

REPORT OF THE LEADER OF THE COUNCIL

DEVOLUTION AND LOCAL GOVERNMENT IN NOTTINGHAMSHIRE

Purpose of the Report

1. To seek approval for the Leader of the Council to write to the Secretary of State for Housing, Communities and Local Government requesting an invitation for the County Council to come forward with proposals for unitary local government for the County Council's administrative area.
2. To seek approval for the development of draft proposals for unitary local government for the County Council's administrative area (in anticipation of the invitation from the Secretary of State) to be considered at a future meeting of County Council.
3. To seek approval for funding of £100,000 for early work on the proposals and for the Chief Executive to commission an independent research company to conduct appropriate public and stakeholder engagement, and an independent accountancy firm to validate financial information, to inform the proposals for unitary local government.

Information

4. In recent months, there have been significant developments that make the case for a review of the arrangements for local government in Nottinghamshire.

Devolution and Local Recovery White Paper

5. The Government has announced its intention to publish a White Paper - '*Devolution and Local Recovery*'. Based on ministerial announcements and meetings with ministers and officials, it is anticipated the White Paper will enable devolution as a cornerstone of local recovery and growth. Specifically, it is likely the White Paper will set out the Government's intention to roll out more devolution deals, incorporating significant investment in local economic infrastructure, through the establishment of new Combined Authorities. Unlike most of the English regions and/or sub regions, the East Midlands does not benefit from a devolution deal. In recent years, areas such as the West Midlands and Greater Manchester have drawn down significant powers and resources through devolution.
6. In addition, it is expected the White Paper will make local government reorganisation a pre-requisite for devolution. In two-tier areas, this means the establishment of new unitary councils, which could then group together with other similar councils, to form new Combined Authorities. In this scenario, counties which retain two-tier local government could be at a

disadvantage, unable to access large scale government investment and acquire much needed influence/control over economic and public policy.

7. In recent years, across the East Midlands, there have been attempts to agree devolution deals (including across Derbyshire and Nottinghamshire) but they have not been successful, largely because the councils involved could not agree on the form and function of the arrangements.
8. Since 2017, upper tier councils in the East Midlands have informally explored joint working through a “strategic alliance”, but this has not come to fruition, because such a construct would not offer a vehicle for formal devolution.
9. With the advent of the White Paper, it seems there will be a renewed opportunity to devise proposals for devolution in the East Midlands. This could include the potential for new and existing unitary councils to come together in a Combined Authority. Such a Combined Authority could negotiate and secure a devolution deal with central government to level up investment in the region and drive recovery and prosperity in Nottinghamshire.
10. Based on existing deals, a devolution package for the East Midlands could incorporate investment in infrastructure, skills, transport and housing. In the light of the current and continuing impact of COVID-19, such investment would be of vital importance in enabling the Region’s economy to recover from COVID-19 for the benefit of local people.
11. Given the significant underinvestment in the East Midlands over decades and the impact of COVID-19, it is imperative for people and businesses that Nottinghamshire does not miss out on the opportunity for funding and powers for economic growth, through devolution.

Financial Sustainability and the Impact of COVID-19

12. Long-term changes in government funding and increasing demand for a range of services mean that, even prior to the COVID-19 crisis, all tiers of local government faced significant financial challenges. As with all upper tier councils, the impact of COVID-19 on the County Council’s finance has been significant, particularly in adults and children’s services. This will place further pressure on revenue and capital budgets for 2021/22 and beyond. It is understood that similar pressures are being felt across Nottinghamshire’s District and Borough Councils.
13. As a result of the pandemic, the national economy faces a crisis even greater than in 2008. It is expected that the financial shock of the pandemic on public finances will be felt for a generation, placing local government under continuing pressure to deliver services ever more efficiently and make inevitable cuts to services. In other counties where unitary local government has been established, substantial efficiency savings have been generated, helping protect highly valued and vital services and providing significantly better value for money to council tax payers. This is supported by recently published national research by PriceWaterhouseCoopers which showed that merging district and county councils in each area across the country into single unitary councils could save £2.94bn over five years nationally.
14. Given the County Council is facing a budget deficit of £51m over the coming 3 years, it is reasonable, that savings, which could be generated by restructuring, are explored as a legitimate alternative to reductions to the front line.

Broader Transformation of Public Services, Resilience and Recovery in the light of COVID-19

15. Nottinghamshire's communities and partners, including all tiers of local government, have worked together well during the COVID-19 crisis to deliver a response which has protected Nottinghamshire's vulnerable residents. However, the pandemic, through examples such as the Coronavirus Community Support Hub, has highlighted opportunities to do things better and more efficiently, through streamlining the current structures and operating models. A unitary system offers an opportunity to align services, simplify and speed up decision-making and create a council that can respond more quickly and easily to the needs of residents at the local level. Experience elsewhere suggests that unitary councils can do this in a more cost-effective way and work more coherently and consistently with other public sector partners such as the NHS and the Police.
16. The socio-economic impacts of the COVID-19 crisis are significant and likely to be long lasting. Local government in Nottinghamshire will need to be efficient and resilient in order to respond effectively to these impacts. The challenge in Nottinghamshire of tackling the pandemic has increased the financial pressure on local government in the County, and highlighted the need for an integrated approach to ensure sufficient and consistent focus on economic and social recovery. To aid recovery, the County needs a consistent, strategic voice that can negotiate with partners, government and business. Experience elsewhere suggests that a unitary system of local government would provide a single voice and the strategic influence required to secure service improvements and investment.
17. Given the threat of further pandemics and the ongoing impact of COVID-19 on people and businesses across Nottinghamshire, it is timely and appropriate to revisit local government restructuring. This could create a "once in a generation" opportunity to transform local government services in Nottinghamshire, and to ensure they are resilient and able to meet the needs of the most vulnerable.

Next steps

18. Given the impact of the COVID-19 pandemic and the anticipated content of the forthcoming Devolution and Recovery White Paper, it is appropriate to develop proposals for unitary local government in Nottinghamshire.
19. Section 2 of the Local Government and Public Involvement in Health Act 2007 enables the Secretary of State to invite any principal local authority (i.e. District/Borough or County) to make a proposal for developing a unitary authority. When examining the case for local government reorganisation in an area, the Secretary of State can invite all affected upper and lower tier authorities to come forward with proposals. All proposals received will be evaluated by the Secretary of State in light of the government's criteria for reorganisation and the aims and objectives of the forthcoming White Paper. Those that are acceptable will be put to public consultation before the final form of local government is decided.
20. In view of the circumstances, challenges and opportunities outlined in this report, it is recommended that the case for local government reorganisation in Nottinghamshire be examined as quickly as possible. It is proposed that the Leader of the Council writes to the Secretary of State to invite the County Council to submit proposals for the establishment of a unitary structure of local government for the County Council's administrative area. In doing so,

it is recognised that the Secretary of State may use his discretion to issue a similar invitation to Nottinghamshire's District and Borough Councils. A draft of the Leader's letter to the Secretary of State is attached as Appendix A.

21. Should the Secretary of State invite submissions from Nottinghamshire, then the County Council would be invited to come forward with proposals, for consideration at a meeting of the County Council.
22. In order that the proposals reflect the views of the public and stakeholders, it is recommended that an independent social research company undertake listening, engagement and preparation work on the Council's behalf. Furthermore, it is recommended that an independent accountancy firm be commissioned to validate the financial information in the proposals. These pieces of work will take place between September and November and are estimated to cost up to £100,000. A request for budget from contingency will be made to Finance & Major Contracts Management Committee for this amount. The findings of this work will be incorporated into the proposals presented to Full Council.

Other Options Considered

23. An alternative to the course of action recommended in this report would be to not revisit the case for local government reorganisation in Nottinghamshire. Given that it is anticipated the White Paper will link devolution to local government restructuring, it is reasonable to take the course of action recommended in this report. In addition, it is reasonable to take all appropriate action to ensure that local government in Nottinghamshire is as efficient, resilient and financially sustainable as possible, in the light of the significantly challenging financial and socio-economic climate generated by the current COVID-19 pandemic.

Reason/s for Recommendation/s

24. To enable the County Council to seek the opportunity to come forward with proposals for local government reorganisation, to ensure that the system of local government in the County is as efficient, effective and financially sustainable as possible, and to maximise future government investment.

Statutory and Policy Implications

25. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Financial Implications

26. These are set out in paragraph 22 above.

RECOMMENDATION/S

It is recommended that Policy Committee:

- 1) Gives approval for the Leader of the Council to write to the Secretary of State for Housing, Communities and Local Government (as per the draft at Appendix A) requesting an invitation for the County Council to come forward with proposals for unitary local government for the County Council's administrative area.
- 2) Instructs the Chief Executive to develop draft proposals for unitary local government for the County Council's administrative area (in anticipation of the invitation from the Secretary of State) to be considered at a future meeting of County Council.
- 3) Approves funding of £100,000 for the Chief Executive to commission an independent accountancy firm to validate financial information in the proposals for unitary local government and an independent research company to conduct appropriate public and stakeholder engagement.

COUNCILLOR MRS KAY CUTTS, MBE Leader of the Council

For any enquiries about this report please contact:

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Constitutional Comments (HD 2/9/2020)

27. Policy Committee is the appropriate body to determine the recommendations set out within the report.

Financial Comments (NS 8/9/2020)

28. The report indicates a request for budget from contingency will be made to Finance & Major Contracts Management Committee of up to £100,000 for early work on establishing the business case and employing an independent social research company to undertake listening and engagement work with the public and stakeholders.

HR Comments (GME 03/09/2020) The report is seeking approval to explore the options available to the Council and therefore as yet, there are no direct staffing implications arising from this decision. Subject to approval, the necessary consultation and engagement with the recognised trades unions and the wider workforce will be initiated in accordance with the agreed policies and procedures of the Council.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- PricewaterhouseCoopers: Evaluating the impact of scale in proposals for local government reorganisation, August 2020

Electoral Division(s) and Member(s) Affected

- All