

Urgency Committee of the Full Council
Urgent Business Procedure

Electoral Division affected: <u>None;</u>
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Local Government Reorganisation - Outline Business Case
(Appendix 'A' refers)

Contact for further information:
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Executive Summary

Further to the report to Full Council in July 2020 and subsequent letter to the Secretary of State requesting invitation to submit proposals for local government reorganisation in Lancashire, a proposition has been prepared containing the initial strategic outline business case ('OBC') for change and the emerging principles that would be reflected in the future governance arrangements that would need to be developed further.

The proposal - included in at Appendix A to this report – sets out that to deliver ambitious recovery and levelling up plans, we need to transition to a unitary and Mayoral Combined Authority model. The existing fifteen councils would be replaced with three unitary authorities: Northwest Lancashire, Central Lancashire and East ('Pennine') Lancashire, and a Mayoral Combined Authority for the whole of Lancashire.

This OBC has been prepared urgently in order to request an invitation that Lancashire is included within the Government's anticipated first tranche for local government reorganisation anticipated within an imminent White Paper and seeks agreement to work with Ministry of Housing, Communities and Local Government ('MHCLG') officials on this process with the early development of a devolution deal.

The aim would then be to develop a Full Business Case ('FBC') for the proposition with a detailed strategic, economic, commercial, financial and management case, and options appraisal, as well as carry out a comprehensive consultation with local authorities, partners, business and residents across the county to build consensus. It is anticipated that the proposal will generate a good deal of support and the FBC would be developed in partnership with willing stakeholders.

Reason for the use of the Urgent Business Procedure

Given the timescales announced by the government, the significance of the issue, and the importance of Lancashire being able to be considered in Tranche 1, it is considered that it cannot wait for either the next scheduled meeting of the Full Council, nor for a meeting of the Urgency Committee to be called.

Recommendation

Subject to the views of the Chair and Deputy Chair of the Urgency Committee of the Full Council, the Chief Executive and Director of Resources proposes to approve:

- (i) That the draft proposition at Appendix A setting out the initial strategic outline business case for changes to local government in Lancashire and principles that would guide the development of future governance arrangements be finalised and submitted to the Secretary of State for Housing, Communities and Local Government;
- (ii) That in submitting the proposition, Lancashire requests to be placed in the Government's first tranche for local government reorganisation and devolution and seeks an agreement to work with Ministry of Housing, Communities and Local Government officials on this process including the early development of a devolution deal; and
- (iii) That a Full Business Case is developed for the proposition with a detailed strategic, economic, commercial, financial and management case, and options appraisal, as well as carry out a comprehensive consultation with local authorities, partners, business and residents across the county to build consensus.

Background and Advice

Government has given strong indications that they wish to "level up" the country in terms of prosperity, opportunity and income and they see devolution as the mechanism to do this. In order to effectively secure these benefits for the people of Lancashire a combined authority with elected Mayor is likely to be a requirement.

Until such time that Lancashire is empowered to proceed, secure budgets and devolve powers, freedoms and flexibilities to achieve shared priorities and outcomes, Lancashire is missing out. It is considered vital that Lancashire and its economy is positioned as a key driver of a balanced UK economy at the earliest opportunity.

In a letter 31st July 2020, the Secretary of State for Housing, Communities and Local Government was asked to exercise powers to invite Lancashire to develop a business case and submit proposals for restructuring local government in Lancashire. The Secretary of State has acknowledged the letter and stating that further detail is appreciated. The proposition attached to this report builds on the summary content of that letter, developing it further into an initial strategic outline business case for change ('OBC').

It is understood that decisions on those geographical areas wishing to be included in a first tranche of local government reorganisation are being made imminently ahead of the release of a White Paper anticipated in September/October. Those in the first tranche will have access to the development of an early devolution deal. The OBC must therefore be submitted urgently to ensure as much information is available to

inform those in Government making those decisions that a strong strategic case for early changes to local government in Lancashire exists.

In submitting the initial OBC to Government and requesting prioritisation into the first tranche, further dialogue with officials is to be requested leading to the development of a full business case and final proposals would be subject to full engagement and consultation with all relevant politicians and would need to be agreed by Full Council.

As set out in the report to Council in July 2020, the creation of a combined authority, elected mayor and a devolution deal are separate from the issue of local government reorganisation. However, as part of the combined authority negotiation process with central government they would require a review of the local governance arrangements. Further information is anticipated in the forthcoming White Paper.

Currently, a combined authority requires the consensus of all participating authorities and following the approach to Government, the Secretary of State for Housing, Communities and Local Government would commence the process and identify a Whitehall team for Lancashire to work with. Lancashire authorities would then seek to collectively develop the detailed proposal for consideration by each council, to seek consent. Once this work is completed the county council will consider a further report on the detailed combined authority proposal and the consent of full council would be required to proceed.

Consultations

The OBC has been prepared by officers in LCC supported by specialist consultants 'Metrodynamics'. Given the initial stage and urgency of timescales, opportunities for extended or wider consultation have been extremely limited.

In submitting the initial OBC to Government and requesting prioritisation into the first tranche, further dialogue with officials is to be requested leading to the development of a full business case ('FBC') and final proposals would be subject to full engagement and consultation. The development of an FBC for the proposition with a detailed strategic, economic, commercial, financial and management case, and options appraisal would involve carrying out a comprehensive consultation with local authorities, politicians, partners, business and residents across the county to build consensus.

Implications:

This item has the following implications, as indicated:

Risk management

As the Government are in the process of considering which geographical areas to include within a first tranche of local government reorganisation and preparing a White Paper, submitting the initial strategic case for change now as a matter of urgency is intended to maximise the opportunity that Lancashire can be recognised as ready to proceed with the process of implementation. This is to avoid significant

delays which would further delay the ability for Lancashire to benefit from the benefits of devolution and levelling up.

The strategic OBC has been prepared with limited wider consultation with external partners and local authorities, however as set out above, the development of a FBC would trigger more detailed work and consultation and ultimately require the formal consent of participating authorities.

As part of this, the development of proposals for local government reorganisation would require extended and complex work and analysis with associated financial and legal implications. The scale of funding for Lancashire devolved from Government will be determined through a devolution deal but is likely to be significant. At this stage, it is considered that the submission of a strategic OBC and the associated request to proceed to the next stage with Government does not result in such risks that need further mitigation at this stage.

Under the Equality Act 2010 ('2010 Act'), the Council has had due regard to eliminating unlawful discrimination, harassment and victimisation and any other conduct prohibited by the 2010 Act. The anticipated (positive and/or negative) impacts of the proposals in this report on people from Lancashire's diverse communities have been considered and whether any group (or groups) is likely to be directly or indirectly differentially affected. At this stage, it is not anticipated that the proposals will have a disproportionate impact on any of Lancashire's diversity groups.

Local Government (Access to Information) Act 1985 List of Background Papers

Paper	Date	Contact/Tel
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N/A

Reason for inclusion in Part II, if appropriate

N/A

Decision Taken: Declaration

Chair and Deputy Chair of the Urgency Committee

Local Government Reorganisation - Outline Business Case

Original recommendation as set out in the report be supported

Yes*/No*

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Chair */Deputy Chair * of the Urgency Committee

Chief Executive and Director of Resources

The following action has been agreed under the Urgent Business Procedure and after consultation with the Chair and Deputy Chair of the Urgency Committee:

Local Government Reorganisation - Outline Business Case

- (i) That the draft proposition at Appendix A setting out the initial strategic outline business case for changes to local government in Lancashire and principles that would guide the development of future governance arrangements be finalised and submitted to the Secretary of State for Housing, Communities and Local Government;
- (ii) That in submitting the proposition, Lancashire requests to be placed in the Government's first tranche for local government reorganisation and devolution and seeks an agreement to work with Ministry of Housing, Communities and Local Government officials on this process including the early development of a devolution deal; and
- (iii) That a Full Business Case is developed for the proposition with a detailed strategic, economic, commercial, financial and management case, and options appraisal, as well as carry out a comprehensive consultation with local authorities, partners, business and residents across the county to build consensus.

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Chief Executive and Director of Resources

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Date

(* delete as appropriate)