



Local Government Reorganisation & Devolution in England

Understanding the change

2nd September 2020

Reorganisation & Devolution

Introduction

Government is committed to issuing a White Paper in the next few weeks on the future of Local Government and Devolution in England likely to be titled the Recovery and Devolution White Paper which will fundamentally reorganising the way Local Government in England is delivered.

Already, a number of places are in intense discussions about what these shifts will mean for them. Government is actively encouraging a number of areas to develop business cases for reorganised structures. This focus on reorganisation coincides with a desire to increase 'Devolution' via the establishment of Mayoral Combined Authorities. These would cover multiple (reorganised and single tier) Local Authorities.

This paper is part of a series which summarise this emerging situation. Here we focus on the background to Local Government in England and what reorganisation and devolution will likely mean. Further papers will build on this background critiquing the process and proposing practical steps for places to follow learning from good practice.

This piece ends with some very early views on what should be different.

The single page headlines for strategic place leaders...

1. Change will happen; driven by:
 - a. The financial realities of Local Government after a decade of austerity,
 - b. Shifts that have already been underway, and
 - c. A renewed Policy impetus from the Government to drive forward change
2. That renewed policy impetus is seeking to:
 - a. Create 'single-tier' Local Authorities with populations of 350,000 to 650,000
 - b. In doing so, abolish existing structures in many places
 - c. Deliver 'devolution' across these new single-tier areas – by encouraging Mayoral Combined Authorities
3. This process will be highly contested and political – the 'battleground' of what the geography should be is already playing out in many areas of England
4. This battle risks missing an opportunity. We should be more comprehensively looking to renew the model of service delivery (by being person and outcome focussed) – to date, the process is all about geography not service benefit
5. The silo approach being taken might also miss opportunities to link across policy areas – how these changes join to changes in NHS structures is just one example

1. Background to change

Background

1. This Autumn we can expect the Government to publish a White Paper on their intentions to reform Local Government in England and to deliver further Devolution through the creation of new Mayoral Combined Authorities. The paper has been promised 'in September' but there is growing intelligence that that date may inevitably be put back.
2. If implemented, the proposals expected will fundamentally change the landscape of Local Government in England.
3. This piece provides a brief background to the evolution of Local Government in England, the emergence more recently of CAs, and then what have been the drivers of reorganisation and Mayoral CAs in more recent times. We then consider what some of the implications are likely to be and how the landscape of Local Government will likely change.
4. The piece is intended to provide place leaders with the background they need to understand the change process that is underway. Further insight pieces will consider practical implications as well as critique the process to date. As GC Consulting our view is that the processes of both reorganisation and Devolution could be better and that **delivery** of benefits could be better served by a less formulaic approach.

Local Government in England – a quick introduction

5. Within England the structure of Local Government was established in 1974 by the Local Government Act (1972). In broad terms this created the structure of Councils you see across England today.
6. There is two 'systems' of Local Authority:
 - Single tier – this is where a place is covered by a single Council who delivers all Council functions
 - Two tier – this is where an 'upper tier authority' delivers some functions and a 'lower tier' authority delivers a different set of functions; there are multiple 'lower-tier' Councils within the area of the 'upper-tier' Council
7. The single tier system covers the major Metropolitan areas and some particular places (usually large towns) and the two-tier system covers the 'Counties'.
8. It is important to note that although it is common parlance to refer to 'upper-tier' and 'lower-tier' authorities but this should not be regarded as a hierarchy – the different institutions deliver a different set of services within separate democratically accountable structures. The reality is the two scales interact in serving the needs of their shared population.

9. These systems lead to five types of Council (excluding the town/parish Councils which again, in different places, are very important in their own right but which do not provide uniform coverage of the whole Country):
- County Councils – these are the ‘upper-tier’ in a two-tier system
 - Metropolitan Districts – these are single tier in the main urban areas such as Greater Manchester, West Yorkshire, etc.
 - Unitary – these are single tier, deliver all functions, and usually cover a large town of non-metropolitan City area (e.g. Telford, Blackpool, York)
 - Districts – these are the ‘lower tier’ of the two-tier system
 - London Boroughs (as the system in London is different again)
10. Councils deliver a range of services including social care (both for children, young people and adults), planning, refuse collection, and a host of functions such as trading standards, licensing etc.. The legally obligated duties of Councils are set by Government – from one Department alone there are over 1,000 such duties and responsibilities that must be met.
11. Local Government is inevitably political. Each Council is Governed by elected individuals who make decisions about what they believe best for that local area. Those decisions are then implemented by the professional officer structures. While many functions are delegated the ultimate decisions on major issues – which reorganisation and devolution undeniably are – are made at the political level.

Combined Authorities

12. In 2009 legislation¹ was passed that facilitated the creation of Combined Authorities. These were intended to be strategic bodies and at that stage their responsibilities were limited to transport and economic development.
13. Combined Authorities sit across groups of Local Authorities to deliver strategic responsibilities like transport, economic development and strategic planning.
14. The Cities and Devolution Act (2016) broadened the powers and responsibilities that could be transferred to Combined Authorities but also enabled the elections of directly elected Mayors covering the CA areas. The expectation now is that in forming a CA the local Councils agree to the creation of a directly elected Mayor and with that, a new form of Governance².

¹ The Local Democracy, Economic Development and Construction Act (2009)

² The original CA was Greater Manchester, formed in 2010 which was joined by the Liverpool City Region, West Yorkshire, South Yorkshire, and Tyne and Wear in 2014. The West Midlands CA was formed in 2016 and the Tees Valley, West of England (focussed around Bristol), and Cambridge and Peterborough CAs were formed in 2017. All either have Mayors or are in the final stages of becoming Mayoral CAs with elections due in 2021.

15. The process of creating Mayoral CAs is commonly titled 'Devolution'. At a technical level creating CAs and the reorganisation of Local Government are different processes but as stated later, there are clear links being politically made between the two.

Local Government Funding – a driver for change...

16. As stated, Local Government has over 1,000 statutory duties to meet. On top of that, there are services that local people may desire specific to their place.

17. To deliver these services Local Government is funded via a cocktail of funding sources but primarily from Government grant, Council Tax (levied on people based on the value of their domestic property) and the retention of Business Rates (a levy paid by businesses based on their use of property)³.

18. Since 2010 the budgets of Local Authorities in England have been reduced significantly as there has been a broad policy of 'localising' income sources of local councils by reducing the Government grant. This has increased the proportion of revenue met by local taxation but also, reduced the overall cash available. Within this 'localisation' process there have been a number of factors worth noting:

- The first is a significant reduction in the Central Government Grant to each Council. This is due to austerity reducing the total overall Grant available at the national level and that then resulting in a reduced allocation to individual Councils. The overall Grant available from the centre has reduced by over 50% for some Councils.
- Secondly, the mechanism that was in place to distribute the Central Government Grant has changed meaning some Councils have lost more proportionately to others
- Third, the ability of a Council to raise revenue by local tax (Council Tax) is limited. To increase tax over 2% a Council must undertake a referendum (which they would be very unlikely to win) while in reality, for many areas with low income populations/a housing stock with low value, any percentage increase in Council tax is actually marginal relative to the scale of need. Hence Council tax increases are not an option for increasing income significantly.

19. Additional to the reduction in budgets available the actual burden on Councils from some key service areas has increased significantly. The upper-tier Councils are responsible for social-care (of adults and children) and demand and therefore the cost of such services has markedly increased in the last decade⁴. Social care represents about 70% of all expenditure for some Local Authorities.

³ A an academic review of the impact of Local Government funding change over the last decade can be accessed here: <https://blogs.lse.ac.uk/politicsandpolicy/the-uneven-geography-of-austerity/>

⁴ An LGA summary of the increased demand in Children's Services can be accessed here: <https://www.local.gov.uk/about/campaigns/bright-futures/bright-futures-childrens-services/childrens-services-funding-facts>

20. The result of the above has been a significant reduction in available resource to spend on services and hence, has led to extensive service cuts.
21. There have been some related policy changes, designed to support increased income for Councils:
- Councils retain a share of the business rates collected from their Local Authority area – this creates an incentive to be ‘pro-growth’ to increase the tax income and therefore, revenue to the Council
 - To further incentivise Local Authorities to be ‘pro-growth’ Government has increased the share of business rates that can be retained locally: those areas who have done Devolution Deals have been allowed to retain all 100% of business rates raised in their local area
 - Councils have increasingly become ‘commercial’ in some of their activities – the strong covenant strength of a Council means it can, in general, borrow relatively cheaply in the market while there is also an ability to access public monies at a low borrowing rate from Government. Hence, many Councils have borrowed and invested to support economic growth to obtain both a commercial return but also a secondary tax income benefit (because they retain a share of those increased business rates) as well as to do such things as create jobs in the local economy
22. The implications of the above are complex but the reality is that many Councils are struggling to meet the minimum service position required of them within the budget available.
23. When a Local Authority does not have the resources available to meet such duties it undertakes a technical process to issue a Section 114 Notice. Northamptonshire issued a Section 114 Notice in February 2018 which represented a ‘red flag’ for just how strained Local Government finance is⁵. A host of other Local Authorities have stated that they are at risk of also issuing a Section 114 notice.
24. For politicians, this is also a very difficult time as it means they have been cutting services over an extended period with the political consequences of doing so. It also means their ability to direct spend to what they see as locally important diminishes as Councils have been increasingly driven to meet ‘only’ what they are legally prescribed to do. As stated, 70% of spend in some areas is already flowing to social care when that is a service that a minority of the population accesses. For Council Tax payers, who often believe their payment is to pay for the services they receive, the reality is they are supporting the legal liabilities of the Council for delivering services which often, they may not use.

⁵ Northamptonshire’s Section 114 Notice and an explanation can be found here:
<https://www.northamptonshire.gov.uk/councilservices/council-and-democracy/budgets-and-spending/Pages/spending-controls.aspx>

25. The trends have also created a divide between the types of Councils across England. The upper-tier Councils responsible for social care services (and therefore responding to increased demand) argue for a greater share of the national Grant while the lower-tier Authorities have faced the biggest national cut as in general, their services are seen as less 'essential'. Metropolitan upper tier Councils argue that funds should be allocated based on 'need' (including deprivation), while the Counties argue they have greater costs because of the rural nature of their areas. In short, Councils do not act as a collective in lobbying around their funding settlements. As reorganisation looms this lack of a coherent single position is ever more apparent as some Councils actively seek reorganisation, and others actively resist.

Why reorganise?

26. There has been a long-held view by some in Government that the current structure is inefficient and in need of modernisation. The rationale for change includes:

- A belief that the transaction costs associated with 300+ conversations between the centre and local areas are too high and a need to 'simplify' the relationship
- A belief that many services are most efficiently delivered at a scale greater than that of an individual (small) Council and hence, that there are efficiency savings (including financial cost savings) from 'merging' Councils; there has been a belief
- That the boundaries of 1974 do not fit with a more 'modern' view of the functional geographies of places with some Council boundaries seen as not reflecting a 'natural' geography

27. This is clearly contested with each of the positions above argued about especially on a case by case basis at a local level. There is also the broader argument of smaller scales being closer to the size of real communities and that the smaller size delivers greater democratic legitimacy. A shift to 'bigger' geographies is argued to reduce that local legitimacy and responsiveness.

28. Changing the structures of Local Government is a politically contentious task.

29. First of all, any proposal that changes the name and symbolism of a place is likely to engage a public reaction but also it comes with a political consequence. In simple terms, the main political parties have many Councillors who are Members of the individual Councils you might be looking to reform and potentially, make those Councillors unnecessary. Hence, Local Government reform, however much felt necessary, has been an issue that has not been directly tackled in a holistic way.

30. However, there has been a clear direction of travel emerge over the last decade.

31. First, a key issue is the two-tier nature of service delivery in many County areas. Government has encouraged (not enforced) some County areas to restructure themselves voluntarily to create new, single tier structures. This has happened in Cheshire (which created two upper tier Councils in Cheshire West and Chester and another Council for

Cheshire East⁶), in Dorset and in Northamptonshire. It is very clear that Government would prefer there not to be a two-tier structure and has supported shifts to replacing the two-tier model with single tier structures.

32. Second, the Government clearly believe a size covering about 350,000 people is a minimum size for Councils in the future. This figure has been referenced by officials for at least the last four years and more recently, by Ministers as a minimum optimum size. Hence, when new single tier structures form the Councils created tend to be of at least this scale. Interestingly, there had tended to not be a discussion about an optimal maximum size until recent months where 600,000/650,000 people seems to be becoming a preferred figure. This is important because of what it means for many County areas that might have hoped to create a single Unitary structure but where the population is more than 650,000 people.

Is reorganisation new?

33. The White Paper would represent a pro-active ‘whole of England’ encouragement of reorganisation which would certainly be new – but reorganisations have been on the table for some time.
34. Just looking at the North West – proposals existed in 2004 for the formation of new single tier Unitary structures for Cumbria and Lancashire⁷ and also for Cheshire. Options for each County area were developed and consultation processes underway before proposals in Lancashire and Cumbria were dropped.
35. In Cheshire, the County Council and six lower-tier Authorities of Chester, Ellesmere Port and Neston, Crewe and Nantwich, Congleton, and Macclesfield were abolished in 2009 to be replaced by Chester and Cheshire West and separately, Cheshire East Council. These two new Councils have populations of c. 330,000 and c. 370,000 people respectively.
36. Similarly, recent years have seen new Unitary structures emerge in Northamptonshire, Dorset, and Buckinghamshire while some Districts have also come together (creating Somerset West and Taunton, as an example). Additionally, models by which multiple Councils share strategic level management including Chief Executives are also increasingly common. Hence, reorganisation is not necessarily new and models for how it can be achieved do exist.

⁶ Both the new Cheshire unitary Councils were over 340,000 people in population

⁷ Demonstrating the complexity such proposals can cause, the 2004 proposals for Lancashire included an option by which Lancaster (in the Lancashire County area) would form a Unitary Council with Barrow and other Districts in the Cumbria County area.

Devolution – Combined Authorities with Mayors

37. The UK (but England especially) is one of the most centrally controlled/Governed Countries in the developed world. The remit and executive reach of Government, based in Whitehall, extends across all policy areas with little if any functions delegated or devolved.
38. For some time, arguments have been made that this ‘holds back’ many areas of England because policies do not reflect the specific opportunities available to all and every different place.
39. In response, there has been a number of efforts to ‘devolve’ or at least delegate responsibilities from the national to the regional and now sub-regional level. Proposals for Regional Assemblies in the 1990s to 2000s were unsuccessful but since 2010, the emergence of ‘City Regions’ and Mayors have progressed.
40. The 2009 Act that allowed the formation Combined Authorities was part of this process. From a Governance perspective such CAs were governed by a ‘Board’ that effectively mirrored a joint committee arrangement with the Political Leaders of each LA within the CA area represented.
41. By 2014, when further CAs were formed there was an expectation that those new CAs would in future be Governed by a Directly Elected Mayor. Although legislation was not in place in 2014 to enable such there was a growing sense that ‘further devolution’ beyond transport and economic development would necessitate a Mayoral model.
42. In 2015, a number of areas committed to Devolution Deals premised on enacting a Mayoral model. The Cities and Devolution Act (2016) facilitated this and in May 2017 the first elected Mayors covering multiple LAs (outside London) were elected.
43. It is this process which is generally seen to be ‘devolution’ in the English context.
44. The Cities and Devolution Act allows for and facilitates a transfer of powers from Government to a Mayor/Combined Authority. In addition, resources (primarily money) that might have normally been allocated through other processes have increasingly been allocated directly to Mayoral CAs to administer⁸.
45. An analogy is to see the Mayoral CA as a ‘hollow box’ into which Government can transfer powers, responsibilities and funding, for that to be administered at a sub-national as opposed to a national level. The weakness of the hollow-box is that those powers, responsibilities and funds can be taken back. At the same time, there is very little revenue generation ability for CAs to independently fund priorities⁹. Hence for many, the process

⁸ Examples include ‘Housing First’ which targeted homelessness and was directly allocated to the Greater Manchester, West Midlands, and Liverpool City Region Mayoral CAs and the recent ‘Brownfield Fund’ which was also allocated directly to CAs and not via bidding processes accessible to non-CA areas.

⁹ Mayors can seek to charge a tax on households to fund the revenue costs of their CA in a similar way to Police and Crime Commissioners (PCCs) however, this is controversial. A number of LAs agreed to there being a CA on the basis of a cost reduction while politically, charging a new tax is unpopular. It is known that Mayors

of Devolution in England is far less constitutionally ‘fixed’ than is the case in many other Countries and is still very much a work in progress.

46. One exception to the hollow box analogy is in transport where Mayoral CAs have integrated the roles of the Integrated Transport Authority (ITA) and Transport Executive. These are separately defined roles that actually formed the basis for the initial CA concept and is hence, why new CAs are often seen by some as ‘enlarged Transport bodies’ because they have been build on not just the powers of a transport body, but also the staffing and resourcing of such.

And LEPs?

47. Local Enterprise Partnerships (LEPs) were established following the abolition of Regional Development Agencies (RDAs) in 2010.
48. LEPs have no statutory basis and are intended to be a Partnership between Local Government and the Private Sector at a sub-regional (functional economic geography) level.
49. LEPs have evolved considerably since 2010 and are often very different from one place to another depending on the strength of local partnership arrangements but in the general sense they have increasingly adopted a *delivery* as well as a *strategic* role in their place. This in part is because Government has on occasion directly allocated responsibilities to LEPs – such as for the delivery of Business Growth Hubs. More fundamentally however LEPs are a strategic conduit, led by the private sector, between national Government and sub-national areas.
50. LEPs are often misunderstood in terms of their role and the variation from place to place can often cause confusion. Key points however are that they are intended to be a Partnership that encourages joint working at a sub-regional scale to deliver economic growth and productivity improvement. In 2018 Government issued an updated policy position on LEPs which provide clarity on Government minimum expectations going forward – highlighting the need for private sector leadership, independence of decision making (and officer support), and their accountability for (if not management of) funds allocated to their area.
51. Where CAs have formed they have often sought to integrated the work of the CA and LEP while seeking to protect the principles of the Government policy position. The most successful models create that Partnership approach.

Other forms of integration

52. In addition to reorganisation and also, devolution there has been some other forms of integration occurring.

have been lobbying for a direct allocation of Government funds to cover their revenue costs and this may occur via the White Paper.

53. First, at the sub-regional level Police and Crime Commissioners (PCCs) cover Police force areas throughout England. Mayors in a Mayoral CA model can assume the responsibilities of the PCC using the powers of the Cities and Devolution Act. Indeed, there are separate powers that allow Fire Authorities and Police Authorities to come together under a single PCC and hence, with appropriate process, a Mayor of a CA can have accountabilities across all these service areas. This has occurred to some extent in Greater Manchester for example but is not easily achieved in other areas as police force/fire service areas are not necessarily coterminous with the CA. Hence, there is no simple means of integrating the Governance¹⁰.
54. There has also been a trend to integrate 'Health and Care' in some areas of England. The simple logic is that health (usually delivered by the NHS) and care (delivered by Councils) can better work together to manage costs and also, deliver beneficial outcomes for patients and service users.
55. Greater Manchester CA obtained a joint accountability arrangement over health budgets as part of its devolution journey which results in LAs in Greater Manchester having more integrated models of health and care than many other places. However some places, such as St Helens, have independently delivered an integrated model where the local Clinical Commissioning Group (CCG) and Council have shared management and commissioning arrangements.
56. However, NHS structures are also going through radical change at the same time as Council reorganisation and devolution occurs. The NHS has issued a 10 Year Plan in 2018¹¹ that anticipates the creation of 'Integrated Care Systems' that cover the whole of England. These would be Partnerships between Hospital Service providers, CCGs, and Local Government delivery of care services. These changes are being driven nationally by the NHS – quite how they interface with changes in Local Government seems massively underdeveloped.
57. This topic is far more complicated than can be touched upon here but suffice to say it is not conducive for integrated service delivery of have all parts of the system changing in a disconnected way. The absence of a 'join' between the changes taking place in the NHS and the changes taking place to Local Government is a serious deficit in the processes on both sides of the equation.

¹⁰ An example is the Liverpool City Region where Halton is a Constituent LA of the CA area but sits within the Cheshire Police and Fire Service area.

¹¹ <https://www.longtermplan.nhs.uk/publication/nhs-long-term-plan/>

2. Implications

Background

58. In this section we try to understand some of the implications that may flow from a White Paper that advocates wholesale reorganisation of Local Government while simultaneously also looking to bring forward new Mayors and CAs.

Is it reorganisation and/or Devolution?

59. Technically, reorganisation can occur without devolution and vice versa – as already seen, Councils can be reorganised without CAs and Mayors having to form, and the legislation enabling CAs and Mayors does not discriminate by the type of Council that can be a constituent part of any new CA.

60. But...

61. For both reorganisation, and in particular Devolution, to actually happen it needs Government support and to be Government endorsed. No individual reorganisation exercises will happen without Government backing and neither will any new CA – it is Government that has ultimate sway.

62. The question this then poses is whether Government will seek BOTH a reorganisation of Local Government to achieve the complete abolition of the two-tier structure AND, the creation of CAs covering a number of the newly established Authorities. If it does not seek both – does it seek to achieve one or the other accepting that this creates an uneven institutional settlement across the Country?

63. The answer to these questions might vary on a sub-region by sub-regional basis and be a function of sequencing and timing as much as anything else. For example, where there is an existing configuration of single-tier LAs that might form a CA (think the two Cheshire LAs with Warrington) Government might wish to accelerate CA formation as reorganisation has already been achieved. Where reorganisation has not occurred – Government will likely make reorganisation a pre-requisite before Devolution can happen. Indeed, the noise from many places already having discussions with Government is that the clear policy intent is that Devolution is only available if you accept reorganisation as necessary.

64. In this sense, devolution (and the cash promised to come with it) becomes a carrot with the threats of further financial pressures on individual LAs acting as a stick and ‘Devolution’ is what you get if willing to reorganise.

65. So although technically devolution and reorganisation are separate – we can expect the White Paper to clearly link them together with one a requirement to get the other.

So what will reorganisation mean?

66. In practical terms, reorganisation is likely to mean:

- The creation of single-tier structures to replace the two-tier model. This would see lower tier districts and upper-tier County Councils be effectively replaced with new upper tier Unitary Councils. As a consequence, the existing Councils would no longer exist.
- Where the County area has a population between 350,000 and around 600,000 people then we can expect an attempt to create a single Unitary. In this scenario, the County might transition to be a single-tier Council with any lower tier LAs within the area being abolished
- Where the County area has a population that is above 650,000 people then you might expect multiple single-tier Unitary Councils to be formed.
- Where there are existing Unitary Councils within the County area, whose populations are well below 350,000 people, then they too would be expected to 'merge' into the new structures; simply being a Unitary Council already will not act as protection from change
- Metropolitan Councils, which are now in CA areas, that have populations below the 350,000 people are unlikely to face pressure to merge to reach 350,000 populations at this stage as the political priority will be achieving single-tier status across the Country. However, over a more medium-term time horizon 'mergers' of these Councils to reach the expected population figure will be likely.

And Devolution?

67. Devolution will be encouraged in parallel to reorganisation. The expectation will be that Mayoral Combined Authorities will be created to cover the geography of multiple, single tier Councils so as new configurations of single tier LAs emerge we can expect CAs to start forming covering their wider area.

68. There will be some exceptions – such as where single tier LAs already exist that might not be dependent on reorganisation but CA geographies might reasonably resemble that of LEP areas (or even, County Council areas once single tier structures are achieved) which are, in the main, broadly sub-regional already.

What about LEPs?

69. LEPs appear here to stay – at least in the short to medium term.

70. Given that CAs exist to act strategically and are in the main justified for their ability to support economic growth it might seem strange to have LEPs continue as well. But, there are often clear advantages from having private sector engagement in the setting of

economic strategy and Government has been clear to date that it expects that private sector engagement to carry-on. Not only that, but they also provide 100% coverage of all England which does make them easier to engage with from a transaction point of view if you're sat in Government when compared to the complexity (and politics) of Local Government organisation. Hence, LEPs remain.

71. What is unclear is exactly how LEPs will interact with new CAs forming in the same geography. The models in England to date vary quite considerably and as LEP responsibilities are not defined at all in statute, there is likely to be considerable flexibility about how such arrangements might exist.

And other forms of public service integration?

72. It is likely that Government would want to encourage new CA Mayors to also take on the responsibilities of Police and Crime Commissioners but as already said, than can be complicated by geography. It can also be complicated by when PCC elections are due and whether they align with the 'first' election of a new CA Mayor. Hence, achieving this Governance integration may well be an aim but it is likely to be seen as a secondary aim to getting reorganisation and devolution processes done.
73. Integration with health, although entirely logical and in the best interests of patients is not likely to be a consideration in reorganisation and devolution discussions. There are multiple reasons why but at the basic level we are not good in the UK at linking different policy agendas in ways that deliver the best 'placed based' result. The likelihood is that at the national level the changes in the NHS and the changes in Local Government will be seen as entirely distinct and hence, alignment between the two (however much that might be desired locally) will be difficult to achieve.

Back to Local Government reorganisation - what conversations are already underway?

74. Read the Local Government Chronicle or the Municipal Journal and barely a week goes by without somewhere seeking a conversation with Government or, having a falling-out, about a proposed Devolution (reorganisation) settlement.
75. Look up and down the Country and 'proposals' are being discussed as to what a new 'reorganised' arrangement will be.
76. It is understood that Government, sensing resistance when the White Paper is released, has been actively seeking four or five early adoptions so that the White Paper is launched with some 'Deals' already done. Essex and North Yorkshire are two such areas whose conversations have had plenty of press attention – the other areas are managing to keep their work more under the radar but it is well known that proposals and design work is well underway.

77. For the rest of the Country there appears to be a sprint underway to try and get to the front of the queue with proposals, and counter proposals, being launched and requests of Government for a ‘conversation’ being made.

The battleground...

78. The possibility that Local Government (or other stakeholders) might push-back to oppose the proposed changes as a whole just does not have traction – decimated budgets if nothing else means change will happen.

79. So, the battleground does not seem to be whether change should happen at all, but instead, about what ‘scale’ might determine the change and as a result, what a new configuration of Local Government might be for different areas of the Country.

80. This battle is already being played out. On August 28th the County Councils Network (CCN) published their case for why the existing County geography (and retention of the County Council institutions) was the ‘best’ way forward¹². Within a week, the District Council Network issued their own response about why the more local structures of District Councils might be retained¹³.

81. This is likely to be the battle played out in some detail ahead of the White Paper and in the many months after. At each local level the configuration will be highly contested by the various bodies effected but also, because of the exceptionally complicated political implication. In many cases, political Parties and Leaders will be effectively arguing about which Party (and which individual) is likely to keep some form of political control in a future model. This very real-world implication will undoubtedly impact on how heated the debates will be.

¹² <https://www.countycouncilsnetwork.org.uk/new-analysis-reveals-that-single-unitary-councils-could-deliver-3bn-saving-over-five-years-and-maximise-the-benefits-of-economic-growth-and-housing-policy/>

¹³ <https://districtcouncils.info/news-coverage/power-in-place-devolution-and-districts-driving-our-recovery/>

3. Conclusions

So where are we overall?

82. In advance of the White Paper this Autumn we are at a point of guessing what the future may hold but some positions are becoming clear:

- Many Councils in England face severe budget pressure and hence, 'reorganisation' and/or 'devolution' are being seen by some as an alternative route through future funding pressures; this might not be through a positive desire for either but on the basis of 'there is no other option' available.
- Reorganisation has been wanted for some time by some in Government – the changes resultant from austerity, emergence of CAs, and the Government having a relatively large Parliamentary majority seems to have provided momentum in Government to try and deliver that reorganisation in the years ahead
- Devolution – to Mayoral CAs – continues in parallel. Government from a policy perspective continues to want more CAs and more Mayors
- As separate processes, reorganisation and devolution can in theory, progress independently from one another in different places...
- ...but, devolution and reorganisation are being increasingly linked. Many areas on a journey to either are being told it is dependent on doing the other. If you want the greater powers and promised resource of 'devolution' you must also commit to reorganise – if you want to reorganise, you must equally commit to seek devolution and with that, the requirement of a Mayoral form of Governance. This is an uncomfortable truth for many places but is a position becoming increasingly clear.
- This process remains controversial. Read the MJ or LGC and on an almost weekly basis you will find a story about the disaffection of places (or at least, a politician of that place) about the whole process.
- Government looks to be encouraging some paces to 'go first' in either space – look up and down the Country and you see 'deal' conversations are underway
- Other places are trying to catch-up, but it is highly contested. Proposals are not necessarily being built on a partnership basis but as a proposal and counter-proposal process by different interest groups and inevitably, the process will be highly political
- The processes are not considering the wider need to integrate out-with of Council run services; there seems little 'joining' in Government of changes wanted in Local Government with changes wanted in the structures of the NHS for example
- As a process, it's going to suck strategic capacity out of the system at a point in time when a focus on post-Covid renewal and recovery will be essential.

A GCC View...

- I. From our perspective the processes of reorganisation and devolution should be seen as stepping-stones towards something better. It may be that retaining existing structures might be preferable for many but the reality is that the White Paper will usher through radical change and, given it is happening, making the best of it pragmatically should be the best approach.
- II. On reorganisation – the race to submit proposals that determine a new geographical shape for new Authorities risks missing what should probably be the most important goal. **The question that should be asked is what is the best operating model of services to meet users needs?** Instead, we have a rush to define a geography and justify that as best as possible on a retention of the same service delivery form. We are not therefore seeing a fundamental re-think of the role, responsibility, services, and delivery methods of the sector. We think this would have been a prime time for that to happen and time (and energy) should be spent on that task...
- III. With that best operating model known, then should come a design of Governance arrangements. The phrase ‘form should follow function’ is banded around a lot but right now, the hurried desire to submit business cases means we are seeing function needing to be reconsidered after form will be set. Political pragmatism might be driving this but some thought about **how we renew democracy through new organisational form** should really be underpinning the work being done.
- IV. With devolution, there are equally fundamental questions to ask. First of all is **how do we ensure the permanence of the devolution model and strengthen it so that it is not just a form of delegation**. The aim must be to not result in a hollow-box scenario that will be undermined the minute the centre wants to take back control. This is a real risk and at GCC we have views on how devolution can be made more permanent and embedded for the long-term good – but it will require radical steps.
- V. Secondly for devolution is how can we shift the focus to be about *delivery* as opposed to just the doing of a ‘Deal’. The signing of a Deal agreement should be seen as a preparatory step in then doing something that makes a real difference to peoples lives. Right now, **the ‘Deal’ seems to be seen often as the end-point and what delivery will look like an afterthought**.
- VI. Finally, these processes are not conducive to **achieving better integration of services for the benefit of people at a place-based level**. The evidence is growing that real change is achieved through designing services around people, not institutions, and what we have right now is all about institutions and not necessarily people.
- VII. This extends to integration between service silos. The **lack of a join between health reform and Local Government reform is a real worry** – now is the time to bring these together, under locally accountable Governance but unfortunately, that chance may likely be lost. Collaboration will be key – how collaborations are encouraged in a environment of such change will be a real challenge.

Background to GCC

GCC

This piece is part of a suite of materials available from the GCC website intended to inform the future of policy by emphasising the need for better **delivery** in the real-world as opposed to abstract thought exercises. Each piece is specifically aimed at strategic place leaders to help inform your thinking about the key issues effecting your work today.

How we can help...

GC Consulting can provide a range of economic development consultancy services including evidence base production, strategy development, appraisal, scheme design (including 'Logic Chain modelling) and also evaluation.

The emergence of 'levelling-up' but also of institutional change and the need to better integrate policy areas as varied as economic growth, transport, health and care and housing means that GCC is developing our support capacity to help 'places' achieve better **delivery** by joining up policy in a more integrated way. We are currently undertaking work on the implication of Local Government change, undertaking Governance and organisational reviews of LEPs and assisting collections of Local Authorities in thinking through the process of devolution in their specific circumstance. We also passionately believe that efforts must be made to integrate shifts in Local Government with shifts underway in other service areas such as health and an experience of health and are integration complements our capabilities in economic growth and institutional change.

If you would like an informal conversation on your need – especially as devolution and reorganisation further develops - feel free to contact Mike Palin on 07834686374 for a no cost discussion.

GCC & our approach to working with you...

GCC offers trusted advice and expertise to support your **delivery** of sustainable economic growth as well as sub-national policy support. We are specifically delivery-focused in what we do - drawing on more than 30 years' worth of practice and experience to ensure that delivery today is better than before. Our ethos is based on trust and collaboration - putting your need and interest first, responding reliably, and providing the expert capability you need.

About the Author

The piece is authored by Mike Palin who was Chief Executive of St Helens Council between 2015 and 2019 when the unemployment rate was reduced from over 10% to below 4% and where a leading model of Health and Care Integration was successfully delivered. As Chief Executive of St Helens he was a member of the Cheshire and Merseyside Health and Care Partnership Board and he was also a Board Member of the Northern Housing Consortium.

Before St Helens, Mike was Executive Director of the Liverpool City Region LEP securing the 9th highest per capita Growth Deal funding of all 39 LEP areas in England. He has also worked extensively on devolution in England and is advising emergent Combined Authority areas on ways to ensure that achievement of devolution delivers a beneficial impact.

 <p>Michael Palin Managing Director</p> <p>m. 07834 686 374 e. michael.palin@growthco.uk w. gcc.growthco.uk</p> <p>Michael Palin has been a successful Local Authority CEX, Executive Director of a LEP and formerly worked at both an RDA and in specialist economic development consultancy. He has also been heavily involved in the emergence and negotiation of devolution in England, as well as integration of health and social care and has experience in housing policy in the North. Michael is Managing Director and leads our GCC team.</p>	<p>If you would like a conversation about how we could support you, your organisation, or your partnership - please email or call GCC Managing Director, Mike Palin – details alongside.</p>
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