

Local Government Response on Efficiency & Collaboration

Agenda Item: 4

Summary: This report provides a strategic overview of the Local Government response on Efficiency and Collaboration and the related work that will need to be completed to take this agenda forward. It builds on the paper provided to the previous Strategic Leadership Board (SLB) on this subject.

Action: The Strategic Leadership Board (SLB) is asked to:

- i) Support the sector in its commitment to deliver value for money services for citizens in the most efficient and effective way through collaboration locally, sub-regionally and regionally;
- ii) Consider the feedback from the local government sector and the proposed workplan to progress key aspects of the financial agenda;
- iii) Provide urgent clarification of the future implementation of RPA and any changes to the implementation timetable; and
- iv) Endorse that, should there be a revision to the RPA timelines, that the transfer of functions to local government and the agenda for efficiency and collaboration should continue to be taken forward.

BACKGROUND

1. The Strategic Leadership Board, at its meeting on 25th February, received a report on behalf of Local Government setting out the commitment of the sector to work collaboratively to deliver efficiency savings as part of the RPA reform process.
2. Whilst the PriceWaterhouseCoopers £438m efficiency target had been identified as an indicative figure within the report, the caveat was attached that detailed design work would be required to:
 - i. assess the up-front investment required by Transition Committees to enable the reform to happen
 - ii. identify the associated level of efficiency savings required

3. An engagement event with representatives from Transition Committees was held on 12th March to set out the emerging Local Government proposals in regards to efficiency and collaboration. Formal consultation with Transition Committees then followed. A summary of the feedback received is set out in **Annex A**.

KEY ISSUES

4. While local government is concerned about the sheer scale of the work to be undertaken by both central and local government to deliver the RPA reform programme within the timescale remaining, it would reaffirm its strong commitment to deliver the RPA and meet the challenges ahead.
5. As recommended by PwC, local government accepts that further detailed design work is required at both a regional and local level (i.e. Transition Committee) to establish the cost of transition and transformation and the potential level of efficiencies that can be achieved. Attached at **Annex B** is a draft workplan scheduling the main areas of financial work which need to be progressed. It is not meant to be all encompassing as there are already workplans in place for both the Transfer of Functions Working Group and the Finance and Estates Implementation Group in particular, as well as more detailed work which will be specific to individual councils.
6. The workplan has been developed on the presumption that the RPA reform programme goes ahead as currently planned for 2011. We would reiterate that this workplan is exceptionally challenging and will require full and urgent engagement and decisions by central government on issues such as agreement of the boundaries, the individual savings targets, resolution of rates convergence and the funding of reform costs to avoid the inevitable consequences for the reform programme if, in particular, the legislative programme and LPS work to issue revised rates bills cannot be completed in time.
7. If, however, it emerges that the RPA local government reform programme does not progress as scheduled and is delayed, in our view there are core elements of work which it is recommended still need to be taken forward to ensure that the necessary foundations are in place to enable the reform to happen.
8. It will be important that the momentum is retained, with central and local government working collaboratively to develop a refocused workplan which sets out the priorities to

be delivered with due consideration given to the resource consequences and required timelines. It is suggested that this work may include, but not exclusively, the following:

- detailed design work to establish the true cost of reform and any associated efficiency savings
- develop options as to how the reform programme may be funded
- rates modelling and convergence work (see issues at **Annex C**);
- detailed proposals in regards to the transfer of functions to local government and the associated resources
- progress HR related issues e.g. development of model staff transfer schemes;
- examine the potential implementation of a Members' severance scheme in advance of the agreed RPA implementation date

Transfer of Functions

9. In the event that the reform programme would not proceed as originally planned in 2011, local government would contend that there is significant merit in ensuring that the transfer of functions from central to local government is progressed in the interim period. This would be a clear demonstration of the Executive's commitment to creating strong local government and enabling councils to make a real difference at the local level.
10. Detailed engagement between central and local government would need to continue in regards to the practical implications of the handover and integration of such functions within Councils. The appropriate legislative provisions would need to be in place to enable this to happen.

Efficiency and Collaboration

11. Local government is fully committed to delivering value for money services to the ratepayer and has already stated its willingness to collaborate to deliver greater efficiencies. Attached at **Annex D** is a report which sets out an achievable pathway and transparent process for local government to secure real efficiencies as part of the RPA transition and transformation processes up to and beyond the vesting date of the new councils. Consideration is also given to the drivers and potential incentives which underpin this process.

NEXT STEPS

12. In moving forward, local government would seek urgent resolution of and clarification on the following key outstanding issues: new local government boundaries, agreed local government reform implementation timetable, and agreement on how the reform programme will be financed, including the issue of rates convergence. In the absence of urgent decisions on these critical issues, the local reform programme (in its current form) is at significant risk.

RECOMMENDATION

13. The Strategic Leadership Board (SLB) is asked to:

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- (ii) Consider the feedback from the local government sector and the proposed workplan to progress key aspects of the financial agenda;
- (iii) Provide urgent clarification of the future implementation of RPA and any changes to the implementation timetable; and
- (iv) Endorse that, should there be a revision to the RPA timelines, that the transfer of functions to local government and the agenda for efficiency and collaboration should continue to be taken forward.

Prepared by SoLACE and endorsed by NILGA on behalf of Local Government

April 2010