

# **Council**

**22 September 2020**

## **Devolution and Local Government Reform**

### **Recommendations**

1. That, having considered the Strategic Case for Change for Local Government Reform in Warwickshire, the Council supports its submission to the Ministry of Housing, Communities and Local Government (MHCLG) in order to elicit from Government an invitation to enter into conversation and consideration of the future local government structure for Warwickshire.
2. That the Council considers that in the next phase of work to shape a future model for local government in Warwickshire, conversations should take place at all levels, including with residents, based on the following principles:
  - (i) double devolution - moving influence and power closer to communities, levelling up health and wellbeing and tackling inequalities;
  - (ii) ensuring that Climate Change and adaptation are built into a new model of local government;
  - (iii) achieving better value for our taxpayers;
  - (iv) simplified governance with clear, accountable leadership;
  - (v) co-design of the model is undertaken; and
  - (vi) a balance of local focus with a strategic approach when needed.

### **1.0 Executive summary**

- 1.1 The Government has announced its intention to publish a White Paper on Devolution and Local Recovery. Latest indications from Government are that the White Paper is expected to be published in early October 2020.
- 1.2 The Government has indicated that the White Paper will set out its proposals for local government structural reform in England along with setting out the role which greater devolution will play in our national recovery. It is expected that devolution is likely to offer additional powers, resources and investment for local places, if those areas move in line with the Government's reform objectives. Given the uncertain and challenging future faced by Councils as a result of the Covid pandemic, devolution will present a catalyst for economic, social and environmental recovery, at a time when we face major challenges to maintain sustainable services and tackle long-term challenges like climate change and inequalities.

- 1.3 It is widely anticipated that Government will be bold and radical in the White Paper and widely known that other two tier areas have been pressing forward with proposals for reform. Preparatory work has therefore been undertaken in advance of the White Paper to protect and preserve Warwickshire's position and enable dialogue with central government to be initiated at the earliest opportunity. This report therefore seeks the Council's support for the submission of the Strategic Case for Change to MHCLG in order to elicit from Government an invitation to enter into conversation and consideration of the future local government structure for Warwickshire. Should the Council receive such an invitation this would be the start of the conversation and would see ongoing local engagement, including with District and Borough Councils, before any proposals for reform are finalised.
- 1.4 The Council's position on local government reform for Warwickshire will be further considered by Cabinet after and in the light of consideration by full Council.

## **2.0 Supporting information**

- 2.1 The Strategic Case for Change for a single unitary Council for Warwickshire has been developed by PriceWaterhouseCoopers (PwC) in collaboration with the Council. It explores the national drivers for the UK and its recovery such as economic growth, levelling up of powers and investment in the regions, climate change and public service reform, setting out what those could mean for Warwickshire. It also sets out the existing and future financial pressures facing Councils, including those in Warwickshire and why, taking into account the challenges we face and the ambitions we have, the time is now right for a reform of local government structures within the County.
- 2.2 The Case for Change considers the following options for reform, taking into account the Government's indicative evaluation criteria for structural change;
- 2.2.1 an enhanced two-tier model which would preserve the existing county council and five district and borough councils and optimise collaboration in areas of duplicated responsibility;
  - 2.2.2 a single unitary council for Warwickshire which would see the creation of a new council, replacing the existing six, which would deliver all local government services; and
  - 2.2.3 a two unitary model for Warwickshire which would see the creation of two new unitary councils (a North and a South) each taking responsibility for the delivery of all local authority services within their respective areas.
- 2.3 The Case for Change is supported by financial analysis which is contained in an appendix to this report. This sets out the level of savings that could be achieved from alternative local government structures in Warwickshire, which is a key consideration given mounting financial pressures on all Councils.

- 2.4 The Case for Change puts forward the view that the current two tier structure of local government is reaching the limits of what can be achieved for Warwickshire and that maintaining it would inhibit the ability of Councils to continue to meet the needs of our residents, communities and businesses. It recognises the strength of existing partnership working across the Warwickshire Councils and the progress that has been achieved. However, the Case for Change is about the future and given the urgent financial pressures across the local government sector and within Warwickshire, it concludes that it is essential to act now in a way which mitigates a more significant impact of these financial pressures upon our ability to continue to deliver essential services.
- 2.5 The Case for Change proposes that a newly formed single unitary council for Warwickshire is the only option that would meet the Government's publicly stated aspirations for devolution and reform and enable Warwickshire to secure a fair recovery from the impact of Covid, focused on improved outcomes for all residents, whilst maximising the effectiveness of services and minimising the cost of government.
- 2.6 Feedback has been received from a range of internal and external stakeholders since publication of the Cabinet report and at the Cabinet meeting including District and Borough Councils, local political parties, MPs, Voluntary & Community sector representatives. The version presented to full Council has, as a result, been updated and a summary of the key points of clarification is included below;
- **Timing** – The document has been developed in anticipation of the White Paper and subsequent engagement with central government. It is intended to start the conversation locally, regionally and nationally, with Government, which will evolve as the content of the White Paper is considered;
  - **Focus** – The focus of the Strategic Case for Change and the supporting analysis is on a Single Unitary model. It is recognised that this is not the only model of governance and it is hoped that the work which underpins the Case for Change will complement any other models that are being explored in the County;
  - **Depth of analysis** – This is a Strategic Case for Change. It is intended to be a starting point. A full business case with greater levels of analysis and components would naturally follow should the Council receive an invitation from Government to develop detailed proposals for local government reform;
  - **Contextual points** – Contextual and specific points raised both before, during and after the Cabinet meeting on 27<sup>th</sup> August 2020 have been incorporated into this version of the document submitted to Council. This has included a new section entitled 'About this Document' and additional detail in section 4 on Double Devolution;
  - **Engagement** – The Strategic Case for Change is the start of the conversation and provides the basis for meaningful engagement with stakeholders and residents should the Council receive an invitation from Government to develop proposals for local government reform.

- 2.7 The purpose of submitting the Strategic Case for Change to MHCLG is to elicit from Government an invitation to enter into dialogue about the future model of local government for Warwickshire. This is set against the context of indications from Government that no change or status quo is not an option.
- 2.8 Should the Council receive an invitation from Government this would be the start of extensive dialogue between MHCLG and the six Warwickshire Councils in tandem with ongoing conversations and engagement with residents, town and parish councils, partner organisations, local business, the voluntary and community sector, staff, Trade Unions and local MPs. A variety of different engagement approaches would be undertaken including but not limited to stakeholder conversations and surveys, focus groups and workshops, web based engagement activities and engagement with residents. A stakeholder engagement plan will be developed with activity increasing following any invitation from Government.
- 2.9 This 'co-design' phase would help to inform and shape the detailed proposals for reform for inclusion in a full business case for submission to Government. In particular this phase would see the development of detailed proposals for; the democratic model, double devolution of powers bringing decision making closer to communities and the future staffing and operating model of the new structure.
- 2.10 Based on the experience of other areas, were Warwickshire to be invited by Government to develop proposals for local government reform, we would envisage that the process would take an estimated 12-18 months as a minimum.

### **3. Environmental Implications**

The opportunities for addressing climate change under a new governance model are set out in more detail in the Case for Change.

### **4. Financial Implications**

The national fiscal situation, the financial challenges facing this Council and the financial implications of potential future local government reform are set out in the Case for Change

### **5. Timescales associated with the decision and next steps**

The Council's position on local government reform for Warwickshire will be further considered by Cabinet after and in the light of consideration by full Council.

The Cabinet will take a decision on next steps after having considered the views of Council.

## Appendices

1. Strategic Case for Change
2. Financial analysis
3. Equality Impact Assessment

## Background Papers

None

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