome your public statements, particularly within the Senedd, regarding your belief in empowering and entrusting local government, in championing local democracy and strengthening local accountability. You have recently announced your intention to reconsider the Welsh Government's plans for structural reform and leaders will wish to engage with you constructively, in developing a localist vision for the future of local government in Wales.

Although we have a revised Partnership Scheme which sets out the shared principles and processes of partnership governance, you will know that in recent months there has been disagreement around some aspects of the local government settlement and a real concern about due process, openness and transparency. Leaders therefore are seeking the

development of a more comprehensive partnership agreement or concordat with the Welsh Government, building on the existing Scheme, but which commits to agreed processes and expectations around decision-making, particularly regarding the budget, legislation, and to fully fund any new legislative burdens or duties on local authorities.

With regards powers and flexibilities, the following proposals flow from discussions amongst leaders and regional boards, and are based on what is appropriate for the current structure of local government. Should a wider structural reform debate develop, it may be appropriate to consider other, more strategic powers in due course.

We recognise that some of the following proposals for additional powers or flexibilities are within the competence of the Welsh Government, but where UK Government decisions are required, we would be seeking support from the Welsh Government in presenting a compelling case.

The WLGA's Manifesto called for **the Welsh Government to commit to the European Charter of Local Self Government and the principle of subsidiarity**, where the presumption is that power is transferred to the level of government closest to the people. Such a commitment could be incorporated within a concordat between Welsh Government and local government. Furthermore, as Brexit progresses and EU powers are 'repatriated' to the UK, the WLGA would argue that, following such a principle, relevant powers should be devolved not only to Wales and the National Assembly, but also to local government where appropriate.

The WLGA has consistently argued that **legislation and/or statutory guidance which introduce new duties or powers for local government should not be prescriptive**. Whilst the Welsh Government should rightly set national objectives and outline the strategic framework, local authorities are best placed to determine local governance or delivery arrangements. Flexibility and maximum local discretion should therefore be provided with regards the discharge of any new duties, the design and delivery of local (or regional) services or any local accountability and governance arrangements.

Although I recognise you are keen to commence a debate on structural reforms, the WLGA has hitherto been broadly supportive of the Welsh Government's local government reform programme and the proposed regional, collaborative approach to delivering particular services. We have however argued for local/regional discretion in determining regional priorities, services and governance arrangements and against inflexible statutory prescription through legislation.

The WLGA has welcomed the Welsh Government's proposed introduction of a new **power of general competence**, which it has championed for several years. Local government lawyers have however previously noted that the power as originally drafted included legal provisions which could constrain its use. It may therefore be appropriate for further discussions between local government and Welsh Government lawyers to refine the power to seek additional flexibilities before it is introduced in any future Local Government Bill.

The WLGA has long put forward the case for greater local accountability, freedom and flexibility around finance to allow councils to be as responsive as possible to their communities' needs. A fundamental principle therefore is local accountability and autonomy over local tax raising powers; councils are ultimately accountable to their electorates for the financial decisions they make. Your recent statements regarding respect for local decision-making and discretion over council tax setting has been very much welcomed and we would urge a **permanent commitment to repeal the 'voluntary' council tax cap which could be formalised and incorporated within the concordat.**

Other financial powers and flexibilities include:

- **Transfer of specific grants into Revenue Support Grant** – local authorities require the maximum freedom and flexibilities to make spending and cost recovery choices locally.
- **Revise Big Lottery Fund criteria to allow grant funding to support council-run community services**
- **Devolution of a suite of permissive local tax-raising powers to local government** e.g. a local tourism tax or green taxes. This was previously outlined in the WLGA Manifesto 2016-21 and the Independent Commission on Local Government Finance Wales 2016.
- **Greater flexibility around fees and charges** to allow local authorities wider scope to vary according to local needs and priorities including a review of those that are nationally regulated as recommend by the Wales Audit Office
- **Removal of the Treasury-imposed cap on housing (HRS) borrowing** allowing Welsh councils to borrow more for house building.
- **Allow councils and regions to reinvest in local economies through the retention of 100% business rates growth or supplementary regional business rates for large capital projects.**
- **Extensions of flexibilities around using capital directions for transformation projects.**
- **Return of full powers regarding remuneration and appointment of senior officers.** Pay policy statements already outline due process and provide clarity and transparency. It is inconsistent and inappropriate that locally accountable and elected organisations entrusted to raise local taxation and discharge hundreds of millions of pounds of expenditure are not entrusted to determine or even vary the remuneration package of their most senior employees, without reference to the (unelected) Independent Remuneration Panel for Wales.

Schools

- **Provide full flexibility for councils and schools to set their budgets locally**
- **Review of the relationship and role between schools, governing bodies and local authorities**, for example, providing authorities with greater powers over use of school premises for wider community purposes and headteacher and deputy headteacher appointments.
- **Review a range of services that were previously subject to local democratic oversight, including careers service and further education.**

Social Services/Health

- **Transfer some public health functions and funding into local government which would build on and enhance preventative services provided by Councils.**
- **Ensure greater democratic oversight of the NHS through locating the powers of Community Health Councils (CHCs) within local government.**
- **Ensuring local democratic input through the establishment of joint decision making on some funding provided to health where it could aid integration and**

joint working with social services e.g. around the Primary Care Fund. This could be similar to the process for decision-making on the ICF.

Transport

- **Powers to form Regional Transport Bodies** and powers to enable the planning of integrated passenger transport networks regionally.

Antipoverty, Jobs and Economic Development

- **Empower local authorities with a statutory economic development duty, which could allow local and regional coordination.**
- **Regional flexibilities from both the Welsh Government and the Department of Work and Pensions (DWP) to integrate employment programmes and funding.**
- **Power for local authorities to create Arm's Length Property Development entities,** to accelerate development of strategic sites and premises in support of the Growth Deal outcomes.
- **Relaxation of grant rules and accountabilities for social reform and anti-poverty programmes.**
- **Flexibility from UK Government for discounted Public Works Loan Board rates for regionally supported projects,** as is available to Local Enterprise Partnerships in England.
- Review of planning regime, to **ensure that local planning authorities have the necessary powers and local discretion around development plans.** Although it is appropriate for Welsh Government to set the strategic framework, decision-making should remain local.

The above proposals have been discussed by leaders at the WLGA Executive Board and reflect proposals outlined in the WLGA's Manifesto, through city deal discussions or through authorities' own responses to your letter. Given discussions at WLGA Executive Board, some authorities have confirmed that they are happy for the WLGA to respond on their behalf.

I hope the above proposals aid you in in your deliberations and I and my fellow leaders look forward to discussing these with you further in due course.

Yours sincerely,



Cllr Debbie Wilcox
WLGA Leader