

## Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	5 November 2020		
Title	Local Government Reform Developments				
Report of	Chief Executive				
Purpose of the Report					
To request Cabinet's endorsement of the outline case for a unitary authority for The Bay area and that Cabinet recommends this to council, noting that the Government has now requested unitary proposals from Cumbria be submitted on or before 9 November.					
Key Decision	Y	Date of Notice	26.10.20	Exempt (Y/N)	N

<b>Report Summary</b>
<p>Council recently agreed to explore local government reform and devolution and to develop a high level case for a new unitary council for the area comprising the three districts around Morecambe Bay, "The Bay". This report brings back a further developed proposal that provides the outline case for a Bay unitary authority. Since the previous Council meeting, the Government has requested unitary proposals for three areas including Cumbria, with a deadline of 9 November for outline proposals and 9 December for a full business case proposition.</p> <p>If approved, the outline case now provided for members' consideration enables the three Councils Barrow, South Lakeland and Lancaster, to describe the benefits of a cross county boundary proposal, based squarely on the functioning economic geography and health footprint of the Morecambe Bay area.</p>

<b>Recommendations</b>
<ol style="list-style-type: none"> <li><b>1. Cabinet agrees the outline proposal as attached at Appendix 1 and recommends to Council for approval and submission to the Ministry of Housing, Communities and Local Government by 9 November 2020;</b></li> <li><b>2. Recommends to Council that the Chief Executive and Leader are delegated to approve any minor amendments that may arise following consideration by South Lakeland and Barrow Councils prior to submission and to continue with the work on the final proposal; and</b></li> <li><b>3. Agrees that a final proposal can be submitted to a future meeting of Cabinet and Council prior to the requested deadline from Government of 9 December 2020, noting that a date of 8 December has been scheduled for this purpose.</b></li> </ol>

<b>Conclusion of Impact Assessment(s), where applicable</b>	
Climate ✓	Wellbeing & Social Value ✓
Digital ✓	Health & Safety ✓
Equality ✓	Community Safety ✓
<p>Exploring the case for reorganisation and reform will consider the benefits a change to local government could deliver for economic prosperity and resilience within the highly valued environment of Morecambe Bay, with opportunity to improve and maximise the wellbeing of residents. This accords with the Council's priorities of working across boundaries to deliver economic prosperity, strong and involved communities, community wealth, health and well-being, social value and meeting the climate emergency.</p> <p>A key requirement of the proposal is that it demonstrates improvement to local government and service delivery and provide 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. The Full Proposal when developed will provide a clear assessment of impact to inform the Council's decision on the Full Proposal.</p>	
<b>Details of Consultation</b>	
<p>The outline case has been undertaken by the three councils working closely together and consulting on each stage of development. Strategic partners are currently being consulted and early soundings taken in terms of community consultation but the next stages of work would involve detailed public engagement and community consultation.</p> <p>A communications and engagement plan has been developed which seeks to inform, consult and listen to the views of 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.</p> <p>A series of stakeholder meetings are being 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.</p> <p>The outcome is intended to provide information, engage, consult and listen to the views of stakeholders from which an assessment can be made regarding the level of local support for the proposal.</p>	
<b>Legal Implications</b>	
<p>Legislative powers are 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.</p> <p>The process under s2 of the Local Government and Public Involvement in Health Act 2007 is as follows:</p> <p>The Secretary of State may invite any principal authority in England to make one of the following types of proposal:</p> <p>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);</p>	

- 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).

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).

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".

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.

Once the Secretary of State has received a proposal in response to an invitation, he may seek advice from the LGBCE, which may recommend that:

- a) he implements the proposal;
- b) he does not implement it; or
- c) it may make an alternative proposal.

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.

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

### **Financial Implications**

There are many potential financial implications of changing the structure of local government. These were last experienced in this area in 1974 when Lancaster City Council was created and some parts of north Lancashire, at that time, became part of the South Lakeland and Barrow administrative areas.

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 is not possible to accurately assume the impacts modelled and delivered elsewhere would be replicated within the district.

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.

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.

Each authority has 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.

In terms of the work that is required over the next few weeks, this will be intensive and the council will need to pay its share of the costs of expert advice for the Full Proposal and business case, along with the other two councils. The council's costs, estimated at £58k, can be covered by existing budgets.

#### **Other Resource or Risk Implications**

Potential risks are covered in the Options section. There are limited resource implications as a result of this report but officer time will be required to support and advise on development of the proposals over the next few weeks.

#### **Section 151 Officer's Comments**

The s151 Officer has no comments to make at this time.

#### **Monitoring Officer's Comments**

The Monitoring Officer has been involved in the drafting of the report.

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#### **Links to Background Papers**

## **1.0 Background**

- 1.1 At the meeting on 30 September 2020 Council authorised the Leader and Chief Executive to work with South Lakeland and Barrow Councils to explore local government reform and devolution, including the development of a high level case for a new unitary council for the Bay area. 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.
- 1.2 Since that time, development of the high-level case has been undertaken and illustrates the fit with the government's criteria. Confirmation has also been provided that cross border proposals can be considered.
- 1.3 Although this work was already underway, timescales for submission were anticipated to be sometime early in the New Year when the Recovery and Devolution White Paper is expected. However, in early 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, 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:
  - 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.
  - Authorities must have regard to the guidance from the Secretary of State.
  - An authority may either make its own proposal or make a proposal jointly
- 1.4 Whilst the invitation to submit has been driven by the Government, rather than the three councils, the imminent deadlines have added urgency to the work in hand and clarified the need for a full detailed business case to be developed if the Council wishes the Bay option to remain on the table. Whilst it may be argued that this is not the time the time for dealing with such matters we are left with little choice given the timescales imposed by the Government.
- 1.5 Members should note that, at this time, Lancashire has not been invited to submit unitary proposals and there is no business case proposal for the North Lancashire/ Blackpool unitary that, it is understood, would be the Lancashire proposed option that would include Lancaster district.
- 1.6 As the case for a North Lancashire /Greater Blackpool unitary option has not been developed, it is difficult to assess any potential benefits for Lancaster district and its residents. On the face of it, there are few links in terms of Travel to Work Areas (TTWA's), economy and community, shared strategies, governance and joint working other than at the pan Lancashire level. However, as members will be aware, a North Lancashire/ Blackpool unitary is likely to be the default position if The Bay option is no longer on the table.

## **2.0 Proposal**

- 2.1 Following Council's approval in September, the case for a unitary proposal for The Bay, Lancaster, Barrow 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 on the Bay footprint.

- 2.2 The draft Outline Proposal forms Appendix 1 to this report and sets out the rationale for developing a new unitary council. (*Appendix 1 will be published after the main Agenda and is 'to follow.'*) The proposal highlights 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.
- 2.3 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. With a population of c 320,000 this is within the threshold requirements set by the Government's for unitary submissions.
- 2.4 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.
- 2.5 Further information, proposal and detail will be identified and set out in an action plan to establish the Full Proposal. This will include 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
    - of 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 regarding the structure of local government in the remainder of Cumbria, should the proposal be implemented
- 2.6 Members are asked to consider and agree the outline proposal at Appendix 1 for submission to government by the 9 November 2020.
- 2.7 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

#### **4.0 Options and Options Analysis (including risk assessment)**

**Option 1:**

Submit a proposal for a unitary council for The Bay

**Advantages:**

This would mean that the opportunity and benefits of a unitary council, based on the footprint of the three councils around The Bay, would remain on the table and be considered by Government.

Delivery of The Bay Prosperity and Resilience Strategy would be enhanced by unitary status with further influence over budgets and delivery of services on The Bay footprint.

The district, representing the interests of its residents and businesses, will have a direct role in influencing development of unitary proposals building on between the strong relationships between the three councils, existing joint working arrangements and a shared health services footprint.

**The draft Outline Proposal at Appendix A highlights in more detail the economic, social and environmental benefits and opportunities which could be realised for residents and businesses.**

**Disadvantages:**

The benefits and opportunities highlighted in the draft Outline Proposal would be foregone if a proposal were not submitted as The Bay option will no longer be on the table.

By not submitting a proposal, the Council would significantly reduce its influence in the reorganisation of local government and the ability to achieve reform rather than simply structural change.

If The Bay option is no longer on the table, the default option for Lancaster district will be, if matters proceed further, to become part of a North Lancashire/ Blackpool unitary, for which no case has been made but which appears to offer few benefits for the district, in terms of building on shared services, TTWAs, economic and community links, shared purpose and strategy, other than at the pan Lancashire level.

**Risks:**

The high-level case does not meet government requirements. This will be mitigated by ensuring compliance with criteria is clear and a compelling case is made based on evidence and public opinion. The three councils have secured strong external advice to ensure criteria can be met.

Proposal does not gain support of local bodies and the public. Early communications suggest strong support for the proposal but further detailed engagement will highlight the views of partners and public. The councils would not wish to submit a proposal without strong local support

Local government reform distracts from other priorities. Although this is not an ideal time, the government has set the timetable for these developments and the Council can prioritise work to ensure the right arrangements that secure the best benefits for residents, for the short, medium and long term future, are agreed for the district.

**Option 2:**

Do not submit a proposal for a unitary council for The Bay

**Advantages:**

None

**Disadvantages:**

Not submitting a proposal would mean that the opportunity and benefits of a unitary council, based on the footprint of the three councils around The Bay, would not be considered by Government alongside other proposals submitted.

The benefits and opportunities identified in the draft outline proposal will not be realised for residents and businesses, if a proposal were not submitted.

By not submitting a proposal, the Council would significantly reduce its influence in the reorganisation of local government.

Loss of potential benefits to residents and businesses. If a proposal for The Bay is not submitted, it is understood that the Council will become part of a North Lancashire/ Blackpool unitary proposal, for which there does not appear to be any evidence that string economic, social and environmental benefits, equivalent to those identified for The Bay proposal, can be delivered.

**Risks:**

The option of a North Lancashire / Blackpool unitary has not been developed and Lancashire has not been invited to submit at this early stage. However, if The Bay option does not remain on the table, this would be the only option available. There is no meaningful way to assess the impact of this on the district.

Loss of local determination. If The Bay proposal is not submitted, local residents are likely to have no choice in terms of future unitary arrangements.

#### **4. Officer Preferred Option (and comments)**

4.1 The officer preferred option is Option One as this allows The Bay to remain on the table as a unitary option that would include Lancaster district, allowing district leaders and communities a say in what happens in the future, building on the strong relationship and joint working around The Bay and enabling the delivery of identified economic, social and environmental benefits for the area.