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Local Government in Wales

Local government is central to public service delivery in Wales and it is vital that local authorities work effectively with health, police and other local agencies as well as with the Welsh Government. The last five years have seen major changes in local government policy. The prospect of reorganisation hung over councils throughout the last Assembly term. Ministers took new powers to require councils to collaborate. Public Service Boards put strategic partnership with health and other bodies on a statutory footing. Local authorities have new duties to promote wellbeing. Perhaps most significantly, they have faced with a combination of rising demand and significant budget cuts (though not yet on the scale experienced in England).

The PPIW has worked on a range of issues that are relevant to local government. Early on we conducted evidence reviews for the Commission on Public Service Governance and Delivery chaired by Sir Paul Williams. We have also provided expert advice to Ministers on ways to encourage greater diversity among local councillors and the post-2014 arrangements for managing EU structural funds, and published a report on policy making in small countries. More recently we have produced reports on the characteristics of high performing local authorities, the lessons that Welsh councils can learn from responses to budget cuts in England, and ways of harnessing finance to encourage innovation and service transformation.

Key messages from this work are summarised below.



Exploiting the advantages of small country governance

We have published two reports on small country governance. The first informed the Commission on Public Service Governance and Delivery. The second was funded by a Plowden Fellowship. We found that small countries have advantages in terms of shorter lines of communication and an ability to gather key actors together to talk through issues. But they also suffer from a lack policy capacity. To offset this, we recommended that the Welsh Government needs to adopt a strategic approach which identifies priorities and outcomes that can drive business planning and budget allocation, and we advocated cross-jurisdictional learning and drawing on external capacity and policy expertise.

Conditions for effective partnership working

The international evidence on partnership working shows that it can unlock economies of scope between complementary services (like health and social care) and deliver economies of scale where different organisations are providing the same services (for example in the case of waste disposal in neighbouring councils). Services that require expensive specific assets (physical capital in the case of waste, human capital in education) promise the greatest potential for efficiency savings. Collaboration works best where it has external sponsorship, multi-level engagement between partners, formal terms of reporting and accountability, and active partnership management.

We need better collaborative scrutiny of local partnerships

Drawing on research in Wales, our review of accountability in local public services concluded that partnerships present particular problems because of their ambiguous governance arrangements. Regulators in Wales have tended to focus on partnership process rather than outcomes and local authorities have struggled to conduct joint scrutiny because of a lack of capacity, ambiguity about roles and responsibilities, and because Welsh public service organisations do not have a sufficiently strong culture of openness and accountability. We concluded that to be effective, collaborative scrutiny requires more resources and a change of political culture. Accountability needs to be built into partnership structures and Welsh public services, at all levels, need to welcome challenge and scrutiny as a means of enabling them to learn and improve performance.



Well-designed performance management systems can help to improve the quality of local services but there is less evidence that it has produced efficiency savings

The international evidence suggests that performance management helps to improve the quality of local public services. Comparing between organisations seems to be particularly effective, especially where it encourages councils to learn from each other. Policy makers should, therefore, ensure that Welsh councils' performance is compared over time, between authorities and with similar organisations elsewhere. Performance management is not so effective in identifying efficiency savings, so alternative means of identifying cost saving innovations may be required. The most effective performance measures have a high degree of public acceptance. Indicators of organisational culture and leadership seem to have less impact.

Comparing council performance across the UK

We worked with experts from the Chartered Institute of Public Finance and Accountancy to assess ways of comparing the performance of Welsh councils with local authorities in England and/or Scotland. We found considerable interest in cross-national comparisons of council performance among audit bodies, local government and government departments in England as well as Wales, and that there are sufficient indicators in the public domain to allow for some comparative analysis of expenditure and performance at service level. However, the feasibility of comparing performance varies between services and there are significant gaps in social care and central services, and divergence in inspection frameworks in the three countries in recent years means that there are few, if any, indicators that provide a reliable basis for comparing councils' corporate capacity and performance. Ministers may wish to consider filling this evidence gap by encouraging more consistent and comprehensive approaches to local government performance assessment across the UK.



Political parties and council leaders need to encourage diversity among candidates and councils need to change the way that they conduct business

We worked with Dame Jane Roberts (who chaired the independent Commission on the role of local councillors in England) to provide advice on improving the age and gender balance among local councillors. Jane highlighted the need for political parties to select a wider range of candidates and simplify selection processes. Council leaders should take a lead in encouraging younger people and women to stand as candidates. Councils should organise their business and use technology in ways which make it easier to work and/or raise a family whilst serving as a councillor. All councillors should be offered, and make use of, opportunities for mentoring and support.

Characteristics of high performing councils

We worked with Dr Barry Quirk, one of the UK's most experienced and successful local authority chief executives, to provide advice on the factors which make for high performing local authorities. Our report identifies eight 'design principles' for high performing councils. It argues that councils need a progressive coalition amongst elected politicians and highly effective managers who together recognise that their role is to encourage others (inside and beyond their own organisations) to act in the public interest rather than their own institutional, professional or sectional interests. Barry emphasised the importance of rooting out bad practice and dysfunctional relationships; a performance and results oriented culture; and regular honest self-assessment together with searching challenge from peers and inspectors.

Councils need to transform services to cope with budget reductions and secure better outcomes for those who depend most on public services

Local government funding in England reduced by 25% between 2010-11 and 2015-16 and spending on some non-statutory services was cut by half. Initially, most councils balanced their books by withdrawing or scaling back services ('do less') and identifying efficiency savings ('do things better'). Over time though they have had to transform services ('do things differently') and find new ways to meet citizens' needs and aspirations ('do different things'). Responses to budget cuts need to be



tailored to local priorities, capacity and capability, but Welsh councils can learn from the ways in which their English counterparts have transformed services through demand management; strategic commissioning; collaboration; place based approaches; promoting economic growth and commercialisation; and better use of digital technology.



[The Invest to Save Fund needs to be actively managed to encourage learning and improvement](#)

Our review of the operation of the Welsh Government's Invest to Save Fund argued for a more coordinated and pro-active approach to sharing good practice generated by the projects that it supports. We made a series of recommendations for councils, health boards, the WAO, WLGA and Welsh Government including requiring applicants to spell out plans for sharing good practice, providing incentives to support sharing, and encouraging joint bids by neighbouring councils and/or local government and health boards.

We followed this report with an expert workshop which examined how finance can be used to encourage innovation in public services, and to apply these lessons to the Welsh Government's Invest to Save Fund. Our experts advised that the type of finance provided needs to reflect the novelty of an idea and the complexity of its implementation. Early stage innovation is better supported by equity or grant funding. More mature innovations can benefit from repayable loans. The workshop concluded that there would be value in segmenting the Invest to Save Fund and adopting a more 'hands on' approach to stimulate demand for proven ideas (through codifying knowledge, actively identifying organisations that can benefit, and offering finance to encourage take up) and play a more active role in supporting the development and testing of novel and complex ideas.