

RHONDDA CYNON TAF COUNTY BOROUGH COUNCIL

CABINET

2nd OCTOBER 2014

URGENT ITEM

VOLUNTARY MERGER OPPORTUNITIES

REPORT OF THE CHIEF EXECUTIVE

Author: Christian Hanagan

Tel: 01443 424199

1.0 PURPOSE OF REPORT

- 1.1 The purpose of the report is to provide Cabinet with details of the content of the Devolution, Democracy and Delivery White Paper - Reforming Local Government and the Voluntary Merger Prospectus recently published by the Minister and to provide appropriate information to allow Cabinet to consider the merits of investigating a merger with a neighbouring authority and make recommendations to Council accordingly.

2.0 RECOMMENDATION

It is recommended that Cabinet:

- I. Note the Devolution, Democracy and Delivery White Paper – Reforming Local Government and the response of the Welsh Local Government Association which is attached at Appendix 1
- II. Note the Voluntary Merger Prospectus attached at Appendix 2
- III. Note the content of this report and agree that the Leader and Chief Executive make contact with neighbouring local authorities to explore the potential of a voluntary merger
- IV. If appropriate to determine which neighbouring authorities should be approached
- V. Agree that in the event of these discussions taking place a further report be brought to Cabinet and if appropriate a business case outlining the potential for a voluntary merger be presented to Council for consideration.
- VI. To support this undertaking a Cabinet Working Group be established under the Leader's Scheme of Delegation, Section 3a of the Constitution, to facilitate the development of a potential business case.

3.0 BACKGROUND

- 3.1 On 18th of September Leighton Andrews, the new Minister for Public Services, published a prospectus on the Voluntary Merger of Councils in Wales, which is attached at Appendix 1.
- 3.2 The timescale for providing feedback to the Minister of any expressions of interest is the 28th November 2014.

4.0 ISSUES FOR CONSIDERATION

- 4.1 The Williams Review into local government proposed Rhondda Cynon Taf merging with Merthyr Tydfil County Borough Council. Rhondda Cynon Taf already works collaboratively with Merthyr Tydfil on a number of levels across a range of Council services. These include the Youth Offending Service, Residual Waste, Consultation and Emergency Planning.
- 4.2 In proposing a new local authority including Rhondda Cynon Taf and Merthyr Tydfil the Williams Review noted the coterminous boundaries this would facilitate with both Health and Police across the Cwm Taf region. Both local authorities have been directed to work across the footprint, previously set by Welsh Government. The Council established a Joint Local Service Board with Merthyr Tydfil CBC in 2008.
- 4.3 The Council has a number of collaborative links across the Connecting South Wales Region which was established to facilitate joint working in local government including the Central South Consortium.
- 4.4 Communities within Rhondda Cynon Taf naturally link on a day to day basis with communities in other local authorities. Examples include the link between the western side of Rhondda Cynon Taf and the County of Bridgend. The Cynon Valley has strong links to Merthyr Tydfil both on a community and service delivery basis. Communities in the South of the County Borough link to the Vale of Glamorgan and the capital city where residents from across Rhondda Cynon Taf commute to work.
- 4.5 Some of this Council's neighbouring local authorities have already taken a decision not to give consideration to merging with each other e.g. Caerphilly and Merthyr Tydfil.
- 4.6 Taking into account the above information and the tight timescale for the provision of feedback the Council should immediately contact the following Local authorities to establish if there is any interest in a voluntary merger with Rhondda Cynon Taf:
- Merthyr Tydfil County Borough Council
 - Bridgend County Borough Council
 - Vale of Glamorgan Council
 - Caerphilly County Borough Council
 - City of Cardiff Council

5.0 Way Forward

- 5.1 Any consideration by the Council to the voluntary merger process must be in the best interests of service delivery here in Rhondda Cynon Taf and would need to demonstrate financial sense.
- 5.2 While the Williams Review into local government proposed merging Rhondda Cynon Taf and Merthyr Tydfil Councils into a Cwm Taf Local Authority this Council has a number of links as outlined above with a number of local authorities.
- 5.3 As the third largest local authority in Wales this Council already delivers the economies of scale which a merger could be expected to deliver. The cost effective corporate arrangements of this Council were recognised in the Williams Report as follows:

Over the last five years the corporate and democratic management of Merthyr Tydfil County Borough Council cost on average over £85 per year for every resident of the county borough, and in Blaenau Gwent almost £68. The equivalent cost in Cardiff was just over £29, and in Rhondda Cynon Taf only just over £23. Put another way, the largest authorities have been able to spend around £50 more per person (or around £10-15 million each every year) on front-line services than the smallest ones, simply as a result of economies of scale in corporate management. If every local authority were able to reduce its corporate costs to the level of those in Rhondda Cynon Taf, the total saving across Wales would be in the order of £38 million per year.

- 5.4 It is therefore proposed that the Leader of the Council and the Chief Executive approach neighbouring authorities (as identified in 4.6) to establish what interest there is from our neighbouring councils, and their willingness to explore these opportunities further.
- 5.5 Where the feasibility of such an approach is agreed a business case will be developed for further consideration by members.
- 5.6 Any formal consideration to express an interest to merge with a neighbouring local authority would require consideration by full Council.
- 5.7 Subject to a neighbouring authority agreeing in principle to be part of an expression of interest to merge, which will need to be submitted to the Welsh Government by the 28th November, it is proposed that under the Leader's Scheme of Delegation, Section 3a of the Council Constitution, a Cabinet Working Group be established to consider the process and rationale.
- 5.8 This group would include five members, two of which would be from the Executive and a further three invited by the Leader of the Council to support this process.

6.0 Conclusion

- 6.1 For the Council to consider and respond appropriately to the Voluntary Merger Prospectus published by Welsh Government, it is important that an evidence

based assessment is provided to members on the rationale for or against progressing an expression of interest.

- 6.2 Any potential merger opportunity would need to be in the best interest of the residents of Rhondda Cynon Taf and would need to make sound financial sense.