

Meeting: EXECUTIVE
Portfolio Area: Council-wide
Date: 15th November 2006

LOCAL GOVERNMENT WHITE PAPER 2006: STRONG AND PROSPEROUS COMMUNITIES - REORGANISATION OF LOCAL GOVERNMENT "INVITATIONS TO COUNCILS IN ENGLAND"

(Chief Executive)

NON-KEY DECISION

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1. PURPOSE

- 1.1 To consider the Department for Communities and Local Government (DCLG) White Paper 2006: Strong and Prosperous Communities inviting proposals from councils in England to adopt unitary status.
- 1.2. To consider the DCLG White Paper 2006: Strong and Prosperous Communities inviting councils in England to pioneer, as pathfinders, new two-tier models of government

2 RECOMMENDATIONS

- 2.1 That, given the criteria for adopting unitary status as outlined in paragraph 4 of this report, Members agree that no submission is made to DCLG for unitary status.
- 2.2 That further consideration be given to the potential for pioneering new two tier models of local government in Hertfordshire, following discussion with Hertfordshire County Council and the other district councils.

3 BACKGROUND

- 3.2 3.1 On 22nd March 2006 a report was submitted to Executive following ODPM consultation with Chief Executives about the question of local government reorganisation. Further consultations followed, involving ODPM and Government Ministers with Council Leaders in the various regions.
- 3.2 The Local Government White Paper 2006: Strong and Prosperous Communities (which was published on 26th October) invites proposals from councils in England for future unitary structures, or to pioneer, as pathfinders, new two-tier models. The White Paper concludes that local government in two tier areas face

additional challenges that can make it harder to achieve strong leadership and accountability.

3.3 The “Invitation to Councils in England” sets out the detailed arrangements and criteria which any proposals for changing governance arrangements would need to comply with. Any proposals for governance change, whether involving new two-tier models or moving to unitary structures should:

- Enhance strategic leadership, neighbourhood empowerment, accountability, value for money and equity;
- Command a broad cross section of support; and
- Be affordable, representing value for money and meeting any costs of change from councils’ existing resources.

3.4 Proposal for future unitary structures

3.4.1 Any proposal for future unitary structures must:

- Be submitted by a council or group of two or more councils
- Relate to the area of the council or each of the councils submitting it, but may include areas currently outside that of the submitting council(s)
- Consist of either the whole of the area of an existing local authority or a combination of such whole areas
- Set out the future local government structure for all areas affected by the change – Where a proposal does not cover an existing whole county area, the proposal must set out the arrangements which are to apply in the remainder of the affected county area
- Conform to the detailed criteria which are set out in the Appendix to this report.

3.4.2 Proposals must be presented in the form of a business case and supporting financial analysis. The affordability criteria, set out in the Appendix are particularly stringent requiring all transitional (revenue) costs to be offset by savings within 5 years, and precluding any increase in Council Tax to meet any costs of reorganisation.

3.4.3 The business case should include:

- A full description of the proposed local government structure
 - The strategic aim of the proposal
 - Main benefits of the proposal
 - Timing of benefits
 - Financial case
- and
- Reflect the diverse communities which may be found in the proposed unitary area
 - Show the contribution that the political structure can make to representing, empowering and leading local communities

3.4.4 The timetable for handling proposals is:

Oct 2006	Alongside the White Paper, an invitation to all county, district and unitary councils in England, except London Boroughs and metropolitan district councils, to submit proposals for unitary
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	structures.
Jan 2007	Deadline for councils to submit proposals for unitary structures.
March 2007	Announcement of the Government's preliminary views as to those proposals that have met specified criteria. Consultation with local stakeholders that are potentially affected by proposals.
June 2007	Stakeholder consultation closes.
Early July 2007	Final announcement of those areas that will be restructuring into unitaries.
May 2008	Elections to new unitaries.
By April 2009	New unitaries up and running.

3.5 Pioneering new two-tier models

3.5.1 The aim of the two-tier model to be pioneered should be:

- i) Unified service delivery, with service users having no need to understand whether the county, district, or indeed other service provider is responsible
- ii) Stronger leadership for place shaping
- iii) Effective accountability arrangements so that people know who is responsible for what decision, and
- iv) Shared back office functions and integrated service delivery mechanisms.

3.5.2 The new two-tier model must relate to the whole of the county area.

3.5.3 The two-tier model should meet the same criteria as proposed new unitary structures (Appendix B). As regards the affordability criteria, it is not expected that implementing two-tier models will result in authorities having to incur and finance transitional costs in advance of savings; accordingly this element is not applicable.

3.5.4 Proposals must be submitted by the partnership of a county council and **all** the district councils in the county area.

3.5.5 A proposal must outline the new two-tier model which the partnership intends to develop, highlighting in particular the legislative changes it believes would be necessary to develop the model to the full.

3.5.6 The Government will consider all proposals it receives on or before 25th January 2007 and intends to decide which pathfinder proposals it intends to work with by the end of March 2007.

3.5.7 The Government will expect partnerships whose proposals are not accepted to take forward their proposals, to the extent possible under current legislation.

3.6 Evaluation

- 3.6.1 All proposals, both for future unitary structures and pioneering two-tier models, will be subject to long term evaluation commissioned by the Government

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

4.1 Proposal for future unitary structures

- 4.1.1 Members will be aware that the Local Government Commission's response to the Council's 1994/5 submission proposing options for unitary status favoured keeping the two-tier model of government in Hertfordshire.
- 4.1.2 The criteria now required to be met for a successful submission are restrictive. In particular, it would be most difficult to establish a realistic proposal to meet costs within existing budgets and savings, and satisfy the affordability criteria for the proposal.
- 4.1.3 The timescale for submitting proposals is extremely tight, and a huge amount of information would be required, much of it from the county council and as appropriate other district councils. In any event the White Paper anticipates there will only be a "small number of proposals conforming with the criteria" whilst the "invitation" specifies that "the Government thinks it unlikely that it will be able to implement more than eight proposals".

4.2 Pioneering new two-tier models

- 4.2.1 This approach needs countywide support and partnership working. Further dialogue across the county is needed to evaluate support/buy-in with colleagues.
- 4.2.2 The Government expects all councils to secure more effective working arrangements between county, district and community level in order to deliver improved accountability and leadership, increased efficiency, and improved outcomes. Members should note that the White Paper anticipates some pretty radical and innovative proposals in pathfinders, which might include for example "the creation within a county area of a common group of employees or a single cadre of Councillors".
- 4.2.3 Early agreement between all 11 Hertfordshire authorities would be required in order to meet the January 25th deadline for submitting proposals. However, if following discussions over the next few weeks, there emerges countywide approval to the principle of a new two-tier model, this could be reported back to December Executive.
- 4.2.4 Developing either model will involve considerable resource implications for the Council.

5 IMPLICATIONS

5.1 Financial Implications

Any restructuring proposals must enable value for money service delivery. It seems clear that Government expects any acceptable proposal to be at least cost neutral.

5.2 Legal Implications

Any proposal submitted for pioneering new two-tier models must set out the legislative changes the partnership would like in order to implement the new model.

5.3 Policy Implications

Policy implications cannot be determined at this stage.

5.4 Equal Opportunities Implications

Any proposal submitted for pioneering new two-tier models must reflect the diverse communities which may be found in the proposed unitary area.

5.5 Other Implications

None identified at this stage.

BACKGROUND DOCUMENTS

- Local Government White Paper 2006: Strong and Prosperous Communities
- DCLG Invitations to councils in England
 - To make proposals for future unitary structures
 - To pioneer, as pathfinders, new two-tier models
- Executive Report 22nd March 2006: Reorganisation of local government 2006

APPENDICES

- Appendix – Criteria for submitting proposals