Cynulliad Cenedlaethol Cymru
The National Assembly for Wales

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

Dydd Mercher, 2 Hydref 2013
Wednesday, 2 October 2013

Cynnwys
Contents

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

Leighton Andrews	Llafur
	Labour
Peter Black	Democratiaid Rhyddfrydol Cymru
	Welsh Liberal Democrats
Christine Chapman	Llafur (Cadeirydd y Pwyllgor)
	Labour (Committee Chair)
Janet Finch-Saunders	Ceidwadwyr Cymreig
	Welsh Conservatives
Mike Hedges	Llafur
	Labour
Mark Isherwood	Ceidwadwyr Cymreig
	Welsh Conservatives
Sandy Mewies	Llafur [yn dirprwyo ar ran Julie James]
	Labour [substituting for Julie James]
Gwyn R. Price	Llafur
	Labour
Rhodri Glyn Thomas	Plaid Cymru
	The Party of Wales
Lindsay Whittle	Plaid Cymru
	The Party of Wales

Eraill yn bresennol
Others in attendance

Dr Rachel Ashworth	Ysgol Fusnes Caerdydd
	Cardiff Business School
Rebecca David-Knight	Rheolwr Rhaglen Craffu Cymru, Y Ganolfan Craffu Cyhoeddus
	Wales Scrutiny Programme Manager, Centre for Public Scrutiny
Dr Tom Entwistle	Ysgol Fusnes Caerdydd
	Cardiff Business School
Tim Gilling	Dirprwy Gyfarwyddwr Gweithredol, Y Ganolfan Craffu Cyhoeddus
	Deputy Executive Director, Centre for Public Scrutiny
Alan Morris	Swyddfa Archwilio Cymru
	Wales Audit Office
Huw Rees	Swyddfa Archwilio Cymru
	Wales Audit Office
Huw Vaughan Thomas	Archwilydd Cyffredinol Cymru
	Auditor General for Wales

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

Leanne Hatcher	Dirprwy Glerc
	Deputy Clerk
Rhys Iorwerth	Y Gwasanaeth Ymchwil
	Research Service
Claire Morris	Clerc
	Clerk

Dechreuodd rhan gyhoeddus y cyfarfod am 10:15.
The public part of the meeting began at 10:15.

Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introduction, Apologies and Substitutions

[1]   **Christine Chapman:** Good morning and welcome to the Assembly's Communities, Equality and Local Government Committee. First of all, could I just remind Members that if they have any mobile phones to switch them off, as they do affect the transmission? We have received apologies from Jenny Rathbone, so I would like to welcome Sandy Mewies this morning. Welcome to the committee, Sandy.

Cynnydd o ran Cydweithio gan Lywodraeth Lleol: Sesiwn Dystiolaeth y Ganolfan Craffu Cyhoeddus
Progress with Local Government Collaboration: Evidence Session with the Centre for Public Scrutiny

[2]   **Christine Chapman:** Today, we are going to start a short inquiry into progress with local government collaboration, and I would like to welcome our first panel of witnesses from the Centre for Public Scrutiny. I ask you both to introduce yourselves, please, for the record.

[3]   **Mr Gilling:** I will start. Good morning, everybody. I am Tim Gilling, I am the deputy executive director at the Centre for Public Scrutiny.

[4]   **Ms David-Knight:** I am Rebecca David-Knight. I am CfPS's Wales programme scrutiny manager.

[5]   **Christine Chapman:** Welcome to you both and thank you for providing a paper in advance. The Members will have read it, so we have got a number of questions for you. So, if you are happy, we will go straight into questions.

[6]   I just want to start off with a fairly broad question. We are, obviously, looking at the Welsh Government's collaboration agenda: how would you rate its success or otherwise so far?

[7]   **Mr Gilling:** If I can make a start on that one, collaboration is something that I think is common to most issues in the UK at the moment. We have got challenges that, as we have pointed out in our submission, we think cannot be solved by an organisation or institution, a set of professions, or communities on their own. So, finding solutions that bring people together, whether they bring communities, professional groups or organisations together, is tremendously important, because we have to find ways to improve outcomes for local people and provide services that are of good value. So, there are lots of attempts across England and in Wales to bring organisations together. I guess that the challenge for Governments is to create an enabling framework that provides an evidence base for collaborative working and without their being too prescriptive about how those processes would work. From our perspective, we would say that in England and, possibly, in Wales as well collaborative arrangements have maybe not gone as far down the road as they could have or fulfilled their

potential at the moment, but there is certainly scope for them to do so.

[8]   **Christine Chapman:** We will look at some of the specifics now. I will bring Leighton in.

[9]   **Leighton Andrews:** Is it not true that there has been a disappointing level of collaboration between local authorities in Wales?

[10]   **Ms David-Knight:** Looking at the skillset, capacity and capability for collaboration and some of the uncertainties that there have been around local government reorganisation, I am not sure whether you could say that it is disappointing or whether it is just symptomatic of some of those factors.

[11]   **Leighton Andrews:** Is it not true that local government will collaborate only if it is incentivised, fined or instructed through law to do so?

[12]   **Ms David-Knight:** I think that, perhaps, there is some work to be done about demonstrating the arguments for collaboration or more clearly communicating them, because, otherwise, there is always going to be that protectionism.

[13]   **Leighton Andrews:** Is it not true that, seven years after the Beecham review, we should just give up on the concept of collaboration, because it is not going to happen?

[14]   **Ms David-Knight:** I am not sure. We can see around the education consortia, for example, that there are attempts, but, again—

[15]   **Leighton Andrews:** However, you cite an education consortium in your paper, South Central Consortium, which the Minister said yesterday was not one of the best performing.

[16]   **Ms David-Knight:** It is interesting, because part of my role is to work with the five participating authorities to develop some accountability arrangements, and I think that where scrutiny can really add value is in asking some of the big questions about roles, responsibilities, powers and functions. Certainly in some of the discussions that we have had with the senior management team, there has been evidence to show a lack of understanding, but also a kind of uncertainty about the nature of the consortium and what it is expected to do. I think that there are still—

[17]   **Leighton Andrews:** The consortia started to be put in place two years ago, so they have had a fair amount of time.

[18]   **Ms David-Knight:** Looking at it from an accountability perspective, we are talking to elected members, and what is really interesting is their different levels of understanding about the consortium in terms of its relationship with the local authority and what it is there to do. So, the picture is really patchy with regard to how some of those messages have been communicated at the local level.

[19]   **Leighton Andrews:** I do not think that they could have been clearer myself, but there we are.

[20]   **Mark Isherwood:** Collaboration can generate great efficiencies through the sharing of corporate services, achieving critical mass services that one small authority could not deliver on its own and so on. There is also evidence that collaboration is not a magic bullet to deliver efficiencies, but that it can actually end up costing more or taking a very long time to become embedded and deliver the improvements required. What evidence do you have or are aware of to indicate whether collaboration between different authorities is leading to

efficiency and better services? To what extent is there, or should there be, some form of collaboration impact assessment before collaboration goes ahead?

[21]   **Mr Gilling:** One of the points that we make in our paper is that having some accountability arrangements built in advance, when people are thinking about governance arrangements for collaboration or joint work, is very important, precisely to ask the kinds of questions that I think you are alluding to. We have made some points in the submission about some of the principles that we think should sit behind collaboration, and they are about understanding the objective of the collaboration and the relative benefits for each of the collaborating partners and for the people who use the services that the partners provide. I think that there are the beginnings of some examples.

[22]   I am afraid that my background is in English local government, so you will have to forgive me if I touch on some English examples. Rebecca is much more focused on Welsh public services. The example that we have used, of the tri-borough arrangement in London, is a big collaboration on adult services and children's services, and that is beginning to show some savings, but I would argue that that collaboration is not necessarily about focusing purely on financial savings; it has to provide different and better outcomes for local people. Sometimes, we as an organisation feel that there is a risk that, when you are setting up collaborative arrangements, it is very easy and quick to focus on a structure and a process, but without having teased out some of those very questions that you have alluded to. Our solution to that is to build in some accountability and governance arrangements right at the very beginning that touch on those issues.

[23]   **Mark Isherwood:** The example that you use, was that self-driven? Did they do that because they chose to do it, or were they required to do it by an external body?

[24]   **Mr Gilling:** It was essentially self-driven. Picking up the point that was made earlier, about whether this is something that councils are generally forced to do, or whether it is something that they want to do themselves, I think that councils sometimes need a legal framework to enable collaboration to happen, because, generally, throughout history, local government has tended to be quite constrained by central Government, of whatever nature. Those legal enabling powers can be quite important. I think that there is an appetite within local government generally to innovate, but that framework is not always there that would enable them to do that.

[25]   **Mark Isherwood:** Do you have any examples in Wales?

[26]   **Ms David-Knight:** The regional waste management partnership between Gwent authorities is a good example of authorities that have come together and identified a common solution to a common problem. I think that that is a good example.

[27]   **Mark Isherwood:** Are there any cross-border examples? I live in an urban, border area—north-east Wales—and, as you say, the collaboration agenda is embedded on the other side of the border as well, but do we have any examples of success or attempts at collaboration between authorities across the border?

[28]   **Ms David-Knight:** None that I am aware of, although I do know that Wrexham County Borough Council, in some of its work on regeneration, has obviously been working with neighbouring authorities in developing its economic strategy. Where authorities have talked about the need for more east to west information-sharing, there is definitely lots of good practice, but I am not sure how formalised that is.

[29]   **Christine Chapman:** I have two more Members who want to ask questions around the first themes—Janet and Peter—and then I want to move on.

[30]   **Janet Finch-Saunders:** Good morning, Rebecca. It has been mentioned here that the collaboration agenda is technically disappointing. You have described it as being patchy. What more could the Welsh Government be doing? If it was really good-quality accountable collaboration, why can we not get answers when it comes to how many collaboration projects are going, how many have started and have failed and what efficiencies have been saved? Do you feel that Welsh Government needs to be driving it far more and with greater accountability?

[31]   **Ms David-Knight:** I think that, at the moment, there is inertia in local government around what the Commission on Public Service Governance and Delivery is going to announce and in terms of the likely impact of reduced budget settlements. There is, perhaps, insularity at the moment about how to deal with some of these local issues and how to manage the potential of political fragmentation. So, I am not sure if there is any left over, if you like, to deal with these risky collaborations.

[32]   **Janet Finch-Saunders:** This was hailed as a wonderful success and it was going to be our saviour in terms of the ever-challenging financial circumstances. We were told that there would be shared posts and shared chief executives. Yet, when posts become available, none of those posts are ever shared—it is not even scoped. Could that be best described as 'more than patchy', given that we have not seen any real efficiencies or better ways of working?

[33]   **Ms David-Knight:** In terms of some political leadership attitudes towards joint appointments, some council executives have been adamant that they have their own corporate directors for their own councils. There are, perhaps, cultural and deep-seated issues around more traditional councils.

[34]   **Peter Black:** I just want to follow up on the answers you gave to Leighton. Are you saying that the difficulty in scrutinising collaborative projects makes them less likely to succeed?

[35]   **Ms David-Knight:** No, I think that scrutiny has a lot that it can offer when it is able to consider collaboration at a very early stage and look at the rationale for collaboration. An interesting example has been around local service boards. There has been a proliferation of scrutiny arrangements for local service boards in terms of how to maximise different partnership contributions. Where scrutiny has worked well, in having some discussions at the early stages, it is in providing a platform to inject some real honesty about the rationale for collaboration. Sometimes, that has been really painful for some of the people leading on collaboration, because scrutiny has said the unsayable and cut through some of the emperor's new clothes. Certainly, where there has been a degree of maturity within leadership arrangements, they have really welcomed the honesty and transparency that scrutiny has injected. It can help to clarify some of the roles and responsibilities. It is very interesting, in the example of the central south consortium, that having some of those very basic discussions about the relationship of individual authorities to the consortium is helping to clarify more clearly defined roles.

[36]   **Peter Black:** Okay, so scrutiny has been very handy in identifying the rationale for collaboration, but once a collaborative project is up and running, and you have, effectively, four or five—whatever number—authorities working together on a project, is there adequate scrutiny of the work that they are doing? I will give you an example. I am based in Swansea, and the education regional consortium has just issued a directive on pupils' attendance at school. None of that has gone to any of the local councils—this has come from the region and the director of education has passed it down to the schools. No councillors have been consulted or had a chance to scrutinise it, so there is no scrutiny taking place there. Is the

scrutiny of collaborative projects taking place after they have been set up, and is that effective?

10:30

[37]   **Ms David-Knight:** There are some cases where scrutiny has taken place after the event, but I would suggest that the capacity to influence is curtailed. However, that is not to say that they cannot look at how services are delivered locally and extrapolate from the messages about partnership and collaborative arrangements. We spoke earlier about the impact of collaborative services only being assessed at local level. One thing that is important to highlight is the resources, capacity and capability for local government scrutiny of shared and collaborative services arrangements, taking into account reduced budget settlements, anxiety about the commission, and the different skills set that is required for members to undertake effective scrutiny of joint service delivery arrangements.

[38]   **Peter Black:** So, in terms of my original question, if the scrutiny was better, would collaboration work better?

[39]   **Ms David-Knight:** It definitely has potential to do so, yes.

[40]   **Mr Gilling:** The relationship between the people who make decisions and commission and deliver services and hold them to account is often a tricky one. Getting that balance right can be difficult and has some challenges. So, the relationship that you set up at the start is very important. Scrutiny, with its influencing role, has to be respected and taken seriously by the people who commission and deliver the services. If it is not respected or given suitable investment, scrutiny itself is difficult and, therefore, the impact that it is likely to have on collaborative arrangements is likely to be reduced or diluted. I do not think that there is a magic formula to success—that is the message that we would give—but there are definitely some tools and techniques and skills that people with a scrutiny role can employ that increase the chance of effective scrutiny, thereby presenting a better evidence-based case to commissioners and providers, so that they do something differently, or change.

[41]   **Peter Black:** How well are those tools employed in Wales at the moment?

[42]   **Mr Gilling:** It is developing, as we have recognised in our paper, as we would recognise as an organisation supporting anybody with an accountability role in public services here and in England. It works very well in some places, and in other places you would consider that there is still some way to go. So, it is about having access to support and skills development. However, even if all that was right, if people who commission and deliver services do not take what scrutiny says seriously, you could argue that the whole process is devalued.

[43]   **Gwyn R. Price:** We have touched on this subject, but how open, in reality, are local authorities to the idea of sharing services and perhaps surrendering an element of control over the services provided to citizens in their areas? How open do you think that they are in reality?

[44]   **Mr Gilling:** You are touching on the whole issue of democratic control, and, of course, in big, collaborative projects, it is quite important that there is a connection back to the local people who are benefitting from the collaboration. You would expect that democratically elected councillors would want to retain a significant element of control over the way that the collaboration works. You could argue that that is only right and proper, because they are elected representatives at local level. Once you start to distance service provision and commissioning away from elected representatives, it becomes harder to scrutinise them, or to have any accountability arrangements. So, my assessment would be that

councils are open to collaboration, but, because we are talking about local government, there is a unique connection to elected representatives, which I think we would break at our peril.

[45]   **Mike Hedges:** May I move on to back-office functions, which I think are very important? Every teacher in Wales is paid on the same pay grade system and every nurse in Wales is paid on the same pay system. I know of at least one continental country where all teachers are paid centrally, and I also know of a problem with contracts, and local authorities having contracts with IT suppliers for software. What progress is being made, or can be made, if those contracts come to an end, to share services such as payroll, which is fairly common within health and local authorities? My second question is: a number of Welsh Government-funded organisations, such as Estyn, for example, play exactly the same role as is played in other parts of the United Kingdom, so has the Welsh Government made any progress to share back-office functions relating to those?

[46]   **Mr Gilling:** I fear that you may be straying, with those questions, into areas in which we are not particularly experts. I am not particularly an expert in public sector contracts, IT or anything like that. However, I take your question on that basis. We will probably reflect back on some of the answers that we have already given. There will be certain points in time when it is a good idea to reflect on the contractual arrangements that are operating in any given service. From our perspective, we would say that there is a strong role for an accountability function at every point in what might be regarded as the commissioning cycle—from getting the assessment of what people's needs and aspirations are, through to monitoring performance, and then taking the opportunity to change commissioning arrangements, depending on what people's experience of services has been. I know that you are asking directly about back-office functions, but I do not feel particularly qualified to go into more detail on that. Hopefully, some of your other witnesses will be able to help you with that.

[47]   **Mike Hedges:** Okay.

[48]   **Christine Chapman:** Did you want to come in on this, Peter or Sandy?

[49]   **Sandy Mewies:** I will take up some of the points that Gwyn made. One of the supposed strengths of regional collaboration is that it does just that: it is economies of scale and so on. At the same time—and I think that Gwyn touched on the fact—whoever is doing the collaboration—these councillors or whoever they are—do have a local interest and they have an interest that might have to be incentivised to work at regional level. That, in itself, is quite difficult. I know that my own local authority, Flintshire, does a wide variety of collaboration and it does set up protocols. I wonder whether you have any indication that local authorities or other bodies have been bogged down in process, as they try to set down these processes which make for good scrutiny and good accountability. Is there a danger that they will get bogged down in that? The other thing, which I think that you touched on, is that it would be very hard to come up with a formula, would it not, to cover all these? Talking about sharing good practice must be quite difficult; so, I would like to know whether you have any views on sharing good practice. I think that you are also talking about commissioners setting out early on in the process, saying, 'This is where we want to go'. Again, I go back to the fact that you have various organisations, and people at different levels in those organisations with various interests, so how can you do that? How do you bring people to the table and say, 'That is where we want to go', given that there might be as many people as we have here who may not agree? Have you seen good ways of reconciling that, or do you think that a lot of work remains to be done to do it?

[50]   **Mr Gilling:** Rebecca might wish to add to this, but I think that it is about having a shared vision. To reflect on some of the opening comments that I made about the challenges that we face being simply too big for individual groups to grapple with, I think that you begin to bring people together around a shared vision of what some of the solutions to those

challenges might be, along with the partnership, collaborative and joint working—however you describe it—and the benefits that that can bring. There are different forms of mechanisms for collaboration, some of which might be very informal, and I think that you touched on your local experience in Flintshire where some protocols have been developed. So, it could be very informal working right through to some very complicated contractual arrangements, but I think that you start from the perspective of a shared understanding of challenges and risks. So, you ask, 'What are the risks that face people who live and work in our areas and are there common risks across boundaries?' I would suggest that, at the moment, there are several common risks that impact on people's lives. So, you start with a shared understanding of risk and then you begin to develop a shared vision of how you can work together in a way that provides good value, both financially and socially, for people in the areas. However, I would suggest that the best way to do that—to begin to build that consensus—is to always keep in mind the person, namely the man or woman, the family, the child, the old person or whoever it might be. If you begin to build a shared vision around people and around the pathways and services that they might need, that is a way to overcome some of the tensions, perhaps, between politicians and organisations that I think that you have been alluding to.

[51]   **Ms David-Knight:** I would just like to supplement Tim's answer in terms of thinking of needs. I think that the local service boards and the implementation of the 'Shared Purpose—Shared Delivery' agenda provide a useful framework for identification. They have already undertaken a joint needs analysis, and so there are shared understandings about common problems at a senior level. I think that, in that way, you then have the basis for that shared decision and, more importantly, people are able to prioritise which collaborations would be more beneficial, taking into account what the information is telling them. So, it needs to be intelligence driven as well.

[52]   **Christine Chapman:** I have got Mark, Lindsay and then Peter.

[53]   **Mark Isherwood:** You were talking about the role and perceptions of elected members. Elected members, in my experience, cross-party, are often dependent on what senior officers tell them and their understanding is driven by what senior officers choose to tell them and how they present that to them—often, a few different words or words said in a different way can change a perception—and yet the same senior officers will be publicly ticking the boxes, attending the right meetings and signing up to the agendas. So, some might suggest that, in certain places, officers are loading the political guns of members for the members to fire. Is that a fair observation?

[54]   **Ms David-Knight:** I was in a council recently and I asked the elected members how transparent they thought the council was, and they said, 'It's as transparent as we want it to be'. The difficulty is whether they have the confidence and the aspiration to see their scrutiny role as improving the corporate health of the organisation. I think that scrutiny is one of the most difficult jobs that an elected member can do, because of the constraints in terms of the information that they are given, but also because, in some cases, they do not know the right questions to ask. Certainly, what is heartening from this role is being able to empower members and to provide them with the opportunities to commission good-quality information from senior officers in a way that will benefit the authority's corporate health. However, it takes quite a long time to get to that position in some authorities, notwithstanding the need for very good-quality, independent support from officers, who are brave enough to go against the hierarchy, in some cases, to empower members to make the most of their community leadership role.

[55]   **Mr Gilling:** Clearly, it is important that councillors have a good relationship with the officers who are part of the same organisation, but information from officers is only one place where councillors involved in scrutiny can and should get their information. So, one of the skills of good scrutiny is about being able to test and bring in a reality check to validate, or

otherwise cross-check, the information that you are given from any quarter. So, if you have members of the public coming in, saying, 'Actually, the service we're getting is terrible', that is information that you can do something with and that you can test with senior officers and say, 'Actually, this is people's experience. What's your perspective?' The flipside of that is that we are hearing from council officers that everything in their area is wonderful, but we are going to go out and we are going to find out what people's experience is, and we are going to match the two together. So, there are some distinct skills that people need that are about listening, understanding and analysing evidence, and then it is about how you use that to reflect back in a non-partisan, non-aggressive way, because that is often where scrutiny can break down, if it is perceived to be antagonistic or oppositional. So, there are some distinct skills to how you gather and use evidence.

10:45

[56]   **Christine Chapman:** We have 10 minutes left. A few Members want to come in on this. I call Lindsay, then Peter.

[57]   **Lindsay Whittle:** I was going to question you on the future direction, but I feel that you have strayed into that now—but that is for us to chat about later, perhaps. If we go back to the local government reorganisation of 1995, I do think that anyone around this table would create the monsters that we have created for ourselves now. It was not the fault of Welsh Government, I hasten to add. I was very disappointed when I was elected to this authority—because I wear two hats; I am a councillor still, and have been the leader of a council. I was very disappointed to attend a WLGA meeting where I was asked what it was like to work for the enemy. I found that very sad indeed. I hear comments in this building from Assembly Members who are quite disparaging about local government. That is not the way forward. What we need for future direction is for someone to grasp the nettle and to make a decision. With the greatest of respect, the lists that we constantly have that include the Gwent frailty project are minor lists. If people knew the collaboration that exists in local government throughout Wales, the list would be pages long, but we only ever quote two or three good examples. There are, however, pages upon pages, and not just of collaboration between local authorities, but between local authorities and health authorities, between local authorities and police authorities, and between all three. Have you any evidence that there is a lot more good practice out there? Have you any suggestions that somebody somewhere can grasp the nettle and move this agenda forward at last? Otherwise, I fear that we will be talking about it for another 10 years.

[58]   **Ms David-Knight:** The WLGA has a compendium of regional collaboration projects. I think that you are right; perhaps we are sometimes guilty of thinking about examples of big collaboration, rather than appreciating the impact of all the cross-organisational work that takes place. When I think about collaborative scrutiny, I tend to think of the scrutiny of local service boards, and I think that some of the language is confused, which is perhaps not helpful in identifying the rationale for wider collaboration.

[59]   **Lindsay Whittle:** Initially, local authorities had standing conferences, which did not just involve the three or four main statutory bodies. Many of our voluntary organisations were almost cast aside, and the good work that they do is, I fear, often not recognised. Without the voluntary organisations, we would have a sign on the Severn bridge saying that Wales is closed—perhaps not just for the day, but for ever. It is really very sad. Sorry, I am being—.

[60]   **Mr Gilling:** Just reflecting on it, I think that what I said about the different models of collaboration underpins the point that you are making, namely that there must be a lot of joint work and collaborative work, simply by people who understand that if they do something together, they can get a better result, at whatever level, whether it is at community level or council level. The challenge for organisations in this field is to recognise that those informal

arrangements are collaborative and then to demonstrate the benefits of that. Our organisation has a very similar challenge in trying to identify where scrutiny works really well and makes an impact. We know that it does; there are a lot of examples of it. It is about gathering them together and communicating them in a way that other people can then see the value and do not think, 'Ah, well, they might do that in north Wales, but it wouldn't work in south Wales'. It is about getting people to understand some common principles, so that they can understand the value of what others do and then try it for themselves, recognising that something might go wrong. We are very risk averse in the public sector, are we not? It is about having that freedom and flexibility to think, 'We'll try something and see if it works', without necessarily the heavy hand of Government regulation or inspection. That is a really tricky balance, but perhaps it is territory that we need to move into.

[61]　**Lindsay Whittle:** It is a bit like a rugby game: people have been coached out of rugby now and they are no longer as exciting as they were, perhaps, in the Gareth Edwards and Barry John era. There are hundreds upon hundreds of public servants out there collaborating and we do them a huge disservice sometimes in this building.

[62]　**Christine Chapman:** I have a specific question. Obviously, we are looking at collaboration. Do you think that the pace of change and collaboration is about right, or should there be greater interventions? As Lindsay said, there are a lot of collaborative projects out there that we do not recognise, but do you think that we need to increase the pace of change? How would you assess that?

[63]　**Mr Gilling:** I suspect that, generally speaking, the scale of challenge, the financial pattern and the demographic changes will mean that the pace of collaboration will have to speed up. For local government, the financial realities of what it can spend money on—what it is feasible for it to spend money on—will almost inevitably encourage it to think about greater collaboration. However, as I said earlier, it is a dilemma for Government, is it not, about how far it provides an enabling framework? In England—and, I believe, in Wales as well—that framework is there, and it is then a matter of how far we recognise what is happening that is good now, share it and get people to take it on board, and then think about some other incentives that might need to come further down the line if all of that is not driving it at a pace. However, I believe that the sheer scale of challenge will drive it faster.

[64]　**Peter Black:** I have a couple of questions. You said earlier that there were legal obstacles still in place preventing local government from collaborating properly. Is it possible to have a note on those so that we can be clear exactly what you are referring to?

[65]　**Mr Gilling:** I was suggesting that, sometimes, local government needs a legal framework in which to do something. That framework is appearing, so there are freedoms and flexibilities generally for local councils to collaborate. So, I do not think that I was suggesting—and apologies if I gave that impression—that there are still legal barriers to that happening. It is just that sometimes local authorities feel constrained, but that framework is now appearing.

[66]　**Peter Black:** I was involved a few years ago in the scrutiny of collaboration on Swansea council. One of the things that came out of that was that there were internal barriers to scrutiny. We looked at the negotiations on a common legal service for five or six councils and the conclusion was that we had five sets of lawyers all putting individual obstacles in the way of coming up with legal agreement as to how this would work, and there was no clear leadership on any of the councils involved in terms of pushing those barriers to one side. Is leadership a key issue in terms of making sure that collaboration comes about?

[67]　**Mr Gilling:** Yes, I would say it is.

[68]   **Peter Black:** Is that a factor that is missing in some cases? Is it something that is properly understood? As has been said, councillors often tend to be led by the officers. The officers say to the lead councillors, 'We have this barrier and that barrier', and they let the officers get on with it, when sometimes the councillors themselves need to push those barriers to one side and say, 'You have to do this'.

[69]   **Mr Gilling:** Leadership plays a very significant part in all aspects of public life—certainly in driving forward collaboration and creating that shared vision that I was talking about. The connection to elected councillors, which we discussed earlier, is tremendously important. Councillors are the council, so councillors have a responsibility to lead the process. We often hear the phrase, certainly in England, that councillors are regarded as community leaders and they carry out that role in many different ways. I am not sure that it is fair to say that all councils are led by the council officers.

[70]   **Peter Black:** I did not say all of them; I said that someone had said that.

[71]   **Mr Gilling:** The quality of leadership is vital.

[72]   **Peter Black:** Another example that I have of a collaboration falling apart is where two councils were collaborating in terms of providing legal services for children's services, and one council decided, 'Well, actually, we can deliver this a lot more cheaply ourselves by going out on our own'. So, often you get a situation where, although the councils have a formal collaboration in place, another council takes a budget decision that means that they pull out. That is actually quite common in my experience. How do you get around that?

[73]   **Ms David-Knight:** There is something there about the business case and the rationale for collaboration, and I guess exploring alternative options in an open way at the outset.

[74]   **Peter Black:** Again, they are taking individual decisions; they are not actually—there was this case, maybe once, but no longer.

[75]   **Rhodri Glyn Thomas:** Rydym wedi sefydlu bod yr adnoddau sydd ar gael ar gyfer darparu gwasanaethau cyhoeddus yng Nghymru, os nad ydynt yn prinhau, maent o dan bwysau enfawr ar hyn o bryd. Beth bynnag yw maint y cydweithio sy'n digwydd ar hyn o bryd, mae llawer mwy o gydweithio yn mynd i orfod digwydd os ydym yn mynd i gynnal y gwasanaethau hynny, heb sôn am eu datblygu a'u gwella. Mae'n ymddangos i mi nad oes fframwaith i hyn o gwbl; nid oes strwythur yn ei le ar gyfer cydweithio. Mae'n digwydd bron yn anffurfiol. Mae'n digwydd nid yn unig rhwng cynghorau, ond rhwng unigolion a chynghorau—efallai fod cyfarwyddwr rhyw adran mewn cyngor yn adnabod cyfarwyddwr neu gyfarwyddwraig mewn awdurdod cyfagos, ac maent yn dod at ei gilydd ac yn creu rhyw bartneriaeth a allai fod yn effeithiol iawn. Mae comisiwn wedi ei sefydlu gan y Llywodraeth i edrych ar lywodraethu a darparu gwasanaethau cyhoeddus. Beth all y comisiwn hwnnw ei wneud i greu'r fframwaith hwn ac i sicrhau

Rhodri Glyn Thomas: We have established that the resources that are available for providing public services in Wales, if they are not getting scarcer, then they are under great pressure at the moment. Whatever the size of the collaboration that is happening at present, there is going to have to be a lot more collaboration in the future if we are going to be able to sustain those services, let alone develop and improve them. It appears to me that there is no framework for this at all; there is no structure in place for collaboration. It happens almost informally. It happens between not only councils, but between individuals and councils—perhaps a director of a department in a council knows another director in a nearby authority and they come together and create some partnership that could be very effective. A commission was established by the Government to look at the governance and delivery of public services. What can that commission do to create that framework and to ensure that there is a true structure there

strwythur gwirioneddol sy'n mynd i hyrwyddo cydweithio ar lefel llawer iawn mwy ffurfiol na'r hyn sy'n digwydd ar hyn o bryd?

that can promote collaboration on a much more formal basis than what happens at present?

[76]   **Ms David-Knight:** I think, going back to the written paper that we provided, it is about being principle-led, rather than creating tight structures. Taking into account descending this ladder of abstraction about some of those principles and what that might mean in practice, there is a need to capitalise and to take that mapping of existing collaborative activity, so that we are maximising and capitalising on the good experiences that are out there.

[77]   **Rhodri Glyn Thomas:** Ond os nad oes rhywun yn rhywle yn mynd i dderbyn y cyfrifoldeb o sicrhau bod hyn yn digwydd, nid ydym yn mynd i gael y broses honno o ystyried a rhannu arfer da. Mae'n mynd i barhau ar lefel cwbl anffurfiol lle mae'n digwydd mewn un man, ond nid mewn man arall, a lle mae'n llwyddo mewn un rhan o Gymru, ond nid mewn un arall. Onid gwaith Llywodraeth Cymru yw derbyn y cyfrifoldeb a dweud, 'Mae'n rhaid i hyn ddigwydd, ac mae'n rhaid inni ddarparu gwasanaethau sydd wedi eu darparu ar raddfa llawer iawn ehangach nag ar hyn o bryd'?

Rhodri Glyn Thomas: But if there is not someone somewhere taking responsibility for ensuring that this happens, we are not going to get this process of considering and sharing best practice. It will continue on an informal level where it happens in one place, but not in another, and where it succeeds in one part of Wales, but not in another. Is it not the job of the Welsh Government to take this responsibility and say, 'Look, this has to happen, and we have to provide services that are provided on a much broader basis than they are at present'?

[78]   I will take that silence as a 'yes'. [*Laughter.*]

[79]   **Ms David-Knight:** I am interested, particularly in the context of cross-organisational arrangements, in identifying what it is within partnerships that they can achieve collectively but that they cannot achieve individually, and this idea of 'How do we capitalise and identify the added value of partnership working?', when, sometimes, if that shared vision is not there at the outset, you have got this collaborative inertia, where there is organisational self-interest and there is this sticking point, and if there are not very real legal barriers, people will find other barriers to stop taking those sorts of risks. So, going back to the principles, I am not clear about what structures or what kind of framework—I think there just has to be a commitment from the Welsh Government to articulating those clear principles at the outset, which we have already seen in the Simpson report.

11.00

[80]   **Mr Gilling:** Just to add to that briefly if I can, reflecting on the experience of the recent health reforms in England, the drive towards greater collaboration between the NHS and local authorities through health and wellbeing boards is beginning to create a framework. However, at the end of the day, it is difficult for individual organisations to move money around. So, if we are reflecting on what Governments can do, one of the things that might help is to create more flexibility around how easy it is to move money between different organisations for the common good. From my experience, public services are often answering to individual Government departments in a way that makes it very difficult for them to demonstrate value for that department—the fundholder—and that moving money to someone else's benefit is good. That is quite tricky in terms of how we performance manage public services and the relationship between local government and Governments generally.

[81]   **Rhodri Glyn Thomas:** The classic example there is probably social services and

health, where people will say, 'Whatever the actual cost is, as long as it is not coming out of my budget, I don't really care'. Going back to the point that Lindsay made earlier, one of the problems that we have in terms of these partnerships, which we all know are happening throughout Wales, is that people do not want to share the information. They say, 'This is my little arrangement; I'm going to keep it to myself'. That is part of the problem in terms of finding out exactly what is going on and getting a pattern of partnerships developing throughout Wales.

[82]   **Mr Gilling:** Discovering and sharing best practice in lots of different fields in lots of different areas in services is a challenge. It is hard to find good practice and share it as to what might work in adult services and in health services. We are hoping to take some initiative and responsibility for identifying good scrutiny, sharing that practice and helping people to work with different models, because we think that different models can add value.

[83]   **Christine Chapman:** We will bring this session to a close. Thank you both for attending. It has been a very interesting session. We will send you a transcript of the meeting so that you can check it for accuracy. Thank you very much.

[84]   **Mr Gilling:** Thank you very much.

[85]   **Christine Chapman:** Our next panel of witnesses have not yet arrived. We are not due to start until 11:10, so we will have a very short break.

Gohiriwyd y cyfarfod rhwng 11:02 a 11:12.
The meeting adjourned between 11:02 and 11:12.

Cynnydd o ran Cydweithio gan Lywodraeth Leol: Sesiwn Dystiolaeth y Ganolfan Ymchwil Llywodraeth Leol a Rhanbarthol, Ysgol Fusnes Caerdydd
Progress with Local Government Collaboration: Evidence Session Centre for Local and Regional Government Research, Cardiff Business School

[86]   **Christine Chapman:** Our next panel of witnesses is from the Centre for Local and Regional Government Research, Cardiff Business School. I welcome Dr Tom Entwistle, senior lecturer in public policy and management, and Dr Rachel Ashworth, reader in public services management. Thank you for providing a paper in advance of the meeting. Members will have read it, so, if you are happy, we will go straight into questioning.

[87]   Members will have a series of questions around thematic aspects of this. I know that you did surveys in 2008 and 2011, I think, as part of your assessment of the Welsh Government's policy on local government collaboration. Would you briefly outline what they were? We will then go into specific aspects.

[88]   **Dr Entwistle:** As part of an evaluation of local government policy, we looked at three themes—collaboration was one of those, with central local relations and citizen engagement being the other two. Although we were not following specific policies in that sense, we wanted to see how individual policies were pushing things along. In a survey of local government officers and members, conducted, as you say, in 2008 and 2011, we asked them to nominate a particular partnership, whichever partnership was uppermost in their mind, if you like. We then asked them to report on that partnership in terms of what it was trying to do and how they perceived it was operating.

[89]   We repeated those questions in 2011, and that gave us a sense of testing the temperature a little of the collaboration agenda across local government between those two points of time. Would you like me to carry on with that?

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

[91]   **Dr Entwistle:** The results, which you will see in the paper, suggest that there has been, between those two points of time, an increasing focus on partnership activity, increasing relevance of the cost, or the efficiency agenda, increasing emphasis being given to collaborations between local authorities over time. We took from that the conclusion that collaboration was going in the kind of direction that the Ministers might want, but that leaves open the question of whether the pace is rapid enough and whether the scale of collaborative activity is exactly what would be wished for.

11:15

[92]   **Christine Chapman:** Thank you. We have specific questions, and I think that Leighton wants to come in first.

[93]   **Leighton Andrews:** You say in your report that the pace of change is not consistent with the nature of challenges facing Welsh local government. Would you like to elaborate on that?

[94]   **Dr Entwistle:** I think that is right. Partly, of course, this is because of a change in the nature of the problems that we saw confronting local government during the period of that research. So, global financial crisis and increasing austerity mean that the problems of today are increasingly ones of managing with smaller and smaller resource. The kinds of collaborations that were emerging in the earlier part of the decade were often focused on service improvement, and I think there is evidence to suggest that they were working, but they are not necessarily the kinds of collaborations that you need for the challenges that are now facing local government.

[95]   **Leighton Andrews:** What, aside from incentivisation, penalties and legal instructions, can the Welsh Government do to encourage more collaboration?

[96]   **Dr Entwistle:** I think those things are all relevant. The thing that I suppose I would come back to is that, from Beecham onwards, the collaboration message has undoubtedly been there, and it is one that is recognised and accepted across local government. The difficulty is that, generally, it seems to be have been a broad imperative to collaborate across the piece. That would be the lesson that I would want to take from it, which is that the Welsh Government could benefit from being more focused in the steer that it provides about where collaboration really matters. Again, I was looking at the Simpson compact just last night, and although it is quite focused in particular areas, it is almost everything—almost the whole of local government is being told to collaborate. While on one level I do not doubt that there would be gains from collaboration, sometimes the message is a little too broad and would benefit from being focused. Part of that is acknowledging and being clear about the areas where collaboration is really important, and we have to make sure that we get it right in those areas, but, at the same time, acknowledging perhaps that we have to accept that certain things will remain specifically within the autonomous space of local government decision making.

[97]   **Mark Isherwood:** Clearly, collaboration can improve efficiency and services. There is evidence also to show that it is not a magic bullet in any sector. To what extent do you believe there should be an impact assessment of collaboration before the path is followed, either by compulsion or choice, and what examples, if any, do you have in Wales of collaboration having generated improved efficiencies and better services? [*Interruption.*]

[98]   **Dr Entwistle:** Was that a good thing or a bad thing?

[99]   **Christine Chapman:** I think that was a ship's horn.

[100]   **Dr Entwistle:** I absolutely agree that collaboration, while having a good side, can be extraordinarily problematic, time-consuming and frustrating in a whole series of senses. So, I absolutely agree that it is vitally important that arrangements are put in place to assess the performance of those collaborations. At the moment, we do not have those methods of assessment. So, because we do not have those methods of assessment, it is actually quite difficult for me to do anything other than anecdotally say, 'Oh yes, that one seems to be going quite nicely; people are quite happy there'. We are all familiar with those sorts of anecdotal suggestions. Rigorously, you can look, and we have looked, at those local authorities that report high levels of collaboration. We have done this in England and in Wales, and we have found that those organisations that report high levels of collaboration have better records in terms of efficiency and effectiveness. So, there is a statistical reason to think that collaboration does work. However, that does not answer the specific point that you are making in terms of having more concrete, objective evidence of that performance, and I would absolutely recognise and agree that putting in place those arrangements is pressing business.

[101]   **Mark Isherwood:** Is that before the change?

[102]   **Dr Entwistle:** No; I would not go that far. The evidence as it stands suggests that collaboration works and that we need to do it pressingly in certain areas.

[103]   **Mark Isherwood:** Which areas?

[104]   **Dr Entwistle:** That is a difficult one. I do not have a simple answer to that. However, I would say that, in simple terms, where the money is going and where the performance priorities are is really pressing—and I think, pretty much, that Welsh Government Ministers are on the same page as I would be— are education, social care and waste. These are the areas where the Welsh Government has been pushing the agenda and has had some success. I think that it is right to be pushing those areas. My disagreement is that there is this kind of general encouragement, 'We must all collaborate', which, I think, has sometimes confused the picture and denied priority perhaps to other areas that really need it.

[105]   **Sandy Mewies:** We started at your conclusions, and I was going to ask my question at the end, but it has been pre-empted somewhat by the previous two speakers. I tend to agree with your conclusion that what needs to happen is that there has to be more focus on what works. Mark asked you which areas, and you do not really have the answer. So, what you are saying is that it is the Welsh Government that should be coming to those conclusions, is it? It should come up with a focus and say, 'In these areas, this and that should happen'. Given the complexity and diversity of the people who have to agree, how do you think that they would reach agreement?

[106]   **Dr Entwistle:** This is absolutely a key issue. There has been this tendency to think that you cannot enforce or direct collaboration. One of the reasons for the sort of nervousness about this agenda and perhaps some of its halt in progress has been a reluctance on the part of the Welsh Government to be quite specific about the how, when and where of those collaborations. It has become more and more specific over time and rightly so, because, if you leave it to local authorities to collaborate, they will do all sorts of networking, but it is not going to happen on a huge scale, and that is not surprising. These are statutory organisations that are weighed down by statutory responsibilities and duties, so a vague encouragement to collaborate does not stand a chance. It is just a case of anybody who spends any time in any local authority, and even more so currently, but the agenda is dictated by those statutory obligations. So, the weak imperative to collaborate will not go anywhere.

[107]   On top of that, there is good research evidence to suggest that collaboration can benefit from a reasonably strong steer, and that networks and partnerships that have strong, central directors perform better than those that leave it all to emerge from bottom-up negotiations. So, there is a clear organisational imperative that the only way that you will get statutory organisations to give up this stuff is by making it statutory. There is good research evidence to suggest that the best collaborations—the network type settings—have that kind of sponsor, steering role to direct activity.

[108]   **Gwyn R. Price:** Following on from that, I was going to ask how open in reality local authorities to the idea of sharing services are. You have just touched on it—there need to be firm guidelines, otherwise it will be a fudge. My local authority in Caerphilly is good at collaboration, but other authorities might not be that good. It is the restraints and the guidelines that you are saying really need to be taken up on the part of the Welsh Government.

[109]   **Dr Entwistle:** That is right. I honestly think that it is too big an ask. Organisations want to control things. They want their own chief officers and their own staff. That is a perfectly natural, inevitable product of an organisation. It is not going to happen spontaneously, or naturally, that they will give it up. This is a huge organisational challenge for them, so it is something that will have to have a pretty strong imperative and be engineered, as you say, in the quite specific ways that you are suggesting. I will be the first to admit that there will be problems and issues with that, but any sort of standard model is going to run up against local realities. Again, that is why I think it is helpful to be clear about where we really need to do this. It is not something that you perhaps want to do; it is a world of pain in many respects. But, it seems to me that it will be necessary in certain areas.

[110]   **Mike Hedges:** Can we talk about back-office functions?

[111]   **Dr Entwistle:** Yes.

[112]   **Mike Hedges:** Every teacher in Wales is paid according to the same pay scale, as, incidentally, is every nurse in Wales. On continental Europe, it is not abnormal to have one central payroll system. I have two questions, really. First, bearing in mind that local authorities have contracts for both the IT systems and the software running on them, what is being done, when those contracts are coming to an end, to avoid having to buy new systems and to collaborate? As you are going to tell me, the marginal cost of adding another 1,000 is substantially less than the cost of setting it up. Secondly, do you have any examples of Welsh Government collaboration in areas that will act as exemplars to local authorities?

[113]   **Dr Entwistle:** To unpack that a little bit, in terms of your first implication on the shared services agenda, and back-office functions in particular, I agree that, on the face of it, it looks like a fruitful area for collaboration, but the Welsh Government and certain parts of Wales have had experience of this and of trying to negotiate progress in those areas. On the face of it, it looks as if there are real gains there, but whether it is actually top of the order of priority would be another question for me, as would how easy those gains would be. I do not know the answer to the technical question that you ask, and, clearly, a lot of this is about systems, IT systems and the pace with which authorities sign up to them. I do not know the answer to that.

[114]   **Mike Hedges:** And the examples?

[115]   **Dr Entwistle:** On the examples, I absolutely cannot answer that.

[116]   **Christine Chapman:** Peter, did you want to come in on this?

[117]   **Peter Black:** Yes. The WLGA has commissioned the legal firm Trowers & Hamlins to draw up guidance on collaboration for local authorities, and its conclusion is that there is an inability among local authorities to understand the legal and structural models of collaboration and that that is a major hindrance. I think that there are examples of where local authorities have got bogged down in legal negotiations et cetera. Is there a need for a clearer steer from the Welsh Government and the WLGA in terms of trying to overcome those particular obstacles?

[118]   **Dr Entwistle:** Absolutely. One of the bits of the work that we did for this study—not the survey, but we did some case study work on the education consortia as they were, at that point, developing, and one of the things that you heard was that each consortium area going through this painful process of developing a business case and examining lots of different models of governance, can take huge amounts of time. They are all, obviously, controversial. I think that that goes to our specific guidance point that there is a place for saying, 'This is the model; this is the answer to your questions', rather than each authority having to reinvent the wheel a little bit. That would also have the benefit of putting the barriers, because, again the barriers—. Although I am in favour of collaboration I am not, in any sense, blind to the problems of this agenda. However, the barriers, in that way, can be flushed out and debated at a national level, because there are very real ones about accountability problems, again going back to the sense in which local authorities are distinct organisations and are held accountable. When partnerships go wrong, very often it is the local authorities that are hauled before the auditors. With all of the imperatives at the moment, rather than holding the collaboration to account, we hold the local authority to account, and that reinforces authorities' tendency to say, 'Oh, God; this is a nightmare. Let's bring it all back in-house'.

[119]   **Peter Black:** Going back to Leighton's question, where you have partnerships where there is a legal framework and where there is an instruction from Ministers, a fine or other incentives, and then local authorities have an imperative to continue with those, but a lot of collaborations are, effectively, an agreement to work with local authorities and service needs change, as do budget needs, and those collaborations fall apart or move on as a part of that. Is that a problem, or is it natural that, unless you actually have a legal framework on which collaboration is based, collaborations will come and go, with the other things?

[120]   **Dr Entwistle:** Absolutely. There is an element of—Christopher Hood, a well-known scholar in this area, talks about a sort of lottery aspect to these things. When you rely upon voluntary agreements, they can happen in peculiar places and not necessarily the places that you would want them to emerge, and, equally, good partnerships can die just because the politics of that agreement has changed. I do not think that that is a problem. We can all accept that there is huge benefit in organisations entering into collaborative arrangements and network-type arrangements with their neighbours and other authorities; we are all in favour of that, and that is happening all the time—local government managers and members are great networkers. However, that is not, I think, what we should be focused on. That will happen and that will continue to happen; the question is focusing on the priority areas and making sure that the collaborations that we have in those areas are fit for purpose.

11:30

[121]   **Peter Black:** In terms of the priority areas where you have, effectively, structural collaborations in terms of education, waste, et cetera, there is a democratic accountability issue here, and also a scrutiny issue. Taking the perspective that post-collaborative scrutiny can improve services, how does that fit into the current structure of local government, which is built for individual silos, not for scrutinising collaboration?

[122]   **Dr Entwistle:** I agree with that entirely, but I would like to hand over to my colleague, who knows more about this than I do.

[123]   **Dr Ashworth:** While there is a policy agreement and a within-the-academic-community agreement that collaboration is potentially the way forward for public services, there is major agreement that it presents huge challenges for accountability. We are used to very hierarchical systems of accountability, where it is quite clear who the principals are, who the agents are and how the system works. Collaboration provides challenges for us all to work out how a new system could work. The idea has been, from the Welsh Government perspective, that we can scale up local overview and scrutiny to a collaborative, regional level. That is an agenda that has been set for local scrutiny committees by the Welsh Government, and they are trying to meet that, but I think that they are struggling with that for a number of reasons.

[124]   There is an issue for elected members involved in overview and scrutiny trying to scrutinise at a regional level or a collaborative level. I think that they recognise that. You can appreciate this, I am sure, because you have your own local responsibilities to your constituents and you have a corporate responsibility to Wales, but their responsibilities would be to Carmarthenshire or Cardiff or wherever, and where is their identity in terms of south-east Wales or wherever these arranged collaborations might be at that level? So, I think that members struggle to operate at a regional level and they start to worry about the implications for their services, their constituents, et cetera. So, the democratic connection there is quite tenuous. So, that is an issue.

[125]   It is also about having capacity in the system to bring members from different authorities together, to support them and to prepare them, maybe also with partners, to try to scrutinise, maybe in a policy area that they are not familiar with. That involves a huge amount of time and effort, and we know that these teams are very stretched and squeezed at the moment, so they are trying to think, 'Where is it best for us to collaborate and scrutinise and how best can we do that? Are we the best vehicle for scrutinising the corporate capacity of collaborations? Probably not. Are we better looking at the local implications for citizens in terms of the outcomes of those collaborations?' So, in that sense, there is a whole muddle at the moment about where the regulators fit into this and where local politicians fit into this.

[126]   Another element to add into the mix is the people serving on these collaborations. Where is their personal sense of accountability? How are they going to operate as a team and back to their funding organisations? Who is going to hold them to account in that personal sense? So, it presents us with a lot of challenges, and we have not made a lot of progress on that so far.

[127]   **Christine Chapman:** Do you think that there is enough buy-in from members to the bigger picture, which is that it could be a better quality service or, as we have talked about, that there could be efficiency savings? There is the bigger picture side. Do you have any comments on that as far as collaboration and the rationale for collaboration are concerned?

[128]   **Dr Ashworth:** Our research was mainly with officers, but we also spoke to members and there is nervousness, especially around regionalisation. We had several examples, one in relation to crime and disorder, where members had tried to work together across authorities and decisions were taken about closing police stations in one authority area and opening them in another, so that was a difficult sell for the politicians in the area. It is hard to get behind that when you do not have that identity. Like I said, you can say, 'We're doing this for Wales'—you are elected to this Assembly. They do not have that regional democratic identity yet, and they are also worried, I think, about resources going to other local authorities, thinking, 'We're an authority that is performing well, but another authority isn't. Okay, we can see that our role may be to help them, but what if resource goes in that direction and we lose that?' I do not think that the regional agenda has been sold to backbench councillors. They do not seem to have bought into that. That is my sense.

[129]   **Christine Chapman:** Sandy, did you want to come in?

[130]   **Sandy Mewies:** No, I am fine; I am quite happy, thank you.

[131]   **Christine Chapman:** Janet?

[132]   **Janet Finch-Saunders:** Basically, I have raised concerns, and I think it has been touched upon here, that I would expect the Welsh Government to have some idea—a clue—of how many strong, collaborative partnerships we have, and also of what efficiencies have been gained. I was really concerned that there was a lot of emphasis, when I first came into this Assembly, that said, basically, that the next chief executive post that came up would probably be considered as a shared post, and yet we have seen several changes, and we do not seem to have had any senior heads of service collaborating. There are 22 local authorities and 22 chief executives. Mike Hedges AM has mentioned back-office functions, and, at the moment, I see it as very much a patchwork. I think—and I think you have made your points very well here today—the Welsh Government needs to drive this agenda. However, my question really is about the new public services partnership council. I am not sure of its remit compared to the remit of the other partnership council, because that was meant to be driving the collaboration agenda. What one initiative should it be taking now, if it has been set up with some responsibility for this? What would you see as its main, key objective to get the collaboration agenda working?

[133]   **Dr Entwistle:** I cannot answer the technical one about which of these partnership bodies should be centre stage in this. What I would like to say—and I suppose it develops the point that I made earlier—is that when I go along and do case-study work in partnerships in Wales, I often find a one-woman-and-a-dog type of operation, a shoestring operation in which there is maybe one member of staff who is actually working for the partnership, and that person is on a fixed-term contract with 18 months to go and is thinking about where their next job is going to come from. The partnership vehicles that we have created are very often the poor cousins of anything that is happening within the local authority—the traditional services. This goes back to the point that, where it is going to happen, it has got to be pretty serious stuff, and the posts that we are appointing at that level need to be seriously and properly funded, with a high level of seniority, because, as we all know, it is formidably difficult to do this and to make this a success. Again, on your point about performance and evidence of effectiveness, I absolutely agree that we need to put in place arrangements to monitor the performance, but we have not been good on this in Wales generally, across the piece. We are not good in terms of performance management for local authorities, let alone partnerships, where it is all sort of a grey area, and nobody really knows who is involved, what they are trying to do, or anything else.

[134]   **Janet Finch-Saunders:** My own local authority did a review on partnerships—goodness me, going back many years ago—and I think one local authority alone had something like 300 partnerships. Then, the collaboration agenda was very much a case of looking at different collaborations, and then there are different local authorities, so it was about looking at which one you collaborate with—a similar one, or one quite different to your own local authority—so I understand the problems, but I think that it is something that, as you say, needs driving forward.

[135]   **Christine Chapman:** I have a number of Members who want to come in. We are running short of time. I have Lindsay, then Mark, then Mike.

[136]   **Lindsay Whittle:** I will try to work my question into the question that you wanted me to ask, Chair, if that is possible. I have been a councillor for 38 years, as well as an Assembly Member for a lot less time, and in the Valleys, where I live, we tend to think north

to south, because that is the way that we travel for leisure, work, et cetera. Sometimes we do not see the bigger picture, if we are being honest with ourselves, and I think that is perhaps the case with lots of local authority members as regards the collaboration agenda as well. They sometimes do not see the regional picture. Sometimes it is about language. I wrote down that a former Minister, now sitting on this committee, talked about incentivising local authorities. That is great language, and every council will jump at that and really want that. That is the best language you can use, is it not? However, he then went on—sorry, Leighton—to say 'or we fine them, or instruct them', and that is the worst language you can use in talking to a local councillor, because they are only human, and they are protecting their little patch.

[137]   **Leighton Andrews:** Nothing else works.

[138]   **Lindsay Whittle:** Well, that is a huge debate, I think, and I will happily have it.

[139]   **Christine Chapman:** We need to ask our witnesses what they think. We can have this debate again, but the witnesses—

[140]   **Lindsay Whittle:** What do you think is the right language to encourage local government and Welsh Government to collaborate more effectively?

[141]   **Dr Entwistle:** I go back to the answer that I have already given, which is that it has to be in a statutory language, because that fundamentally is the language of local government. That is increasingly the case. With those things that are voluntary acts by local authorities, it is increasingly a small area in which you could say that that is the case. We are talking about statutory obligations of one form or another. So, I think that it has to be that.

[142]   Within that, however—and this is important—there are different ways of fulfilling that function. In the same piece of work, but under a different theme, we have looked at the relationship between local authorities and the Welsh Government, and one of the things that we have found is that they do not actually feel as involved in the development of policy as they perhaps might. You can have statutory obligations, but developed in partnership. Although there will be some people in local government who are reluctant to see this, when I was doing the work on education, a lot of people working in local education authorities actually wanted that firm basis. They wanted to be involved in the development of it, and they wanted to inject the discretion that they thought was necessary in certain places, but they were on the same page. So, you can have statutory obligations, but they do not have to be enforced in perhaps all the ways that we might associate with that.

[143]   **Lindsay Whittle:** I could not have put it better myself. Thank you.

[144]   **Dr Ashworth:** May I just say something quickly on that? For the vast majority of elected members, collaboration passes them by. They do not get the opportunity to engage in collaboration; it is executive and cabinet members who are part of these collaborations and partnerships. So, for ordinary backbench members, it is a thing that they know is kind of important and is happening around them, but they are not encouraged to engage in it and they are not part of it. That also complicates things, because it is the cabinet members who are on the boards of partnerships, and they feel that they are fulfilling some kind of accountability role, but, actually, they are decision makers, and the scrutineers, the backbencher members, are not part of this system at the moment at all. That does not help.

[145]   **Mark Isherwood:** In an organisation of size, economics talks about increasing and decreasing marginal productivity. Is there any work regarding the point at which increasing marginal efficiencies and organisational size trigger a decrease in marginal efficiency? Secondly, and finally, in terms of collaboration with external agencies and partners, how can

that work if collaboration does not exist within a local authority between its own departments, or even within departments? I cite examples of correspondence not being responded to because 'the officer was on holiday' or because it should have gone to another department.

[146]   **Dr Entwistle:** The question in terms of scale and the idea of there being a sweet spot for organisational size or the scale on which you are delivering is exactly right. The evidence suggests that, as you get bigger, the costs go down, and then, as you get too big, the costs start going up again. The difficulty, and the reason there is no simple answer to the local government size conundrum, is that, with so many different services, you have hundreds of different cost curves, all behaving differently. So, there is not a one-size-fits-all solution. Whereas, for one service, the right scale may be regional or even across Wales, another may well be best delivered at an incredibly local level. Each different service has a different answer to that question. That suggests that there is not an answer to the question of what is the ideal size of local government that Redcliffe-Maud spent so long pursuing an answer to—there is not an answer to that. That suggests that the only way to solve this, particularly in pressing service areas, is to have a bespoke approach to collaboration, in which you say, 'Right, this service really does need to be delivered on a different scale to the local authority scale, so let us work out a collaborative solution for that service'. The scale will vary, as it should.

[147]   **Christine Chapman:** We do not have an awful lot of time left. Our next panel of witnesses will be coming in shortly, so I ask the remaining Members to keep the questions quite short.

[148]   **Mike Hedges:** Do you accept that collaboration is not a new thing? Local authorities collaborated on economic development and on transport back in the 1990s and in the early 2000s. Would you also accept that if social services did not collaborate with health, no elderly or vulnerable patients would ever be discharged from hospital, and that an awful lot of the development that took place in Wales took place because of the collaboration between local authorities and the old Welsh Development Agency?

11:45

[149]   **Dr Entwistle:** Yes, I agree with all of that. We took our survey and we rolled it out to England and Scotland recently to get a sense of how Wales compared, and we found more positive reports of collaboration in Wales than we did in England or Scotland. So, collaboration has been happening and is happening, and I think that it is producing positive results. The only little difficulty we have is that it is probably not at a pace and a scale that we would all hope for.

[150]   **Rhodri Glyn Thomas:** Diolch am eich tystiolaeth. Mae hon yn sesiwn gynhwysfawr iawn o ran tystiolaeth ac rydych yn glir iawn ynglŷn â'r anghenion sylfaenol. Mae cydnabyddiaeth bod rhaid i ni gael partneriaethau yn cydweithio ar raddfa lawer iawn ehangach nag y maent ar hyn o bryd. Mae cydnabyddiaeth bod angen arweiniad mewn cyd-destun statudol gan y Llywodraeth, gyda blaenoriaethau clir iawn ynglŷn â'r hyn sydd bwysicaf a'r hyn y dylid ei wneud yn gyntaf. Fodd bynnag, rydych hefyd wedi cyffwrdd â rhai o'r problemau. Mae'r dystiolaeth am bartneriaethau yn brin ac nid yw'n gwybodaeth ni am yr hyn sy'n

Rhodri Glyn Thomas: Thank you for your evidence. It has been a comprehensive session in terms of evidence and you are very clear about the basic needs. There is an acknowledgement that we have to have partnerships collaborating on a much bigger scale than they are doing at the moment. There is an acknowledgement that leadership is needed on a statutory level with clear priorities from the Government in relation to what is most important and what should be done first. However, you have also touched on some of the problems. Evidence is scarce about partnerships, and our information about what is happening is not comprehensive or

digwydd yn gynhwysfawr nac yn gyson ar draws Cymru. Mae cwestiwn o atebolrwydd gwleidyddol ac mae cwestiwn ynglŷn â pha mor effeithiol y gall pob partneriaeth fod. Y dilema mawr yw pa mor gyflym yr ydych chi'n ceisio gwthio'r broses honno. A ydych chi'n mynd i ddweud, 'Rhaid i ni symud ymlaen oherwydd mae'r gofynion yn amlwg, ac felly fe wnawn ni anwybyddu'r patrwm anghyson a'r holl gwestiynau ynglŷn ag atebolrwydd', gan wybod y bydd hynny'n rhwystro'r broses honno, neu a fyddwch chi'n dweud, 'Rhaid i ni wynebu'r problemau hynny yn gyntaf'? Mae'n ddilema, onid ydyw? Sut mae rhywun yn delio â'r dilema hwnnw?

consistent across Wales. There is a question of political accountability and there is a question regarding how effective each partnership can be. The big dilemma is how fast you can push that process. Are you going to say, 'We have to move forward because the requirements are clear, and therefore we will ignore the inconsistent pattern and all the questions regarding accountability', knowing that that will be a barrier to the process, or, are you going to say, 'We have to face those problems first'? It is a dilemma, is it not? How do we deal with that dilemma?

[151]   **Dr Entwistle:** It is a dilemma, and I do not think that we can afford to develop the perfect answer to this before we proceed. However, going back to Rachel's point about accountability—and this is crucial—I think that there are fundamental problems that need an awful lot of work on this agenda. Education, which is one of the areas that has been pushed more than others, provides a good example of this, insofar as the response to Hill that I was looking at yesterday talks about a much stronger steer, in terms of pushing these consortia. Then, it talks about twice yearly meetings with the Minister for each of the consortia. Again, we get this question of, 'Hang on, whose are these bodies?' Are the education consortia service providers for the local authorities that will hold them to account or are they quasi-quangos? You cannot really have a quasi-quango in that sense, but are they more of a quango-type body that is answerable to the Minister? The answer is that it is probably both. However, that is a big and important question about how these things will work and how they will be held to account. We will need a little bit more clarity about that, because we have been here before, as we all know, insofar as the economics of scale push us towards national operations—we have seen that with the ambulance service—but then you are left with an accountability question of, 'Hang on, who is this service performing for: is it performing for these local areas, or is it performing for national imperatives?' I do not think that we have properly worked out the answer to that. We have to push this forward, but we have to think seriously about that. Accountability is not just a nice, fluffy thing that we would all like to have; it is intrinsic to the monitoring and the performance of these organisations, because it is through accountability that we make sure that they are doing what they should. It is absolutely crucial, but I do not think that we can afford to wait until we have come up with a perfect theoretical answer to the question.

[152]   **Dr Ashworth:** We already have a crisis of accountability around collaborations; there are no robust frameworks in place. At the moment, we can say that we are not pushing huge amounts of money through these organisations, and maybe they are largely talking shops, but that looks set to change. So, it is an urgent issue to be addressed. In the early scrutiny work on these collaborations, we see that scrutiny is involved at a late stage, working hard to try to catch up with what has been happening with these collaborations, and it is an impossible task. So, at the outset of the development of the collaborations, robust accountability arrangements—whatever they are—need to be inbuilt from the outset, and the people involved in the collaborations need to be clear about their responsibilities. We have heard stories of local scrutiny teams being told by their own chief executives not to look at their LSBs. We cannot have that kind of attitude continuing in Welsh public service. We need leaders and members who are collaborating to be open to scrutiny and accountability, and clear from the beginning about their responsibilities, whoever they are to.

[153]   **Rhodri Glyn Thomas:** May I ask a very quick supplementary question?

[154]   **Christine Chapman:** Yes, very quickly.

[155]   **Rhodri Glyn Thomas:** Thank you; I know that time is short. With regard to the point that you are making now, would it be true or am I exaggerating if I say that a lot of these arrangements are made by key officers and selected members of the executive boards, and they are not really shared with the whole executive board, let alone the whole council? That is part of the problem in terms of knowing exactly what is happening and getting a pattern that is consistent throughout Wales.

[156]   **Dr Ashworth:** There is a general issue: at the moment most local scrutiny teams are trying to map the arrangements for decision making and collaboration in their own areas. It is an impossible task for them to try to do and it is something that we have asked the Welsh Government to invest in and encourage somebody to do it. We need some mapping of our governance arrangements. How can we even work out who is responsible for what at the moment when it is not very clear? So, that step needs to be taken so that we know who is doing what.

[157]   **Dr Entwistle:** There is a difference, is there not, between formal involvement and consultation, and an informal sense of ownership in the process? Rachel's point is absolutely right in this that, very often, these strange, shadowy regional bodies are not really owned by elected members, but indeed it is often officers in the authorities who are formally members of them.

[158]   **Christine Chapman:** On that note, I thank both of you for your evidence. It was a very interesting session. We will send you a copy of the transcript of the meeting so that you can check it for factual accuracy. Thank you both very much for attending today.

[159]   I invite the next panel of witnesses to come to the table.

11:52

Cynnydd o ran Cydweithio gan Lywodraeth Lleol: Sesiwn Dystiolaeth Swyddfa Archwilio Cymru
Progress with Local Government Collaboration: Evidence Session Wales Audit Office

[160]   **Christine Chapman:** Our next panel of witnesses comes from the Wales Audit Office. I welcome Huw Vaughan Thomas, the Auditor General for Wales, Alan Morris, the group director for performance audit, and Huw Rees, the performance audit manager. Welcome to this session on collaboration today. Thank you for the evidence that you sent us in advance. Members will have read the paper, so if you are happy to do so, we will go straight to the questions.

[161]   **Mr Thomas:** Absolutely.

[162]   **Christine Chapman:** Thank you. I want to start off with a question on your report, 'A Picture of Public Services 2011'. In it, you say that,

[163]   'While transformation to more collaborative models may save money in the medium to long term, uncertainty about the costs, benefits and risks, and practical difficulties in making collaboration work, make it unlikely to deliver the short-term savings needed.'

[164]   Could you briefly give me your overall conclusions about the Welsh Government's collaboration agenda? We will go into specifics, but could you make some brief comments to start off?

[165]   **Mr Thomas:** The problem is that collaboration is supposed to cover a lot of things. It is a continuum. Local government cannot function—in fact, public services cannot function—unless they work with others. So, at that very base level, there must be collaboration. Then, there is the collaboration at the other end—perhaps I can call it the 'not the reorganisation debate'—that is, 'We won't reorganise, we will collaborate'. Then we have, somewhere in the middle, the lovely Welsh desire—because we know each other and are a small nation—to sit around the table and inevitably work together and hope that, somewhere in the background, little elves are at work at night drawing up the details of the collaboration agenda. So, collaboration is talked about at a high level and then the issue is whether that is embedded and whether it is really driven down if, by collaboration, you mean making service change. What we certainly see are services working together, gaining a bit here and a bit there—either people in local government and health, or adjacent local authorities. However, to really bring in a transformative change requires a lot of investment, and we have not seen much of that in Wales.

[166]   **Christine Chapman:** Thank you. Mark, did you want to come in here?

[167]   **Mark Isherwood:** What do you think needs to be done to address the concerns that you express about the difficulty in assessing whether authorities have discharged their duties to collaborate under the Local Government (Wales) Measure 2009?

[168]   **Mr Thomas:** The problem that I think that the duty to collaborate comes up against is that local government is not an agent, in one sense, of central Government—it is a sovereign body, elected by its own people and accountable to its own people. If it has to show to its local electorate that it wishes to collaborate, it needs to show that there has been a proper cost-benefit analysis and that that is the right way to go. To overlay the duty that it will collaborate runs against that. In a sense, the wording that you refer to is something that each local authority has to struggle with. When I take an assessment, as I am bound to under the Local Government (Wales) Measure 2009, I am trying to reconcile two things: one is what the local government unit is doing in terms of having costed and looked at the risks properly—which includes the benefit of not collaborating, because it may be to the authority's advantage not to collaborate—and then, against that, there is the public service good of Wales to collaborate. That is the difficulty and the struggle.

[169]   **Christine Chapman:** Can we just pick up on the point that you made in response to my question about investment? Are you talking about finance, necessarily, or are we talking about time or changing activities? What do you mean by investment?

[170]   **Mr Thomas:** By investment, I certainly mean money, but time is also money, in terms of opportunity cost. What we have often seen are struggles—there will be a bit of collaboration, and then it falls apart. To me, the falling apart is because, often, the decision has been made—I would not say by a limited number, but on the basis of very skeletal information, perhaps, or an examination that is not thorough. As the collaboration rolls out, those difficulties start becoming obvious, and, finally, one party says, 'Look, we will pull out of this, because it is not making our life easier'. There is a way through that, and that is thinking through it quite a lot beforehand, in terms of what you are going to do, what its benefits are and so on and getting the buy-in of the whole council, often, to that. With a number of collaborations that we have seen, they are often operated by very few people, and they are not actually ingrained and part of the whole strategy of that particular organisation.

[171]   **Christine Chapman:** Thank you. Gwyn, did you want to come in?

[172]   **Gwyn R. Price:** Yes. Just following on from that—I think that the last witnesses touched on this also—do you believe that strong leadership from the Welsh Government is needed to give explicit guidelines? As you have just said, some authorities might say, 'Just leave it alone; kick it into the long grass and nothing will happen to us'. Other authorities may be co-operating all along, but some of them could end up saying, 'We did all of that and we got punished for it'. Do you think that strong guidelines are needed?

[173]   **Mr Thomas:** I think that clarity is what is needed, in terms of what is intended to be achieved. If it is intended to achieve that there shall be a change in the way in which a service is delivered, and it will be to the whole good of Wales, then legislate; prepare it on that basis and then we are all very clear. I think that problems sometimes occur when you try to use persuasion techniques. If you use persuasion techniques, do not be surprised if one council says, 'No thanks; it's not for us'. There is the extreme, and I think that it is certainly the case that there is a need to improve some individual services by working with others. However, I do not think that simply saying, 'You have to collaborate', gives the right agenda and drive for that to be achieved.

12:00

[174]   **Christine Chapman:** I will bring Sandy in on that point.

[175]   **Sandy Mewies:** It is part of the same point. We have heard evidence this morning, as you know, and I have reduced it quite simply, in my mind, although other people may not agree, to: collaboration could be improved enormously if outcomes were agreed, and if those outcomes focused on what gave the best added value, and—Gwyn's point—if the Welsh Government was prescriptive in what it set people to do. Do you have any evidence that those areas should be covered?

[176]   **Mr Morris:** I think that the point about outcomes is important. One difficulty faced by any collaboration is, 'outcomes for who?' A positive outcome across a region might mean that there are winners and losers within that region, and that is where you run up against the responsibility and democratic accountability of each of the local authorities in that partnership. If you bring together services in a formal way, where you are beginning to merge budgets, you might be bringing together local authorities with different needs for that service and different levels of budget going in. Those tensions militate against bringing them together into a single service. So, having clarity of outcomes is absolutely right, but there are tensions there, and, if you are looking at a regional service, the outcomes you might want at one end, which might be a rural area, might be quite different from the ones aspired to in a more urban area in another part of the region. That is where the tension comes in, in that, ultimately, each of those local authorities has a responsibility to deliver the outcomes that are best for its community.

[177]   **Sandy Mewies:** I think that what was being suggested is that somehow this has got to be more systematic, because at the moment it is quite scattergun. It is about looking at perhaps a limited number of things that do give very good value for money, that do achieve and are achievable, and on which there is broadly an agreement in general. That is my opinion only.

[178]   **Mr Morris:** I would reinforce the points of the previous witness that the model of collaboration will differ between services, and some are delivered more appropriately at different levels and on different scales. It is important to recognise that there are some services that perhaps do not lend themselves to it, but there are others that do. Where you then get a tension is with regard to how much flexibility you give. We have seen with the education consortia, where a reasonable degree of flexibility has been given, that we have

different models emerging across Wales. The announcement yesterday suggests that we are now going to move towards a single model. It may be that that is an appropriate thing for an education service in an area such as Wales, but it may be that there are other services that would work slightly differently with different models in different regions and areas. So, 'one size fits all' is not the solution. One has to look very closely at the requirements of each service, its service users and which model works best for it.

[179]   **Mike Hedges:** Turning to back-office functions, every teacher in Wales and every nurse in Wales is paid according to the same pay scales. Some continental countries pay everybody from one central payroll system. I know that local authorities have entered into long contracts for hardware and software, but those will come to an end at some stage. What do you think the possibilities are of moving towards more collaboration on back-office functions, such as payroll, as these contracts come to an end? My second question is: are there any examples of good collaboration by Welsh Government sponsored bodies?

[180]   **Mr Thomas:** In terms of back-office functions, clearly, almost by definition, the back office is the area that you can share with others, even if you just want to set up a common payroll function and you are instructing from the individual paths to pay. A classic example is the pension arrangements within local government. So, yes, with back offices you should be able to see such co-operation. In terms of the work of Welsh Government sponsored bodies, the variety of those bodies has shrunk now that the Welsh Development Agency and the Wales Tourist Board are within the Government. They were areas that did collaborate quite well in the old style. We then see the other bodies that are around working within their remits. That includes the Higher Education Funding Council for Wales working with local authorities, for example, in the processing of student loans. So, there are issues where, because they are working together, they are helping to deliver a policy for Wales.

[181]   **Mike Hedges:** Are there any examples of them sharing back-office functions such as payroll?

[182]   **Mr Thomas:** Not that we are aware of.

[183]   **Mike Hedges:** That could happen on a cross-border basis or within Wales. Take Estyn, for example: Estyn inspectors in Wales are paid in exactly the same method as people are paid to inspect in England.

[184]   **Mr Thomas:** I understand that Estyn has done quite a bit in terms of taking advantage of cloud technology, so, instead of it costing a lot internally for the renewal of its IT, it has taken advantage of UK-wide work by the Cabinet Office. So, there are opportunities and they are taken.

[185]   **Mike Hedges:** I have one final question. Have you seen any examples of people moving to using open-source software and away from using very expensive software, and do you have a view on it?

[186]   **Mr Thomas:** I am not aware of any, but I will happily have a look and come back to you.

[187]   **Christine Chapman:** We will have a question from Leighton on this point before I move on to others.

[188]   **Leighton Andrews:** You mentioned pension arrangements; two local authorities appear to be collaborating in respect of legal advice over a matter that you have been looking at. Are you able to make any comments on that?

[189]   **Mr Thomas:** Not on that particular matter, thank you. However, we can take legal services as a good example. Why is it that each individual local authority has developed its own legal expertise? If you go back to the division of the old counties a few years back, the thought was that some departments, such as legal services, would stay together, to provide expertise. However, the accountability issue started emerging. Did each individual authority feel that it had a legal department that was properly accountable to it? There is a way of arriving at that, through service level agreements, but it requires investment of effort and the default position tends to be, 'We will set one up ourselves'.

[190]   **Christine Chapman:** Thank you. Janet is next.

[191]   **Janet Finch-Saunders:** Good afternoon, Huw, Huw and Alan. Concerns have been raised with me, by members and officers, about the fact that you have regional consortia now, as well as LSBs and cross-authority working on a smaller scale. I know of members and officers that end up sitting on all three. Is that not complex and a duplication of process? Should that be streamlined? Also, I have tried to raise questions as to how accountable this is, what efficiencies there are and how many collaboration projects there are with the Welsh Government and I cannot get any responses. A lot of weight is being put on the public services partnership council, which has taken over from the previous partnership council. Should we be seeing, as Members here, a specific remit for it and, also, for how it is going to drive this collaboration agenda forward?

[192]   **Mr Thomas:** The leadership group that you refer to is currently chaired by the Minister for local government. The focus of that, I have to say, as someone sitting on it, is wide. It is looking at a whole range of collaboration. That has included the Simpson work, which promised a lot, but which I cannot see has delivered very much at present. On the other hand, there are one or two really good things that have come out of the work that that group and its predecessor have done, and that is the procurement at work in Wales. What is needed, actually, is not to tackle collaboration on a broad range, but to pick one or two areas and really drive on that, because the wider we work, the less the effect on any particular area. So, procurement is an area that I would certainly chalk up, but, going forward, I think it would be useful if the group focused on a few other areas as well.

[193]   **Janet Finch-Saunders:** What about the complex arrangements for members and officers within an authority trying to do their day job and forever sitting in meetings of LSBs, regional consortia and smaller collaboration partnerships? They just seem to be forever in meetings discussing the same thing. I wonder whether there is some duplication of process there.

[194]   **Mr Morris:** It is a valid point. There are a large number of different arrangements, and it soaks up time. In a lot of local authorities and regions—I think that you are both familiar with north Wales—there has been a mapping exercise to look at the number of partnerships, the extent to which they add value and the extent to which they can be rationalised, because they soak up the time of officers and members. Making sure that they add value is critically important.

[195]   It is a particularly important point when you look beyond local government. If you take a region like north Wales, you have six local authorities but you have one health board and one fire service. How do they engage with that complex web of partnerships across north Wales with individual authorities? For a small organisation such as the fire authority or the national park, that is a huge drain, yet they are expected to have a role to play in many of these partnership arrangements. So, it is important to understand the impact that different and varied arrangements have on the capacity of members and officers.

[196]   **Janet Finch-Saunders:** So, you think that that alone needs rationalising?

[197]   **Mr Morris:** It does. A lot of work has been done, though; I know that a lot of local authorities have gone through this mapping exercise to try to reduce the complexity, and to merge partnerships, groups, committees, boards, joint arrangements and so on, to try to reduce the drain and to make sure that the ones that are there still add value. However, at the same time, they are looking to develop new and different arrangements and partnerships as well, so it is a constantly moving picture.

[198]   **Mr Rees:** Part of the problem around the proliferation of collaboration and partnership arrangements that you refer to is something that a few witnesses have touched on. It is about clarity of understanding what we mean by 'collaboration' and what we mean by 'partnership'. There is a tendency to want to collaborate because it is seen as a good thing—it is seen as a policy driver—but there seems to be a lack of clarity among those people actually going out to participate in these activities. They ask 'Is this about service improvement?' The scatter-gun approach is probably a symptom of that. Service improvements are happening; there are lots of examples in local government of those types of partnerships and collaboration. However, is it about service transformation? There seems to be confusion between the two. I suspect that what we are all talking about in the current climate is service transformation. Those things need a lot of time and upfront investment, designing the collaborations, looking at the outcomes that are required, looking at how we are going to demonstrate and measure what those outcomes are, and putting in place the required governance and scrutiny arrangements. So, some clarity is needed around service improvement. Professionals engaging in networking is all well and good, but service transformation is possibly a different issue.

[199]   **Christine Chapman:** Before I bring Rhodri in, Janet mentioned about the day job, and I think that collaboration is sometimes seen as being in addition to the day job. Any thoughts on that? Are we changing the culture enough? As you say, it is about being transformative, rather than just adding something to what, for many staff, would be a very stressful, busy schedule.

[200]   **Mr Rees:** That is exactly the challenge that I am referring to. For many people engaging in networking and partnership activity, it is additional to the day job, but it is seen as important because it is about making incremental improvements. Getting people to recognise that this may be about service transformation, which requires not only design of the collaboration but also the back-up of the contributory partners, means that they ask, 'How are we going to equip ourselves to ensure that we have the necessary staff and the time to invest in that?' That is another matter. That is the clarity that I am referring to.

[201]   **Rhodri Glyn Thomas:** Diolch yn fawr am eich atebion. Rwy'n siŵr y bydd rhai ohonom yn dod yn ôl atoch ynglŷn â phenderfyniadau rhai cynghorau yng Nghymru am eu system pensiynau. Rwy'n credu bod y pwynt ynglŷn â'r math o gyngor cyfreithiol mae awdurdodau lleol yn ei dderbyn yn eithriadol o bwysig. Rydych wedi bod yn glir iawn wrth sôn am yr angen i edrych ar drawsnewid gwasanaethau—bod angen buddsoddiad, bod yn rhaid mynd drwy broses ofalus o bwyso a mesur a gwerthuso, a bod yn rhaid cyfathrebu'r neges honno a chael pobl i brynu i mewn iddi. Mae hyn i gyd yn cymryd amser a buddsoddiad—buddsoddiad o ran amser pobl a buddsoddiad

Rhodri Glyn Thomas: Thank you very much for your answers. I am sure that some of us will come back to you about decisions taken by some councils in Wales regarding their pension systems. I think that the point on the kind of legal advice that local authorities receive is extremely important. You have been very clear in talking about the need to look at service transformation—that we need investment, that a careful process of weighing up and evaluation needs to take place, and that that message has to be communicated so that people buy into it. All of this takes time and investment—investment in terms of people's time and financial investment.

ariannol.

12:15

[202]   Mae'r rhan fwyaf o bobl yn gweld partneriaethau fel ffordd o gwtogi ar y gost. Gyda'r broses rydych wedi ei hamlinellu, mae'n rhaid buddsoddi cyn eich bod yn cael unrhyw fath o arbedion. Wrth wisgo'ch het Swyddfa Archwilio Cymru, faint o amser sydd gennym? Pa mor argyfyngus yw'r sefyllfa o ran cynnal y gwasanaethau? Mae'r gwasanaethau statudol yn rhai mawr, ac efallai iechyd yw'r mwyaf. Pa mor agos ydym at fethu â darparu'r gwasanaeth statudol hwnnw ar sail y ffaith ei fod yn costio gormod?

The majority of people see the partnerships as a way of cutting costs. The process that you have outlined suggests that we have to invest first before you get any savings. Wearing your Wales Audit Office hat, how much time do we have? How critical is the situation in terms of sustaining services? The statutory services are large ones, and health is probably the largest. How close are we to failing to provide those statutory services based on the fact that they cost too much?

[203]   **Mr Thomas:** Rydym yn gweld, mewn rhai cynghorau yng Nghymru, sefyllfa sydd wir yn dod yn eithaf argyfyngus o ran eu gwariant a'r gwasanaethau y mae'n rhaid iddynt eu darparu. Yn sgîl hynny, rydym wedi colli blynyddoedd lle'r oedd digon o amser i ystyried sut i baratoi. Rydym yn dod at sefyllfa lle mae'n rhaid inni gymryd penderfyniadau caled ac ar frys.

Mr Thomas: We are seeing some councils in Wales where the situation is becoming critical with regard to their expenditure and the services that they have to provide. As a result, we have lost the years where there was plenty of time to consider how to prepare. We are coming to a situation where we have to take hard and urgent decisions.

[204]   Roeddwn mewn cynhadledd rhyw 10 niwrnod yn ôl lle roeddem yn amlinellu ein dadansoddiad o sut roedd gwariant cyhoeddus yn mynd i symud yng Nghymru dros y blynyddoedd i ddod a gwelwn bod wir angen cynyddu'r gwariant yn y sector iechyd. Rhaid i'r sector llywodraeth leol gymryd toriadau sy'n debycach i rai Lloegr o ran faint o gwtogiad y bydd yn rhaid ei wneud. Os felly, dyma'r amser—rydym bron â bod yn y diwrnodau olaf—i baratoi strategaeth glir ar weithio gyda'n gilydd at y dyfodol. Os ydym yn ei adael am ryw ddwy neu dair blynedd eto, efallai byddant yn gwneud penderfyniadau nad ydynt yn ddoeth ond penderfyniadau y mae'n rhaid eu cymryd oherwydd nad oes amser i wneud unrhyw beth arall.

I was at a conference some 10 days ago where we outlined our analysis of the way in which public expenditure was going to move in Wales over the next few years and we see a real need to increase expenditure in the health sector. The local government sector has to take cuts that are closer in size to those having to be made in England. If that is the case, now is the time—and we are nearly in the last few days—to prepare a clear strategy on working together for the future. If we are to let things slip for another two or three years, perhaps they will make decisions that are unwise but were simply the decisions that had to be taken because there was no time to do anything else.

[205]   **Mr Morris:** I would just add that, yes, the quality of medium-term financial planning that we see across local authorities in Wales is varied. Some are addressing the issue robustly and are putting in place sound plans. In some cases, we have less confidence; we see authorities using reserves and that is only sustainable for a certain period of time. Therefore, they need to find the transformational changes to be able to continue to deliver their statutory services within their budgets. The forecast that we see, as Huw said, from the 2025 and the IPS work last week, is that this will not be over in a year or two; it will last potentially longer than that. If you are looking beyond that, local authorities really have to find some radical

solutions to live within their means. That will need service transformational change. So, there is urgency to this.

[206] **Rhodri Glyn Thomas:** O ran y pwynt rydych newydd ei wneud ynglŷn â'r sefyllfa amrywiol sy'n bodoli o ran gallu ac adnoddau awdurdodau lleol i ymateb i'r sialens hon—gan dderbyn yr hyn a ddywedodd Huw, bod yn rhaid symud yn awr a bod proses i'w dilyn—a oes problem sylfaenol yn y fan honno y bydd rhai awdurdodau lleol yn methu â dygymod â'r hyn sy'n rhaid iddynt ei gyflawni? Mae perygl y gall hynny danseilio'r broses yn genedlaethol.

Rhodri Glyn Thomas: With regard to the point that you have just made on the variable situation that exists with regard to local authorities' ability and resources to respond to this challenge—accepting what Huw has said about needing to move now and about there being a process to follow—is there a fundamental problem with regard to some local authorities not being able to deal with what they have to deliver? There is a danger that that could undermine the process on a national level.

[207] **Mr Thomas:** Nid wyf yn siŵr a fyddai hynny'n wir yn genedlaethol, ond yn sicr rydym yn gweld bod cynghorau yn amrywio o ran eu gallu i ymdopi â'r newidiadau sy'n eu hwynebu. Fodd bynnag, mae hynny'n amrywio. Nid yw'n bosibl dweud mai dim ond y rhai bach sydd â phroblemau. Fel y clywsom gan y tystion a oedd yn siarad cyn i ni ddod at y bwrdd, nid oes maint penodol lle y gallwch ddweud wrth awdurdod lleol, 'Rydych yn rhy fach', neu, 'Rydych yn rhy fawr'. Mae'n amrywio yn ôl y gallu a'r sgiliau sydd o fewn y cyngor hwnnw.

Mr Thomas: I am not sure that that would be true on a national level, but we are certainly seeing that councils vary in terms of their ability to cope with the problems that are facing them. However, that does vary. It is not possible to say that it is only the small authorities that have problems. As we heard from the witnesses who spoke before we came to the table, there is not a specific size at which you can say to a local authority, 'You are too small', or 'You are too big. It varies according to the ability and skills that exist within that authority.

[208] **Lindsay Whittle:** I would like to make a small point on this issue: local government reorganisation, yes or no?

[209] **Mr Thomas:** It is not a matter for me. I might, with my previous history, have a particular view, but as the auditor general, it is not a matter for me to say whether you should or should not reorganise local government. However, I do think that there is a need for clarity regarding how services are delivered across Wales. Without that clarity, there will continue to be uncertainty and a lack of direction—talking about collaboration—of purposeful collaborative activity.

[210] **Christine Chapman:** We have a maximum of 10 minutes left and some Members want to come in, so could we have very concise questions to give the witnesses time to answer?

[211] **Mark Isherwood:** Your evidence refers to the delayed reduction in business cases for collaboration. We heard this morning from witnesses about differing costs and differential impacts. To what extent do you believe, therefore, that there should be a cost benefit analysis before any collaboration should be either implemented or imposed?

[212] **Mr Thomas:** It is important that, if you are doing any change—and I include collaboration in that—you have properly thought through the measures that you are about to take and worked out the costs of collaboration and the risks. It is important. You will want to be able, perhaps, to say, 'I'm sorry, it's not working; we'll pull the plug', instead of continuing to pour money into any kind of initiative on the grounds of, 'We've started it, so

we have to keep going'. That means that you are very clear right at the beginning about what it is that you want to achieve. Part of the issue that we have with collaboration in Wales is that we have a desire to collaborate, but we have not actually defined what it is that we would want out of that.

[213] **Peter Black:** You say in your report that councils were responding to increasing pressure to collaborate, but that there were concerns about governance and accountability. We have just heard from the Cardiff Business School in terms of widespread agreement that collaborations across the UK lack appropriate and sufficiently robust accountability structures and mechanisms. I think that they were quite passionate about that big gap. How do we address that?

[214] **Mr Thomas:** I would make it a part of the decision making before you start this journey. If you are going to run services with another authority, you need to know what it is and how you can actually hold the new service to account. What we do not want to do is continue pushing services that are run by officers who are not answerable to the councillors. When councillors appear on the doorstep, they need to be able to explain to their electors what we will have done to keep this under control. We have seen good examples and poor examples across Wales. I agree with the previous witnesses; often, the accountability side is thought about last: 'We have set it up; now, how shall we make it accountable?' Not only do you have to work in the accountabilities first, but by doing so, you are involving both the councillors and officers in the real planning of the collaboration. That might lead to a greater, more permanent change.

[215] **Mr Morris:** In recent years, we have reported on weaknesses in governance in a number of public bodies in Wales, including local authorities. That, very often, stems from blurred accountability. Collaborative arrangements add to that risk, so the importance of being clear from the outset what governance arrangements they have and what the accountability systems are—who is accountable for what and to whom—is critical if you are going to avoid the risk of further governance weaknesses being highlighted in the future.

[216] **Christine Chapman:** Thank you. Are there any other Members who want to come in? I think that we have covered most things that we wanted to cover. I thank you all for attending; it was an excellent session. We will send you a transcript of the meeting, so that you can check it for factual accuracy.

[217] I remind Members that the next meeting is next week, 10 October, when the committee will continue to take oral evidence for the inquiry into progress with local government collaboration. Thank you all for attending today.

Daeth y cyfarfod i ben am 12:24.
The meeting ended at 12:24.