

Exploration of Local Government Reform and Devolution 30 September 2020

Report of Chief Executive

PURPOSE OF REPORT

The purpose of this report is to provide council with an update on the current position relating to local government reform and devolution. The report also recommends that the council proceeds to develop a high-level case for a unitary option for the Morecambe Bay area, to ensure that this option can be considered by government. This builds on collaboration and joint working over the last few years between Lancaster City Council, South Lakeland District Council and Barrow Borough Council. The high level case would be based squarely on the functioning economic geography and the shared health footprint of the Morecambe Bay area and would focus on delivery of economic, social and environmental benefits for residents, businesses and visitors as well as working well for Cumbria and Lancashire.

This report is public.

RECOMMENDATIONS

It is recommended that Council:

- (1) Notes the current position on local government reform and devolution;**
- (2) Authorises the Leader and Chief Executive to work with South Lakeland District Council and Barrow Borough Council 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) Notes 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;**
- (4) Notes 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**

1.0 Report Summary

- 1.1 Movement towards local government reform and new models of devolved government has gathered pace in Lancashire and Cumbria, over the last few months. This has given rise to wider and more urgent discussions and a degree of heated debate that is not without some quite serious discord.

- 1.2 The mood music from Government has been growing in volume over the past year and we have heard various statements and comments from ministers. It is expected that the Government's intentions will be made clearer in a Government white paper on devolution, which is anticipated in autumn.
- 1.3 There will, of course, be many differing perspectives on the rationale and benefits or otherwise of change but this is without doubt moving towards an existential position in relation to district councils with quite fundamental change looming over the next three to five years.
- 1.4 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 rapidly as witnessed by the various moves and position taking recently within Lancashire and to a great extent, being mirrored in Cumbria. As a consequence, it is vital that the Council is proactive and in a position to react quickly and in an informed manner, rather than having change imposed upon it.
- 1.5 However strong the arguments may be for maintaining the status quo, it is highly unlikely that this will be allowed to remain and so the development of a well thought through set of options will be critical to maintaining a well focussed strategic direction and structures that continue to deliver effective services for residents, businesses and visitors.
- 1.6 It is accepted that not every detail is known at present but based on the intelligence available, authoritative statements made and an analysis of data there are essentially three options:-
 1. To take an "as is" approach and argue the case for the continued existence of the district.
 2. Take that position for now and wait to see the detail in the white paper.
 3. Decide on an approach that realistically and pragmatically recognises that change and an obligation to change, is just over the horizon and decide on a course of action that has our residents', businesses and other stakeholders' best interests at heart. This will present a number of choices and, as far as possible, ensuring that strong options for the district are able to be considered. This would include development of a case for a Morecambe Bay unitary option that the council would need to develop with South Lakeland and Barrow councils.
- 1.7 Inevitably, there will be difficult decisions to face in the future. The report below considers the issues and options outlined above in greater detail with the intention of gaining Council's consent to take some measured steps forward. The recommendations are a first step in providing council with the opportunity to consider the context, options and possible ways forward and to agree the next steps in ensuring the District's and its residents best interests are fully considered in any potential local government reorganisation discussions with government.

2.0 Introduction

- 2.1 An overview of the issues arising and the implications for the District are outlined in the summary above. Contextually, there is no clear road map at present as there is, as yet, no definitive information from Government for what the process and timings for reorganisation may be and it is possible that the white paper may not have been published by the time the report comes to Council. That said, we are aware that several Councils some in Lancashire have written to the Secretary of State asking that they be invited to submit a business case for a new unitary authority. In July, the Leader of the Council and the Leaders of South Lakeland and Barrow councils also wrote jointly to the Secretary of State to request that an option for a Lancaster and South Cumbria unitary option be left open, in the context of the future arrangements that might combine authorities across Cumbria and Lancashire.
- 2.2 Not many months ago the debate and discussions were about combined authorities but the debate, precipitated by the action taken by some Councils, has quickly moved onto proposals regarding unitary authorities with combined authorities ultimately being overarching combinations of future unitaries.
- 2.3 There remains speculation and discussion regarding the relevance, or not, of county boundaries and what legislation will permit with a prevailing view (in law) still to be established. There is a view that the government wants a “tidy” approach based on county boundaries but some conflicting information suggests cross county boundary proposals could be considered. Many, including a number of experts in this area, believe there is a strong case for a rational rather than “administrative” approach and that form should follow function.
- 2.4 We do not as yet know whether future plans will allow real opportunities for responsible devolved government and real local reform with funding moving down to these levels or whether this is simply seen as more “cost effective” solution for local government. As a basic guide the following is what to date the Secretary of State has set out as guidance in relation to any proposal.

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

- *which are likely to improve 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;*
- *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.*

3.0 Options and Options Analysis (including risk assessment)

Option 1: Maintain the status quo
Advantages: Few as it is virtually certain some form of change will be imposed at some stage
Disadvantages: The Council is ill-prepared for the challenges it faces
Risks: As above
Option 2: Await the publication of the white paper.
Advantages: Perhaps there may some more certainty on direction but more likely to be concerned with detail than principles the latter to a great degree are already articulated.
Disadvantages: Time is lost in preparing and strong local options may be more difficult to progress.
Risks: As above
Option 3: Take steps to ensure options that best serve the interests of our residents, businesses and stakeholders are able to be considered. This would include development of the case for the Morecambe Bay area on which the three councils of Lancaster City, South Lakeland and Barrow would need to lead.
Advantages: Puts the Council in a stronger position in terms of delivering its intentions to support the best interests of its residents, businesses and stakeholders. It is a proactive rather than a reactive response. It gives some time for issues to be considered rationally. Is consistent with Lancaster's reputation for shaping new thinking.
Disadvantages: Announcing such plans will be unsettling but these choices will have to be faced at some point in the near future.
Risks: As above, shaping future intentions will have a cost in terms of advice etc.

4.0 Further discussion of Option 3

- 4.1 Members will be aware that in recent weeks there has been a number of proposals regarding the creation of unitary authorities in Lancashire. One proposal is for some combination of Blackpool, Fylde, Wyre, and Lancaster and Ribble Valley. This essentially based on the County being divided three ways with these authorities comprising the northern and/or coastal districts. As is well known, there are range of mixed views on this proposal and members would need to consider whether this meets the criteria set by the Secretary of State and best meets the needs of our communities.
- 4.2 What is clear is that the proposal has started with the geography and now some work is in hand to establish whether case can be made to justify it. In terms of travel to work, functioning economic area and health footprint there is little evidence to support this in terms of linking Lancaster with Blackpool and Fylde and there is little evidence of shared interest or shared working to date.
- 4.3 As further context, the council has been working over the last few years with the two south Cumbria councils of South Lakeland and Barrow. In the findings of a 2016 economic study, the region was conformed as a functioning economic area with a combined Gross Value Added comparable to other major North West economic centres, such as 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.
- 4.4 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 a 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.

5.0 Conclusion

- 5.1 The White Paper on devolution has not yet been published but nevertheless the local government agenda gathers pace. What is clear is that many councils are taking the opportunity to develop and progress their preferred options. In particular, county councils are tending to lead on proposals for new unitary arrangements.
- 5.2. There is a window of opportunity for the council to develop and promote options that deliver the best outcomes and benefits for its residents, businesses and stakeholders. However, the situation will change quickly with the possibility that strongly developed options coming forward for the sub regions could eclipse the district's interests and not fully reflect its opportunities.
- 5.3. The Morecambe Bay area crosses the county boundaries but in many respects is a strong and realistic option for local government reform, based on its geography, environment, economic functioning area, health footprint and sense of place. The joint working arrangements of the last few years add strength and a capability to work together on major developments. Any case for a unitary option for Morecambe Bay,

however, will need to be further developed by the three councils if it is to remain on the table.

CONCLUSION OF IMPACT ASSESSMENT
(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):

There are no direct impacts at this stage, but this report is focused on the overall objective of achieving the best possible outcomes and benefits for residents, businesses and stakeholders

LEGAL IMPLICATIONS

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.

FINANCIAL IMPLICATIONS

The council will need to pay its share of the costs of expert advice for the high level case, along with the other two councils. These costs can be covered by existing budgets.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

Some resource is required to ensure a strong evidence base and coordinate progress. However, this is an unavoidable commitment if the government wishes to progress local government reorganisation and the council wishes the district’s interests to be best represented.

SECTION 151 OFFICER’S COMMENTS

As noted within the financial implications at this stage the costs of developing a high-level case can be met from existing budgets. Members should note that the financial implications from any agreed local government reorganisation, or devolution will be substantial and complex for this Council and the subsequent authority and will involve a significant amount of officer time.

MONITORING OFFICER’S COMMENTS

The Monitoring Officer has been consulted when drafting this report and, at this stage, has no further comments to make.

BACKGROUND PAPERS

None

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