Lincolnshire COUNTY COUNCIL
Working for a better future

Policy and Scrutiny

Open Report on behalf of Tony McArdle, Chief Executive	

Report to:	**Value for Money Scrutiny Committee**
Date:	**28 February 2017**
Subject:	**Options for Unitary Local Government in Lincolnshire**

Summary:

The current two-tier local government structure for Lincolnshire originated in 1974. Reforms in a number of other counties of England have since removed this two-tier structure in favour of unitary authorities.

Where the two-tier structure remains, its inherent tensions, most evident in respect of services such as waste, transport and planning, require complex 'interfaces' to be negotiated which are rarely efficient and are frequently expensive. Other services are simply duplicated – e.g. economic development and tourism. Political differences between authorities have made focused local direction of some services, plans or programmes difficult and occasionally impossible. There has often been friction; there has always been frustration. Finances have been strained, most notably in this decade of austerity.

The Local Government Association (LGA) within their 'Future Funding Outlook for Councils 2019/2020' demonstrated that the overall funding shortfall nationally will be £9.5bn. For Lincolnshire County Council alone the funding gap by the end of this decade could be as much as £75.5m.

In the light of all of these pressures the creation of more unitary authorities is increasingly viewed as a self-evident means of improving the effectiveness of local government and increasing value for money. Unitary proposals in respect of Buckinghamshire, Oxfordshire and Dorset have been put forward in recent months. Others are known to be in preparation.

This report outlines the high-level analysis undertaken on possible unitary models as they would apply to Lincolnshire.

Actions Required:

Members of the Value for Money Scrutiny Committee are invited to consider and comment on the report and highlight any recommendations or further actions for consideration.

1. Background

1.1. The last nationwide structural reform of English local government was delivered through the Local Government Act of 1972. For non-metropolitan areas, the universal solution was the creation of two tiers of Authorities.

1.2. This arrangement is challenging, with the need for operational 'interfaces' to be negotiated and agreed. Some services have been duplicated – economic development and tourism for example. Political differences between the authorities make common direction for some plans and programmes difficult.

1.3. The two-tier system is also often confusing to the public and produces fragmentation with some constituent groups of councils working together but resulting in the creation of non-cohesive services across the county geography. Across England, there is near-universal acceptance that this division of responsibilities does not serve shire areas well.

1.4. A number of attempts have been made to address the issue in different parts of the country. Over time, a number of areas have abandoned the two-tier structure in favour of unitary models notably, Cornwall, Shropshire, Berkshire, Durham, Northumbria, Wiltshire, Cheshire and Bedfordshire. Most of these areas have expressed a high degree of satisfaction with the outcome, with one or two unitaries in each case. Berkshire's six unitaries have proved more problematic.

1.5. Unitary proposals for Buckinghamshire, Dorset and Oxfordshire presently sit on the Secretary of State's desk. Proposals for Northamptonshire are forthcoming.

1.6. It is easy to understand why the drivers for change are causing this new raft of proposals to be brought forward at this point. Common arguments include:-
- Rationalisation and integration of services, such as waste collection and disposal, traffic management and car parks, and public health and environmental health, will lead to better quality outcomes for service users.
- The drive for economic growth requires a scale of coherent local government operation that allows for strategic decision-making across the 'functional economic geographies'.
- The increasing complexity in commissioning public services requires that public sector agencies work much more seamlessly to produce a joined-up 'offer' for an area, and for that to be a common area.
- The financial pressures that local government (and indeed the other public services) increasingly have to manage make the tolerance of diseconomies of scale no longer justifiable.

1.7. All of these arguments hold good for Lincolnshire.
- The Secretary of State for Local Government, Rt. Hon Sajid Javid MP recently indicated that [he saw] any case for unitary authorities needing to reflect a population base of between 300,000 and 800,000. With a

population of 736,000, Lincolnshire meets this criterion in respect of either one or two unitaries.

- The co-terminosity of the County Council's operational area with that of the Lincolnshire Police and of the NHS's recently-announced forward planning (Sustainability and Transformation Plan (STP)) area mean that should the present local authority structures be superseded by a unitary model, that authority (or authorities) would be well placed to lead the integration of commissioning and delivering services across the public sector.

- The Greater Lincolnshire Local Enterprise Partnership (LEP) covers the same area, as well as sharing responsibility with the Humberside LEP for the area covered by the two small unitary authorities to our north. This arrangement operates well, with considerable success in attracting support and investment. Any new authority (or authorities) would have a strong base to build on in furthering the economic prospects of the area.

1.8. The bringing together of County and District services would allow for considerable enhancements to be made to service delivery. The opportunity could also be taken to devolve to communities, through town and parish councils, some functions that are likely to be capable of more effective and efficient operation.

1.9. The financial benefits could be considerable. The rationalisation of service operations and the scaling down of the considerable management overhead that the present structure requires play a major part in that.

1.10. It is estimated that between £24-33m p.a. savings would result from operating as a single unitary council in Lincolnshire and between £9-19m p.a. from operating two such unitaries.

1.11. Further savings will result in time from closer integration with the NHS and Police commissioning arrangements as a fully strategic platform for public sector transformation will have been created by such a reorganisation.

1.12. A three unitary option has been considered as part of the analysis but this has proved to incur additional cost rather than generate savings.

2. Conclusion

2.1. The opportunity to expand the considerations of geography, most notably into the Greater Lincolnshire area, has not been addressed here. We would need to understand and respond to any aspirations there before taking up any such opportunity.

2.2. More work will need to be carried out to examine the best disposition for unitary local government for Lincolnshire, although, given the experience elsewhere and the initial examination of costings, it seems likely that this will be around one or two such unitary councils.

3. Consultation

a) Have Risks and Impact Analysis been carried out?

Yes.

b) Risks and Impact Analysis

This report is for information purposes. The data used for the analysis is available in the public domain. Risk and Impact is assessed as very low.

4. Appendices

These are listed below and attached at the back of the report	
Appendix A	Baseline Analysis of Unitary Options for Lincolnshire

5. Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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