

MINUTES OF A MEETING OF THE CABINET HELD IN COMMITTEE 1/2/3, CIVIC OFFICES
ANGEL STREET BRIDGEND CF31 4WB ON TUESDAY, 18 NOVEMBER 2014 AT 10.00 AM

Present

Councillor MEJ Nott OBE Leader and Chairperson

Councillors:

HJ David - Cabinet Member Children & Young People
M Gregory - Cabinet Member Resources
CE Smith - Cabinet Member Strategic Change
PJ White – Cabinet Member Communities

Officers:

Darren Mepham	Chief Executive
Ness Young	Corporate Director - Resources & Section 151 Officer
Deborah McMillan	Corporate Director - Children
Mark Shephard	Corporate Director - Communities
Susan Cooper	Corporate Director - Wellbeing
Kelly Watson	Group Manager Legal & Democratic Services
Andrew Rees	Senior Democratic Services Officer Committees

568. APOLOGIES FOR ABSENCE

Apologies for absence were received from the following Members / Officer for the reasons so stated:

Councillor D Sage – Deputy Leader – In Hospital
Councillor L C Morgan – Cabinet Member Wellbeing – Unwell
P A Jolley – Assistant Chief Executive Legal and Regulatory Services & Monitoring Officer – Other Council Business.

569. DECLARATIONS OF INTEREST

None.

570. WELSH GOVERNMENT'S WHITE PAPER REFORMING LOCAL GOVERNMENT
COUNCIL RESPONSE

The Chief Executive reported that a Welsh Government White Paper, *Reforming Local Government*, was published in July 2014 which broadly endorsed the Williams report – including a preferred option for council mergers that includes bringing BCBC and NPT together as a single authority. The Welsh Government subsequently published a document on 18 September 2014 entitled “*Invitation to Principal Local Authorities in Wales to submit proposals for voluntary merger*” enabling Councils to submit bids for voluntary mergers which would allow them to merge sooner than the Welsh Government’s legislative timetable otherwise provides for by inviting Initial Expressions of Interest for voluntary mergers, with a deadline for the submission of the expression of interest being 28 November 2014. The Chief Executive sought the view of Cabinet on the Council’s response to the Welsh Government White Paper “Reforming Local Government”.

The Chief Executive reported that the Welsh Government in inviting expressions of interest had made it clear that the previous assumption that local government

boundaries must follow existing health boundaries was not necessarily the only option and had encouraged expressions of interest in voluntary merger across health board boundaries where there was good reason to do so. He stated that this had created the opportunity to explore the merits and disadvantages of other options available to the Council. The Welsh Government would consider a merger of local authorities straddling the boundaries of Health Boards or police forces if it had made out an exceptional case for such a merger having clearly and comprehensively demonstrated that a merger would generate the benefits of reducing complexity, strengthening strategic and operational collaboration and improving integration of front-line services.

The Chief Executive reported that the Leader had entered into informal discussions with the leaders of neighbouring authorities based on merging to the east or to the west, whilst an option of merging BCBC, the Vale of Glamorgan and Neath Port Talbot had been considered, however this presented a particular difficulty for this Council as it would straddle both South East and South West Wales and would not reduce the complexity of public services. These difficulties would also be experienced by a new authority based on these three county boroughs and this would not be a solution which reduced the complexity of public services. He stated that an option of merging BCBC, Neath Port Talbot and Swansea was not fully supported by all authorities and therefore there were two potential merger options, namely, a merger with Neath Port Talbot or a merger with the Vale of Glamorgan. Cabinet was requested to determine a preferred partner for Bridgend County Borough Council, and to consider whether it wished to submit an expression of interest in a voluntary merger, with an earlier timeframe.

The Chief Executive reported that Bridgend has a specific difficulty in that it straddles the South East and South West regions of Wales, with Bridgend historically being part of South East Wales and consequently has well established relationships and similarities with partners in that region. He stated that it also has relationships with Neath Port Talbot on some services, such as waste and health and the last reorganisation of health boundaries amalgamated the Bridgend Local Health Board into what is now Abertawe Bro Morgannwg University Health Board (ABMU) which in turn is part of the South West region. Consequently relationships had been formed and commitments made with the Council's Western Bay partners namely Neath Port Talbot and the City and County of Swansea and the ABMU Health Board. The Chief Executive informed Cabinet that Bridgend was unique in Wales in having to operate across two distinct regions, which brought inefficiency and strains on capacity.

The Chief Executive outlined the advantages and disadvantages of a merger to the east or to the west for major areas of service delivery. In relation to the economy and development, Bridgend is part of the Cardiff City Region in terms of economic activity, housing markets and travel to work arrangements and is a vital link to the continuing development of the Bridgend area and the ability to influence and play a key role in inward investment. He stated that the Swansea City Region has a relatively minor influence on these factors in Bridgend and whilst Bridgend is actively involved with the Cardiff City Region it has had no involvement with the Swansea City Region. The Chief Executive informed Cabinet that the Vale of Glamorgan is entirely within the Cardiff City Region and also plays a key role in the economic prosperity of the region. He stated that Neath Port Talbot is predominantly within the Swansea City region and informed Cabinet that it was important to note that those boundaries are approximate and are a response to patterns of economic and social activity. In support of the city region concept, Bridgend is a part of the emerging regional planning framework for South East Wales, while a western merger would mean that new authority would straddle both city regions equally and could lead to the new authority being marginalised by both regions as experienced by BCBC now. A merger to the East would create a new authority that is almost wholly within the Cardiff City region and well placed to be influential.

The Chief Executive reported in relation to European structural funding in that Bridgend is part of the West Wales and the Valleys region and the Vale of Glamorgan in the East Wales programme. The programme boundaries are known as NUTS 2 regions. Local authorities are currently delivering the successor to that which is the Convergence programme in West Wales and the Valleys and the Regional Competitiveness and Employment Programme in East Wales. He stated that the Council is currently planning for the next programme which again is split east and west and expected to run to 2023. Any boundary changes that cut across the NUTS 2 regions will have no effect on EU structural funding up to 2023 and may or may not impact on as yet hypothetical funding for the 2021 – 2027 programme period (that would deliver projects into the early 2030s). If BCBC merged to the West then the new authority will be in a single NUTS 2 region and therefore it can be regarded as having no impact on European Funding opportunities. If it merged to the East then it is likely that the new authority would fall into two NUTS 2 regions. That authority would therefore be likely to draw on both funding regimes simultaneously for different parts of that authority area and was no different to the current arrangements for the delivery of RDP and Communities First which are already delivered in targeted areas. He stated that the Vale of Glamorgan has a substantial Rural Development Programme and a merger in that direction would allow BCBC and the Vale of Glamorgan to realise economies of scale in the administration of those programmes. Neath Port Talbot has a significant rural programme but was not as developed as that in the Vale of Glamorgan, and did not yet provide as much scope for effective co-operation with Bridgend's rural programme.

The Chief Executive reported that Bridgend is part of the Central South Consortium (CSC) for education improvement along with 4 local authorities to the north and east which includes the Vale of Glamorgan. He stated that improving educational achievement is a key priority, with BCBC typically attaining average results for Wales. Improvements had been recently seen as the Consortium's relationships with schools start to take effect. The Chief Executive informed Cabinet that Neath Port Talbot is part of the south west and mid Wales consortium along with Swansea, Carmarthenshire, Pembrokeshire, Ceredigion and Powys, known as ERW and unlike the CSC which has centrally pooled resources, the western consortium consists of paired authorities who mutually support each other on school improvement work in hubs, with Neath Port Talbot being in a hub with Swansea. A merger to the West would necessitate a change of consortium resulting in a loss of momentum; BCBC may be able to extract via TUPE some resources from CSC to come back in house to a new authority and although not a consideration for Bridgend, it would have a destabilising effect on the Central South Consortium. Conversely if NPT were to join the CSC it would have a destabilising effect on the South West and Mid Wales consortium. A merger to the East would have no impact on the current school improvement arrangements.

The Chief Executive reported that BCBC operates a distributed tertiary model for delivery of post 16 education whilst NPT have a tertiary model. Bringing the BCBC and NPT systems together would be problematic unless BCBC move towards the tertiary model, or NPT adopt the distributed tertiary model. Changing either model to harmonise is likely to be disruptive to ongoing school improvement. BCBC and the Vale of Glamorgan have similar schools systems to each other (including a distributed tertiary model for post 16 education) with schools typically achieving comparable results. The funding formula for schools is broadly similar and the two authorities have a number of educational partnerships outside of the consortia such as the Educational Psychology Service. A merger to the West would also create an authority that is responsible for two quite distinct education systems, although in the long term this could be harmonised but in the short to medium term would lead to inefficiency and incoherence with a risk that education improvement stalls or reverses. He stated that a merger to the East would have a lower risk to educational improvement due to less distraction or upheaval with

the potential to slow down progress and there would be also be no requirement to reconcile different models of tertiary education.

The Chief Executive reported that Social Care in BCBC is split with adult social care delivered via the Wellbeing directorate and children's social care via the Children's directorate. Both the Vale of Glamorgan and Neath Port Talbot operate a combined social services model. He stated that there are strengths and weaknesses in the two approaches and in whichever direction Bridgend merges, the new authority would need to decide which model to operate. Changing the model of operation would in itself bring some disruption, with a merger to the West or East merger, but this would need to be explored further as part of a wider discussion on all service delivery models whichever merger option is decided. He stated that BCBC is actively involved in service integration with the ABMU Health Board, which is responsible for the area covered by Swansea, Neath Port Talbot and BCBC known as Western Bay. Health and social care integration has been pursued by the four bodies working together in partnership and within that arrangement there are variations between the 3 local authority areas as ABMU operates many services on a locality basis, where most of the integration takes place. He stated that this would bring a degree of flexibility to the options for merger, and would not present a 'stumbling block' to a merger to the East. Some specific social care issues have started to move to a regionally shared model, which includes the regional safeguarding board and the regional adoption service, however these particular regionalisation projects had been driven by the Welsh Government who have chosen the health boundary footprints, rather than necessarily because of strong historic operational commonalities in the service areas. He stated that a western merger would allow the new authority to work alongside Swansea to continue the direction of travel already established by the Western Bay partnership and there would be less scope for reorganisation to disrupt progress on health and social care integration. He also stated that an eastern merger would create a new authority which straddled two health boards.

The Chief Executive also reported on the implications for other partners of the merger proposals in that Bridgend and the Vale of Glamorgan are in the same Basic Command Unit (BCU) for policing. The BCU boundaries reflect geography and also similarities in policing requirements, whilst Bridgend, the Vale of Glamorgan and South Wales Police are developing further proposals for collaboration in the operation of crime and disorder reduction partnerships. He stated that a merger with Neath Port Talbot would either mean that the new authority would operate across 2 BCUs or would require South Wales Police to reorganise the command structure.

The Chief Executive reported that the South Wales programme for health will be a key driver for the future patient flows, and will influence how primary, intermediate care and community services should best be organised in a coordinated way to support people in remaining independent in localities and the Princess of Wales Hospital is one of the 5 key hospitals in the network. It was recognised that there will be a greater patient flow across South Wales, both to the East and West, and the Plan sets out that the new networks will not match to the LHB footprint. Whilst the Princess of Wales Hospital is part of the South Wales central network, it would need to maintain links with the South west and West Wales network, working both East and West. It will maintain its key links with Cwm Taf and the Royal Glamorgan hospital, and will need to work closely with Prince Charles hospital and the University Hospital of Wales in Cardiff, while the Abertawe Bro Morgannwg Health Board continues to be the commissioning body for Bridgend residents. He stated that irrespective of the way BCBC merges there is a need to broker solutions that integrate working across health boundaries as well as within health boundaries. A merger to the West may result in less complex relationships between the new authority and health partners but conversely a merger to the East may present greater opportunities for that authority to drive and influence better join up of a health and social care economy that already works across the east / west boundary.

The Chief Executive informed Cabinet the South Wales Fire and Rescue Service follows the South East Wales boundary and incorporates Bridgend County, joint working with the fire service was well developed on the policing and community safety footprints and the South Wales Police and South Wales Fire and Rescue services are in the process of co-locating their headquarters in Bridgend. He stated that Swansea and Neath Port Talbot are served by the Mid and West Wales Fire and Rescue Service. A western merger would result in the new authority being served by two fire authorities under the current arrangements or a requirement to change the Fire authority boundaries.

The Chief Executive reported on the implications of a merger on the 3rd sector in that it is extremely diverse following many boundaries. He stated that this Council funds BAVO which acts as a voice for the 3rd sector and which also has strong links to the east and historic links to the west. BAVO has recently developed links with Neath Port Talbot and Swansea in order to work with the Western Bay partnership.

The Chief Executive summarised the effects of a merger on the harmonisation of council tax levels and reported on indicative figures for a band D property in BCBC, Vale of Glamorgan and Neath Port Talbot. He also reported on the impact on local authority reserves and on the need to harmonise pay, grading and conditions of service.

The Chief Executive reported that those Councils who agree to voluntary merger and whose proposal is accepted by the Welsh Government would merge two years ahead of compulsory merger and come into effect on 1 April 2018. If the Council did not to submit an Expression of Interest in Voluntary Merger, Local Government elections will take place in May 2017 and the new authorities would come into effect on 1 April 2020. He stated that the Williams Commission had recommended that early candidates for voluntary merger be incentivised to do so and that the Welsh Government prospectus sets out the process and requirements for voluntary merger and refers to support that will be made available from the Welsh Government, which may include additional funding to support the merger process, including supporting the harmonisation of terms and conditions and tackling equal pay and pension arrangements. The Chief Executive set out the suggested benefits of voluntary merger, which include a much shorter period of uncertainty for staff and communities; setting its own pace and the potential to gain greater freedom and autonomy two years earlier from April 2018. The Chief Executive informed Cabinet that the Welsh Government had set out a default model that would see Bridgend merging with Neath and Port Talbot and that if the council wished to merge with Neath Port Talbot there would be no need to express an interest in voluntary merger since it would eventually happen by default as and when legislation was put into place. He stated that there were some indications that a merger of Swansea and Neath Port Talbot may be proposed with or without Bridgend and if this was the case then waiting to see what emerged may be counterproductive if this Council had a strong view on whether or not it wished to merge with both Swansea and Neath Port Talbot. He also stated that if the Council wished to merge with the Vale of Glamorgan then an expression of interest in voluntary merger was most probably required in order to clearly indicate that both councils are serious about that proposition.

The Chief Executive concluded that BCBC was currently required to operate across two distinct regions of Wales and to operate very complex partnership arrangements, which were not sustainable and which would become even less so as the Council responds to successive years of reduced funding. He stated that the proposals by Welsh Government to reduce the number of councils in Wales presented an opportunity to ensure that public service provision for the communities of Bridgend county are simplified and more effective. He informed Cabinet that Bridgend has linkages with a number of public sector partners to both the east and the west, meaning that the choice

of authority with whom to merge was not as clear cut as it may be in some other parts of Wales. Nevertheless the balance of benefits to the community is achieved through a merger with the Vale of Glamorgan Council. In particular this would allow Bridgend to continue to contribute to and benefit economically from the development of the Cardiff Capital City Region, maintain momentum in educational improvement and ensure the geographical alignment with the majority of other public services serving this area. Arrangements with the NHS would still be complex since a merged Vale of Glamorgan and Bridgend would be served by two Health Boards. He stated that a combined authority with the Vale of Glamorgan would still seek to work with other local authorities over a wider area and this would apply to both Cardiff City Council and other local authorities in the city region and with Neath Port Talbot and Swansea Councils with whom it would share a health board. The Chief Executive informed Cabinet that any expression of interest in voluntary merger would need to be clear that progression to merger would be subject to the establishment of a sound and fully funded business case.

The Corporate Director Resources reported on the financial implications in pursuing a merger and although the prospectus referred to support from the Welsh Government, it gave no commitment to provide any additional funding to meet the costs of merger. She added that the Welsh Government did not know its settlement beyond 2016-17 and was therefore not in a position to give such a commitment at this stage. The Corporate Director Resources stated that the Council already had significant savings targets for the coming years and until a business case was developed there was no guarantee that a merger would deliver further recurrent savings. She explained that there was no provision in ear marked reserves or baseline budgets for the costs of merger and that therefore a decision to submit an Expression of Interest would need to be caveated by making it clear that a voluntary merger would only be pursued if a satisfactory business case can be constructed which would need to include assurances that the full costs of merger (such as pay harmonisation and council tax) could be funded. In addition, any merger would result in the need to harmonise funding as well as service delivery arrangements. The Corporate Director Resources informed Cabinet that planning and implementing a merger would require a dedicated programme team for the duration of the project as well as some external support and an expression of interest would clearly identify what support this authority would require from the Welsh Government in order to develop that expression of interest into a firm proposal and supported by a robust business case. She stated that there was a risk that the Council could be distracted from developing and delivering plans and projects which would enable the delivery of the £50m savings required in the Medium Term Financial Strategy. The Corporate Director Resources informed Cabinet that if a voluntary merger was pursued it would need to be done in an integrated way to ensure the existing trajectory of service transformation and savings implementation could be maintained.

The Cabinet Member Communities stated that it was important that Cabinet was in possession of all the facts prior to making a recommendation to Council on developing an expression of interest on a voluntary merger. He considered that Cabinet was in possession of those facts but stressed the importance of not deflecting from the Council's current focus of having to deliver savings in the MTFs. He stated that on the basis of the facts in the report services such as education, transport, the police and fire services all looked east. Whilst there is collaboration to the West on health and social care with the Western Bay collaboration, there was however there was also significant migration from the County Borough to the east and north to travel to work each day.

The Cabinet Member Strategic Change informed Cabinet that he was proud to see the recommendation of an expression of interest in a voluntary merger with Vale of Glamorgan. He stated that he was pleased the Welsh Government had relaxed its position that local government boundaries must be co-terminus with health board

boundaries and had encouraged voluntary mergers across health boundaries. He also stated that the Western Bay collaboration had proven useful for the Council working with partners and across barriers. If the Council was to merge to the east there was still the probability of longer European funding being available, but economic development in the longer term would improve services such as health, education and transport. He believed that a merger with Neath Port Talbot was less likely in practice than a merger with both Neath Port Talbot and Swansea which may not be an option which would be palatable. A merger with the Vale of Glamorgan made more sense. A voluntary merger would require one local government election as opposed to two local government elections which would be required if the Council did not submit an expression of interest. He stated that Bridgend would be an important transport hub in a merged county of Central Glamorgan.

The Cabinet Member Children and Young People informed Cabinet that the re-organisation of local government in Wales will happen and the Council was faced with merging voluntarily or a compulsory merger which would be defined by the Welsh Government. He stated that the overwhelming choice was a voluntary merger with the Vale of Glamorgan which had approached the Council in discussions on a voluntary merger. He also stated that a merger with Rhondda Cynon Taff Council could be considered with whom it had historic links through the former Mid Glamorgan County Council, but considered that a merger with either Rhondda Cynon Taff Council or with Swansea Council would be far too large an area. He considered that the advantages of a merger with the Vale of Glamorgan are that the Council would not be too large and economies of scale and resilience would be seen in the services that will be delivered to the public. The Cabinet Member Children and Young People informed Cabinet that the Council already has in existence a number of collaboration projects to the east which involved the Vale of Glamorgan and whilst the Council had close links to the west through the Western Bay collaboration but a great deal of this work was being undertaken on a locality basis and was confident the Council could continue working with the Health Board on an integrated basis. He informed Cabinet that the Council's largest and highest spending service is education and this Council along with the Vale of Glamorgan were pursuing a different path to Neath Port Talbot and Swansea of self-improvement akin to the London and Manchester model and to change from this model would be hugely difficult for the Council. He stated that a merger to the east was the only realistic option as it would be part of the Cardiff City region which would be the powerhouse of the economy of Wales and this Council needed to be part of that region for its economy to grow.

The Leader informed Cabinet that he believed a merger with Rhondda Cynon Taff Council would not have the same weight as a merger with the Vale of Glamorgan.

The Cabinet Member Resources informed Cabinet that the re-organisation of local government in Wales is inevitable and the Council had to act proactively in pursuing an expression of interest for a voluntary merger with the Vale of Glamorgan. He was concerned that the Welsh Government could top slice funding should Councils not merge voluntarily and that a merger with the Vale of Glamorgan was the only realistic option but he stressed that funding would need to be put in place to pursue a merger. He stated that if the Council did not pursue an expression of interest it would inevitably be directed to the west.

The Corporate Director Wellbeing informed Cabinet of the relationship with the ABMU through the Western Bay collaboration which had seen services being delivered on a locality basis and the relationship with the Princess of Wales Hospital strengthened and which would continue. There would be a need to harmonise services with the Vale of Glamorgan and the Western bay collaboration would help shape services in the future.

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The Corporate Director Wellbeing informed Cabinet that a merger to the east would require working with two health boards which she did not see to be insurmountable.

Cabinet expressed a preference for a voluntary merger with the Vale of Glamorgan, however if this was not acceptable a merger with Neath Port Talbot was considered more preferable than a merger with Neath Port Talbot and Swansea Councils.

RESOLVED: That Cabinet approved and recommended to Council for approval that BCBC and the Vale of Glamorgan proceed to develop a joint expression of interest to merge voluntarily and to submit this expression of interest to Welsh Government by 28 November 2014.

The meeting closed at 10.56am.

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