



## Transformation Committee 16 January 2019

### Unitary – Progress Update

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#### Purpose of report

This report provides a progress update on the unitary proposal submitted in August 2018.

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#### 1.0 Background

- 1.1 The Committee is, of course, aware that 7 of the 8 principal authorities in Northamptonshire (every council except Corby BC) submitted a proposal on 31<sup>st</sup> August 2018 to replace the 8 councils with two unitary authorities, West and North Northamptonshire.
- 1.2 This followed a scathing report by a government inspector sent in to scrutinise Northamptonshire County Council (NCC) in early 2018 and a subsequent invitation by the Secretary of State (SoS) for Housing, Communities and Local Government to local authorities in the county to submit a unitary proposal.

#### 2.0 Recent developments

- 2.1 Since the last meeting of this Committee, there have been several important developments. In respect of the timetable for the proposed move to unitaries:
  - The SoS announced the start of formal consultation on our proposal. That consultation period started in December and runs until 25<sup>th</sup> January 2019, following which he will consider the responses prior to making a decision as to whether the proposal should be taken forward in its current form, in a modified form (any such modifications only to be minor), or not to proceed with it.
  - He also announced his intention to implement legislation (a 'negative order') postponing the planned 2019 District and Parish Council elections by a year. This would avoid confusing the public, who would wonder why elections were taking place when there was a proposal to abolish the District and Borough Councils, and it would save councillors potentially being elected for only a year before the unitaries came into being. That order was placed before parliament on 12<sup>th</sup> December and (at the time this report was written) was intended to come into effect on 14<sup>th</sup> January 2019.
- 2.2 He also announced that he was giving NCC the flexibility to use £35m of its capital receipts to deal with the revenue budget deficit in 2017-18 and a further £35m to replenish its reserves, which have been fully depleted.
- 2.3 All three of these announcements are very welcome. While the financial flexibility afforded to NCC is not related to the proposed unitary restructure, it helps put NCC on a firmer financial footing for the future, which makes it far more likely that the two new unitaries, should they be created in due course, will be financially sustainable.

2.4 The timetable for the new unitaries is now expected to be as follows:

<b>2019</b>	
25 <sup>th</sup> January	Close of consultation
March (prior to the Easter parliamentary recess)	Decision by the SoS Joint Committee established in North Northamptonshire Draft legislation prepared by MHCLG
April/May	Draft legislation (Structural Change Orders (SCOs)) presented to House of Commons and House of Lords
July	Legislation approved New shadow authorities to form, including appointment of Shadow Executive (likely to be the same Members as on the Joint Committee) and begin to prepare for Unitary
<b>2019-20</b>	
April – March	Integrate services within new unitary areas
November – January	Budget preparation for the new Unitary
<b>2020</b>	
February	Budget setting by the Shadow Unitary Council
April	New unitary authorities come into being
May	Elections

2.5 Obviously, if the SoS decides in February not to proceed with the proposal, the process ends. If he does decide to proceed, experience suggests that the above timetable may still change. The one thing that does seem fixed as far as MHCLG is concerned is the Vesting Day date of 1<sup>st</sup> April 2020, but any delays in the process, particularly if parliament does not approve the legislation before the Summer recess in 2019, would make that a very challenging target.

2.6 All councillors from the existing local authorities, including NCC Members with Divisions in North Northamptonshire, will automatically become Members of the Shadow North Northamptonshire Council. They will vote on key issues such as the budget and the level of Council Tax prior to the election of councillors to the new authority in May 2020.

### **3.0 Progress with the implementation programme**

3.1 The programme to implement the proposal has been proceeding, even though we don't yet know whether the necessary legislation will be passed, because there isn't time to wait for the decision before doing the work required.

3.2 However, progress has been very slow and the structure of the work programme is still under review. There are currently nine workstreams but two of those are likely to be split and there are some significant overlaps between various workstreams. Once this structure has been finalised, it will be reported to this Committee.

3.3 Once the scope of the workstreams has been fully defined, there will be opportunities for Members, partner organisations and the public to be involved in the design of the new council and the service delivery model.

3.4 One piece of work that has been progressing is the Governance workstream, which our Monitoring Officer has been involved in. The immediate need here is to develop proposals for the Structural Change Orders (SCOs), which are part of the legislation that the SoS will lay before parliament in due course.

3.5 Once the SoS has made his decision, hopefully in March, the draft SCO for North Northamptonshire will be brought to this Committee prior to going to full Council. This may require an Extraordinary Meeting of the Council as it would not be appropriate to consider it at the Council Tax and budget-setting meeting. It is important to note that this council can only express a preference as to what is included in the SCO. The Secretary of State has the final say.

#### **4.0 Equality and Diversity Implications**

4.1 There are no equality or diversity implications arising directly from this report. There are potentially significant implications from the unitary restructure, should it go ahead, and these will be addressed during the course of implementation.

#### **5.0 Privacy Impact Implications**

5.1 There are no privacy implications arising directly from this report. There are potentially significant implications from the unitary restructure, should it go ahead, and these will be addressed during the course of implementation.

#### **6.0 Legal Implications**

6.1 There are no legal implications arising directly from this report. The restructure is dependent on the relevant legislation being passed and there will be significant legal issues that will need to be addressed in order to create the new unitaries.

#### **7.0 Risk Management**

7.1 The primary risks to this council associated with the implementation of the new unitaries are the pressures on staff, particularly senior management, in participating in and / or running the projects required to do so, and the loss of staff at all levels and the potential difficulty of recruiting to those vacancies given the uncertainty over the future.

7.2 These risks and the steps being taken to mitigate them are set out in the risk register.

- RMCORP012 – Risk of unitary preparations diverting resources from delivery of Corporate/Efficiency Plans
- RMCORP012a – Prepare programme plan, assess resource requirements for delivery of transition to unitary

#### **8.0 Resource and Financial Implications**

8.1 There are no financial implications arising directly from this report. The council has already set aside £500k to fund the costs of the restructure and it is likely that further sums will need to be allocated to the process. It is important that sufficient flexibility is incorporated into the budget and reserves in 2019/20 for any additional monies.

8.2 Subject to the relevant legislation being passed, once the North Northamptonshire shadow authority has been put in place, it is proposed that, as part of the SCO, there will be provision for the Shadow Executive to approve spending by any of the existing

councils over certain limits, which have yet to be established. Precedents elsewhere suggest that this is likely to be of the order of £100k for revenue spending and £1m for capital spending.

8.3 Significant staffing resources will be needed to support and deliver the programme of work over the next 15 months. Decisions will need to be taken in due course about the extent to which additional resources are brought in to cover for that loss of capacity and the extent to which current activities are de-prioritised.

**9.0 Constitutional Implications**

9.1 The new unitaries will need constitutions to be prepared and approved at their first meetings. Drafting has already begun. Provision will also need to be made within our Constitution for the creation of a Joint Committee prior to the creation of the Shadow Authority and reports will be brought to Council via this Committee in due course.

**10.0 Implications for our Customers**

10.1 The resource implications referred to above will be a challenge that we will need to address in order to ensure that we maintain standards of service to our customers.


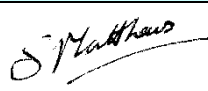
**11.0 Corporate Outcomes**

11.1 The intention is to implement the programme in order to achieve a positive impact on all of the Council’s corporate outcomes although, if and when the Council is abolished in 2020, it will be the outcomes adopted by the new North Northamptonshire Council that will become relevant.

**12.0 Recommendation**

12.1 The Committee is recommended to note the latest update on the unitary situation.

*(Reason - to keep Members up to date with developments on the unitary proposal)*

<b>Legal</b>	Power:					
	Other considerations:					
<b>Background Papers:</b>						
<b>Person Originating Report:</b> David Oliver, Chief Executive ☎ 01832 742105 ✉ doliver@east-northamptonshire.gov.uk						
<b>Date:</b> 14 December 2018						
<b>CFO</b> 07/01/18			<b>MO</b> 07/01/18		<b>CX</b> 07/01/18	