



Cynulliad Cenedlaethol Cymru The National Assembly for Wales

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

**Dydd Iau, 26 Mawrth 2015
Thursday, 26 March 2015**

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

The proceedings are reported in the language in which they were spoken in the committee. In

addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Peter Black	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)
Alun Davies	Llafur Labour
Jocelyn Davies	Plaid Cymru The Party of Wales
John Griffiths	Llafur Labour
Mike Hedges	Llafur Labour
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

Leighton Andrews	Y Gweinidog Gwasanaethau Cyhoeddus Minister for Public Services
Sharon Barry	Cyfreithiwr, Tîm Llywodraeth Leol, Llywodraeth Cymru Lawyer, Local Government Team, Welsh Government
Gareth Thomas	Ymgynghorydd Polisi, Diwygio Llywodraeth Leol, Llywodraeth Cymru Policy Adviser, Local Government Reform, Welsh Government

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

Chloe Davies	Dirprwy Glerc Deputy Clerk
Rhys Iorwerth	Y Gwasanaeth Ymchwil Research Service
Helen Roberts	Cynghorydd Cyfreithiol Legal Adviser
Elizabeth Wilkinson	Clerc Clerk

Dechreuodd y cyfarfod am 09:16.
The meeting began at 09:16.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **Christine Chapman:** Good morning, everyone, and welcome to the Assembly's

Communities, Equality and Local Government Committee. Can I just remind Members that, if they have any mobile phones, they should be switched off, because they do affect the—? Or, please put them on silent, anyway. We've had apologies from Gwenda Thomas, and John Griffiths is substituting; Janet Finch-Saunders has sent apologies, as well.

**Bil Llywodraeth Leol (Cymru): Sesiwn Dystiolaeth 7—Y Gweinidog
Gwasanaethau Cyhoeddus
Local Government (Wales) Bill: Evidence Session 7—Minister for Public
Services**

[2] **Christine Chapman:** This is the final evidence session on the Local Government (Wales) Bill and, today, we will be hearing from the Minister for Public Services. So, can I welcome Leighton Andrews, Minister for Public Services? Also, your officials, Gareth Thomas, policy adviser, local government reform, Welsh Government, and Sharon Barry, lawyer, local government team, Welsh Government—welcome to you all. We have taken quite a lot of evidence on this, Minister, so, if you're happy, we'll go straight into questions.

[3] I just want to ask: could you confirm whether the eventual map that you bring forward will still be based on the merger of the current units of local authorities, or whether it could, potentially, entail a more fundamental redrawing of boundaries?

[4] **The Minister for Public Services (Leighton Andrews):** I don't think, Chair, it's likely to entail a fundamental redrawing of boundaries across the whole of Wales. Certainly, our preferred option remains the Williams option 1, which you'll be familiar with. The First Minister extended an invitation to the other party leaders to meet to discuss potential alternative maps and to hear suggestions, of course, and so on, and, those meetings are under way.

[5] There have been proposals brought to us by a number of authorities. For example, in west Wales, we've seen proposals that would entail bisecting north and south Carmarthenshire and north and south Ceredigion. We've seen proposals that would entail combining Llanelli and more industrial parts of Carmarthenshire with Swansea and Neath Port Talbot. It has been suggested that, for a long period of time, Caerphilly was in Glamorgan and Islwyn was in Gwent until the 1990s. There are a lot of proposals out there and there've been proposals, indeed, in north Wales, let me say, as well, in respect of parts of Clwyd south. So, those proposals are being kicked around, but I do not envisage a fundamental move away from existing boundaries.

[6] **Christine Chapman:** Okay. John Griffiths, a supplementary.

[7] **John Griffiths:** Yes, I was just going to ask, in general, Minister, whether you're satisfied that you've got the evidence base in place in a comprehensive and effective enough way to allow you to make what is a very big decision in terms of the reconfiguration of local government in Wales. I think we know that, once a new configuration is in place, hopefully, it's going to be there for quite some time and it's going to be the base for local service delivery. So, we've heard some criticism of the process to date and some criticism of Williams, and I just wonder if you're able to assure us that, as far as you're concerned, as Minister, you've got the evidence you need, and the process that's been taken through is such that you are in a position to make what is a very important decision with a strong evidence base and a thorough process behind you.

[8] **Leighton Andrews:** Well, yes, I do. I mean, I think this has been an extensive process going back now some time. Williams reported well over a year ago: there were extensive discussions held by the Williams commission around Wales with different bodies, a

lot of evidence was collected, and they produced a very substantial, very long report. That has been the subject of considerable discussion, including around the different boundaries, and including what has been said within that on the performance of local government and other public services across Wales. We ourselves, of course, then published our White Paper last summer, and we published subsequently the prospectus for voluntary mergers. I published a further White Paper this year. We're out to consultation on that further White Paper at the present time, and that consultation closes, if I can remind everybody, on 28 April, so there are only four or five weeks to go.

[9] I think everybody's had the opportunity to make their views heard very clearly. Even at the stage where we publish a map, which we have said we will do before the summer recess—and that remains our intention; I expect to do that—even at that stage, there will be an opportunity for people to reflect on that. We have the discussion on this Bill, we have a draft Bill to be published in the autumn that will be a more substantive Bill in respect of the merger process, and we've always said that we could not legislate on this before the 2016 Assembly elections. So, again, there is going to be plenty of opportunity for people to feed material into us. I've got the review under way of the administrative costs of local authorities, which will report to me. I'm getting a presentation on that later today, and formally that will be up for discussion as well in this period. So, we've collected, I think, a very substantial body of evidence, and I think that enables us to take the decisions that are necessary, but as I say, there's still plenty of scope for people to make representations and to comment on things as we move forward.

[10] **Christine Chapman:** Okay. I've got a number of Members who want to come in, but I just want to double check, Minister: obviously, you're not talking about fundamental changes, but in terms of this Bill, obviously the Bill talks about the definition of merging authorities, and in the Bill it seems to only allow the merger of the current units. Could you just clarify how that would work with this Bill?

[11] **Leighton Andrews:** Well, in respect of any proposals that are brought forward to us for a merger on a voluntary basis, certainly that is the case, and that is what we would expect. We would certainly not expect to depart from existing boundaries in respect of authorities bringing forward proposals for merger.

[12] **Christine Chapman:** Right, okay. Alun, and then Jocelyn.

[13] **Alun Davies:** My assumption is that you want this to be a lasting settlement.

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

[15] **Alun Davies:** So, it's important that we get it right.

[16] **Leighton Andrews:** Agreed.

[17] **Alun Davies:** And that means that's it's probably more important that we take time to get it right than we rush to get it out and potentially get it wrong.

[18] **Leighton Andrews:** And I think we have been taking considerable time, and I think there is an appetite out there amongst local authorities for us to produce a map.

[19] **Alun Davies:** I certainly agree with you that there's frustration with the time it's taken, not in the last few months or weeks, but over a period of years. I accept that. But in terms of creating the new units, my assumption is—and correct me if I'm wrong—that what we want to do is to create strong, enduring units of local government that can sustain powers and that can potentially have new and additional powers and responsibilities. Now, if we want

to do that, and we want a settlement that's enduring, would it not be—and I'd be interested to know where you feel we should go on this—correct to say, 'We have these building blocks of the existing authorities, and our preferred view would be to merge whatever; however, in order to create that strong and enduring settlement, we're also prepared to consider the redrawing of boundaries where we believe that would be appropriate'.

[20] **Leighton Andrews:** Of course that might be something that we conclude, after the conversations with other parties have taken place. I wouldn't want to absolutely rule it out, but I think our starting point remains what I've said before, which is that we do not seek to see substantial redrawing of boundaries. I think the difficulty in this is: ultimately, we have to achieve a consensus. A consensus, it seems to me, is going to involve a degree of compromise by everybody in Wales and certainly all of those in a position to influence this decision. I have yet to find agreement between two people in the Assembly, I think, by and large, apart from around the Williams proposition, which is obviously the position the Government supports. Therefore, it is very, very difficult to get consensus on this, and I think we have to be realistic about that. There is going to be a significant degree of compromise. People, I think, have to approach this question with goodwill, very much on the lines that Alun Davies has suggested, that we want to create an enduring settlement, that we want strong local authorities, and that we want to get it as right as it is possible to get it. Can we make it perfect? Can we have perfect unanimity in Wales? I'm afraid I think that is probably asking for an ideal world that, even post devolution, does not yet exist.

[21] **Alun Davies:** I think, on unanimity, you're probably right on that. There are different levels of consensus in different places on different things, as you're aware.

[22] **Leighton Andrews:** Would you like to point them out?

[23] **Alun Davies:** Well, certainly, in Blaenau Gwent and Torfaen, we are very clear that we want a different way forward.

[24] **Leighton Andrews:** Well, it depends how. Okay. I'm grateful to you for that one, Mr Davies. However, I've had alternative propositions even from within that area, which have made a suggestion about Blaenau Gwent, Torfaen and Monmouthshire, for example—in fact, from you. [*Laughter.*]

[25] **Alun Davies:** That's exactly the point I was making.

[26] **Leighton Andrews:** I'm not absolutely clear that, if you look around various conjunctions of authorities in Wales, there is comprehensive unity, shall we say.

[27] **Alun Davies:** That was exactly the point I was making, and I'm glad you now agree with me.

[28] **Leighton Andrews:** I'm not sure that I said I agreed with you. I think I said, 'You had made a proposition'.

[29] **Alun Davies:** I have made a proposition, and I will continue to pursue that. It is more important that we create these units that work, and that is more important than rushing. I can see that you're anxious to come back on that. However, what I'm saying is: is it more important, therefore, that we have a debate on the map that will seek to include those areas of disagreement? You're absolutely right in what you're saying, using my local example. We are very clear that we want to see a new Monmouthshire, but Monmouthshire isn't so clear about that itself. But, for example, it would be easier to resolve those issues in south-east Wales involving people from south-east Wales than it would be to resolve those issues in south-east Wales without involving those people.

[30] **Leighton Andrews:** Clearly, we will want to involve people in all parts of Wales in discussions on the future map, but I don't think that there is consensus on that at the present time. So far, I've yet to find consensus within a single political party on the map, let me say. That's not being derogatory about anybody; I think that's inevitable. I think there are territorial interests within all parties, and that's a fact of life.

[31] I've been interested in the evidence you've taken, Chair, which has come from a number of people, who have said that, far from wanting to focus on the map, they're more interested in having a conversation about the functions that they would like local government to undertake. That's precisely why we have produced the White Paper that we have done earlier this year, which we're now consulting on. When I was a member of this committee, I think I was quite clear in saying that, one of the things I was concerned about was that, in a sense, the Williams commission had focused the attention on structure rather than on functions of local government. So, I think it's inevitable, of course, that people are going to be very focused on any map that is produced. However, at the end of the day, this is about the quality of services and the kind of services and the relationship between central and local government that we want to have here in Wales post devolution. We've had 20 years, nearly, now of a local government structure that was designed before devolution. I'm very keen myself that we look more at what we want local government to do than that we continue this focus on the map. I do appreciate that, until we have a map out there from the Government, that kind of debate cannot take place meaningfully.

[32] **Christine Chapman:** Jocelyn.

[33] **Jocelyn Davies:** Thank you. I'm pleased to hear you talking about the services that local government deliver, because, when you talk to the public, they're not all that interested in maps, actually, or lines on maps. They care about whether the library is going to stay open, whether the swimming pool is going to stay open and whether their rubbish is going to be collected, and how much they're going to pay for those services.

09:30

[34] That's what the people who count really care about. We've heard a lot of criticisms about how we ended up with the current map. It seemed to be that that was because of numerous political fixes. That's what we've heard in evidence. People have been very upfront about that. So, I hope that you'll be trying to avoid that. It would be good to know what principles you'll be applying to the myriad suggestions that are being made to you. What principles will you be applying to those suggestions that would persuade you, in any way, to depart from your preferred option, which you've said on many occasions now is the Williams proposals.

[35] **Leighton Andrews:** I think the first thing I'd want to say is that I hope that, through the procedure that we've adopted over the last couple of years, when we eventually get to an agreed map it will have been a far more transparent process than that which took place in the 1990s, where I think you're right. I think, you know, the definitive histories on this subject have not yet been written, have they, Mr Thomas? [*Laughter.*] But I think that they are likely to suggest that, as you have put it, there were some political fixes made in the course of those arrangements. I think that we have explained our commitment to the Williams process. We've explained our commitment to the broad principles that are set down there in respect of not crossing health boundaries, and how local government services relate to the work of fire and rescue authorities, police authorities and so on. Clearly, there has to be coherence in that in any final map that we produce, because, at the end of the day, we want public services in Wales that are able to work well together and are not inhibited in that by different boundaries, different sets of conflicting priorities and so on. So, I don't think at this stage there are

significant changes in principle that I would want to articulate. As I say, at the end of the day, an agreed map will be needed. There will need to be consensus within the Assembly of two or more parties, it seems to me, but that is going to be a very open process, inevitably. It's been very open so far. It will clearly be a lot more open than it was in the previous reorganisation.

[36] **Jocelyn Davies:** Okay, thank you.

[37] **Christine Chapman:** Now, we've got John, then Mark, then Rhodri. So, John first.

[38] **John Griffiths:** Yes. In terms of functions, Minister, one thing we hear concern about is the localism agenda and to what extent local authorities have and will have meaningful functions to deliver as we go forward. There are some aspects in the White Paper, in terms of the general power of competence and perhaps powers for local authorities in whatever we're discussing in terms of town councils, community councils and so on. Could you say a little bit more about that localism agenda and how local authorities might develop new powers, potentially, if they come forward with ideas as part of the debate, as well as perhaps a redrawing of functions that are not on the localism agenda?

[39] **Leighton Andrews:** Yes. I think that the White Paper is very much about how we ensure that power lies with local people, and that is about their ability to influence and engage with and, indeed, where they wish to do that, take on the management of services. I think that is very much related to an agenda that could be called one of localism. We have talked in the White Paper, as you say, about the general power of competence, not only for principal local authorities but for town and community councils, which were able to demonstrate capacity for that. We talk in the White Paper about the possibility of local authorities taking on additional responsibilities, for example in the field of public health, at some stage in the future.

[40] We also, of course—and this is a very big emphasis within the White Paper—as we look at the whole process of performance management, improvement and audit, say very explicitly that we would like fewer direct targets being set for local authorities than we have at the present time. Maybe there should be headline indicators in certain areas—for example in education and social services—where it is right that the National Assembly would have national priorities and would want to see certain standards being achieved across Wales. Now, I see that work as reducing the reporting burden on local authorities; I was slightly surprised to see that one or two people saw it as the Assembly seeking to direct local authorities. I think the reality is we already have expectations of local authorities in those areas, particularly education, social services and waste management, for example. So, the whole thrust of that White Paper, really, is around what we call a new deal for local authorities and reducing the reporting burden on local authorities, but being very clear about where we think we need strategic national priorities.

[41] **Mark Isherwood:** I hope you'll agree that what matters, ultimately, is what works best. That raises two questions. You referred, in the context of Williams, to structure and function, and of course, Williams also referred to how services should be delivered in the future. I wonder if you'd comment or give your views on the need to address that as the third leg on the stool in this debate. Finally, in terms of the map, I'd be grateful if you could just clarify publicly at this stage that the map you do see as the start of a process—and you referred to dialogue with all sorts of agencies and bodies once the map is agreed—but, if the map triggers, as it must, due diligence tests and cost-benefit analyses, which suggest, in parts of Wales, different configurations, are you flexible over that, or will this be seen as a predetermined picture?

[42] **Leighton Andrews:** Chair, I don't think the publication of a further map is the start of the process. I said in response to Mr Davies, I think this process has now been going on for some time. As I said earlier, the Williams commission reported over a year ago, there was an

extensive period of probably a year or so of consultations by the Williams commission, and engagement with different stakeholders around Wales, so every opportunity has been there for people to make those kinds of comments.

[43] I think there is a degree of frustration now emerging amongst local government,; a feeling that we do now need to make some progress on this. I can understand that and I sympathise with that, because I do think people want to get on with the day job—you know, maintain what they need to do in the day job—while keeping an eye on the future. Clearly, it will be important to test the map, as we go forward, whether that remains Williams option 1, or any other variation, and I think that is likely to happen. That may then result in further revisions, but that, of course, is a matter for the next Assembly and the next Welsh Government. I can't, at this stage, say more than what we've said already, I think, which is that we are committed to the conversations with other parties and to publishing our preferred version of the map by the summer recess.

[44] **Mark Isherwood:** Again, if you could comment on how services are delivered as the third leg on the stool. On your point there, although I appreciate it'll be a matter for a future Assembly and a future Government, surely the same rule should apply to Government, although Government can change the rules—with the support of the legislature—that apply to other elements of the public sector. For example, local authorities themselves couldn't reconfigure services until they had done those due diligence tests.

[45] **Leighton Andrews:** Well, Chair, I came here to answer questions on the Local Government (Wales) Bill. I appreciate that there is a wider context and I'm very happy to answer questions on the White Paper, or other—

[46] **Christine Chapman:** Yes, and I have allowed other Members to come in, but I think we do need to talk about the Bill.

[47] **Leighton Andrews:** We are now going very widely indeed.

[48] We've had extensive conversations about the delivery of services in Wales. Indeed, when I was a member of this committee, I can remember the inquiry that we had on collaboration, for example, and there is extensive commentary in the Williams commission report on the success or otherwise of collaborative arrangements between services. I think my views on this subject are very well known and recorded in the minutes of this committee, I suspect—well, I know. I think that there is very great consensus in Wales about the need for more collaborative working and better integration of services; however, there isn't always effective practice around that in every part of Wales in every service within Wales.

[49] **Mark Isherwood:** I think Williams went a bit further than that, but—

[50] **Leighton Andrews:** I agree.

[51] **Mark Isherwood:** You used a word that you don't like using, but it's not the word that matters, but what that word delivers, ultimately.

[52] **Leighton Andrews:** What would that word be?

[53] **Mark Isherwood:** 'Co-production'.

[54] **Leighton Andrews:** I thought you might say that.

[55] **Mark Isherwood:** It's a strong element of the Williams report and the rest cannot be considered in isolation from it.

[56] **Leighton Andrews:** Well, I think the White Paper makes it very clear that we are sympathetic to co-operative and mutual models, to community management services and to new ways of delivering services. As I have said in the last six months, the Welsh have been doing co-production before academics invented a word for it.

[57] **Mark Isherwood:** Not the currently accepted version of it, Minister.

[58] **Christine Chapman:** Okay. Mark, any other questions for the moment?

[59] **Mark Isherwood:** No, I think we've got the answers from the Minister.

[60] **Christine Chapman:** Okay. I've got Rhodri and I think Alun wanted to come in. But, again, you know, we're looking at the Bill specifically. I know this is obviously relevant as well, but—. Rhodri first.

[61] **Rhodri Glyn Thomas:** Diolch yn fawr iawn, Gadeirydd. Mae'r Gweinidog, yn ei sylwadau agoriadol, ac yn ddiweddarach, ychydig amser yn ôl, wedi cyfeirio at drafodaethau cyfredol rhwng arweinwyr y pleidiau. Gallaf eich sicrhau chi nad yw'r trafodaethau hynny yn cynnwys arweinydd Plaid Cymru. Mae yna lythyr wedi mynd oddi wrth arweinydd Plaid Cymru at y Prif Weinidog yn dweud yn glir iawn ein bod yn disgwyl gweld y map, a phan gawn ni gyfle i weld y map, fe fydd sail i drafodaethau. Mae'n bwysig fod hynny yn glir iawn. Fe gyfeiriodd e hefyd at awgrymiadau a oedd wedi'u gwneud ynglŷn â de-orllewin Cymru, yn ymwneud â siroedd Caerfyrddin a Cheredigion. Mae'n bwysig nodi mai unigolion sydd wedi gwneud yr awgrymiadau hynny. Yn sicr, nid ydyn nhw wedi dod o'r pleidiau gwleidyddol, ac yn sicr ddim oddi wrth Blaid Cymru.

Rhodri Glyn Thomas: Thank you very much, Chair. The Minister, in his opening remarks, and more recently, a little while ago, alluded to the current negotiations between the party leaders. I can assure you that those negotiations do not include the leader of Plaid Cymru. A letter has been sent from the leader of Plaid Cymru to the First Minister telling him very clearly that we expect to see the map, and when we have an opportunity to see the map, there will be a basis for negotiations. It's important that that is made most explicit. He also referred to suggestions that had been made about south-west Wales, relating to the counties of Carmarthenshire and Ceredigion. It's very important to note that it is individuals who have made those suggestions. Certainly, those have not come from the political parties, and certainly not from Plaid Cymru.

[62] Pan ŷm ni'n edrych ar y dystiolaeth sydd wedi dod oddi wrth nifer o sefydliadau yng Nghymru, ac asiantaethau yng Nghymru, sydd â diddordeb yn y mater yma, mae bron bob un ohonyn nhw wedi codi'r cwestiwn a fydd uno'r siroedd ar sail y ffiniau, fel y mae Williams yn awgrymu, yn sicrhau bod yna setliad sydd yn gynaliadwy ac yn gadarn. Maen nhw'n amau, neu o leiaf yn cwestiynu, a fydd hynny yn caniatáu i'r awdurdodau newydd yma gyflawni eu swyddogaethau ac i gyflenwi eu gwasanaethau yn gynaliadwy i'r dyfodol. A ydych chi'n teimlo fod rhyw gymaint o hygrdedd i'r amheuan hynny?

When we look at the evidence that has been received from a number of organisations in Wales, and agencies in Wales, that are interested in this matter, almost every one of them have raised the question of whether the merger of counties on the basis of boundaries, as Williams suggests, would ensure a sustainable and robust settlement. They doubt, or at least question, whether that would allow these new authorities to undertake their duties and to deliver their services in a sustainable manner for the future. Do you believe that there's some credibility to those doubts?

[63] **Leighton Andrews:** Well, if I can first of all comment on a few things that Rhodri Glyn said there, I hear what he says about a letter having gone from the leader of Plaid Cymru

to the First Minister in respect of the map, but I'm not sure there whether he is suggesting that no meeting is to take place between the leader of Plaid Cymru and the First Minister. Perhaps he might want to clarify that further. In respect of proposals—

[64] **Rhodri Glyn Thomas:** I'm happy to clarify that, if you want. No meeting has taken place and there is currently no meeting arranged.

[65] **Leighton Andrews:** Well, I'm not in a position to comment on meetings that may or may not be held by the First Minister, but I hear what Rhodri Glyn has said.

[66] On the question also of proposals that have come forward in respect of west Wales, I accept what Rhodri Glyn has said that no official position has been put forward on behalf of Plaid Cymru, but I have had different positions put to me by senior members of Plaid Cymru in respect of configurations within west Wales, and I think he is aware of that. So, I think that just testifies to the point I made earlier that it is difficult to get unanimity within any political party in Wales on a future map, and I think that is the reality. It's a reality that all political parties will ultimately resolve through their own processes, I'm sure.

[67] In respect of his comments on the boundaries, there is ample opportunity, I think, for people to make their views clear on this, as to whether they think any future map sits neatly with the most optimal provision of public services in Wales. I'm sure that discussion will continue.

[68] **Rhodri Glyn Thomas:** A ydych chi **Rhodri Glyn Thomas:** Do you want me to am i fi fynd ymlaen at y cyfuniadau go on to the voluntary mergers? gwirfoddol?

[69] **Christine Chapman:** Before you do, Alun wants to come in, and Mike—very quickly, and then we'll go back to Rhodri.

[70] **Alun Davies:** Okay. I think we probably do need to actually talk about the Bill that we're here to debate. I think we could easily slip into some sort of after-dark sort of conversation about local government, which would take much too long.

09:45

[71] In terms of the evidence we've received over the last few months on this issue, from my perspective, it's been far more positive than I anticipated. Certainly, the panel we had from local government was far more positive than we might have anticipated. Also, I was very struck by the approach taken by the trade unions, who were very anxious. I think the frustration that you outlined in an earlier answer, Minister, is very much keenly felt by local government workers particularly who are concerned about their individual futures. One of the things that struck me about the conversation we had with the panel of local government representatives was, first of all, 'We want to move ahead and we believe that we need to move ahead', but what they were talking about, and this is about this particular Bill, is that, clearly, we are where we are and we have this two-Bill solution—a paving Bill and then, post-election, a more substantive Bill. They were looking at this process and looking at the White Paper, which has clearly influenced the conversations we've had, and so it should, and their concern was that they wanted to see the package brought together and that the timing—I think I'm right in saying this—of the draft Bill may be a bit late in order—. This paving Bill will be coming into law before we see the draft Bill and, as such, it goes out of sync in some way. So, they were concerned to see the package brought together so that we've got a very clear view of what this is paving for. Does that make sense?

[72] **Leighton Andrews:** Well, I understand the point you make and I'm glad you've

drawn attention to the views of the trades unions. I meet the public service trades unions on a regular basis and I'm very clear about their desire for us to make progress on the reform. I think that reflects the views of their members very clearly as well. It seems to me that we have been very open and very transparent about the overall package and where we want to go. We've had the Williams commission report. We had the Government response to that. We have the White Paper. We had the voluntary merger prospectus, which added more, although we haven't gone down that route as yet. We've published this Bill. We will publish the draft Bill in the autumn. It would certainly be my intention to publish that before we go through the final stages of this. We've subsequently published our own White Paper. I don't think people can complain that there is a lack of material there to guide them in terms of what the overall package is likely to look like. I suspect, at the end of the day, that people will complain about that until we have the Welsh Government's final view on the map, and that I would certainly understand.

[73] **Christine Chapman:** Mike, then back to Rhodri.

[74] **Mike Hedges:** Three questions—all related. Do you think there's a minimum population needed in order to provide services? If you do, what is that? Why do you think the health boards are likely to stay for the foreseeable future?

[75] **Leighton Andrews:** Okay. I think that—. We've commented on this and I've seen the evidence that's come in to you from the auditor general and others. What Williams demonstrated to us was that service provision is patchy in a number of areas. It won't surprise you to hear me say that I think that, particularly in respect of education performance, the existence of 22 local authorities in Wales has not enhanced Wales's overall performance over the last 20 years. Some of those authorities are too small to deliver effective, strategic education services, for example, and we've seen the problems that have arisen particularly, not exclusively but particularly, in some of the smaller authorities. I think that one of the difficulties in saying that there is an optimal size is to do with the geography of Wales. In an ideal world, I would not invent Powys as an authority myself—no offence whatsoever to Powys. However, the geography of Wales means that you are making compromises, it seems to me, around the issue of population size as you look at the necessary configuration for local government. So, I would like to see authorities of a larger population size than that, on balance, but I think geography makes that difficult in some areas.

[76] In respect of health boundaries, well, I guess, in the health service, as elsewhere, nothing is absolutely set in stone, but we have gone through a very recent reorganisation of the health service, and, you know, it was sensible, I think, therefore, to give an indication to the Williams commission that they should proceed on the basis of existing boundaries.

[77] **Christine Chapman:** Can I—. Look, we've got less than an hour left now, and I want to—. You know, we've had a good discussion, which is great. Could we focus on the Bill itself? Obviously, we need to draw up a report.

[78] **Peter Black:** Can I—

[79] **Christine Chapman:** Very quickly, and then Rhodri on the voluntary mergers.

[80] **Peter Black:** Can I just ask: does that mean that you're considering dismembering Powys? [*Laughter.*]

[81] **Leighton Andrews:** I think dismembering Powys is a superficially attractive proposition that people do look at.

[82] **Peter Black:** But you're not.

[83] **Leighton Andrews:** As I said, I think dismembering Powys is a superficially attractive proposition that people do look at. When they go through it analytically, they can see that there are still problems that are left if you go down that route.

[84] **Christine Chapman:** Right. Okay. We're going to move on now. Rhodri, you've got questions on voluntary mergers, and then I'm going to bring in Peter, I think. Rhodri first.

[85] **Rhodri Glyn Thomas:** Mae rhai o'r cwestiynau gen i, ac wedyn mae rhai eraill gan Jocelyn Davies ar y mater yma. Uno gwirfoddol, Weinidog—hynny yw, mae yna ddyddiadau wedi cael eu gosod sydd bellach yn edrych yn anodd iawn eu cyflawni. Roedd y prospectws gwreiddiol yn sôn am gynigion terfynol ar gyfer uno i gyrraedd cyn diwedd Mehefin; wel, yn amlwg, nid yw hynny'n mynd i ddigwydd. Beth ydym ni'n ei weld yn digwydd o ran yr amserlen nawr—a ydy'r dyddiadau yma yn mynd i symud?

Rhodri Glyn Thomas: I have some of the questions, and Jocelyn Davies has the other questions, on this matter. Voluntary mergers, Minister—dates have been set that now look as if they're going to be very difficult to achieve. The original prospectus stated that final applications for mergers were to be submitted before the end of June; obviously, that's not going to happen. What do you foresee happening in terms of the timescale now—are these dates going to move?

[86] **Leighton Andrews:** Well, I would accept that the timescale is tight; I don't disagree with that. I think, this is, to some extent, dependent on the publication of the map and whether there is sufficient confidence for local authorities that, in respect of their own areas, that map is likely to remain the final version. I think it's wise for us to have a provision within the Bill that enables us to vary the date for voluntary mergers, if that should become necessary. I think that, if there was broad consensus within this Assembly, and we had authorities who wanted to merge voluntarily, then it would certainly be helpful to the process if we allowed that to happen. And, I think, as part of that achievement of consensus, that might well be something that people would be prepared to sign up to.

[87] **Rhodri Glyn Thomas:** Wrth gwrs, mae yna broblem yn y fan hyn, oherwydd, ar y naill law, roedd Cymdeithas Llywodraeth Leol Cymru yn dweud wrthym ni, hyd yn oed petai'r map yn cael ei gyhoeddi erbyn yr haf, eu bod nhw'n gweld cyflwyno ceisiadau am uno gwirfoddol erbyn diwedd mis Tachwedd yn anodd iawn iawn o ran amserlen. Ar y llaw arall, mae'r comisiwn ffiniau wedi dweud wrthym ni, petai'r dyddiad hwnnw'n cael ei ymestyn, y bydden nhw'n gweld problemau o ran cyflawni eu hadolygiad etholiadol. Felly, mae yna problemau ar y naill ochr a'r llall. Sut ych chi, fel Gweinidog, yn mynd i ddygymod â'r tensiynau hynny a'r pryderon hynny?

Rhodri Glyn Thomas: Of course, there is a problem here, because, on the one hand, the Welsh Local Government Association were telling us that, even if the map was published by the summer, that they would see that submitting voluntary merger plans by November would be very, very difficult, in terms of timescale. On the other hand, the boundary commission has told us that, if that date was extended, they would see problems in terms of delivering their electoral review programme. So, there are problems on either side. So, as a Minister, how are you going to alleviate those tensions?

[88] **Leighton Andrews:** I didn't quite read the boundary commission evidence in the way that you did, perhaps. It seems to me that the boundary commission did very clearly say in its evidence that it could begin a process of work, and that would mean it was equipped to carry out its necessary functions, and, even if there were significant changes, that work wouldn't be wasted; that was my reading of what they had to say.

[89] **Rhodri Glyn Thomas:** Well, can I quote them?

[90] **Leighton Andrews:** Yes, of course.

[91] **Rhodri Glyn Thomas:** Would that be helpful?

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

[93] **Rhodri Glyn Thomas:** It says:

[94] ‘As drafted, the Bill would enable proposals for voluntary mergers to be made up to and after 30 November 2015, the latter date being dependent on future regulations. The commission is concerned that, if any such proposals were made, which would require making and publishing new regulations and ministerial guidance, the timing of the review programme as currently understood could be placed in jeopardy.’

[95] I think that is a statement of concern about those dates.

[96] **Leighton Andrews:** Well, I accept that is a statement of concern; I don't think it means that the work they undertake is not valuable work that contributes to the overall process. Clearly, it will have implications. I think it is wise to have the provisions in the Bill at this present time. We may find that we don't need those provisions, in which case, they will lapse, but I think what we're trying to do here as a Government is to take the necessary steps to enable that process to move forward.

[97] **Rhodri Glyn Thomas:** A ydym ni i gasglu o hynny, Weinidog, nad oes gennych chi bryderon ynglŷn â chyflwyno'r rheoliadau uno cyn diwedd y pedwerydd Cynulliad? Rydych chi'n credu bod hynny yn gwbl bosib.

Rhodri Glyn Thomas: Are we to read from that, Minister, that you don't have any concerns regarding the introduction of the merger regulations before the end of the fourth Assembly? You believe that that is entirely possible.

[98] **Leighton Andrews:** Well, we would certainly need to make the regulations early, and it would be—. I mean, the timetable, as you rightly say, would be quite tight. I think we would have to be clear in our own minds whether we could make those regulations in this fourth Assembly, or whether we would have to make them early in the fifth Assembly. Again, you are absolutely right to say that if we could not make those regulations early in the fifth Assembly, then that, itself, could jeopardise the transfer date of 1 April 2018. So, that would be a risk, and I would accept that.

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

[100] **Christine Chapman:** Jocelyn, did you want to come in?

[101] **Jocelyn Davies:** Well, I think that Rhodri covered my point. What we've been told is that as the Bill is currently drafted, there's no means of changing the transfer date of 1 April 2018 for the creation of the new authorities that voluntarily merge. So, did you give any consideration to including provision to amend the transfer dates, you know, considering the—

[102] **Leighton Andrews:** I think the difficulty with that would be that we would be, essentially, extending the life of councillors to something like seven years, so it's—

[103] **Jocelyn Davies:** Well, not the life of councillors, but their time—

[104] **Leighton Andrews:** Sorry, their terms—to seven years. [*Laughter.*]

[105] **Jocelyn Davies:** And you think that seven years would just be way too long for anybody.

[106] **Leighton Andrews:** I think six is pushing it, probably, and I think seven would be—. You know, towards the end of a seven-year term, you would have to question the strength of the democratic mandate, I think.

[107] **Jocelyn Davies:** And people won't have expected, when they stood last time, to be in that office for seven years.

[108] **Leighton Andrews:** Indeed.

[109] **Jocelyn Davies:** That goes both ways, doesn't it?

[110] **Christine Chapman:** Okay, Jocelyn?

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

[112] **Christine Chapman:** Right, now, I've got Peter on this set of questions, and then I'm going to come on to Gwyn. So, Peter first.

[113] **Peter Black:** I think I'd question the democratic mandate after six years, actually, but I'm talking about electoral arrangements here now, so, moving on to those questions, can you confirm that the Bill will allow you to direct the boundary commission to undertake reviews of proposed new areas, as long as those proposals have been published in any form—i.e. they don't necessarily have to be in a Bill, a draft Bill or an Act.

[114] **Leighton Andrews:** I think that—. Sorry, I'm not quite sure I—

[115] **Peter Black:** Well, you can direct the boundary commission to undertake reviews of proposed new areas, irrespective of whether they're actually in an Act or a Bill.

[116] **Leighton Andrews:** Yes, that's the effect of section 2(6)(b). We can empower them to direct permission on the basis of proposals that we publish.

[117] **Peter Black:** Why is that necessary?

[118] **Leighton Andrews:** I think it's necessary because we have—. Well, let's go through the process, I suppose. We intend to publish the map, as you know, before the summer recess, and that will be the basis for the merger provisions in the draft of the second Bill. That's the only way of enabling the first elections to merged authorities to take place in good time and on the basis of electoral arrangements drawn up by the commission.

[119] **Peter Black:** So, in what other formats would the new areas proposed be published if it wasn't in a Bill, a draft Bill or an Act?

[120] **Leighton Andrews:** Well, it would be—. I'll ask the lawyers on that one, actually. Do you want to—

[121] **Ms Barry:** Yes. The Bill doesn't say what—it just says

[122] 'in proposals published by the Welsh Ministers'.

[123] I think it's most likely to be the map and the written statement, which would set out the areas, and you would direct the boundary commission on the basis of that proposal.

[124] **Peter Black:** Wouldn't that be considered to be pre-empting the democratic decision on a Bill?

[125] **Leighton Andrews:** Well, I'm not sure it would, because—. The boundary commission has to start somewhere and, I think, for the business of sensible government, it's been widely accepted within Wales, we would want them to start that work. If there were changes, of course, subsequently, then there might have to be revisions, but if there were going to be revisions, and I think this came through in the timetable, to that map, then there might then have to be further revisions to the overall timetable. So, I don't think it pre-empts the democratic process. I think it is prudent to move forward on that basis. However, of course, it would be within the rights of the Assembly to decide, at a later date, as the actual Bill went through, that it wasn't satisfied with that process and changes would have to be made.

10:00

[126] **Peter Black:** Okay, because the boundary commission did express concerns that any significant delay in it receiving a direction following Royal Assent could jeopardise the review programme. But you're saying that the timetable could be amended to allow for that.

[127] **Leighton Andrews:** Well, what I'm saying is that we have set out our desired timetable in terms of the creation of new authorities, timetables for elections and so on, on the basis that a Government has to be able to plan. This is an area of great complexity and requires significant political consensus in Wales. Clearly if, at a later date, it became apparent that the conversations between political parties produced a situation that required significant amendment, then that would have to be taken into account by the next Government.

[128] **Peter Black:** Okay. The boundary commission also suggested that the initial requirement to consult in section 20(1)(a) could be removed because of the time constraints if applied to their review. How would you react to that?

[129] **Leighton Andrews:** I'm very happy to reflect further on that. I'm open to the suggestion from the boundary commission.

[130] **Peter Black:** Okay. Can you confirm whether you intend to provide direction to the boundary commission about the number of members to be elected to the councils of the proposed new principal areas?

[131] **Leighton Andrews:** Well, I think this is an important issue, and I think we would have to give directions. It seems to me that—and this goes back to Mr Hedges's question earlier on about the size of local authorities—there are proposals within the Williams commission for a top limit of 75, I think, if I remember rightly, and that's been there in Government thinking for some time before that, as one of your witnesses certainly pointed out. I think if we are—. As we draw up the map, we need to have a view of the size of authorities in respect of the ratio of councillors to electors, so it might be that we go above the 75 limit, for example, in certain authorities, if they were larger than those conceived of by Williams. It might be that, in smaller-sized authorities, we would have a smaller number of councillors.

[132] **Peter Black:** But you would provide clear directions to the boundary commission.

[133] **Leighton Andrews:** I think we'd have to.

[134] **Peter Black:** Right, okay. And then the boundary commission's other concern, in

relation to section 18(4), is that the requirement for it to consider discrepancies between electoral figures and population figures could be difficult to meet due to the lack of population data for communities and community wards. Are you aware of that concern, and are you aware how you can overcome it?

[135] **Leighton Andrews:** Well, I think we're aware of that concern. I'm not sure that we're as convinced about that being a problem, but I'm perfectly happy to give further reflection to that.

[136] **Peter Black:** Okay. Thanks.

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

[138] **Gwyn R. Price:** Good morning. What is the Minister's response to the comments by the auditor general that section 28 might be interpreted inconsistently, resulting in inconsistency in the pay policy statements of shadow authorities, without a clear definition of 'chief officers'?

[139] **Leighton Andrews:** Well, I think it is important to have a clear definition of 'chief officers', and I've had some correspondence with the auditor general very recently about the definition, for example, of senior officials within local government. We do think that there is perhaps an inconsistency in reporting, or there has been, and the auditor general in the past has done work in this area, for example. In the way we previously issued guidance for the existing arrangements for pay policy statements, we will also issue guidance for the preparation of pay policy statements by shadow authorities in future, which would seek to limit any potential for inconsistencies in pay policy.

[140] **Gwyn R. Price:** Going on from that, then, Minister, have you got a view on the suggestion by Unison that the provisions in section 28 relating to the pay policy statement should be extended so they also apply to bodies to which the services are contracted out as a result of mergers?

[141] **Leighton Andrews:** I think it's a helpful suggestion by Unison, but I think we have to recognise that we may not be able to direct external bodies to develop pay policy statements. But certainly we can consider what is possible through contractual arrangements.

[142] **Christine Chapman:** Jocelyn, did you have a question?

[143] **Jocelyn Davies:** It was just really on section 35, which we've had some evidence on, and I'm sure you've been reading the transcript of evidence that's been given here, and you probably know that the human resource directors network said that section 35 as it stands is based on a 'serious and prejudicial misconception'. I think this was about the size and cost of local government senior management teams, and they were saying, you know, that this is a sledgehammer to crack a nut. So, how do you respond to that criticism?

[144] **Leighton Andrews:** Well, I think this goes to the correspondence we've been having with the auditor general about definitions used by local authorities in terms of senior management. We've taken a view that we're talking about officials who are paid over £60,000, in general, and I think that has to be a commonly held view; how these things have been reported in local authority accounts are not always as clear as that. I did issue a written statement to clarify something that we said in the White Paper on this point, where we had, I think, used the phrase 'directors', but, in practice, we were talking about people on over £60,000. So, it included heads of service. So, it is an area—. I don't think section 35 is problematic; it's there to not only prevent inappropriate behaviour, but also to send clear messages to staff and residents of local authorities that we've put in place robust safeguards to

prevent the possibility of this kind of behaviour and, indeed, a number of people around this committee table have called for such constraints to be in place.

[145] **Jocelyn Davies:** So, it's the interpretation of this section rather than what the section actually says, I think, and, of course, what you are saying now will help aid the interpretation of that. You mentioned directors, I think, and obviously section 35 mentions chief officers, and we've had evidence that that could mean up to 560 people. But, what you're saying is that chief officers are people over a certain salary rather than—

[146] **Leighton Andrews:** Let me reflect on that because I think it's a fair question. I think that what people will have concerns about are to do with inappropriate arrangements being made for, particularly, people in relatively senior positions. I referred yesterday in the Finance Committee to the report of the staff commission from 1996, which makes explicit reference to this. I think that it's something that people need to bear in mind and they need to bear it in mind from the outset. Clearly, there had to be changes in regulations in the 1990s process. We're, I think, wiser to that at an earlier stage, which is why we've got provision in the Bill. But, let me reflect on it and I'll look at what comes through your report.

[147] **Jocelyn Davies:** Yes. I guess what you're saying is, rather than the black letter of the law, the spirit of what you're trying to achieve and the mischief that you're trying to prevent is the most important aspect of that. But you've looked at that. You'll know that we took evidence from the chair of the independent remuneration panel, and he said he was a bit uncomfortable with the IRP making recommendations on chief officers' pay, really, because he felt that his members didn't have the skillset to undertake the work.

[148] **Leighton Andrews:** I did see the comments of the outgoing chair and I was slightly surprised by them to be honest. I thought the IRP had done a very good job in respect of the salary of the new chief executive for Pembrokeshire, for example. So, it seemed to me that they did have the skillset.

[149] **Jocelyn Davies:** Yes, so you were unconvinced by that and you feel that they were very well placed to do it because, obviously, we've had this statement from you now about the Public Services Staff Commission and, of course, there could be the temptation to pile work on this organisation just because it exists. I guess, you know, before we pass the Bill that you consider these things so that the right people are doing the right tasks.

[150] **Leighton Andrews:** It think it's very important that the staff commission works closely with the IRP in the areas where these matters might be seen to have an overlap.

[151] **Jocelyn Davies:** And you'd have a good look at this issue of equality of pay so that there's no discrimination. That was one of the other things that we picked up on: that, you know, if there's a recommendation about salary, that it doesn't apply to somebody who's different—it could be a female and everybody else is male and it could look like discrimination on other grounds other than the—

[152] **Leighton Andrews:** I think there would need to be very clear scrutiny around that, but I suspect any action taken in that regard would probably be illegal.

[153] **Jocelyn Davies:** Yes, but you'll bear that in mind in guidance and so on, so that that doesn't happen.

[154] **Leighton Andrews:** Indeed.

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

[156] **Christine Chapman:** Mike wants to come in next.

[157] **Mike Hedges:** Can you respond to concerns from local government representatives that, as drafted, section 31(1) would not prevent disposal of land at under-value, which would take it to under £150,000?

[158] **Leighton Andrews:** Let me say at the outset that I'm open to looking at the whole question of the limits. I've seen the evidence from the auditor general, for example, which refers to the limits perhaps being set at a different rate. I'm not opposed to making changes to making changes in this area. Certainly, if you take section 31(1), provided that the value of the transaction is greater than £150,000, then the issue of selling it undervalue would be a relevant consideration of the transition committee, or for the shadow authority as appropriate. Section 123 of the current Local Government Act 1972 provides councils with the power to dispose of land in any manner they see fit for the best price reasonably obtainable, and that's an important provision because it addresses the matter of disposals for an undervalue. So, I think it's important that we strike a balance between preventing negative behaviours and also allowing authorities to take account of local circumstances to get the best deal for a taxpayer.

[159] **Mike Hedges:** Can I re-run something I ran yesterday on the transition committee? They will have funds referred to them. Now, you said yesterday that they had to publish it, but I don't think any area would not want to have a new swimming pool, or any area would not want a new bowls hall, and any local authority which decided to burn its reserves by building lots of things which were not likely to be able to be kept going in the future under a revenue stream. Would you consider having the power to have any major capital programmes that a transition committee have a view on, or the shadow authority have a view on, to be brought to your attention, as happened last time?

[160] **Leighton Andrews:** I think if the committee were prepared to make that recommendation, I might look upon it very favourably. [*Laughter.*]

[161] **Christine Chapman:** Okay. Mike, do you have any other questions?

[162] **Mike Hedges:** No.

[163] **Christine Chapman:** Mark, you've got some questions.

[164] **Mark Isherwood:** Yes, thank you. As you'll be aware, we've had evidence from a number of bodies expressing concerns about the costs of merger and how those costs would be covered, including the Welsh Local Government Association referring to the number of jobs that would be lost at all levels, with a potentially significant impact on local employment and economies, but also reference to staffing costs in the context of mergers being a big issue in terms of cost benefit and the business case for mergers. What further thought, if any, have you given to how the transition costs of the mergers might be funded, and what level of support the Welsh Government may provide?

[165] **Leighton Andrews:** As I said before, there are costs to merger and there are costs to maintaining the current system and we need to be clear about that. We also need to put this reform in context, it seems to me. Local government in Wales spends almost £8 billion a year; obviously, other public services are spending considerably on top of that. We can't miss this opportunity for reform, to take the steps that we need to do for reform. As the WLGA itself recognised, there is a cost to doing nothing in the current financial climate. So, I don't think we can take this as just meaning that there are costs on one side of the argument and no costs on the other.

[166] **Mark Isherwood:** Is that, therefore, an indication that if you were still in the position

to make these decisions in the next Government, you would not be considering Welsh Government support for the costs indicated by the Chartered Institute of Public Finance and Accountancy, the WLGA, the Society of Local Authority Chief Executives and Senior Managers, Unison and many others?

[167] **Leighton Andrews:** In the context of a very severely constrained Welsh budget, I think people have to bear in mind that if they're asking for us to put additional money forward to meet the cost of merger, then there is only one place where it is likely to be found. And the only way to do it, I suspect, would be to reduce the RSG overall and take the money from local authorities as a central pool for merger costs. I'm not sure whether that's what local authorities would want me to do.

[168] **Mark Isherwood:** I think local authorities might say that it's a time of very severely constrained budgets for them as well, and therefore the timing of this will have an impact if additional financial support isn't given. In that context, how do you respond to the statement to this committee by the Auditor General for Wales that local government reorganisation would not help in delivering savings in the short term, which is the period in which local authorities will be struggling, especially given their current budget constraints?

[169] **Leighton Andrews:** It would obviously be preferable to be carrying out this process at a time when Welsh Government budgets were increasing significantly, and at a time when local government budgets were increasing significantly.

10:15

[170] However, we are in the situation that we are and, as I say, there is a significant cost to the current system. The CIPFA estimates obviously, as we've discussed, I think, in this committee before, suggest that after a period of time, significant per annum savings of £65 million could be made. So, there is clearly a long-term benefit to this. I think that the auditor general is right in the short term that there will be costs. At the same time, of course, we are very well aware of the extensive reserves that local government has.

[171] **Mark Isherwood:** The uncommitted reserves are not extensive. Some are down to 1 per cent, others are more generous, but that's—.

[172] **Leighton Andrews:** I agree with you; they are variable.

[173] **Mark Isherwood:** Well, 4 per cent, I think, 5 per cent maximum in terms of uncommitted. But, actually, the auditor general was referring to savings rather than costs and he was suggesting there would be no savings during this period. Now, if you agree that no savings will be made during the difficult period of transition, and we've already heard that you see yourself as more of a nineteenth-century philanthropist than a twenty-first century progressive, what other benefits do you expect mergers to bring?

[174] **Christine Chapman:** You don't have to answer that, Minister.

[175] **Leighton Andrews:** I'm not sure that I understood it.

[176] **Christine Chapman:** That's for another day, then.

[177] **Mark Isherwood:** I think you were harking back to the philanthropy of previous centuries as a model rather than reconfiguring how services are delivered on modern models, but that's—.

[178] **Leighton Andrews:** I certainly wasn't harking back to nineteenth-century

philanthropy in anything I've said this morning.

[179] **Mike Hedges:** Just one comment: the nineteenth-century reorganisation lasted almost a hundred years. [*Laughter.*]

[180] **Christine Chapman:** Thanks, Mike. Mark, any further questions?

[181] **Mark Isherwood:** The way community services were delivered by people in communities, led by philanthropists, to drive services that were otherwise absent—

[182] **Leighton Andrews:** I've made no reference to philanthropists. I was talking about Welsh models of community, co-operatives, mutuals and so on and so forth, such as the Tredegar Working Men's Medical Aid Society.

[183] **Mark Isherwood:** Most of which—which were excellent models—most of which, and I used to—

[184] **Leighton Andrews:** But they were not led by philanthropists. They were led by working people and their unions.

[185] **Mike Hedges:** The pennies of the poor.

[186] **Mark Isherwood:** Led by, yes; that's the point—

[187] **Jocelyn Davies:** I'm sure this is fascinating—

[188] **Christine Chapman:** It is, it's fascinating.

[189] **Mark Isherwood:** If you agree—

[190] **Rhodri Glyn Thomas:** I don't know what this has got to do with the Bill.

[191] **Mark Isherwood:** If you agree that no savings will be made, as the auditor general indicated, during the several years of transition—I think CIPFA said at least three years before the savings you indicate might be produced—what other benefits do you expect this process to bring?

[192] **Leighton Andrews:** I think that there are very substantial benefits overall in respect of more strategic authorities; stronger, more resilient authorities; authorities that are better able to plan to deliver services that take account of the changing needs of local communities, and that have greater resilience overall. There are, additionally—from the CIPFA figures we have seen—opportunities for savings down the line. I think that there is consensus in Wales that we need to make progress and that is what this Bill is contributing towards.

[193] **Mark Isherwood:** Potentially at the cost of front-line services during the period of transition, because additional funding for the substantial costs indicated by successive witnesses would not be available.

[194] **Leighton Andrews:** Chair, I think that the real impact on front-line services is a result of the policies of the Government that the Member supports in Westminster.

[195] **Mark Isherwood:** That is—. Sorry, you can't hide behind that fig leaf. This is your policy, your proposal, the financial consequences will be because of this. How are you going to plan to ameliorate them?

[196] **Leighton Andrews:** We are not here dealing with the specific costs of specific mergers in this Bill. We are paving the way for a merger process to take place. As specific proposals come forward, and we discussed this in the Finance Committee yesterday, there will be further calculations made around the subject of costs.

[197] **Christine Chapman:** Okay, thank you. Okay, Mark?

[198] **Mark Isherwood:** Yes, thank you.

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

[200] **John Griffiths:** Yes, a few matters, starting with the possibility of creating a legal situation where councils might have different levels of council tax in one part of their authority to another. Given that you've accepted that that might be a possibility, Minister, we heard from the WLGA that if that is the case—if there is that possibility—then it should be addressed in this Bill. How would you respond to that?

[201] **Leighton Andrews:** I'm very pleased to be able to inform the committee of the not very well known section 13 of the Local Government Finance Act 1992, which allows Welsh Ministers to ensure a situation where local authorities can charge different council tax levels in different parts of their authority.

[202] **John Griffiths:** Thank you very much. Fire and rescue services have stated that they wish to register an objection to the provision in section 10(9), and that disapplying the need for a local inquiry could result in compromising the efficient and effective planning of fire and rescue services. How would you respond to that concern?

[203] **Leighton Andrews:** I'm afraid I disagree with them. What we're essentially talking about here is if there was a variation in the fire and rescue authority boundary as a result of a merger of one or two or more local authorities, then currently there would be the need for a public inquiry. Let's give you an example for the sake of argument, because I don't want to alarm people in either of those local authorities. But, for the sake of argument, Bridgend is in one fire and rescue authority and Neath Port Talbot is in another. If we were going to go through a process of a voluntary merger of those two authorities—which is not being suggested and I'm not suggesting it; however, for the sake of this discussion—let me say that under the current law, unless we implemented section 10(9), there would be a need for a public inquiry as to whether that boundary change should take place. There would still be extensive consultation and every opportunity for people to undertake that. Do we really think we need to go through a full public inquiry for a relatively small variation in the fire and rescue authority boundary? We don't.

[204] **John Griffiths:** Okay, moving on, Minister, the auditor general has made requests for specific provision within the Bill so that he could audit the accounts of shadow authorities, and also for the Welsh Government to reach an agreement with the UK Treasury so that councils would be exempted if they merged voluntarily from the early closure of accounts in 2018. Would you comment on those?

[205] **Leighton Andrews:** I was grateful to the auditor general for his observations. This is something clearly we will need to reflect on, and we may well need to approach the Treasury on that.

[206] **John Griffiths:** Okay. Two other matters. You've said previously that you would consider further what might be done in respect of local authorities and issues around the Welsh language as mergers go forward and take place. Would you have any specific examples of how guidance or directions under the Bill could be used for that purpose?

[207] **Leighton Andrews:** I think in the context of standards for public bodies in respect of the Welsh language, we've got models that we can take forward. One of the things I think that the transition committees will have to do, at an early stage, will be to look at the standards already in place in the merging authorities, identify what differences exist in terms of current practice and aspirations in relation to the Welsh language and service provision, or in policy making, or indeed in operations. I think this will be an opportunity for us to be more ambitious and aspirational for our goals in the field of the Welsh language, because that will give us an opportunity to consider what is really best practice in those areas.

[208] **John Griffiths:** Okay. One final matter around existing collaboration and structural arrangements. There's been a level of concern, I think, that much has gone on in terms of regional co-operation and joint working, and obviously that has been pushed by Welsh Government. We've got the regional school improvement consortia, for example, and, indeed, fire and rescue service boundaries in terms of structural arrangements. There's been concern as to how the mergers will relate to those existing arrangements, whether they're voluntary mergers or indeed mergers that come about as a result of ministerial decision making. How would you see that interplay working out as we go forward, and what impacts might you expect?

[209] **Leighton Andrews:** Again, I think this comes back to the publication of a map, which will enable people to have some certainty and to see where differences might arise. There are separate questions around different services, in respect, for example, of the education consortia. Obviously, our proposals in our local government White Paper were endorsed by the Cabinet of the Welsh Government. They went through extensive Cabinet discussion. You may recall that, last year, the Organisation for Economic Co-operation and Development produced a report in respect of education in Wales, which suggested that, if there were fundamental local government reorganisation resulting in a smaller number of local authorities, then that might be a point at which the consortia arrangements might be reviewed. That's, obviously, something I'm sure the Minister for Education and Skills would bear in mind in this context. But, let's bear in mind, we are here in 2015 and the ultimate solution of all these issues is much later this decade.

[210] **Christine Chapman:** Thanks, John. Mike, you have a supplementary on this section.

[211] **Mike Hedges:** Yes. On the first answer you gave to John Griffiths on council tax, my understanding is that Cornwall council, when the district council merged into the county council—albeit the county council was spending about 80 per cent of the money—did allow a small variation to occur. I've found difficulty in actually getting the figures because, when they published them, they added the parish council levy onto the main levy, so, consequently, it's very difficult to tell. Have you got those figures? If you have, could you send them as a note?

[212] **Leighton Andrews:** The Cornwall figures?

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

[214] **Leighton Andrews:** No.

[215] **Rhodri Glyn Thomas:** Are you not responsible for Cornwall?

[216] **Leighton Andrews:** No. I'm very ambitious for Wales, but I've never—

[217] **Mike Hedges:** I thought you might have them because that's the only example I can find where the variation in council tax has been used—unless you know about others.

[218] **Leighton Andrews:** I will look into the situation and I will pass the information on to the committee if we get it.

[219] **Christine Chapman:** Thank you, Minister; that's great. We haven't got any other questions, Minister. Can I thank you and your officials for coming today? It's been a very good session. We will send you a transcript of the record so you can check for accuracy.

10:27

Papurau i'w Nodi Papers to Note

[220] **Christine Chapman:** For the committee, there are a number of papers to note. I just particularly want to draw your attention to paper 4, which sets out the committee's forward work programme for the summer term. So, if you can note those.

Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y Cyhoedd o Weddill y Cyfarfod Motion under Standing Order 17.42(vi) to Resolve to Exclude the Public from the Remainder of the Meeting

Cynnig:

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

*Cynigiwyd y cynnig.
Motion moved.*

Motion:

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

[221] **Christine Chapman:** Can I now invite the committee to move into private session? Thank you.

*Derbyniwyd y cynnig.
Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 10:27.
The public part of the meeting ended at 10:27.*