

Report of	Meeting	Date
Chief Executive	Council	4 September 2014

## **DEVELOPING A PROPOSAL FOR UNITARY STATUS**

### **PURPOSE OF REPORT**

1. To present proposals for the development of a business case for Chorley borough moving to a single tier of local government, to seek approval for undertaking and resourcing the work. In addition, to seek in principle permission to hold a local poll next autumn and to establish arrangements to provide governance of the process and provide further recommendations to Council.

### **RECOMMENDATION(S)**

2. That the council supports the case to investigate the business case and viability of developing a single tier authority for the borough.
3. That approval is given to the establishment of an all-party working group to oversee the development of a business case and to test the viability of proposals to establish a unitary authority for the borough, comprising seven Members of the Council.
4. To receive nominations for membership of the working-group and appoint Members to form the working group.
5. That approval is given in principle to hold a local poll in autumn 2015, subject to final approval of Council following recommendations from the all-party working group.
6. That approval is given to incurring expenditure of up to £80,000 to fund the development of a business case, including the creation of a fixed-term cost of Project Director post, the funding to come from the organisational change reserve.

### **EXECUTIVE SUMMARY OF REPORT**

7. In the light of continuing change across the public sector and reductions in budgets, the council needs to review its own business model and the approach taken to the delivery of public services across the borough. A proposal for unitary status would support this work, as the council would be able to review how local government services in the borough could work with other parts of the public sector to deliver seamless public services which would be sustainable in the future.
8. The report sets out some of the key opportunities that a unitary council would provide for the borough. These would need to be fully tested during the development of a business case, but include:
  - Increasing strategic leadership and local accountability – so that decisions are made locally that benefit the borough rather than needing to be balanced against other areas in a large and diverse county.
  - Scale, growth, and comparable authorities – Chorley is already of a comparable size to other unitary authorities and is projected to be the fastest growing area

across Lancashire in the coming years. The borough's demographics and cost base also means that it is likely that a unitary council for Chorley would have similar spending power to larger unitary areas.

- Budget reductions and savings – over the medium to long term a unitary council is likely to deliver significant budget savings. In addition, as public sector budgets continue to reduce, local decision making would be in place to determine how reductions would be managed.

9. The development of a business case will be overseen by an all-party working group which will make recommendations to full council about whether to undertake a local poll of residents next autumn. The development of a business case will cost £70k, which will be financed through the organisational change reserve already in place, and would be undertaken by a new Project Director post.

<b>Confidential report</b> Please bold as appropriate	Yes	<b>No</b>
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## CORPORATE PRIORITIES

10. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all		A strong local economy	
Clean, safe and healthy communities		An ambitious council that does more to meet the needs of residents and the local area	✓

## BACKGROUND

11. It is fairly widely accepted that the two-tier system of local government is not ideal in terms of efficient service delivery or the public understanding of local decision-making.
12. Unprecedented change across the public sector, and the significant budget reductions still needed, mean that the council needs to consider radical options for how public services will be delivered in the future. Changing the structures of local government to create a single tier authority would provide a clear opportunity to reshape the way in which public services are delivered in Chorley to make them efficient, effective and sustainable.
13. A recent meeting has been held between the Executive Leader, the MP for Chorley and the Secretary of State for Communities and Local Government where the issue of Chorley becoming a unitary authority was discussed. In response, the Secretary of State indicated that the government would not block proposals that had a public mandate.
14. This paper presents the rationale for investigating the business case, and the proposals for work to be undertaken over the next year.

## RATIONALE FOR PROPOSAL

15. This section sets out the outline rationale for the proposal that the council should fully investigate the case for becoming a unitary authority and potentially seek a mandate from local residents.
16. The pace of change across the whole public sector and the likely impact of continued funding cuts mean that the council needs to consider its business model and how public services will continue to be delivered across the borough. Unitary status offers a potential option to tackle some of the key challenges that Chorley will face in the coming years.

Developing the business case presents an opportunity to examine how public services are delivered in the borough and the options for the future, with a unitary council potentially being the catalyst for change.

17. There are a number of factors and opportunities that mean that it is appropriate for Chorley to pursue the proposal. They are:

- a. **Strategic leadership and local accountability:** Chorley is well-placed to provide a good balance of strategic leadership while retaining local accountability. In recent years, the council has led the delivery of innovative and strong work across a number of areas, such as economic development, social isolation and community engagement. It has demonstrated that work can be effectively delivered at a local level that strategically targets areas of need.

Because of the nature of Chorley compared to other parts of Lancashire, particularly its demographics and location, the borough is often not prioritised for resources because the need is greater elsewhere in the county. A unitary council for Chorley would be better placed to tailor resource distribution to issues and areas of the borough in most need while still engaging across boundaries on issues such as economic development.

- b. **Sustainable public services:** public services will have to change fundamentally in the coming years – because of national policy changes (such as the integration of public health into local government and development of CCGs); reducing resources; and, increasing demand for services particularly with an ageing population.

The creation of the Chorley Public Service Reform Board and a strong track record of strategic partnerships with other organisations, means that the council has already started the process of working with others to reshape public services in the borough.

The focus of the workstreams for the public service reform board that have already been agreed (data and intelligence sharing, joint commissioning, sharing assets and a well-being and resilience service). If successful, these workstreams would transform public services to make them more seamless for the public and more sustainable in the future. However, competing organisational priorities and boundaries will be the biggest risk to the programme. Creating a unitary council for the borough would create a unique opportunity to build public services that would be fit to meet the challenges of the future.

- c. **Scale and growth:** Chorley’s population is 110,505. As demonstrated in the table below, this is comparable to other single-tier authority areas already in existence, and that the projected population increases shows Chorley growing faster than most of the other areas.

Authority	Population (2013 mid-year estimate)	2037 projected population
Torbay	132,075	145,000
Halton	125,970	130,000
Bracknell Forest	116,567	139,000
<b>Chorley</b>	<b>110,505</b>	<b>125,000</b>
Darlington	105,396	109,000
Hartlepool	92,665	98,000
Rutland	37,606	41,000

- d. **Resource base:** while Chorley has a comparable population size to other unitary councils, it is likely that Chorley’s resource base would be comparable to other

larger unitary authorities, and would potentially have a smaller demand on services. This will need to be tested through the development of the business case, but would potentially mean that the authority would be more financially sustainable.

- e. **Budget reductions:** all of the public sector will face continued reductions in budgets in the coming years. The county council will need to make savings of over £300 million. A unitary council could mean that the borough would have far more influence over how public services would be shaped and delivered to meet the challenges. In the current structures, it is likely that the delivery of public services will have to be further prioritised based on need across the county, and mean that Chorley receives even less resource.
- f. **Cost savings.** At this point it is not possible to identify exact savings in costs. However, every reorganisation of local government undertaken in the recent past has delivered significant cost savings, as duplication is reduced and efficiencies generated in the establishment of new authorities.

18. The rationale set out above demonstrate that in principle, there are potential benefits in developing a single tier of local government for Chorley, and that the authority would be financially viable. However, they are currently set out at a high level, and further work is needed to properly understand the implications of move to unitary status. This will be done in the development of a full business case.

## TESTING VIABILITY AND DEVELOPING A BUSINESS CASE

19. In advance of taking the final decision about whether to seek a mandate through a local poll, the council will need to develop and consider a full business case for a unitary council. This will need to include:
- a. the financial case: examining the likely cost base of the proposed authority – looking at income streams and modelling an expenditure range.
  - b. resident and stakeholder support: gauging the views and understanding of residents and their concerns. In addition, working with key stakeholders, such as neighbouring authorities and other partners to establish support and agreement for the proposed authority.
  - c. sub-regional and regional partnerships: establishing how Chorley would engage with other work with partnerships such as local enterprise partnerships and how it would undertake a role in strategic influence of the local area.
  - d. developing a business model: principles would need to be developed for how the proposed council would be structured and deliver services, to demonstrate that public services would be delivered effectively and efficiently.

20. An outline timeline for the work to be undertaken is set out at Appendix A.

## RESOURCING

21. The intention is to undertake the majority of the work in developing a business case internally. The overall cost of the work excluding the local poll is expected to be £80k, with the details about the planned resourcing set out below.
22. A new fixed-term post will be created to lead the work. The post will be a Project Director, and will be on the Chief Officer terms and conditions. The salary will be set on a spot rate of £57,744, which is the equivalent of the top of Head of Service pay scales. The post will report to the Chief Executive. The intention is to advertise the post internally and, if the vacancy is successfully filled, backfilling of posts will take place as appropriate.
23. The exact cost of internal staffing resource will depend on the appointment and backfilling, but is estimated to be a maximum of £40k.

24. Some additional specialist work will be undertaken using external support as necessary. This will include specialist financial modelling and undertaking surveys of residents. This work is not expected to cost more than £40k.
25. The costs of this work can be met from the ringfenced reserve which was established to meet the costs of organisational change over the coming years.

## **GOVERNANCE ARRANGEMENTS**

26. To provide an oversight of the work, it is proposed that an all-party working group is established. The working group will include seven Members (four from the administration, two from the opposition and one from the Independent group).
27. The terms of reference for the group are attached at Appendix B. The group will consider the business case and viability of developing a unitary council during the development, and will then make a recommendation to full Council in early spring 2015 about whether to proceed to hold a local poll.

## **LOCAL POLL**

28. The council can undertake a local advisory poll using powers under s. 116 of the Local Government Act 2003. The management and running of the poll is the council's responsibility, and the results are advisory.
29. At this stage, the proposal is to commit to undertaking a local poll in principle next autumn, subject to the council being satisfied that the business case for a change in local government structures has been established.
30. The arrangements for the local poll would be finalised and agreed at that point, but it is likely that the poll would be undertaken as a postal poll. Every elector on the register would be sent a postal voting pack, which would include a ballot paper and a declaration of identity. They would then be able to return their vote by post, or drop it off at locations across the borough.
31. This approach has been used elsewhere. For example, it was used across Greater Manchester in 2008 to gather views about a proposed congestion charge. The turnout across Greater Manchester in that poll was 53%.
32. Once the views of residents were understood through the local poll, the council will then be able to work with the government to determine the best local government structures for the borough.

## **IMPLICATIONS OF REPORT**

33. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources	✓	Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

## COMMENTS OF THE STATUTORY FINANCE OFFICER

34. The Council's Medium Term Financial Plan identified that business growth was one of the strategies to be adopted to mitigate the ongoing impact of reduction in government grant. Any proposal to develop a unitary bid would fit with this approach and be of benefit. Sustainability of this organisation and its ability to influence what happens in the local area would be some of the benefits of becoming unitary, albeit any new organisation would also be subject to resource constraints.
35. In terms of financing the proposal, this can be financed from resources already available and set aside for work of this nature.

## COMMENTS OF THE MONITORING OFFICER

35. There are no defined legislative requirements to follow in putting together a business case of this type. The appropriate matters are to be considered. The governance arrangements addressing the oversight of this work are appropriate.

## COMMENTS OF THE HEAD OF HR AND OD

36. Subject to approval the Project Director post will be created on Chief Officer terms and conditions. The spot point salary of £57,744 will be inclusive of lease car. It will be advertised internally as a secondment opportunity and selection will be through a member appointment panel.

GARY HALL  
CHIEF EXECUTIVE

There are no background papers to this report.

Report Author	Ext	Date	Doc ID
Gary Hall	5104	15 August 2014	Unitary proposal council report

### OUTLINE TIMELINE

The timing of the work to be undertaken will be dependent upon the decision about when to undertake a local poll. The potential timeline is based on working towards a local poll in autumn 2015.

#### **Gather initial public and stakeholder opinion**

**September**

It may be useful to undertake an initial statistically valid consultation exercise to understand the initial views of residents. This would be useful because it would help to establish the key issues that any business case should address and the level of local understanding.

Gathering stakeholder views (particularly of key partner organisations such as the health sector) will help to engage them in the process and to take into consideration their organisational views.

#### **Establish initial business case**

**September – December**

The council will need to undertake some work to establish a high-level financial case for unitary status. This will need to be based on the existing councils' budgets and service provision and then use assumptions to produce a model for a unitary council.

At this point, outline proposals for principles of the business model for the unitary council would need to be developed

This business case will need to continue to be refined and developed with more detailed information and to respond to feedback from residents and stakeholders.

#### **Gather public opinion and engage stakeholders**

**January**

Once the initial outline case has been established, it would be useful to undertake another consultation to understand residents' opinions once information about the potential unitary has been presented.

#### **Develop outline business model for the unitary council**

**November – March**

The council would need to provide initial proposals for how a unitary council for Chorley would deliver services, particularly those which are currently undertaken at a county level. It would also need to demonstrate how critical services (particularly children's services, adult social care and public health) would be delivered and sustainable on a smaller scale.

These documents are likely to be lengthy. For example, the proposals developed as part of the development of a unitary council for Cornwall are here: <http://www.cornwall.gov.uk/council-and-democracy/council-background/unitary-bid/>

#### **Decision by full Council**

**April**

The Council would be presented with information about the business case to take a decision about whether to proceed with the local poll.

#### **Information provision**

**November - March**

As the council develops an outline financial case, a proposed business model and undertakes public consultation, it will be necessary to provide information to residents about the proposals and the poll.

#### **Purdah**

**March – May**

The council will be in purdah for the run-up to the election.

#### **Local poll**

**Autumn 2015**

## **Working Group on unitary status**

### **Purpose**

1. The working group on unitary status will oversee the development of a business case for unitary status and provide recommendations to full council on the basis of that work about whether or not to undertake a local poll on the unitary status

### **Membership**

2. The group will consist of seven councillors, appointed by full council.
3. The administration may nominate up to four members of the group; the opposition group may nominate two members of the group and the Independent group may nominate one member.
4. At its first meeting, the group will appoint a Chair and vice Chair who will serve for the municipal year.
5. Observer councillors will be permitted to attend meetings of the working group at the discretion of the Chair (or in his/her absence, the vice-Chair).
6. In addition, relevant council officers may attend the meetings to present and advise the working group on their work and the development of the business case.

### **Business**

7. The working group will meet to consider and discuss
  - a. drafts of the business case and supporting information.
  - b. to provide direction and challenge about the emerging business case and areas for investigation
  - c. to consider options for the managing and method of undertaking a local poll
  - d. to make a final recommendation to full council about whether a clear business case for a single tier of local government has been established
8. The group will work within the policies of the council, including relevant codes of conduct and procedures for declaring relevant interests.

### **Voting**

9. When required, voting will be on a simple majority. In the event of a tied-vote, the Chair will have a casting vote (or in his/her absence, the vice-Chair).
10. Observer councillors do not have a vote.
11. Officers do not have a vote.

### **Calendar of meetings**

12. The group will meet as required based on business that needs to be considered. It is the responsibility of the group to determine its meeting timetable.