



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

Y Pwyllgor Cymunedau, Cydraddoldeb a Llywodraeth Leol The Communities, Equality and Local Government Committee

**Dydd Iau, 5 Chwefror 2015
Thursday, 5 February 2015**

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Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y Cyhoedd
Motion under Standing Order 17.42(vi) to Resolve to Exclude the Public

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynndi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Jeff Cuthbert	Llafur (yn dirprwyo ar ran Gwyn R. Price) Labour (substitute for Gwyn R. Price)
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Alun Davies	Llafur Labour
Jocelyn Davies	Plaid Cymreig The Party of Wales
Janet Finch-Saunders	Ceidwadwyr Cymreig Welsh Conservatives
John Griffiths	Llafur (yn dirprwyo ar ran Gwenda Thomas) Labour (substitute for Gwenda Thomas)
Mike Hedges	Llafur Labour
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Leighton Andrews	Aelod Cynulliad, Llafur (y Gweinidog Gwasanaethau Cyhoeddus) Assembly Member, Labour (the Minister for Public Services)
Sharon Barry	Cyfreithiwr, Tîm Llywodraeth Lleol, Llywodraeth Cymru Lawyer, Local Government Team, Welsh Government
Gareth Thomas	Ymgynghorydd Polisi, Diwygio Llywodraeth Leol, Llywodraeth Cymru Policy Adviser, Local Government Reform, Welsh Government

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Chloe Davies	Dirprwy Glerc Deputy Clerk
Rhys Iorwerth	Y Gwasanaeth Ymchwil Research Service
Matthew Richards	Cynghorydd Cyfreithiol Legal Adviser
Elizabeth Wilkinson	Ail Glerc Second Clerk

Dechreuodd y cyfarfod am 09:14.
The meeting began at 09:14.

**Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions**

[1] **Christine Chapman:** Good morning, everyone, and welcome to the National Assembly for Wales's Communities, Equality and Local Government Committee. We've had apologies this morning from Gwenda Thomas and Gwyn Price, and I would like to welcome John Griffiths and Jeff Cuthbert. Welcome to you both, because you are substituting today.

09:15

**Bil Llywodraeth Leol (Cymru): Sesiwn Dystiolaeth 1 y Gweinidog
Gwasanaethau Cyhoeddus
Local Government (Wales) Bill: Evidence Session 1 Minister for Public Services**

[2] **Christine Chapman:** The first item today is the first of several evidence sessions to inform our scrutiny of the Local Government (Wales) Bill, which was introduced on 26 January. I would like to give a warm welcome to the Minister, Leighton Andrews AM, Minister for Public Services, and also his officials, Gareth Thomas, policy adviser, local government reform, Welsh Government, and also Sharon Barry, lawyer, local government team, Welsh Government. Okay. Obviously, the Members will have read the papers, the Bill, and we'll go straight into questions, Minister.

[3] I want to start off. We know that this Bill could allow significant preparatory work to be undertaken for merger proposals that are, at present, unknown. Could you explain, Minister, why you would expect the committee to support the Bill without the committee having a clear idea of what those mergers will entail?

[4] **The Minister for Public Services (Leighton Andrews):** Yes, indeed. Let me say I hope very much, of course, that we will have a map to share with the committee during the course of the next few months, and I'm pleased that the First Minister is undertaking conversations with other parties to look at an agreed map. But I think the reality is that, if we are to do this in an orderly way, we need to have in place provisions that allow work to begin in certain areas, regardless of what the map might look like. So, there would be powers, for example, for the Local Democracy and Boundary Commission for Wales to start to look at the overall issues around warding, for example. Those things will be enabled by this Bill.

[5] **Christine Chapman:** I mean, you will be aware that the Welsh Local Government Association has called for greater clarity on this. Could you say to what extent the local authorities will have some sort of say on proposed structures?

[6] **Leighton Andrews:** Well, indeed. I mean, it's fair to say we've had a fair degree of consultation over the last 12 months. We had the publication of the Williams commission report last January. We then had the Welsh Government response to that, and a White Paper in July last year, with the opportunity for local authorities to respond. Only 11 out of the 22 local authorities did in fact respond to that consultation, so we have given them extensive opportunity to respond to proposals as they have emerged, and we will continue to do so, of course: they will have the opportunity both to respond to this Bill and, indeed, to respond to the White Paper I published on Tuesday.

[7] **Christine Chapman:** Okay, thanks. I've got Mike and then Peter. Mike.

[8] **Mike Hedges:** I know there are questions on electoral review later on, but you said you'd let them do an electoral review. Does that mean they will not be doing a community review; they'll just be doing an electoral review?

[9] **Leighton Andrews:** They'll be looking at a whole series of issues, I think, as we look at the future map of local government. What we need to do is to get them in the Bill, to ensure we have the powers there to allow these discussions to take place. There are other provisions, of course, beyond those relating to the Local Democracy and Boundary Commission in Wales, relating to the Independent Remuneration Panel for Wales, which will kick in immediately, and those are going to be very important, I think, in terms of controlling salaries of senior officers.

[10] **Mike Hedges:** The thing is, when a boundary commission review takes place, the first thing they do is a community review. Following that community review, they then come up with wards after the community review. The community review is quite a lengthy process at the beginning. Are you doing away with that process?

[11] **Leighton Andrews:** Well, I think what we've said all along, of course, is that we do not envisage major changes to boundaries within or across local authorities. I think that that obviates the need for some of the work that we'd be undertaking. However, what we're doing here allows us to ensure that the LDBCW is able to undertake this work at an early stage, and it will be able to commence this work with the introduction of the subsequent Bill after the 2016 elections.

[12] **Christine Chapman:** Okay. I've got Peter, then Janet. Peter.

[13] **Peter Black:** Minister, you've just reminded us that only 11 of the 22 local authorities responded to the initial consultation. Only six authorities came forward with voluntary mergers and those three mergers were rejected. Isn't that an indication that local government is not engaged with this process, and if that's the case why is it necessary to have a section in this Bill on voluntary mergers?

[14] **Leighton Andrews:** Well, I think that the—. We developed this Bill, obviously, alongside the proposals in the voluntary merger prospectus. Obviously, in terms of ensuring adequate time for the Assembly to discuss the Bill, adequate time for us as the Government to develop our proposals, adequate time subsequently for any voluntary mergers to make progress, we had to hit certain timescales. Now, if we publish a map before the summer recess and if there is demonstrable agreement between the Government and at least one other party I think that could be a very clear indication of where the likely map for local government would be in the future. Therefore, it would still be possible to facilitate voluntary mergers with the date of 30 November that's set out in this Bill.

[15] **Peter Black:** Okay. The explanatory memorandum indicates that the purpose of publishing a second Bill this autumn is to enable the incoming Government in May 2016 to make an informed decision based on the views of stakeholders. Why is there a need, therefore, for this Bill now when all that work is going to be done by the next Government?

[16] **Leighton Andrews:** Well, this Bill, as I said earlier, allows us to get certain things in train for the Local Democracy and Boundary Commission for Wales and for the Independent Remuneration Panel for Wales. It allows us to start the work to ensure that transition committees and others are ready to go on the introduction of the second Bill. It actually accelerates the timetable in practice.

[17] **Peter Black:** Well, I think that you've said many times—and other people say it too—that you can't, of course, bind your successor. What happens if the new Government decides that they don't want to pursue the Bill? Isn't all the preparatory work being carried out now going to be redundant?

[18] **Leighton Andrews:** Well, I think that if we had a Government that was not persuaded to make progress with local government reform, that would be rather different to what has been said by most of the political parties in the Chamber, who have all indicated that they do not think that the current situation—the current status quo—is feasible for the future or is the optimum for the future. I do not anticipate us coming back in 2016 with a Government that does not wish to make progress on local government reform.

[19] **Peter Black:** Okay. Have you considered alternative ways to legislate for mergers apart from the two-Bill approach? If so, what were they and why were they rejected?

[20] **Leighton Andrews:** Well, over the last decade I think Welsh Government has sought to encourage local authorities to work together. We've had considerable investment of time through the Beecham agenda, through the Simpson compact, through the attempts to get local authorities to collaborate, to make joint appointments. I think that I was a member of this committee when we looked at the whole issue of collaboration last year, and we found that it had made progress in some areas, but perhaps not entirely consistently across the whole of Wales, shall I say?

[21] **Peter Black:** That indicates why you're going for merger, but are there other ways of doing these mergers apart from the two-Bill approach?

[22] **Leighton Andrews:** Well, yes. Sorry, in principle, you could of course start from scratch and go for a complete boundary commission review and design new boundaries in that way. I think that what we're seeking to do is a less disruptive process, if you like.

[23] **Peter Black:** Okay.

[24] **Christine Chapman:** Okay. Janet.

[25] **Janet Finch-Saunders:** Thank you. Good morning, Minister.

[26] **Leighton Andrews:** Good morning.

[27] **Janet Finch-Saunders:** Am I correct that currently, before any new Bills come forward, you have the power anyway to merge up to three authorities? Is that correct?

[28] **Ms Barry:** There are powers in the 2011 local government Measure, but they're in relation to failing authorities.

[29] **Janet Finch-Saunders:** Right. Okay. You said at the time of Williams, Minister, yourself that there was no vision for local government at that time. Do you believe now that you as the Minister have a vision? If you have, what is it?

[30] **Leighton Andrews:** Well, I published a local government White Paper with a very clear vision on Tuesday and you told the Assembly that you agreed with it.

[31] **Janet Finch-Saunders:** I said that we agreed with some of it. Currently—and I do understand that, when I went around local authorities just before Christmas, I think that you were following me around because where I was in the morning, you were there in the afternoon.

[32] **Leighton Andrews:** Sorry, I was definitely not following you. Can I make that absolutely clear? [*Laughter.*]

[33] **Janet Finch-Saunders:** But we seemed to be in the same authorities on the same

day. It is fair to say, certainly from what I've picked up from local authorities, that there is demoralisation; they're in limbo and there's a lot of uncertainty by the actions that you've taken recently. How are you going to address that? My other point is in relation to the rejection of the bid, particularly by Conwy and Denbighshire—two points there. You said yesterday that you've sent the letters now, because they have been wondering from the day you made your statement as to what they got wrong. You said yesterday you've written to those authorities. Is it the same letter going to all six authorities, or have you actually tailored it down to why each bid failed?

[34] **Christine Chapman:** Minister.

[35] **Leighton Andrews:** Sure. Well, there are several questions in there. Let me start by saying, of course, I think the main reason why people in local government feel demoralised is because of the swingeing cuts being imposed on the Welsh budget by the UK Government, which, you know, has been—. We've done our best over recent years to protect local authorities against that, but we cannot maintain that protection forever.

[36] In respect of the letters to local authorities, they are different, they are—. I have written to the local authorities. I personally have no objection, let me say, to those letters being published, but they are now with the local authorities. If they wish to make them public, I am very happy for them to do so.

[37] It's not the case, of course, that we simply made the decisions on those voluntary mergers with no discussion with local authorities. I rang every leader of those authorities to tell them what our decision was and before we issued the written statement to the Assembly. So, I went through the reasons in telephone conversations with those leaders and I subsequently confirmed that in writing to them in those letters.

[38] **Janet Finch-Saunders:** Thank you. Where you believe that the criteria are not met by those authorities, are there any plans—. You did hint yesterday that voluntary mergers are not off the table. Would there be any scope, where those criteria are not met, for some further work to be done between your department and those authorities and that they would technically get a second bite of the cherry?

[39] **Leighton Andrews:** Well, as I said, voluntary mergers are not off the table. The Bill facilitates voluntary mergers. Clearly, we have made judgments, on the basis of our voluntary merger prospectus, that we're not prepared to go through with the expressions of interest we received against that prospectus. Now, I think if I were in local government—I'll be blunt—I would not want to bring forward at this moment a voluntary merger proposal without seeing the overall map. What I'm hoping is that we will get some agreement on an overall map during the course of the early summer, and, if local authorities then, feeling they had confidence in the way the map might roll out, as it were, wanted to bring forward voluntary mergers, well, the Bill would provide them with that opportunity.

[40] **Janet Finch-Saunders:** Is it the case that the voluntary merger between Conwy and Denbighshire, though, actually cemented a position that would have caused you difficulty should you have wished to have gone for the model of six?

[41] **Leighton Andrews:** I don't have a model of six, Chair.

[42] **Christine Chapman:** Okay. Jocelyn.

[43] **Jocelyn Davies:** Thank you. Just for clarification, then, if there's no agreement with another party, which you mentioned earlier, and I understand talks are going on right now—. If you fail to get another party's agreement, will a map emerge anyway?

- [44] **Leighton Andrews:** Yes.
- [45] **Jocelyn Davies:** And we can expect that before the—
- [46] **Leighton Andrews:** Before the summer recess.
- [47] **Jocelyn Davies:** Before the summer recess. I seem to remember, when the Minister came last year, that a map was going to be produced before now. I think it was by—
- [48] **Janet Finch-Saunders:** [*Inaudible.*]
- [49] **Jocelyn Davies:** I thought September last year was promised, but this is because you're having cross-party—
- [50] **Leighton Andrews:** Well, I think—
- [51] **Jocelyn Davies:** I could look back at the Record, but—
- [52] **Leighton Andrews:** We're talking about my predecessor, I think.
- [53] **Jocelyn Davies:** Yes, as I say, when the Minister—
- [54] **Leighton Andrews:** I mean, if I can recall, I think what the position of the Government was then and remains now as the preferred position is Williams option 1. So, the map was already in existence, if you like. It had been published in the White Paper in July.
- [55] **Jocelyn Davies:** Yes, but I thought the Minister said then that a map would emerge—I thought last September. But, anyway, one is going to emerge whether there's an agreement anyway. We know your view about the dangers of the sort of 10 to 12 authority structure. So, what other alternative options for reducing the number of authorities, beyond Williams, have you considered and do you have them in order of preference?
- [56] **Leighton Andrews:** I don't have a preferential alternative. I'm still moving forward on the basis that Williams option 1 is our preferred option, but even within Williams, of course, there were other options, which would, you know, reduce the number to 10, so, even within the framework of Williams, there were alternatives.
- 09:30
- [57] **Jocelyn Davies:** As I say, we know that you didn't like the 10 to 12, or didn't seem to, because of the need for collaboration also on a regional basis, and you know the WLGA approach that has been suggested of the combined authorities, four regional bodies for larger scale services, but retaining the 22 structure. Have you given that any serious consideration?
- [58] **Leighton Andrews:** We call that the 26 county model. So, you can assume—
- [59] **Jocelyn Davies:** So, you have given it consideration, then.
- [60] **Leighton Andrews:** So, you can assume that we're not very favourable towards it.
- [61] **Jocelyn Davies:** Minister, the debate it seems to me has been largely about councillors and it seems that the public and services—the focus has been lost on the services that can be delivered. And you know that there are some that argue that the form should follow the function rather than the other way around, and that maybe a complete redesign

would lead to a more sustainable and robust configuration than the merger approach. How do you feel about that?

[62] **Leighton Andrews:** Well, I understand, I think, why you say the focus has been on councillors, particularly this week. But if you actually read the detail, and I'm sure you have, of the White Paper, we spend some time in that talking about the functions of local government. In there, for example, we talk about whether there should be any changes to current responsibilities; we talk about granting the power of general competence to principal local authorities and to eligible community councils, and we look at whether further powers could be extended to local authorities in certain areas, for example, public health is discussed in the White Paper. Of course, we give the responsibility to principal local authorities to look at the function of town and community councils in their areas. So, I think the White Paper does discuss those functions.

[63] **Jocelyn Davies:** Minister, I wasn't suggesting the White Paper didn't. I said that the focus of the debate tends to be around councillors.

[64] **Leighton Andrews:** Sure. Sure.

[65] **Jocelyn Davies:** And I can tell you I've never had a member of the public coming in worrying about the status of their councillor; they worry about the services that are delivered to the public. I am not on about your White Paper; I'm on about the general debate.

[66] **Leighton Andrews:** Well, I have had a lot of representations from different parts of Wales about councillors, about council make-ups, and about the accountability of councillors, and I do find that people want to talk about that issue. However, let me say that I think the bulk of councillors in Wales are hard-working; I think that people who go into local government go into local government because they want to serve their communities and they want to make a difference. I think that there is, inevitably however, a focus on the quality of service delivery by local authorities, given some of the service failures we have seen in major areas in recent years, and that's why, in the White Paper for example, we explicitly say that we think there is a role for the National Assembly and for the Welsh Government in setting certain national priorities within specific areas. And you know—. The conversation for that, of course, is that what we're seeking to do is to simplify overall the performance audit and regulation processes that councils face, because I think, while you might have, say a top-line target in education, such as the percentage of young people getting five good GCSEs, including either English or Welsh and maths, I'm not sure that you necessarily need to follow through in the detail of accountability of every element of process involved in that between the Welsh Government and local government.

[67] **Jocelyn Davies:** Okay.

[68] **Mike Hedges:** Can I ask: you said English or Welsh; did you mean Welsh first language or Welsh?

[69] **Leighton Andrews:** Welsh first language, yes.

[70] **Christine Chapman:** Okay. Janet and then Mark.

[71] **Janet Finch-Saunders:** I did write to you, Minister, a written Assembly question and your response was a bit ambiguous, but I'll put it to you again. The number of electors per councillor in England is considerably higher. Do you have plans to bring the numbers of electors per councillor more in line with those in the UK?

[72] **Leighton Andrews:** Yes, we do, and the White Paper says that.

[73] **Alun Davies:** Read the White Paper.

[74] **Janet Finch-Saunders:** I've read the White Paper; it's a bit ambiguous.

[75] **Christine Chapman:** Mark, do you want to come in?

[76] **Mark Isherwood:** Thank you, yes. The explanatory memorandum says that it's difficult to compare the Bill's costs and benefits in an objective way. Could you expand on what you intended that to mean?

[77] **Leighton Andrews:** Well, I think, at the point of drafting, of course, there were questions that we had around the costings of voluntary mergers, and what we've tried to do in the regulatory impact assessment is give both a qualitative and a quantitative assessment of the costs and benefits of each provision, and we've given a detailed description of the benefits, for example, to the Welsh public purse of the preparatory work for mergers. But it's not always possible to provide an absolute account, I think, of the benefits. We've taken lessons from previous reorganisations, and provisions have been drafted with those in mind.

[78] **Mark Isherwood:** Well, you refer to being a member of this committee when we looked at collaboration in local government. You will recall evidence confirming that mergers could be effective, but were not a magic bullet; could be inefficient; and could actually lead to higher costs and lower services. So, it's not a simple matter of a merger creating greater efficiency and more money for the front line. We also heard that there are different cost curves and different cost benefits, and that if a local authority or other public body wished to collaborate, they had, in accordance with their audit requirements, to undertake a cost-benefit analysis before referring to Executive for a decision. Why should the Welsh Government be pushing ahead with such major and controversial changes without having first carried out its own detailed cost-benefit analysis?

[79] **Leighton Andrews:** Well, there are clearly costs to merger, and there are costs to not merging. That's reality, and we've seen, you know, over the period of time the Welsh Government has conducted a number of reviews of the costs of administration in local government, for example, the education administration cost review, which I carried out in 2010. We've had the assessments by the Williams commission and others of the costs of merger and the benefits of merger. The Welsh Local Government Association, of course, published work by the Chartered Institute of Public Finance and Accountancy, just in the autumn, that suggested that the benefits of merger could be £65 million per annum, which I think is significant. So, I think that, you know, there have been genuine attempts to look at these issues. I think that the issue for us is one of scale, as the Williams commission said. The Williams commission made the case for fundamental reform of local government in Wales. We accept that case.

[80] **Mark Isherwood:** The WLGA, because the Welsh Government hadn't carried out an independent cost-benefit analysis, was required to commission an independent review by CIPFA, which indicated potential savings of £65 million after three years, minimum, but said it was impossible to assess the financial implications 'with any degree of precision'. How do you respond to the statement by the Welsh Local Government Association, therefore, that

[81] 'the Welsh Government is pressing ahead with...one of the most wholesale public service reforms in two decades...without a clear and costed business case'?

[82] **Leighton Andrews:** Well, I recall that when Williams was published, the WLGA response was that it would cost some £400 million. When the CIPFA analysis came out, their top estimate was £268 million. So, £132 million cheaper than they'd originally said at the

beginning of the year. Now, I am very reassured, in fact, by the CIPFA work, which suggests that there could be savings of at least £65 million per annum after three years. I think that's very significant, and it weighs very heavily with me.

[83] **Mark Isherwood:** I think the WLGA actually indicated a range up to a figure, and said that they would obtain independent analysis to establish the facts, which they did. Unfortunately, the Welsh Government didn't. When do you expect, if at all, to be able to present a full cost-benefit analysis of the merger programme to the Assembly, to this committee and to local government itself?

[84] **Leighton Andrews:** Well, I think to do that we would have to have a clearer view of the final map.

[85] **Mark Isherwood:** So, again, rather like the request for expressions of interest from local authorities for voluntary merger, you're putting the cart before the horse, you're not doing the groundwork and you're not doing the framework corporate governance and best-compliance analysis and due-diligence analysis; you're going ahead on the simple premise that they must deliver greater efficiency, regardless of the evidence. You may be right, but we haven't got the evidence basis, or have we?

[86] **Leighton Andrews:** Well, we have work that's been done for the Williams commission. We have work that's been done for the WLGA through CIPFA. We have some of the evidence that was brought to us through the voluntary merger prospectus bids, where a number of those authorities had their own estimates produced, which were valuable and helpful to us. We have the experience, of course, of previous reorganisations, and the fount of all knowledge on previous reorganisations sits to my right.

[87] **Mark Isherwood:** Yes, well we do have experience of reorganisations and we know it took decades to pay for those, and we know that the police merger was stopped because of the high cost of merger, despite the assumption that it would generate savings in the first year.

[88] Your White Paper said that it was not realistic to expect the Welsh Government to provide large injections of cash to meet the cost of merger. How, therefore, will local government be expected to cover the transition costs—and you've referred to the estimates from CIPFA of up to £268 million—from their own budgets?

[89] **Leighton Andrews:** Well, the CIPFA estimates, of course, are within a range of, if I remember rightly, about £160 million to £268 million. As I've said in the Chamber—and I think I may have said it again yesterday—we don't accept every aspect of the CIPFA analysis. I certainly don't rule out having to find some provision to support merger costs in the future. However, I think it would be unwise of me to indicate upfront what level of support might be available.

[90] **Mark Isherwood:** Even on the minimum £160 million—and it's likely to be a progressive range—you would concede, I hope, that each local authority would be facing a multi-million-pound bill at a time when their own budgets would be, putting it politely, constrained.

[91] **Leighton Andrews:** Well, yes, I understand that, but I do think that this always has to be balanced—and you would understand this in respect of a cost-benefit analysis—by looking at the opportunity costs of not merging.

[92] **Mark Isherwood:** That would be part of a cost-benefit analysis; we don't have the evidence base. We're all shooting in the dark on this one.

[93] **Leighton Andrews:** I don't believe we are shooting in the dark. As I said, there have been a number of estimates brought forward and I am comfortable with the estimates that we have seen.

[94] **Mark Isherwood:** Okay. Finally, if local authorities do end up having to cover all or virtually all the transition costs, what, if any, work have you undertaken to assess the likely impact on public services during that interim period, which is likely to run for several years?

[95] **Leighton Andrews:** Well, we've had, through the discussions on the voluntary merger bids, some understanding of some of the challenges that would be faced. We do think there are issues around corporate capacity in local authorities, but we think those issues of corporate capacity exist in several local authorities already. I think that we've—. My biggest concern, in fact, is how you ensure that local authorities have sufficient corporate capacity to maintain services as they are going through that period of change, and that is something to which we are giving further thought, and we may have to provide additional assistance.

[96] **Mark Isherwood:** Thank you.

[97] **Christine Chapman:** Okay, I've got Mike and then Peter.

[98] **Mike Hedges:** I'm glad you've got somebody with experience of the last local government reorganisation, because the last time—and I could talk about Swansea in detail—

[99] **Christine Chapman:** No, we won't do that. [*Laughter.*]

[100] **Mike Hedges:** I'm sure that Mr Thomas can talk about the rest of Wales. But, put simply, the cost of reorganisation was about 5% of the total budget last time in Swansea. I don't think that's unreasonable, compared to others—perhaps Mr Thomas can tell us if it is or not. But there were three costs that Williams completely ignored, in what I thought was a very simplistic examination of the cost of reorganisation, which were ICT costs—and we know what happened with Natural Resources Wales in terms of ICT costs, in a more recent merger—and pensions and pension fund movement. One of the Williams suggestions, for example, moves Bridgend in with Neath Port Talbot; Neath Port Talbot is part of the West Glamorgan pension fund and Bridgend actually runs the Mid Glamorgan pension fund, so you would have some movement there. Also, they didn't think there would be any costs regarding staff relocation, which the Welsh Government knows about as it faced the cost of relocating staff to Merthyr, for example, from Cardiff. From your experience last time, do you think that all those costs, as Williams said, will not happen this time?

[101] **Mr Thomas:** I think that's probably optimistic, but it depends on the circumstances of the authorities that merge and what collaborative arrangements they have in place already.

[102] **Mike Hedges:** I asked three specific questions about ICT costs, about relocation costs, and about pension fund changes, which happened last time. Williams thinks they will not happen this time—

[103] **Leighton Andrews:** Can I just—. I think there are going to be issues around pensions that we're going to have to look at in some detail, and I don't think it's unreasonable to do that. In respect of ICT, one of the things I would hope that we are better at in Wales now than we were 20 years ago is understanding issues around ICT procurement.

09:45

[104] We have, obviously, at a national level in Wales, in place, the public service broadband aggregation contract. I would hope, as we say in the White Paper, that local

authorities will follow that contract; I learned of one yesterday that may not be. I would think it's prudent for them to be looking at that. I certainly think there have been significant issues in public sector ICT procurement over the years, and I think that is an area where a leadership role from the Welsh Government will be important.

[105] **Christine Chapman:** Peter.

[106] **Peter Black:** Just following on from that, I think the danger of just talking about ICT procurement is to imply that it's just about buying computers; actually, ICT procurement nowadays is actually about change management and that has got huge costs associated. So, I think we need to have an understanding of that, and we need to—

[107] **Leighton Andrews:** I completely agree with that, and I certainly don't see it as about buying bundles of kit or procuring, you know, data centres. It is very much about how you can reconfigure services, and I would refer you to the speech I delivered to the Institute of Welsh Affairs on 20 January.

[108] **Jocelyn Davies:** You're going to have to send us a copy.

[109] **Peter Black:** I'm actually not in the habit of reading your speeches, but if you want to send me a copy, I will read that one. The question I wanted to ask, Minister, was that in terms of the costs, we're in danger, I think, of scrutinising the second Bill, the draft of which you are only publishing now; I think that's inevitable given the way that this Bill has been framed. But, are we expecting in the draft Bill which comes later this year, after you've published your map, to have a full cost-benefit analysis of what those mergers are going to look like?

[110] **Leighton Andrews:** I don't know if I'll—. Well, it's a good question, and I'm not certain whether I will have it at the point of the draft Bill. I think we would need to have it, obviously, at the point of the introduction of the actual Bill; that's a different thing. I think if we're publishing a draft Bill, there will be an option for consultation on the draft Bill. The consultation process itself might throw up issues that we might want to consider further.

[111] **Peter Black:** Will you have a draft cost-benefit analysis in the draft Bill?

[112] **Leighton Andrews:** I haven't thought that far ahead, Peter.

[113] **Peter Black:** Okay.

[114] **Christine Chapman:** Okay. Janet, did you want to come in again?

[115] **Janet Finch-Saunders:** Just a final point on this set of questions on voluntary mergers. If voluntary mergers were to go ahead in line with sections 3 to 10 and the indicated timescales, is there a danger that this might cause confusion amongst the electorate, you know, obviously, with the different local government elections in 2017, 2018, 2019, 2020, 2022? There is some concern now, obviously, with elected members. Certainly up in the north, they were under the impression they may have been going a year later. But generally, if you start bringing in voluntary mergers, how will the election cycle work?

[116] **Leighton Andrews:** Well, I mean, at the moment we've laid out the election cycle that I think has been explained to this committee before; my predecessor explained it before. I think let's wait and see if we have voluntary merger proposals coming forward; if we don't have voluntary merger proposals coming forward, then we will give further consideration to the electoral cycle.

[117] **Janet Finch-Saunders:** And another point; it's a question. Of course, across the UK there are council elections. In your White Paper, you're talking about giving a five-year term. Across the border, they have more frequent elections. What made you make the decision for you to go for five-yearly terms for councils?

[118] **Leighton Andrews:** Well, the White Paper also looks at the possibility of annual election by thirds and refers to that. So, you know, we're actually consulting on that at the present time. You know, you can make a strong case for either, really, it seems to me; there are different factors bearing on either approach. Some people would argue that electing in thirds creates stronger, more dynamic local political parties. It's certainly an argument I've heard from a number of sources.

[119] **Christine Chapman:** Okay. Alun, did you want to come in?

[120] **Alun Davies:** Yes, thank you. I was reading through the sections of this legislation on the establishment of transition committees, and I think the Minister's been very convincing on his argument on the two Bill approach in dealing with this. But I was looking at this and I was hoping the Minister could explain in some more detail the benefits of requiring merging local authorities to establish transition committees.

[121] **Leighton Andrews:** Well, I think the reality is there is considerable preparatory work to be undertaken by local authorities coming together, and I think each local authority would want to play its role in that and want to ensure that services to its local community were being protected.

[122] **Alun Davies:** And, how does the Minister—how do you—see the relationship between the Welsh Government and those transition committees, and the relationship between those transition committees and the wider authorities?

[123] **Leighton Andrews:** Well, there are a number of elements to that, aren't there? The Bill puts in place the preliminary regulatory roles for us in relation to those transition committees. We could, for example, direct the transition committees to look at certain issues, such as particular kinds of contracts, for example. There will also be a need for the transition committees to have regard to the work of the Independent Remuneration Panel for Wales and others in the way that they're approaching future developments.

[124] **Christine Chapman:** Okay.

[125] **Alun Davies:** I'm happy with that.

[126] **Christine Chapman:** Rhodri, did you want to come in?

[127] **Rhodri Glyn Thomas:** Diolch yn fawr iawn, Gadeirydd. Roeddech chi'n sôn yn gynharach yn eich tystiolaeth ynglŷn â'r ffaith y bydd y Bil yma, wrth reswm, yn agor y llwybr ar gyfer y Bil drafft a fydd yn dod i mewn, rwy'n meddwl eich bod chi wedi dweud, ym mis Tachwedd. Roeddech chi'n gwahaniaethu rhwng y Bil drafft a'r Bil ei hunan. A allwch chi ddweud wrthym ni pryd rydych chi'n rhagweld y Bil ei hunan yn cael ei osod?

Rhodri Glyn Thomas: Thank you very much, Chair. You mentioned earlier in your evidence the fact that this Bill, quite naturally, will open the route for the draft Bill that will come in, I think you said, in November. You differentiated between the draft Bill and the Bill itself. Can you tell us when you foresee the Bill itself being laid?

[128] **Leighton Andrews:** Well, the Bill itself will be laid after 2016; after the elections in

2016.

[129] **Rhodri Glyn Thomas:** Felly, y sefyllfa sydd gennym ar hyn o bryd yw eich bod chi'n byw mewn gobaith y bydd gennym fap diffiniol ar y bwrdd erbyn yr haf, ac felly, fe fydd hynny'n paratoi'r ffordd ar gyfer yr ail Fil drafft yn Nhachwedd eleni. Ond, hyd yn oed yn y sefyllfa honno, fe fydd y Bil drafft hwnnw yn ymwneud ag ardaloedd newydd sydd ddim wedi eu cymeradwyo gan y Cynulliad. A yw hynny'n eich poeni chi o gwbl?

Rhodri Glyn Thomas: Therefore, the situation that we have at the moment is that you live in hope that we will have a definitive map on the table by the summer and that that, therefore, will prepare the way for a second draft Bill in November this year. But, even in that case, that draft Bill will deal with new areas that haven't been approved by the Assembly. Does that concern you at all?

[130] **Leighton Andrews:** Well, it would concern me if I didn't think that a majority of political parties in this place were committed to local government reform.

[131] **Rhodri Glyn Thomas:** Ond hyd yn oed petai hynny'n wir, mae'r amserlen rydych chi wedi'i gosod yn golygu'ch bod yn sôn am fap yn bodoli erbyn yr haf, ac wedyn, fe fyddai'n rhaid i gynghorau ddod ymlaen â chynlluniau i gyfuno yn wirfoddol. Nid yw hynny i gyd yn mynd i ddigwydd cyn Tachwedd y flwyddyn yma.

Rhodri Glyn Thomas: But even if that were true, the time frame that you have set means that you're talking about a map existing by the summer, and then, councils would need to come forward with plans to merge voluntarily. All of that isn't going to happen before November of this year.

[132] **Leighton Andrews:** Well, the process—. There are two aspects to that question, I think. If they come forward with voluntary merger proposals, then they could start work on those at an early date. We have been through the timetable in some detail, post 2016, to understand what would need to happen to ensure that the legislation took place—there's effective and appropriate consultation, let me say, on that legislation, incorporated into that, too—and then to plan the cycle for the elections and the creation of shadow authorities and so on. I don't know whether we have shared that timetable with the committee before—whether my predecessor did—but if not, then I'm certainly happy to share our outline timetable with the committee, if that would be helpful.

[133] **Rhodri Glyn Thomas:** Byddai hynny'n ddefnyddiol iawn, Weinidog. Ond, os mai'r hyn rydych chi'n dweud wrthym ydy'ch bod yn bwriadu, ar hyn o bryd o leiaf, gadw at yr amserlen honno, fe fyddai'r etholiadau ar gyfer cynghorau cysgodol yn digwydd yn 2019. A ydych chi'n hyderus bod y comisiwn ffiniau yn mynd i allu cyflawni'r holl arolygon sydd eu hangen erbyn hynny?

Rhodri Glyn Thomas: That would be very useful, Minister. But, if what you're telling us is that you intend, at the moment, at least, to keep to that time frame, the elections for the shadow authorities would take place in 2019. Are you confident that the boundary commission will be able to complete all the necessary reviews in time?

[134] **Leighton Andrews:** Yes, we are. I mean, again, we've worked through this in some detail. If there were no voluntary mergers by 30 November, then I might want to give further consideration to the timing of elections. But, I'm confident of the timetable that we've set down.

[135] **Rhodri Glyn Thomas:** Ac rydych chi'n hyderus bod modd i'r comisiwn ffiniau gyflawni'r arolygon mewn pryd.

Rhodri Glyn Thomas: And you are confident that the boundary commission can complete the reviews in time.

[136] **Leighton Andrews:** Yes.

[137] **Rhodri Glyn Thomas:** Os felly, pam ydych chi'n cynnwys, o fewn y Bil yma, adran 23(2) sydd yn rhoi'r pŵer i Weinidogion Cymru wneud darpariaethau eu hunain ar gyfer trefniadau etholiadol ardaloedd newydd arfaethedig?

Rhodri Glyn Thomas: If so, why do you include, within this Bill, section 23(2), giving Welsh Ministers the power to make provisions themselves for electoral arrangements of new proposed areas?

[138] **Leighton Andrews:** I am very much hoping to avoid having to use that power. It's a backstop power.

[139] **Rhodri Glyn Thomas:** A ydych yn ffyddiog, o fewn y ddeddfwriaeth yma, bod yna ddigon o amodau yn cael eu gosod ar y pŵer hwnnw a fyddai'n golygu na allai unrhyw Weinidog, boed chi neu unrhyw Weinidog arall ar ôl 2016, ddefnyddio'r pŵer hwnnw er mwyn mantais wleidyddol bleidiol?

Rhodri Glyn Thomas: Are you confident, within this legislation, that there are adequate conditions being set on that power so that no Minister, whether that is you or any other Minister after 2016, could use that power for party political advantage?

[140] **Leighton Andrews:** I don't think that could be used in that way. Let me just explain the thinking behind that provision. This does go back to the fount of all knowledge on previous reorganisations, because in the previous reorganisation work had to be done by the then Government in place of work by the boundary commission in terms of warding, for example. Mr Thomas himself was very directly involved in the creation of wards and may want to say a word about that.

[141] **Mr Thomas:** Yes, I'm happy to do so. With the previous reorganisation in Wales, the Local Government (Wales) Act was passed to receive Royal Assent in July 1994. The first elections to the shadow authorities were held in May 1995, and vesting day—the day when the new authorities assumed full range of powers—was 1 April 1996. Well, the time between—. The Act empowered the making of electoral arrangements for those first elections, so that allowed 11 months, which simply wasn't sufficient time at all for the local government boundary commission to undertake any work of substance whatsoever. So, to enable the elections to go ahead, on the basis of the timetable, the electoral arrangements were made by Ministers on the basis of advice from officials within the Welsh Office. For half the authorities, which were based very largely on an existing district, the existing ward arrangements for those districts were carried forward, and then there were other arrangements made—amalgamation of wards, reduction in the number of councillors returned from wards, from perhaps three to two in places like Powys or Carmarthenshire, where there were three or more existing districts being brought together. Well, the exercise of constructing those wards for those first elections was done by officials within the Welsh Office, and very largely by me. We consulted on those and made some minor changes, and the electoral orders were made in December 1994, which, for that matter, didn't allow the political parties or the electoral registration officers very much time at all to complete their part of the process.

[142] **Leighton Andrews:** Mr Thomas was locked in a room for three days in order to produce the ward boundaries. While I'm delighted to have his expertise to call on in the event that we might need that, I'm anxious to avoid it.

[143] **Jocelyn Davies:** So is Mr Thomas, I should think. *[Laughter.]*

[144] **Mr Thomas:** Well, yes. I still have the scars of what happened.

[145] **Christine Chapman:** I've got Janet; then Mike and Rhodri. Have you finished the—

[146] **Rhodri Glyn Thomas:** Na. Y **Rhodri Glyn Thomas:** No. The final cwestiwn olaf ar yr adran yma. Felly, petai'n rhaid i Weinidog weithredu o dan adran 23(2), y gwahaniaeth mawr rhwng profiad Mr Thomas yn ôl yn y 1990au ac yn awr, wrth gwrs, yw bod y Cynulliad Cenedlaethol yn bodoli. Sut y byddai unrhyw benderfyniad, felly, yn cydfynd â gweithdrefnau'r Cynulliad, a sut y byddai sgrwtini o'r math hwnnw o benderfyniad yn digwydd o fewn y Cynulliad? question on this section. Therefore, if a Minister had to operate under section 23(2), the big difference between Mr Thomas's experience back in the 1990s and now, of course, is that the National Assembly now exists. How would any decision, therefore, comply with Assembly procedures, and how would such scrutiny of such a decision happen within the Assembly?

[147] **Leighton Andrews:** Very good question. This one I'm going to give to the lawyers.

[148] **Ms Barry:** Well, there's no procedure prescribed currently under section 23(2); the reason for that being that electoral arrangement orders, since they first appeared in the 1972 Act, have always been treated as local orders, which don't follow a procedure. There is a justification for that, and it's the amount of scrutiny that goes into the preparation of the recommendations from the commission during the review process. They have to go out to pre-consultation, there are first recommendations, responses are received in relation to first recommendations, and then subsequent recommendations are prepared. That procedure is set out again in this instance.

10:00

[149] If the situation should arise that section 23(2) needs to be invoked, there is also provision within the Bill to say that the Ministers can ask for all of the information that has been gathered by the boundary commission to the point that they have reached in the recommendation process. Furthermore, following any elections, the boundary commission will be required immediately, or as soon as possible thereafter, to review the arrangements in any area where the Welsh Ministers have used the power, and in any event before the next elections for that area are held.

[150] **Rhodri Glyn Thomas:** Diolch yn **Rhodri Glyn Thomas:** Thank you. fawr.

[151] **Peter Black:** Can I just ask; would the—*[Inaudible.]*—have support for following the same process? Is there no procedure there?

[152] **Ms Barry:** Yes.

[153] **Mr Thomas:** No procedure whatsoever. It was made just before—. Most of them were made just before Christmas 1994.

[154] **Ms Barry:** Electoral arrangements orders have, as far as I'm aware, never followed any procedure.

[155] **Peter Black:** Except the one in 1994.

[156] **Ms Barry:** As far as I'm aware, yes.

[157] **Mr Thomas:** No, they certainly weren't. *[Laughter.]*

[158] **Leighton Andrews:** Can I just say to the Chair, I have suggested to Mr Thomas he should write a book on the previous reorganisation.

[159] **Christine Chapman:** Yes; I think we'd all look forward to that. Okay. I've got Janet, then Mike. Janet.

[160] **Janet Finch-Saunders:** On a recent visit to Wrexham County Borough Council, I understand that you informed them in no uncertain terms that they would be merging with Flintshire. Where, in your scheme of things—. Is that still on the table now? Because I know it did cause a lot of concern for some of the elected members there. What's happening with that? I know you rejected the voluntary mergers, but what are your plans as regards Wrexham and Flintshire?

[161] **Leighton Andrews:** As I've said before, we will be looking to publish a map before the summer recess. I don't recognise that account of my meeting with Wrexham.

[162] **Christine Chapman:** Okay. Mike.

[163] **Mike Hedges:** I think that one point is for Mr Thomas and one is for the Minister. The Minister's question is: why can't they undertake community reviews now, in which they can actually then produce wards, and the joint committees create wards that create the right number of councillors for a ward, after the community review has been done? We are well behind the community reviews—the same as went wrong in the past. Why can't that be done now?

[164] **Leighton Andrews:** Well, I think I'd rather have a view of the overall map before we instituted any work, and we have said very clearly throughout this process that we do not envisage major changes to boundaries.

[165] **Mike Hedges:** But these are ward boundaries, and these are communities that would get built up into ward boundaries. That's going to happen no matter whether you've got one council in Wales or you have 100 councils in Wales; these communities are going to have to be reviewed and then you ward them afterwards—either you merge them, as we do in Swansea with Llansamlet and Birchgrove, or you treat them as individual wards and give them the number of councillors. That has to be done, no matter what the boundaries are of the local authority—unless you intend splitting wards, or splitting communities, which, I take it, will almost certainly lead to a judicial review, so I think you won't do that. So why can't that be done now?

[166] **Leighton Andrews:** I'll reflect on that and come back to the committee.

[167] **Mike Hedges:** Thank you. The question for Mr Thomas is—

[168] **Christine Chapman:** Well, it's all for the Minister, actually, so it's up to the Minister to decide who's going to answer.

[169] **Mike Hedges:** The question, then, that the Minister might want to pass on to Mr Thomas is regarding last time: in Swansea, for example, and Neath Port Talbot, they used existing wards, and they used representation from existing wards at district council level, and that led to mass overrepresentation of some areas. You'd have an area that would have 2,400 electors that would have two councillors, and an area with 4,000 electors that would have one councillor. Do you recognise that as a problem from last time that needs resolving this time?

[170] **Mr Thomas:** Well, last time, the timescale simply didn't allow for any other

arrangement, and I remember Swansea, because I come from Swansea, and, in particular, the new Swansea authority comprised the existing district, together with, I think, about two thirds of Lliw valley. What was decided was that, for the first elections only, the existing wards of Swansea and that part of Lliw valley would form the basis of the arrangements, and no change was made to the representation. It was recognised that Lliw valley was overrepresented, proportionally, within the new authority, but when the local government boundary commission was directed to undertake reviews of electoral arrangements of the new authorities, as established by the 1994 Act. The direction identified Swansea as one of the priorities that had to be undertaken first and to be completed before the next elections. The anomaly was recognised from the outset. The timescale didn't allow us to address it at that point, but it was addressed for the second elections. The priorities for the local government boundary commission's review after the first elections in 1995 were set on that basis.

[171] **Christine Chapman:** Mike, have you finished on that?

[172] **Mike Hedges:** Yes.

[173] **Christine Chapman:** Minister first, then Alun.

[174] **Leighton Andrews:** I have to say that, when I hear Mr Thomas's accounts of the process under the old Welsh Office, I do give thanks that we now have a National Assembly for Wales.

[175] **Alun Davies:** I think all of us were feeling that listening to that. One of things that concerns me, since we're wandering possibly into this territory, is the whole issue of rotten boroughs in local government.

[176] **Leighton Andrews:** Do you want to go back to the 1830s?

[177] **Christine Chapman:** We're having history lessons today.

[178] **Alun Davies:** We have an enormous number of members returned unopposed. That is a real issue for democracy within local government. Will any of the issues we've been skirting around this morning, or semi discussing—. Will any of the instructions you'll be giving to new authorities or to making electoral arrangements seek to address that issue?

[179] **Leighton Andrews:** Again, that is an issue that is dealt with in the local government White Paper. I do think we have a significant number of uncontested elections in some authorities and, indeed, within town and community councils as well. That's why, in the White Paper, we suggest the need for a review of town and community councils. It's also why we're putting forward proposals to create greater diversity within local authorities. Of course, in the worst cases, the example of term limits might address the problem that you've referred to.

[180] **Christine Chapman:** Right, okay. Jeff, you've got some questions I think.

[181] **Jeff Cuthbert:** Yes. Good morning, Minister. I want to talk about the role of the independent remuneration panel. Can you say whether you are confident or not that the IRP will be able to cope with the additional workload that this Bill will entail? And, linked to that, we're all aware, in general terms—and I'm only talking in general terms—of the issue around the salaries of chief executives and chief officers. But, in light of all this, have you considered strengthening the position, so that the IRP would be able to make binding determinations on senior officer pay? And, if not, why not?

[182] **Leighton Andrews:** First of all, in respect of the increased work, the Bill obviously

provides that there will be an additional member appointed to the IRP. The intention is that the IRP could divide itself, if necessary, in order to spread the workload. I think some of the additional work, of course, will be driven by the extent to which local authorities want to vary the pay of their senior officers. I think the fact that we are taking these steps may act as a control. In respect of the IRP, let me say, I'm very pleased at the impact it has had, not least on the decision in the last couple of days in Pembrokeshire, where the salary, obviously, turned out lower than was originally intended by the local authority. These provisions, of course, are interim provisions. Transition committees will clearly have to have due regard to them, and shadow authorities we would expect to have regard to them as well. That need to have a due regard would kick in from the introduction of the next Bill. It may be, and we've said this, of course, in the White Paper, that we might want a different approach subsequently to dealing with the whole issue of pay and appointments of senior officers. We flag up the possibility, for example, within the White Paper of a public sector appointments commission in Wales, for which there are international models that we can look at.

[183] **Jeff Cuthbert:** On that last point, is it the case then that the IRP, or some body like it, might have a role to play after 2020 in terms of determining chief officers' pay and remuneration, because at the moment, the Bill says that they will not be able to do so?

[184] **Leighton Andrews:** Well, I think, as I said, the role here is about the interim stage of merger. The question for us is a longer-term question, as to whether that remains the appropriate body for that, or whether we should separate the issue, for example, of chief officers' and chief executives' pay from the remuneration we give to councillors and cabinet members. So, I think there are still—. You know, I have a relatively open mind on that. But, as I say, we are consulting in the White Paper on other approaches.

[185] **Jeff Cuthbert:** Thank you.

[186] **Christine Chapman:** Okay. Rhodri.

[187] **Rhodri Glyn Thomas:** Un cwestiwn ar y bwrdd taliadau annibynnol. Rwy'n croesawu'n fawr iawn yr argymhellion sydd gennych chi yn y Papur Gwyn ynglŷn â sefydlu comisiwn i edrych ar hyn, oherwydd y mae'r sefyllfa wedi bod allan o reolaeth yn gyfan gwbl yng Nghymru. Ond, gan ein bod ni yn symud tuag at broses o newid—. Rydych chi eich hun yn dweud bod yna ganfyddiad cyffredinol nad yw'r status quo o ran niferoedd cynghorau yn un sydd yn dderbyniol i unrhyw blaid yn y lle yma. Rydym yn symud, pa mor gyflym bynnag y byddwn yn gallu symud, ar hyd y llwybr yma. A ydych chi'n poeni ein bod ni, o bosib, yn mynd i etifeddu'r sefyllfa a gafwyd gyda'r byrddau iechyd, lle'r oedd yna lawer iawn o uwch swyddogion a'u swyddi nhw wedi'u diddymu oherwydd bod yna gyfuno wedi digwydd o ran y byrddau iechyd, yn ennill cyflogau mawr yn gwneud dim byd ond gweithio yn eu gerddi gartref? Beth ydych chi'n mynd i wneud mewn sefyllfaoedd lle mae awdurdod fel sir Benfro—ac mae'n dda iawn eu bod nhw wedi derbyn yr

Rhodri Glyn Thomas: One question on the independent remuneration board. I very much welcome the recommendations that you have in your White Paper on the establishment of a commission to look at this, because the situation has been totally out of control in Wales. But, as we're moving towards a process of change—. You yourself say that there is a general perception that the status quo from the point of view of the numbers of councils is not acceptable to any party in this place. We are moving, however rapidly or otherwise we will be able to move, along this path. Do you believe that we will inherit the situation we had with the health boards, where there were very many senior officers whose posts had been abolished due to amalgamation and mergers were earning huge salaries while on gardening leave at home? What are you going to do in situations where an authority like Pembrokeshire—and I am very pleased that they have accepted the recommendation as regards the salary level—is moving to appoint a new chief executive, and yet, whatever version of Williams you

argymhelliad o ran lefel y cyflog—yn symud i benodi prif weithredwr newydd, ac eto i gyd, pa fersiwn bynnag o Williams rydych chi'n ei derbyn, fe fydd Penfro ar y map hwnnw yn cyfuno gydag un neu fwy nag un awdurdod cyfagos?

accept, Pembrokeshire, according to that map, will merge with one or more than one adjacent authority?

[188] **Leighton Andrews:** Yes, it's not the first time, I think, that we have suggested to local authorities that they might consider joint appointments. That would be open to them, of course. And, I think I am right in saying, for a time, they had a joint appointment in one of their director posts with another authority. I do not envisage a problem of large numbers of highly paid officers on gardening leave. To be honest, the evidence we have at the moment coming in from local authorities, I think, is that steps are being taken by council leaderships to reduce the number of senior officers. We have seen two examples of that just in the last couple of weeks.

[189] **Christine Chapman:** Okay. Mike.

[190] **Mike Hedges:** Yes, something I fully agree with the Minister on is the control of transactions once mergers are under way. I saw what happened in one authority where, if that hadn't existed, it would be full of bowls halls. [*Interruption.*] You may say that.

[191] I've got three questions on this. You talk about entering into contracts exceeding £150,000 non-capital, £500,000 capital; are those figures going to be reviewed? The second question is: will that also include continuation of contracts?

[192] **Leighton Andrews:** Well, I mean, I'm not sure I understand the point of what you mean by 'continuation of contracts'. I mean, in a sense—

[193] **Mike Hedges:** Well, a local authority—

[194] **Leighton Andrews:** Are you talking about an authority awarding a contract for one year, and then awarding it again the next year?

[195] **Mike Hedges:** No. I'm talking about a contract that comes up or finishes in 2015—let's say, for somebody's payroll system—and it costs £1 million over five years for that contract. But, all they're doing is continuing the contract in order to keep the payroll going. Will that have to go to the transition committee, or will that not?

[196] **Leighton Andrews:** Well, my understanding is that it would, and if I am wrong, I will go back and look at it and try to make sure that it does.

[197] **Mike Hedges:** That was what I was hoping you'd say. The other one is: anybody who was involved around the last one will know a whole series of tricks, such as the splitting of contracts—you've got a £150,000 limit; so £100,000 for the ground works, £100,000 for the building, £100,000 for putting in the gas, electrics, et cetera, and fitting it out, and another £100,000 for dealing with the outside. That gives you £400,000, but you haven't let a contract for more than £100,000.

[198] **Leighton Andrews:** Yes. I think the point you make is very valid. I'm looking forward to publishing the Mike Hedges guide to stopping dodgy tricks in local government contracts. [*Laughter.*] We will take those points on board and I'm very grateful for the input the Member's already made to me on those issues. Gareth, do you want to say a word?

10:15

[199] **Mr Thomas:** I confess I'm not a great expert on some of the terminology in section 31, which provides the interpretations, but my finance colleague—. We had those discussions when we drew up these provisions, so he assures me—. His assurances lead me to be fairly confident—

[200] **Mike Hedges:** I mean, my fear is that a local authority feels it's being taken over—whatever view you may have of a merger—and then decides to burn its reserves. I don't think anybody, apart from those on that authority who are going to no longer be councillors and no longer be officers, actually wants that to happen. What I'm saying is: can we ensure that whatever's written there stops that happening?

[201] **Leighton Andrews:** Yes, indeed. That is certainly the intention. I think, bearing in mind that the monitoring officers for local authorities will have to have due regard to these provisions as we're going through this, I think there would be very strict controls. We'd expect the Wales Audit Office, obviously, to have due regard for these in any assessment they're making of local authority spending. The burning of local authority reserves is not a problem I have at the moment in Wales. I would encourage local authorities to make rather better use of their reserves.

[202] **Peter Black:** You're relying on monitoring officers, but will section 151 officers have a role in this as well?

[203] **Leighton Andrews:** Yes.

[204] **Christine Chapman:** Thank you, Mike. On that point, Jocelyn.

[205] **Jocelyn Davies:** And there's no role for Welsh Government or Welsh Government officials in this regard of any nature at all.

[206] **Leighton Andrews:** Well, we can direct the transition committees to look at these issues.

[207] **Christine Chapman:** Okay. Right. Janet, you wanted to come in.

[208] **Janet Finch-Saunders:** Minister, on integrated health and social care, I understand that Powys County Council are working towards a model—technically piloting, after the Social Services and Well-being (Wales) Act 2014—and there's been lots of talk about the need to integrate health and social care. What discussions have taken place between your department and the Minister for Health and Social Services in order to help facilitate and support that?

[209] **Leighton Andrews:** I've had a lot of conversations with the health Minister and, indeed, some formal meetings in respect of the situation in Powys, and our officials have been meeting regularly with the officers in Powys to take such discussions forward. We've been very keen to persuade them to integrate more closely. There is a particular issue, of course, around Powys, which is different from many of the other local authorities in respect of the integration of health and social services, with challenges, obviously, that the Powys Teaching Local Health Board faces in being largely a primary healthcare commissioning authority, effectively. I think it would be unfair though to say that there aren't other authorities also looking more and more at how they can closely integrate their social care provision with the health service. I think that is happening in a lot of authorities in Wales at the present time.

[210] **Janet Finch-Saunders:** So, you see that agenda moving forward. Good. Another thing is electoral returning officers, where chief executives also hold the role of electoral—

And, you know, I think it's £21,000 extra in my own authority. What views do you have on that and do you intend to sort of bring any guidance in?

[211] **Leighton Andrews:** Well, we touch on this in the White Paper. It's been raised with me on a number of occasions by a number of Members, including the Member for Carmarthen East and Dinefwr, and I think it's an issue that we are well aware of. There are some legal issues here in that they are remunerated differently, if I remember rightly, under different legislation, which we have to address, but, as I say, we've raised this in the White Paper.

[212] **Janet Finch-Saunders:** As part of moving forward with the agenda that might see a smaller number of councillors in Wales, I understand that, in 2004, there was a scheme where those councillors standing down could have a sort of £20,000 figure. As part of your overall plans, I take it that you don't have any intentions of bringing any such reimbursement in.

[213] **Leighton Andrews:** No, I don't.

[214] **Christine Chapman:** Okay. John.

[215] **John Griffiths:** I have a few matters around staffing and then one or two other matters, if I may. I think we're all familiar with local government reorganisation in terms of the unsettling effect that it has on staff and, unsurprisingly, people are looking to their own positions to some extent, and sometimes that can have a detrimental effect in terms of service delivery, because their eye is taken off the ball, as it were. I just wonder whether any assessment has been made of the likely effect on staff of the merger proposals and, if so, whether any measures will be taken to address these potential problems.

[216] **Leighton Andrews:** Yes, indeed. Can I say I've had several discussions with the public sector trades unions about these issues, all of whom are, let me say, enthusiastic about taking forward a programme of local government reform and the local government mergers? We've obviously discussed it within the Partnership Council for Wales and the workforce council. We've been consulting on the establishment of the public services staff commission, which is something that the trades unions particularly wanted to see, and the consultation on that closed last month. We're currently evaluating the responses to that, and we will bring forward our proposals for the establishment of a statutory staff commission in due course.

[217] **John Griffiths:** Would you accept that the current financial climate is likely to make these matters more difficult than perhaps they've been in previous reorganisations—difficult though they were? Given that it's likely to be more costly, because of the general climate of job opportunities and so on, it's likely to be even more difficult for staff.

[218] **Leighton Andrews:** I think these are very difficult times, and we know that a significant number of jobs have been lost in local government already. I know that most local government leaders in Wales are trying to avoid compulsory redundancy in the change they're instituting. But, yes, you're absolutely right to say these are difficult times. I think, however, we have to ensure that we end up with a local government system that works for Wales, and I'm very pleased that the trades unions are playing such an active role in that and are so committed to it.

[219] **John Griffiths:** Okay. Moving on to council tax, there's been a lot of interest in the potential effect of merger proposals on council tax levels. Has Welsh Government carried out any assessment of the likely impact on council tax levels of proposed mergers?

[220] **Leighton Andrews:** We've certainly looked at the different council tax levels and what the implications of mergers might be. There is significant variability currently; some of

that, of course, will have been down to local political choices at different times, but some of it, I think, was built into the previous system as a result of the reorganisation. It created a very mixed landscape, including some very small authorities with high relative need for local services, but very small tax bases, for example. So, there are some gaps here.

[221] At the end of the day, setting council tax is a matter for local authorities. We may, of course, wish to create a situation legally where it is possible, for a transitional period, for authorities to hold different council tax levels in different parts of their authority.

[222] **John Griffiths:** Okay. A final matter from me then: the explanatory memorandum mentions guidance for transition committees as far as Welsh-language issues are concerned, and what they might take into account ahead of mergers. Could you tell us a little more about that guidance and what it's likely to contain?

[223] **Leighton Andrews:** Yes. I mean, obviously, we'll be working with colleagues in the Welsh language unit in drawing up guidance. Merging local authorities will obviously all be subject to the Welsh language standards, set by regulations under the 2011 Measure, and they will need to take stock of the standards already in place in authorities that are merging, and identify any differences in terms of current practice and aspirations in relation to the use of the Welsh language in service provision, or in policy making or in operational areas. The guidance will emphasise the opportunity the transitional period will present for local government in Wales to be more ambitious and aspirational for our shared goal of a bilingual Wales.

[224] **Christine Chapman:** Okay, John?

[225] **John Griffiths:** Fine.

[226] **Christine Chapman:** Rhodri.

[227] **Rhodri Glyn Thomas:** Diolch yn fawr iawn, Gadeirydd. Rwy'n falch iawn o glywed yr hyn oedd gan y Gweinidog i'w ddweud ynglŷn â chreu gweledigaeth a disgwyliadau o ran y defnydd o'r iaith Gymraeg. Ond y gwir amdani ydy y gallai cyfuniadau—. Rwy'n meddwl am fy ardal fy hunan yn ne-orllewin Cymru, ac am gyngor fel Ceredigion: er nad yw'n cael ei weinyddu trwy gyfrwng y Gymraeg, mae llawer iawn o Gymraeg yn cael ei defnyddio yn y weinyddiaeth, ac mae llawer o Gymry Cymraeg yn gweithio yn yr awdurdod. Petai'r cyfuniad gwirfoddol neu orfodol yn dod â sir Benfro—yn sicr oherwydd de sir Benfro, a mwyafrif y sir—ychydig iawn o Gymraeg a fyddai'n cael ei defnyddio. Mae sir Gaerfyrddin nawr wedi sefydlu comisiwn ac wedi derbyn argymhellion ynglŷn â gweddnewid y sefyllfa o ran y Gymraeg o fewn y sir, ac mae peryg petai'r hen Ddyfed yn dod i fodolaeth y gallai hynny gael ei danseilio. Beth yn ymarferol y gallwch chi ei wneud, Weinidog, i sicrhau'r math o ddiwylliant sydd wedi'i greu yn y lle hwn, lle

Rhodri Glyn Thomas: Thank you very much, Chair. I'm very pleased to hear what the Minister had to say with regard to creating a vision and expectations in terms of the use of the Welsh language. But, the truth is that mergers could—. I'm thinking of my own area in south-west Wales, and a council such as Ceredigion: even though its administration is not carried out through the medium of Welsh, a lot of Welsh is used in its administration, and many Welsh speakers work for the authority. If the voluntary or compulsory merger with Pembrokeshire came about—certainly because of south Pembrokeshire, and the majority of that county—very little Welsh would be used there. Carmarthenshire has now established a commission and has accepted recommendations for transforming the status of the Welsh language in the county, and there's a risk if the old Dyfed came into being, that that could be undermined. What practical steps can you take, Minister, to ensure the kind of culture that's been created in this place, where people have the choice

mae'r dewis gan bobl yn ymarferol i ddefnyddio iaith o'u dewis eu hunain? Sut y gallwch chi sicrhau bod hynny'n bodoli, yn sicr yng ngogledd a de-orllewin Cymru, lle mae yna nifer helaeth o Gymry Cymraeg yn byw?

on a practical level to use their language of choice? How can you ensure that that exists, certainly in north and south-west Wales, where a considerable number of Welsh speakers live?

[228] **Leighton Andrews:** Wel, os mae'n bosib fan hyn, rwy'n meddwl ei fod yn bosib creu sefyllfa fel hynny yn rhywle arall. Mae'n bwysig ein bod ni'n meddwl am y cwestiwn sy'n cael ei godi gan yr Aelod. Rwy'n hapus i siarad ag e i edrych ar arfer gorau yn y maes, ac ystyried ymhellach beth sy'n gallu cael ei wneud yn y dyfodol.

Leighton Andrews: Well, if it's possible to do it here, then I think it's possible to create a similar situation elsewhere. It's important that we consider the question that has been raised by the Member. I'm happy to talk to him to look at best practice in the field, and to consider further what can be done in the future.

[229] **Rhodri Glyn Thomas:** Diolch yn fawr.

Rhodri Glyn Thomas: Thank you.

[230] **Christine Chapman:** Thank you. Minister, I just want one point of clarification. In section 13(6) of the Bill, it talks about preventing audit or scrutiny committees from exercising their functions in relation to anything done by a transition committee. I just wonder whether you could explain the rationale for that, please.

[231] **Leighton Andrews:** Yeah, I mean, I think what we're seeking to ensure here is that decisions that are taken rationally by a transition committee for the future cannot be overridden in the short term by an individual authority. Gareth.

[232] **Mr Thomas:** Well, it's partly that the role of the transition committee is essentially to offer advice, opinions and recommendations, and that doesn't sit neatly with the kind of work that an audit committee and an overview and scrutiny committee would be doing. We also envisage that much of the product of the transition committee would effectively be for a shadow authority or an existing authority to implement or take forward, and take the real or the final decision upon. That's the point we think at which an audit committee or an overview and scrutiny committee has an effective and a practical role to play, rather than scrutinising reports of advice or recommendations that are coming from the transition committee.

[233] **Christine Chapman:** Okay, thanks.

[234] **Mr Thomas:** We'd expect them perhaps to work together and perhaps to call on the same staff during the transition period.

[235] **Christine Chapman:** Mike.

[236] **Mike Hedges:** Again, from my experience, last time—would the Minister and Mr Thomas or everybody else agree?—the transition committee was much more a committee to stop spending than to undertake spending, and the spending started to take place when the shadow authority was promoted. I don't know whether the Minister agrees, but I see the transition committee very much as a backstop to try and stop things happening, rather than undertaking substantial expenditure on its own.

[237] **Leighton Andrews:** Well, I think that's a fair point. Without turning this committee into a kind of historical witness seminar, I very—

[238] **Christine Chapman:** I was there, as well. [*Laughter.*]

[239] **Mr Thomas:** We also envisage the transition committee having a practical forward look in that its role is to identify—. You have two authorities potentially coming together, so we want the transition committee to present, initially, a picture of how authority A organises itself and delivers its services, and then start comparing and contrasting with what authority B is doing. So, it's drawing up a picture so that people can take sensible, informed decisions about how they're going to prepare for the incoming authority, and do so with some basis, some evidence, rather than just leave things to the shadow authority to take important decisions in a vacuum, without reference to what's there, in place, at the moment.

10:30

[240] **Christine Chapman:** Okay? Mark, did you have a question?

[241] **Mark Isherwood:** If I may, it's not specific to the last question. If we've come to the end, if I could just add a couple of—

[242] **Christine Chapman:** Yeah, no, that's fine if you'd like to ask your questions.

[243] **Mark Isherwood:** Thank you very much indeed. Moving into the—[*Inaudible.*]—you did refer to the need to attract a more diverse range of individuals and skills, and tackle the issue of uncontested elections at council and town and community levels. Of course, we had this discussion 15 years ago—well, I wasn't here, but there was this position 15 years ago—when, in order to address that, there was internal restructuring, as you know, and most local authorities opted for a cabinet and leader model, with an elected executive separate from a scrutinising body. But it didn't work. It didn't increase necessarily that diversity and range of skills, not because people weren't attracted, but because their day jobs and their need to protect their general incomes made it impossible for them to do so at a time of greater pressure on councillors, both from their residents wanting them to intervene on their behalf on matters, but also from the scrutiny roles as they've grown and developed. So, you've mentioned a number of measures that, effectively, penalise councillors or stereotype councillors as people taking money for avoiding their responsibilities, but how do you propose to incentivise candidates to come forward, who want to stand at all levels of local government because it's the right thing to do, and to enable them to afford to be able to do it?

[244] **Leighton Andrews:** Okay, well, I don't think I've been stereotyping people. I mean, I think I've reflected the situation in Wales, where we have only 30% of councillors who are women, where a clear majority are over the age of 60. There's nothing wrong with councillors being over the age of 60, if I may say, it's simply a question of the proportion of them that are. I think the issue for us is how do we get a more diverse range?

[245] We do discuss the cabinet system within the White Paper at considerable length. We make the suggestion, for example, that, just as we have in the Welsh Government Ministers and Deputy Ministers, it might be possible to move to a situation where you have cabinet members and deputy cabinet members, the suggestion being that not every cabinet responsibility necessarily carries the same level of responsibility, or time burden, if you like.

[246] I think that there are a number of areas of good practice raised in respect of moves that are made to increase diversity of local government. I think we also look to strengthen the role of backbench councillors in respect not only of scrutiny but also in their roles as community champions and community advocates, and how you strengthen their relationship with any community or town councils that may exist within their areas. Certainly, I have said repeatedly, as I go around my own constituency or around Wales, I see many people who are very active community champions for different causes, charities or whatever, who would make excellent councillors—many of them, let me say, women. But many of them would run

a mile from what they currently see as the likely role of a councillor. That's partly down to us to perhaps get a better understanding of what a councillor does, but it's also, I think, down to us to ensure that we see more diversity in our council chambers and drive a commitment to diversity. One of the ways we want to do that is by putting a duty on council leaders.

[247] **Mark Isherwood:** Obviously, I live with one of those women county councillors, so I'm familiar, from a second-hand position, with the situation. My final question, in relation to that: at that time, there was at least a tentative attempt to have local consultation and consent with local panels. I was a member in Flintshire of the local panel, which had a vote on which option we went for. You're probably aware, in Flintshire and Wrexham, the local paper has run a poll where the overwhelming majority want a referendum on proposed merger, and I can assure you, in north-east Wales, there are growing calls for a local voice on this issue. What role do you think local people should play in engaging on the future design of their local government?

[248] **Leighton Andrews:** Well, I certainly think there's an important role for consultation, but I'm not going to base policy on a local newspaper poll.

[249] **Mark Isherwood:** It's not just—. That triggered a process; it's growing.

[250] **Christine Chapman:** Okay. We haven't any other questions, Minister. So, could I thank you and your official for attending today? We will send you a transcript of the meeting so that you can check it for factual accuracy. Thank you very much.

10:35

Papurau i'w Nodi Papers to Note

[251] **Christine Chapman:** Just a paper to note.

Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y Cyhoedd Motion under Standing Order 17.42(vi) to Resolve to Exclude the Public

[252] **Christine Chapman:** Now, I'd like to invite the committee, under Standing Order 17.42(vi), to go into private session for the remainder of this meeting and for the whole of the meeting on 11 February. We are going to be looking at the approach to scrutiny and the technical briefing of the renting homes Bill. Obviously, we need to discuss this morning's evidence. So, are you happy to do that?

Cynnig:

Motion:

y pwyllgor yn penderfynu gwahardd y cyhoedd o weddill y cyfarfod yn unol â Rheol Sefydlog 17.42(vi).

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

Cynigiwyd y cynnig.

Motion moved.

[253] **Christine Chapman:** Okay.

Derbyniwyd y cynnig.

Motion agreed.

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:36.
The public part of the meeting ended at 10:36.*