

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL**COUNCIL – TUESDAY, 11 SEPTEMBER 2018**

Title of report	UPDATE ON COUNTY COUNCIL'S INTENTION TO CONSIDER UNITARY PROPOSALS AND A STRATEGIC ALLIANCE FOR THE EAST MIDLANDS
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Purpose of report	To note and consider the County Council's intentions to consider unitary proposals and a strategic alliance for the East Midlands.
Council priorities	Value for Money
Implications:	<p>Work on the financial and staffing implications will form part of the wider discussions and negotiations. Initial work will be funded through existing budget provision. There will be resource and capacity issues associated with both the assessment of any proposal and/or the development of alternative proposals and these will be presented to Cabinet for approval in due course.</p> <p>None.</p> <p>Risks and mitigations are identified and addressed in the Communications Plan.</p> <p>Not required at this stage however a full Equality Impact Assessment would be completed for any detailed proposals.</p> <p>None discernible.</p> <p>Not applicable.</p>
Financial/Staff	
Link to relevant CAT	
Risk Management	
Equalities Impact Screening	
Human Rights	
Transformational Government	
Comments of Head of Paid Service	As author, report is satisfactory
Comments of Section 151 Officer	Report is satisfactory

Comments of Monitoring Officer	Report is satisfactory
Consultees	None.
Background papers	None
Recommendations	TO NOTE THE COUNTY COUNCIL'S INTENTION TO DEVELOP PROPOSALS FOR UNITARY GOVERNMENT AND EAST MIDLANDS STRATEGIC ALLIANCE

1.0 CONTEXT AND BACKGROUND

1.1 On 6 July 2018 Leicestershire County Council Cabinet met to consider a report on local government reform in Leicestershire. This followed a decision of the Conservative Group to agree in principle that the County Council should develop proposals for a unitary structure for Leicestershire. The report is attached as Appendix A and provides a framework and timetable for the consideration of the proposals.

1.2 This report seeks to:

- Set out the proposed actions and governance timetable to facilitate North West Leicestershire's response to the County Council proposals;
- Set out the council's approach to communication and consultation with North West Leicestershire's communities, stakeholders and partners;
- Identify the initial actions that will need to be taken to ensure that any future proposals either by the County Council or by District Councils are robustly assessed to inform members in their future decision making.

1.3 Government finances continue to reduce year on year with particular pressures on health and social care budgets and local authorities face future uncertainty with the outcome of the fair funding review and business rate changes. Public sector reform is a live debate in many areas of the country and can provide an opportunity to look at new collaborative proposals to improve how local government works within our localities. District Councils are closely connected to their communities and can contribute to improving the sustainability of health and social care provisions through close effective partnerships. However with funding forecasts for all tiers of local government post 2020/2021 being particularly challenging there is a clear driver for reviewing the current arrangements to ensure local government is sustainable and can continue to deliver quality services for our communities.

The Council will need to robustly assess any future proposals for change considering not only the potential financial benefits, but also

- Place – community
- Scale – impact on customer service and accessibility
- Geography
- Democratic accountability
- The need and consensus of the community
- Economic Functioning areas - Impact on economic growth within Leicestershire
- Linkages to wider strategic economic partnerships/alliances

2.0 PUBLIC SECTOR REFORM MODELS AND UNITARY PROPOSALS

2.1 There are a number of different models operating within the UK from the traditional County/Unitary two tier model to more collaborative district and unitary models. There are also a number of areas that have taken the decision to review local government structures, led by both County Council and District Council. These examples will provide useful case studies for North West Leicestershire in its considerations and assessment of proposals. Previous guidance from Government back in 2016 was that:

‘where an area has plans for its governance arrangements to be changed and proposes this to the Secretary of State, it must provide evidence as to how its proposals are likely to result in the provision of better local public services, significant cost savings, greater value for money, stronger and more accountable local leadership, and sustainability in the medium to long term. It is of course open to any body or person to make representations to the Secretary of State either in support of or in opposition to such proposals. As we have made clear during discussions with areas, whilst size is an important consideration for areas considering governance changes, there is no maximum or minimum permitted sizes.’

2.2 Despite the statement that there was no maximum or minimum size, DCLG had however indicated in response to the proposals from Dorset for reorganisation that they regarded the minimum size for a unitary to be around 300,000 population and a maximum of around 700,000.

2.3 Since then the government has produced statutory guidance under the Local Government and Public Involvement in Health Act 2007 by the then Secretary of State Savid Javeed, in relation to the Northamptonshire situation and the invitation on 27 March 2018 to the Northamptonshire councils to submit proposals for unitary government. Whilst this related to the situation in Northampton, it is likely that similar criteria would be applied to any other proposals which would come forward from areas.

In particular the guidance states:

A proposal should seek to achieve for the area concerned the establishment of a single tier of local government that is the establishment of unitary authorities;

- a. Which are likely to improve the local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures;*
- b. Which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and*

- c. *Where the area of each unitary authority is a credible geography consisting of one or more existing local government areas and having a substantial population that as a minimum is substantially in excess of 300,000.*

2.4 In addition in a parliamentary question asked on 18 April about the unitary councils the Minister Rishi Sunak MP replied:

'the Secretary of state has issued this guidance including population size, having regard to past reorganisations, the Northamptonshire County Council Best Value Inspection Report of March 2018 and research, including that from the County Council's Network in 2016 into lessons from previous unitarisation which found that the scale of the unitary was key, with larger authorities able to deliver economies of scale while smaller unitary councils were more likely to be less reliant'

2.5 As we await the publication of the County Council's proposals, business case and details of the types of models that are proposed, North West Leicestershire members will need to consider the risks, costs, benefits and opportunities that public sector reorganisation affords and the direct impact on the communities of North West Leicestershire. It is likely that we will need to consider a number of different models

- Remaining as a multiple tier local government (Parish/Town, District and County)
- One County Unitary model
- A combination of a number of Unitary models across Leicestershire – taking account of the government guidance with regards to the preferred population size for any unitary it is likely that consideration would need to be given to a two unitary model either North/South or East/West.
- Enhanced collaborative models involving District Council mergers

3.0 STRATEGIC ALLIANCE

3.1 In consideration of any proposal the council will also need to take account of the wider partnership framework that exists within the East Midlands. There is a clear reference within the County Council report to the ongoing work investigating the opportunities that a Strategic Alliance would have for Leicestershire, Lincolnshire, Nottinghamshire and Derbyshire. Enhanced collaboration at this level could provide a unified strong voice promoting and delivering economic growth across our region.

3.2 The Leader of the County Council is on the record as saying that he feels it is important for a Strategic Alliance to be formed in the East Midlands to counter the influence which the West Midlands has through its Combined Authority and Elected Mayor, such influence being evident in Government funding allocations and devolved responsibilities. The Leader of the County Council has said that he has met with Leaders of the other Upper Tier Councils in the East Midlands with a view to progressing an Alliance, first through discussion with the Secretary of State for Housing, Communities and Local Government.

3.3 It is not yet known how a Strategic Alliance would operate and what would be the most effective and efficient way to deliver the aspirations, and how this would influence future public sector reform proposals. This would need to be a consideration of the Council when the final proposals are shared.

4.0 PROPOSED INITIAL ACTIONS

4.1 To support the Council in its response officers have undertaken the following work:

- Initiated a communication strategy for internal and external use
- Set up an in house project team led by the Chief Executive to oversee the possibility of local government reorganisation and all that arises from it. This project team will consist of officers with legal, financial, communication, community and organisational development specialisms
- Taken external legal advice in order to inform the Council on the statutory stages for any local government reform and relevant statutory instruments
- Commenced discussions with Leicestershire's District Council Leaders and Chief Executives on the current proposals

4.2 The intention is to engage with the County Council Leader and Chief Executive as soon as the proposals are published.

4.3 There is likely to be a need to commission further work, either to consider the County Council proposal or to consider alternative proposals to ensure that members have a robust analysis of all options. Initial work will be funded through existing resources and budgetary provision with the approval to find further expenditure for 2018/2019 sought from Cabinet as necessary. There will be resource and capacity issues associated with both the assessment of any proposal and/or the development of alternative proposals.

5.0 COMMUNICATION AND ENGAGEMENT

5.1 It is important that, as the proposal progresses through the various decision-making stages, we keep our stakeholders – including staff, members and partners - well informed of the current NWLDC position and decisions made by other authorities, including Leicestershire County Council.

5.2 A communications and engagement plan has been drafted to ensure good communication throughout the process. This is attached as Appendix B. This is an evolving document that will be used to guide our communication as the process develops.

5.3 The Key Communication Messages are as follows:

- The idea of unitary authorities is not new – other authorities have investigated the possibility and some have gone through the process
- The proposal for Leicestershire is in its very early days
- NWLDC would like more evidence and investigation into the options before it decides which option it will support
- NWLDC will not dismiss any model until we assess the evidence showing benefits and risks for North West Leicestershire communities
- Any decision made by NWLDC on this will be in the best interests of people living and working in North West Leicestershire
- Our focus will be to continue to provide quality services to our community

- We will engage and communicate with our community, key stakeholders and partners in an open and transparent way to help explain and demystify any proposals to change the way local government works in Leicestershire

5.4 It will be necessary to review the schedule of meetings to ensure that there is robust scrutiny of any proposals and timely decision making to respond to the initial consultation on the proposals. NWLDC staff will receive regular updates via the intranet, staff emails, staff roadshows and communication with managers. This is imperative to reassure staff and ensure adequate engagement opportunities during a potentially unsettling period of time.

5.5 North West Leicestershire residents will also be a priority; we will use all the communication tools and networks available to us to ensure they are well informed and have the opportunity to engage with the process and inform our decision making. For example, any consultation held by Leicestershire County Council will be promoted throughout all our internal and external networks, as well as on the NWLDC website and social media channels.

Our Key principles applied to all communication on this matter will apply:

- We will communicate with the right people at the right time in the right way.
- We will make members and staff know of upcoming progress and decision points ahead of time.
- Following decisions or progress, we will update staff and members at the earliest opportunity with an overview and the NWLDC position.
- We will liaise with the media in an open and transparent way to ensure NWLDC's position is clear and residents are made aware.
- We will share information from ourselves and other authorities on the matter using all our communication tools, including social media and our website.

5.6 In consultation with the Leader of the Council we have issued an initial press statement which confirms the current position and the need to have an 'open mind' to all proposals for reorganisation with the primary aim being that any move away from the current structures would need to be for the benefit of the communities in North West Leicestershire. The relationship with our District Council and City and County Council partners is vital in delivering effective and co-ordinated services to our residents. We recognise the importance of maintaining regular communication with the joint leaders throughout the coming months.

5.7 Following a meeting of District Council leaders on the 30th August a communication strategy covering all seven districts will be developed ensuring consistent and co-ordinated communication of key messages to the community, stakeholders and partners setting out the collaborative work that will be undertaken by District Councils in reviewing all options for public sector reform. This strategy will recognise the sovereignty of each District and link into our own communication plans.

6.0 PROCESS FOR PUBLIC SECTOR REFORM

6.1 The power to enact a 'Merger' of either Districts or District/County is derived from the Local Government and Public Involvement in Health Act 2007 as amended by the Cities and Local Government Devolution Act 2016 and the process would in outline involve:

- The Councils internally setting out their proposals for the merger (e.g. its benefits, reasoning, impact assessments, new constitutional structure, boundaries, business case and so on) and developing proposals which would be the subject of consultation.
- The Councils engaging and consulting with the public, stakeholders, bodies and organisations within their area in respect of the proposed Merger, ensuring that proposals are effectively communicated. Discussions with government would also be recommended.
- The proposals being developed following the consultation by the Councils which includes how through the merger the criteria would be satisfied and so outlines the benefits which would accrue
- An agreement to proceed with the proposals through simultaneous Cabinet meetings would need to be made. Whilst it is an Executive function the Leader has indicated that full member engagement would be essential through Full Council prior to the final decision made by Cabinet.
- The councils securing delegated authority for the necessary officers (usually the Chief Executive) to act and enable the Secretary of State to make regulations under the 2016 Act enabling re-organisation to take place
- The submission of the merger proposals to the Secretary of State
- A consultation and representation period by the Secretary of State
- A decision by the Secretary of State to accept or decline the proposed merger
- If accepted, proceeding with Modification of Boundary Change Enactments Regulation and Local Government Changes Order (which relates to the governance, member appointment, electoral matters, transitional duties and so on)

6.2 Whether the proposal was to create new district councils by the merger of two or more councils, or to create a unitary between a county and districts the process outlined above would apply. Reorganisations tend to also put transitional duties on the councils involved requiring them to take necessary steps for the further transfer of functions, property, rights and liabilities and to co-operate with each other to further the purposes of the reorganisation Order.

7.0 LEICESTERSHIRE DISTRICT COUNCILS CONSIDERATIONS

7.1 The District Leaders have met and considered the County Council report and issued a press release which confirms their intention to look at all options of public sector reform in addition to the one County Unitary option. At a meeting of District Leaders which took place on 30 August all Districts agreed to work collaboratively to investigate fully the options available for public sector reform in Leicestershire starting with a review of enhanced collaboration.

7.2 Lessons from other areas where public sector reform is being considered, or has been implemented, show that in order for change of this nature to be effective, change should start with greater collaboration where there is an effective and trusting relationship between all sectors of public sector delivering services to our communities. It is important that all partners are fully engaged and involved in the development of options where the proposals include significant change to the way local services will be delivered across Leicestershire.

The District Council Leaders wrote to the County Council on the 3 September requesting the County Council:-

- Share the proposals that are being developed as soon as possible.
- Terminate the current unilateral process and consider joining in with the district councils on the work that we are currently undertaking.
- Reconsiders the timescales set out for public consultation to enable a robust assessment of proposals to be made if the County Council continue to develop proposals in isolation.

7.3 A response was received on the 4 September clarifying that the County Council was investigating a wider range of options and that the period of time during October/November would be for engagement and that full consultation would be conducted after the County Council meeting on the 5 December 2018.

8.0 LEICESTERSHIRE COUNTY COUNCIL PROCESS

8.1 The details of the County Council proposals are currently unknown, however we have received confirmation on the 4 September that the County Council will be considering a number of different proposals. The County Council cabinet on the 6 July approved the following recommendations:

- (a) The Chief Executive and Director of Corporate Resources be requested to work with counterparts in the region in the development of a Strategic Alliance for the East Midlands;
- (b) Work be undertaken on the development of a unitary structure for local government in Leicestershire;
- (c) The following timetable for consideration of the above be approved:-

Cabinet	16 October	to consider outline proposals and agree to engage with stakeholders on options
Scrutiny Commission	14 November	to comment on the outline proposals
Cabinet	23 November	to consider the outcome of stakeholder engagement and the way forward
Council	5 December	to debate the proposed way forward

- 8.2** We are advised that any proposals would need, to be the subject of extensive consultation to satisfy the requirements set out by the Secretary of State. In order to evidence that the proposals commanded a 'good deal of local support' the local public and stakeholders would need to have been given the opportunity to consider the proposals and give their views.
- 8.3** Time must be allowed for full comprehensive and meaningful consultation; for example, during the Dorset reorganisation the period allowed for public consultation was from 30 August to 25 October 2016; with the proposals considered then by the councils in December and the decision as to which option to pursue made in January 2017.
- 8.4** In Dorset, the consultation was on a set of different options, which included 4 different options: one for a single unitary and then three permutations creating two unitary councils. All options had been developed by the councils working together. These were consulted upon together and in the Order made by the Secretary of State the process of consultation was referred to in some detail in accordance with the Cities and Local Government Devolution Act. This requires the Secretary of State to include in his report which makes the Order, a description of any consultation he has taken into account; together with any representations considered and other evidence of contextual information.
- 8.5** We have received confirmation from the County Council that following the publication of the proposals there would be engagement with key stakeholders and that full consultation will take place following the County Council full council meeting on the 5 December 2018.
- 8.6** The schedule of District Council meetings has been amended to ensure that there is an opportunity to scrutinize the County Council proposals after they are published on the 16 October and prior to the County Council Cabinet considering the outcome of stakeholder engagement on the 23 November.

The schedule of meetings is as follows:

- Policy Development Group 5 November
- Council 13 November
- Cabinet 14 November

9.0 LEGAL ISSUES

- 9.1** As the process described above progresses, members will be asked to vote on various options for reorganisation. Given the subject matter, members are advised to carefully consider their eligibility to take part in such votes. Appendix B contains a legal briefing note on issues of interests, bias and predetermination that arise in this situation. This note sets out the overarching legal principles and has been prepared with the input of Monitoring Officers from all of the district councils in the county. That said, each individual council and each individual member will need to apply the overarching principles to their own circumstances. Members who are also elected to the County Council have already had individual advice from the Monitoring Officer. If any member requires advice on the matter, please contact the Monitoring Officer.