

**Report by the Minister for Finance, Local Government and Public Services**

**Purpose**

1. The purpose of this paper is to provide the Committee with an overview of the key issues and priorities within the Local Government portfolio.

**Background**

2. In preparing this report I have attempted to identify the most important issues that are currently being taken forward within the local government arena. They are grouped by broad subject area and I have concentrated in particular on those that will require both policy development and legislation.

**Recommendation**

3. The Committee is invited to note the content of the report and to comment as appropriate.

**Issues**

**4. Regulatory Reform (Local Commissioner for Wales) Order 2004**

Parliamentary scrutiny of the draft "Regulatory Reform (Local Commissioner for Wales) Order 2004" , the purpose of which is to remove a restriction in Part III of the Local Government Act 1974 that prevents the Welsh Administration Ombudsman, although a Commissioner of the Commission for Local Administration in Wales, from undertaking investigations as a "Local Commissioner", commenced on Thursday 18 March.

The successful passage of this Order through Parliament will represent an important further step in achieving the Secretary of State for Wales' and the Welsh Assembly Government's policy objective of bringing together the Commission for Local Administration in Wales, Health Services Commission for Wales and Welsh Administration n Ombudsman into a unified body led by a single individual.

**5. Non Domestic Rating (Miscellaneous Provisions)(Amendment)(Wales) Regs 2004**

The Non Domestic Rating (Miscellaneous Provisions)(Amendment)(Wales) Regs 2004 came into force on 1<sup>st</sup> April 2004. These set the decapitalisation rate for the business rates revaluation in 2005 for businesses valued on the contractors basis.

## **6. New Capital Finance System**

In my previous report I informed the Committee that I would be consulting on ‘The Local Authorities (Capital Finance & Accounting)(Wales) Regulations 2004’ and ‘Statutory Guidance on the Local Authority Investments in the Prudential Borrowing System’. The consultations resulted in only minor wording changes to both the regulations and the statutory guidance. The regulations & guidance were approved by the Assembly at the end of March, and have subsequently been issued to Local Authorities. The entire statutory framework was therefore in place to implement the Prudential Borrowing System on 1<sup>st</sup> April 2004.

We will keep the system under review by means of our joint working groups with Local Government to ensure that Local Authorities will be able to make the most of their new freedom & responsibility offered by the new Capital Finance System

## **7. Council Tax (Administration and Enforcement and Non Domestic Rating (Collection and Enforcement)(Local Lists)(Wales)(Amendment) Regulations 2004**

The Council Tax (Administration and Enforcement and Non Domestic Rating (Collection and Enforcement)(Local Lists)(Wales)(Amendment) Regulations 2004 were debated at a Full Plenary Session on 31 March 2004 and came into force on 1st April 2004.

## **8. Boundary Changes**

The Local Government Boundary Commission for Wales conducted a review of the boundary between the County of Neath Port Talbot and the County of Powys in the area of Cwm-Twrch.

The Commission consulted widely and, having considered all representations made to them, published their final report recommending that the boundary between Neath Port Talbot and Powys be realigned to follow the river Twrch. This will have the effect of removing the anomaly whereby the village of Cwm-Twrch is divided between two unitary authorities.

I have considered the Commission’s recommendations and have agreed to implement their recommendations.

Realignment of the boundary between Neath Port Talbot and Powys will give rise to two subsequent changes. Firstly, the boundary of the Preserved counties of West Glamorgan and Powys will follow the boundary of the unitary authorities.

Secondly, the boundary between the police authorities of Dyfed Powys and South Wales Police is to be realigned to correspond with the boundary of the local authorities concerned. As changes to the boundaries of police authority areas is not devolved I have referred this matter to the Home Secretary.

## **9. Councillors Allowances**

My officials have recently written to local authorities and national park authorities about the increases in councillors allowances for 2004/05.

The statutory guidance which accompanies the regulations on allowances for members of county and county borough councils and National Park Authorities, sets out the maximum rates for basic and special responsibility allowances and dependants allowances and advises that these would be subject to an annual increase effective from 1 April. The indices used to calculate these rates have been based on the recommendations of the Institute of Local Government at the University of Birmingham (the Declan Hall report).

Special Responsibility Allowances are required to be linked to yearly upgraders in AM salaries. My officials have advised authorities that a maximum 2% increase applies for this financial year.

Authorities have also been advised that there is a difficulty in the index used for calculating increases in Basic and Dependants Allowances. These allowances have been linked to the average male non-manual wage for Wales, which is published annually in the New Earnings Survey by the Office of National Statistics. Unfortunately the New Earnings Survey no longer contains this data and it is therefore necessary to identify an alternative method for calculating these allowances. My officials are liaising with the Welsh Local Government Association about a suitable replacement. I shall keep the Committee informed on this.

## **11. Improvement Plans**

I plan to bring forward an amendment order to change the date by which local authorities in Wales have to publish their Improvement Plans. The current deadline for publication is 30 June each year, but the Improvement Board recommended that for this year only the deadline be extended to 31 July to take account of the local government elections being held on 10 June. This would allow a little more time for the new authorities to consider the Improvement Plan prior to its publication.

I have consulted widely on this recommendation, and a clear majority of consultees are in favour of extending the deadline to 31 July. There were a small number of authorities that felt the deadline should be extended further, to 30 September, and some felt the deadline should remain the same. The vast majority, though, were in favour of moving the deadline to 31 July for this year only.

This will allow new Councils some time to consider the Improvement Plan prior to its publication, but will not preclude those authorities that wish to from publishing their Plans as normal by 30 June.

The order covers publication in 2004 only. From 2005 and beyond the deadline will revert to 30 June."

## **12. Meetings**

## Iaith Pawb

I met with Alun Pugh, Minister for Culture, Welsh Language and Sport on 16 March to discuss progress on Iaith Pawb since its launch one year ago.

## Blaenau Gwent Local Authority and Blaenau Gwent Local Health Board

On 7 March I and the Minister for Health and Social Services, attended a meeting with Blaenau Gwent Local Authority and Blaenau Gwent Local Health Board to discuss the Review of Health and Social Care in Wales (advised by Derek Wanless)

## Collaborative Leadership Workshop

On 25 March I attended a workshop on collaborative leadership to create and sustain public value organised by the Public Sector Management Initiative . The main speaker was Professor Mark Moore from Harvard University

## **Action**

13. The Committee is invited to note the contents of this Report.

## **Sue Essex**

## **Minister for Finance, Local Government and Public Services**

Contact: Mike Chown ext 1367 (Local Government Finance Issues)

Kate Cassidy ext 3782 (Local Government Modernisation)