

24th May 2024

PROPOSALS FOR A STRATEGIC RELATIONSHIP (PARTNERSHIP AGREEMENT) BETWEEN THE WELSH GOVERNMENT AND LOCAL GOVERNMENT IN WALES

Purpose

- 1 To explore the proposition being put forward by the Cabinet Secretary for Housing, Local Government and Planning to develop a strategic relationship with local government in Wales.
- 2 To facilitate discussion with members of the WLGA Executive Board on the proposed approach, identify the WLGA's position on such a proposed strategic relationship and the expectations members have of the Welsh Government that should be negotiated and reflected in a resulting agreement.

Context

- 3 The new Cabinet Secretary for Housing, Local Government and Planning has, in recent meetings with local authority Leaders and in a [statement to the Senedd](#), articulated her policy priorities which includes formalising the strategic relationship between the Welsh Government (WG) and local government in Wales.
- 4 In her statement, the Cabinet Secretary stated her wish “... *to agree an approach across this Government that enshrines our local authorities as trusted partners.*” This is being proposed in the context of the Cabinet Secretary working with Cabinet colleagues to prioritise the policy initiatives to be delivered between now and May 2026 and the joint work already being progressed by Welsh Government officials and local authority colleagues to reduce the administrative burden on local authorities.
- 5 Furthermore, the Cabinet Secretary and Officials are resetting the relationship through a series of engagement opportunities with the local government sector including, the Cabinet Secretary's attendance at the April meeting of the Executive Board, the fortnightly meetings with local government Leaders and at a statutory level, the Partnership Council for Wales. In addition, both the First Minister and Cabinet Secretary have confirmed their attendance at the forthcoming WLGA Annual Conference.
- 6 Any strategic agreement will seek to clarify roles and expectations between all parties; reducing duplication and the potential for delays and/or errors in communication that can impact on delivery.

Background

- 7 There are a range of frameworks that specify the relationships and ways of working between Governments and local authorities and which stress the importance of

protecting local democracy with local elected governments having autonomy to work closely with the communities they serve.

- 8 **The European Charter of Local Self-Government (ECLSG)**¹ was drawn up within the Council of Europe and was open to approval by member states in 1985. It contains a number of Articles that seek to ensure there is a constitutional and legal foundation for local self-government and that the basic powers and responsibilities of local authorities should be prescribed by the constitution or statute. The purpose of the ECLSG is ‘...to make good the lack of common European standards for measuring and safeguarding the rights of local authorities, which are closest to the citizen and give him the opportunity of participating effectively in the making of decisions affecting his everyday environment.’
- 9 The Charter commits the parties to applying basic rules guaranteeing the political, administrative and financial independence of local authorities.
- 10 The European Charter of Local Self-Government is the first multilateral legal instrument to define and safeguard the principles of local autonomy, one of the pillars of democracy which it is the Council of Europe's function to defend and develop.
- 11 Within Wales, Section 72 of the Government of Wales Act 2006 (GOWA 2006) provides that **Welsh Ministers must establish and maintain the Partnership Council for Wales** to consist of Welsh Ministers, Deputy Ministers and local authority members.
- 12 The role of the Partnership Council for Wales is to:
 - *give advice to the Welsh Ministers about matters affecting the exercise of any of their functions,*
 - *(b)make representations to the Welsh Ministers about any matters affecting, or of concern to, those involved in local government in Wales, and*
 - *(c)give advice to those involved in local government in Wales.*

For the purposes of this section the following are local authorities in Wales—

- *(a)county councils, county borough councils and community councils in Wales,*
 - *(b)National Park authorities for National Parks in Wales,*
 - *(c) police and crime commissioners for police areas in Wales,*
 - *(d)fire and rescue authorities for areas in Wales, and*
 - *(e)authorities of any description specified for the purposes of this paragraph by order made by the Welsh Ministers.*
- 13 Underpinning the Partnership Council for Wales is the **Local Government Partnership Scheme**². This was developed in response to section 73 of the GOWA 2006 which requires the Welsh Ministers to make a scheme that sets out how they propose to sustain and promote local government in Wales.

¹ [CETS 122 - European Charter of Local Self-Government \(coe.int\)](https://conventions.coe.int/Treaty/Html/122.htm)

² [Local Government Partnership scheme | GOV.WALES](https://gov.wales/local-government-partnership-scheme)

14 The Scheme describes:

- the **roles of Welsh Government and Local Government respectively** including the integral role played by Community Councils in working with local authorities to serve communities and improve the well-being of their areas.
- **Delivering National, Regional and Local Priorities** – focusing on the role of local government in delivering statutory and discretionary services and operating on a partnership basis through, for example, Public Service Boards and with partners.
- **Positive, Productive Relationships** – acknowledging that interactions between Welsh Government and local government have been too complicated with differing financial and accountability arrangements between local authority services. Taking the opportunity to build new, high trust relationships where *‘the Welsh Government will be clearer about key things that matter and less prescriptive about how it is done’*.
- **Financial Framework** – a commitment to a more mature relationship to funding to support medium term financial planning; greater flexibility in the funding provided; simplifying the administration of grants and costing and addressing the financial implication of new WG initiatives or legislation.
- **Better Policy Development** – based on co-production and meaningful engagement across policy areas. The involvement of local government, at political and official levels, at the appropriate time and in turn, to provide experienced and skilled representatives to participate in discussions. Also, a commitment to work together on arrangements to secure good governance including self and peer assessment of governance arrangements.
- **Engagement with Local Government** – commitment to frequent and timely liaison at elected member and officer levels and the statutory commitment to the Partnership Council for Wales to include both WLGA and One Voice Wales. A further reference to co-production of policy and legislation that impacts on local government. The use of representative mechanisms including the Partnership Council and its sub-groups, bilateral meetings with Welsh Cabinet Secretaries and Ministers and WLGA Spokespeople, meetings between Cabinet Secretaries and Ministers with the WLGA’s Executive Board, WLGA Council or WLGA convened Cabinet Member networks.
- **Welsh Government Ministers to publish an annual report on how the Local Government Scheme was implemented during the financial year.** The report to be co-produced by Welsh Government and local government and considered by the Partnership Council before being laid before the then, National Assembly for Wales.

15 Unlike the Verity House Agreement (detailed below) the commitments are not set against an agreed timeline.

16 The latest version of the Scheme was published in October 2017 and WLGA officials understand the Cabinet Secretary intends to review and update the Local Government Scheme, in line with section 73 of GOWA 2006. The intention is to co-develop a new outcomes and accountability framework with local government that will provide assurances on delivery against agreed priorities and support the sustainability of local government and CJs.

- 17 In June 2023 the Convention of Scottish Local Authorities (COSLA) and the Scottish Government agreed a new Partnership Agreement. Known as the '**Verity House Agreement**' (Appendix 1), it includes commitments on creating a new fiscal framework and regular reviews of budgets, including a joint review of specific grants and in-year transfers with a view to identifying those which can be baselined into the General Revenue grant or General Capital Grant from 2024-25. A timeline is provided for each of these commitments.
- 18 The Agreement also sets out the three shared priorities and how both parties will engage around tackling poverty, just transition to net zero and sustainable public services. The agreement recognises *"...that each of these areas encompasses a breath of existing activity and potential programmes of joint work, and that local flexibility will be required to maximise impact."*
- 19 Within the Agreement are four sections:
- **The way we will work together** – including commitments around mutual trust and respect, a focus on achievement of outcomes, consultation and collaboration, reviews of powers and funding for local government, a default position of no ring-fencing or direction of funding unless there is a clear joint understanding for a rationale for such arrangements and a recognition that Community Planning Partnerships are a critical mechanism for alignment of resource locally, the arrangements for handling disagreements and commitment to work jointly to ensure better strategic alignment on workforce issues across the public sector.
 - **How we will approach our shared priorities** – a commitment to the realisation of human rights for all, a recognition of the value and roles of local government and a incorporating into Scots Law the European charter of Local Self-Government, local authorities being fully involved in areas where Ministers wish to explore national delivery models, a presumption in favour of local flexibility, conclusion of the Local Governance Review, commitment on both sides to evidence-based policy making, proportionate reporting and data collection and a robust Fiscal Framework which will include meaningful early budget engagement and a simplified and consolidated Local Government Settlement.
 - **Accountability and Assurance** – a commitment to a jointly agree a monitoring and accountability framework building on the above commitment to proportionate data collection and reporting. Existing strategic and service level plans and associated reporting to the streamlined and refined.
 - **Engagement** – the First Minister and COSLA President to meet twice a year to discuss progress towards shared priorities, further commitment to meetings with the Deputy First Minister and Cabinet Members, early budget engagement with an underlying principle of 'no surprises', the Strategic Review Group to provide assurance that Scottish and Local Government maintain the commitments in the Agreement and a commitment to portfolio and programme level engagement to support joint oversight and reporting to the SRG.
- 20 It has been reported that one of the key principles of the Agreement for 'no surprises' was considered by COSLA to have been broken when the Scottish First Minister announced, without consultation, that council tax was to be frozen for 2024/25.

Next Steps

- 21** The Cabinet Secretary will initiate further detailed discussion with Leaders on the resetting of the strategic relationship between Welsh Government and local government in Wales.
- 22** The Executive Board may wish to take this opportunity to have a collective discussion on local government's experience of working with the Local Government Scheme which the Cabinet Secretary is seeking to review. In particular, views on:
- the expectations that local government has of the Welsh Government and whether commitments should have agreed timelines;
 - reflection on the mechanisms that have been in place since the GOWA 2006 in terms of engagement including the use of representative mechanisms such as the Partnership Council and its sub-groups, bilateral meetings with Welsh Cabinet Secretaries and Ministers and WLGA Spokespeople, meetings between Cabinet Secretaries and Ministers with the WLGA's Executive Board, WLGA Council or WLGA convened Cabinet Member networks and how these are likely to operate in conjunction with the fortnightly meetings between the Cabinet Secretary and Leaders with Chief Executives; and
 - the impact the Local Government Scheme has had in terms of promoting flexibility and sustainability for local government, how might a new outcome and accountability framework and fiscal framework differ to the current Scheme, and how the relationship can continue to mature over the remainder of the current Senedd term.

Recommendations

23 Members are invited to:

- 23.1** Consider the report and outline of previous partnership arrangements in the context of the Cabinet Secretary's intention to develop a strategic relationship with local government in Wales; and
- 23.2** Discuss the expectations local government has of the Welsh Government and what members would like to see as integral components of a new outcomes and accountability framework and fiscal framework.

Author: Paula Walters,
Tel: 02922 942121
E-mail: paula.walters@wlga.gov.uk

New Deal with Local Government

Verity House Agreement

NEW DEAL WITH LOCAL GOVERNMENT PARTNERSHIP AGREEMENT

The Convention of Scottish Local Authorities (COSLA) and the Scottish Government have today agreed a new Partnership Agreement, setting out our vision for a more collaborative approach to delivering our shared priorities for the people of Scotland.

This agreement – to be known as the ‘Verity House Agreement’ - sets out the way we will work together, how we will approach our shared priorities, and how we will engage.

We have agreed three shared priorities – tackling poverty, just transition to net zero and sustainable public services - and recognise that each of these encompasses a breadth of existing activity and potential programmes of joint work, and that local flexibility will be required to maximise impact. This agreement is a high-level statement of intent upon which we will build.

By end September 2023:

- Improved engagement on budgetary matters will be well underway, in preparation for the Scottish Budget in December.
- We will conclude a Fiscal Framework between Scottish Government and Local Government, of which regular budget engagement will be a key part.
- We will develop and agree a shared programme of activity underneath each of the three priorities, which will focus on the period between now and the next Scottish Council Elections in 2027.

By end October 2023:

- A first joint review of Specific Grants and In-Year Transfers to Local Government will be undertaken with a view to identifying those which can be baselined into the General Revenue Grant or General Capital Grant from financial year 2024-25, creating more freedom and flexibility for Councils to address our shared priorities in locally appropriate ways.

By end August 2024:

- We will have jointly considered the first year of implementation of the Verity House Agreement and the Fiscal Framework as a whole, and agree any alterations or addendums required to ensure the ongoing effectiveness of these two key documents.

Partnership Agreement between Scottish and Local Government 2023

Scottish and Local Government will work together to:

1. **tackle poverty**, particularly child poverty, in recognition of the joint national mission to tackle child poverty
2. **transform our economy through a just transition to deliver net zero**, recognising climate change as one of the biggest threats to communities across Scotland, and
3. **deliver sustainable person-centred public services** recognising the fiscal challenges, ageing demography and opportunities to innovate.

To address these shared priorities, we have jointly accepted that changes are required to our relationship - *the way we work together, how we will approach our shared priorities, and how we engage with each other in a positive and proactive manner.*

This agreement is a statement of our intent from this point forward and provides a high-level framework for our partnership – it does not create legal obligations but it is Scottish and Local Governments' clear starting point and public commitment to the principle of regular and meaningful engagement, and respect for each other's democratic mandate, in order that we can work together more effectively to improve the lives of the people of Scotland.

A: The way we will work together

1. A positive working relationship should be based on **mutual trust and respect**, recognising the need for effective and responsible joint leadership as we work on our shared priorities.
2. We will **focus on the achievement of better outcomes** locally for individuals and communities, and jointly develop simple structures for assurance and accountability that recognise local difference but reduce burdensome reporting.
3. Scottish Government and Local Government, through COSLA and its network of professional networks including SOLACE, will work together to **consult and collaborate as early as possible in all policy areas** where Local Government has a key interest, has a significant place-based leadership locus and/or is the key delivery mechanism.
4. **Powers and funding** for Local Government will be reviewed regularly to ensure adequacy and alignment with effective delivery of outcomes. *The powers held by local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.*
5. From this point onwards, the default position will be **no ring-fencing or direction of funding**, unless there is a clear joint understanding for a rationale for such arrangements for example where quantum needs to be assessed over a transitional period to ensure the costs are accurately understood. Additionally, current funding lines and in-year transfers will be reviewed ahead of the draft 2024-25 Budget Bill, with a view to merging into General Revenue Grant funding (more details will be set out in the Fiscal Framework).
6. **Community Planning Partnerships** will be recognised as a critical mechanism for the alignment of resource locally, focussed on prevention and early

intervention, and delivering our shared priorities. Scottish Government will ensure that those public bodies that can contribute to community planning, play their part, including in involving local third sector and community bodies in promoting and improving wellbeing.

7. **Where we disagree**, we will seek to deal with these matters constructively in the spirit of cooperation, through the engagement mechanisms described in Section D of this agreement
8. Established negotiating arrangements for pay will be recognised and respected, **and we will work jointly to ensure better strategic alignment on workforce issues across the public sector, including fair work.**

B: How we will approach our shared priorities

9. At the heart of the decisions we take nationally and locally will be a commitment to the **realisation of human rights for all.**
10. Scottish Government will recognise and value the roles and responsibilities of Local Government and as such, will work to incorporate into Scots Law the **European Charter of Local Self-Government** as soon as possible.
11. In keeping with the Charter, both parties agree the maxim “**local by default, national by agreement**”. This recognises that public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.
12. Where Ministers seek to explore **national delivery models** for matters which directly concern Local Authorities, Local Authorities should be fully involved in the policy development process from the outset and appropriately involved in the decision making, and the rationale for considering national delivery be clearly evidenced and outcomes focussed.
13. Where national approaches are being progressed, insofar as is possible and effective, there will be a **presumption in favour of local flexibility**, unless evidence of meeting outcomes dictates otherwise.
14. Local Government will respect and value the roles and responsibilities of the Scottish Government and Scottish Parliament, and all parties will act in **good faith in discussions where there is clear rationale for national approaches**, recognising the benefits these can bring for people and communities.
15. Scottish and Local Government will work together to **conclude the Local Governance Review** by the end of this parliamentary term, with an equal focus on the fiscal, functional and community empowerment that will enable public service reform, innovation and collective, whole system improvement.
16. Scottish and Local Government will work together strategically to advance **public service reform**, building on the joint work under the Covid Recovery Strategy. This will include working constructively and quickly **to remove barriers** which hinder flexibility focusing initially on those common challengesⁱ identified through the Covid Recovery Strategy, and to enable the design and delivery of services for and around people.
17. Scottish Government and Local Government commit to **evidence-based policy making**, using data to understand issues and to then identify the most appropriate means of tackling them.

18. Any required **reporting and data collection** will be proportionate, fit-for-purpose and will support transparency, accountability and future decision-making at both a local and national level.
19. Through the development of a robust Fiscal Framework, which will include meaningful early budget engagement, the **Local Government Settlement will be simplified and consolidated**, clear routes to explore local revenue raising and sources of funding will be established, and wherever possible multi-year certainty will be provided to support strategic planning and investment.

C: Accountability and Assurance

20. Scottish Government and Local Government will jointly agree a **monitoring and accountability framework**, drawing on proportionate reporting and data collection, to provide evidence and visibility over progress towards agreed outcomes.
21. Audit Scotland and the Accounts Commission Scotland will be invited to support and provide independent evaluation of progress.
22. Existing **strategic and service level plans and associated reporting will be streamlined and refined** to be utilised within this assurance process without creating duplication. This will include but not be limited to Local Outcome Improvement Plans, Children's Services Plans, Child Poverty Plans and Climate Change Plans.

D: Engagement

23. The **First Minister and COSLA President** will meet twice a year to discuss progress towards shared priorities, achievement of better outcomes for people and communities, and other key issues.
24. **COSLA's Leadership Sounding Board and a group of key Cabinet Members** led by the Deputy First Minister will meet quarterly - at least two of these meetings will be informal.
25. A robust and regular process for **early budget engagement** will be embedded in the Fiscal Framework, with an underlying principle of "no surprises".
26. Through a refreshed role and remit, Scottish Government's **Place Directors will act as ambassadors** for Local Government and Community Planning Partnerships across portfolios and programmes and will build a strong understanding about place-based leadership and the local plans that focus on our shared priorities.
27. The **Strategic Review Group (SRG)ⁱⁱ** will provide assurance that Scottish and Local Government are maintaining all commitments set out in this agreement.
28. **Portfolio and programme level engagement** (both official and political e.g. COSLA Spokespeople and Cabinet Secretaries/Ministers) will support this overarching governance through regular and meaningful joint oversight, reporting to the SRG.

ENDNOTES

ⁱ Challenges identified through the COVID Recovery Strategy were:

- Number of Competing Priorities
- Reporting Requirements
- Collaborative Working across Scottish Government
- Crisis Response to “Hot Topics”/World Events
- Data & Intelligence Sharing
- Funding Flexibility
- Resources (including inconsistencies of resource support from national partners across CPP areas)

ⁱⁱ Established in 2021 as part of the Local Government Engagement Plan, the **Strategic Review Group’s** (SRG) main purpose is to facilitate regular strategic level political engagement, led on behalf the Scottish Government by the Cabinet Secretary with overall responsibility for the Local Government relationship (and extended to other Cabinet Secretaries and Ministers where relevant) and COSLA senior politicians.

The SRG provides a regular forum to agree delivery priorities, outcomes to be achieved and acts as a mechanism to resolve issues and barriers. The SRG meets five times each year to set direction and priorities and aims to align decision making processes with those that are required by the internal governance arrangements within COSLA, ensuring that key decisions are planned in partnership with built in opportunity and processes to address unforeseen issues or areas of disagreement. The outputs of SRG, which should be agreed at the end of each meeting, assist the Cabinet Secretary to develop a wide overview of the interests of Local Government and represent these in Cabinet discussions.

In May 2023 the membership of the SRG is as follows:

Scottish Government : Deputy First Minister and Cabinet Secretary for Finance ; Minister for Local Government Empowerment and Planning.

Local Government : COSLA President and COSLA Vice President.



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