



Meeting **COUNTY COUNCIL**

Date **18 January 2007**

agenda item number

Report of the Leader of the County Council

THE LOCAL GOVERNMENT WHITE PAPER: THE COUNTY COUNCIL'S RESPONSE

Purpose of the Report

1. This report sets out the background to the Government's proposals outlined in the Local Government White Paper and the work undertaken by officers in preparing a response to the White Paper for consideration by members. The report sets out options available to the County Council in making a response, both to the White Paper and the associated invitation regarding unitary structures or two-tier models. The report also outlines the nature of local discussions between partners, particularly local authorities, and gives background information relating to the recommendations in this report.

Background

2. *"Strong and Prosperous Communities"*, the Local Government White Paper, was published in late October 2006; the two volume document outlines the issues facing local government under the following headings:
 - Responsive services and empowered communities;
 - effective, accountable and responsive local government;
 - strong cities, strategic regions;
 - local government as a strategic leader and place-shaper;
 - a new performance framework;
 - efficiency;
 - community cohesion.
3. The White Paper was accompanied by a further publication from the Department of Communities and Local Government and this publication – *"Invitations to Councils in England"* – sets out further information on the commitments in the White Paper and invites local authorities either to

make proposals for unitary local government structures in their areas or to develop pathfinder proposals for partnerships of a county council and all the district councils in the county area to pioneer new two-tier models. In addition to these two options/proposals there is also provision in the *Invitation to Councils* for a third outcome whereby Councils must demonstrate improved two tier working and so, in essence, 'doing nothing' and maintaining the status quo is not an option. There is nothing to prevent a Council from submitting both a unitary bid and a pathfinder bid although the Invitation to Councils specifies that the unitary bid will be considered first.

4. The content of the White Paper and related publications, eg the extension of the Lyons inquiry to cover the implications for local government of the Leitch Review of Skills, the Barker Review of Land-use Planning and the Eddington Transport Study, combined with publication of the Local Government and Public Involvement in Health Bill in December and the Varney review, all have important implications for the County Council and our partners. However, the *Invitation to Councils in England* has been the subject of most debate and activity in recent weeks and as a consequence, this report focuses upon those local discussions and the possible optimum response to the invitation.
5. The preamble to the *Invitation to Councils* paper outlines the Government's rationale for issuing the invitation stating that they are seeking responses because; "*it has concluded that local government in two-tier areas faces additional challenges that can make it harder to achieve that strong leadership and clear accountability which communities need. There are risks of confusion, duplication and inefficiency between tiers and particular challenges for small districts.*" The paper goes on to state that whilst many local authorities are working to improve quality of services in two-tier areas, building strong and sustained partnerships in a county area, there is the potential to go much further. It summarises the position thus; "*In short, the Government believes that the status quo is not an option in two tier areas if councils are to achieve the outcomes for place-shaping and service delivery that communities expect and deliver substantial efficiency savings.*"
6. The invitation continues by saying that the Government accepts that in a number of areas where there is a broad cross section of support for this proposition, these reforms should now involve a move to unitary local government; equally however, it also recognises that in the majority of county areas, reforms will take the form of developing new models of two tier working and that this process will be assisted by pathfinder partnerships of a county council and all the district councils in the county, committed to pioneering radical change.
7. During 2006, in anticipation of the White Paper and its potential content, the County Council began to investigate areas which it was felt were likely to be the subject of later discussion. These areas included

- localism, neighbourhoods and devolution;
 - performance and efficiency;
 - joint delivery of services;
 - citizen engagement and customer satisfaction;
 - city/county relationships;
 - the administrative geography of the county.
8. Much of this work, whether undertaken by County Council officers or the Office for Public Management, was shared with colleagues in the district councils through the Nottinghamshire Local Government Association and other local forums and their views on how we might improve joint working was sought.
 9. Once the White Paper and the invitation document were published on 26 October 2006, County Council officers were commissioned to review the White Paper and invitation and to develop a range of options which could then be consolidated into a detailed business case, with sufficient information to enable members to debate and the County Council to take a decision on which of the potential options offered the optimum way forward. This work would enable the County Council to respond to the White Paper and invitation with a proposal for a model of high quality, efficient, cost effective and responsive local government services for local citizens. In addition discussions have been taking place with the district councils about how two-tier working in the county could be enhanced.
 10. Proposals being made by local authorities have to be submitted to Government by 25 January 2007. Clearly, notwithstanding the preparatory work undertaken earlier in 2006, the timetable for providing a response to the White Paper and invitation has required a great deal of intensive work over a short period of time. In spite of this, the lead-in time for County Council papers necessarily means that some details of the respective business cases are still being worked up and will be subject to further intensive discussions over the next two weeks with partners and particularly with other local authorities.
 11. This process has also included a County Council seminar on Tuesday 9 January, which provided an opportunity for Members to consider the issues for local communities and local authority services arising from the White Paper. However, the major issues explored in each of the four potential options are outlined below.

Option A

Improved Two-Tier Working

12. Extensive discussions led by the district councils in the county have led to the development of the proposals which are set out in full at Appendix 1 and digested in paragraphs 13 to 17 below and which all councils are considering as a possible way forward. However, at the time of writing this report, the proposals have still to be formally considered by all district

councils. The proposals set out in Appendix 1 are a broad outline of arrangements for how the County Council and the Districts could develop this into a model improving the current arrangements for two tier working.

13. **Improved Service Delivery;** this section discusses the need to agree countywide minimum standards for some services whilst retaining the ability to ensure that place shaping is addressed through community-led local variety in some areas. There is some discussion of a mixed economy of provision and the need to enable local people to shape the choice of service delivery. In addition, there are proposals to harmonise 'key platforms' such as those concerned with human resources and IT, to enable better joint working.
14. **Governance;** the section on governance discusses the need to establish a joint board of key agencies to oversee delivery of objectives whilst protecting local accountability. There is discussion of the need to develop a Multi-Area Agreement for the conurbation to address those wider economic issues that are unconstrained by administrative boundaries. The role of parish and town councils and local neighbourhood management arrangements are also touched upon in connection with their potential contributions to the improvement agenda.
15. **Value for Money;** the efficiencies which flow from shared service delivery and joint asset management including maximising utilisation of resources and investigating co-location are covered here; economies of scale will be sought through standardising where possible; consensual solutions on cost reductions are to be achieved alongside the development of financial models to calculate costs and savings; there is a 'target to achieve a 3% cashable saving of local government spend in Nottinghamshire.' This aspiration responds to the suggestion made by the Chancellor in his Pre-Budget statement of November 2006 that the Comprehensive Spending Review 2007 will require all authorities to achieve 3% efficiency savings year on year for the next ten years. The improved two-tier proposal lacks detail on how savings, specified as amounting to £67 million over a 5 year period, will be realised. Members should note however, that these figures have been calculated on a different basis from those used in the financial model applied to the unitary case which is explained below. The assessment made by County Council officers in reviewing the above proposals, using the same methodology as that used in the unitary case is that the transitional costs of improving the current two tier system would be £5.3 million and the estimated annual savings would be £4.6 million.
16. **Equity;** there are strong statements regarding the need to address fairness and equality, both between partners and with the communities which we serve. In addition there are also commitments to the needs of people with disabilities or who face disadvantage or lack resources and the promotion of community cohesion and active citizenship.
17. **Implementation;** the two tier proposals outline a four phase implementation plan ranging from, in the 3 – 6 month timeframe, an audit

of current status, financial modelling and stakeholder and community engagement through to asset rationalisation and the delivery phase in 24 months.

Option B

Pathfinder Bid for Improved Two-Tier Working

18. The *Invitation to Councils* document contains the option to bid to be a two-tier pathfinder. Any bid must cover the entire county area and be signed by both the County Council and all District Councils. The document explains in some detail what a Pathfinder bid should contain and makes it clear that such proposals should show radical step changes and demonstrate a jointly shared approach to service delivery, akin to those the Government expects from unitary proposals. Any bid should therefore show how services will be indistinguishable across the tiers, deliver appropriate strong leadership for place shaping, offer clear accountability, share back office services and integrate service delivery.
19. Pathfinder bids should also explore innovative ideas even where these might entail legislative changes and should expect to be closely monitored by the relevant Government Office for the Region. Clearly the Government is expecting a pathfinder bid to put forward a two-tier model which can deliver all the perceived service benefits of a unitary authority whilst delivering the same level of financial savings.
20. It is clear that although the enhanced two tier approach explained above under Option A has often been referred to as a pathfinder, it falls well short of the criteria that would be required to submit a credible pathfinder bid. Furthermore any pathfinder bid would require all councils to sign up to it prior to its submission by 25 January.

Option C

A Unitary Authority for Nottinghamshire

21. As outlined above in the introductory paragraphs and particularly paragraph 5, unitary councils are suggested as the main alternatives to a pathfinder and/or improved two tier approaches to achieve the outcomes for place shaping and service delivery that communities expect. The following paragraphs outline the issues that have been addressed in researching the potential for a unitary county. It is important to stress that in the event of the Government giving the go ahead for a unitary authority to be established, all existing councils – districts and county councils – would necessarily be dissolved before a new authority could be elected. The *Invitation to Councils* specifies that any unitary bid must be supported by a Business Case (including detailed financial information). Appendix 2 sets out sections of a draft business case which has been compiled by officers in accordance with these criteria. This document is a working draft

and would need to be refined and completed prior to submission of any unitary bid. Issues explored which affect the unitary case include;

22. **Performance;** the case draws attention to the differential in terms of relative performance of the County Council vis a vis that of the districts and boroughs in the county area and states that a unitary council would enable service improvement through amalgamation and integration and the opportunity to learn from best practice.
23. **Governance;** by fully embracing subsidiarity and working closely with town, parish and neighbourhood levels of governance, devolving budgets and powers and using the new powers offered by the White Paper, the local leadership role of councillors and the first tier of governance would be enhanced and any potential danger of democratic deficit be avoided. In addition it would lead to simplified and more effective partnership arrangements and clearer, more long term and transparent leadership.
24. **Community engagement and cohesion;** empowered local communities would be stimulated by encouraging participation in the engagement spectrum – information, consultation, involvement, devolution, with neighbourhood partnerships, parish and town councils as the main building blocks under the 23 identified localities across the county, which would have neighbourhood committees to which decisions and resources could be devolved. Examples of devolution are currently being evaluated but could potentially include increased investment in and decision making on liveability issues such as local environmental services and planning matters. The benefits of a unitary council would be achieved through arrangements which deliver economies of scale whilst assuring local sensitivity in working with local communities.
25. **Clarity and efficiency;** the case argues strongly that a unitary council would help build clear visibility and accountability and avoid confusion about which services are delivered by which council; this would enhance community leadership, cut the considerable overhead of multiple partnerships, make service delivery more transparent and build a more constructive relationship between citizens and local government.
26. **Customers;** one council would mean a rationalisation of service points, co-located services with partners where possible, integrated services shaped by and for consumers. Improved access, common standards, a common customer relationship management system and web portal would offer better access to a wider range of local government and, where possible, partner and stakeholder services.
27. **Costs/Financial issues;** this detailed and closely argued part of the case builds upon the Ernst and Young financial model and outlines the efficiencies of scale which would flow from a unitary council covering the county. It draws attention to the potential for the elimination of duplication and the current cost of overheads entailed in servicing eight local authorities. This financial analysis concentrates only on indirect

expenditure – administrative systems, democratic costs etc. The case is examined under headings including value for money, staffing, the costs of democracy, accommodation and ICT. There is detailed examination of transitional costs (£22 million - £24 million) and on-going savings (£17 million - £19 million) indicating a short pay back period which is likely to be attractive to HM Treasury. Savings will accrue from 10% of the budget and there will be further savings arising from service alignment – bringing together back office functions and better joined up delivery of functions which are currently split such as waste collection and disposal. First calculations on the staffing implications of this option suggest that there would be a net loss of some 300 jobs across the area.

Option D

A Greater Nottingham and a Unitary County

28. In addition to the three alternatives described above, a fourth has recently emerged from recent discussions with Nottingham City Council. In discussing cities and regions, the White Paper drew attention to the potential development of what it called Multi-Area Agreements, echoing the work that has already been carried out in Greater Nottingham, led by the City and County Councils, to develop a Conurbation Area Agreement (CAA) focusing largely upon economic regeneration issues across local authority boundaries in Greater Nottingham.
29. This work, which also involved other partners including conurbation districts, continued in 2006 and resulted in a jointly agreed paper – “Showing the Way” – being presented to the Secretary of State for Communities and Local Government in September 2006. This work was welcomed and local partners were asked to continue to work up the details contained in this document including those concerning the development of a Conurbation Area Agreement (CAA).
30. Recent meetings among conurbation authorities led to a discussion about the potential for building on the good working relationship stemming from the CAA experience and to questions concerning the scope for investigation of a further local government structural option of an expanded boundary for the City Council alongside a unitary county covering the remainder of the county area. This would mean that there would potentially be two unitary authorities each having approximately 500,000 population and that local partners could better address the interdependence of the city and its hinterland which was highlighted in a recent HM Treasury paper.
31. Although the “Invitation to Councils” document was silent on the potential for altering the boundaries of existing unitary councils such as Nottingham City, when the draft Local Government and Public Involvement in Health Bill was published in December, it became

apparent that there was potential in the Bill for changes to the boundaries of single tier authorities and consequent abolition of an area that is currently two tier. This appeared to represent a fourth option whereby boundary changes could be proposed. Accordingly the City and the County Councils sought clarification from the DCLG as to whether this interpretation of the draft Bill was correct.

32. First verbal indications from DCLG suggest that they do agree that the Local Government and Public Involvement in Health Bill would allow for a boundary extension of the City if, and only if, it was into a unitary County area. Clearly this proposal can only go ahead if the case for a Unitary County Council is accepted. To achieve this there would be a two stage process:
- the County would make a unitary bid which would have to be considered by the Government and pass the first stage of being accepted for public consideration;
 - the City could ask the Secretary of State/Electoral Commission to look at the two unitaries model and to determine a request to adjust boundaries between them.
33. Although this represents verbal indications it must be stressed that nothing in writing has yet been received from DCLG.

Forward Timetable and Conclusions

34. The forward timetable for this work is as follows:

25 January 2007	Submission Deadline
March	Govt announces shortlist
June	Stakeholder consultation closes
Early July	New unitaries/pathfinders announced
May 2008	Elections to new Unitaries
April 2009	New Unitaries up and running

35. It would appear that the Government is willing to allow some flexibility over the implementation of new unitaries. It is therefore possible that the implementation timetable could be delayed by a year.
36. The White Paper gives local authorities an historic opportunity to redesign services across Nottinghamshire around the needs of local citizens and the communities in which they live, framing new patterns of delivery to ensure streamlined and responsive services. We should use the opportunity offered by the White Paper to re-emphasise the historic strategic role of the Nottinghamshire County Council, and take this opportunity to respond positively to the invitation issued by the DCLG ensuring that all our citizens are able to play their full role in the county's Strong and Prosperous Communities.

Consultation

37. In December, Council Leader David Kirkham invited residents to express views on some of the principles underpinning the White Paper - and its invitation to submit alternative structural proposals - through the County Council's public website and by writing to him directly. By Jan 8, 65 people had responded. Their views cannot be considered representative of a wider public view, since they come from only those motivated to respond. Nevertheless a wide range of views has been received. There is a strong element of concern that services and decisions about them needed to be taken as locally as possible, and a worry that a unitary Council might be too remote from individual communities. Both two tier and unitary local government have supporters, and there is backing for achieving savings through pooling back room services and an appetite for single points of contact for all services.

Next Steps

38. In view of the tight timescales, work is ongoing on these options. A motion will therefore be tabled at the County Council meeting for Members to debate.

RECOMMENDATION

39. It is recommended that:
- the Council meeting considers County Council's response to the White paper and considers the four options set out in this report as possible responses to the Local Government White Paper.

Legal Services Comments [EB 10.01.07]

The matters referred to in this report and the recommendation proposed are within the constitutional delegation to Council Meeting. This is a significant decision for the County Council and as such this report sets out as much information and relevant considerations as are available at this time. It sets out the range of options in terms of potential decisions. The matters in this report have been the subject of tight timescales set by the White Paper timetable therefore any additional information which may be received by the County Council subsequent to the publication of this report should be made available to members as and when it becomes available.

Director of Resources' Comments (AD 10.01.07)

Whilst some of the options highlighted in the report contain broad financial estimates of savings and transitional costs, these would only become relevant if the Council

decided to make a bid, which was subsequently accepted by the Secretary of State or reached an agreement on improved two-tier working with District Councils. Therefore there are no direct financial implications arising from this report.

Background Papers Available for Inspection

Nil

Electoral Divisions Affected

All

APPENDIX 1

SUCCESSFUL AND PROSPEROUS COMMUNITIES IN NOTTINGHAMSHIRE THROUGH IMPROVING LOCAL GOVERNMENT: A RESPONSE TO THE WHITE PAPER.

Introduction

This paper has been produced by all the Principal local authorities in Nottinghamshire as an agreed statement of our intentions to improve the way we work together to serve the people in the various communities in our area.

Context

We face unprecedented challenges and opportunities, including

- Rising expectations for services which are of a high quality and tailored to individual needs
- Demographic changes, increasing numbers of elderly and disabled people, a greater degree of ethnic diversity, and wider differences in household wealth and life chances
- A need to actively work towards community cohesion, overcoming threats and barriers and seeking citizen engagement in effective place shaping
- Scarce resources, ensuring the need to achieve efficiency by releasing resources to front line service delivery, enabled by continued technological and global economic change
- National initiatives such as 'Transforming government' which challenge existing patterns of service delivery
- Climate change and its consequences, including more extreme weather and growing environmental pressures ranging from land use to pollution
- An increasing need for leadership which influences the behaviour and choices of local people – for example in waste producing, car use, parenting, anti-social behaviour, and energy consumption. The need is to promote change in the interests of the quality of life of communities.

We recognise

- The interdependence of services and organisations and the need to invest in collaboration, and partnering arrangements to fulfil the aspirations of our communities
- The need for joint planning and mobilising of local resources to maximise effectiveness
- In a landscape of divergence and conflict, the need to work together to reconcile conflicts, build consensus and alliances and foster constructive change and the community spirit which can generate cohesion and cross cultural divides.
- Diversity in the needs and aspirations between our communities and the need to recognise these differences in developing improved local government and new approaches to the development and delivery of services.

The principles underpinning our approach

We agree that the following principles shall guide our improvement actions:

- We will deliver what the Community wants
- We will improve the performance of local services
- We will provide efficiency and value for money
- We will increase opportunity and choice
- We will maximise capacity to provide good governance
- We will promote local responsiveness and equity

The improvement themes

We have agreed to construct an improvement agenda for joint working around four main themes, which are:

1. **Improved service delivery** which is in line with customer demands and expectations and community need
2. **Community governance** which is transparent, encourages high profile leadership and accountability and which is relevant to secure engagement at a local community level
3. **Best value** through the best use of both pooled and targeted resources, whether they be people, finance or property
4. **Equity** within both our partnership working and within local communities

Improved service delivery

This workstream involves progressing initiatives for shared service delivery which can deliver consistent high quality good value service delivery for local people, and increase the capacity and resilience of local government in Nottinghamshire. We believe that we need to build on and accelerate some good joint working already going on (for example a county-wide concessionary travel scheme) . Whilst we will for some services be able to agree a county-wide minimum standard, the activity of local place-shaping will mean community-led local variety above the minimum standard in some areas. We will work to harmonise key platforms such as human resource policies, process mapping and standardising, and software and hardware infrastructure, to enable joint working and minimise transition costs. We believe in a mixed economy of provision, and that local people will shape and influence our service delivery choices.

Governance

We will work together to identify values and behaviours characteristic of good governance and we will work to develop and embody these competencies at political and managerial levels across our authorities. The new arrangements will involve setting up a joint strategic board of the key agencies to oversee the delivery of our objectives. In addition, mechanisms to enable a greater degree of local

accountability and influence over local delivery priorities and strategic services, will require appropriate local arrangements, the form of which will be for local determination. Efforts to address climate change and community cohesion, including countering extremism and community tensions through transparent and locally accountable arrangements, will flow across boundaries in a better and more joined up way. In addition we will work to establish a multi-agency agreement for the conurbation initially focusing on the economy, in order to progress the economic success of the City, which depends on co-operation across existing boundaries. Parish and Town Councils, local neighbourhood management arrangements and the third sector will be active place shapers whose role will be recognised, and encouraged, as they both lead and contribute to this improvement agenda. Some of this agenda will require investment of both human and financial resources.

Value for money

In addition to efficiencies from shared service delivery, we will work together to improve our approach to asset management. This will involve sharing assets and expertise, maximising utilisation, pursuing co-location initiatives, releasing surplus assets and converging plans. We will maximise economies of scale by standardising wherever possible, and we will share learning and good practice. We will address barriers to change and foster a culture of partnership working which can overcome obstacles and make faster progress to release resources for reinvestment. Whilst we recognise there may be differential gains and investment requirements between partners, we agree to work together to achieve consensus solutions on cost reductions, in the interests of the taxpayers of Nottinghamshire. We acknowledge that there will be a need to develop financial models to accurately account for costs and savings. We will also learn from the experience of other authorities. In the spirit of the challenge of the anticipated next comprehensive spending review, we will target to achieve 3% cashable saving of local government spend in Nottinghamshire, a figure of £67m.

Equity

Principles of fairness and equality will be reflected in our approach to improvement, both in our relationships with each other; with other partners, and the communities we serve. We will look particularly to the needs of those who have disabilities, face disadvantages or lack resources, and we will work actively to eliminate discrimination of all kinds whether direct or indirect. We will aim to promote community cohesion, ensuring that our communities are well integrated and equipped to take advantage of opportunities and address challenges. We will promote active citizenship in pursuing these aims.

Implementation

We will work to put together a development plan setting out our detailed work programmes to implement our vision for improvement. We anticipate this will have four phases:

Phase 1 (3-6 months)

Carrying out an audit of current status
Policy preparation and Financial modelling
Stakeholder and community engagement
Exploring governance options

Phase 2 (3-18 months)

Preparing a convergence strategy
Preparing a shared services programme of work
Developing a number of joint strategies, for example , asset management , access

Phase 3 (18 months-24 months)

Development of new and enhanced services and products
Commissioning products and services
Delivering strategy objectives

Phase 4 (24 months)

Continuation of delivery phase
Asset rationalisation
Review and evaluation of governance models and new service delivery

Background papers: This is a summary of a slide presentation produced to the Nottinghamshire Local Government Association on 15th December 2006.

Notes

1. Background papers: This document is a summary of a slide presentation produced to the Nottinghamshire Local Government Association on 15th December 2006.
2. This figure is net of specific grants (including direct schools grant) and does not include Nottingham City Council's spend. The figure is calculated as a 5 year New Present Value Figure, so it is brought onto the same basis as possible Pathfinder & Unitary proposals which involve a balance of investment/transitional costs and savings. £67m is the saving across all local government costs – direct & indirect. Two of the three areas of potential savings from joint working –overheads/central support costs and shared transactional services – are indirect costs (around 10% of costs broadly speaking). The third area – aligned or pooled service delivery – are direct costs.