

Is it time to re-organise local government in Wales?

Prof Rhys Andrews Cllr Ellen ap Gwynn Peter Black AM Steve Brooks Mike Hedges AM



We're grateful to all of our contributors, who each write in a personal capacity.

Electoral Reform Society Cymru

Baltic House, Mount Stuart Square, Cardiff, CF10 5FH

www.electoral-reform.org.uk

Facebook: ERSwales
Twitter: @ERS_Cymru

Email: wales@electoral-reform.org.uk

Phone: (029) 2049 6613



Electoral Reform Society, 6 Chancel Street, London SE1 0UU. A company limited by guarantee, registered in London, no. 958404

Introduction



Steve
Brooks is
the Director
of the
Electoral
Reform
Society
Cymru

If the British constitution and its national institutions are notoriously slow to embrace change, then local government across some parts of the UK has been in a state of near permanent flux for the best part of 150 years.

In Wales, historically, we reformed at a much gentler pace, but that pace of change has accelerated enormously over the last four decades. The 1888 Local Government Act gave us thirteen administrative county councils under which were municipal boroughs, rural districts and urban district councils. Between 1889 and 1908, unitary authorities or county boroughs were established in the four great population centres: Cardiff and Swansea (1889), Newport (1891) and Merthyr Tydfil (1908).

The face of Welsh local government remained largely unchanged for over half a century until the 1972 Local Government Act paved the way for the 1974 re-organisation. The old administrative counties and county boroughs were swept away and replaced by a 'simpler' two-tier system: eight county councils and 37 district councils, some of which were granted borough status. It seems almost incomprehensible now but prior to it becoming a single borough council under Gwynedd County Council in 1974, Anglesey comprised four urban district councils, three rural district councils, and one borough, Beaumaris.

Two decades passed before the old Welsh Office instigated more radical change. The 1996 reorganisation, the scars of which are still present both institutionally and on the individuals who lived through the process, was, by popular consensus, less than effective. Tales are told as to how the Welsh Office re-drew the map, but 22 local authorities was the end result and even after 15 years of devolution, 22 is what we still have.

During that time, public service reform has dominated the political agenda in Wales. From 'Making The Connections' to 'Outcomes for Tougher Times', the Beecham review to the Wanless review, the 'Wales Spatial Plan' to the Task & Finish Group on City Regions, there has been no shortage of strategies, initiatives and plans aimed at delivering better public services. But all have largely ignored democratic and governance structures – until now.

'Don't mention re-organisation' was, until recently at least, the mantra that most decision-makers expressed whenever anyone questioned whether local government was delivering better outcomes. When the Electoral Reform Society took a greater interest in re-organisation in 2011, I asked several Assembly Members, Members of Parliament and local councillors 'should we reform our local democratic structures'? The response was usually the same. Blinds would be drawn, doors gently closed, voices lowered and out would pour insightful observations of where Wales was going wrong and ideas about how we could fix things.

As the Williams Commission on Public Service Delivery & Governance has ended its inquiry, and Wales responds to its recommendations, now is the time for us to re-think where democracy fits in to all of this.

"There has been no shortage of strategies, initiatives. and plans aimed at delivering public services. **But all have** largely ignored democratic and governance structures"

Peter Black, in his article *Time for Change:*Democratising and Empowering Our Councils
argues that to a large extent, policy initiatives like the
collaboration agenda were a form of "displacement
activity" displayed by Welsh Ministers unwilling to
rectify the 'mess' created by the last re-organisation.
The Williams Commission represents an almost
cathartic release for policy-makers. Acknowledging
that all is not well may make us feel better, but the
question remains: what happens next? The
consensus across all our contributors is that the
current system isn't working well; but views diverge
on what Welsh Government should do to remedy the
chronic symptoms exhibited by Welsh local
government since 1996.

Peter Black offers the most radical set of reorganisation proposals, calling for a wholesale
devolution of power from the Welsh Government to a
smaller number of unitary authorities. A raft of
powers, from transport and 14-19 training to public
health and community health care, should be
properly entrusted to local governments. His vision
extends to reforming the often forgotten parts of
Welsh local government. Town and community
councils need 're-ordering'; and a rural revolution
would democratise decision-making, stripping
national park authorities of their planning powers
and their countryside and conservation functions.

Mike Hedges sounds a more cautious note in his article *Back to the Future*. Like Kylie Minogue and skinny jeans, re-organisation and mergers have a habit of coming in and out of fashion, and in 2014 they're both currently 'on trend'. But Hedges reminds us that re-organisation isn't a quick, easy fix. Firstly there's the wider context to consider; alongside 22 local authorities there are three fire authorities, four police authorities, and seven local health boards. How should these all fit together? And whilst 22 local authorities may seem a lot for a nation of three million people, a quick glance over the border shows local government elsewhere in the UK is just as fragmented and asymmetrical.

"The Williams Commission represents an almost cathartic release for policy-makers"

In England, the City of Birmingham contains a population a third of Wales', whilst Rutland's unitary authority serves just 37,600. Glasgow city council covers nearly 600,000 people whilst three Scottish unitary authorities are substantially smaller than anything in Wales. If bigger is best, Hedges questions why Birmingham is failing on social services. The former Swansea council leader also raises the issue of cost: the savings, he argues, rarely materialise and cites Natural Resources Wales as a prime example. Better leave things alone structurally, and instead ensure local authorities work together in a more sensible way through a more considered approach to collaboration across key service areas, and joint plans on transport and development that span local authority boundaries.

Ellen ap Gwynn, the leader of Ceredigion council, develops the argument further. The problem isn't that Wales is divided into 22 local authorities, but rather the cluttered institutional landscape makes it harder to get things done. In her piece, Squeezed Middle: Centralising Services Weakens Democracy in Mid & West Wales, ap Gwynn cites flooding as an example where in her own ward, residents had to deal with a complex web of agencies: Ceredigion for part of the river, Natural Resources Wales for the rest, and Welsh Government for the trunk road. And the sewerage system takes the proverbial, both literally and politically: Dwr Cymru manages the infrastructure, except that one part of the system is handled from an office in Dolgellau and another is under contract with neighbouring Carmarthenshire County Council.

While sharing Hedge's scepticism on mergers, ap Gwynn, like Black, makes a call for the radical devolution of power from Welsh Government to local government. She argues that the "Welsh Government should step back and take a strategic view of the needs of Wales and its people, and not try to micro-manage local services from afar". The post-Williams agenda, ap Gwynn argues, should focus on how services are delivered with proper 'democratic and relevant accountability', fearing that in any movement towards mergers, it'll be people in largely rural authorities like hers that will miss out.

Professor Rhys Andrews takes a long, hard look at whether re-organisation actually works. Echoing Hedges and ap Gwynn, Prof Andrews asks whether bigger is always better: are bigger units of government really more cost-effective? The answer? Economies of scale are not uniform across the services provided. In some instances, bigger is better, while for others, beauty lies in smallness. Underlining Hedges' concerns regarding proposed savings, Andrews highlights international experience that shows large scale re-organisation seldom delivers meaningful financial savings, and if anything can worsen the financial sustainability of local government.

Prof Andrews warns that 'further rationalization of local authorities in Wales will result in significant democratic loss' and cites survey data from Wales and across Europe that shows a 'strong negative relationship between council size and multiple indicators of citizens' political efficacy'.

For Welsh Government, therein lies the challenge. A core part of the post-Williams debate is at what level is it most appropriate to manage and deliver public services to ensure better outcomes. But this is not the only consideration.

"In some instances, bigger is better, while for others, beauty lies in smallness"

Whether it's 22, 11 or 44, Wales must decide first what it wants local government to do; and then, crucially, ensure proper governance structures are developed that guarantee democratic accountability to the people. That's the part the Electoral Reform Society will focus upon. The promise of devolution in 1997 was that the Quango State of Wales would be swept away: no more jobs for the boys; decisions would be taken and implemented democratically and transparently. But from regional education consortia to city regions, there's a danger that a new technocracy is developing, which risks taking power out of the hands of the people and placing it into the hands of administrators and 'experts'.

All four parties in the National Assembly have rich traditions of fostering local democracy. Welsh Labour was born out of the co-operative movements of the South Wales Valleys; Plaid Cymru adheres to the principle of 'decentralised socialism'; the Welsh Liberal Democrats are guided by a belief in what Peter Black describes as 'liberal subsidiarity'; and the Welsh Conservatives are thinking actively what 'double devolution' might look like.

How far policy-makers in Cardiff Bay are prepared to 'let go' and embrace an approach that revitalises local government remains to be seen. Williams could be the start of a municipal renaissance in Wales or it could signal the end of local government as we've known it for over a century. For the Electoral Reform Society, the challenge is this: how do we re-structure in a way that protects and enhances democracy, whilst also delivers better public service outcomes?

That's the Catch 22.

"there's a danger that a new technocracy is developing"

Time for change: Democratising and empowering our councils



Peter Black
AM is the
Welsh Liberal
Democrats'
spokesperson on
local
government
and is
Assembly
Member for
South Wales
West

A dictionary definition of 'collaboration' tells us that it is a situation in which 'two or more people work together to create or achieve the same thing'. For many in Wales over the last few years, collaboration has been a form of displacement activity to avoid facing up to and doing something about the mess created by the 1996 re-organisation of local government.

There is no doubt that collaboration is on-going across Wales both between local councils and between councils and other public sector bodies. Much of that collaboration is beneficial and results in better public services, some of it even saves money, but by its nature this form of joint working is a moveable feast as priorities change and budgets come under pressure. It is certainly not the permanent solution to poor performance and diseconomies of scale that Welsh Ministers and their officials envisage.

What is more this collaboration often distorts the local democratic mandate. Joint arrangements are frequently opaque and are delivered outside of the public's gaze. Councillors anxious to discover the efficacy of such compacts often cannot get partner organisations to give evidence to scrutiny committees and are stymied in their investigations by confidential partnership documents and complex legal arrangements. As a result they cannot use the scrutiny process to improve service delivery.

As a liberal, I am inherently opposed to large structures. I do though sign up to a process known as subsidiarity, which is the principle of devolving decisions to the lowest practical level. It is my view that in many instances big services such as education and social services are being entrusted to bodies whose capacity to effectively deliver them falls below the lowest practical level.

That has a cost in itself, both in terms of poor services as evidenced by many Estyn and CSSIW reports as well as government interventions, but also in terms of the retention of and the ability to attract high quality staff, and tying up of money in disproportionate bureaucracies that would be better spent on the front line.

In recent times ministers have sought to counter this problem through regional working, though their failure to promote consistent regional boundaries has just added to the confusion. For example, the Welsh Government is promoting the transfer of powers to four regional consortia to deliver education in Wales and have now reached an agreement with the WLGA to top-slice money so that these consortia can actually deliver services. Policies are now being made at a regional level with little or reference to councillors and with no opportunity to effectively scrutinise them

At the same time the Minister for Local Government has set down a framework under the title Collaborative Footprint for Public Services which attempts to standardise future collaboration based on six specific regions. These though are different to the regions specified for educational delivery.

All of this is going to come to a head early next year when the report of the *Commission on Public Service Governance and Delivery* is made public. All the signs are that they are going to finally grasp the nettle and propose a drastic reorganisation.

"Collaboration has been a form of displacement activity to avoid facing up to doing something about the mess"

My view is that if they confine this solely to local councils and fail to further devolve powers within Wales then they will have missed a substantial opportunity to widen the democratic basis of our public service delivery.

We need to take the opportunity in any reorganisation to reconsider who delivers key services at a local level and that should include the devolution of powers from the National Assembly to the new councils. In addition any reorganisation needs to improve transparency and accountability in the delivery of services as well as to better empower local people.

I think it was a mistake to exclude the local health boards from the ambit of this commission. As was made clear by the outgoing Public Services Ombudsman, these bodies are largely unaccountable to the population they serve, operate in an opaque manner, are not scrutinised or challenged in any detailed or meaningful way and deliver services that often overlap with those of other public sector providers such as local councils.

We also need to consider the role of town and community councils and the national park authorities. Although there are good examples of effective and efficient community councils delivering good services at a local level, many are too small to replicate that provision. A sensible re-ordering of community councils could enable them to fill the gap in ultra-local service provision created by the reorganisation of unitary authorities.

The three national park authorities remain largely unaccountable to the population they serve. Democratising them would set two mandated authorities up against each other within the same geographical area and it would be best if instead their planning powers and their countryside and conservation functions were instead transferred to the new councils.

"As a liberal, I am inherently opposed to large structures"

Newly reformed local authorities should be more accountable, constituted on a scale that can deliver services efficiently and encompass a broader range of responsibilities so as to produce a more strategic and joined up approach to governance. We should also take the opportunity to ensure that the governance of these councils is fit for purpose and that they better reflect the views of the local population.

I believe that we can best achieve this by reducing the number of councillors, ensuring that the number of executive councillors are properly utilised in a strategic role and having councils elected by the single transferable vote system so they are properly representative of the way people voted.

In addition to this we need to examine the case to pass over responsibility for public health and community health care to these locally elected councils so as to create a single health and social care function that will eliminate duplication and waste and be accountable to local electors.

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We should also look at passing other strategic responsibilities to councils such as those for post-16 education so that they can deliver the 14 to 19 agenda as a seamless whole. We could give them greater strategic control of transport within their area including the power to deliver cross-modal transport solutions and a wider economic development remit. We might wish to, pass on to them responsibility for community regeneration including the future delivery of communities first, and enable them to develop local economies by empowering them to regenerate town centres, stimulate local job creation, including allowing them to retain some of the proceeds of business rates in order to incentivise economic growth.

Back to the future?



Mike
Hedges AM
is the Welsh
Labour
Assembly
Member for
Swansea
East, and
former leader
of Swansea
council

The question, "Is twenty two the wrong number of local authorities for Wales?", should perhaps be followed by, "Is one ambulance service, three fire authorities, four police authorities, and seven local health boards the right number?"

My simple answer to both is no; however, having lived through one major local government reorganisation, I also don't want the expense and upheaval of another.

Prior to 1st April 1996, we had 37 district councils and 8 county councils; is it just coincidence that the last reorganisation produced 22 unitary authorities almost exactly mid-way between the two?

If I had been responsible for the reorganisation back in those days, I would have preferred to have seen three unitary authorities (Swansea, Cardiff and Newport), 5 county councils and 30 district councils.

Such a set up would no longer be practical in post devolution Wales, as the existence of the National Assembly for Wales would effectively add an additional layer of government; something I don't think the people of Wales would be in favour of, particularly in these times of austerity.

Whilst most English unitary authorities have populations ranging between 100,000 and 250,000 (with some like Birmingham City Council substantially bigger), England has at least one unitary authority (Rutland) that is smaller than any in Wales.

Likewise in Scotland, at least three Scottish local authorities (Shetland Islands, Orkney Islands and Na h-Eileanan Siar) are substantially smaller than any in Wales. If size really was all important and bigger was always better, then presumably the problems at Birmingham City Council's social services department would not exist.

If every local authority in Wales was the same size as Cardiff (population circa 345,000), we would have approximately 10 unitary authorities, and if every local authority was the size of Rhondda Cynon Taff (population circa 234,000), then we would have approximately 13.

When local government reorganisation is considered, the savings from reducing the overall number of councillors, chief officers and other senior staff is seen as an easy way of reducing council budgets.

Let's look at the recent example of Natural Resources Wales (NRW). In early 2012, the Welsh Government consulted on creating a new body for the management of Wales' natural resources. Following the 'A Living Wales' consultation, and the preparation of a detailed business case, the Welsh Government announced it would create a single joined-up body by bringing together the functions of the Environment Agency Wales, the Forestry Commission Wales and the Countryside Council for Wales. This is an obvious example of substantial savings and economies of scale resulting in two fewer chief executives, two fewer boards, and an overall reduction in senior staff.

What we do know regarding the costs of setting of up of Natural Resources Wales is the following: £2million was placed in the budget 2013/14 for the initial set-up costs for the new organisation (over 2.5% of its total budget), and that an "invest-to-save" investment of £2,548,000 was also made by the Welsh Government. The prediction is that by 2015/16, savings for the organisation should start to

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emerge and by 2019/20, there will be an overall saving.

There were three main causes of costs being incurred during the start-up of National Resources Wales following the merger, these being were IT, staffing and pension costs. Information technology was by the far largest, with transitional costs of £2,698,000 and programming costs of around £400,000, adding up to over £3million. That is almost 4% of the combined budget! The two other major costs were redundancy/pension costs and legal, actuarial, and consultancy costs. Whilst there were, and are good operational reasons as to why I fully support the creation of Natural Resources Wales, it (like every other merger) has come with a hefty up-front cost.

It's therefore reasonable to presume that such a major reorganisation of the current 22 set-up would also come with significant up-front costs. This was demonstrated back in the mid-1990s with the creation of the unitary authorities, which generated reorganisation costs of approximately between 5% and 10% of council expenditure.

Previous public and private sector mergers have taught us that savings predicted in the medium to long-term future are either not realised or are produced by reductions in services (and that start-up costs, particularly IT, can escalate).

Apart from the overall cost from any mergers or reorganisations of local councils, there are two other central issues to consider: the number of councillors; and most importantly to the electorate, the effect on council tax.

Firstly, under the set-up of new local authorities, there would either need to be a whole scale boundary review across Wales to produce new wards/councillor allocations for the new authority, or there would need to be a joining together of authorities based upon the current electoral wards

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and councillor allocations, which could very easily lead to several councils consisting of over 100 members! It's worth bearing in mind however that a full boundary review and creation of new electoral arrangements would almost certainly take several years to complete and organise.

If councils are just joined together, the council tax charged for each band in the area must be the same; however, council tax bands vary considerably across Wales by over £500 per annum from the cheapest to the most expensive.

If we apply this to the current councils formerly within the old county areas, you'll find that council tax in Neath Port Talbot is over £250 more than in Swansea, as is Carmarthenshire over Pembrokeshire; Blaenau Gwent is over £450 more than Newport; and Caerphilly, a few pence under £300 less than in Merthyr Tydfil. It goes without saying, there would be a lot of unhappy council tax payers if a merger back to the old county council areas happens in South Wales!

"An interesting quote will be pulled out here"

The most pragmatic solution I believe is greater joint working between councils within the three major service areas of education, social services and waste disposal. There would also be a benefit from a transport and development plan covering several councils, and in South Wales, this could easily be based upon the proposed City Region boundaries. The sharing of back office functions, such as IT and procurement, should also be encouraged among authorities in order to bring expenditure down.

As we have gone almost 23 years since the last local government reorganisation, there appears a level of inevitability about a new one; but, just because it may be inevitable, it does not mean that it is the right thing to do.

With this in mind, I wonder how close to current arrangements the reorganisation in 2039 will be!

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Squeezed Middle Centralising Services Weakens Democracy in Mid & West Wales

I am continually disappointed by the persistent calls for re-organisation of local government with no in depth analysis of why. Flippant comments as to there being too many senior officers on exorbitant salaries without due attention being paid to the remit of such officers and their legal responsibilities to deliver services over large tracts of rural Wales, as well as in the more closely knit urban areas, do not add to the debate.

While giving evidence to the Commission into Public Services, I made the point that I was pleased that the remit given to the Commission was broader than just the present responsibilities of local government. We really do need to look at how best our electorate and our communities are to be served, and those services delivered with proper democratic and relevant geographic accountability. Accountability, which is sadly lacking within our health service and within the newly appointed body that is Natural Resources Wales: so much for the bonfire of the quangos.

Very soon after my election as Leader of Ceredigion County Council, I had to deal with severe flooding in the north of the county. An emergency that was well handled by all rescue agencies working together. However, it soon became clear after the event, that within a small village like Tal-y-bont, which is in my ward, the myriad number of agencies residents had to deal with was a nightmare. To them, the county council was their first port of call. It turns out, however, that the county council is only responsible



Clir Ellen ap
Gwynn is the
Plaid Cymru
leader of
Ceredigion
County
Council

for the Leri river from its source to the bridge in the middle of the village, which is on the A487, a trunk road, a Welsh Government responsibility. From the bridge to the sea it is the responsibility of Natural Resources Wales. In addition, Dwr Cymru is responsible for the sewage system, one office in Dolgellau responsible for the pumping station and Carmarthen County Council under contract to deal with sewer maintenance. You couldn't make it up! This farcical situation underlines the need for more joined up services under the responsibility of the local county council.

The case of joined up good public, community health and social services is another case in point. Let's go 'back to the future' and allow county councils to appoint Medical Officers of Health and district and school nurses, as they used to, in order to ensure better joined up working with social care services at community level. Our residents need one coordinated team to care for their needs, not the hassle of having to deal with different agencies over which they have no democratic control.

"We really do need to look at how best our electorate and our communities are to be served"

Allowing these services to be controlled locally, rather than having to fight for resources from a Local Health Board that is focused on clinical interventions in hospitals is not the way to ensure good value for money. Wales needs a National Health Board, answerable to the Minister, for the strategic planning of our hospital services on a Wales-wide, not on a regional basis. Hywel Dda Health Board is sucking services away south from Bronglais in Aberystwyth. They apparently, do not see the essential role of that hospital to the health and wellbeing of the residents in the wider mid-Wales area, which includes Meirionydd and parts of Powys.

A similar agenda of concentrating the focus for economic development and transport around the socalled city regions of Cardiff and Swansea and along the north Wales coast is again endangering the viability of services in mid Wales. Aberystwyth was

designated the natural regional centre of mid Wales under Sue Essex's Wales Spatial Plan. It would seem her successors in Cardiff Bay are now ignoring this planning expert's view of Wales. A view which I believe should be the starting point of any reorganisation if it is to happen.

Ceredigion County Council is responsible for services over the fourth largest geographical area in Wales although one of the smallest in population terms, however, we work well in partnership with neighbouring authorities. Powys is our main partner in transport, highways and education due to the similar needs of rural communities. Although we share some services we retain our democratic sovereignty in order to ensure that the needs of our residents are addressed and that we are democratically accountable.

"a time of austerity is not the time to re-organise local government"

I would suggest that a time of austerity is not the time to re-organise local government on large footprints based on spurious population numbers. We need local government that makes sense to people and that is based on natural historic communities. We need to remember that when we last had large councils we also had district councils: they no longer exist. There is a real danger that services will be moved further and further away from those who need and pay for them and that their involvement in local democracy will weaken as a result.

Having to deal with the austerity agenda of the London Coalition, which is starving us of much needed cash, is not a time to take our eyes off the ball of providing improved services to our electorate. Re-organisation will lead to a loss of experienced officers and elected members and entail unnecessary spend at a time when we can least afford it.

Allow the experts in local government to lead on this not those who have no inside knowledge or experience of its workings. The Welsh Government should step back and take a strategic view of the needs of Wales and its people, and not try to micromanage local services from afar. They are elected to develop policy and legislate, not to provide services directly.

The people of Wales deserve better than a uniform structure of local government, one size does not fit all, our communities have differing needs and aspirations and that basic fact should be recognised by all.

Does local government re-organisation work?



Prof. Rhys
Andrews is
professor in
Public
Management
at Cardiff
Business
School,
Cardiff
University

Local government reorganization has a long history as a strategy for reaping gains in efficiency. In recent times, such structural reforms have invariably involved amalgamations of two or more smaller organizations into a new bigger body in the hope that the new entity will benefit from the scale economies associated with increased size. Countries as diverse as Australia, Brazil and Denmark have all embarked on large-scale reorganizations that have been driven by this rationale. The United Kingdom is no exception to this trend and in many ways has been at the forefront of the kinds of reorganizations that are now becoming commonplace elsewhere. Since 1900, the total number of elected local authorities in England and Wales has fallen by more than 75% from almost 1500 councils to only 365, with certain types of council being abolished altogether. As a result, local authorities in the UK are now amongst the largest in Europe, being almost thirty times larger than the EUaverage. Yet, the pressure to become even bigger and even more efficient remains.

In Wales, cuts to public sector budgets and perceived weaknesses in service provision have prompted a re-think of the commitment to collaboration, which has characterised the Welsh public service improvement agenda during the past decade. The upshot of this is that there is now the very real prospect of a further reduction in the number of Welsh councils from the 22 that were inaugurated in 1996 to a "magic" number of somewhere between ten and fifteen. Given that councils in the UK are already extremely large,

numerous questions about the effects of such a large-scale reorganization need to be answered. Are bigger units of government really more costeffective? How long will it take to recoup the costs of the actual process of reorganizing? What are the implications for local democracy? To provide some initial answers to these questions, I will reflect on the lessons from research on the effects of reorganizations internationally.

One common theme in debates about local government reorganization in countries across the world is the absence of hard evidence to back up the claims made by advocates of amalgamation. Reformers assume that the scale economies accruing to bigger units of government will inexorably translate into better, less expensive services. Yet, politicians' rhetoric on cost-savings and service improvement is rarely backed up with any kind of analysis underpinning the benefits that are being touted. Researchers in the United States have analysed the arguments used by advocates of local government reorganization. They find that that reformers focus on framing opponents of change as out-of-touch "losers" rather than the presentation of a firm foundation for the claims that they make. Given that advocates of reorganization point towards seemingly limitless economies of scale being present within the local government system, it is nonetheless important to determine whether there is any substance behind the assumption that fewer councils means lower costs.

The available research evidence on scale economies in UK local government (and elsewhere) suggests that scale economies are not uniform across the services provided by councils. For some local public services bigger may be better, while for others small may be more beautiful – at least in terms of efficiency and effectiveness. Determining the optimum size for organizations, like Welsh councils, that provide a wide range of different types of services is therefore an incredibly challenging

"Since 1900, the total number of elected local authorities in England and Wales has fallen by more than 75%"

task. Even if it were possible to precisely calculate the costs and benefits of different for each of the services provided by councils, there is no guarantee that such a calculation would hold good for the future or that the costs of actually rescaling organizations would be outweighed by the projected benefits.

Aside from economies of scale, local government reorganization is assumed to generate cost-savings for the simple reason that fewer organizations require fewer expensive top managers. But experience in the UK, the US, Australia, Canada and many other countries shows that reorganization seldom results in the kinds of large-scale redundancies needed to save money. Even where lay-offs do occur, redundancy payments and the like invariably wipe out the small savings being made. Thus, aside from the actual challenge of developing workable management systems and structures for the new entities, reformers are rarely able to reduce labour costs to any meaningful degree. In fact, nearly all of the studies of local government spending before and after amalgamations suggest that reorganization does not result in significant costsavings, and can even worsen the financial sustainability of councils.

"scales of economies are not uniform across the services provided by councils"

Conscious of the crudeness of the efficiency argument, advocates of reorganization also claim that bigger organizations have better managers and more capacity for meeting local needs. Yet, one of the main justifications for small local authorities is that they are closer to the communities that they serve. At a time when citizen involvement in public services is an important goal for overcoming social exclusion, any alteration in the delicate balance between local democracy and efficiency may prove socially as well as economically costly. Survey data from Wales, Denmark and other European countries points towards a strong negative relationship between council size and multiple indicators of citizens' political efficacy. To overcome a democratic deficit that may simply be absent in smaller

authorities, bigger councils are likely to have to invest in additional participatory structures, adding even further costs to the reorganization balance sheet.

So what are the implications of the research evidence for local government reorganization in Wales? Well, firstly, it indicates that alternative structures for different local services may be the only way to reap the benefits of large or small size, but the prospects of a return to a multi-tier system are non-existent. Secondly, it highlights that the reorganization of councils is likely to cost a lot of money. Finally, it suggests that a further rationalization of local authorities in Wales will result in significant democratic loss. Given that the Welsh public sector is already under substantial financial pressure, and that there is little evidence to suggest that reorganization would in any way alleviate that pressure, I would strongly caution against any alteration to the present system. Alternative paths to public service improvement exist, and time and money would be better spent exploring these, rather than clinging to the "magic bullet" of local government reorganization.

