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Y Gweinidog Llywodraeth Leol a Chymunedau  
Minister for Local Government and Communities



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref  
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Dear Leader

I am writing to initiate a new dialogue with you as part of my commitment to building relationships between the Welsh Government and Local Government. Whilst sometimes we will have different views on specific issues, we have much common ground as well. In particular, we are all interested in protecting and improving the public services that people across Wales rely on in their daily lives.

Now is a good time to start that dialogue. As you may know, the Partnership Council for Wales is the statutory forum for Welsh Government and Local Government democratic engagement. At our meeting on 5 December a range of leaders from across Local Government met with Welsh Government Ministers and made progress on a number of key issues, notably agreeing the 'Compact for Change' between the Welsh Government and Local Government.

Our relationship is critical to successful delivery for the people of Wales in these challenging times and the Compact is a joint commitment to actions which together will achieve better services for people and lower costs while retaining and strengthening local democratic accountability. It will ensure an informed and constructive dialogue on how best a range of local government services is delivered and whether the services should be on a local, regional or national footprint. The Compact can be found using the weblink below<sup>1</sup> or can be obtained in hard copy from your member services.

Collaboration is one of our key tools to secure consistent high quality services against the background of the current harsh economic and financial climate, and increasing service demands. In order for greater collaboration to achieve its full potential there is the need for visionary leadership at all levels. Your strong political leadership is critical to this, as decisions about how public services are planned and managed will continue to be taken through local democratic frameworks.

<sup>1</sup> <http://wales.gov.uk/topics/improving-services/publications/compact/?lang=en>

As community leaders, you can engage positively with this agenda by using transparent performance information and governance arrangements to continue to scrutinise service delivery – whether it is delivered locally, regionally or nationally. Together with the introduction of powers for joint scrutiny, the regional collaborative footprint should help here in bringing stability and clarity to the development of future collaborations. As I have said on a number of occasions, it is not intended to break up established successful partnerships, but the new arrangements provide strong foundations for future working and I am looking to local authorities to seize all opportunities to work on this basis.

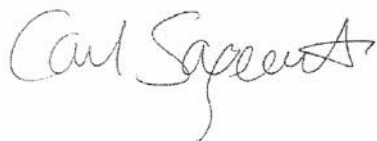
I was also pleased that the Partnership Council considered how it should itself be structured to ensure that it could reflect and challenge the cross public service nature of delivery for individuals in Wales. Proposals for the new Council include widening membership and placing local authority representation on a regional footprint.

The local government settlement which I announced on 7 December delivers a cash increase in revenue funding for local government in Wales. This is against a backdrop of reducing budgets in many other areas of public spending. Over the four-year spending review period, core funding for local government in Wales is due to increase whilst comparable funding in England is set to fall. I am distributing the whole RSG pot to local authorities, giving you the freedom to decide locally to freeze council tax if you so choose. I understand the difficult choices you will be making over the next few months as you consider your budgets.

The Partnership Council also noted the very positive progress on a new Local Government Borrowing initiative. This will provide up to £12m annually in revenue support to allow local authorities to release funds for capital investment in highways. That could mean over £170m of new investment to bring real benefits to local people as well as to the Welsh economy. There is still work to be done on the detail but I hope that this initiative can be taken forward very quickly in the New Year. This new funding initiative complements the Minister for Education and Skills' recent announcement of £1.4 billion of investment in the 21<sup>st</sup> Century Schools Programme.

I hope that this letter is useful in setting out key recent developments, and that you will support your Council in stepping up to the challenges ahead.

I am copying this to John Davies and Steve Thomas at the WLGA and would be grateful if you could share a copy of this letter with all the Councillors for your local authority at the earliest opportunity.



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