



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

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

Dydd Iau, 12 Mawrth 2015
Thursday, 12 March 2015

Cynnwys
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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi 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
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Alun Davies	Llafur Labour
Jocelyn Davies	Plaid Cymru 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)
Mark Isherwood	Ceidwadwyr Cymreig Welsh Conservatives
Gwyn R. Price	Llafur Labour
Rhodri Glyn Thomas	Plaid Cymru The Party of Wales

Eraill yn bresennol
Others in attendance

Steve Halsall	Prif Weithredwr, Comisiwn Ffiniau a Democratiaeth Leol Cymru Chief Executive, Local Democracy and Boundary Commission for Wales
Alan Morris	Swyddfa Archwilio Cymru Wales Audit Office
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru Auditor General for Wales
Owen Watkin	Cadeirydd, Comisiwn Ffiniau a Democratiaeth Leol Cymru Chair, Local Democracy and Boundary Commission for Wales

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

Elizabeth Wilkinson	Clerc Clerk
Sarah Sargent	Dirprwy Glerc Deputy Clerk
Rhys Iorwerth	Y Gwasanaeth Ymchwil Research Service
Matthew Richards	Cynghorydd Cyfreithiol Legal Adviser

Dechreuodd y cyfarfod am 09:17.
The meeting began at 09:17.

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

[1] **Christine Chapman:** Good morning, everybody, and welcome to the National Assembly for Wales's Communities, Equalities and Local Government Committee. Can I just remind Members that, if they have any mobile phones, they are switched off, because they do affect the transmission. We've had apologies this morning from Gwenda Thomas; John Griffiths is substituting. So, welcome, John. Also, Mike Hedges has sent his apologies.

**Bil Llywodraeth Leol (Cymru): Sesiwn Dystiolaeth 5—Comisiwn Ffiniau a
Democratiaeth Leol Cymru
Local Government (Wales) Bill: Evidence Session 5—Local Democracy and
Boundary Commission for Wales**

[2] **Christine Chapman:** In the first item today we are scrutinising the Local Government (Wales) Bill. This is the fifth evidence session on the Local Government (Wales) Bill, and, today, we will be hearing from the Local Democracy and Boundary Commission for Wales. So, can I welcome you both? We have Owen Watkin, chair, and Steve Halsall, chief executive. Welcome to you both. The Members will have read your paper, so, if you're happy, we'll go straight into questions.

[3] **Mr Watkin:** Thank you, Chair.

[4] **Christine Chapman:** Just a first question: on what basis do you say that reviews for new proposed authorities, and I quote here from your report,

[5] 'will be more complex and resource intensive than the reviews planned under the previous ten-year review programme'?

[6] **Mr Watkin:** Thank you, Chair. Could I just say thank you very much for the opportunity to address your committee? We feel it is a very important issue, and we are very grateful for this opportunity.

[7] If I can split it into 'more complex' and then 'resource intensive', what we have before us is a step change. There hasn't been a reorganisation of local government for many, many years, and it's a step change from a situation basically that's been there from 1972 and, onwards, 1997. We're changing to a new structure, so what we're faced with an new electoral arrangements, and a different number of councillors, a different map for local authorities in Wales, and within the context of local government reform where there's a high level of expectation and interest. So, we think that, overall, there is a degree of complexity that's introduced into the system.

[8] Secondly was 'resource intensive'. Under the 2013 Act and, previously, the 1972 Act, the commission worked on a 10-year programme of conducting reviews of the 22 local authorities. We now have an aspiration to conduct a number of reviews within a very short timescale. Now, the timescale really informs how we conduct the work. In order to meet that timescale, we need more resources, and we discussed this with officials in Welsh Government. So, for a period, we'll have to recruit staff or recruit staff on secondment to help with this period when the large number of reviews are going through. So, it's resource-intensive in the sense that, in order to meet that timetable, we need to get people to do it. Secondly, they'll be a requirement to publish our recommendations and to meet many new bodies—existing councils that electively merged and associations and stakeholders. So, there'll be resource-intensiveness there. Thirdly, on 6 March, the Minister started the recruitment for new members to the commission. Now, that means that if we have more

members, going up to five members rather than the three we have at the minute, there is another addition to the resources. So, we think this is a busy period. It is a complex period and requires a lot of attention.

[9] **Christine Chapman:** Okay. Thank you. We'll just sort the noise out next door. I'm going to bring Peter in now.

[10] **Peter Black:** Just to be clear, is this review going to be more complex and more resource-intensive than the post-1995 review?

[11] **Mr Watkin:** Well, in 1995, I think we were in a position of amalgamating, or rather identifying councils out of the previous eight. What we are looking at now is creating new electoral wards—

[12] **Peter Black:** There were actually 45 councils, not eight, before 1995.

[13] **Mr Watkin:** I'm sorry, I was thinking of the county—. I do apologise. Yes, 37 plus eight. Yes. What we're looking at now is creating new electoral arrangements on the basis of what we understand will be fewer councils. So, the electoral arrangements, the wards, will be different from—

[14] **Peter Black:** They were post-95 as well, weren't they?

[15] **Mr Watkin:** Yes.

[16] **Peter Black:** Once they got the shadow authorities, you then carried out a review of all 22. So, is it more resource-intensive than that particular review?

[17] **Mr Watkin:** Steve, were you there? I wasn't in post in 1995. I'm sorry.

[18] **Peter Black:** No, I thought not.

[19] **Mr Halsall:** To an extent, yes, because it is, again, a shorter period of time than that review was. That took quite a number of years over the period. So, once you start spreading things out, you can use the same resources over and over again, whereas we will need additional staff at this busy period just to cover the number of reviews that we'll be doing.

[20] **Peter Black:** Is there a danger that, because you have so little time, you'll be truncating consultation, or is that going to be okay?

[21] **Mr Halsall:** No. We are looking at the moment—. Certainly for our draft proposals under the 2013 Act, our policy and practice is to consult for 12 weeks on our draft proposals, and on our planning for these reviews, we also intend to consult for 12 weeks on our draft proposals.

[22] **Peter Black:** Okay, thank you.

[23] **Christine Chapman:** Okay. Janet, you had a supplementary.

[24] **Janet Finch-Saunders:** Yes, I did. Thank you for coming along this morning. I think it's very brave of you to come along in terms of the fact that, at the moment, isn't it rather like sticking your finger in the air? How do you know what resources are going to be needed because none of us knows the work you're going to have to do or, indeed, how many councils there are going to be or, indeed, how many wards there are going to be? Do you have a better idea of that than we do here? *[Laughter.]*

[25] **Mr Watkin:** I don't think we'd have the temerity to suggest that we have greater information. What we've done is to take the information that is publicly available and start from the Williams report position and then try to create models, future planning models, based on the range of options that Sir Paul Williams submitted to the Assembly. What we've done is to try and work out what the potential issues are that we have to face. So, we've done a lot of pre-planning. This is what we've been doing over the last period.

[26] **Janet Finch-Saunders:** Okay. So, I suppose my question to you—and you probably can't answer this—is that that is probably based in quite logical terms, but here we did have a voluntary merger that was a very logically put together bid that the Minister rejected. So, I think you can understand why we're lacking in confidence—well I am, certainly—of the process thus far. Have you looked at the, if you like, scenario that would stretch your resources the most? And the least?

[27] **Mr Halsall:** I think there are a number of factors for us that are going to impact on our ability to undertake these reviews in the timescales set out in the Bill. Firstly, obviously, there's the map. We've been working on the Williams option of 12 local authorities, which was the preferred option. Obviously, what the proposed option is could change the number of reviews that we will have to undertake. So, we've worked on that as well and our estimate of the costs is based on the 12 review model, if you like: nine new reviews and, if you like, three stand-alone reviews. That was what the Williams preferred proposal was. So, there's the map.

[28] Secondly, there is the clarification in terms of what is happening in terms of voluntary mergers. As I understand it, it is still open for voluntary mergers. So, once we know what the situation is there—. The voluntary mergers will need to be at the front of the queue, if you like, of the reviews that we will need to do in time for the 2018 election.

[29] The next thing that will obviously impact on us is when the Bill gets Royal Assent, which is being worked towards for November. If there's a delay in that, obviously, there will be an impact on our work. The next thing is that the Bill gives the Minister the power to direct us to start the reviews and to tell us what reviews we'll be doing. So, when we get the direction is when we can actually start. So, those are the things that will impact on it.

[30] **Janet Finch-Saunders:** And that's where I was leading to, basically. At what point does it become untenable for you to actually be able to fulfil your obligations? What sort of dates are we looking at that you would really need to know by?

[31] **Mr Halsall:** I think that if we were to get directions fairly soon after Royal Assent, going into early 2016, that's fine, but if it starts moving into the summer of 2016 before we can start, that is the point when it's going to become more difficult.

[32] **Janet Finch Saunders:** Okay, thank you.

[33] **Christine Chapman:** I've got Jocelyn, John, then Rhodri. Jocelyn.

[34] **Jocelyn Davies:** Thank you, Chair. Now, you know that the Government, in their explanatory memorandum, says that the standard timescale for completion of the entire review process can be at least 27 months. Is that reasonable in this context—27 months?

[35] **Mr Halsall:** Again, it ties in with the, if you like, caveats that I've just placed. The 27 months, if you like, is from when we anticipate getting the direction from the Minister up until the middle of 2018, when we will need to complete the work in order for orders to be made for the 2019 elections. So, that is the 27 months. We wouldn't count that as a sort of standard for our normal reviews. Certainly, under the 2013 Act, for our ten-year programme,

it was a lot longer. But we believe that we can undertake the work within that time, provided the other things are in place.

[36] **Jocelyn Davies:** That everything goes smoothly. So, when it says at least 27 months, you think you could do it within—. I mean at least 27 months could mean—

[37] **Mr Halsall:** I mean, we need 27 months for the full programme.

[38] **Jocelyn Davies:** For the full programme, okay. You know that, if the mergers go ahead, the WLGA has expressed concerns about contestability of your recommendations. They say that that could make it very difficult to get sufficient public support—I'm not sure where they think the public are in this regard, mind you—to ease ministerial decisions in time for their adoption. Do you think that's a valid concern?

[39] **Mr Watkin:** It depends what contestability is. Our job is to make recommendations to the Minister on electoral arrangements. Now, before that takes place, a large number of decisions will be taken of great importance. We are looking at possibly an announcement by the Minister in June or July upon the actual number of councils. Now that, I suppose, would be an issue of public interest and maybe concern. We hope that we will have information with regard to the number of elected members for authorities. That would be a matter of concern. So, our recommendations are to do with the electoral arrangements. They are a technical matter of electoral arrangements, which is the warding—the mechanics to get members elected to the new authorities. There may be issues about that, and we wouldn't like to—. It is not our place to prejudge what the public might want to say or what representations would come. We would deal with representations, but, in our context, they would be to do with the warding arrangements for the elected members. So, the Minister then, of course, will have an opportunity to consider representations after our final recommendations are made to him. I think it's a bit speculative to try and guess what might be contested or otherwise, but I think that, if we think of the context of our task as electoral arrangements, there are other decisions that are not for us but are for other places to say.

09:30

[40] **Jocelyn Davies:** I suppose this touches on the stuff that the auditor general said, because he's warned about any procedural defects in the merger work, and warned that there could be judicial reviews, and that's an extra cost and delay and so on. I guess, from your point of view then, in your work, you're not concerned about that happening in terms of the recommendations you make, but you say that there are other decisions around that that could perhaps raise this as a concern. I believe that this has happened in the past.

[41] **Mr Watkin:** Thank you. Chair, we've read Mr Huw Vaughan Thomas's paper, which is very useful, and I think the auditor general is making what seems to us to be a general point, and it's only fair for an auditor to make a general point that any decision of a public body might be susceptible to judicial review or an application for judicial review. It doesn't mean to say that the judge will actually grant a hearing on judicial review. So, I think it's a fair point to say, 'Well, there's always the risk'. We would not be different from any other body, but, in order to mitigate that risk, we will be very careful to consult on policy and practice early on. That is, we will consult widely on our arrangements for conducting reviews, so everybody will know in advance what factors we're going to consider, how we're going to do it, our timetable and how we're going to deal with representations. That will be published and that will be our rule book and we will adhere to that. My understanding of judicial review, like the ombudsman, is that, if due process is followed properly and there is adequate attention paid to representations and the way in which a decision is made, we hope we could eliminate the risk of judicial review. I think that, basically, it's adhering to due process and being clear and accountable on what we're doing.

[42] **Jocelyn Davies:** Oh, yes, of course, it's about the process, not the outcome of the decisions. So, you are bearing in mind—. I suppose the auditor general could always make that point about everything if a public body's making a decision.

[43] **Mr Watkin:** Possibly, yes.

[44] **Jocelyn Davies:** But what you're telling us is that you're bearing that in mind, based on past experience, and you intend to do everything that you can to militate against the possibility of it, but you can never rule it out.

[45] **Mr Watkin:** Well, we would consult.

[46] **Jocelyn Davies:** Right. Lovely. Thank you.

[47] **Christine Chapman:** Okay?

[48] **Jocelyn Davies:** Yes, fine.

[49] **Christine Chapman:** Before I bring John in, just out of interest, we're talking about the reviews, so how long would each review take from them being given a commencement date to providing a final report to the Minister?

[50] **Mr Halsall:** It would be at least 18 months to do that process.

[51] **Christine Chapman:** Fine. Okay. John.

[52] **John Griffiths:** Yes. In terms of the complexity of the work that you will be required to do and the time that it will take, would it make much of a material difference if current local authority boundaries were changed? So, rather than merging on existing local authority boundaries some wards currently within one local authority would move to another. And, in terms of how much change there might be to ward boundaries, how significant would that be in terms of the time and complexity of the work involved?

[53] **Mr Halsall:** I think that would increase the complexity quite significantly because it would increase the need to consult. You know, if you're taking a part out of one authority and putting it into another, you need quite a degree of consultation on that in that particular area in order to assess what the views are there, and to look at the bigger picture. I think it would certainly increase the complexity.

[54] **Mr Watkin:** Chair, could I just add to that by saying that, if we're told what to do, we'll do our best to deliver it? Now, we don't know what the decision's going to be. It may be a paradigm change from the Williams recommendations. So long as we know, as we say, in June this year what the number of authorities are, and the areas of those authorities, then obviously we'll have to think hard how to adjust our processes in order to keep in mind that we need to report finally to the Minister in June or late spring 2018. So, it would be an added issue, but we will do our best to adhere to the timetable we've got. If there were problems, I think that it is only honest and responsible to go to the Minister and say, 'There are issues here that need to be discussed. We need really to rethink how things are moving on this'.

[55] **John Griffiths:** So, in summary then, is what you're saying that it would involve additional work and complexity—difficulty—but it's probably doable within the time frames that we're currently considering?

[56] **Mr Watkin:** Without being a hostage of fortune, Chairman, I hope that we would do

our best to do whatever is required, bearing in mind that there's a clear programme that has been announced by the Welsh Government of election dates and working to certain election dates. Now, we have to bear that in mind. What happens in the build-up to that is something that we'd have to be perhaps more agile in meeting. As I say, to be responsible, we would have to say—if we are encountering difficulties, we'd have to say that. It would be only fair to the Welsh Government and to the National Assembly.

[57] **Christine Chapman:** Okay. I know Alun wants to come in, but Rhodri first and then Alun. So, Rhodri?

[58] **Rhodri Glyn Thomas:** Mae adroddiad comisiwn Williams wedi'i gyhoeddi ers Ionawr y llynedd, ac ych chi'n dweud eich bod chi yn gweithio ar fodelau wedi'u seilio ar argymhellion Williams, sef y 12 cyngor newydd. Rych wedi gorfod gweithio ar y modelau hynny am 15 mis nawr, ac mae yna o leiaf dri mis arall yn mynd i fod cyn ein bod yn cael clywed gan y Gweinidog beth fydd y map terfynol. Felly, dros y 18 mis yna, i ba raddau mae hynny wedi rhwystro'ch gwaith chi fel comisiwn rhag mynd ymlaen, a'ch bod chi'n gorfod gweithio ar fap sy'n ansicr a chreu modelau ar yr hyn sydd yn debygol yn hytrach na'r hyn sydd yn mynd i fodoli? Faint ymhellach ymlaen y byddech chi yn y broses petaech wedi cael gwybod y llynedd beth yn union oedd y map?

Rhodri Glyn Thomas: The Williams commission report has been published since January last year, and you say that you're working on models that are based on the recommendations in the Williams report, which are the 12 new councils. You have had to work on those models for 15 months now, and there are at least a further three months to come until we hear from the Minister what the final map will be. So, over those 18 months, to what extent has that hindered your work as a commission from moving forward, in that you've had to work on a map that is uncertain and create models based on what is likely rather than what will definitely exist? How much further ahead would you be in the process had you heard last year what exactly the map was going to be?

[59] **Mr Watkin:** Wel, diolch, Gadeirydd. Petaem ni wedi gwybod y llynedd, wrth gwrs, byddem wedi ennill 12 mis a byddem ynghanol gwneud y gwaith o adolygu'r trefniadau etholiadol. Ond fan hyn rydym ni heddiw. Allwn ni ddim newid yr amserlen. Beth oedd yn rhaid inni ei wneud—a chytunwyd hyn gan Lywodraeth Cymru—oedd rhoi o'r neilltu y cynllun 10-mllynedd roeddem wedi ei baratoi ar sail 22 awdurdod, ac yr oedd yn rhaid cydnabod mai dyna oedd penderfyniad ac awydd y Llywodraeth. Yn y cyfamser, nid yw wedi bod yn amser segur o gwbl achos rydym ni wedi paratoi polisïau a chanllawiau i ymateb i'r sefyllfa a fydd yn codi. Rydym ni'n cydnabod dewis y Gweinidog a'r Llywodraeth yw y map terfynol, ac mae'n rhaid paratoi gymaint ag y gallwn, a phan ddaw'r map terfynol, neu'r strwythur newydd o awdurdodau, byddwn ni'n gallu ymateb yn syth, pan gawn ni'r wybodaeth hynny.

Mr Watkin: Well, thank you, Chair. If we'd known last year, of course, we would have gained 12 months and we would be in the middle of conducting the work of reviewing the electoral arrangements. But this is where we are today. We can't change the timetable. What we had to do—and this was agreed with the Welsh Government—was to put aside the 10-year plan that we had prepared on the basis of 22 authorities, and we had to acknowledge that that was the decision and the desire of the Government. In the meantime, it hasn't been a time where we have done nothing at all because we have prepared policies and guidelines to respond to the situation that will arise. We acknowledge that the final map is the choice of the Minister and the Government, and we have to prepare as much as we can, and then when the final map comes, or the new structure of authorities, we'll be able to respond immediately when we have that information.

[60] **Christine Chapman:** Alun.

[61] **Alun Davies:** Thank you very much. I just wanted to follow up the question from John, in terms of additional complexity, in that we're not going to follow the route of mergers, but mergers plus, if you like. I'm not sure I fully buy the argument that that introduces a significant additional level of complexity. I think it would depend on the sorts of decisions that were taken. Let me give you two examples. If you were to say, 'Move the communities of the upper Swansea Valley and Ystradgynlais into Neath Port Talbot', which I think most people would regard as a sensible move, that surely is not as significant as if you were to carve Caerphilly into two and take one part in one direction and the other in another direction.

[62] **Jocelyn Davies:** You'll get yourself into trouble now, Alun.

[63] **Alun Davies:** I'll get myself into terrible trouble, particularly with my colleagues. [*Laughter.*] But, you know, if you were to say—I'll use Gwyn, for example—'Take Islwyn out of Caerphilly and put it somewhere else', then that would be significantly different to my first example. So, I think, you know—. You agree.

[64] **Mr Halsall:** Yes. I agree.

[65] **Alun Davies:** So, it's difficult to make that sort of generalisation about additional complexity.

[66] **Mr Halsall:** As I say, until we get the map—at that point, we can then scope in detail the rest of the work.

[67] **Mr Watkin:** Could I just add that I take your point? We try to be as neutral as possible—we're just waiting for a map. But, if we work on what we know, then we know the number of authorities with which we would have to discuss. Now, if the boundaries were changed, it brings extra authorities in for that discussion and that is an element of complexity, because, at that time, all authorities will be extremely busy. They're going to be busy doing their normal work and they're going to be anticipating what's going to happen, so to arrange meetings of leaders and chief executives of extra authorities together, it's a complexity. This won't stop it, of course, and this is why I answered Mr Griffiths on the point with, 'Okay, it may be complex, but we'll do our best to override these issues to get to a position where we hope we can deliver what the Minister wants us to deliver in terms of time.'

[68] **Alun Davies:** I'm just concerned. I take your point; I think you're right in terms of your overall response. My concern would be if we said, 'Look, this could be very, very complex here and now and we'll take decisions that could be with this for 20 years on the basis that, actually, this is going to be difficult for 18 months.' I say 20 years; I hope it's going to be longer than 20 years. You know, my concern is to get things right, rather than to do things quickly.

[69] **Mr Watkin:** Absolutely. Through you, Chair, we would agree with that absolutely. Our interest is getting a robust, stable situation and we hope we'd be able to achieve that.

[70] **Alun Davies:** That's fine.

[71] **Christine Chapman:** We've just got about half an hour and I want to make sure that all Members have time to ask their questions. So, Jocelyn first, and then I don't know whether Janet—

[72] **Jocelyn Davies:** It was just one small question, really. Of course, you were saying about the complexity and needing more people, I guess, to be doing the work, you know, in terms of resources. Are these very specialist? I mean, I can't imagine that there's going to be

a lot of people with experience in this area. Would it be easy to find people in order to do this?

[73] **Mr Halsall:** No. Some of the work is not specialist, in that dealing with representations, the number of representations and logging them and that sort of thing is fairly straightforward clerical work. However, some of the work, we have what we call review officers dealing with it, and they have specialist training in the mapping and things like that. So, we would need to get people in place with those sorts of skills, or the people there are able to pass on those skills to them.

[74] **Jocelyn Davies:** Okay, thanks.

[75] **Christine Chapman:** Janet.

09:45

[76] **Janet Finch-Saunders:** Can you expand on your concerns that any proposals for voluntary mergers could have a significant impact on your reviews and could put the wider review programme in jeopardy? How would this be the case and how could you address that?

[77] **Mr Halsall:** The understanding of the voluntary mergers was that, by November 2015, we would know what voluntary mergers were in place. We were anticipating, in the scoping work that we've done, two or three, perhaps, voluntary mergers. We were just guessing on that sort of basis. If there are no voluntary mergers, then we will have to do all of the work, as I said, by 2018, in time for the elections. If there are some voluntary mergers that still come forward, those reviews will have to be completed by 2017 in order for elections in 2018. So, that has an impact on certainly who we put at the front of the queue in terms of the programme of reviews. If there are a number of voluntary mergers, it means that we have to do quite a bit of work at the front end, if you like, of the programme, in order to get them completed by 2017. So, that's the issue in terms of how it can affect our timetable. If it is later than 2015 that we know, or the decision's made, about voluntary mergers, then obviously that will impact on that, because, in order for us to complete by the middle of 2017, that really does concatenate that timescale.

[78] **Mr Watkin:** Chair, could I just add that I think there is an element of uncertainty that's in the Bill before you? Because we'd been working on a final business case to be submitted to the Welsh Government by June this year, but, obviously, the decision has been taken to remove that process. But, in the Bill, it's possible for voluntary mergers to continue after November 2015 and for the Minister to make regulations and issue guidance after November 2015. If that were the scenario, then we're adding complexity after the period when we think we'll get—or we hope to get—a specific direction to require us to start working in spring 2016. So, the announcement that there would be no voluntary mergers gave clarity; the inclusion of provisions in the Bill that can carry over voluntary mergers raises an issue. Now, it may be a provision in the Bill that is dormant on the statute book because no authority, in the timescale, would wish to do it, but it is a contingency that we have to recognise is on the face of the Bill and, if it were realised, as Mr Halsall said, it would add added factors to a timetable that is already tight.

[79] **Mr Halsall:** There is a way around it, in a way, in that it says that the elections would be 2018 for voluntary mergers; if that was put off another year, then obviously that would—.

[80] **Janet Finch-Saunders:** Giving them a seven-year term. Are voluntary mergers still a viable option? In terms of your work.

[81] **Mr Halsall:** As it stands now, in terms of our work, yes.

[82] **Janet Finch-Saunders:** Okay. A final point: further on, you mentioned about consultation, and I know I had—I did raise concerns about the Conwy and Denbighshire one, because the Minister made it clear that consultation came in at stage 2, and that was their belief, but I think it actually was one of the factors that went against them in stage 1, and I was very concerned that this voluntary merger—. I quote the report, which said words to the effect that members of the community would have input into the new authority, but wouldn't really have any say—they didn't really want any public opinion—on whether there should be mergers at all. The consultation process, as you've alluded to, is quite problematic. Could you just expand on that—from your perspective on the boundaries, not on the consultation on the mergers? It's all consultation at the end of the day and it takes time to do effective—

[83] **Christine Chapman:** I'm not sure this is relevant to the Bill—

[84] **Janet Finch-Saunders:** It is. It is.

[85] **Christine Chapman:** I'm not sure about—

[86] **Janet Finch-Saunders:** It's actually in this report, Chair.

[87] **Christine Chapman:** Okay. Well, are you happy to answer that, Owen?

[88] **Mr Watkin:** If we can distinguish between consultations on a voluntary merger—

[89] **Janet Finch-Saunders:** No, your work and your consultations on your—

[90] **Mr Watkin:** —which is a different issue, and our consultations. Perhaps Steve would handle this issue.

[91] **Mr Halsall:** That's in terms of the initial consultation—

[92] **Mr Watkin:** Is this the initial consultation—

[93] **Janet Finch-Saunders:** Yes.

[94] **Mr Watkin:** Oh, yes, fine. We can—Steve, please.

[95] **Mr Halsall:** At the moment, the Bill includes, if you like, a sort of three-stage process for our reviews. We have an initial period where people can write in and give their views. We then produce draft proposals that go out to consultation. Once those come back, we then produce final proposals that go to the Minister and then there's a six-week period where people can write in to the Minister. That's under the 2013 Act as well and that's how we would have conducted our electoral reviews under that process.

[96] What we are saying is that we're asking the question of whether that initial period, where we have people writing in, is, if you like, cost-effective in terms of the time it takes to undertake that and the amount of useful information that can be then put towards producing draft proposals. The reason why we think that is that these reviews are going to be significantly different to previous reviews. In previous reviews, we've always started with the existing arrangements, we've looked at those existing arrangements and we've looked at the areas where there's a large variance in the electors-to-councillor ratio, and we've tried to address those areas. So, you will get quite a number of areas where the electoral arrangements remain the same after the proposals. What we're looking at here is—. Where you're joining two authorities together that could have different councillor-to-elector ratios, we've got to do more significant work in order to get a consistent picture across the new authority. The other

issue is councillor numbers. If you're joining two authorities, if you kept the same councillor numbers, there'd be very large councillor numbers, but the indications we're getting—. And that question is being asked in the current White Paper: should there be a change in councillor numbers? If there is a reduction in councillor numbers, then it makes even more significant changes to the electoral arrangements.

[97] **Christine Chapman:** I'm going to bring Gwyn Price in, because I think you had a question on this at the moment; we'll deal with that now.

[98] **Gwyn R. Price:** Yes. On councillor numbers, can you explain why exactly it is critical to have the direction from the Minister? So, really, his indication to you, I think, you were saying, is critical on numbers.

[99] **Mr Watkin:** It is. Yes, Chair, if we go back to where we were about two years ago, we undertook an extensive consultation exercise in order to identify what were the appropriate numbers of elected members for councils across the 22, bearing in mind that you had a difference between the issues of rural sparsity and urban concentration, so we had to create a model. It took about 18 months to get that position where we could create a model that was acceptable to all stakeholders, including the Welsh Local Government Association, and I believe Welsh Government was satisfied with that. Now, in the timescale we've got, we haven't got 18 months to carry out another consultation exercise. If the Minister is creating—we recognised from the very beginning that this is a reforming of local government in terms of areas and members, and it's also informed by, as Mr Halsall said, the second White Paper 'Power to Local People'. What is the function of councillors? So, we think that a clear, concise way of doing it would be for the Minister to give a figure. Now, this is not new, because Dr Gibbons, when he was Minister, and prior to that, gave us guidance that the minimum number of councillors should be 30 and the maximum 75. So, there is precedent to give an indication. So, what we're asking, in terms of clarity for everybody in advance, is that the number could be issued in, say, late spring of this year. That's for clarity for everybody and to avoid a long delay in consultation. If the Minister were to give the number in either the direction or guidance, it will help the work considerably. And then all the work of electoral arrangements is predicated on knowing (a) the area, (b) the number of councillors and how do you get the best electoral arrangements to elect members to those authorities.

[100] **Gwyn R. Price:** I was going to ask you what communication have you had with the Minister, but it doesn't seem a lot, really, because he hasn't told you a lot. Perhaps you'd like the committee to gee him up a little bit, and thank you for that.

[101] **Christine Chapman:** Okay, I'm going to go to Alun now very quickly, and then I want to bring Rhodri and then Peter in. Because we've only got about 20 minutes left, can you make sure—to the Members—that the questions are concise so we give our witnesses time to respond. So, Alun.

[102] **Alun Davies:** It was the issue between rural and urban issues that I was concerned about. In my constituency in Blaenau Gwent, I think we've got 42 councillors covering a reasonably urban area, but, of course, we border on Powys, which is as different as you're likely to get. Now, the Government's White Paper published earlier this year outlines average numbers across different countries, but that average number, I suspect, is very unhelpful; it tells you very little at all, because what's important isn't the average number on a country basis, but an average number of electors per councillor in an authority that recognises the geography and demography of that area. You said in answer to Gwyn that you have a model that takes into account sparsity and urban and the rest of it. How easy would it be to transpose that model, because I imagine that the basic principles would remain the same, and I assume those basic principles are that there are fewer electors per councillor in rural Wales than there are in urban Wales? Is that fair? Could you transpose that to a new system?

[103] **Mr Halsall:** We looked at the model, and unfortunately—. It was based on the 22 and the significant differences between those 22, as you've just alluded to. Under a merger situation—we're guessing what mergers are going to take place, but it's likely that those differences, if you like, between urban and rural, and population even, are going to be less distinct under this new map that we're looking at, because you're joining perhaps urban areas with rural areas, so the whole of that new county is going to be less distinct in terms of those, if you like, outliers between urban and rural and population. So, it's going to be more difficult to be able to look at the parameters within that in order to gauge the situation there. I think Powys is going to be an outlier in any situation, because at the moment it's been said to be on it to stay on its own. If you're going to take Ystradgynlais out, it's going to be even smaller. So, I think Powys will probably need to be looked at in a separate situation, really, to the other areas, which are going to be larger areas in terms of population anyway.

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

[105] **Rhodri Glyn Thomas:** Rŷch chi wedi cyfeirio at yr ansicrwydd sy'n bodoli, a'r diffyg cyfeiriadaeth rŷch chi wedi ei dderbyn er mwyn cwblhau eich gwaith. Rŷch chi wedi sôn am y problemau a'r rhwystrau rŷch yn gorfod eu goresgyn, a bod yna derfyn, wrth gwrs, yn eich wynebu chi o ran yr amserlen sydd gyda chi. A ydy'r pwerau y mae adran 23 o'r Bil yma yn eu cynnig i'r Gweinidog yn eich poeni chi yn y cyd-destun hynny—y gallai'r Gweinidog gamu fewn pe na bai chi yn cwblhau eich adolygiadau a'r gwaith mewn pryd?

Rhodri Glyn Thomas: You've referred to the uncertainty that exists, and the lack of direction that you've received in order to complete your work. You've mentioned the problems and the barriers that you have to overcome, and that there is a limit, of course, facing you in terms of the timetable that you have. Are the powers that section 23 of this Bill offer to the Minister of concern to you in that context—that the Minister could step in if you didn't complete your reviews and work in time?

[106] **Mr Watkin:** Diolch, Gadeirydd. Hwyrach ei fod e'n beth doeth i gael rhyw *backstop* mewn deddfwriaeth sydd yn ysgubol, ac mae'n rhoi arf i'r Gweinidog pe bai'n gorfod ei ddefnyddio. Rydym yn gobeithio y byddwn yn gallu gwneud gwaith a fydd yn cyrraedd y dyddiad terfynol, ac na fyddai'n rhaid iddo fe ddefnyddio'r pŵer.

Mr Watkin: Thank you, Chair. It may be a wise thing to have some kind of backstop in legislation that is all-encompassing, and it gives the Minister a tool to use if has to. We hope that we will be able to do work that would meet the final deadline, and that he wouldn't have to use the power.

10:00

[107] Ond byddai'n sefyllfa anffodus petai'r Ddeddf yn mynd trwyddo a bod ffactorau nad ydym yn gallu cydnabod ar y funud yn codi—nid ydym yn gwybod beth all godi—yn rhwystro'r holl raglen, ac ni fyddai'r Gweinidog wedyn yn gallu cyrraedd y dyddiadau mae e am anelu atynt ar gyfer etholiadau. Felly, rydym yn nodi y ffaith ei fod e yna; nid yw'n creu pryder i ni. Mae e'n hollol gywir o fewn deddfwriaeth a sofraniaeth y Senedd i ddeddfu i'r perwyl hynny.

But it would be an unfortunate situation if the Act went through and factors that we are not able to recognise at the moment came up—we don't know what could come up—that could prevent the whole programme, and the Minister then wouldn't be able to meet the dates that he wants to aim for, for elections. So, we note the fact that it's there; it doesn't concern us. It's completely correct within the legislation and the sovereignty of the Senedd to legislate in that regard.

[108] **Rhodri Glyn Thomas:** Ond o fewn **Rhodri Glyn Thomas:** But within the

y disgrifiad o'r comisiwn, mae e'n cael ei bwysleisio bod y comisiwn yn amhleidiol a bod gan y comisiwn yr arbenigedd priodol yn y meysydd penodol i wneud y gwaith sydd angen ei wneud. Hynny yw, nid oes modd disgrifio Gweinidog fel bod yn amhleidiol nag ychwaith, â phob parch iddo, fod ganddo fe yr arbenigedd i wneud y gwaith yma. A ydy'r elfen honno yn eich poeni chi, bod rhywun yn camu fewn sydd ddim â'r cymwysterau hynny?

[109] **Mr Watkin:** Er mwyn bod yn amhleidiol, ni wnaf ond ateb hanner y gosodiad. Yn ôl adran 23, mae'r Gweinidog yn galluogi ei swyddogion i ofyn i ni drosglwyddo'r holl waith ymchwil rydym wedi ei wneud i'w swyddogion er mwyn iddo fe ddefnyddio'r wybodaeth hynny i lywio penderfyniad. Nawr, nid ein lle ni yw amau cymhellion Gweinidog, felly, ni fyddwn yn ateb rhan gyntaf eich cwestiwn.

[110] **Rhodri Glyn Thomas:** Ond, fydddech chi ddim am weld unrhyw amodi ar adran 23 er mwyn diogelu'r comisiwn. A ydych chi'n hapus i gael e fel—

[111] **Mr Watkin:** Rwy'n ansicr, Gadeirydd, pa leddfu y gellid ei wneud. Mae'r Gweinidog, fel pob Gweinidog arall, yn atebol i'r Senedd. Mae cyfundrefnau o atebolrwydd mewn lle, ac felly mae'n rhaid derbyn mai dyna'r drefn llywodraethol sydd gyda ni.

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

[113] **Christine Chapman:** Okay; thank you. Peter, did you want to come in?

[114] **Peter Black:** Yes. I didn't catch Rhodri's question because the translation didn't come across, but I got the answer. In terms of this process, we've been talking about this as if these things are predictable—the Minister can decide the timetable, et cetera—but, of course, all this is subject to a Bill going through the Assembly, which is not going to be debated and passed, if passed at all, until after the 2016 election. So, the Minister can publish his map, he can publish a draft Bill, and you can start work on that and then everything might change because of either a political fix or the Bill being thrown out or something in 2016. So, how is that going to impact on your work in terms of planning it? It's obviously going to make it more difficult. If there are significant changes during the passage of the Bill, is that going to throw the timetable off to an extent whereby the deadlines can't be met?

[115] **Mr Watkin:** Well, first of all, Chair, we recognise the sovereignty of the Senedd. It is the law-making body, and whatever laws it passes, we have to adhere to them. Now, if there was going to be a change post 2016, then I think there would be a wholesale reconsideration

description of the commission, it's emphasised that the commission is impartial and that the commission has the appropriate expertise in specific areas to undertake the work that needs to be done. That is, you can't describe a Minister as being impartial, or say, with all due respect, that he has the expertise to undertake this work. Does that element concern you, that somebody is stepping in who doesn't have those qualifications?

Mr Watkin: To be impartial, I will only answer half of the statement. According to section 23, the Minister allows officers to ask us to transfer all the research that we have done to his officials in order for him to use that information to inform a decision. Now, it's not our place to doubt the intentions of the Minister and, therefore, I wouldn't answer the first part of your question.

Rhodri Glyn Thomas: But, you would not want to see any qualification of section 23 to protect the commission. Are you happy to have it as—

Mr Watkin: I'm uncertain, Chair, what alleviation could be done. The Minister, like all other Ministers, is accountable to the Senedd. There are systems of accountability in place and, therefore, we have to accept that that is the governing system that we have.

Rhodri Glyn Thomas: Thank you very much.

of not only the map, but the timetable and what is to be achieved. It wouldn't be just one single issue. I don't think any work that we might do under a direction issued in, shall we say, the end of this year, would be redundant, in the sense that if we are starting to look at wards, and working towards electoral arrangements, then it's possible to apply part of that work to different configurations. So, we would hope that, using the public money to the best effect, it's not wasted work and we would try to apply it to whatever situation would arise.

[116] **Peter Black:** Okay. So, say that a new Government comes in in 2016 and they introduce the Bill, say in June, because it's already in draft, at best you're going to get Royal Assent by the end of 2016—at best—and it's on a completely different map, do you have the time then in 2017 to do a review on a different map for the 2018 elections?

[117] **Mr Watkin:** As I said, Chair, I think the situation is that it would be a new package. It would not only be a new map, it would be a new concept of—. It may be different elected Members; it may be lots of different things. As part of that package, I suppose, a revision would have to be given to those elections. It may be that decisions also have to be taken about whether to call elections on the present basis, in order to get new authorities in place and not have the extended terms, or postpone elections. But, that is speculation for the minute. We are where we are and we'll do our best to carry out what we know, but if there are changes, then, as I say, we have to be fleet of foot and meet those changes as they arise.

[118] **Peter Black:** That's a useful answer and the best I'm going to get, I think. In terms of my other question on another possible delay, you actually say in your evidence that if there was any significant delay in receiving direction from the Minister after Royal Assent, that could jeopardise the review programme. What would constitute a significant delay?

[119] **Mr Watkin:** Well, I think as Mr Halsall said, what we hope is that we can get a direction soon after November 2015, subject, of course, to the National Assembly passing the Bill. If we were to run into more than six months—six months, about—then, obviously, it eats into the programme where we've already got an end date that is unmoveable at the minute. So, we would hope that the Minister would be in a position to issue an early direction.

[120] **Peter Black:** Okay, thank you.

[121] **Christine Chapman:** Just out of interest, I know we're talking, you know—. There's a lot of uncertainty, I think, at the moment, but in your estimation, what's the largest number of reviews previously carried out over any, say, two-year period? Just to have a feel for this, really.

[122] **Mr Halsall:** It's hard to say, because they were on a different basis before; it wasn't required to be in that, sort of—

[123] **Mr Watkin:** We had a 10-year rolling programme and these things were worked through on a managed list.

[124] **Mr Halsall:** Certainly, on the previous reviews, we started in, I think—I've got a note here. We started in 2009 and we completed, I think, nine reviews by 2011. I think that's correct.

[125] **Christine Chapman:** That'll be fine, I think, at the moment. We'll note your response.

[126] **Mr Watkin:** Chair, if you would like additional information then—

[127] **Christine Chapman:** Yes. That would be useful, actually, if you could send us

something.

[128] **Mr Watkin:** If you could tell us exactly what you want, we'll respond.

[129] **Christine Chapman:** Yes, okay. It's just to get a feel for this, really.

[130] **Mr Halsall:** Sorry, I've got it here now.

[131] **Christine Chapman:** Oh, right. Okay.

[132] **Mr Halsall:** Yes, the Minister's direction we had on 13 January 2009 and by the end of June 2011, we'd completed 14 out of the 22 reviews.

[133] **Christine Chapman:** Okay, thank you. Now, we are running very short of time, so on my list of people, I've got Alun very quickly, John and then Mark. I think I'll bring Mark in because we are short of time, now. So, Alun, very quickly.

[134] **Alun Davies:** Yes. This will be my final question. I just wanted to follow up Peter Black's line of questioning. If the Secretary of State gets his way and we're run by a rainbow next year, and that rainbow produces an entirely different map, you know, post 2016 elections, I don't believe that there's any way that you would be in a position to deliver the sort of electoral arrangements necessary to hold elections in any part of Wales by 2018. Would that be a fair assumption?

[135] **Mr Watkin:** I go back to what I said, Chair—

[136] **Mr Halsall:** It's difficult until we see what we see. Once we see the map, as I said, we'll be able to scope, in detail, what we propose to do. If, in that scope, we consider that we cannot meet that timetable, we will inform the Minister accordingly.

[137] **Alun Davies:** How long would the process take? How long would you expect that scoping process to take?

[138] **Mr Halsall:** It would be a matter of a month or so, I suppose.

[139] **Mr Watkin:** Yes, it wouldn't take—

[140] **Alun Davies:** It's a ball-park answer. That's fine.

[141] **Mr Watkin:** Can I just say, I think we'll be looking at a new package, not just one aspect?

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

[143] **John Griffiths:** Yes. In terms of your concerns around the requirement to consider discrepancies between electoral figures and population figures, and you wanting that to be removed, could you explain to the committee why that is your view and what practical difficulties it would involve if it wasn't removed?

[144] **Mr Halsall:** It's really based on the technical aspects of the information—the data. The population figures we get from the Office for National Statistics. They can produce them on a county basis each year—they do estimates each year—and then they can do it down to ward level, but our building blocks for the electoral wards are the community and community wards that exist. We can't get the figures down to that level. In terms of a discrepancy between number of electors and the population, you can find out what it is for a county, but

that doesn't tell you what it is down to community and community ward level, which is what you will need. Quite often, you might get a 1 per cent and 2 per cent variance across a county, but in a particular area, it might be significantly more or—

[145] **John Griffiths:** But it's currently a requirement under the 2013 Act.

[146] **Mr Halsall:** It is and it's something that, as I say, we would have to do our best to meet, in terms of we will know what it is on a ward basis, but getting more detailed information, if we're joining community and community wards, is more problematic.

[147] **John Griffiths:** So, you would like this Act to remove the requirement that currently exists under the 2013 Act?

[148] **Mr Halsall:** Yes, and I think it's a case of timing because it's for this interim review.

[149] **John Griffiths:** Because of the time constraints, as much as anything else.

[150] **Mr Halsall:** The ONS may be able, in the future, to provide detailed information, but at the moment, they're not required to do so. Whether the Welsh Government could commission that from them in future in order to inform this work, that's—. But, at the moment, it isn't down to the level that we want.

[151] **Mr Watkin:** Chair, can I say very quickly that we were concerned about this when we came before you last time? We said that we were concerned about this because we can't get a consistent picture. We can do our best, but not get a consistent picture. It is a timetabling issue. We're faced with what we've got. It would be easier to take it out and then bring it in when the ONS had done the work. Perhaps, Chair, if the committee, with respect, feels that it wishes to, you could ask the Welsh Government to commission ONS for the future to provide this statistical information in order to make it a level playing field all over Wales; that would properly inform future reviews.

[152] **Christine Chapman:** Mark, did you want to come in?

[153] **Mark Isherwood:** Yes. How accurate is the estimated £884,000 additional funding that you would require to carry out the work resulting from the Bill? What might be the impact of that if it changes in the future?

[154] **Mr Halsall:** We based that estimate of the additional cost—. At the moment, our budget is £520,000 per annum and that was based on what it would cost to do our 10-year review. So, the £884,000 is in addition to our standard £520,000, if you like. So, in terms of what we see as a six-year review programme, doing the merged authorities and then following up, then the standalones, over the six-year period we estimate that the cost would be about £3,120,000. No, sorry; it would be added on to £3,120,000, so it would be about £4 million. Now, that is based on—. What we looked at was the Williams plan with 12 new authorities and it was on that basis and, as I said, we might have some voluntary mergers. The map and the number of authorities will change that estimate. As I say, part of the scoping that we would do is that we would look again at the budget, but, in all sorts of scenarios and different combinations, we would not estimate that that would increase or would vary by more than 10 per cent over the £4 million for the six years.

[155] **Christine Chapman:** Okay, thank you. Peter, you had a question.

[156] **Peter Black:** Can I put you on the spot with a hypothetical question?

[157] **Rhodri Glyn Thomas:** How can you put someone on the spot with a hypothetical

question? [*Laughter.*]

[158] **Peter Black:** Well, I'm going to try it. If the Government is not able to reach an agreement on the map, and decide instead they want to draw up the boundaries of, say, 10 or 12 authorities through a comprehensive boundary review, how long would that take?

10:15

[159] **Alun Davies:** That's a question from a councillor.

[160] **Jocelyn Davies:** Do you want to phone a friend? [*Laughter.*]

[161] **Rhodri Glyn Thomas:** How long is a piece of string?

[162] **Peter Black:** Exactly, yes. Could it be done quickly or would it require extensive consultation and work?

[163] **Mr Halsall:** Yes, at least two years to look at the whole of Wales and look at that—

[164] **Peter Black:** I'm not talking about the wards; I'm talking about the council boundaries.

[165] **Mr Halsall:** Yes, at least.

[166] **Peter Black:** Two years, okay. Thank you.

[167] **Christine Chapman:** I think we've come to the end of our questions. Thank you for answering those questions from Members. I think we've had an excellent discussion here this morning, so can I thank you both very much for coming in today? We will send you a transcript of the meeting so that you can check it for any factual inaccuracies, but thank you once again for coming in. The committee will break now until 10.30 a.m..

*Gohiriwyd y cyfarfod rhwng 10:16 a 10:30.
The meeting adjourned between 10:16 and 10:30.*

**Bil Llywodraeth Leol (Cymru): Sesiwn Dystiolaeth 6—Archwilydd Cyffredinol
Cymru**

Local Government (Wales) Bill: Evidence Session 6—Auditor General for Wales

[168] **Christine Chapman:** Okay, if we can start back, then. This is the sixth evidence session to inform our scrutiny of the Local Government (Wales) Bill. Could I give a warm welcome to Huw Vaughan Thomas, Auditor General for Wales, and also to Alan Morris, director and sector lead for local government and criminal justice? Welcome to you both. Members will have read the evidence you've provided, so we'll go straight into questions. My first question is to the auditor general. Based on your auditing work of local government, do you believe that there is a need to merge local authorities? If so, are there any general points you wish to raise on the approach that the Government has chosen?

[169] **Mr Thomas:** Right, well, that's a rather large question. I think that it's probably true that we have too many units of local government in Wales, given the size of Wales, but that then begs a second question, which I see is hinted at in the latest White Paper but is not addressed obviously in this Bill, and that is: what is it you want the units of local government to do? I firmly believe that there's a danger that you say, 'Well, look, you need larger units', but actually, it depends on the service. Some services need to be delivered closer and at a

more local level; others, perhaps, do need to be brigaded together.

[170] If I go back to the work that was done in the early 1990s, prior to the last reorganisation of local government in Wales, the then districts and counties, together with the Welsh Office, spent some time looking, service by service, to reach a judgment as to, if you like, what size of unit was required in order to deliver things more effectively. Whilst I think that we do need to reduce the number of public bodies in Wales, I do think there needs to be some regard for the functions that those bodies should carry out. So, I think the need to reorganise has been done, but there is, I think, much more work to be done behind that.

[171] **Christine Chapman:** Thank you. Well, I know we'll tease out some of that during the course of these questions. Peter, did you want to come in?

[172] **Peter Black:** Yes. You've suggested in the past that the Williams commission proposals lacked a truly coherent vision for local government. To what extent do you believe that the merger proposals in this Bill will address that?

[173] **Mr Thomas:** The merger proposals in the Bill are simply a means to an end. I don't think they begin to address the issue of functions, which is the point that I was trying to make. I think the Williams commission properly argued the complexity of the current system and the need for some simplification, but I repeat that I do feel that there's more work that needs to be done at the level that you require services to be administered in Wales.

[174] **Peter Black:** Do you think that the approach of the Government, in terms of putting a Bill through enabling voluntary mergers in advance of a compulsory reorganisation, actually makes the whole process less coherent?

[175] **Mr Thomas:** If I can digress, again, to what happened in England during the last local government reorganisation, you saw two essential patterns. If you remember, in Wales, there was essential agreement that there was a need to merge the then counties and districts into a certain number. In England, there were pockets where there was an agreement on the way ahead, and there were other pockets where there was absolute disagreement on the way ahead. In those areas, the changes that were ushered in in terms of creating unitary authorities were fought strongly through the courts. In other areas, they went through smoothly. So, turning back, with that, to this particular Bill, I can see that there is a need to enable local authorities who wish to work together to do so. The problem, I think, comes from the timing. As I say in my evidence, because we do not, as yet, have a map of what is required, we have a narrow window, and it will be touch and go as to whether authorities are able to use this particular Bill and its provisions for merger in sufficient time to meet the intended deadlines, as we understand them from the White Paper. So, I can see the need to allow mergers in advance and, obviously, the various safeguards that are set out in the legislation, but I do wonder whether all the aspects of the Bill will actually be required in practice.

[176] **Christine Chapman:** All right, Peter? Mark.

[177] **Mark Isherwood:** Thank you. Well, we know evidence suggests merger itself isn't a magic bullet in all sectors: sometimes it can be highly effective; sometimes, for the reasons you've just described, it can be less so; and sometimes it can have no beneficial impact at all and can actually be deleterious and lead to reduced marginal returns or reduced marginal productivity. To what extent do you believe the Welsh Government has made a cost and benefits case in favour of the merger, or to what extent are the concerns expressed by people like the WLGA and SOLACE and the trade unions valid, over the need for more consideration of the costs and benefits, possibly before or possibly after a provisional map has been agreed?

[178] **Mr Thomas:** It's inevitable that you're not going to have a full, clear idea of the costs until you know what the map is and what structures you're going to move to and so on. But, of course, the process of local government reform shouldn't just rest on a cost consideration; you may want to look at issues about improving democracy, accountability and so on. Often, those can't be really quantified into financial terms. So, I think there is an issue about: is the case for benefits in the widest sense made out? I would've thought there was sufficient groundswell within Wales to say there is a need to revisit the map of Welsh authorities.

[179] **Alun Davies:** There is a need?

[180] **Mr Thomas:** There is a need.

[181] **Mark Isherwood:** Okay, having established the need to draw a map, to what extent do we then need a cost and benefit analysis to ensure that the outcome, as best we are able to forecast, would be an improvement on what pre-existed, both in terms of cost efficiency but particularly in terms of the services provided?

[182] **Mr Thomas:** Indeed, but before that, you need something that isn't in this legislation: you need the picture of the map of Wales and a clearer definition of where responsibilities will lie. We're promised that by the Government in terms of its next legislation and White Papers.

[183] **Mark Isherwood:** So, do you have any concerns that there's been no specific indication so far as to how the overall transaction costs of merger would be covered?

[184] **Mr Thomas:** I think the WLGA has properly argued that, if the aim of changing the structure of local government in Wales is to make savings, it is not savings in the short term; it is savings in the longer term. The savings in the short term are those that we still need to drive through, and, of course, we'd have to do that against the possibility that we would see further intensification of austerity—I recognise that judgment call is depending on the forthcoming general election. But if we are seeing further austerity measures in Wales, we need to change the pattern of service provision in Wales. We need to be perhaps more adventurous in the way in which we are providing services. To get those changes against a background of uncertainty about the future of the structure of local government in Wales is something that I think is dangerous, and therefore you could actually argue the WLGA's position is correct. However, there is a need to look to the longer term, because there are always reasons why you shouldn't do change now but delay, and I think that the issue about the numbers of local government units in Wales has actually been raised so consistently over a longer period that it is right that it does need to be addressed. Yes, there will be costs, but trying to work the costs and benefits of this in advance of a map is virtually impossible.

[185] **Christine Chapman:** Okay. Alun, do you want to—. Sorry.

[186] **Mr Morris:** I'd just add one point here, and it's the importance that, in looking at those costs and benefits, one consider the long term as well. I know the Well-being of Future Generations (Wales) Bill is still making its way through; nevertheless, with the principles of looking at those long-term costs and benefits, and possibly of introducing new ways of working that might have a preventative effect, I think it's important that they be taken into account in that consideration as well, and that there isn't too strong a focus on the easily quantifiable short-term costs and benefits that emerge from this kind of wholesale restructuring.

[187] **Mark Isherwood:** In terms of my last point, do you think there should be greater clarity at this point over the transition costs and how those should be met? In terms of the map

leading to a cost-benefit analysis, which seems to be what you're suggesting should happen, what do you believe should happen if the cost-benefit analysis suggested a different map?

[188] **Mr Thomas:** It's a matter, in the end, for political judgment, I have to say, in terms of what you want in Wales by way of a map. It's not going to be one drawn on the councils. The financial implication of that is certainly a factor that needs to be taken into account. What I'm arguing, and what Alan's just added, is that it is not the only factor.

[189] **Christine Chapman:** Alun, you had a supplementary.

[190] **Alun Davies:** Thank you very much. I'm fascinated, Mr Thomas, by some of the answers you've just given to Mark, because the Government's approach, to characterise it, is, on the one hand, very adventurous, to use your own word, in terms of its White Paper and its ambition for what local government can and will do in the future. But, on the other hand, in structural terms, it's actually very conservative, of course. It's simply stitching together existing units of local government without actually looking at the functions. Now, if I followed your argument correctly, and you actually focus on those functions and what those functions are and how they're best delivered, that demands a far more radical review of where we are with the governance of Wales than simply stitching together Blaenau Gwent with an adjoining local authority.

[191] **Mr Thomas:** You have my argument; that is the point that I am trying to make. The reason that I say that is that there is a danger always to stay with the boundaries, and I can understand that, because, if you're recasting boundaries of units, stand by for much discussion as to where you draw them. I come back to what it is we want local government to do in a Wales where there is now an Assembly and where we expect Ministers to answer for certain functions? Do we still need 22 all-purpose unitary authorities? I think the general consensus that comes out of the Williams commission and so on is 'no'. Well, in that case, what is it we want in terms of responsibilities, and at what level should education be run, social services and so on? Yes, I know it's a longer process—you're not getting a quick reorganisation—but we're working through more in terms of the rationale of the Wales that we want for the future. I would like the Williams commission to have carried on, perhaps, for another year to deal with that kind of question.

[192] **Alun Davies:** And do you think the Government has done enough to ask those more difficult, searching questions?

[193] **Mr Thomas:** I think the Government, compared with the last set of reorganisation, is both trying to reorganise the boundaries—what are the units—and also trying to organise and revisit what goes on in local government. That will mean a more difficult task than last time, which focused simply on reorganisation. But, I'm saying that it needs to go one step further and we need to have a better understanding within Wales, again, of the levels of responsibilities.

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

[195] **Jocelyn Davies:** Just a brief question, really. Obviously, we are where we are and you see that this could be a longer process, and I don't disagree with your argument, but we have local authorities telling us that they're about to breach even meeting their statutory services. Some say they are about to collapse. I was going to ask you about costs and benefits, but we don't have the luxury of time with some local authorities. Are we in danger, then, because we've run out of time, of making decisions that then prevent us from taking the view that you say would be the best in the longer term?

10:45

[196] **Mr Thomas:** I think that the work that we're doing—and I'll shortly be publishing a report on the liquidity and so on of individual local authorities in Wales—suggests that the problem is getting hard in Wales, and it's getting harder in terms of the budgets that local government has. But, if you then look at what has happened in England, we are seeing some more adventurous punches in terms of delivery of local services—rethinking out how services should be delivered. So, there is still time. There's a problem, we have to do something; this is something, therefore, we'll do it. I think we have that time, but the Government is right; there is a need to press ahead with local government reorganisation. It may be that we're not able to do that complete rethink that I have argued for, then, we're into practicalities; what can be done within the time?

[197] But what you cannot do—and I think it is important—is look to local government reorganisation to deliver savings in the short term. I think there is a danger that people are looking and saying, 'We will save money'. We won't save it in the short term; we might do in the longer term.

[198] **John Griffiths:** Can I just, on that, quickly come in?

[199] **Christine Chapman:** Yes, John.

[200] **John Griffiths:** Is what you're saying, then, that some of the grave concerns that we've heard in terms of the financial situation of local authorities and how long local authorities can continue to meet their statutory obligations, given the budget cuts that have been made and are likely to come about in the very short term, that you don't consider those concerns as grave as has been presented to us, certainly by some that have given evidence? You're not concerned that any local authorities in Wales are going to fail in terms of meeting their statutory obligations, because of budgetary factors in the very short term.

[201] **Mr Thomas:** If you're looking for local government reorganisation to deliver savings over the next five years; it will not. It's over the shorter term that we are struggling, and therefore, I do not see the local government reorganisation, in itself, helping in that process. In the longer term, that situation may change. Neither should local government reorganisation be used as a reason for not addressing the need to deliver services in a different way. That needs to be done now and it isn't a question of, 'Well, everything will be all right; we'll be able to carry on as we have always done in four or five years' time'. The scene will have changed. They're different factors and I do think there's a danger that, because we're in financial straits, we are reorganising. I don't think it's a sufficient argument. There is a need to do more; there is a need to revisit local government; there's a need to make sure that it is fit for what we need in Wales in the future.

[202] **Christine Chapman:** Okay. Alan.

[203] **Mr Morris:** Yes. Just to add a point to that, as the auditor general mentioned, we've been doing some work on the financial position of local government in Wales and we will shortly be publishing a report on that. Some of the themes that emerge from that are that there were a number of councils in England facing very similar pressures to those in Wales, say two or three years ago, and they have gone through a process of transformation and change and have now found themselves in a better place. I think one of the things that needs to be safeguarded in this process is that local authorities continue to focus on changing and transforming the services, as they're currently configured, because that's how they will be configured until, short of any voluntary mergers, 2020, possibly, some earlier. Let's not lose the opportunity to use that time to transform services and to make the kind of adaptations that there are many positive examples of, particularly in England, from the research that we've done.

[204] **Christine Chapman:** I've got Rhodri then Janet.

[205] **Rhodri Glyn Thomas:** Rŷch chi'n sôn, ar un llaw, am yr angen i newid y ffordd rŷm ni'n darparu gwasanaethau yng Nghymru. Ochr yn ochr â hynny, mae yna broses yn mynd yn ei blaen o greu map a fydd yn adrefnu niferoedd yr awdurdodau lleol yng Nghymru. Y gwir amdani, wrth gwrs, ydy bod yr awdurdodau yn barod yn edrych am ffyrdd i wella darpariaeth gwasanaethau ac maen nhw'n creu partneriaethau ac yn cydweithio, ond nid yw'r partneriaethau hynny bob amser yn cydfynd â'r math o newidiadau ffiniau y mae Williams yn sôn amdano fe. Felly, a oes yna berygl, ar un llaw, fod awdurdodau—? Er enghraifft, mae Ceredigion yn gwneud llawer o waith ar y cyd â Phowys, ond, yn ôl Williams, un ai y dylid eu huno nhw â sir Benfro neu greu'r hen Ddyfed. Mae yna sefyllfaoedd tebyg ledled Cymru. A oes perygl, tra bod awdurdodau yn trio creu'r partneriaethau yma, fod y rheini yn mynd yn groes i'r math o drefniadau a allai ddod i mewn yn 2019-20?

[206] **Mr Morris:** Ie, rydych chi'n gywir mae perygl bod y trefniadau rhanbarthol sy'n cael eu rhoi yn eu lle nawr yn mynd i newid yn 2020, ond, ar y llaw arall, mae'n rhaid gwneud rhywbeth i sicrhau bod y ffordd y mae'r gwasanaethau yn cael eu darparu nawr yn ddigon da am y pum mlynedd nesaf. Felly, mae tensiwn o ran a ddylen ni wneud rhywbeth nawr ai peidio. Rwy'n credu bod mwy o berygl nad yw awdurdodau yn addasu a newid yn y tymor byr fel eu bod nhw'n gallu cario ymlaen dros y pum mlynedd nesaf. Perygl arall yw eu bod yn dal yn ôl a cheisio gwneud pethau yn gywir yn yr un ffordd ag y maen nhw'n ei wneud yn awr, nad yw'n gynaliadwy, a bod hynny'n creu mwy o broblemau a mwy o densiwn yn y system achos bod llai o adnoddau ar gael. Ond, rwy'n derbyn y broblem bod tensiwn rhwng y ddwy ochr. A ddylen ni newid os oes mwy o newid ar y ffordd? Beth sy'n bwysig yw eu bod nhw'n sicrhau bod y newidiadau sy'n cael eu gwneud nawr a'r trefniadau sy'n cael eu rhoi yn eu lle nawr yn gallu addasu i'r map newydd pan fydd hi'n glir beth fydd y map yna.

Rhodri Glyn Thomas: You mention on the one hand the need to change the way in which we provide services in Wales. Alongside that, there's a process ongoing of creating a map that will reorganise the numbers of local authorities in Wales. The fact of the matter, of course, is that authorities are already looking at ways of improving the provision of services and they're creating partnerships and they're collaborating, but those partnerships don't always match up with the types of boundary changes that Williams is talking about. So, is there a danger, on the one hand, that local authorities—? For example, Ceredigion are doing a lot of work jointly with Powys, but according to Williams, they should either be merged with Pembrokeshire, or we should create the old Dyfed. There are similar situations across Wales. Is there a danger, while authorities are trying to create these partnerships, that those go against the kind of arrangements that could come in in 2019-20?

Mr Morris: Yes, you're right; there is a danger that the regional arrangements that are being put in place now will change in 2020, but on the other hand, something has to be done to ensure that the way in which services are provided now is good enough for the next five years. So, there is a tension between whether we should be doing something now or not. I think there's more of a danger that authorities do not adapt and change in the short term so that they can carry on over the next five years. Another danger is that they just hold back and try to do things in exactly the same way as they're doing now, which is not sustainable, and that that creates more problems and more tensions in the system, because there are fewer resources available. But, I accept the problem that there is a tension between the two sides. Should we change if there is more change on the way? What is important is that they ensure that changes that are made now and the arrangements that are made now can adapt to the new map when it is clear what that map will be.

[207] **Rhodri Glyn Thomas:** Unwaith y bydd map yn dod i fodolaeth yn yr haf, pan fydd y Gweinidog yn cyhoeddi'r map y mae ef yn ei ffafrio—hynny yw, mae yna etholiad yn 2016, felly nid oes sicrwydd—a oes angen i awdurdodau bryd hynny ddweud, 'Wel, dyma'r map a, bellach, o ran partneriaethau a chydweithio, mae'n rhaid inni ystyried y map hwnnw fel ffordd ymlaen', yn hytrach na'n bod ni'n cael sefyllfa lle mae llawer iawn o bartneriaethau wedi eu gosod yn eu lle a bydd yn rhaid inni eu newid nhw oherwydd yr ad-drefnu a fydd yn dod i mewn?

[208] **Mr Thomas:** Rwy'n credu bod hynny'n wir. Rwyf nid jest gobeithio y bydd y Llywodraeth yn cyhoeddi map, ond hefyd y bydd yna ryw fath o gytundeb gwleidyddol ar y map er mwyn rhoi sicrwydd. Os nad oes, y broblem yw y byddwn ni'n dal i fod yn ansicr, hyd at yr etholiad nesaf ac wedi hynny, ynglŷn a beth yn union fydd trefn newydd llywodraeth leol yng Nghymru, ac wedyn, fel y bu ichi sôn, y math o bartneriaethau a fydd yn gorfod cael eu datblygu.

[209] **Rhodri Glyn Thomas:** Gadeirydd, rwy'n meddwl fod hyn yn bwysig, o ran cofnodi, oherwydd mae llawer iawn o'r tystion sydd wedi bod ger ein bron ni wedi rhoi'r argraff bod rhyw drafodaethau mawr yn digwydd yn y lle yma yn rhyngbleidiol ynglŷn â chytuno ar fap. Fel llefarydd Plaid Cymru, a gaf fi ei gwneud hi'n glir iawn na allwn ni ddim gwneud unrhyw fath o gytundeb tan ein bod ni'n gweld y map? Felly, ar hyn o bryd, nid oes yna drafodaethau. Unwaith y bydd y map wedi ei gyhoeddi, bydd modd i'r gwrthbleidiau wedyn i ymateb i hynny. Ond, mae'r bêl, yn glir iawn, yng nghwrt y Gweinidog i gyhoeddi'r map yna cyn gynted ag sy'n bosibl. Cyn belled ag yr ydym ni yn y cwestiwn, nid ydym yn deall pam na chafodd y map hwnnw ei gyhoeddi flwyddyn yn ôl. Dyna'r broblem sy'n ein hwynebu.

[210] **Janet Finch-Saunders:** Hear, hear.

[211] **Peter Black:** I second that on behalf of the Liberal Democrats.

[212] **Christine Chapman:** Right. Okay.

[213] **Alun Davies:** Mae'r Prif Weinidog **Alun Davies:** The First Minister has been

Rhodri Glyn Thomas: Once the map comes into existence in the summer, when the Minister publishes the map that he favours—that is, there is an election in 2016, so there is no certainty—is there a need for authorities at that point to say, 'Well, this is the map, and then in terms of partnership and collaboration, we have to consider this map as a way forward', rather than having a situation where many partnerships have been established and we have to change them because of the reorganisation that will take place?

Mr Thomas: I believe that that's true. I hope not just that the Government will publish a map, but also that there is some form of political agreement on that map in order to provide certainty. If not, the problem is that we will still be unsure up to the next election, and beyond that, with regard to exactly what the new shape of local government will be in Wales, and then, as you mentioned, the type of partnerships that will have to be developed.

Rhodri Glyn Thomas: Chair, I think that this is important, in terms of the record, because very many of the witnesses that have come before us have given the impression that there are some big discussions going on in this place across the parties with regard to reaching agreement on a map. As the Plaid Cymru spokesperson, may I make it very clear that we cannot come to any kind of agreement until we see the map? Therefore, at present, there are no discussions ongoing. Once a map has been published, it will be possible for the opposition parties to respond to that. However, the ball is firmly in the Minister's court to publish that map as soon as possible. As far as we are concerned, we do not understand why that map was not published a year ago. That is the problem that we are facing.

wedi bod yn trafod, wrth gwrs, gydag discussing, of course, with leaders—
arweinyddion—

[214] **Christine Chapman:** Hang on; Janet, do you want to do—?

[215] **Janet Finch-Saunders:** I'm on to mine now.

[216] **Christine Chapman:** I'll bring John in very quickly on a supplementary, and then you can have your question. John.

[217] **John Griffiths:** I think it's possible, actually, for parties to have discussions before there's a map as to what they think the map should be, but perhaps we'd better not open up too big a can of worms.

[218] I was just going to follow on from Rhodri Glyn's question in terms of finding new ways of delivering, and doing more with less, as it were, in terms of resource and delivery, which is the flavour of the day for all of us, and arrangements being put in place now may need to be flexible for future configuration. I think that's very difficult, isn't it? If you look at leisure services, for example, and new trust models being set up, which is happening across Wales now in some authorities, those agreements and new entities are structured in certain ways, with certain parameters, certain time frames, certain ways of operating and delivering that it would be quite difficult, I should imagine, where different models have been arrived at by authorities that are, perhaps, later going to merge, to somehow bolt that together. I should imagine it is very, very difficult, no matter how flexible the current arrangements are.

[219] **Mr Thomas:** It's certainly true, if you go back to the last reorganisation, that the councils needed to spend a fair amount of time establishing common patterns in the areas they inherited. But, at the same time, the last reorganisation and, indeed, the idea of creating voluntary mergers and transition committees and shadow authorities is to allow time to do that in the run-up to reorganisation. It so happens that Alan was one of those who was advising me in the run-up to the last reorganisation. We made that period a good year to make sure that we were moving into a common pattern of services.

[220] **John Griffiths:** So, it is possible but you'd need that time to—

[221] **Mr Thomas:** We need the time. And therefore, the more time one has in saying 'Well, this is going to be the future map', the more chance we have of doing that reorganisation without, almost, a cliff edge.

[222] **Mr Morris:** But there will inevitably be some long-term contracts and agreements that will have to straddle that change, and the new authorities will have to work out how to operate those; that's inevitable. But that can't be seen as a barrier to change, otherwise you will never change, so I think it's about making sure that any—. Once the new arrangements are clear, the Bill can seek to put in provisions to seek to prevent any kind of perverse arrangements being put into place, but also making sure that they start to look now at an early stage and ask, 'What are the implications of the change for existing arrangements, and how can we start to adapt to the new situation?'

[223] **Christine Chapman:** Gwyn.

[224] **Gwyn R. Price:** Just to touch on what Alan was saying there, have you got concerns then that some of the authorities might be going into arrangements that could go over? The Minister seems to think that they could be making deals, sort of thing, for contracts that he doesn't want them to do, really.

[225] **Mr Thomas:** There's always a problem with the demising authorities. As most of you will know, I inherited a particularly difficult set of circumstances in the last reorganisation. But the Minister, in the Bill, is actually setting out some constraints, and I think they are appropriate. I think on value, by the way, as I say in my evidence to you, I'd prefer a higher threshold of transactions, because you need to have sufficient control without large amounts of transactions having to be referred between the transition committees and the existing councils. But that apart, I think that there is a need to have controls as regards spend and controls as regard staff, and we're promised work on the staff commission as well.

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

[227] **Janet Finch-Saunders:** Good morning. I know it's been touched on, but can you expand further on your concerns about the practical difficulties of achieving the timescales proposed for the merger process? What are the biggest issues to address in the Bill in this context?

[228] **Mr Thomas:** Right. Can I start with something that perhaps isn't as obvious, because it's not in the Bill? The Treasury is pushing for earlier closure of local government accounts. Currently, local government accounts, essentially, are closed around the September period. The UK Government and Treasury are now requiring accounts to be closed in July 2018. That will be the first year that accounts will need to be closed, in 2018. I have a real concern from the audit perspective, not just in terms of how I can actually staff that, because it also meets the peak of central Government accounts work, but also what the implications are for the merging authorities. No problem from, say, 2019-20 onwards—the real hard work will have been done—but the hard work coincides with the 2018 deadline. And I would like it if the Government could possibly agree with the UK Treasury that certain authorities were exempted from that particular early closure deadline, but that does require discussions at governmental level.

[229] The other bit that I address in my written evidence is the touch-and-go nature of the timetable, not if they had worked with voluntary mergers now, but the fact that everybody's waiting for the map. As I set out, the sequence of events that then has to take place has a risk of squeezing the consultation process. And as we heard earlier, it's when consultation was squeezed that judicial reviews started popping up during the last local government reorganisation. So, that's my concern—that the timetable becomes so tight that I really question whether it is possible; I think it might be, but it's very touch and go.

11:00

[230] **Janet Finch-Saunders:** I feel that you've answered the second question, really, on that and, of course, I raised with the panel before my concerns about the failed bid from Conwy and Denbighshire, where there were some conflicting, sort of, opinions on when that consultation process was due to take place. I just wonder how that's going to pan out, because I think, from the boundary commission perspective, and also the consultation as regards the whole restructure—. You know my history. I'm very much into consultation and engagement, and I know when the Conwy and Denbighshire bid was going ahead, many people felt it was rolling along without any input from them.

[231] **Christine Chapman:** Huw.

[232] **Mr Thomas:** I think when the Conwy and Denbighshire bid was put together, there was an expectation that councils would have longer in terms of pulling together their thought process than the actual submission of the bid. But, the decision is, I have to say, a ministerial one on which I really can't comment.

[233] **Christine Chapman:** Alan.

[234] **Mr Morris:** Just to add one point to that, we have concerns about the technical process of merger within the timescale, possibly. But, as you've hinted there, successful mergers aren't just about getting the technicalities right. They're about engagement, they're about changing cultures of organisations, they're about bringing different organisations with—. Those softer aspects take a bit of time as well, and if they are rushed, there's a risk that you end up with a new organisation with a dysfunctional culture of two organisations bolted together, which we saw in some cases last time round. I think learning those lessons: that that cultural change process really needs to be given a higher priority and given the necessary time, and that involves engaging, consulting and dialogue in the lead-up to the process. If that's squeezed, I think that is a big risk.

[235] **Janet Finch-Saunders:** The Bill in its current form and then the second Bill—can you see that happening? Can you see that?

[236] **Mr Morris:** I think the main merger timetable for the mandatory mergers, if we call them that, does allow a reasonable run-in to that, and if there is an early start to that process of consultation and engagement, that should allow sufficient time. I think the risk is more if there were any early voluntary mergers on the current timetable, that could become very squeezed.

[237] **Christine Chapman:** Can I just ask this? Our earlier witnesses suggested that the requirement on the commission to consult on its initial review should be removed. I just wonder what your views are on this.

[238] **Mr Thomas:** This is in terms of the individual local government boundary commission's—

[239] **Christine Chapman:** Yes.

[240] **Mr Thomas:** I think that next to trying to reorganise community councils, it was the re-warding of the existing councils that took up most of my time as chief executive. I think that if you are going to cut the initial process of the local government boundary commission, there may be a risk on that side, but I recognise the comments earlier that there is a very, very tight timetable, and, indeed, a large expectation on the local government boundary commission to produce its proposals against the new map.

[241] **Christine Chapman:** Rhodri, did you have any more questions?

[242] **Rhodri Glyn Thomas:** Dim ond i holi ynglŷn â'r ffaith mae'n amlwg bod Llywodraeth Cymru yn poeni rhyw gymaint y bydd yna benodiadau yn cael eu gwneud yn y cyfnod yma ar gyflogau uchel i brif swyddogion, a bod yna berygl y bydd rhai swyddogion yn cael eu gosod mewn swyddi newydd a fydd yn golygu bod eu cyflogau nhw'n cynyddu. A ydy hynny'n rhywbeth rydych chi'n ymwybodol ohono fe ac yn poeni amdano fe?

Rhodri Glyn Thomas: I just want to ask about the fact that it's obvious that the Welsh Government is slightly concerned that there will be appointments made during this period for senior officers on high salaries, and there is a danger that some officers will be placed in new posts that will mean that their salaries increase. Is that something that you are aware of and concerned about?

[243] **Mr Thomas:** Mae yna ddau beth, rwy'n credu. Un: gallaf i ddeall y pryder yna. Yn ail, rwyf i eisiau sicrhau nad ydyn ni'n

Mr Thomas: There are two things, I think. One: I can understand that concern. Secondly, I want to ensure that we don't lose

colli gormod o swyddogion sy'n cael taliadau gadael yn gynnar fel rhan o'r ad-drefnu. Felly, rwy'n cytuno y dylid cael comisiwn staff cyn gynted ag y bo modd.

too many officers who get early exit payments as part of the reorganisation. So I agree that we should have a staff commission as soon as possible.

[244] **Rhodri Glyn Thomas:** Yr ail beth, rydych chi'n cyfeirio'n benodol yn eich tystiolaeth at adran 28 a'r diffiniad o brif swyddogion. A allwch chi egluro beth yw'ch pryder chi yn y fan honno a beth ydych chi'n credu, o ran y Bil, y gellid ei wneud i gryfhau'r diffiniad hwnnw?

Rhodri Glyn Thomas: Secondly, you refer specifically in your evidence to section 28 and the definition of chief officers. Can you explain what your concerns are there and, in terms of the Bill, what you think could be done to strengthen that definition?

[245] **Mr Thomas:** Rwyf wedi ysgrifennu yn ddiweddar at y Gweinidog ar y pwynt yna. Efallai mai'r ffordd orau fyddai imi anfon copi o'r llythyr atoch chi.

Mr Thomas: I have written recently to the Minister on that point. Maybe the best approach would be for me to send you a copy of the letter.

[246] **Rhodri Glyn Thomas:** Byddai hynny'n ddefnyddiol iawn.

Rhodri Glyn Thomas: That would be very useful.

[247] **Mr Thomas:** Ond, yn bennaf, mae ynglŷn ag un o'r diffiniadau o dan y ddeddfwriaeth ynglŷn â phwy yw'r prif swyddog.

Mr Thomas: But, chiefly, it is about one of the definitions under the legislation about about who is the chief officer.

[248] **Rhodri Glyn Thomas:** Diolch.

Rhodri Glyn Thomas: Thank you.

[249] **Christine Chapman:** Okay. Peter. *[Interruption.]* Sorry, before you do that, Jocelyn, you had a question on that.

[250] **Jocelyn Davies:** It was just on this point really in terms of early release and so on and how do we, during this process, prevent somebody being early-released and then they're employed two weeks later at another local authority, instead of just giving notice that they've got another job, as most people have to do when they leave one job and go to another.

[251] **Mr Thomas:** I think that there is—. This is where I do feel that there is a need for the staff commission to come into existence and for various regulations to be set out controlling both the early departure and appointment process.

[252] **Jocelyn Davies:** So, it is possible to account for that.

[253] **Mr Thomas:** It is possible.

[254] **Jocelyn Davies:** Right; thank you.

[255] **Peter Black:** Can I just come back to the issue of the restricting transactions? You said earlier on that they appear to be too low. I am just wondering what alternative level you would propose.

[256] **Mr Thomas:** I'd like £250,000 as the level. I think that would give sufficient control. The Government is promising further guidance on how those should be operated and it may be that it's intending to deal with £150,000 as part of that guidance. But I think that a threshold of about £250,000—. I'm looking at it particularly in the context of the pressures that will be if there is a voluntary merger. You're asking a lot of the transition committees and the existing councils to work together. I think it's right, but I just feel that perhaps easing a bit

of the work would be appropriate, and also make it easier for us, I have to say, as regards the auditing process.

[257] **Peter Black:** Okay. You do express concerns about the auditing process. Is the concern to do with the level, or is to do with the actual process of restricting the transactions?

[258] **Mr Thomas:** It's not to do with the process. I think that it is right that that should be controlled, but it's a question of maintaining a level of materiality and I think that if we get closer to £250,000 that would be easier.

[259] **Peter Black:** Okay; thanks.

[260] **Alun Davies:** In terms of your paper, it makes the point about the Bill as being currently drafted not allowing you to audit the accounts of shadow authorities. Could you expand on what your concerns are there, please?

[261] **Mr Thomas:** I can only audit bodies that it is specified I can audit. Shadow authorities therefore need to go into a list of bodies that I can audit. It's as simple as that. There is—as I say in my evidence—unfortunately a bit of misunderstanding on the part of the civil service over what I can do in auditing the financial accounts of an authority. Therefore, it is not just that I need the body in the list of those authorities whose financial accounts I can audit; it also needs to be in those that I can do work on under the Local Government (Wales) Measure 2011.

[262] **Alun Davies:** So, for a significant period of time, those bodies would be existing without any audit arrangements at all.

[263] **Mr Thomas:** The easiest way would be to specify them in legislation.

[264] **Alun Davies:** But could you answer my question? Would they be existing without any audit arrangements?

[265] **Mr Thomas:** If they were specified in legislation, yes, then I can cover them. If they weren't, then we would have to reach individual agreements, but it's much easier to actually just add them to the list of bodies I can audit.

[266] **Alun Davies:** I accept that and I agree with you on that, actually, but at present, as currently drafted, there are no audit arrangements for them.

[267] **Mr Thomas:** That's right.

[268] **Alun Davies:** Okay. You mentioned in your reply the auditing of the financial accounts of local authorities. You also referred, in an earlier answer, to the timetable for local government reorganisation coinciding with the first year of early closure of accounts in local government. How does that create a difficulty for you?

[269] **Mr Thomas:** Well, it creates a difficulty for the finance teams in the authorities. They'll have to, if we stick to the existing timetable for merging authorities, not just close the accounts of their demising authorities and the shadow authorities; they will need to do it a good two to three months earlier at the start of the closure process than they are traditionally used to. That will put pressure on them, I think, at the wrong time. Once we're through 2018-19, then I don't see it as so much of a problem. By then, the notion of closing earlier will get into the system, as it were, but it is the coincidence with the voluntary merger ones of 2018 that cause my concern.

[270] **Alun Davies:** Thank you for that. So, what is your remedy to that issue?

[271] **Mr Thomas:** My remedy would be if the Welsh Government could reach agreement with the UK Treasury in terms of exempting the voluntary merger authorities from the earlier closure timetable.

[272] **Christine Chapman:** Okay. Mark, you had a supplementary on this.

[273] **Mark Isherwood:** If I may, because we seem to have gone over the transactions of merging authorities. In terms of transactions of merging authorities, how would we reconcile the situation where the Minister, appropriately, is highlighting the levels of reserves currently held by local authorities, both designated and non-designated across Wales, presumably suggesting that those with higher levels of non-designated reserves might be considering how they might use those at this time, with what happened in pre-1996 when some of the district authorities ran down their reserves ahead of transfer to the new bodies? If I may, I'll ask one second question, just commenting on comments made by Mr Morris earlier about how austerity had bred innovation in some local authorities across the board, and how we should be looking at that. Of course, Williams wasn't just about geographical scale and numbers of councils and population size, it was also about how services are delivered. How do we avoid small silos simply becoming bigger silos, rather than agencies for delivering things in a more sort of service-user focused way?

[274] **Mr Morris:** On that point, clearly there's a lot of focus on the map, but the public service reform programme more widely does indicate the need for that kind of transformational change, the need for greater co-operation between organisations, not just within local government, but with other public sector bodies as well, the need for community engagement, and so on. I think that process of change is as important as getting the map right itself because it's only through that process of change that you can achieve the kind of new ways of working, more efficient ways of working, and ways of working that deliver better outcomes for service users, which is what it's all about at the end of the day. That needs to, if you like, look beyond the map and for people to really start, once that settles down, to look at how we are going to make this work more effectively. So, it is a critical factor that that sort of change—. What we've seen in England is some examples of councils that have gone through quite radical fundamental changes on a voluntary basis in many cases in order to deliver those better outcomes more efficiently. So, I think there are case studies and examples out there that we can learn from, but possibly there's an aspiration here to go even further and have an even more integrated framework for local public service delivery in Wales.

[275] **Mark Isherwood:** Do audit have a role in that?

[276] **Mr Morris:** We have a role in terms of our value-for-money work and our current work under the local government Measure because we look at the efficiency and effectiveness of those arrangements. We work with the other inspectorates in terms of looking at how those arrangements in the councils affect the actual delivery of services to audited bodies. So, we do have a role there. In a broader sense, not strictly our audit role, but the auditor general has the good-practice function as well, and I think there's probably a lot of work that we can do through that activity to ensure that we facilitate the sharing of good practice, knowledge and support the emerging new authorities in terms of the kind of innovation that they can learn from.

[277] **Mark Isherwood:** Thank you. And then the reserves question.

[278] **Mr Thomas:** On the reserves question—and I'm sorry to refer back—we're about to publish a paper setting out our views on the levels of reserves, and that is in local government. Hopefully, Alan, it will be out by the end of the month.

[279] **Mr Morris:** Yes, we're trying to publish just towards the end of this month, possibly very early in April but before the pre-election purdah period comes into force, which will stop us from publishing for a month or so.

[280] **Mark Isherwood:** Would that cover that period before transition, but after decisions over transition have been made?

[281] **Mr Thomas:** It will look at our current views on the levels of borrowing, liquidity and other things affecting local government.

[282] **Jocelyn Davies:** We all look forward to that.

[283] **Mr Morris:** But it is looking at the current position. It is looking at the current position, and it's looking at what changes and improvements need to be made within local government in Wales, but it doesn't particularly focus on the process of change. It's more a case of focusing on, or just looking at the existing pressures on local authorities, how they need to improve, transform and learn how to better manage their finances in the current scenario, let alone in a transformational scenario.

[284] **Mr Thomas:** Can I say that we're doing that? It's a bit like a sort of teaser, isn't it, in terms of the publication? We're doing it in terms of comparison with England, so that we're able to draw any lessons and good practices from there.

11:15

[285] **Mark Isherwood:** So, could—I like the term 'demising'—a demising authority run its reserves down in that last year?

[286] **Mr Thomas:** Given the constraints that are being suggested by this Bill, I think we'd have much better checks than we had before. I hope that no other chief executive will inherit a negative balance, as I did.

[287] **Christine Chapman:** Rhodri's got a supplementary and then I can bring John in.

[288] **Rhodri Glyn Thomas:** Rydych wedi sôn am y drefniadaeth o ran y trosglwyddiad ac yn y blaen. A ydy adran 23 yn eich poeni chi o gwbl, a'r pwerau sydd gan y Gweinidog o dan adran 23? A fyddai'n eich poeni petai'r Gweinidog yn teimlo bod rhaid iddo weithredu'r pwerau hynny?

Rhodri Glyn Thomas: You've talked about the arrangements in terms of transition and so on. Does section 23 concern you at all, and the powers that the Minister has under section 23? Would it concern you if the Minister should feel that he needed to act on those powers and use the powers?

[289] **Mr Thomas:** A allaf i jest—

Mr Thomas: If I could just—

[290] **Rhodri Glyn Thomas:** Mae adran 23 yn ymwneud â beth petai'r comisiwn ffiniau yn methu â chyflawni adolygiad mewn pryd, a bod pwerau gan y Gweinidog i gamu mewn yn y sefyllfa hynny a chwblhau'r broses ei hun.

Rhodri Glyn Thomas: Section 23 says that if the boundary commission couldn't complete a review in time, the Minister has powers to step in and complete the process himself.

[291] **Mr Thomas:** Byddwn yn gobeithio—. Un o fanteision cael y comisiwn yw sicrhau eich bod yn gwneud y peth yn

Mr Thomas: I would hope—. One of the advantages of having the commission is to ensure that you do things correctly and that it

gywir a'i fod yn rhywbeth y gall pawb gydfynd ag ef. Ond, gallaf ddeall efallai fod angen gwneud rhai pethau'n gyflymach os oes problemau. Ond, rwy'n gobeithio, gan ein bod yn edrych at ad-drefnu yn y tymor hir, y bydd digon o amser gan y comisiwn ffiniau i wneud y rhan fwyaf o'i waith.

is something that everybody agrees with. But, I can understand that perhaps there is a need to do some things quicker if there are problems. However, I hope that, as we're looking at re-organisation in the long term, there is sufficient time for the boundary commission to do most of the work they need to do.

[292] **John Griffiths:** Can I ask—. You—[*Inaudible.*]—in terms of your post-legislative role in reviewing the legislation and the wider merger process.

[293] **Mr Thomas:** The point I was making in my written answer was that the suggestion that is in the regulatory impact assessment is that I can do that under my financial powers. The answer is I can't, but I can do it under the local government Measure. So, I would want to do that. Indeed, I'd like to get to a situation, as we did with the changes in the health system, where I had staff who worked alongside the changing authorities within health, providing a bit of real-time auditing in a sense, as opposed to waiting and then commencing afterwards. When we completed that, we left a legacy note to the authorities on, 'These are the things that still need addressing; this is where you've reached, and so on'. So, it's providing good practice at the time. Given that we're reducing the number of local government bodies in Wales, I'd hope we could do something similar.

[294] **John Griffiths:** Okay, final question: in terms of any studies that might be useful in looking at this Bill and what this Bill proposes—studies of restructuring of public services, either in Wales or elsewhere—is there anything in particular you'd like to draw to the committee's attention, such as a study that might be useful or a number of studies?

[295] **Mr Thomas:** I'll ask Alan to enlarge on this, but the one I'd particularly recommend is by Audit Scotland, which both reported and produced some good practice.

[296] **Mr Morris:** It did, yes. There was a report published by Audit Scotland in 2012 that looked at learning the lessons from public body mergers. It looked at nine public sector mergers between 2008 and 2012 and there was an associated good practice guide published as well. There are some quite useful lessons there, some thematic issues, that need to be taken into account. That's one I'd particularly highlight. There are a number of other reports and evaluations out there looking at individual mergers and restructurings. Perhaps I can provide the clerks with some more pointers as to where you could get access to those. But, the Audit Scotland one is recent and quite a useful document, in my view.

[297] **Christine Chapman:** Any other questions? No, okay. I will draw this session to a close. I thank you both for attending. It's been a very interesting session. We will send you a transcript of the meeting so you can check it for accuracy.

11:19

Cynnig o dan Reol Sefydlog 17.42 (vi) i Benderfynu Gwahardd y Cyhoedd o Weddill y Cyfarfod ac o'r Cyfan o'r Cyfarfod ar 18 Mawrth 2015 (Bil Rhentu Cartrefi (Cymru) Digwyddiad i Randdeiliaid)
Motion under Standing Order 17.42 (vi) to Resolve to Exclude the Public from the Remainder of the Meeting and from the Whole of the Meeting on 18 March 2015 (Renting Homes (Wales) Bill Stakeholder Event)

Cynnig:

Motion:

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

[298] **Christine Chapman:** Before I close the meeting, I invite the committee to move into private session to discuss the evidence we've received this morning and also for the whole of the meeting on 18 March to consider the appointment of an expert advisor for the Renting Homes (Wales) Bill and also the stakeholder event. Are you happy to do that? Yes, okay.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 11:20.
The public part of the meeting ended at 11.20.*