



Report Reference Number: E/20/20

To: Executive
Date: 5 November 2020
Status: Non-Key Decision
Ward(s) Affected: All
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Corporate Services and Commissioning
Lead Executive Member: Councillor Mark Crane, Leader of the Council
Lead Officer: Janet Waggett, Chief Executive

Title: Local Government Reform in York and North Yorkshire

Summary:

This report presents the York and North Yorkshire Local Government Reorganisation Case for Change ("the Case for Change"). This document has been prepared on behalf of the seven North Yorkshire District Councils of Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby. The seven leaders of the District Councils have worked together, across party lines, to develop a proposal for Local Government Reform in York and North Yorkshire that will provide strong, equal representation for everyone; building upon what the Districts do best for our communities and businesses. The proposal will enable the Districts to continue to respond to the needs of local people, create clean and inclusive economic growth and deliver value for money.

This report seeks the views of the Executive regarding the submission of the Case for Change to the Ministry of Housing Communities and Local Government ("MHCLG") in response to the letter received by all the District Councils from the MHCLG on 9 October 2020 inviting proposals for unitary local government for the York and North Yorkshire area. Initial proposals to be submitted by 9 November 2020 and final proposals by 9 December 2020.

Recommendations:

The Executive is asked to recommend to Council:

- a. to determine that the function of responding to the invitation from the Secretary of the State pursuant to the Local Government and Public Involvement in Health Act 2007 is a function for the Council; and
- b. to note the letter from the Secretary of State and the issues as set out in this report; and

- c. to agree the submission to Government of the Case for Change set out in Appendix 1; and
- d. to agree to delegate authority to the Chief Executive in consultation with the Leader of the Council to make the initial submission, in line with the decision above, within the Government's timescale, i.e. by 9 November 2020; and
- d. to agree to delegate authority to the Chief Executive in consultation with the Leader of the Council to make any necessary changes to the initial submission and to submit the final submission in line with relevant government guidance within the Government's timescale, i.e. by 9 December 2020.

Reasons for recommendation:

To ensure that the proposal set out at Appendix 1 is submitted in accordance with the MHCLG timescales to include such further information as required following receipt of the letter dated 9 October 2020.

1. Introduction and background

- 1.1 In July 2020 the Minister for Regional Growth and Local Government advised the Council Leaders in North Yorkshire that local government in York and North Yorkshire would need to be reformed on unitary lines to attract devolution powers and investment.
- 1.2 The Government has announced its intention to publish a White Paper on Local Economic Recovery and Devolution. It was originally expected to be published in October 2020 but the latest information from government indicates that it is likely to be delayed until early 2021. The White Paper is expected to set out proposals for the reform of local government as part of proposals for devolving more powers to unitary authorities.
- 1.3 As a result of this information, and to secure a devolution deal for North Yorkshire, the seven District Councils have undertaken preparatory work to develop proposals for local government reform in advance of the White Paper that support the realisation of the County's devolution goals. The proposal set out at Appendix 1 meets this requirement and also enables more efficient governance, scale in service delivery, clarity in democratic representation and a stronger voice to central government.
- 1.4 The Case for Change has been developed by the seven Districts with the support of KPMG who have worked in collaboration with the District Council Leaders and Chief Executives. Together the Districts and KPMG have carried out a joint review of options for reorganisation to identify a proposal that will deliver not only stronger democracy but the devolution agenda.

- 1.5 The Executive will be aware that North Yorkshire County Council has also prepared a proposal to be submitted in response to the MHCLG letter. Their proposal suggests that the existing North Yorkshire County Council should be merged with the seven District Councils to form one unitary authority and that City of York Council remain as a unitary Council. The District Councils do not believe this would deliver the best solution for the communities and businesses in York and North Yorkshire.

2. The Case for Change

- 2.1 On 9 October 2020, the Council received an invitation from the Secretary of State for Housing Communities and Local Government to submit a proposal for unitary local government for the North Yorkshire area. Proposals may be submitted by individual Councils or jointly with any other councils in York and North Yorkshire. The seven District Councils are intending to submit a joint proposal. North Yorkshire County Council is also to submit a proposal. It is unclear at this time if York is minded to support the North Yorkshire County Council proposal.
- 2.2 The invitation is made under the provisions of the Local Government and Public Involvement in Health Act 2007 ("the 2007 Act"). Section 2 of the 2007 Act sets out the types of proposals permitted under the legislation and includes a proposal for a single unitary tier consisting of 2 unitary authorities for the County area as proposed in the Case for Change at Appendix 1.
- 2.3 The Case for Changes sets out the approach undertaken to select the preferred option for North Yorkshire. The Councils and KPMG worked together to identify a longlist of 11 options all of which reflected the current geographic area of the County of York and North Yorkshire. These options were then the subject of an initial evaluation which reduced the options to a shortlist of 7. The shortlisted options were subject to further analysis and an "East & West" model has been selected using standardised evaluation criteria which reflect both government priorities and local conditions. It establishes two new unitary authorities, large enough to be efficient, but small enough to remain connected to the communities in each District.
- 2.4 The proposal is for an "East" authority with a population of 465,375 comprising of the Districts of Ryedale, Scarborough and Selby and also to include York and a "West" authority with a population of 363,297 comprising of Craven, Hambleton, Harrogate and Richmondshire. This creates two relatively equal sized authorities around the 400,000 resident threshold which is regarded as optimal by government. It is noted that the North Yorkshire County Council proposal delivers two unitary authorities, one of which is significantly larger than the other and leaves City of York at what is regarded as "sub-optimally" sized.
- 2.5 This model will deliver for the people of York and North Yorkshire thorough:

- Ensuring that both unitary authorities have the scale and capacity to invest in improved service delivery and to achieve financial efficiencies.
 - Reflecting functional geographic footprints with clear potential for strong, inclusive and green growth.
 - Unlocking the potential of York and allowing it to address key challenges around housing delivery, capacity and improvement of children's services.
 - Setting the Mayoral Combined Authority up for success with two equal partners, bringing balance, equity and fairness to the delivery of devolution.
- 2.6 The invitation to submit proposals for a single tier of Local Government in the York and North Yorkshire area includes guidance from the Secretary of State detailed in a Schedule to the invitation. Councils must have regard to the guidance set out in the Schedule and to any further guidance issued by the Secretary of State. The guidance is attached to this report at Appendix 2.
- 2.7 It is anticipated that further work will be needed to finalise the Case for Change to ensure that the specific issues set out in the guidance in Appendix 2 are addressed. This work will be undertaken within the timescale to ensure that a final proposal is submitted to meet the challenging 9 December 2020 deadline. For this reason, a delegation is sought from Council to the Chief Executive in consultation with the Leader in the terms set out in the recommendation.
- 2.8 This report seeks the views of the Executive to enable the Council to be cognisant of these when determining the matter at the Extraordinary Council Meeting on 5 November 2020.
- ### **3. Legal Implications**
- 3.1 Proposals in response to an invitation from the Secretary of State are submitted under Part 1 of the Local Government and Public Involvement in Health Act 2007. The 2007 Act does not specify where the decision to submit a proposal should sit. It is therefore necessary to look at the general legislation in relation to local government decision making. The process initiated by the invitation of 9 October is of profound importance to local government in North Yorkshire. It is a matter that may be reserved to Council through E in Schedule 1 of the Local Authorities (Functions and Responsibilities) 2000. In any event, in consequence of function 1 in Schedule 4 of the 2000 Regulations, it can be determined by the Council that the function,(i.e. approving the response to the Secretary of State), is a function for the Council.
- 3.2 It is recommended to Council that it determines that the function of responding to the invitation from the Secretary of State is a function for the Council.
- ### **4. Financial Implications**

- 4.1 The financial implications of the proposals are set out in the Case for Change at Appendix 1.
- 4.2 The costs of producing the Case for Change and supporting documents has been met by the seven District Council collectively. Each Council has contributed £ 25,000 to these costs to date.
- 4.3 It is anticipated that each Council will be required to contribute a further amount of £25,000 to finalise the proposals and to ensure it is communicated to the communities and businesses in York and North Yorkshire.

5. Policy and Risk Implications

- 5.1 The specific policy and risk issues will be developed if the proposal is accepted as part of the production of a detailed Implementation Plan. The most significant risk for the Council is that failure to submit a proposal within the deadline will mean that the proposal may not be considered. This could lead to a situation where the MHCLG only has the North Yorkshire County Council proposal to consider which the Council does not consider is the best option for Selby, its communities and its businesses.

6. Corporate Plan Implications

- 6.1 It is considered that the proposal set out in the Case for Change is the best option to facilitate the delivery of the aims and objectives set out in the Council plan in the context of moving to a single tier of local government for York and North Yorkshire.

7. Resource Implications

The delivery of any proposal for local government reorganisation is going to require significant redirection of resources to support the Implementation Plan. Further details of the specific resources needed will be brought to members when more information is known regarding the Government's preferred option.

8. Other Implications

- 8.1 There are no further implications.

9. Equalities Impact Assessment

- 9.1 There are no direct equality implications arising out of the submission of the Case for Change. Implementation of any proposal to reorganise local government in York and North Yorkshire will incorporate detailed consideration of these issues.

10. Conclusion

- 10.1 Submission of the proposal for local government reorganisation in York and North Yorkshire as set out in Appendix1 to this report will ensure that the MHCLG considers a way forward that best meets the needs of the Council, its communities and businesses.

Appendices:

Appendix 1: Local Government Reorganisation in York and North Yorkshire – A Case for Change

Appendix 2: Guidance Schedule to Invitation for Proposals for a Single Tier of Local Government

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