

South Lakeland District Council
Cabinet
Council

5th November 2020

Local Government Reform – Proposal for Bay Area

Portfolio:	Cllr Giles Archibald – Leader and Promoting South Lakeland Portfolio
Report from:	Lawrence Conway - Chief Executive
Report Author:	David Sykes – Director Strategy, Innovation and Resources
Wards:	All
Forward Plan:	Key Decision (Cabinet)/Budget and Policy Framework Decision (Council) as published on the Forward Plan 29 September 2020

1.0 Expected Outcome

- 1.1 Further to the decision of Council to explore further evidence to substantiate a case for devolution for the area of the three districts, this report brings back a proposal for approval which would enable the three Councils to describe the benefits of a cross county boundary proposal for a new unitary council based squarely on the functioning economic geography and health footprint of the Morecambe Bay area.
- 1.2 If approved the councils will present the 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 It is recommended that Cabinet and Council

- (1) Agree the outline proposal as attached at Appendix 1 for submission to the Ministry of Housing, Communities and Local Government by 9 November 2020;**
- (2) Authorise the Chief Executive and Leader to approve any minor amendments that may arise following consideration by Barrow Borough and Lancaster City Councils prior to submission and to continue with the work on the final proposal; and**
- (3) Agree that a final Proposal be submitted to a future meeting of Cabinet and Council prior to the requested deadline from Government of 9 December 2020 and to note that a date of 8 December has been scheduled for this purpose.**

3.0 Background and Proposals

- 3.1 At the meeting on 6th October 2020 Council authorised the Leader and the Chief Executive to work with Barrow Borough and Lancaster City Councils to explore devolution, including the development of a high level case for a new unitary council for the area comprising the three districts. It was also noted that the Secretary of State may then invite the Council to put forward a formal proposal which would be subject to future agreement.
- 3.2 Prior to consideration of a high level case, on the 9th October 2020, the Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007, invited any principal authority in the area of the county of Cumbria to submit a proposal for a single tier of local government, in accordance with the following criteria:
1. By 9 November 2020 authorities must at least submit an outline proposal, and if a full proposal has not been submitted by that date, the full proposal must be submitted as soon as practicable thereafter and by no later than 9 December 2020.
 2. Authorities must have regard to the guidance from the Secretary of State.
 3. An authority may either make its own proposal or make a proposal jointly.
- 3.3 In exploring devolution around the Bay area, Barrow, Lancaster and South Lakeland Councils have now developed the initial work to prepare an outline proposal to meet the guidance set out by the Secretary of State in responding to an invitation.
- 3.4 The draft Outline Proposal forms Appendix 1 to this report. The Outline Proposal sets out the rationale for developing a new unitary council. The proposal indicates the opportunities, strengths and strategic needs of the area's communities and economy and how they may best be addressed through the leadership and resources of local government based on the geography of the functioning economic area and health services footprint.
- 3.5 In addition to structural change, the proposal indicates the benefits which can be realised through public service reform, within local government and collaboratively with other service providers. The area offers the population scale envisaged by the Government's invite, with a population c320,000
- 3.6 The proposal acknowledges the historic and current associations between places and communities across the Morecambe Bay area. This strengthens the rationale for the organisation of local government at a scale and footprint readily identified by residents and businesses. This enables locally based, accessible and engaged local government.
- 3.7 The development of further information, proposal and detail will be identified and set out in an action plan to establish the Full Proposal. This will include, for example, further assessment of:
- The degree of local support for the proposal
 - Functions currently performed by the County Councils and modelling their delivery in the unitary arrangement;
 - Proposals regarding Police, Fire and Rescue services;

- Opportunities for service reform with regards to health and care services;
- Options for complementary arrangement of Combined Authorities and powers and resources which may be devolved to them
- Financial modelling
 - The operational costs of the new council, including comparison with alternative proposals and implications for costs to Council Tax payers
 - The costs and funding of transition from the existing to future arrangements
- Proposals with regard to the structure of local government in the remainder of Cumbria should the Proposal be implemented.

3.8 Members are asked to consider and agree the outline proposal for submission to government by the 9 November 2020.

3.9 Subject to Council approval, work will continue on the full proposal with a report to be presented back to Cabinet and Council prior to the deadline date of 9 December 2020

3.10 **Other proposals**

3.11 It is expected that Cumbria County Council will submit a proposal for a single unitary council for Cumbria. As an alternative to the single unitary proposal it is likely that options will be proposed by other District Councils for two unitary councils based on combinations of the geographic footprints of the existing district councils. The range of the other proposals will not become clear until the 9th November.

4.0 **Consultation**

4.1 A communications and engagement plan is being developed which seeks to inform residents, businesses, stakeholder organisations, Councillors and employees about the development of a proposal and engage their views in the proposal's development. Communications are being coordinated across the three councils. The timescale prescribed by the invitation necessitates a shorter period of public consultation than the Council would normally undertake. The engagement plan will seek to maximise public and stakeholder engagement which is realistic within the prescribed timescale.

4.2 A series of stakeholder meetings are to be undertaken, including Health, Police, Fire and Rescue, economy and business, Parish and Town Councils and the third sector. Residents and business surveys will be made available on line by each Council and an independent opinion poll will be carried out. Councillor and employee briefings will take place.

4.3 The outcome is intended to provide information from which an assessment can be made regarding the level of local support for the proposal.

5.0 **Alternative Options**

5.1 There is an option not to submit a proposal. This would mean that the opportunity and benefits of a unitary council, based on the footprint of the three councils, would not be considered by Government alongside other proposals submitted. The draft Outline Proposal indicates the benefits and opportunities which could be realised for residents and businesses. These would be foregone if a proposal were not submitted. By not submitting a proposal, the Council would significantly reduce its influence in the reorganisation of local government. This option is not recommended.

5.2 There is an option to consider some other combinations of district footprints within Cumbria, including the single unitary proposal. It is very likely that these alternative options will be submitted by other councils for consideration by Government. The

draft Outline Proposal provides an initial commentary on the benefits of the proposal for a unitary council based on the footprint of our three authorities. To ensure that a full range of options is considered by Government, this option is not recommended.

6.0 Contribution to Council Plan 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 The cost of developing the draft Outline Proposal and the Full Proposal were requests for approval by Cabinet on 5th November 2020 as part of the Local Government Reform (building a case for change) report. This report also includes details of the procurement process undertaken to appoint the consultants supporting the Council's bid.
- 7.1.2 There are many potential financial implications of changing the structure of local government: these were last experienced in this area in 1974 when South Lakeland District Council was created. 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.
- 7.1.3 It will be necessary to set a single level of Council Tax for the new authority: the levels will be determined by existing Council Tax levels.
- 7.1.4 Each authority have been asked to submit details of expenditure, income, staffing, balance sheet assets and liabilities, key funding streams, five year financial plans and expected demographic and non-demographic growth. This detail will be used to prepare the details of these potential changes in funding and costs and will be identified in the Full Proposal to be considered by Cabinet and Council in December 2020.

Human Resources

- 7.2 There are no implications arising from this report. Council employees have been briefed on the current work to develop a proposal. Further briefings will take place as the Full Proposal is developed for consideration by the Council.

Legal

- 7.3.1 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.
- 7.3.2 The process under s2 of the Local Government and Public Involvement in Health Act 2007 is as follows:
- The Secretary of State *may invite* any principal authority in England to make one of the following types of proposal:
- (a) a proposal that there should be a single tier of local government for the area which is the county concerned (a Type A proposal);
 - (b) a proposal that there should be a single tier of local government for the area which is currently a district, or two or more districts, in the county concerned; and is specified in the proposal (a Type B proposal);
 - (c) a proposal that there should be a single tier of local government for the area specified in the proposal which currently consists of the county concerned or one or more districts in the county concerned and one or more relevant adjoining areas (a Type C proposal);
 - (d) a combination of two or more Type B or C proposals or one or more Type B proposals with one or more Type C proposals, where those proposals are not expressed to be in the alternative (a combined proposal).
- 7.3.3 By letter of 9 October the Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 has invited the principal authorities in Cumbria to make a proposal in accordance with the attached letter (Appendix 2).
- 7.3.4 Section 3(5) of the 2007 Act requires authorities to have regard to guidance issued by the Secretary of State as to: "*what a proposal should seek to achieve*"; and "*matters that should be taken into account in formulating a proposal*".
- 7.3.5 The "Invitation to local councils" issued in October 2006 contained guidance which became the statutory guidance. Guidance for this invitation has been attached to the invitation to submit a proposal and is attached as Appendix 2.
- 7.3.6 Once the Secretary of State has received a proposal in response to an invitation, he may seek advice from the Local Government Boundary Commission for England, which may recommend that:
- (a) he implements the proposal;
 - (b) he does not implement it; or
 - (c) it may make an alternative proposal.
- 7.3.7 If the proposal is agreed by the Secretary of State, it is then implemented by a Structural Changes Order which is laid before Parliament. The Order is likely to create new shadow authorities, provide for elections, a shadow executive to take decisions, appoint staff, transfer assets and secure implementation and then dissolve the old authorities and effect the transfer of functions to the new authorities on 1st April probably 2 years hence.

- 7.3.8 If the proposal submitted by 9 November 2020 is an outline proposal it should indicate what further material is expected to be provided and when this would be submitted which should be no later than 9 December 2020

Health, Social, Economic and Environmental

- 7.4 Have you completed an Health, Social, Economic and Environmental Impact Assessment? No
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: A key requirement of the proposal is that it demonstrates improvement to local government and service delivery, and provides stronger strategic and local leadership across the area of the proposal. The draft Outline Proposal indicates the benefits it seeks to realise for the health, social, economic and environmental wellbeing of the area. As the Full Proposal is developed, an Impact Assessment will be completed to inform the Council's decision on the Full Proposal.

Equality and Diversity

- 7.6 Have you completed an Equality Impact Analysis? No
- 7.7 If you have not completed an Impact Assessment, please explain your reasons: Similarly to the health, social, economic and environmental impact assessment, it is a requirement that the proposal demonstrates improvement to local government and service delivery. Intrinsic to this is that a proposed new council will continue to promote equality and diversity and ensure there are no negative differential impacts for equalities groups. As the Full Proposal is developed, an Impact Assessment will be completed to inform the Council's decision on the Full Proposal.

Risk

Risk	Consequence	Controls required
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 case 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, and in the context of COVID 19 recovery	Ensure LGR work is effectively prioritised alongside other priority work.

Contact Officers

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Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Outline Proposal for a Bay Unitary Authority – <i>to follow</i>
2	Invitation and guidance from Secretary of State dated 9 October 2020

Background documents	Link to document
Report to Council 6 th October 2020	link

Tracking Information

Section 151 Officer	23/10	26/10
Monitoring Officer	23/10	26/10
CMT	26/10	26/10

Circulated to	Date sent
Lead Specialist	N/A
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	26/10
Committee Chairman	N/A
Portfolio Holder	N/A
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	05/11/2020
Council	05/11/2020