

BOROUGH OF KETTERING

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Report Originator	Graham Soulsby Managing Director	<i>Fwd Plan Ref No:</i> -	
Wards Affected	All	25 th April 2018	
Title	INVITATION TO SUBMIT A PROPOSAL FOR A SINGLE TIER OF LOCAL GOVERNMENT IN NORTHAMPTONSHIRE		

1. PURPOSE OF REPORT

- a. To formally report to the council, the invitation that has been received from the Secretary of State 'to submit a proposal for a single tier of local government in Northamptonshire';
- b. To remind members of the context / background to the above;
- c. That in response to the invitation from the Secretary of State, the council agrees to work up a draft high level submission (ideally in conjunction with other local authorities in the county) that;
 - i. seeks to meet the criteria set by the government;
 - ii. is in line with the council's previous resolution from April 2016;
 - iii. is brought back to a meeting of Full Council for further debate to allow a final decision to be taken, prior to any formal submission to the government.

2. CONTEXT

- 2.1 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 to specifically consider governance and financial issues at the Council on 9th January 2018.
- 2.2 The best value inspectors report was published by the government on 15th March. For members' information, a link to that report is provided here;

<https://www.gov.uk/government/publications/northamptonshire-county-council-best-value-inspection>
- 2.3 The Secretary of State provided his formal response to the best value inspectors report on 27th March. An extract from the Secretary of State's response is provided at **Appendix A** (please note that the extract contains the sections that are relevant to this council report and not the entire speech).
- 2.4 Immediately after the Secretary of State's response, each local authority in the County received a formal invitation to 'to submit a proposal for a single tier of local government in Northamptonshire'. A copy of the letter that the council received is attached at **Appendix B**.

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2.5 This report is about what actions the council should take following the receipt of this 'invitation' (as outlined in Section 1).

3. **BACKGROUND**

3.1 Debates about the future structure of local government in the county are nothing new to this council chamber. The most recent debate took place on 20th April 2016 by way of a motion. The motion was put forward in the context of a structural debate that was taking place elsewhere however the local background to it was an increasing feeling that the county council would put in a bid to the government for the creation of a single county unitary authority and/or that the financial and service pressures facing the county council would become too great.

3.2 The resolution from that council meeting is reproduced below;

*Council Meeting 20th April 2016
Approved Minutes (extract from)*

15.C.83 - UNITARY AUTHORITY

RESOLVED

that this Council recognises and supports South Northamptonshire District Council's bold ambition to form part of a greater Oxfordshire cluster of unitary authorities.

This Council recognises that people and places are more important than institutions and accordingly asks all Councils in Northamptonshire to recognise that the existing Council boundaries are not appropriate for future unitaries.

This Council supports a proposal that it should explore the creation of a unitary local government structure for the rest of Northamptonshire, and that work to evaluate the most effective options should be commissioned, ideally in conjunction with all other Councils in the county, to examine what would be most effective in terms of:-

- 1. Community Geographies*
- 2. Economic Geographies*
- 3. Comprehensiveness of proposals and their coherence with other neighbouring plans*
- 4. The opportunities for deep service integration*

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5. *Value for money – in particular new approaches to service delivery which provide less hand-offs and institutional boundaries*
6. *Partner and stakeholder support/commitment to options.*
7. *The track record of joint working*
8. *The cultural alignment between constituent authorities*
9. *The fiscal and performance profile of constituent authorities*
10. *Key service challenges*
11. *Ease of migration to any new arrangements*

This Council currently believes a North Northamptonshire wide unitary will likely best meet these criteria, but will work with other councils on options which serve the rest of Northamptonshire and which ensure transparent, accessible, integrated and effective service delivery and local leadership.

(Voting: Unanimous)

- 3.3 A lot of events have taken place since the above motion was unanimously approved. However, the motion still represents current council policy on the issue and as such remains directly relevant to this report.
- 3.4 In the period since the 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, Northampton Borough Council (on behalf of everyone) formally commissioned Deloitte's to undertake the study. They began their work in April 2017.
- 3.5 Deloitte's have recently completed the study and formally issued it to the 7 District and Borough Councils on Tuesday 17th April. Members of Kettering Borough Council were provided access to the report on the day it was issued to the council. Members should note the contents of the covering letter from the leaders of the District and Borough Councils which seeks to put the report from Deloitte into context given the current position 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.

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

Since the report was commissioned, a number of significant events have occurred at the County Council - the LGA finance 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 re-organisation (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'

4. THE 'INVITATION'

a. What is it?

This is a formal invitation 'to submit a proposal for a single tier of local government in Northamptonshire' from the Secretary of State (see **Appendix B** which sets out what the government's tests and expectations are).

b. What does it mean?

The report of the best value inspector (and the response from the Secretary of State) make it clear that they believe a 'new start' is required.

Looking at the criteria for any bid, the findings of the best value inspector, and from subsequent discussions with government officials – they would welcome a joint bid for the creation of two new unitary authorities (one covering the north and the other covering the west of the county). Although the invitation letter is not as specific as this, the dialogue around the issue is.

As a council, members must decide at this meeting whether they want to respond to the invitation and if so how. The advice from officers is that the invitation should be responded to (by putting together a draft submission to come back before full council) and that the draft submission should be based on meeting the criteria the government has set and that it should also be in accordance with the council resolution from April 2016).

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c. What is the timeline?

The deadline for the submission of a proposal is Friday 27th July 2018.

This is an incredibly tight deadline and we are currently in discussions with government officials about the level of detail that they expect to be contained in a submission. Given the short deadline (and the requirement for consultation) it is unlikely that anything other than a high level proposal could be achieved. Hence, much of the detail would need to be worked up after July – presumably in the period up until April 2020.

d. Resources and Capacity

Based upon discussions between the local authorities to date, it is hoped that a joint ‘high level’ submission can be put together before the end of July deadline.

To do this, each local authority will have to decide how it will resource this initial piece of work. Kettering, along with a number of other local authorities are likely to engage external assistance to help formulate this work – it is important that any initial ‘high level’ draft submission is pitched correctly and does what the local authorities (and the government) expect it to.

Any costs associated with this work will initially be met from the Councils contingency budget and/or the invest to save reserve however we will be making a case to government that such costs should be reimbursed through some form of transformation fund arrangement.

e. Member/Community Involvement

Initially, meeting the end of July deadline will no doubt be very challenging. The government have made it clear that they expect to see ‘extensive local consultation’ prior to any initial submission being made.

We are currently discussing exactly what this means with government officials and will provide members with more information when we have it.

The leaders and Chief Executives of each council are having regular joint meetings to coordinate any actions on this issue. That body will steer any work on the formulation of a joint bid and in practice, any draft bid that emerges from this process is likely to be the “draft bid” that goes out to consultation. It is likely that consultation will need to take place jointly, cover all key stakeholders, members and the public.

Once the initial stage is complete (ie, the period until the end of July) – it is then that the majority of the detailed work will be required. As a council we will need to give thought to what is the most appropriate means of effectively creating a framework in which decisions about the shape of any new local authority are made, both collectively with the other councils but also

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internally, to establish what our input into collective decision making would be. The appropriate structures can be the subject of a discussion and decision in July. Whatever configuration is decided in due course, there will be much work to do.

At a recent meeting of Research and Development Committee, the creation of a task and finish group on the issue of unitaries was passed. In due course, thought needs to be given to how this group (and possibly some involvement from the other scrutiny committee) can help scrutinise any detailed proposals (once they are formulated) – consideration will need to be given to doing this jointly with other local authorities, depending on “ownership” of any formal submission.

5. **RESOURCE IMPLICATIONS**

5.1 Initially, as outlined in section 4(d).

6. **LEGAL IMPLICATIONS**

6.1 The considerations outlined in this report stem from a formal invitation from the Secretary of State.

6.2 The information contained in Appendix A and B outlines some of the legal provisions under which the invitation is based.

6.3 Each local authority will need to ensure that it follows its own constitutional requirements when considering the invitation.

7. **RECOMMENDATIONS**

That the Council;

- a. acknowledge the invitation from the Secretary of State ‘to submit a proposal for a single tier of local government in Northamptonshire’;
- b. note the updates provided in this report;
- c. in response to the invitation from the Secretary of State, agrees to work up a draft high level submission (ideally in conjunction with other local authorities in the county) that;
 - i. seeks to meet the criteria set by the government;
 - ii. is in line with the council’s previous resolution from April 2016;
 - iii. is brought back to a meeting of Full Council for further debate to allow a final decision to be taken, prior to any formal submission to the government.

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APPENDIX A

Extract From Hansard - Northamptonshire County Council

27 March 2018

Volume 638

1.15 pm

[The Secretary of State for Housing, Communities and Local Government \(Sajid Javid\)](#)

When I commissioned the best value inspection, I asked the inspector to consider four things in particular: first, whether the council has the right culture, governance and processes to make robust decisions on resource allocation and to manage its finances effectively; secondly, whether the council allowed adequate scrutiny by councillors; thirdly, whether there were strong processes and the right information available to managers and councillors to underpin service management and spending decisions; and fourthly, whether the council was organised and structured appropriately to deliver value for money.

I have reflected on the contents of the Caller report. It is balanced, rooted in evidence and compelling. The inspector has identified multiple apparent failures by Northamptonshire County Council in complying with its best value duty—failures on all counts. While I recognise that councils across the country have faced many challenges in recent years, the inspector is clear that the county council's failures are not down to a lack of funding or because it is being treated unfairly or is uniquely disadvantaged compared with other councils. His report concludes that

“for a number of years, NCC has failed to manage its budget and has not taken effective steps to introduce and maintain budgetary control”.

Furthermore, the complex structure of financial support meant that oversight was difficult and accountability was blurred. The report says that Northamptonshire's “Next Generation” approach, which envisaged outsourcing many of the council's functions, had no “hard edged business plan or justification to support these proposals”.

That “made it difficult to ensure a line of sight over costs and operational activity” and “made it impossible for the council, as a whole to have any clarity or understanding as to what was going on.”

Similarly, the inspector found that Northamptonshire County Council used capital receipts to support revenue spend “without documentary evidence demonstrating compliance with the Statutory Guidance and Direction.”

Furthermore, until this February, there was no report to full council on the proposed projects and their benefits. He says in his report:

“Savings targets were imposed without understanding of demand, need or deliverability and it is clear that some Chief Officers, did not consider that they were in any way accountable for the delivery of savings that they had promoted.”

On the question of scrutiny, the report says:

“The council did not respond well, or in many cases even react, to external and internal criticism. Individual councillors appear to have been denied answers to questions that were entirely legitimate to ask and scrutiny arrangements were constrained by what was felt the executive would allow.”

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I want to emphasise that the report also indicates that the hard-working staff of Northamptonshire County Council are not at fault and have worked hard to provide quality services.

With all this in mind, it is clear that I must consider whether further action is necessary to secure compliance with the best value duty. In doing so, I want to reassure the residents of Northamptonshire that essential services will continue to be delivered. The inspector is clear: "The problems faced by NCC are now so deep and ingrained that it is not possible to promote a recovery plan that could bring the council back to stability and safety in a reasonable timescale."

He recommends:

"A way forward, with a clean sheet, leaving all the history behind, is required".

I am therefore minded to appoint commissioners to oversee the authority, using my powers under section 15 of the Local Government Act 1999. From day one, I propose that they take direct control over the council's financial management and overall governance. Getting these basics right must be the first step in stabilising this authority. I also propose giving them reserved powers to act as they see fit across the entirety of the authority's functions if they consider that they must step in. My officials are writing to the council and to the district councils today to this effect, and they can make representations on this proposal. I will consider any representations carefully before reaching a final decision.

The Caller report makes a clear recommendation on restructuring, and notes that there are a number of options available. So, in addition, I am inviting Northamptonshire County Council, and the district and borough councils in the area, to submit proposals on restructuring their local government. I would like those councils to think about what is right for their community and the people they serve, and to come forward with proposals. This invitation and the letter to Northamptonshire that I mentioned earlier have been published today, and I have placed copies in the Library of the House.

It is clear to me that any proposals from the councils should seek to meet the criteria for local government restructuring that I have previously shared with the House. They are that the proposals should improve local government; be based on a credible geography; and command a good deal of local support. I will be particularly interested in hearing how the councils have consulted with their communities to ensure that Northamptonshire's future is truly locally-led.

The findings of Mr Caller's inspection report on Northamptonshire County Council are extremely serious, which is why this Government are prepared to take decisive action to ensure that local people receive the high-quality services they need and deserve, and to restore faith in local government in Northamptonshire. I commend this statement to the House.