



Hinckley & Bosworth Borough Council

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION
COUNCIL

13 September 2018
2 October 2018

WARDS AFFECTED: ALL WARDS

UNITARY PROPOSALS FOR LEICESTERSHIRE AND PLANS FOR EAST MIDLANDS STRATEGIC ALLIANCE

Report of Chief Executive

1. PURPOSE OF REPORT

- 1.1 To report on the recent announcement by Leicestershire County Council (LCC) regarding its decision to develop proposals for a unitary structure of local government in Leicestershire, and for the creation of an East Midlands Strategic Alliance.

2. RECOMMENDATION

- 2.1 To note the decision of LCC for a unitary structure of local government in Leicestershire and its timetable for formally consulting and considering its proposal.
- 2.2 To note the initial appraisal of a range of options that have been investigated with the support of specialist consultants.
- 2.3 To endorse a request to East Midlands Councils and LCC that consideration be given to the review of options for establishing a strategic body for the East Midlands, that could be responsible for strategic commissioning of social care, public health, transport and education.
- 2.4 To reaffirm that this council does not believe that it is in the best interests of the Borough's residents to scrap Hinckley & Bosworth Borough Council in favour of a unitary council for Leicestershire.
- 2.5 To note the outcome of a borough-wide survey on resident's views on retaining the District Council and on options for a Town Council for Hinckley.
- 2.6 To agree a timetable for reporting on the outcomes of LCC's stakeholder engagements exercise and its Cabinet decision on its preferred option.

- 2.7 That a review be undertaken in conjunction with other Leicestershire Districts over the potential for direct local delivery of a range of services currently provided by Leicestershire County Council.

3. BACKGROUND TO THE REPORT

- 3.1 At its meeting on 1 August 2018, Executive considered the announcement made by LCC Leader on 29 June 2018 and a decision by LCC Cabinet on 6 July 2018 to 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 Government. The timetable agreed by LCC in respect of reporting its work on these matters is set out below:-

LCC Cabinet 16 October 2018	To consider outline proposals to agree to engage with stakeholders on options.
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LCC Scrutiny Commission 4 November 2018	To comment on the outline proposals.
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LCC Cabinet 23 November 2018	To consider the outcome of stakeholders engagement and the way forward.
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LCC Council 5 December 2018	To debate the proposed way forward recommended by its Cabinet
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- 3.2 Following initial consideration, Executive resolved the following:-

- (i) The motion to Council be noted;
- (ii) Subject to the motion to Council being supported, a further report be taken to Council in October;
- (iii) The issues be explored;
- (iv) Consultation on a town council for Hinckley be undertaken with the commitment to hold a governance review in the event of a positive response.

- 3.3 At Council on 7 August 2018, a motion brought by the Leader and seconded by the Deputy Leader was agreed as follows:-

1. This Council does not believe that it is in the best interests of borough residents to scrap HBBC in favour of a unitary council for Leicestershire.
2. This Council will undertake a survey to consult with Hinckley residents to see if they are in favour of the introduction of a Town Council. If so, we commit to a full governance review to enable its introduction.
3. This Council will work with all other Leicestershire authorities to evaluate a range of options on how best to deliver local government services in Leicestershire.
4. This Council will work with other East Midlands Councils to consider the options for a combined authority/strategic alliance and to determine what powers this would seek.

- 3.4 It was also agreed that a joint statement on behalf of all Leaders would be issued which has been actioned.

- 3.5 At a meeting of joint District Leaders in August it was agreed that a joint letter be issued on behalf of the Leaders to the County Council. This was duly issued on Monday 3 September 2018. A copy of this letter is attached as appendix I to this report. In summary it highlights the Districts' commitment to work collaboratively in exploring options for local government reform in Leicestershire and requests that County Council consider the following:
- sharing the proposals that are being developed as soon as possible,
 - that the County Council terminate the current unilateral process and consider joining in with the District Councils on the work that we are currently undertaking,
 - if the County Council continue to develop proposals in isolation the county are requested to reconsider its timescales set out for public consultation to enable a robust assessment of the proposals to be made.
- 3.6 The District Leaders at their meeting confirmed their commitment to explore a range of options and agreed that "to do nothing" was not an option.

4. CONSIDERATIONS

- 4.1 Whilst the proposals by LCC are at an early stage, LCC Cabinet is due to consider an initial report setting out the outline proposals and engagement with stakeholders on 16 October 2018. It is intended that the consultation process will include all district councils. It is important, therefore, that this council is in a position to respond effectively, particularly as the engagement timetable is so tight.
- 4.2 To inform this response, it is important that this Council is aware of the context around public sector reform; the range of collaborative arrangements that can be considered; the feedback so far that the council has received from its residents; the collaborative work planned with other districts on reviewing options going forward, and communication and engagement arrangements.
- 4.3 **Public Sector Reform**
There are a range of different models operating within the UK, ranging from traditional two-tier county and districts and single unitary models, to more innovative and collaborative district and unitary models. There are a number of areas across the country that have taken the decision to review local government structures.
- 4.4 There have been a range of guidance issued from government over what would be expected in respect of any proposals for local government reform. Previous guidance from local Government Minister in September 2016 stated that:-

"Where an area has plans for its governance arrangements to be changed, it 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 services, significant cost savings, greater value for money, stronger and more accountable leadership, and sustainability** in the **medium and 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 area, whilst size is an important consideration for areas considering governance changes, there is no maximum or minimum permitted sizes".

4.5 Since then there have been various responses from ministers regarding minimum and maximum sizes for unitaries. Most recently, this was issued by the then Secretary of State, Sajid Javid in relation to the Northamptonshire situation and the invitation in March 2018 to Northamptonshire councils to submit proposals for unitary government, which indicated as a minimum a population size of 300,000 but which commended a good deal of local support.

4.6 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.

4.7 **Review of other collaborative models**

The All Party Parliamentary Group's (APPG) recent inquiry for district councils into collaboration and devolution demonstrated that "collaboration is part of the district councils DNA... it is a long standing feature of the way districts transfer public services and reduce costs".

It is within this context that some initial work has been commissioned to identify and appraise options for closer collaboration across councils in Leicestershire and to ensure that this council is prepared and equipped to engage robustly and effectively in any future debate around governance structures within Leicestershire. The options considered included:-

- Do nothing
- Further shared services
- Shared Officer structures
- District mergers
- Unitary models

4.8 The conclusions of this initial work will be shared with Members as part of developing the council's response to the publication of LCC's proposals.

4.9 **Strategic Alliance**

LCC have reported on the ongoing work investigating the opportunities that a strategic alliance would have for Leicestershire, Lincolnshire, Nottinghamshire and Derbyshire. The aim is to provide a unified strong voice promoting and delivering economic growth across the region. The Leader of LCC is on record as saying he feels it is important for a strategic alliance to be formed in the East Midlands to counter the influence which the West Midlands has through its Combined Authority and Elected Mayor, such influence being evident in government funding allocation and devolved responsibilities.

4.10 It is not currently known how a strategic alliance would operate and how this would influence future public reform proposals.

4.11 Members, however, are invited to consider how this could be explored, along with potential options that should be considered.

4.12 **Key Actions**

To ensure the Council is prepared in respect of its formal response to LCC's proposals when they are published, the following action will be taken:-

- A programme board be established by the District Chief Executives to oversee joint work on collaborative options.
- A briefing for Members on the outcome of the initial work commissioned by the council on alternative collaborative options.
- To engage in jointly commissioning work with other Leicestershire districts to help inform and respond to LCC's proposals.
- To establish an internal corporate team led by the Chief Executive on overseeing the commissioning and appraising of work in response to developing future collaborative models within Leicestershire.

5. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

5.1 The report to be taken in open session.

6. FINANCIAL IMPLICATIONS [AW]

6.1 The Leicestershire County Council (LCC) have failed to provide districts with a detailed breakdown of the costs likely to be incurred. The level of costs of restructure referred to in public statements is £13m, but as the details have not been shared or subject to review by the district councils involved, it is not possible at this stage to give a view if this is a reasonable estimate. Therefore the final costs may be much higher than reported. These costs would remove revenue from being spent on front line services. However, any reorganisation will include unavoidable costs as part of the process of change.

6.2 A detailed review of costing would have to be done in partnership with all districts to identify fully the potential costs involved, which would cover items such as redundancy costs, the unavoidable costs of lease arrangements councils have entered into, and any other legal or contractual obligations that exist.

6.3 In addition, any costing would have to take in consideration of alternatives put forward by Districts, such as including Leicester City Council in a unitary, to which efficiency saving could also be argued to accrue if included, or an alternative model that saw the County being subsumed into an alternative structure. Therefore, further work is needed before full costs, or savings, are clearly known.

6.4 LCC have noted they can reduce costs by £30 million a year, which is on average £4.3m per district council involved and equates to 42.3% of HBBC's net budget requirement, or 35.7% of our staff costs. Therefore, this indicates the potential for significant cuts in service currently provided.

7. LEGAL IMPLICATIONS FOR PUBLIC SECTOR REFORM [AR]

7.1 The power to enact a 'Merger' of either districts or district/county is derived from the Local Government and Public Involvement in Health Act 2007, as amended by the Cities and Local Government Devolution Act 2016 and the process would in outline involve:-

- The council's internally setting out their proposals for the merger (e.g. its benefits, reasoning, impact assessments, new constitutional structure, boundaries, business case and so on) and developing proposals which would be the subject of consultation.

- The council's engaging and consulting with the public, stakeholders, bodies and organisations within their area in respect of the proposed merger, ensuring that proposals are effectively communicated. Discussions with government would also be recommended.
- The proposals being developed following the consultation by the councils which includes how through the merger the criteria would be satisfied and so outlines the benefits which would accrue.
- An agreement to proceed with the proposals through simultaneous Cabinet meetings would need to be made. Whilst it is an Executive function, the Leader has indicated that full Member engagement would be essential through Full Council prior to the final decision being made by Cabinet.
- The councils securing delegated authority for the necessary officers (usually Chief Executive) to act and enable the Secretary of State to make regulations under the 2016 Act enabling reorganisation to take place.
- The submission of the merger proposals to the Secretary of State.
- A consultation and representation period by the Secretary of State.
- A decision by the Secretary of State to accept or decline the proposed merger.
- If accepted. Proceeding with Modification of Boundary Change Enactments Regulation and Local Government Changes Order (which relates to the governance, member appointment, electoral matters, transitional duties and so on).

7.2 Whether the proposal was to create new district councils by the merger of two or more councils, or to create a unitary between a county and districts, the process outlined above would apply. Reorganisations tend to also put transitional duties on the councils involved, requiring them to take necessary steps for the further transfer of functions, property, rights and liabilities and to cooperate with each other to further the purposes of the Reorganisation Order.

8. CORPORATE PLAN IMPLICATIONS

8.1 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.

9. CONSULTATION

9.1 The outcomes of the borough survey in September to gauge initial views of residents will be reported separately. Further consultation and engagement with local communities and stakeholders will be an important part of any process of local government reform that impacts on this area.

9.2 Scrutiny Commission considered the report at its meeting on 13 September 2018. It highlighted concerns over LCC's proposals to create a new Unitary Council for Leicestershire and noted LCC's timetable for reporting and engagement on its proposals and requested a further report at its meeting in November to review LCC's published proposals and consider the work commissioned by Districts in Leicestershire on options.

10. RISK IMPLICATIONS

- 10.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.
- 10.2 It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.
- 10.3 The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Implications of local community	It will be essential to consult with our residents and stakeholders on their views.	SLT
Impact on staff morale	Effective communication via staff briefings, Chief Executive Briefings and staff newsletter and liaison with the unions.	SLT
Impact on town and parish councils	Consultation and engagement with town and parish councils to understand their views and concerns.	SLT
Impact of not effectively engaging or responding to the LCCs proposals	Plan of engagement collectively with neighbouring districts and individually in respect of any potential future reform.	SLT

11. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 11.1 The implications of local government 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.

12. CORPORATE IMPLICATIONS

- 12.1 By submitting this report, the report author has taken the need to assess the corporate impact on the organisation.

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