



When Dragons Collaborate - Results Can Vary!



Steve Thomas CBE
Chief Executive WLGA
June 2017



WLGA - Our Role





Williams and Andrews - The end of the “Back to the Future” options?

PROPOSED NEW COUNCIL MAP

BASED ON 8 LOCAL AUTHORITIES





New Local Government Bill announced this Week in WG's Legislative Programme



Retain existing 22 local authorities - the 'front door' through which people access services – but with key services being delivered regionally.

This will give local authorities more resilience in terms of staffing and finance and also ensure that services are planned and delivered on the right scale.”

Two potential models to deliver such services in the future: one based around city regions covering strategic transport, land-use planning and economic development and another aligned to health boards for services such as education improvement, social services and public protection.

“Behind this front door, we would have an enhanced level of mandatory and systematic regional working
**LEGISLATION LOCKS DOWN REGIONAL
ARRANGEMENTS AND MANDATES THEM TO
HAPPEN**



Facing the future? Possibilities across Wales



north wales economic ambition board
bwrdd uchelgais economaidd gogledd cymru


Powys



Cyngor Sir
CEREDIGION
County Council

Growing Mid Wales



DINAS-RANBARTH
Bae Abertawe
Swansea Bay
CITY REGION





Local Government Bill Key Themes

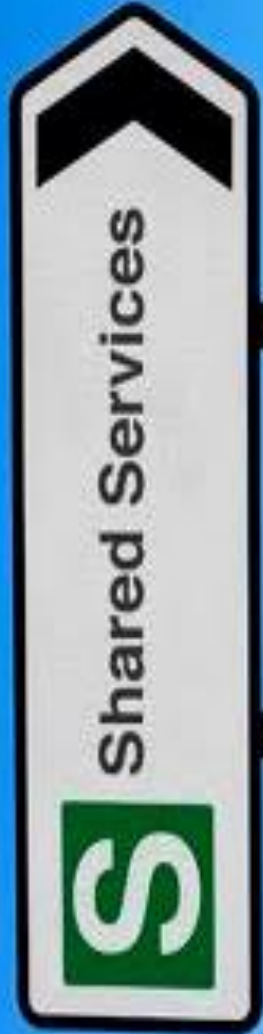
- Voluntary mergers remain an option and shared services
- Legislation will allow for combined authorities across Wales. Statutory Joint committees the favoured governance model at the present.
- Regional footprints largely clear but still some debate around Mid Wales
- Linked to work arising from the Social Services and Wellbeing Act 2014 and moves towards regional pool budgeting on LHB boundaries.
Significant timetable issues
- Also linked to electoral reform of administration and voting systems.
Permissive PR a choice for individual councils.
- Allowing officers from within an authority to stand for council in that authority



What's happening on the ground?

- Councils appear to eschewing the shared services model and working through regional lead authorities.
- Not to say that shared services don't exist. Example - Front line focus of the Vale, Cardiff and Bridgend Regulatory Service. Cynnal educational support services for schools Ynys Mon, Gwynedd & Denbighshire
- City deals driven by a vision of economic improvement and gain – South Wales Metro
- Swansea City deal taking on board wellbeing. Wellness and Life Science Village at Delta Lakes, through the ARCH health programme.
- North Wales, particularly Wylfa Newydd one of the largest private sector investments into the UK – and the rail modernisation project from Crewe to Holyhead, which will include electrification.

Shared Services – A curates egg



Previous failure of a number of high profile projects in Wales. Business cases showed no great return on investment and slow payback period.

Often based on the false assumption that huge savings are available in functions which have already taken significant budget cuts

On the plus side – economies of scale for smaller services and resilience

Pressing question of digitalization and what that means?

Central government has burnt its hands on shared services



Government set up the two independent shared service centres. It signed operating contracts with two private sector companies (arvato UK Ltd and Steria Ltd) to known as ISSC1 and ISSC2

Key facts

£90m

estimated savings made to date by outsourcing and transforming back-office functions

£94m

estimated total investment costs of the programme to date

2

of 26 organisations that planned to adopt single operating platforms by April 2016 had done so

- 0** organisations met their target date for adopting single operating platforms for their shared services
- 11** government departments now receive services from a shared service centre under the government's Next Generation Shared Services strategy
- 888** requests for change are currently outstanding across the two independent centres
- 14 months** is the average delay to completed and agreed migrations to single operating platforms



Spend Save dichotomy. WLGA view is there is something more fundamental at stake





WLGA – New Leadership Team





The Thoughts of Councillor Debbie Wilcox

“I want to reassert political leadership, and reflect the primacy of elected councillors as our community leaders. Too often in Wales the agenda has been led by an army of auditors and inspectors, civil servants and indeed our own officers. I do praise them for the work they do but they are not elected or democratically accountable. We are and it is time we re-asserted our right to lead and to govern”.

“My vision for local government across Wales to be taken seriously, to be a major player in the devolved settlement and to be treated with proper respect by all other levels of government. I have been appalled in recent years about attacks on councillors and the work that they do; and sadly from people within my own party. This has got to stop”.

“Local services are the cement which lock communities together but they are struggling and it is our duty as elected members to campaign for them and protect them. That means making a loud and noisy case in the corridors of both Westminster and Cardiff. **It means arguing that the philosophy of austerity that has dominated political discourse since 2008 has collapsed, to the point where hardly anyone still believes it.**”



Of course if you read the Sunday Telegraph there are some people who need convincing!

There was no such thing as austerity – Britain still isn't living within its means

SIMON HEFFER

24 JUNE 2017 • 6:00PM



Where have the austerity measures fallen?

Department	2010-11 departmental expenditure limit (£ billion, 2015-16 prices)	2015-16 departmental expenditure limit (£ billion, 2015-16 prices)	Change %
NHS (Health)	107.4	117.2	9.1
Education	61.5	58.0	-5.7
Defence	40.0	35.1	-12.1
Scotland	30.5	28.7	-5.7
Wales	16.2	14.4	-11.3
Home Office	13.9	10.9	-21.6
DCLG Local Government	26.0	10.8	-58.7
Northern Ireland	11.5	10.7	-7.6
International Development	8.0	9.3	16.2
Transport	13.3	7.8	-41.5
Justice	9.9	7.0	-29.4
Work and Pensions	15.1	6.5	-57.2
DCLG Communities	11.0	6.0	-44.9

Is Austerity Dead?

“In general, the deployment of austerity as economic policy has been as effective in bringing us peace, prosperity, and crucially, a sustained reduction of debt, as the Mongol Golden Horde was in furthering the development of Olympic dressage.”

– [Mark Blyth, *Austerity: The History of a Dangerous Idea*](#)



“The cumulative impact from austerity now requires more of an increase. I have been arguing for some time for more cash for schools. I have also argued for more money for social care, to relieve more of the pressures on NHS hospital beds and provide more back up for the elderly and infirm in their own homes. I expect more money to be forthcoming.” –

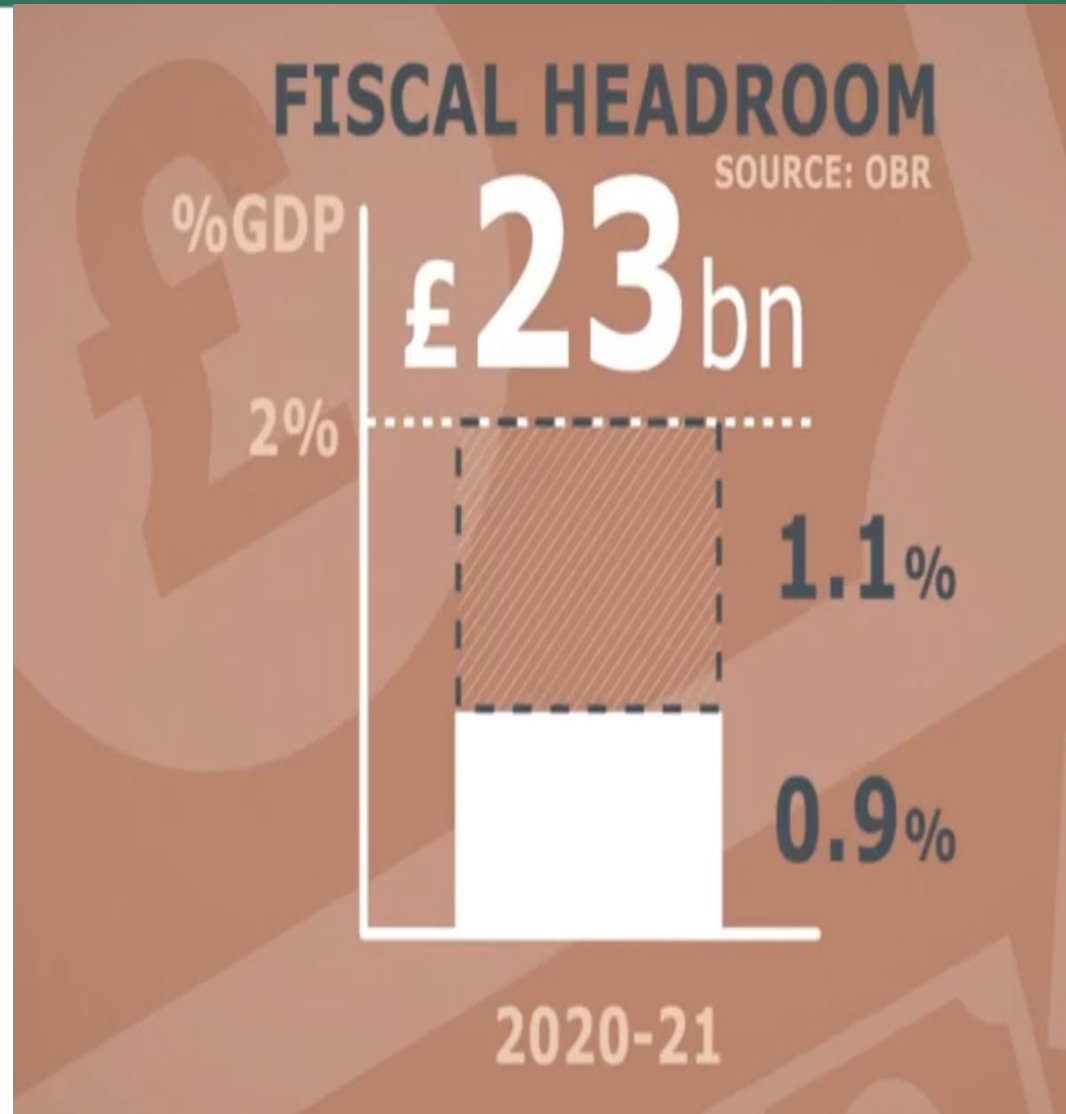
[John Redwood MP](#)
“Let’s End Austerity”

The Public finances – is there room for manoeuvre?

BBC Newsnight the other evening presented the following scenario by Paul Johnson of the IFS and Chris Cook its policy editor and former special adviser to David Willetts

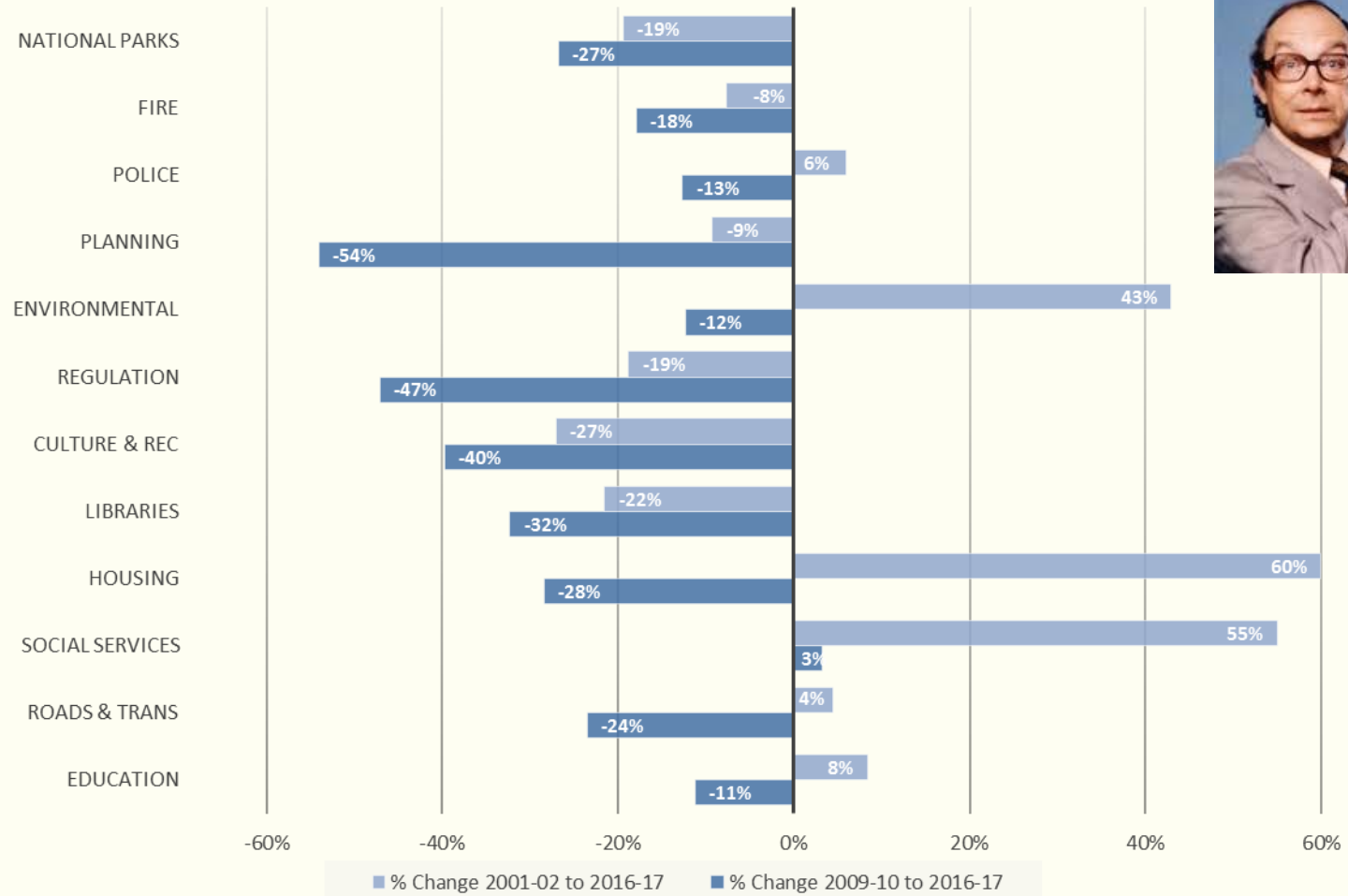
The Chancellor of the Exchequer has a rule that the underlying fiscal deficit should be no more 2% of GDP by 2021. The government's current plan is that the deficit will be well below the rule at 0.9% by 2021. This means that they can borrow 1.1% more in that year without raising taxes. **This raises £23bn.**

Spend on Services or Brexit?



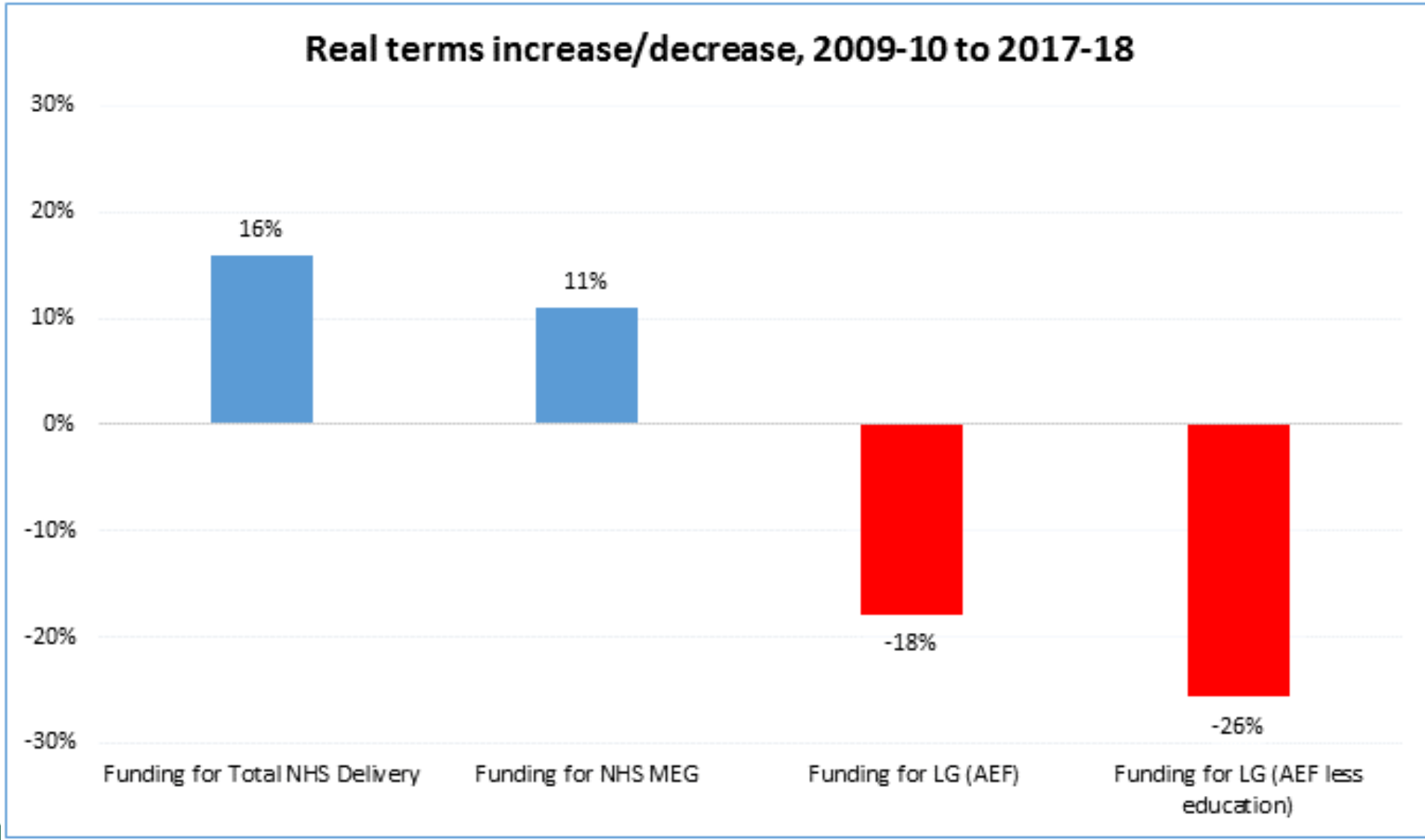
Local Government cuts- What do you think of it so far?

Change in per capita service spend (adjusted for inflation)





Spending on the NHS and Local Government Five year trend – 50% of the WG Budget





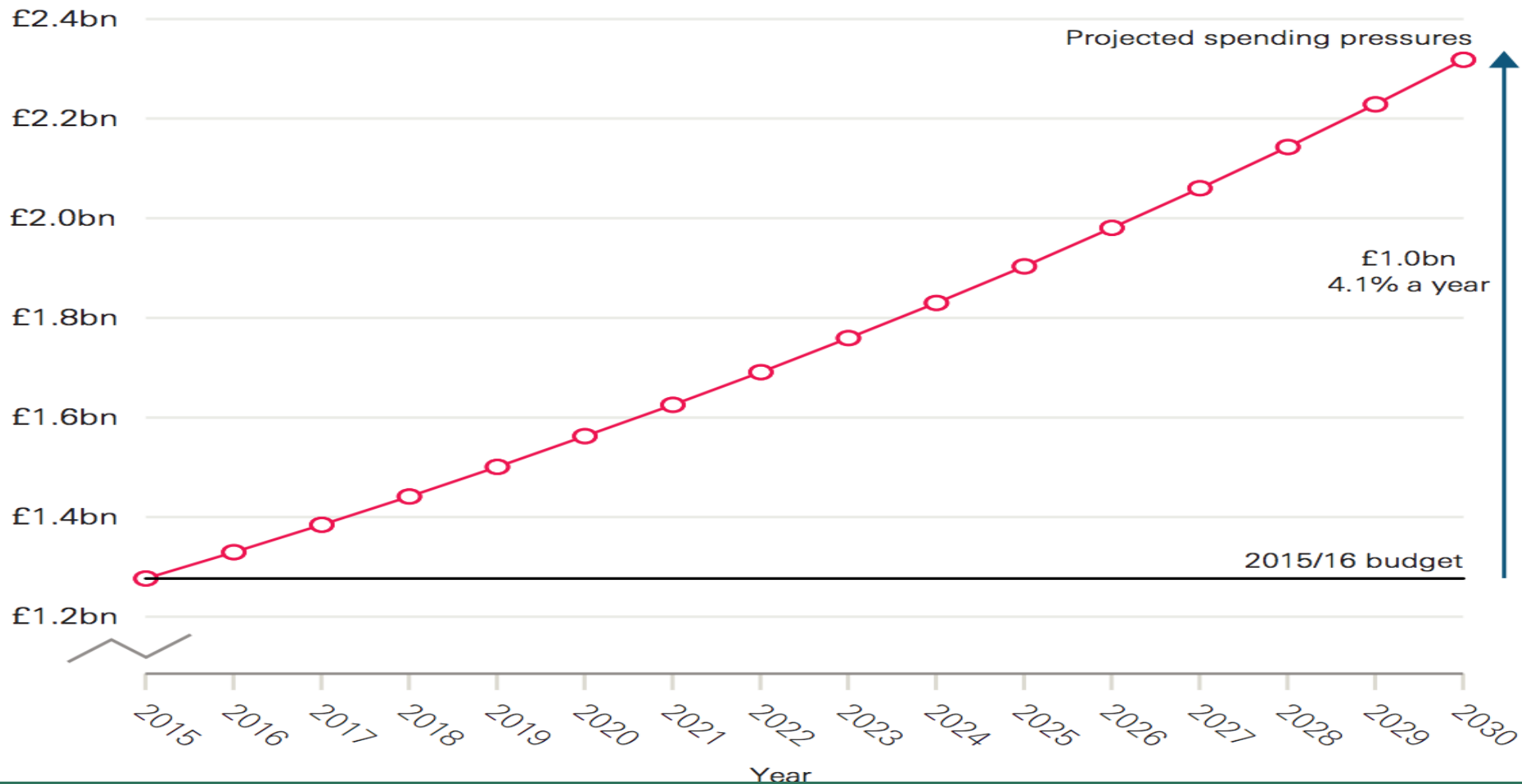
Danger of the creation of Greater Cardiff Bay Health Authority? Ministerial concerns





“Houston we have a problem” - The Social Care Crisis

Figure 12: Projected cost pressures for adult social care in Wales





Anyone got any cunning plans? – The reaction to the “Dementia” Tax shows the perils.



FORWARD,
TOGETHER
Our Plan for a
Stronger Britain and a
Prosperous Future

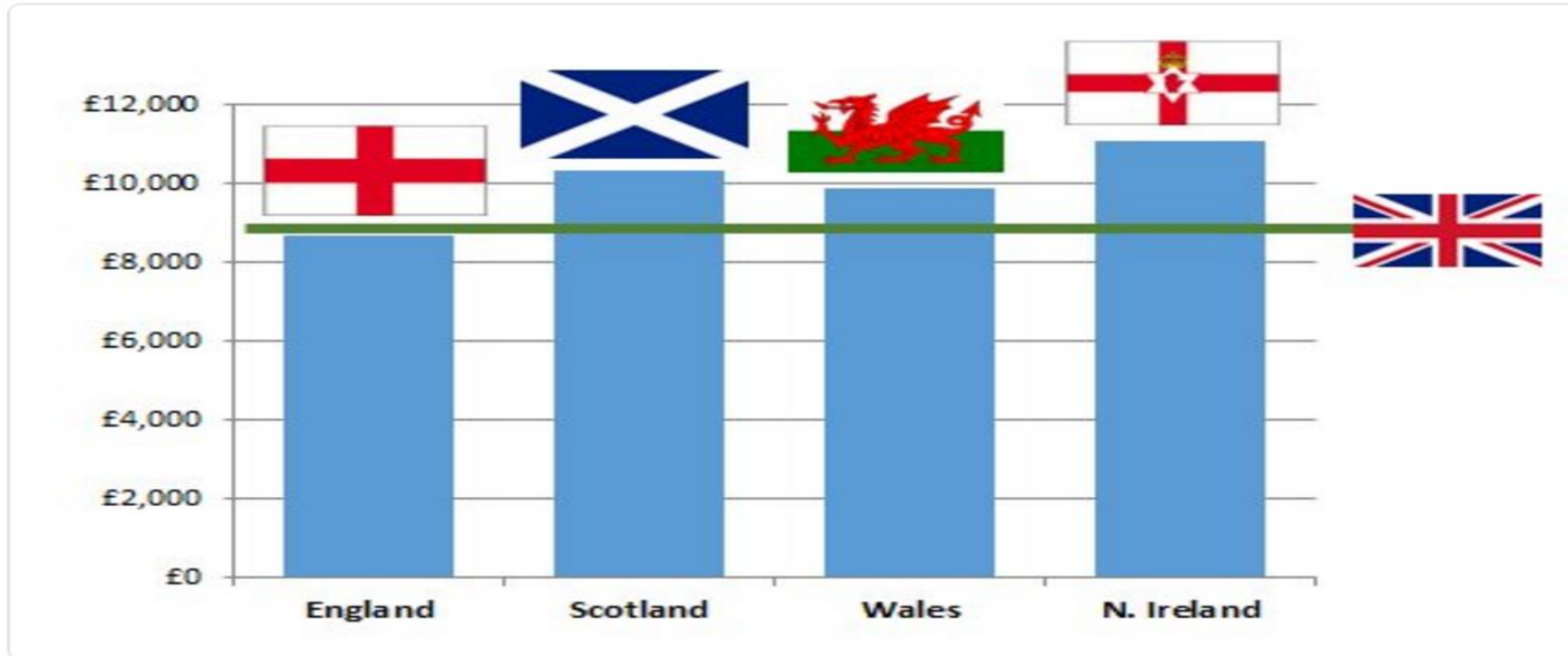
THE CONSERVATIVE AND UNIONIST PARTY
MANIFESTO 2017



Dilnot Commission Report:
Cicero Consulting Special
4 July 2011



Solution = Move to Northern Ireland



Comparisons being made between the DUP deal and UK government funding for City Deals across the UK are misleading; not least because of the amount being invested over such a short period of time. Granted the £1.3 billion of investment in Scotland and Wales through City Deals committed since 2014, is above and beyond the Barnett Formula. But this investment is over decades to come. To put in context, the DUP have secured more extra funding from Westminster in two years than [the Greater Manchester City Deal secured over 30.](#)

How George Osborne viewed it at the Evening Standard





The financial stress and sustainability of councils

Feedback to WLGA –

- Some councils are increasingly concerned about local capacity and capability to make savings.
- Burgeoning problems in social care budgets not just in adult services but increasing numbers of looked after children.
- While local authorities have tried to make savings through efficiencies rather than reducing services, there is some evidence of reduction in service levels.
- There is much greater use of reserves to support revenue budgets
- Need greater robustness in assessing the capacity of authorities to absorb further funding reductions
- The majority of future savings are likely to come from service change and new ways of working, which are harder to achieve and require longer lead-in times

Conclusions

- **New clarity on the direction of travel on the shape of local government but difficult to factor in huge savings assumptions**
- **Need to make a sustained and coherent case against austerity**
- **Brexit – “the known unknown”**
- **NAO in England have concluded that Auditors are increasingly concerned about local authorities’ capacity to make further savings**
- **Issues of “frozen” public sector pay**
- **Preventative services like Parks, Environmental Health, housing, transport, leisure cannot take all the cuts strain.**
- **Prevention, prevention, prevention**
- **Time for councils to receive some “shelter from the storm”**



Thanks for listening

**Steve Thomas CBE
Chief Executive WLGA
steve.thomas@wlga.gov.uk**

Wales Seminar 2017

Wednesday 28 June 2017
Metropole Hotel, Llandrindod Wells

When Dragons Collaborate

Looking at the mutual benefits for local authorities of working together



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Local Authority Collaboration

Developing a route map through the legal issues

Clare Hardy

Senior Associate, Geldards LLP

