

Cherwell District Council

Executive

5th September 2016

Update on the development of a devolution deal with Government and the associated independent study into options for local government reform in Oxfordshire.

Report of Head of Transformation

This report is public

Purpose of report

The purpose of this report is to update the Executive on progress in relation to the development of a devolution deal between the Oxfordshire councils, the former Government ministers and the new Government ministers, and the associated study into options for the potential reform of local government within Oxfordshire, conducted by PricewaterhouseCoopers (PwC).

1.0 Recommendations

The meeting is recommended to:

- 1.1. receive the independent study of PricewaterhouseCoopers (PwC) into options for local government reform in Oxfordshire, including the proposition of the district and city council leaders' in respect of their preferred model arising from that study.
- 1.2 note that following discussions with the Department of Communities and Local Government, the leaders of the district, city and county councils have agreed to focus on identifying areas for collaborative working and the reshaping of a devolution deal that does not incorporate proposals for the reform of local government within Oxfordshire.

2.0 Introduction

- 2.1 At the beginning of 2016 the Oxfordshire councils, the Oxfordshire Local Enterprise Partnership and the Oxfordshire Clinical Commissioning Group worked together to develop a devolution deal for Oxfordshire.

Final, post DCLG consultation.

- 2.2 Initial feedback from the Government was that consideration should be given to the governance arrangements that would facilitate the delivery of the devolution deal, if it was to be agreed.
- 2.3 As a consequence of that feedback, the district and city councils commissioned PricewaterhouseCoopers to undertake a study into the options for reform of local government in Oxfordshire.
- 2.4 The district and city councils have been awaiting the conclusions of that study before making recommendations to Government and their respective councils on a way forward. In the meantime, the devolution deal has not been progressed further given its association with the study being undertaken by PwC.

3.0 Report Details

3.1 Devolution Deals

- 3.2 The Government, under the former Prime Minister and the former Secretary of State for Communities and Local Government had been in the process of negotiating devolution deals as a means of providing greater powers and funding to local areas to stimulate economic growth and reform the way that public services are designed and delivered locally. As part of this, the Government required new collaborative governance arrangements in the form of combined authorities to be accompanied by either a directly elected Mayor and/or a move to unitary councils. The Cities and Devolution Act has provided the Secretary of State for Communities and Local Government with new simplified powers to create Unitary Authorities which have local support.
- 3.3 In support of a devolution deal for Oxfordshire, the five district councils agreed to explore proposals for a new model of local government for the local area.
- 3.4 The district councils' ambition was to create a viable and sustainable structure for local government in Oxfordshire that would:
 - Serve the interests of residents, businesses and communities and reflect local challenges and priorities in the most effective and efficient way
 - Streamline local government with one council responsible for services in each area
 - Meet the government's objectives for revised governance structures required for a devolution deal which would secure significant investment in infrastructure, housing and skills
 - Deliver significant efficiency savings needed to deal with reducing budgets and increasing demand for services
 - Deliver better and more responsive public services and promote public sector service transformation
 - Enable economic and housing growth so that all areas can meet their potential while reflecting the different interests of market towns and rural communities.
 - Help to deal with the demographic pressures on adult social care and improve outcomes through integration with health services.
 - Ensure a system for children's services that is better at protecting and safeguarding children.

Final, post DCLG consultation.

3.5 Against this backdrop, the five district councils in Oxfordshire commissioned an independent study by PricewaterhouseCoopers (PwC) to assess whether the options for a unitary and combined authority local government model in Oxfordshire would in principle be both feasible and better placed to deliver this ambition.

3.6 The PwC study considered the 5 options set out in table 1:

Table 1: the options for reform considered by PwC:

Option		Geography
1UA	A single Unitary authority covering all of the current Oxfordshire region	1) Oxford City, Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA	Two Unitaries based around the current City Council and a separate authority for the wider region	1) Oxford City 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA+	As above but with an expanded boundary of the City Council	1) Oxford City (expanded boundary) 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire An expanded boundary for the city has been developed which includes new strategic-scale urban extensions around the edge of Oxford that have a close functional link.
3UA	Three Unitaries based around the current city, combining the two districts in the north of the region and likewise in the south of the region	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) Cherwell and West Oxfordshire
4UA	As above but with districts in the north remaining separate.	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) West Oxfordshire 4) Cherwell

- 3.7 The PwC study, detailed in full as appendix 1, did not recommend a single preferred model, but instead set out the viability of each of the identified options, leaving the district and city council leaders to determine which, if any, they wished to recommend to Government, their respective councils and other key stakeholders.
- 3.8 Having considered the feedback from stakeholders, along with the analysis and evidence of PwC's report, the leaders of the five district and city councils were persuaded that a strong case exists for a district unitary and combined authority solution to improve public services and local accountability as part of a devolution deal for Oxfordshire.
- 3.9 The leaders of the district and city councils agreed that their preferred model would be for three unitary authorities to be responsible and accountable for all local government services in this area and developed a joint proposition, detailed as appendix 2 that reflected this model, to sit alongside the PwC report.
- 3.10 The leaders of the district and city councils agreed that a new model for local government in Oxfordshire would have addressed the future challenges and constraints of our area and deliver better services for our residents.
- 3.11 The proposition of the leaders of the district and city councils was to replace the current two-tier system of local government with new unitary authorities that would be accountable for all local government services in their area at a level which reflects the diverse characteristics and different interests across the county. The leaders were persuaded that this would reduce confusion and complexity, enable greater joining up of decisions and deliver significant efficiency savings, whilst ensuring all services would be responsive and accountable to local communities.

The three unitary authorities preferred by the district and city council leaders were agreed as:

- **Northern Oxfordshire** (comprising of current Cherwell and West Oxfordshire District Councils with a geographical area of 1,303km²)
 - **Oxford City** (comprising of current Oxford City Council with a geographical area of 46km²)
 - **Southern Oxfordshire** (comprising of current South Oxfordshire and Vale of White Horse District Councils with a geographical area of 1,257km²)
- 3.12 The county council similarly commissioned their own external consultants, Grant Thornton, to conduct a study into options for the possible reform of local government within Oxfordshire. Unlike the PwC report, the final report of Grant Thornton makes clear that it had found that a single county unitary authority would be the strongest model of local government within this area. This has had the effect of highlighting that agreement between the district, city and county council's in relation to any potential new structure for local government in this area would be difficult to achieve.
- 3.13 **A changing external environment**
- 3.14 Whilst PwC were in the process of conducting their study and preparing their report on behalf of the district and city councils the macro external environment was changing.

- 3.15 The public referendum regarding Britain's membership of the European Union (EU) took place on 23rd June 2016 resulting in a decision to leave the EU. It also led to the resignation of the then Prime Minister, David Cameron.
- 3.16 A new Prime Minister, the Rt. Honourable. Theresa May MP was appointed on 13th July 2016 and she in turn appointed a new Cabinet, including a new Secretary of State for Communities and Local Government, the Rt. Honourable Sajid Javid MP.
- 3.17 As a consequence of these national changes, officials from the Department of Communities and Local Government (DCLG) met with representatives of the district, city and county councils. Advice was given that the Government had given clear signals that it would be changing its priorities and/or approach in many areas, including in relation to devolution deals and public service reform. As part of this advice, it was also made clear that the Government and new Secretary of State for Communities and Local Government would not agree to any public service reform where the areas and key stakeholders had been unable to reach agreement amongst themselves. DCLG have subsequently advised that they will continue to work closely with local areas and remain open to discussion on any devolution proposals that include strong, accountable governance and clear accountability. Consequently such governance arrangements would need to be factored into the development of a Deal.
- 3.18 Running parallel to these discussions was a recognition amongst all of the leaders of the need to publish the respective studies into options for the potential reform of local government within Oxfordshire, and to be transparent with the findings. The district, city and county council leaders therefore agreed to publish the two studies at the same time on 17th August 2016.
- 3.19 This in turn has led to the current position, where the leaders of the district, city and county councils have now agreed to focus on reshaping the devolution deal proposal to reflect the new priorities of Government and the Secretary of State for Communities and Local Government, and identifying areas for collaborative working, but without a proposal for local government reform in Oxfordshire.
- 3.20 It is hoped that once agreement can be reached on a devolution deal that reflects the priorities of the Government, this will bring additional funding to Oxfordshire, whilst also enabling strategic decisions to be made in the areas of local infrastructure, skills and business support. In the meantime it is important that the Executive formally receives the report of PwC.

4.0 Conclusion and Reasons for Recommendations

- 4.1 As a consequence of the recent changes in Government, including the appointment of a new Prime Minister and a new Secretary of State for Communities and Local Government it has been made clear that local authorities should expect to see changes to Government priorities in the short term, including specifically in relation to devolution deals, local government reform and other areas of policy. DCLG officials have also confirmed that the focus and priorities of the Government will become clearer when the Autumn Statement is announced in/around December 2016, and through changes to business rates retention policy, which will be introduced through a new Bill, probably in January 2017.

- 4.2 In the meantime DCLG has made clear that the Government will not agree to any proposals for local government reform where those proposals do not have the agreement of the areas.
- 4.3 The leaders of the district, city and county councils have agreed that they will now focus on identifying areas for collaborative working and the reshaping of a devolution deal with the new Government that does not incorporate proposals for structural reform. Consequently, it is not intended to seek decisions on the respective studies of the two independent consultants', PwC and Grant Thornton, beyond formally receiving them. Discussions between the district, city and county councils will continue to take place over the forthcoming weeks with a view to achieving an acceptable devolution deal proposal.

5.0 Consultation

Department of Communities and Local Government (DCLG)

The DCLG has advised the district, city and county councils of the following:

that the Government and new Secretary of State for Communities and Local Government will not agree any proposals for public service reform that do not have the agreement of the areas and key stakeholders

that they will continue to work closely with local areas and remain open to discussion on any devolution proposals that include strong, accountable governance and clear accountability.

that the Government and the new Secretary of State for Communities and Local Government have emerging changing priorities that will become clearer with the announcement of the Autumn Statement and through other policy/legislative changes.

The leaders of Oxfordshire district, city and county council's

The district, city and county council leaders have agreed to focus on identifying areas for collaborative working and the reshaping of a devolution deal for Oxfordshire, to take account of the new priorities of the new Government and new Secretary of State for Communities and Local Government.

6.0 Alternative Options and Reasons for Rejection

- 6.1 The following alternative options have been identified and rejected for the reasons as set out below.

Option 1:

To proceed with stakeholder consultation in respect of the district and city council leaders' preferred model for a new local government structure within Oxfordshire.

This is rejected due to the advice given by DCLG that the Government and new Secretary of State for Communities and Local Government will not accept proposals for local government reform or indeed a devolution deal without the agreement of the areas, and wide support amongst key stakeholders.

To undertake stakeholder consultation on the district and city council leaders preferred model or indeed any other potential new structural model at this stage would risk wasting public funds when it is clear that the study undertaken by Grant Thornton, the county council consultants, has concluded that a county based unitary authority would be the strongest model for local government in Oxfordshire.

The county council is expected to formally receive the Grant Thornton study on 13th September (Full Council) and 20th September (Cabinet) 2016; therefore the content of their report can still only be regarded as representing the views of Grant Thornton. At this stage it is more appropriate that the focus should be upon reshaping a devolution deal with the county council that does not include proposals to reform local government in Oxfordshire, and also identifying areas for positive collaborative working, as agreed with DCLG.

7.0 Implications

Financial and Resource Implications

- 7.1 At this stage the only financial implications would be associated with a potential decision to undertake stakeholder consultation on the proposition of the district and city council leaders arising from the PwC study.

As set out above, DCLG has advised that the Government will not agree to any reform of local government within Oxfordshire unless it has the agreement of all parties. The immediate focus will therefore be upon working with the county council and DCLG on a devolution deal proposal that would more likely be acceptable to Government.

Comments checked by:

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Legal Implications

- 7.2 There are no legal implications arising from this report given the recommendations made above.

Comments checked by:

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8.0 Decision Information

Key Decision

Financial Threshold Met: No

Community Impact Threshold Met: No

Wards Affected

All.

Links to Corporate Plan and Policy Framework

Sound budgets and customer focused council; reduce the cost of providing our services through partnerships, joint working and other service delivery models.

Lead Councillor

Councillor Barry Wood, Leader of the Council.

Document Information

Appendix No	Title
1.	Report of PricewaterhouseCoopers (PwC) into the study of options to reform local government within Oxfordshire.
2.	The proposition of the district and city council leaders arising from the PwC report.
Background Papers	
None	
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