



REPORT OF THE CHIEF EXECUTIVE

LOCAL GOVERNMENT REORGANISATION (LGR) DEVELOPMENT OF THE CASE FOR CHANGE

Purpose of the Report

1. The purpose of this report is to update Committee on the work being carried out to prepare a case for change for local government in Nottinghamshire and to seek approval to funding for external support for this work.

Information and Advice

2. Local government in Nottinghamshire is facing substantial pressures. The County Council has saved £272.2 million since austerity began in 2010 but is required to save a further £54.2 million over the 4 years of the Medium Term Financial Strategy due to reduced funding, rising costs and demand for care services. District and Borough councils are facing similar pressures.
3. Given the continuing financial challenges that authorities face, it is an opportune time to consider reorganisation of the local government structure in Nottinghamshire to ensure that it is as efficient, effective and financially sustainable as possible and can continue to deliver services that meet the needs of Nottinghamshire residents.
4. Whilst thorough research is required, initial indications suggests that one unitary council for Nottinghamshire could release £20 to £30 million of public money for the delivery of front line services. In addition, it is anticipated, that it could achieve economies of scale, remove duplication and deliver a more responsive service to residents.
5. At County Council on 12 July 2018, Motion 3 was agreed which instructed officers 'to continue their work preparing a formal case for a unitary authority and to bring forward a report to a future meeting of County Council setting out the Business Case'.
6. A cross party Members Working Group (MWG) has now been established to consider the preparation of the case for change and associated work-streams for the potential establishment of a unitary authority for Nottinghamshire. This MWG is an advisory group with no formal decision making status. The MWG draft Terms of Reference are attached at **Appendix A**. Due to the summer recess the

first meeting of the MWG was on the 6 September 2018, which meant it was not possible to give the MWG the opportunity to consider the proposals outlined in this report prior to publication.

Structure and Scope of the Case for Change

7. In summary, Government criteria and advice is clear that any proposal should seek to achieve unitary structures which are likely to:
 - a) Improve local government:
 - Improve service delivery
 - Give greater value for money
 - Yield significant cost savings
 - Provide stronger strategic and local leadership
 - Deliver a more sustainable structure in respect of finance, partnership and beyond
 - Provide better outcomes for local people.
 - b) Be based on a credible geography (with a population substantially in excess of 300,000 but no upper limit).
 - c) Command a good deal of local support.
8. The scope and structure of the case for change will take account of the need to meet Government criteria and advice as well as consideration of the guidance to which any authority making a proposal must have regard. The scope of the case for change will therefore include consideration of the following:
 - An outline of the public services landscape
 - The case for local government reform
 - The future needs of the area
 - Options appraisal for the reconfiguration of local government
 - The proposal for the future Council including vision, ambition, governance and local democracy, operating model, aims and benefits
 - How the change would be achieved including key milestones; transition arrangements; and risks and mitigations for the new council
9. In addition, it is proposed that a number of detailed pieces of work will be included in the case for change including a profile of Nottinghamshire and a high level overview of the community consultation and stakeholder engagement work.

Financial Analysis and Validation

10. The reorganisation of local government could bring opportunities for efficiency savings. As part of the case for change, work to quantify the potential savings that could be achieved is being undertaken. To ensure accuracy and give stakeholders confidence that the data is valid and impartial it is proposed that independent validation of all financial data and estimates is undertaken by an external partner.

Stakeholder engagement and community consultation

11. A two-phased approach to stakeholder engagement and community consultation is proposed to enable residents and stakeholders to share their views and have their say on LGR in Nottinghamshire.
12. An independent social research company would undertake both Phase 1 and Phase 2 of this work.
13. Phase 1 will be a listening, engagement and preparation phase that will run from September to November 2018. This phase will focus on engaging residents and stakeholders in the discussion around LGR to gain initial insights and views on the options locally at a formative stage, to help inform the case for change and plan for formal community consultation. It will incorporate planning work for formal community consultation for phase 2.
14. Following analysis and consideration of phase 1, it is proposed that a report be taken to County Council. It is anticipated that this report will present the detailed findings from phase 1 and proposals for phase 2 formal consultation with residents and stakeholders on the option/s within the case for change.
15. Phase 2 will be an independent, formal consultation exercise with residents and stakeholders and will include an open public questionnaire; a representative residents survey; focus groups with representative residents; as well as workshops with key stakeholder groups such as town and parish councils and businesses. This consultation would be an important component in any proposals for change.

Other Advice

16. It is proposed that a 'critical friend' with extensive expertise in this field be procured to provide independent advice and constructive feedback on the outline case for change. In addition, it is envisaged that some external legal expertise will be required during the development of the case for change.

Resources

17. **Internal resources** have been allocated to undertake work on preparing the case for change and associated work-streams, with a dedicated LGR Service Lead and a full-time Project Manager. In addition financial, legal, communications and HR support is being provided as required.
18. **External resources** - as outlined in paragraphs 10 to 16 above, a range of external expertise will be required to develop, advise on and validate the data and financial estimates within the case for change. The estimated cost of external resource is £270,000 with a detailed breakdown outlined below:
 - **Independent financial validation** – up to £50,000 based on the cost of similar work undertaken for other councils.

- **Stakeholder engagement and community consultation** – the overall cost of phase 1 and phase 2 of this work is estimated to be £190,000. The cost of phase 1 is estimated to be up to £50,000 and due to the need to commence this immediately has been allocated from contingency under the delegated powers of the Section 151 officer. A request for a contingency allocation for this £50,000 will be sought from Finance and Major Contracts Management Committee. The cost of phase 2 formal consultation is £140,000 but, as outlined above, will only be undertaken following Full Council approval when a contract change will be raised to commence this phase. If no approval is given this contract will terminate after phase 1 is complete.
- **Other advice:** the cost of a ‘critical friend’ will be in the region of £10,000 and an allocation of £20,000 is proposed to cover requirements for external specialist legal advice.

Provisional Timetable

19. The provisional timetable for the development of the Case for Change for LGR is set out below:

September to November 2018	Case for change development and phase 1 engagement
November 2018	Update to Policy Committee
December 2018	Report to County Council on the provisional case for change and public consultation
January to March 2019	Phase 2 formal public consultation
May 2019	Report to County Council on final case for change

Other Options Considered

20. None

Reason/s for Recommendation/s

21. To provide members with an update on progress on the development of the case for change and information regarding the costs associated with the work.

Statutory and Policy Implications

22. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below.

RECOMMENDATION/S

It is recommended that Policy Committee:

- 1) Endorses the approach and provisional timetable to develop a case for change as set out in this report
- 2) Approves funding of up to £270,000 for external support for the preparation of the case for change as outlined in paragraph 18 of this report.

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Constitutional Comments. SLB 03/09/2018

Policy Committee is the appropriate body to consider the content of this report.

Financial Comments (NS 4/9/18)

The financial implications are as set out in paragraph 18 of the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All