

## **CABINET – 16TH AUGUST 2018**

### **Report of the Chief Executive Lead Member: Councillor Jonathan Morgan**

#### **Part A**

#### **ITEM 7      MODEL OF LOCAL GOVERNMENT IN LEICESTERSHIRE**

##### Purpose of Report

To seek Cabinet's endorsement of the proposal to work with other local authorities in Leicestershire to review the current model of local government for Leicestershire.

##### Recommendation

That the Council adopts a collaborative approach with other Local Authorities in Leicestershire to examine what may be the best way of delivering local services for residents in the County, and in the wider context of the East Midlands region.

##### Reason

To demonstrate commitment to collaborative working and produce a proposal upon which stakeholders have been fully engaged.

##### Policy Justification and Previous Decisions

There have been no related previous Cabinet decisions on this matter. The Corporate Plan sets out the Council's objective of providing efficient and effective services through its theme of Delivering Excellent Services. This collaborative exercise would identify whether that objective would be better achieved by adopting a different model of local government in Leicestershire.

##### Implementation Timetable including Future Decisions and Scrutiny

Cabinet's decision would come into effect immediately following the call in period for this item.

The report will be available for pre decision scrutiny by the Overview Scrutiny Group if requested at its meeting on 13th August 2018.

It is anticipated that the Scrutiny Management Board may wish to consider the long term implications of this report and will therefore be able to arrange any future scrutiny of any future proposals that emerge.

##### Report Implications

The following implications have been identified for this report.

### *Financial Implications*

At this stage, no detailed specification has been prepared to identify, appraise and evaluate options. It is envisaged that all participating local authorities would jointly develop a specification and scope to be agreed by all. Initial work on the preparation of a specification would be undertaken within existing resources using existing budgets. Once all participating local authorities have agreed on the specification, should any additional costs be identified that are not covered by existing budgets, a further report will be presented to Cabinet to seek approval to any such expenditure. Clearly, it is important that costs are kept to the minimum necessary whilst recognising that a thorough and detailed appraisal will be needed.

In the future, should any form of local government reorganisation occur, significant costs associated with the process of re-organisation may be incurred although the intention would be to implement a model that is financially beneficial to taxpayers by providing savings to taxpayers and residents, but with appropriate local representation. At this stage, the costs are not yet quantifiable as the details and timing of any potential reorganisation are unknown.

### *Legal Implications*

The process for the creation of a unitary authority is set out in Sections 1-7 of the Local Government and Public Involvement in Health Act 2007, as now to be read with section 15 Cities and Local Government Devolution Act 2016.

This process sets out that the Secretary of State can 'invite' a proposal. In making any such proposal, the proposing authority or authorities must take into consideration the guidance from the Secretary of State as to what a proposal should seek to achieve and the matters that should be taken into account in formulating a proposal (Section 3(4)).

Once a submission is received by the Secretary of State, the procedures under the 2007 Act say that the Secretary of State may seek the advice of the Local Government Boundary Commission on any matter relating to the proposal. The procedures also require that the Secretary of State may not make an order implementing a proposal unless he/she has consulted every local authority and such other persons as he considers appropriate.

### *Risk Management*

The risks associated with the decision Cabinet is asked to make and proposed actions to mitigate those risks are set out in the table below.

Risk Identified	Likelihood	Impact	Risk Management Actions Planned
Failure to thoroughly and objectively appraise options.	Unlikely	Major	A detailed specification will be prepared and the work will be carefully managed.
Costs of the exercise exceed budget.	Unlikely	Moderate	This will be managed by ensuring there is a clear and costed proposal.
Failure to communicate effectively to stakeholders and the public.	Unlikely	Moderate	A communication plan will be prepared and adopted.

Key Decision: No

Background Papers: None.

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## Part B

### Background

1. Cabinet may be aware that District Council Leaders issued a joint statement on 27th July 2018 as follows:

“The District and Borough Council Leaders of Leicestershire have agreed to work together to review the current model of local government for Leicestershire.

We as Council Leaders wish to adopt a collaborative approach to examine what may be the best way of delivering local services for residents in the County, and in the wider context of the East Midlands region.

This new collaborative approach will examine what is both cost effective in how services may be delivered and how best to retain their link with local residents. Such models may mean stronger District Councils working within a combined authority or having multiple unitary authorities or whether the current structure is still the best way of delivering local services.

We have a number of reservations as to the model proposed by the County Council not least the rushed timetable and it being too remote for local residents. However, we recognise that it may be premature to rule it out at this early stage.

Accordingly the Council Leaders have pledged to work together to find the right solution for the residents of Leicestershire and look forward to engaging with our elected partners, stakeholders and residents to deliver the best in local government for Leicestershire and the East Midlands region.

We would invite the County Council and others to join us in this approach, as collectively, we have the expertise to determine the best solution for our residents.”

2. Cabinet may also be aware that on 6th July 2018 Leicestershire County Council’s (LCC) Cabinet met to consider a report on its proposals for local government reform in Leicestershire and to the development of a Strategic Alliance for the East Midlands, linked to a proposed devolution agreement with the Government. A press statement was issued by the Leader of LCC on 29th June 2018.
3. The following timetable was agreed by LCC in respect of reporting its work on these matters.

LCC Cabinet : 16 October - to consider outline proposals to agree to engage with stakeholders on options

LCC Scrutiny Commission : 14 November - to comment on the outline proposals

LCC Cabinet : 23 November - to consider the outcome of stakeholder engagement and the way forward

County Council : 05 December - to debate the proposed way forward recommended by its Cabinet.

### Initial Response

4. On 29th June 2018 the Leader of this Council issued a press statement which stated:

“To be very clear, this proposal is unlikely to happen - it would require an Act of Parliament, and the Government has publicly said that it won’t give parliamentary time for proposals, without substantive support from local MPs, district and county councils, and the public.

There may be a strong case for reviewing the local government structure in the county, but any proposals need to have the backing of all those involved, following proper debate.

Over the coming months, other, better supported options are likely to come forward and provide the same levels of savings, but with better local representation.”

### Public Sector Reform

5. There are different models operating within the UK ranging from traditional two-tier County and District and single unitary models to more innovative and collaborative district and unitary models.
6. The All Party Parliamentary Group’s (APPG) recent inquiry for District Councils into collaboration and devolution demonstrated that “collaboration is part of the District Council’s DNA ..... it is a long standing feature of the way districts transfer public services and reduce costs”.
7. At a House of Commons debate on district council collaborative and devolution in England in November last year, Jake Berry MP said “we have made it absolutely clear that devolution must be locally led. We are seeking agreement between local partners and where such agreement exists – whether it is district councils, unitaries or county councils – the government are happy to meet local partners to discuss their ambition, through devolution, to boost growth and productivity”. He indicated that the Government was proposing to provide clarity on how best district councils and other councils can take forward their devolution ambitions. At the time of writing, the government framework on this matter is still to be published.
8. At the LGA conference in July 2018, James Brokenshire, the Secretary of State for Housing, Communities and Local Government made a clear statement that proposals for local government reform must have clear local agreement, as without this the proposals would not be supported.
9. In 2016 central government issued some guidance on local government re-organisation which states 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.”*

10. Notwithstanding the statement that there was no maximum or minimum size, DCLG (as was) 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.
11. 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 27th 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.”*

12. In addition, in a parliamentary question asked on 18th April 2018 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”.*

13. The above provides some context within which the Cabinet may wish to discuss this issue.
14. It is considered that this is an appropriate time to undertake a thorough, objective and impartial review of the current structure of local government in Leicestershire to determine whether change would be in the best interests of residents and, if so, what sort of change. It is important that there is no predetermined outcome and that the voices of residents and stakeholders are heard and that their views are taken into account.

#### Corporate Plan Implications

15. The Council's Corporate Plan will need to be reviewed at the appropriate time to reflect any outcomes from proposals to reform Local Government in Leicestershire.

#### Consultation

16. Consultation with local communities and stakeholders will be an important part of any process of local government reform that inputs on this area.

#### Other Implications

17. The implications of local government reform in the area could impact on the role and responsibilities of local town and parish councils which will need to be considered as part of any review. It may also impact on the type and level of local services provided which will also need to be considered.

#### Corporate Implications

18. At this stage, Cabinet is only being requested to approve the participation in a collaborative exercise to review the current model of local government for Leicestershire. Any further implications depend on the result of that review and further action that may then be taken. Those implications may be fundamental if they result in the introduction of a new model of local government across Leicestershire.