

South Lakeland District Council

Council 6th October 2020

Exploration of Local Government Reform and Devolution

Portfolio:	Cllr Giles Archibald, Leader and Promoting Southlakeland Portfolio Holder
Report from:	Lawrence Conway, Chief Executive
Report Author:	David Sykes, Director Strategy Innovation and Resources
Wards:	All
Forward Plan:	N/A

1.0 Expected Outcome

- 1.1 In anticipation that Government may call for proposals for the reorganisation of local government, that the Council works jointly with Barrow Borough and Lancaster City Councils to explore further evidence to substantiate a case for the area of the three districts to form a Unitary Authority.
- 1.2 The development of a high level case would be an initial step, enabling the three Councils to explore and describe the benefits of a cross county boundary proposal, based squarely on the functioning economic geography and health footprint of the Morecambe Bay area.
- 1.3 It will enable the councils to present an option to Government, demonstrating how a unitary council will be an effective driver of economic, social and environmental benefits for the area's residents, businesses and visitors, realise the strategic potential of the area and enable transformation of public services.

2.0 Recommendations

2.1 It is recommended that Council:-

- (1) **Note the current position with devolution and Local Government Reform.**
- (2) **Authorise the Leader and Chief Executive to work with Barrow Borough and Lancaster City Councils to explore Local Government Reform and devolution, including the development of a high level case for a new unitary council for the area comprising the three districts.**
- (3) **Note that the high level case will be brought back to Cabinet and Council for agreement prior to submission to the Ministry of Housing , Communities and Local Government ;and**
- (4) **Note that the Secretary of State may then invite the Council to put forward a formal proposal which will be subject to future Cabinet and Council agreement.**

3.0 Background and Proposals

- 3.1 Movement towards local government reform and in particular new models of devolved government has gathered pace, particularly in Cumbria and Lancashire over the last few months. Meetings between Ministers and the local authorities' Leaders lead to expectation that the Government's intentions will be made clearer in a white paper on recovery and devolved Government which is anticipated in the Autumn. Initial indications are that the Government will expect reorganisation via unitary authorities. Discussions also indicate that the Government where it believes there is local agreement may invite early expressions of interest for local government reorganisation (LGR) ahead of the white paper's publication.
- 3.2 This has given rise to wider and more pressing discussions between authorities as to their view on LGR including how they may respond to Government.
- 3.3 A key issue for the Council is that whilst in some senses this may seem like early days in the debate, it is becoming increasingly apparent that impetus for change is picking up and may move rapidly, as witnessed by the recent decision of Cumbria County Council to submit a proposal to the Ministry of Housing, Communities and Local Government for a new, single unitary council for Cumbria. Similar discussion is taking place in Lancashire. As a consequence, it is vital that the Council is able to respond quickly and in an informed manner, rather than having change imposed upon it.
- 3.4 LGR is involved and complex, requiring significant time and resource which risks drawing council focus from existing local priorities and recovery in light of COVID19. However strong the arguments may be for maintaining the status quo, if Government proceed with a call for LGR, there is risk that that the status quo will not be allowed to remain. In this scenario, the development of a well thought through option will be critical to maintaining well focussed strategic direction and structures that continue to deliver effective services for residents, businesses and visitors.
- 3.5 Drawing on the Council's experience of working collaboratively across the Morecambe Bay area, the three councils share a functioning economic geography, a common health services footprint and a strong sense of community identity. If Government is to bring forward LGR, it is appropriate that consideration is made of an option for a unitary council for the Bay area, so protecting and enhancing the option in any forthcoming assessment. Proper consideration of the option will mitigate risk to the wellbeing of the Bay area and its potential contribution to the NW and UK economy through other proposals which may be sub optimal options for LGR.
- 3.6 In responding to any Government call for expressions of interest, the purpose of developing a high level case is to present the option and potential benefits of a Bay unitary council. It would represent a first stage. If Government indicated that the case be further developed, then the preparation of a detailed business plan would follow.

The opportunity to develop a Bay proposal

- 3.7 Developing a Bay proposal would build on the history of collaborative working between the three councils. More recently, this is rooted in the findings of a 2016 economic study which confirmed the region as a functioning economic area with a combined Gross Value Added comparable to other major North West economic centres, for example Warrington. In 2017, the councils approved a joint statement of intent and in 2019, the three Councils launched a prospectus for driving growth through an event attended by a wide range of businesses, agencies, authorities and media from across the region. The prospectus and approach to collaborative working was well received. In June 2020, the Councils established a formal Joint Committee

to act as a strategic forum for addressing sustainable economic prosperity, the climate emergency and reducing inequality across the Bay area.

- 3.8 In 2020, the Leaders of the three Councils were joint signatories to a letter to MHCLG requesting consideration be made of an option for a Bay unitary council solution as a possible option if the Government decided to require our Region to pursue the unitary route.
- 3.9 In developing a high level case, it is expected that it will fundamentally recognise and present the Bay area as having significant potential for economic growth within a highly valued environment with opportunity to improve and maximise the wellbeing of residents. The Bay has a coherent economy and sense of community. Strategies and services need to operate at scale with a delivery strategy which mobilises the resources of the whole place whilst being locally connected. The high level case is expected to describe why it is a preferable option to the Cumbria County Council proposal
- 3.10 The focus achievable through unitary local government at the scale of the Bay will realise this potential better than the area being served at the geographic periphery of two unitary solutions for Cumbria and Lancashire. Given the common footprint with the health services there would be particularly strong opportunity for public service reform.
- 3.11 It is expected that the case would demonstrate the opportunity for a Bay unitary council to work at greater strategic scale than other Unitary Options (within Cumbria) the potential of future Combined Authority arrangements with councils to the north and south, enabling a fuller devolution of resources and powers from Government. Further, the case may enable stronger options for unitary councils to the north and south, better addressing the size of populations and scale of geographies.
- 3.12 The development of a high level case has the opportunity to demonstrate the potential for the following benefits when compared to other Unitary Options (within Cumbria)
 - Better outcomes for residents
 - Exceptional environmental outcomes
 - Improved democratic accountability
 - Jobs and economic growth
 - Reducing health inequalities
 - Efficiencies enabling reinvestment in services
 - A solution that works for all of Cumbria and Lancashire
- 3.13 The case would be informed by our existing work to develop a Growth Deal proposal. It would demonstrate a strengthening of the strategic scope and focus to deliver on the eight themes we identify as having regional and national significance:
 - Renewables and clean growth
 - Agri, tech and innovation
 - Digital connectivity
 - Arts and culture
 - Healthy communities
 - Resilient towns

- Our ports
 - Attracting talent
- 3.14 It is expected that a high level case will demonstrate how it meets the likely requirements of Government for proposals:
- which are likely to deliver optimal services compared to other Unitary Options (within Cumbria) and which provide strong strategic and local leadership, and which are sustainable structures;
 - which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and
 - 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, at a minimum, is substantially in excess of 300,000.
- 3.15 The development of a high level case would be a first stage, intended to secure the interest of Government to invite a detailed proposal in accordance with the statutory guidance.
- 3.16 Proceeding with the development of a high level case will necessitate strong communications to ensure there is awareness amongst communities, stakeholders and key organisations, including Parish and Town Councils. This will ensure that there is wide understanding of the nature of the work being undertaken at this stage and that which would follow if the councils proceeded to a second stage of developing a formal proposal. Communications will enable the councils to assess the wider sense of understanding and support for a Bay option.

Other proposals

- 3.17 With the exception of the Cumbria County Council proposal, proposals from other councils have not yet been described or published. As an alternative to the single unitary proposal of Cumbria County Council, it is likely that options will come forward which propose unitary councils based on combinations of geographic footprints of the existing district councils. As and when proposals come forward, the Council will need to appraise and respond to them.
- 3.18 The high level case is expected to describe why it is a preferable option to the Cumbria County Council proposal. At this stage it is suggested that there is sufficient merit in a case for the Bay so as to warrant its further consideration by Government and by other councils and bodies.

Next steps

- 3.19 This report has been produced in the absence of a defined timetable from Government. However work would proceed to develop a high level case so that the councils are in a position to respond should an invitation be received. The high level case will be considered by Cabinet and Council prior to submission to MHCLG.
- 3.20 If an option proceeds to Government and indication is given that it be developed further, then the councils would consider the requirements of the next stage of preparation of a detailed business case. The preparation of a detailed business case would need to address the specific requirements of legislation and guidance under which LGR would be enacted.

4.0 Consultation

- 4.1 This proposal is developed following discussions between the Leaders and Chief Executives. Each council is considering a similar report at meetings in late September and early October.
- 4.2 Subject to the work proceeding there will be a joint communications plan to ensure there is awareness amongst communities, stakeholders, key organisations. This will enable the councils to assess the wider sense of understanding and support for a Bay option.

5.0 Alternative Options

- 5.1 There is an option not to explore the development of a high level case. This may result in the Council not being in a position to respond in an informed and timely manner to a Government call for proposals, proposals developed by others would be considered and the opportunity for a proposal based on the footprint of the three councils would be lost. This option is not recommended.
- 5.2 There is an option for the Council to await the publication of the White Paper prior to determining its course of action. This option would not prepare the Council in the event the Government invites expressions of interest ahead of the publication of the White Paper. This option is not recommended.
- 5.3 As work proceeds it will be necessary to develop and maintain awareness of other proposals which may be proposed by other councils and have a bearing on the District.

6.0 Links to Council Priorities

- 6.1 Exploring the case for devolution will consider the benefits a change to local government could deliver for economic growth within a highly valued environment with opportunity to improve and maximise the wellbeing of residents. This accords with the Council's priorities of working across boundaries to deliver economic growth, delivering a balanced community, reducing income and health inequalities and responding to climate change and enhancing biodiversity.

7.0 Implications

Financial, Resources and Procurement

- 7.1.1 In its own right this report does not have any immediate direct financial implications.
- 7.1.2 Examination of the impact of any potential reorganisation on the Council's finances would be included in the preparation of a formal proposal should one be invited. It is expected that any reorganisation would result in additional one-off costs to implement the changes and then recurring variations in costs and income following the change. How these changes will balance out will depend on the individual circumstances of each local authority and the options adopted: without carrying out the analysis it would not be accurate to assume the impacts modelled and delivered elsewhere would be replicated within South Lakeland. Particular issues to be considered include existing base budgets, the relative income base of each authority, existing levels of council tax and government grants, capital expenditure, assets owned, levels of borrowing, pensions, potential redundancy costs, relative salary and staffing levels, potential costs of aligning IT systems and the speed and ability to realign service delivery to realise efficiency savings while providing strong strategic and local leadership.

Human Resources

7.2.0 There are no direct HR implications arising from this report. The communications plan will ensure staff are kept informed as the work proceeds.

Legal

7.3.0 There are legislative powers available to enable local government reorganisation. Proposals for a unitary authority may be submitted under Part I of the Local Government and Public Involvement in Health Act 2007. Section 2 of the 2007 Act explains the process. Also The Cities and Local Government Devolution Act 2016 Section 15(1) provides a Legislative framework that can be deployed to implement a wide range of Local Government reforms , however at this stage this report seeks approval to develop a “High Level Case” only which will then be subject to approval by Cabinet and Council prior to submission to the Ministry of Housing , Communities and Local Government

Health, Social, Economic and Environmental

7.4.0 Have you completed an Health, Social, Economic and Environmental Impact Assessment? No

7.4.1 If you have not completed an Impact Assessment, please explain your reasons: There are no identified health, social , economic and environmental issues in considering proposals in this report. Implementation of any proposal will consider these issues.

Equality and Diversity

7.5.0 Have you completed an Equality Impact Analysis? No

7.5.1 If you have not completed an Impact Assessment, please explain your reasons: There are no identified equality and diversity issues in considering proposals in this report. Implementation of any proposal will consider these issues

Risk

Risk	Consequence	Controls required
Work proceeds ahead of the detail of Government’s white paper	Resultant work may not meet the intentions of Government	Keep progress informed by emergent intelligence / indications of the Government’s intent
Proposal does not meet the criteria set by Government for LGR proposals	The proposal could be dismissed by Government or challenged by other bodies	Ensure compliance with criteria and where there may be doubt, present compelling reason for consideration as exception
Proposal does not gain support of local bodies and other public sector organisations	The proposal could be dismissed by Government	Position the proposal with local communities, bodies and organisations and gather expressed support Undertake communications works which demonstrate the benefits of the proposal
LGR proves a distraction of effort	Effort may be redirected from other priority work,	Ensure LGR work is effectively prioritised

Risk	Consequence	Controls required
	and in the context of COVID 19 recovery	alongside other priority work.

Contact Officers

Lawrence Conway, Chief Executive

Appendices Attached to this Report

Appendix No.	Name of Appendix
None	

Background Documents Available

Name of Background document	Where it is available
None	

Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	22/09/2020	22/09/2020
Monitoring Officer	22/09/2020	22/09/2020
CMT	22/09/2020	22/09/2020

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	22/09/2020
Communications Team	22/09/2020
Leader	22/09/2020
Committee Chairman	N/A
Portfolio Holder	22/09/2020
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	N/A
Council	N/A