

SCRUTINY COMMITTEE	Principal Scrutiny Committee
DATE OF MEETING	9 February 2012
TITLE	The Future of Public Services and the Compact
AUTHOR	Harry Thomas, Chief Executive
PORTFOLIO LEADER	Councillor Dyfed Edwards, Council Leader
What needs to be scrutinised and why?	The national request that the Council signs up to “A compact for change between the Welsh Government and Welsh Local Government”. Members need to assess whether this is in the best interests of the Council and the citizens it serves.
Is there anything else the Scrutiny Committee are required to do?	No
What are the next steps?	Council Board – 14 February Full Council – 1 March

1.0 BACKGROUND

1.1 On 5 December the Welsh Government and the Welsh Local Government Association (WLGA) signed a Compact (Appendix 1) at the Partnership Council which is the statutory forum for democratic engagement between both parties. Both the Welsh Government and the WLGA have asked each local authority to individually consider signing up to delivering the Compact. The Minister for Local Government and Communities also recently wrote to each Council Leader (Appendix 2) encouraging them to provide strong political leadership in support of collaboration.

1.2 The Compact is the product of two major reviews and a Government policy statement on Social Services, all of which were published in early 2011:

- The Simpson Review “Local, Regional, National: What Services are best delivered where?”
- The Vivian Thomas Review: “The Structure of Education Services in Wales”; and
- “Sustainable Social Services for Wales. A Framework for Action” (Welsh Government).

All of which were the subject of a presentation to the full Council on 14 July 2011.

2.0 KEY FEATURES OF THE COMPACT

2.1 Purpose

- The ultimate intention is to “improve performance efficiency and outcomes for the people of Wales”.
- “Collaboration is one of the key tools in dealing with the challenges of variable service quality, fragmented delivery, duplication of effort and inefficiency”.
- “The Compact is based on the development of voluntary collaborations between Councils”.
- “The 2009 Measure gives Welsh Ministers reserve powers to direct collaboration and they would be obliged to consider the use of these powers in the face of evidence that a collaborative opportunity had not been taken where there was a clear business case”.
- “The purpose of this Compact is to deliver resource savings and demonstrable improvements in service delivery for the people of Wales. The case for change must be evidenced against these criteria”.
- “Relative scale of benefits should not be a reason to avoid working together”.
- “The Welsh Government’s established Collaborative Footprint for public services provides clarity around regional areas based on Local Health Board and Police Authority Boundaries ...”
- “There is a shared expectation that future collaborative working will be aligned to this footprint....”

2.2 The Role of Welsh Government and Local Government

- Basically, the Welsh Government has undertaken to support the implementation of the plan through fostering “an environment to support delivery and address barriers and issues which lie outside the control of local government”.
- “Local Government will undertake to deliver the commitments set out in this Compact in partnership with the Welsh Government”.
- “To sustain services councillors will need to encourage and support collaborative arrangements when they reduce cost and/or improve services”.

2.3 Governance

- The Compact addresses the issue of governance at the national level mainly through the partnership Council and is silent on the governance arrangements at the regional level.
- “Transparent performance management and governance arrangements which allow councillors continued engagement in service scrutiny are prerequisites for effective collaboration”.

2.4 Consequences

- The Compact comprises 3 implementation contracts: Education, Social Services and other services each with “agreed” actions and timescales for delivery. “These milestones are realistic but challenging”.
- “The clear expectation is that local government will now fully deliver on these commitments....”
- “Local government accepts that in light of such agreements that non delivery would see recourse to a range of legislative and other options by Welsh Government to determine the future structure and direction of services”.

3.0 A HIGH LEVEL ANALYSIS OF THE COMPACT

3.1 Public Value

- Maximising public value in local government entails configuring the economic, efficient and effective delivery of services at the optimum level which is consistent with effective local democratic accountability. The most appropriate form of collaboration to maximise public value would therefore be local government reorganisation. Reorganisation would provide substantially more savings, at a lower cost and far faster than the initiatives within the Compact. Reorganisation would also instantly resolve governance and accountability issues within the democratic framework of new Councils rather than the frightening prospect of the proliferation of new governance models within regions to deal with the impact of the Compact.
- No compelling explanation has been provided to date for not considering reorganisation as a more suitable collaborative model than the Compact. In an independent assessment of the Welsh Government’s Policy for Local Government published in June 2011 it was stated that “Regional partnerships are not the only possible solution. There are in fact a range of other options, including wholesale reorganisation of local government and partial reorganisations - all of which deserve serious consideration.... “

- Therefore, rather than taking a strategic holistic and transformational approach to collaborative public value, it would appear that the national ambition is for a more tactical, incremental and fragmented solution.

3.2 Geography

- When it comes to geography, the Compact appears to contradict its parent document; the Simpson Report. Principle 3 of the Simpson Report states “It is about better collaboration not just hard geography”. It goes on to state: “whilst it may be desirable to create a “simple” solution of Regional groupings, we should instead focus on how we can tackle the existing complexity in a pragmatic and straightforward manner”.
- It also states that there are “different geographic dimensions for different issues” and that not all collaborations need to be based on geographic proximity and that there should also be recognition for the “potential for coalitions of the willing”.

3.3 Efficiency Options

- The Wales Audit Office have expressed concerns about aspects of the Compact. “I am concerned that the Compact does not define sufficiently clearly the criteria by which Councils should judge whether collaboration is, or is not, the most appropriate option”.
- The Auditor General makes more detailed points regarding how the cost of engaging in collaborative options should be weighted against what can be done with the same resource on non-collaborative business initiatives. A very relevant point in terms of Gwynedd’s collaborative experience to date compared to our successful efficiency strategy.

4.0 OPTIONS

4.1 It would appear that the Council has three options, it can:

- A – Endorse the Compact as it stands
- B – Reject the Compact
- C – Give a heavily qualified endorsement of the Compact

4.2 Option A – Endorse

There is no doubt from our current behaviour as a Council that we have demonstrated commitment to collaboration as an option to provide effective and efficient services. There are many examples of existing collaborative activity in Education, Procurement, Highways, Libraries etc. However, there are many reasons to be careful about slavishly signing up to the Compact:

- As stated by the National Auditor, collaboration is only one option to improve performance and efficiency. Sometimes it may be better to use our resources on non-collaborative arrangements.
- The Regional Footprint is too restrictive and we should feel free to collaborate across any geographical boundaries whilst recognising that the regional structure can be appropriate in many cases.
- The Compact fails to recognise the importance of linguistic differences and this Council has a duty to deliver services in the language of choice of our citizens. We also need to avoid any material undermining of our success in prioritising and supporting the Welsh Language through our internal administration language policy.
- Attractive business cases alone will not automatically trigger collaboration unless the Council is also content with collaborative governance and accountability arrangements.
- Many of the deadlines in the Compact are unrealistic. There are many March deadlines for activities for which we have seen little or no details to date.
- The Council does not commit to surrendering its commissioning role for any of the named services.
- The Council should take a rounded approach to assessing the attractiveness of collaborative initiatives which will include: performance, risk, financial benefits, costs, employment and language considerations.

4.3 Option B – Reject the Compact

- Although I evidently have many concerns regarding the Compact, I cannot recommend outright rejection of the Compact as I do not believe this would be in our interest. As a Council, we are already involved and engaged in many collaborative activities and there is no reason why this attitude should not prevail for those Compact items which meet our criteria for success.
- Rejecting the Compact outright invites the risk of intervention by the Minister who has the power to direct the Council in the sphere of collaboration.
- We cannot afford to be perceived as not engaging in the Compact as we cannot afford to lose the “goodwill” we have created in recent years at a national level. I have no doubt that this goodwill has opened doors for us and led to financial benefits in terms of grants and influence over distribution formula etc.

4.4 **Option C – Qualified Endorsement of the Compact**

This Council approves a conditional acceptance of the Compact. Gwynedd will continue to play a positive role in the delivery of the commitments in the Compact provided they meet the Council's success criteria:

- Positive business benefits for the Council in terms of financial, performance and service resilience improvement.
- A better return on our investment, of officer and member time and other costs, than alternative opportunities for business benefits which may, or not be, collaborative in nature.
- Protecting and supporting the Welsh Language.
- Acceptable governance and accountability arrangements.
- Retaining our commissioning role.
- A fair distribution of employment opportunities.
- Acceptable levels of risk.
- In terms of geography collaborating across areas that are acceptable for the Council (i.e. not necessarily in the regional footprint).
- Realistic timeframes.

5.0 **CONCLUSION**

- The Compact appears cumbersome both in style and content. It reflects a style of national leadership which is rightly ambitious but also, on occasion, feels prescriptive and coercive. All that really matters is that we maximise the value, in terms of impact on people's lives, from the budget we receive. Many aspects of the Compact provide options for contributions to this purpose.
- For some members the Compact will be perceived as being invasive in terms of local democracy. But non-engagement in the Compact may create greater risks to local democracy in terms of Ministerial direction and other risks which could be detrimental. Providing we stick to our principles there is a middle way which allows us to demonstrate a positive commitment to public service improvement and protect Gwynedd's interests.

6.0 **RECOMMENDATION**

I recommend that the Council endorses the Compact on a qualified basis in accordance with the detail in paragraph 4.4. – Option C.