

Appendices: 2



NORTHAMPTON
BOROUGH COUNCIL

COUNCIL

4th June 2018

Agenda Status: Public

Directorate: Chief Exec

Report Title	Local Government Reorganisation in Northamptonshire
---------------------	--

1. Purpose

- 1.1 The purpose of this report is to update members on the current situation regarding the potential for Local Government reorganisation within Northamptonshire. It also seeks approval to work with the other county, districts and borough councils on a draft unitary proposal for consultation, and for an agreed budget to finance the work, that will need to be undertaken over the next 3 months.

2. Recommendations

The recommendations are:

- 2.1 that Northampton Borough Council (NBC) acknowledge the recent invitation from the Secretary of State to submit a proposal for a single tier of Local Government in Northamptonshire
- 2.2 to continue to work with the other county, districts and borough councils on a draft unitary proposal for consultation, suitable for submission to the Secretary of State, set against the criteria as detailed in the formal invitation letter and attached schedule, to submit a proposal for a single tier of local government in Northamptonshire
- 2.3 to agree to a working budget of up to £100,000 (in addition to any internal resources consumed within existing budgets) with delegated authority to the Chief Executive in consultation with the Leader, that will fund any necessary work required in relation to local government reorganisation.

- 2.4 to receive a further report on the 29th August 2018 which will detail the final proposal to be submitted to the Secretary of State and the outcomes from the consultation, prior to the final submission deadline of 31st August 2018
- 2.5 To note and affirm that Council's resolution on the motion on Unitary Government dated 23rd January 2017 has been superceded following the later resolution of Council dated 14th May 2018.

3. Issues and Choices

3.1 Context

- 3.1.1 Council members will be aware of the financial challenges facing Northamptonshire County Council. Following the publication of a number of reports, the Secretary of State appointed a Best Value Inspector (Max Caller) on 9th January 2018 to specifically consider governance and financial issues at the Council.
- 3.1.2 The Best Value Inspectors report was published by the government on 15th March 2018. For information, a link to that report is provided below

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690731/Best_Value_Inspection_NCC.pdf
- 3.1.3 The Secretary of State provided his formal response to the Best Value Inspectors report on 27th March. Immediately after the Secretary of States response, each Local Authority across the County received a *formal invitation to submit a proposal for a single tier of local government in Northamptonshire*. A copy of the letter that the council received is attached as Appendix A.

3.2 Background

- 3.2.1 Discussions about the future structure of local government in the County have been ongoing for some time, the most recent debate at Full Council took place on 14th May 2018 by way of a motion. The motion was put forward in the context of the wider debate that was taking place across the county as a result of the Best Value Inspectors report and as a follow up to an earlier motion taken on 23rd January 2017.
- 3.2.2 The motion from the Council meeting held in May 2018 is reproduced below:
 - ii) *Councillors McCutcheon, Nunn and Beardsworth proposed the motion:*

“Northampton Borough Council remains committed to replacing the current two tier arrangements operating in Northamptonshire with Unitary Councils.

This Council, however, rejects Northamptonshire County Council's plan for a single county-wide local authority, believing that it is essential that local government remains local. Making local government more remote would decrease accountability and public engagement.

Additionally, it was noted that the Northamptonshire County Council's draft budget states a plan to achieve unitary status for 2019/2020 to save £10 million per annum. This Council would like to make it clear that it is opposed to a County Council unitary authority.

We strongly believe that the best solution for the town is a Northampton unitary authority with a limited expansion of the borough boundary to incorporate the Northampton Growth Area as defined in the West Northamptonshire Joint Core Strategy.

This Council will also ask our MPs to support us in this ambition."

Since the passing of that motion on 23rd January 2017 the Borough has co-commissioned with the Boroughs and Districts an independent report, the Deloitte report, looking at options for Unitary. We support the adoption of a Unitary Northampton, and maintain that the Deloitte's report shows this to be a viable and sustainable option. We have also written to the Secretary of State giving him our cross party view in favour of a unitary authority for Northampton. We therefore commit to the following urgent actions to be enacted prior to 4th June:-

- 1. That the Council raises awareness of unitary proposals and the benefits of a Unitary Northampton*
- 2. That the Council seeks the support of residents, institutions, businesses and the voluntary sector within the town for a unitary authority for Northampton on a wider boundary.*
- 3. That the Rt Hon. James Brokenshire MP, the new Secretary of State for Housing, Communities and Local Government, be invited to the council so he can personally be made aware of the cross-party support, the case for a Unitary Northampton and can be shown round our town.*
- 4. That the town's MP's be invited to a similar cross party meeting with the council.*
- 5. There is an online consultation to enable residents of the town to express their views on unitary proposals and a series of public meetings for the same purpose, supported cross party.*

The reasons behind this motion are that the next full council is not until 4th June, we wish to further discuss the Unitary proposals and to wait until this date would prove too late given the July deadline.

We also would like members of the public to come and air their opinions so the council can move forward our campaign on an informed basis.

3.2.3 Following debate and a request for a recorded vote the motion was not carried.

3.2.4 Council should note that its resolution regarding Unitary Government passed on 23rd January 2017 no longer stands and is inconsistent with Councils resolution passed on 14th May 2018.

- 3.2.5 Prior to the Council meeting on 14th May 2018 when the motion was not passed, the 3 Group Leaders had previously written to the Secretary of State on 20th April 2018 seeking his support as a result of both the January 2017 motion and the one put forward in May 2018. The response from Rishi Sunak MP, Minister for Local Government (attached as Appendix B) on 4th May 2018 drew attention to the fact that *any proposal put forward must be made up from whole, existing local government areas* and that it must have due regard to the statutory guidance issued with the Invitation letter in that *any proposed unitary authority should have a population that at a minimum is substantially in excess of 300,000*.
- 3.2.6 In the period since the 23rd January 2017 motion was approved, all of the District and Borough Councils in the County jointly commissioned an options report to be undertaken. Following the preparation of a joint brief, and having undertaken a formal procurement process, Deloitte were formally commissioned to undertake the study. They began their work in April 2017.
- 3.2.7 Deloitte have recently completed the study and formally issued it to the 7 District and Borough Councils on 19th April 2018. Members of Northampton Borough Council were provided access to the report on the day it was issued to the Council. Members should note that contents of the covering letter from the Leaders of the District and Borough Councils seeks to put the report from Deloitte into context given the current situation of the County Council and the invitation that has been received from the Secretary of State – the wording of that joint letter is reproduced here:

Some time ago, the District and Borough Councils in Northamptonshire jointly commissioned an independent study to consider options for the future delivery of public services in the County. Following a formal procurement process, Deloitte were commissioned to undertake the work.

The report has now been issued by Deloitte.

The study was commissioned as a precautionary measure to help the Districts and Boroughs to be prepared for two potential things – either the County Council submitting a proposal for a single County wide Unitary Council to the Government and/or County Council suffering a major service or financial failure.

Since the report was commissioned, a number of significant events occurred at the County Council – the LGA financial peer review, the report of the Best Value Inspector, and the recent budget setting process, have moved the debate forward at pace. Whilst the report by Deloitte makes interesting reading, it has effectively been overtaken by events. The report does however contain much useful information and comment, none more so than the commentary that without wider reform of public services, Local Government reorganisation (in isolation) is unlikely to resolve the financial challenges that are faced.

Given the report of the Best Value Inspector (and the subsequent response of the Secretary of State) the Deloitte report will primarily now be used as part of

the required evidence base for any response by the Councils to the Secretary of State's recent formal invitation to submit proposals for a single tier of local government in Northamptonshire.

3.3 Best Value Inspectors Report – key messages

3.3.1 The Best Value Inspectors report covered a number of key topics but the executive summary is worth considering and in particular noting the following paragraphs of that report:

- a) Paragraph 1.9 recommends the creation of two unitary councils across Northamptonshire with the abolition of the County Council and all 7 of the District and Borough Councils. The report advises that the new arrangement should be established following elections in May 2020. However, the Secretary of State cannot simply impose this new structure but must respond to a proposal from one or more of the County's local authorities.
- b) Paragraph 1.10 – the report advises that the Secretary of State should give serious consideration to whether commissioners take over the running of all services (save planning) currently provided by Northamptonshire County Council.

3.4 Secretary of States invitation letter to District and Borough Councils

3.4.1 The letter from the Secretary of State advises that proposals for a single unitary authority for the entirety of Northamptonshire is not an option under the invitation. Given the potential imminent appointment of advisors to run NCC, retaining the status quo is also not an option.

The government are looking for a proposal to:

- Improve local government and service delivery across the area
- Be based on a credible geography, and
- Command a good deal of local support

3.4.2 Other factors to be considered include the recommendations of the Inspectors report on NCC and wider regional issues such as boosting housing delivery and contribution to the Cambridge/Milton Keynes/Oxford growth corridor.

3.4.3 The letters appendix gives some Secretary of State guidance on proposals including that a unitary authority should have a substantial population and at a minimum should be in excess of 300,000.

3.4.4 Other factors to be taken into account include:

- how local government will be improved
- the inspectors report and its North and West Unitary recommendation
- wider regional and national growth plans
- the level of public consultation on any proposal prior to it being submitted and
- a good amount of public support

3.4.5 Using this guidance, and other information for discussion with the Secretary of State's civil servants, the Chief Executives of the District, Borough and County

Councils are now meeting on a weekly basis to formulate next steps in preparation for any submission that needs to be completed by the deadline and are then reporting into the 8 Leaders who are now meeting on a fortnightly basis.

- 3.4.6 The deadline for submission was originally set as Friday 27th July 2018. However the 8 Chief Executives subsequently wrote to officers at the Ministry for Housing, Communities and Local Government (MHCLG) pointing out the risks of meeting such an ambitious timeframe and as a result the deadline has subsequently been extended to 31st August 2018.
- 3.4.7 To achieve this deadline, the Councils will require externally procured assistance as it is important that any initial high level draft submission is pitched correctly and does what both the local authorities expect it to do as well as meeting the criteria specified by government.
- 3.4.8 PWC have been procured to assist with the development of the submissions and a Programme Director has also been appointed to co-ordinate the works of all partners and consultants.
- 3.4.9 The government have made it clear that they expect to see reasonable levels of local public consultation prior to any initial submission being made. Again, externally procured assistance has been secured (Opinion Research Services) as the consultation results will be a key part of any submission. The consultation will run for 6 weeks beginning on 13th June 2018 and will engage with a broad cross section of residents and key stakeholders.
- 3.4.10 Communication with members is vital throughout this period of time and work is ongoing to develop an engagement process including the development of a series of workshops. An informal, cross-party member group has recently been established and met twice already to help inform the process as well as discussing the 'key asks' that would like to be seen in the final proposal sent to MHCLG. There will also be internal communications throughout the process to keep both members and staff fully apprised of the situation.

3.5 Community Governance Review

- 3.5.1 As part of the consideration of the future of all tiers of local government locally consideration will need to be given on whether NBC undertake a community governance review to look at the potential for creating a parish council for the town of Northampton; this parish council can – if it so determines, once created – be known as a town council which can elect a Mayor annually.
- 3.5.2 At present there are 10 parish councils surrounding the periphery of the borough but a large proportion of the overall borough remains un-parished. The borough council has the power to create new parish (local) councils, but the review process is prescribed by legislation and the council has to have regard for the guidance issued by the Secretary of State. The guidance was last updated in March 2010.

- 3.5.3 Section 81 of the Local Government and Public Involvement in Health Act 2007 would require the council to publish terms of reference which would set out how it will be conducted, the expected timescales, its focus, its key considerations and the factual electoral information relating to the area.
- 3.5.4 The matters for consideration by the review (as set out in the terms of reference) would be the subject of public consultation. Following this, recommendations would be made by Members.
- 3.5.5 Recommendations would be made on matters such as whether any new Parish should be constituted and what the electoral arrangements would be (number of members, number of wards and names of wards) if creating a Parish Council was recommended.
- 3.5.6 Any recommendation agreed by the Council would be published. Members would then decide to what extent to give effect to the recommendations.
- 3.5.7 This is a summary only of the main aspects of the community governance process.
- 3.5.8 Officers are now doing further work on this; any decision on whether to proceed formally with a community governance review will be brought back to council for formal decision.

4. Next steps on the development of a proposal

- 4.1 Discussions are underway between all local councils, at leader and chief executive level, about the submission of a single collective proposal. Through this arrangement the work required, and any costs, can be shared.
- 4.2 All the district and borough councils are clear that they have neither sought nor wanted this change, but are all agreed that developing a proposal that seeks to ensure the best outcome for the people of the county is now the best way forward.
- 4.3 It is recommended that this council continue to participate in these discussions and in the work required to create a proposal in keeping with the Secretary of State's invitation and guidance, which will be used as part of the consultation process. The final decision on whether to be part of its formal submission will be brought back for discussion on 29th August 2018 prior to the submission deadline.

5. Implications (including financial implications)

5.1 Policy

- 5.1.1 Whilst this will be the most significant change in Local Government that Northampton Borough Council has had to face, there is no specific policy reference to highlight for this report.

5.2 Resources and risks

- 5.2.1 The resources in terms of specialist support have already been highlighted in paragraph 3.4. Northampton Borough Council will also need to develop its own internal project team which is currently being led by the Chief Executive and appropriate governance procedures will be put in place to ensure regular reporting to Cabinet and Council. When key decisions arise, it is likely that reports will need to go to either Cabinet or Council (or both depending on timeframes).
- 5.2.2 In terms of financial resources, the procurement of both specialist support with regards to consultation, alongside the commission of PWC, will incur costs and therefore it is proposed to create a working budget of £100,000 to be used to fund this specialist support in the short term (noting that the specialist support will be split amongst all 8 Local Authorities) as well as future work centred around local government reorganisation. The delegation of how this money is spent is given to the Chief Executive in consultation with the Leader.
- 5.2.3 This should be kept to purely local government reorganisation and the funding will be found from General Fund Reserves, if required at the end of 2018/19.
- 5.2.4 In terms of risk, clearly there is significant risk in undertaking this work, not least in meeting the deadline which is extremely tight. There are also a number of inherent risks particularly around the financing and long term sustainability of any new model and clearly this will form a key part of the overall proposal that is brought back to members for consideration prior to 31st August 2018.
- 5.2.5 There is a converse risk if NBC does not commit resources and effort to deliver the final submission in conjunction with the other seven local authorities affected, that NBC will not influence the eventual outcome and not deliver a solution in the best interest of the residents and businesses of the Borough.

5.3 Legal

- 5.3.1 The consideration outlined in this report stems from a formal invitation from the Secretary of State under the Local Government and Public Involvement in Health Act 2007. This whole area is subject to statutory regulation, the detail of which will be provided in further Cabinet reports as appropriate.
- 5.3.2 The Council will need to ensure that consultation processes are carefully structure and executed in a way that ensures that they inform and shape the proposals and by so doing minimises the risks of legal challenge.

5.4 Equality and Health

- 5.4.1 Nothing specifically arising from this report however, due consideration will be made to the extensive consultation that will be undertaken and a community impact assessment will be completed as the project moves forward.

5.5 Consultees (Internal and External)

5.5.1 Statutory officers; Senior Managers; Leader of the Council

6. Background Papers

- 6.1 Northamptonshire County Council Best Value Inspection report
<https://www.gov.uk/government/publications/northamptonshire-county-council-best-value-inspection>
- 6.2 The Deloitte Report: Strategic Options case for the future of Public Services in Northamptonshire
<https://www.northampton.gov.uk/downloads/file/10282/deloitte-report>
- 6.3 Letter of invitation from Paul Rowsell to submit a proposal for a single tier of local government in Northamptonshire (Appendix A)
- 6.4 Letter from Rishi Sunak MP, Minister for Local Government 4th May 2018 (Appendix B)

George Candler
Chief Executive
gcandler@northampton.gov.uk
01604 837591