Northamptonshire Local Government Reform Proposal

# 31 August 2018

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1. Executive Summary

1.1. The situation in Northamptonshire that has prompted local government reform considerations at this time is set out in the Best Value Inspection report on Northamptonshire County Council (NCC) January - March 2018.

1.2. This concluded that: *'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'*, that: *'a way forward with a clean sheet, leaving all the history behind, is required'* and that: *'the two unitary (West and North) model is the preferred way forward'*.

1.3. It is in this context that the county, borough and district councils are making this proposal – not out of a positive ambition for this radical structural change, but instead out of a pragmatic and responsible approach to the Government's clearly-signalled direction of travel.

1.4. We believe that the option that best meets the criteria set out in the then Secretary of State's invitation on 27 March 2018 is for two councils across Northamptonshire: one in the north to cover the area of four district/borough councils (population: 343.6k) and one in the west to cover the area of the three borough/district councils (population: 402.0k).
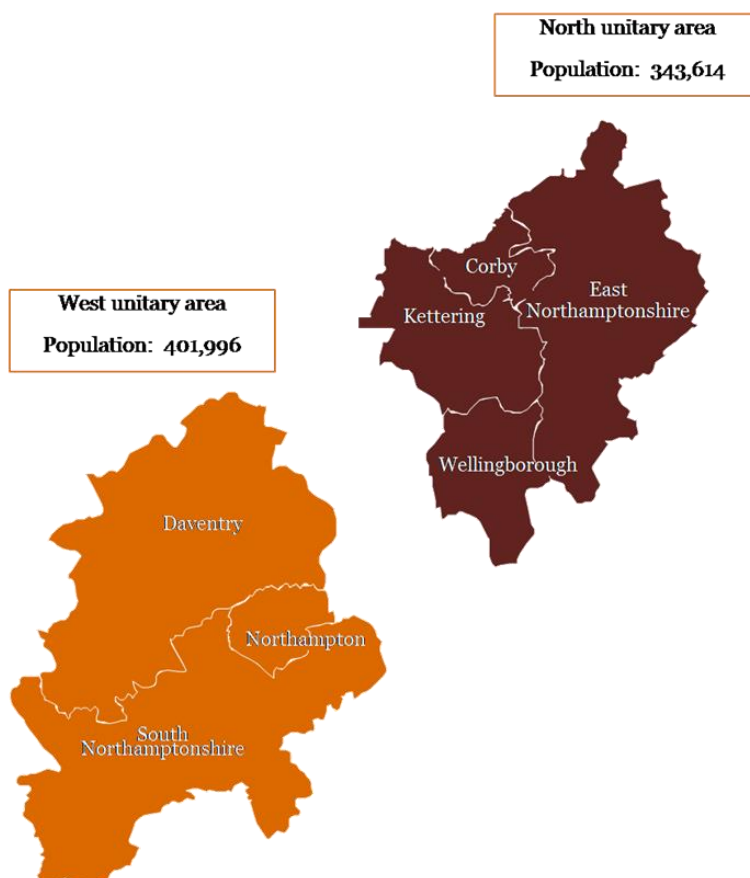
Figure 1: Proposed unitary areas

1.5. The submission adheres to the criteria set out in the Secretary of State's invitation and therefore only proposes the one option for Northamptonshire of two unitaries, North and West.

1.6. The consultation commissioned by the councils has demonstrated widespread public support for the restructuring of local government in Northamptonshire, although the specific proposal for two unitaries received varying degrees of support. The quantitative consultation showed overwhelming support for reducing the number of councils and for unitary authorities in principle. The representative residents' survey found majority support for two unitary councils, both across the county and in the proposed West and North Northants areas. The open questionnaire supported the principle of unitary councils and showed widespread support for two unitary councils in North Northants (except in Corby); but there was majority opposition to two unitary councils by respondents in West Northants (who preferred three unitaries). Six of seven focus groups and two business forums supported the proposal for two unitary councils. The two parish and town council forums supported unitary authorities in principle, with one supporting two unitary councils while the other strongly supported three. The submissions supported unitary councils, but they were divided on the appropriate number.

1.7. In drawing together our proposal to the Secretary of State, it has become obvious that, whist local government reorganisation can achieve a level of cost savings, it will not, in itself, lead to the creation of two new sustainable unitary local authorities. Indeed, it potentially risks only redistributing the existing financial instability of NCC across two new organisations, unless steps are taken to address the existing cost and income challenges.

1.8. The challenges below outline some of the key pressures the new unitaries are keen to manage and work with Government on to ensure a sustainable and successful future for the new unitary councils.

- There is currently a very significant imbalance between revenue income and expenditure at NCC, and this will have an impact on sustainability of the new unitaries if the current financial position is inherited by them in 2020/21. It is essential that NCC delivers a balanced revenue position and sustainable services that can be inherited from day one. Similarly, the proposed new unitaries are keen to explore with Government, how to achieve the promised aim to leave the history behind whilst recognising that what was made in Northamptonshire, stays in Northamptonshire. For example setting up a residual body, with precepting powers, may be a route to ensuring that the new authorities are able to set budgets for their own activities and do not have to carry the historic legacy of both NCC and the districts and boroughs.

- Funding the cost of transition, including redundancies, from one county council and seven borough/district councils to two unitary authorities will stress cashflow for

the new unitaries. The savings from that transition will take some years to repay the costs.

- Unitarisation does not solve the issues faced by NCC: services need to be transformed at the same time. Unitarisation would create the opportunity to use restructuring to drive wider public-sector reform, for example by being part of an Integrated Care System pilot. Again, the costs of such transformation will be significant and the benefits will only accrue in later years.

- Viability and affordability issues with supporting infrastructure are compromising delivery of housing and employment. This is exacerbated by the fact that NCC has for some time cut back on infrastructure investment and, post the s114 directions, projects have slipped. It will be vital for the continued contribution of both areas to the economy of this part of the Oxford to Cambridge corridor that mechanisms are developed to facilitate that expansion, such as the Growth Deals currently being prepared in West and North Northamptonshire, and discussed with Government.

1.9.   The Northamptonshire councils are committed to working with Government to ensure a successful future for the proposed North and West Northamptonshire Unitary Councils.

2.   Summary of Secretary of State's Invitation and Submission Criteria

2.1.   In response to receiving the Northamptonshire County Council Best Value Inspection Report, the Secretary of State invited the principal councils in Northamptonshire to develop and submit locally-led proposals for establishing unitary authorities across the county which would be right for the communities and people they serve.

2.2.   The Secretary of State set out guidance, shown below, against which any proposal will be assessed. The proposal should seek to achieve the establishment of a single tier of local government for the area concerned, that is the establishment of unitary authorities:
- which are likely to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures;

- which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and

- where the area of each unitary authority is a credible geography consisting of one or more existing local government areas and having a substantial population that, at a minimum, is substantially in excess of 300,000.

2.3.   The following matters should be considered in formulating the proposal:

i.   The proposal should describe clearly the single tier local government structures it is putting forward, and explain how, if implemented, these are expected to achieve the outcomes described in paragraph 2.1 above.

ii.   The need for evidence and analysis to support the proposal and any explanation of the outcomes it is expected to achieve, including evidence of a good deal of local support.

iii. The report 'Northamptonshire County Council Best Value Inspection: January–March 2018': in particular the inspection team's recommendation on the preferred way forward involving 'the two unitary (West and North) model'.

iv.   The wider context for any unitary authorities in Northamptonshire around plans for growth. This includes the authorities' potential contributions to the Cambridge-Milton Keynes-Oxford corridor and the potential for agreement between the authorities and the Government to unlock ambitious housing delivery, above the level proposed in the Government's Local Housing Need assessment.

v.   That there should be extensive local consultation about any proposal before it is made, seeking the views by appropriate means of residents, stakeholders and partners including local enterprise partnerships, health bodies, businesses, and other organisations including voluntary organisations. The means of seeking views may include professionally led open consultation questionnaires, representative household surveys, surveys of parish and town councils, workshops, telephone interviews with other major stakeholders and inviting written submissions.

3. Analysis of Options against Criteria

3.1. There are several unitary options in theory; figure 2 below outlines the options considered under the Northamptonshire local government review.

Option	Consideration
No change	Maintaining the existing two-tier system would not solve the current problems
Establish a single unitary authority based on the whole Northamptonshire county boundary	Establishing a single unitary authority based on the existing county boundary would not deliver a recognisably "new start". Furthermore, the option of a single unitary council is expressly ruled out in the Government's invitation letter.
Create three unitary authorities	Establishing three unitary authorities would not meet the population requirement. Northamptonshire has a total population of around 740,000 (without taking into account growth from current houses under construction) and under a three unitary council structure, at least one authority would have a population level of less than 300,000.
Create two unitary authorities based on a single authority for Northampton Borough, and a single authority for the other areas around it.	This would also not meet the Government's population test – the population of Northampton Borough is only 228,700.
Create two unitary authorities based on groupings of existing West and North districts or boroughs	The option for two unitary authorities covering West and North would deliver two credible geographic units, both with populations in excess of 300,000.
Mergers with some neighbouring councils (outside Northamptonshire)	Current legislation dictates that unitary authorities cannot span more than one Police Authority. In Northamptonshire, the County has a Police Authority co-terminus with its boundaries. Hence, without a change to primary legislation, a unitary council covering part of Northamptonshire cannot merge with another authority outside the county. It would not be possible to effect a change to primary legislation within the timescales for submission of our proposals. This has also necessitated the dissolution of a very successful and longstanding partnership between Cherwell District Council and South Northants Council. The diseconomies accruing from this split for CDC alone have been calculated at £2-4m from 2019/20 onwards.

Figure 2: Options considered against the criteria by Northamptonshire councils

4.   Northamptonshire Councils' Proposal

4.1.   The only one of the options set out above that meets the Government's criteria is two unitary authorities, based on groupings of existing West and North districts and boroughs.

4.2.   The eight councils, therefore, jointly commissioned Opinion Research Services (ORS) to carry out a thorough consultation exercise in line with the Secretary of State's guidance. The results of that exercise are set out in the attached report and the conclusion reached by ORS (paragraph 1.50 of that report) is that the government requirement for the proposal for two unitary councils to command 'a good deal of local support as assessed in the round across the whole area of the proposal' has been satisfied.

4.3.   The councils also commissioned Pricewaterhouse Coopers (PwC) to carry out an analysis of the current position and make an assessment of the extent to which the proposal would meet the Government's criteria. Their report is also attached to this document.

4.4.   The Northamptonshire councils who have signed the covering letter to this proposal are, therefore, jointly proposing that the current two-tier system of eight principal councils be replaced by two new single-tier or unitary councils which would have responsibility for all council services in their respective areas.

4.5.   The two new unitary authorities would be formed of a West and a North Northamptonshire council, as follows:

West unitary authority		North unitary authority	
Existing district/borough	Population	Existing district/borough	Population
Daventry	82,008	Corby	70,706
Northampton	228,687	East Northamptonshire	92,766
South Northamptonshire	91,301	Kettering	100,753
		Wellingborough	79,389
Total population	401,996	Total population	343,614

Figure 3: 2018 population statistics for new unitary areas

4.6.   The guidance set out in Section 2 above requires the proposal to achieve certain outcomes. The ways in which it will do so are set out below.

4.7. Improving local government and service delivery

4.7.1. The proposal recognises that reorganisation could be an enabler of a different way of working in pursuit of outcomes. Having a unitary local government structure should make cross-disciplinary working easier, especially where responsibility and expertise are currently spread between tiers and between districts/boroughs. Having this single focus should, in turn, make it clearer to partners or businesses who they should speak to.

4.7.2. The councils of Northamptonshire recognise the need to change culture as they transition into unitaries. During the next phase the councils will work with staff to identify and implement a culture that meets the needs of a 21st century council.

4.7.3. Anticipated service delivery benefits have been identified in the areas set out below. Achievement of these benefits assumes that transition takes place successfully and that financially stable new organisations are created that can develop the capacity to work in the new ways envisaged.

- In **driving growth in the economy and delivering the necessary infrastructure, housing and environment**, having the two new unitary areas could offer more coherent geographic units to engage with the economic growth agenda and thus maximise the potential of the target Housing and Growth Deals. A greater ability to join up infrastructure delivery with housing and commercial development is a key advantage for the new unitary authorities, which should also bring together functions in a way that allows resources to be focused, enabling a more strategic direction of effort, for example in assisting businesses to find suitable locations. It should give a stronger voice to the existing West and North groupings in the county and help them to benefit from the Cambridge-Milton Keynes-Oxford Corridor, a centrepiece of national strategic infrastructure planning for the next 30 years.

- For **health and wellbeing**, it could tighten and strengthen the links between services that together have a major impact on outcomes, but where responsibilities are currently split between tiers. This would allow the pathway experienced by local residents to be more co-ordinated without multiple hand-offs to other organisations. This, in turn, will result in better quality co-ordinated support, centred around people not organisations. The unitary authorities would provide a better scale for strategic planning for services that have an impact on demand for high cost provision and improved wellbeing. For instance, by connecting planning and housing services more closely to public health and social care services there will be opportunities to develop better, locally evidenced longer term solutions for community support, building community resilience and focusing on prevention. This would allow a much more holistic approach to dealing with social factors that affect individuals' wellbeing to improve the ability of people to manage their own issues and live independently for longer. In terms of effective use of resources, it could also allow more strategic co-ordination of community investments based on a much wider evidence-based view of need. In terms of wider public sector reform,

it could provide a catalyst to use the local government redesign to look at the whole system from a governance, finance, commissioning and asset basis.

- However it should be noted that the Northamptonshire councils have a clear understanding of the risk that the change proposals and plans could disrupt the delivery of **Adults and Children's** services or our duty to safeguard the counties vulnerable residents. We are committed to creating a "safe landing" for day one and to ensuring that no-one currently getting or needing support falls through the gap during this period of change. To that end partners will jointly engage through dedicated Adults and Children Portfolio boards to ensure current services are maintained, there is a safe transition and that we resolve any essential/critical issues as we move from the current county-wide services into the new unitary authorities.

- In **education and skills**, having two new unitary authorities will provide an opportunity to directly address the need for improvement in education and skills outcomes in Northamptonshire. It will also enable effective operational links between needs planning and economic growth, which is more challenging with dispersed district and borough-based economic development functions, and ensure that academy specialisms and further education provision and locations reflect growth requirements.

- For **community safety**, bringing resources together in two unitary authorities could provide economy of scale to arrangements that are currently dispersed in the districts/boroughs as well as the county. Combining resources could give a better scale to deployment of expertise across the new unitary areas, reduce the overall number of partnerships and make it easier to engage with strategic thinking affecting the whole area. Careful design will be needed to ensure that moving community safety partnerships on to larger unitary boundaries does not dilute the ability of existing work to respond to local circumstances based on local needs, and existing practical delivery mechanisms, (such as geographic or thematic sub-groups and delivery groups), will need to be adopted in the new arrangements.

4.8. Greater value for money and generation of savings

4.8.1. The change from a two-tier to a unitary local government structure would not solve the financial problems detailed in the attached PwC report. It would, however, present the opportunity for some savings. Initial modelling suggests that this could deliver an annual saving of £5.8 million for the West unitary area, and £6.3 million for the North area, totalling £12.1 million of annual savings arising through reorganisation from the year 2020/21 onwards.

4.8.2. Delivering greater value for money and deeper savings will require transformational activities to be delivered by the new authorities. Creating the new organisations is an opportunity to use the overall reorganisation to design ways of working that place the authorities' residents at the heart of everything they do.

4.8.3. A major gain in terms of outcomes for residents, and value for money to the public purse as a whole, stands to be made from exploiting the unitary local government concept as a basis on which to plan services together with other partner organisations.

4.8.4. Transformation programmes will be designed, (with further analysis needed to confirm the scale of the opportunities), to balance short-term affordability and implementation capability with medium-term benefit. The potential will also need to be assessed against action to reduce the deficit at the county council, to ensure there is no double-counting. However, taking all these factors into account, if it can be successfully implemented, transformation and public sector reform could provide a route to medium-term financial sustainability which reorganisation alone will not deliver.

4.9. Stronger and strategic leadership

4.9.1. The structure of unitary local government creates the potential for more strategic leadership in the areas where it brings services together that need to connect to deliver outcomes. Leaders will be able to take decisions with more understanding and influence over the full range of contributory factors, and over a larger geography. This would be particularly significant, for example, in relation to planning, housing and highways decisions. They will also be able to take strategic decisions across service boundaries, better recognising the connections between, for example, leisure and youth provision, or housing and social care.

4.9.2. The establishment of two new unitary authorities will also make it simpler for local people to understand the line of accountability for local government services. With only one tier of local government and one cycle of elections, this is more transparent.

4.9.3. It will be important to get the balance right between creating councils with a manageable number of councillors and ensuring that those councillors can adequately represent their residents. We consider that the number of councillors for each area suggested in the Best Value Review is far too low to enable councillors to represent their constituents adequately and that each ward/division should consist of an average of around 3,200 electors. This would result in approximately 90 councillors in the West and 80 in the North. The shadow authorities will need to consider this issue in more detail.

4.9.4. Alongside this, they will also need to consider how best to empower local communities and strengthen local leadership. It is likely that new town and parish councils will be created in areas that are not already parished, and the extent to which powers are devolved will also need to be considered. A balance will need to be struck between local decision-making and the overall efficiency, effectiveness and economy of service delivery, taking into account the varying levels of capacity, capability and enthusiasm of town and parish councils to take on additional responsibilities.

4.10. Sustainable structures

4.10.1. The vision of reorganisation as a building block from which to launch transformed local government services and wider local public service reform is rooted in a desire to deliver sustainability. This recognises that simply reorganising the existing two-tier system of local government in Northamptonshire to a unitary form will not be sustainable.

4.10.2. But driving the necessary transformation and public service reform will also be difficult because the gap between costs and income is too great to build the basic platform of stable new authorities.

4.10.3. Delivering reorganisation successfully requires action to address the county's financial position. The work of the Commissioners is aiming to produce a stable position in terms of deficit and will involve actions to reduce costs. This must be seen as a pre-requisite for successful reorganisation but needs to be done in a way that still leaves the new authorities with a legacy of sustainable services.

4.11. Delivering re-organisation successfully

4.11.1. To allow stable reorganisation to take place and give the establishment of the two unitary authorities any chance of success, there are several areas where the councils will need to work with the Government to address some significant implementation challenges. It is essential that these challenges are met head on and that Government commits to meeting the challenges and ensures that we are collectively equipped to deliver success; this is the basis of the councils' sign-up to this proposal. The challenges are divided into four themes:

4.11.2. Beginning with a clean sheet, leaving all the history behind
The situation in Northamptonshire that has prompted local government reform considerations at this time is set out in the Best Value Inspection report on Northamptonshire County Council (NCC) January - March 2018. This concluded that: *'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'*; that*: 'a way forward with a clean sheet, leaving all the history behind, is required'*; and that: *'the two unitary (West and North) model is the preferred way forward'*.

The projection of future revenue and income from the published early 2018 MTFPs has highlighted persistent and significant deficit forecasts. This position has now worsened with the July 2018 NCC section 114 notice highlighting a potential £60-£70m deficit in the context of a lack of resilience due to depleted reserves with a further identified gap of over £50m in 2019/20.   Unless addressed, this position will transfer to the new authorities in 2020/21 and prevent them from setting balanced budgets. It is, therefore, crucial that a balanced revenue income and revenue expenditure position is achieved that can be inherited from day one. This needs to be achieved constructively – savings need to be achieved in a way that does not simply store up further sustainability problems for the new councils. The Government will need to consider providing The County Council (and the commissioners) with the necessary

tools and levers to be able to deliver a sustainable financial position by April 2020. The proposed new unitaries wish to seek to explore with Government how to achieve the promised aim to leave the history behind whilst recognising that what was made in Northamptonshire, stays in Northamptonshire. For example setting up a residual body, with precepting powers, to manage historical liabilities, may be a route to ensuring that the new authorities are able to set budgets for their own activities and do not have to carry the dead weight of the historic legacy of both NCC and the districts and boroughs.

4.11.3. Transition

Funding the cost of making the transition to two unitary authorities, including costs for redundancies, property reconfiguration and programme management, will constitute a major cashflow stress at a time when large revenue deficits are anticipated. We will welcome working with the Government to identify tools that will ease cashflow stress such as implementing a business rate pilot.

4.11.4. Transformation and Public Sector Reform

The attached PwC report emphasises that reorganising to unitary authorities alone will not create sustainable services. The future unitaries will need to use restructuring as a springboard to drive transformation in their own services and in pursuing wider public service reform, for example by being part of an Integrated Care System pilot. This would generate further significant savings but would also incur substantial up-front costs.

4.11.5. Infrastructure

The County Council's financial problems have resulted in cut backs on infrastructure investment and it has been reported that, following the February 2018 s114 direction, projects have slipped. It will be vital for the continued contribution of both areas to the growth of this part of the Oxford to Cambridge corridor that mechanisms are developed to facilitate that growth.

5.   Next Steps

5.1.   The Best Value report's reference to a 'new start' for the residents of Northamptonshire is couched in terms of needing to deliver 'confidence and quality in the full range of local government services'. The Northamptonshire councils are developing a vision for the future of local government in the county, with emerging emphases for the West and North areas, as shown in the diagram below:

A vision for local government in Northamptonshire

"Deliver high performing, sustainable public services, focussed on improving the lives of the communities they serve, while encouraging independence, ambition and wellbeing".

Vision

West Northamptonshire

Priorities

- Prioritise the growth agenda, with a particular focus on building links with the Oxford - Milton Keynes - Cambridge Corridor.
- Improve the provision of housing, especially affordable housing.
- Improve educational attainment and the employability of young people.
- Help people and communities to address their own health and wellbeing, at the same time as supporting those with more complex needs.
- Ensure that the distinct characters of urban and rural areas are taken into account, while striving to reduce inequalities across the area.

North Northamptonshire

- Prioritise the improvement of health and wellbeing and encourage the development of "stable homes" as a key foundation, strengthening families and improving community cohesion.
- Develop opportunities for growth, with a particular focus on infrastructure, skills and a stronger voice.
- Push for inclusion of the whole area in the Oxford - Milton Keynes - Cambridge Corridor.
- Encourage more extensive housing supply.
- Ensure that the distinct characters of the urban and rural areas are taken into account.

Public sector reform

Two new unitary authorities supporting local public service reform:
- Provide a place-based solution to complex problems.
- Cross organisation focus on innovation.
- Share data and insight.
- Share capacity and assets.
- 21st century workforce.
- Shifting resources to preventative services and interventions.

Figure 4: Emerging vision and priorities for the new unitary authorities in Northamptonshire

5.2.   The next steps for the Northamptonshire councils will be to create a programme of work based on the roadmap below to start to prepare for the implementation of shadow councils and put in place structures to include key stakeholders and communities in the design and development of the new unitary councils.
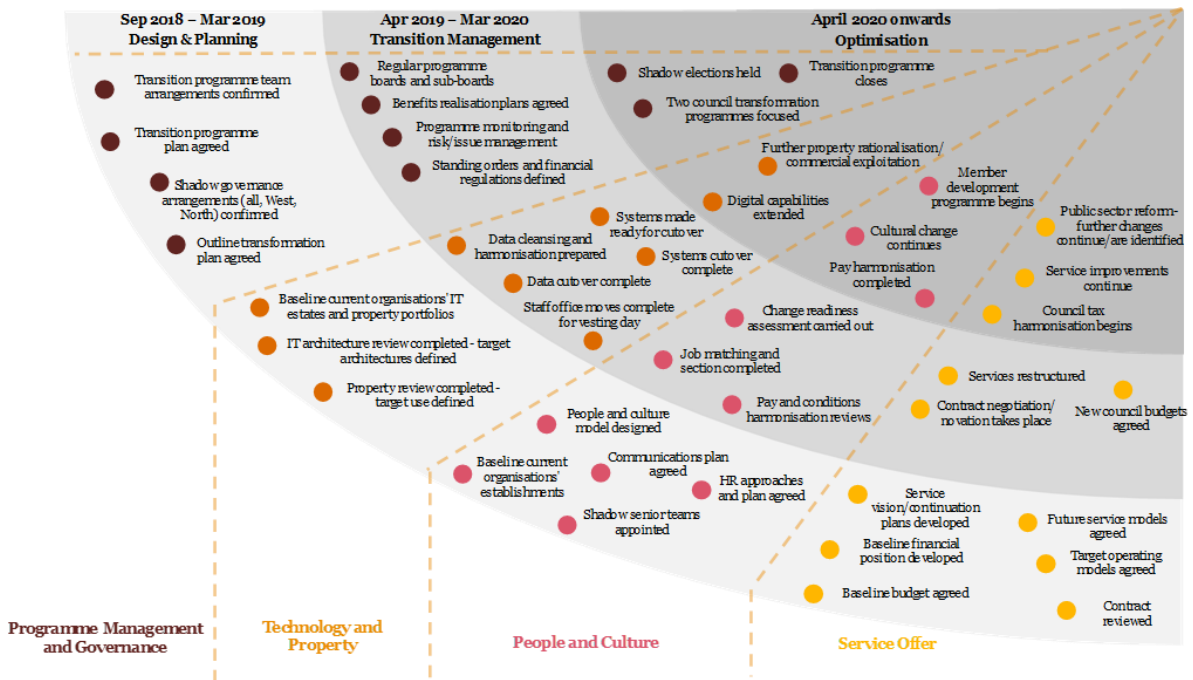
Figure 5: Proposed Programme of Work and Timeline

5.3.   Whilst the Secretary of State will clearly need time to consider this proposal, the timeline for implementing the two new unitary councils on 1st April 2020 is very tight, so the Northamptonshire councils propose to commence the Design and Planning stage immediately. We would welcome early discussions with Government to agree how the challenges identified in this proposal can best be met to ensure that we create two sustainable organisations in 2020 that are able to meet the needs of our residents and communities.