

ECONOMIC DEVELOPMENT & TRANSPORT COMMITTEE

**Date:** 8 June 2005  
**Time:** 9.00 - 12:30  
**Venue:** National Assembly, Cardiff Bay  
**Title:** Consultation by the Welsh Assembly Government on the mergers-  
Response by the Welsh Local Government Association



Consultation by the Welsh Assembly Government on  
the mergers with ELWa, the WDA and WTB

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Association**

April 2005



**WELSH LOCAL  
GOVERNMENT  
ASSOCIATION**

**CYMDEITHAS  
LLYWODRAETH**

## General Comments

The consultation document sets out clearly the Welsh Assembly Government's plans for the merger of the three major executive quangos and the key principles behind it. It is clear that local government supports the move to increase the democratic accountability of these organisations and how they operate. This is essential given the huge impact they have upon the delivery of key services across Wales and the quality of life for the people of Wales. The way in which local government relates to, and works with these functions will play a large role in determining their success and Welsh Local government welcomes the range of opportunities posed by the merger process.

The consultation document has a clear and understandable focus on the private sector. Whilst we accept the need for a more effective engagement with the 'private sector' there is a risk that the key role played by local government in regeneration and learning activity across Wales is being significantly underplayed. The strong working relationships that have been formed between local government and ELWa, WDA and WTB must be sustained beyond the merger process. These ASPBs have, and continue to, play a key role within community strategy partnerships across Wales. This role is not discussed within the consultation document. Whether leading a regeneration scheme or supporting other partners, **local authorities are an essential ingredient in local delivery and 'making things happen'**; there is real risk that the merger process is ignoring this role. We would welcome the opportunity for a more detailed input into the 'merged structures' to ensure that they are local government friendly, capable of delivering for local communities across Wales and supportive of community strategy partnerships.

The WLGA in earlier submissions put forward a substantive case for the possible **delegation of appropriate functions to the most appropriate local democratic structures**. These proposals were based upon a number of key principles which included:

1. Public services that are democratically controlled.
2. Public services responsive to local needs, able to respond to unexpected developments, and integrated in design and delivery.
3. Powers, responsibilities and resources distributed in accordance with the principle of subsidiarity.
4. Maximum resources to be allocated to the delivery of front line services.
5. Democratic accountability and scrutiny of public services to operate at all levels at which functions are discharged.

6. More effective scrutiny and accountability arrangements for public services at national and local level

However whilst this case has not proved persuasive at this point in time it is clear that local government will have a clear role in the success of the new functions within the Assembly.

As already noted, the consultation document is often clear on the interface between the business and private sectors and whilst this is critical, the document needs to be more explicit on the relationship with local government and the various regional and sub regional structures that are currently in place. There needs to be further clarity on how the Assembly Government envisage the structures established under the Wales Spatial Plan interacting with the regional delivery model outlined in the consultation document. We believe that there is scope to rationalise the plethora of regional structures to ensure more streamlined delivery and better integration.

In essence the document is clear about what is sought by the merger process but lacks clarity about how it will be achieved.

There is also a **need to ensure that mission for the enlarged department is cognisant of the Assembly's Sustainable Development Scheme** and the requirements of section 121 of the Government of Wales Act 1998. We would welcome details on how the new Economic Development and Transport Department will implement the principles of sustainable development.

## **Introduction and Purpose**

The document makes a number of statements regarding the purpose of the mergers and the apparent advantages in such a process. These present a persuasive argument. However what isn't apparent from the document is the means by which these advantages will be realised. One of the avowed aims is to 'adopt the best practices of each of the four organisations and to underpin their work with evidence from World-Wide sources'. This approach fits with much of the outlook of government both local and central in the aftermath of the wider Making the Connections debate. However it is not clear how such a process will be realised and what performance data is available to allow robust comparison. Indeed comment in chapter four seems to indicate shortcomings in this type of information.

One of the key positives has to be the deepening of the democratic control within Wales with the resultant increase in accountability and transparency. Whilst this in no way undermines the efficiency of the organisations it is not clear what 'shortening the decision making process' will mean in reality. Empowering decisions to be taken at the most appropriate level commensurate with good governance arrangements is a welcome principle.

However this must not be at the expense of effective scrutiny and partnership or the potential to ground decision making at a more localised level.

In terms of organising to deliver any potential savings from integrating departments must be spelt out more clearly if a view is to be taken as to whether this represents the best way forward. One criticism of the subsidiarity argument of devolving functions to the most appropriate democratic level is that this may impact upon necessary potential economies of scale savings that could be realised from the merger. However it is impossible to debate this issue if the potential savings aren't quantified in greater detail with clarity about how they will be achieved.

### **Accountability and External Advice**

It is clear that key players would welcome a greater degree of dialogue with the merged department. However this level of influence should extend beyond policy development and extend to real debate over key decisions taken. The current trend toward centralising roles and functions within the current quango's must raise concerns as to the potential effectiveness of the proposed panels.

In terms of the specific questions raised in this section the WLGA wish to make the following observations.

1. The proposed panels appear on first reflection to be elaborate and potentially excessive. There would need to be rigorous terms of reference to ensure that they do not become bureaucratic or wasteful. What would also need to be established is the role any local government representation would have within this framework, especially if they are appointed for individual skills rather than a representative role. This could potentially impact upon clear lines of accountability and play against the principles of governance established by the new political arrangements for local government.
2. The WLGA and ADEW are in the process of putting forward suggestions around the governance and management of ELWa to the relevant Minister.
3. There is also a clear need to consider spatial balance within representation given the diversity recognised by the Spatial Plan process.
4. The size and frequency of the panels should be determined by their terms of reference and purpose, they should meet as frequently or infrequently as their remit dictates.

### **Improving Customer and Stakeholder Services**

Again this chapter is aspirational in nature but short on the specifics of achieving those aspirations. Whilst any such substantive change requires clear vision and leadership there is little in the aims of the new merged department

that many would disagree with. However there is a missing dimension of how will these aims be delivered.

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5. In terms of improving customer service is there scope for an all Wales customer service framework/management system similar to the Business Eye concept?
6. Working more effectively can only be achieved if there is greater recognition of the role of local government in regeneration and tourism and a better focus upon the outcomes achieved rather than purely process or delivery management.

### **Demonstrating results and Applying Best Practice**

There is a slight contradiction here in that taking the opportunity to remedy the lack of benchmarking data to measure progress toward desired goals contradicts with an earlier statement about building upon the best practice within the current organisations. It could be suggested that one underpins the other and thus it is difficult to see how this can happen within any early timescale. Changes and economies will have to be made and its difficult to see what basis those decisions will be made if there is a lack of information to do so.

There is a great deal of work currently being undertaken to develop new performance indicators within a wider performance framework for local government in Wales. This work should be built upon to allow the development of measurable indicators for the development agencies.

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7. Much of the energy of local government in Wales has being directed toward organisational learning underpinned by the Wales Programme for Improvement Agenda. The Excellence Wales scheme is designed to facilitate that process. In terms of specifics the Audit Commission report into notable practice is a key document in understanding the role of regeneration within local communities and the activities of key players in underpinning that activity. This report should inform the new departments thinking and approach.
8. In terms of demonstrating results again this should have a greater focus upon outcomes with a scope for joint outcomes with other key partners such as local government. Processes such as policy agreements which could be rolled out across all key partners should be investigated as one way of facilitating that.

## **Streamlined Delivery**

9. Better decision making could be achieved by the delegation of decisions to the appropriate level with a greater degree of flexibility to account for spatial differences within an outcome based framework. This could be improved further if the decision making itself operated with appropriate democratic sphere of governance for certain functions however this may need to be something that needs further development for the future.
10. Effective delivery is sometimes currently hampered by poor project and programme management and integration. There is a move toward longer term budget management on the 3-5 year basis, similar to the multiannual approach of the EU's regional policy, which would do much to alleviate the limiting adherence to financial year timetables.
11. There needs to be clear engagement with local government at all levels.

## **Organising to Deliver**

15. It is clear that historically that there have been issues around the effectiveness of communication between certain quango's. For example good communication has not always been apparent in the relationship between ELWA and WDA. It is essential that these silo's are not replicated within the new structure within the Assembly. Whilst the proposals sound positive there will require constant vigilance and reassessment to review their effectiveness.
16. The previous paper submitted by the WLGA examined this issue at great length. Whilst it is not our intention to replicate those arguments here, it is clear that certain functions such as community regeneration must be closely embedded within local communities and local political structures if they are to be successful. Another specific area for consideration is the delegation of business account and enterprise development below a set financial limit.
17. There is currently a complicated myriad of regional bodies which require review and reform as part of this process, especially in light of the Wales Spatial Plan process which adds to this complexity through the Ministerial area reference groups.

## **Benefits and Investments**

It would be useful in informing the public debate on this issue if the initial financial analysis had been made available as part of this consultation. The document is clear about what is excluded from the budgetary requirement to allow merger to proceed but less clear about what is included. Figures concerning savings are also very difficult to scrutinise due to their inherent vagueness.

## Conclusion

In this submission comments have been deliberately limited to the specifics set out in the consultation paper and how those proposals can be taken forward. Previous submissions have clearly articulated the compelling case for the more radical review of the work of these agencies and identified the potential for the further deepening of the democratic mandate within Wales.

The consultation paper as it is currently formulated raises the potential for more questions than answers and whilst the complexity and nature of the merger process means a certain amount of evolutionary thinking there is a significant concern that without significant levels of planning that real opportunities could be missed.

The merger process potentially introduces real risks of service disruption, late or non-delivery of projects and increased costs associated with managing programme integration. There is little detail in the consultation document as to how these risks will be managed in the lead up to merger.

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