

North Yorkshire County Council
County Councillor Carl Les, Leader

19 April 2021

To approve a response to the Ministry of Housing, Communities and Local Government (MHCLG) on Local Government Reorganisation

1.0 Purpose of the Report

- 1.1 To approve the submission and details of the Council's response to the Government's consultation on Local Government Reorganisation to support the proposal for a single unitary Council in North Yorkshire as approved by the Executive on 3 November 2020 and endorsed by full Council on 4 November 2020.

2.0 Background

- 2.1 On 9 October 2020, all local authorities in North Yorkshire and York received an invitation from MHCLG to submit proposals for Local Government Reorganisation in North Yorkshire and York.
- 2.2 The Executive approved the submission for consideration by the Government of the strategic Case for Change for a single unitary council for North Yorkshire on 3 November 2020 and this approach was endorsed by Full Council on 4 November 2020. Six of the seven District Councils within North Yorkshire submitted a proposal for an East/West split for North Yorkshire and York. The City of York Council at its Council meeting on 25 February 2021 agreed to support the North Yorkshire County Council unitary proposal and to make clear the City of York Council's opposition to the East/West proposal.
- 2.3 On 22 February 2021, the Secretary of State for Housing, Communities and Local Government launched a consultation on both proposals. A link to the consultation can be found here:
<https://www.gov.uk/government/consultations/proposals-for-locally-led-reorganisation-of-local-government-in-cumbria-north-yorkshire-and-somerset>
- 2.4 The purpose of this report is to seek approval of the proposed response by the Council to the consultation exercise to show support for the County Council's submission. At the time of writing and publishing this report, the draft response to the consultation is not yet available but will be subsequently circulated to the decision taker to enable him to take the decision and then published.

3.0 Issues

- 3.1 The Government is formally consulting with all the authorities within North Yorkshire and York. It is also seeking views from any interested person, including residents and is consulting neighbouring councils and other named consultees. The Councils were asked to bring the consultation to the attention of people and organisations in their local area.
- 3.2 The context of the consultation is that the Local Government and Public Involvement in Health Act 2007 requires that before a proposal for Local Government Reorganisation can be implemented, the Secretary of State must first consult any council affected by a proposal (ie a council whose area in whole or in part would become part of a proposed unitary council) that has not submitted a proposal. In addition the 2007 Act provides that the Secretary of State may consult such other persons he considers appropriate.

- 3.3 After the consultation has ended on 19 April 2021, the Secretary of State will consider the consultation responses and will decide, subject to Parliamentary approval, which, if any, proposals are to be implemented, with or without modification.
- 3.4 In taking this decision the Secretary of State will consider all the representations submitted including those from the consultation, and all other relevant information available in order to reach a balanced judgement assessing the proposals against three criteria:
- ◆ Whether they are likely to improve local government and service delivery across the area of the proposal.
 - ◆ Whether they command a good deal of local support as assessed in the round across the whole area of the proposal.
 - ◆ Whether the area of any new unitary council is a credible geography.
- 3.5 The response to the consultation is currently being prepared and the Leader of the Council will be required to formally approve the detail and submission of the response.

4.0 Delivery Arrangements

- 4.1 If, at the end of the consultation process, the Secretary of State approves one of the proposals, the Government would work with the councils to progress a Structural Change Order which will set out the governance structure and the transition arrangements for the preferred proposal.
- 4.2 It is anticipated that Government would make a decision in July/August 2021 and if they choose to proceed with a change they would pass a Structural Change Order by the end of the year.

5.0 Options

- 5.1 The Council can choose whether it wishes to respond or not to the Government consultation exercise; it can choose to comment on the single unitary proposal or the East/West split or both. However as the Council has submitted a proposal for a new single North Yorkshire Council, it is considered appropriate to respond to the consultation exercise now that it has the benefit of being consulted on both proposals that are out for consultation.
- 5.2 It is also open to all Councillors to respond to the consultation individually should they so wish.

6.0 Financial Implications

- 6.1 There are no direct financial consequences in responding to the consultation, as the Government is the decision taker in this matter and not the Council. However, the previously approved Case for Change concluded that there are significant savings to be realised from the creation of a single county unitary council. It is estimated that reorganisation alone would generate £31.9m per annum savings. Using the new council as a springboard for transformation could then produce additional savings that range from £51.1m to £68.5m per annum. In total, the financial assessment is that net savings of up to £259.8m are possible over a 5 year period.
- 6.2 There are estimated costs for delivering the reorganisation and to provide the capacity to deliver the transformational opportunity. These costs range from £18m to £38m in total. The single county unitary proposal recovers the costs through savings between seven and thirteen months - the shortest period of all options assessed in the Case for Change.

- 6.3 In addition to the direct financial benefits for the single county unitary council, there is added value in the York and North Yorkshire Partnership which sets out a range of collaborative opportunities between the new unitary council and the City of York Council. This Partnership has been endorsed by the City of York Council and includes opportunities that could increase the scale of savings to significantly in excess of £70m per annum.
- 6.4 The Case for Change includes financial assessments of other options which have also been conducted by PWC for independent assessment. This includes the proposal of an east/west split of the county drawing in the City of York. This option also offers savings, but considerably less at 62% of that of the single unitary county proposal over a five-year period (£161.8m as opposed to £259.8m). It also involves higher costs given the higher levels of disruption, so it takes longer than the single county unitary proposal to recover the costs through savings at almost two years.
- 6.5 The principal advantages that the single county unitary proposal has are:
- i. economies of scale are maximised resulting in greater efficiency and purchasing power with very real cashable savings
 - ii. more duplication is reduced in core functions (e.g. senior management; back office; systems etc) in the most straightforward fashion as functions are brought together on day one of the new council
 - iii. consolidation of the new council provides the opportunity to drive further efficiencies in functions and tiers of management that extend beyond the more immediate core functions
 - iv. transformation opportunities are maximised with the opportunity to redesign ways of working at significant scale in the new council embracing technology as a key enabler
 - v. disruption is minimised and costs are therefore lower. The risks around service failure are also minimised with the associated financial consequences.
- 6.6 The future financial prognosis for councils and the broader public sector looks bleak given the impact of Covid-19 on the UK and global economies. There are also likely to be further increases in demand for many services such as adult social care, children's social care, welfare and other services as a result of the legacy of Covid-19 and the resulting economic recession. These pressures, in aggregate, are likely to see a significant decline in the funding position for all councils and, after 9 years of austerity, opportunities to deliver major savings have become much harder to find, particularly where there is not net impact on frontline services. The scale of savings set out in the Case for Change surpasses any other possible savings programme that a two-tier county council would possibly be able to consider. Savings of the magnitude set out in this report therefore present the best opportunity to deliver future financial sustainability; to protect valuable services; and secure value for money for the public across North Yorkshire.
- 6.7 It is proposed that the response to the consultation highlights that the single unitary option for North Yorkshire would provide the greatest savings of either proposal.

7.0 Legal Implications

- 7.1 This report seeks approval of the Council's response to the Government's consultation document. The response is currently being drafted. The actual process for the creation of a unitary authority is set out in Sections 1-7 of the Local Government and Public Involvement in Health Act 2007 and Section 15 Cities and Local Government Devolution Act 2016.

- 7.2 This process requires that the Secretary of State may not make an order implementing a proposal unless he/she has consulted every local authority and such other persons as he considers appropriate.
- 7.3 Proposals for a unitary authority are submitted under Part 1 of the Local Government and Public Involvement in Health Act 2007. The Council's Constitution provides that each individual Member of the Executive has the responsibility and power "to make a formal response on behalf of the County Council, following appropriate consultation, to any White Papers, Green Papers, Government consultation papers or other consultative document where it is appropriate that the response should be a Member response".
- 7.4 As the matter to submit a proposal has already gone to Executive and full Council it is proposed that the Council Leader approves and submits the response to the consultation exercise to support its proposal.
- 7.5 Timescales are tight in this matter, such that the decision will be required to be implemented immediately, without allowing time for any call in period, to meet Government timescales and to enable submission of a detailed response before the Government deadline of 19 April 2021. Overview and Scrutiny Procedure Rule 16(h) enables matters to be determined on an urgency basis and be exempt from call-in, where any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. It is believed, for the above reasons, that this would be the case should the call in period not be exempted in this matter and consent has therefore been granted from the Chairman of the Council to exempt this decision from call-in.

8.0 Human Resources Implications

- 8.1 There is no immediate Human Resources implications arising from this report but clearly the future decision on Local Government Reorganisation within the region will have staffing implications depending on which option is chosen. It is proposed that the Council's consultation response includes details of the implications on both options.

9.0 Environmental Implications

- 9.1 The opportunities for addressing climate change under a new governance model are set out in more detail in the Case for Change that was previously considered by the Executive and Council. Therefore there are no further direct environmental implications in responding to the consultation.

10.0 Equality Implications

- 10.1 There is no equality impact implications in responding to the consultation as it will be for Government to determine which proposal to approve. A high level equality impact assessment has been carried out for the Council's Case for Change and was attached as an Appendix to the Executive report of 3 November 2020 and the Council report on 4 November 2020.
- 10.2 That high level assessment has highlighted that the single unitary authority model is likely to have fewer adverse equality impacts on people with protected characteristics as services such as social care will be kept intact and not subject to the disruption that any other model would entail. There are also potential positive impacts for people with protected characteristics through the proposal to bring together services such as public health and leisure, or social care and housing adaptations. However, again, it will be for Government to make the full equality impact assessment of any proposal it wishes to take forward.

11.0 Reasons For Recommendations

- 11.1 On the basis of the Executive decision on 3 November 2020 and full Council's endorsement to submit the proposal for a single unitary council for North Yorkshire, it is recommended that the County Council respond in support of its own proposal and to highlight the concerns over the alternative proposal.

12.0 Recommendations

- 12.1 That the Leader approves the details and submission of the Council's response to the Government's consultation on Local Government Reorganisation to support the proposal for a single unitary Council in North Yorkshire as approved by the Executive on 3rd November and endorsed by full Council on 4 November 2020

Report author – Barry Khan, Assistant Chief Executive (Legal and Democratic Services)

9 April 2021

Background Papers

Letter dated 9th October 2020 inviting authorities to submit proposals

Executive report dated 3 November 2020.

Council report dated 4 November 2020.