

DERBYSHIRE COUNTY COUNCIL

COUNCIL

16 September 2020

**Report of the Executive Director Commissioning,
Communities and Policy**

Devolution, Vision Derbyshire and Local Government Reform

Strategic Leadership, Culture and Tourism

1. Purpose of the Report

- To approve plans to secure a devolution deal for the East Midlands
- To approve Vision Derbyshire (non-structural reform) as the preferred option for local government reform in Derbyshire, to approve structural reform as a viable alternative option for local government reform in the event that Vision Derbyshire is not able to satisfy the Government's requirements for reform
- To seek approval for the Leader of the Council to write to the Secretary of State for Housing, Communities and Local Government requesting an invitation to submit a proposal for a single tier of local government for the county.

Such an invitation is non-binding as it would be subject to approval by the Council.

2. Information and Analysis

The Government has announced its intention to publish a White Paper on Devolution and Local Recovery, as a means to 'level up' all parts of the country and reduce regional inequalities, with a clear ambition to remove the barriers to Covid19 recovery and complexity to devolution. Whilst the exact details of the White Paper are not yet known, it is widely expected that the Government will set out its proposals for local government structural reform in England along with setting out the role which greater devolution will play in national recovery. Exact timeframes are also not yet known but the White Paper is expected by early October.

Reduced public sector funding and increasing demand for services driven by demographics and long standing social, health and economic pressures mean

that the Council, like many other authorities across the country, continues to face significant challenges in providing the services that local people need and want with available resources.

The impact of Covid19 has placed further pressure on the Council's revenue and capital budgets, the long-term implications of which are not yet fully known. The resulting impact of the pandemic on the national economy is likely to be significant and the anticipated financial shock on public finances will place local government under increasing pressures to deliver more efficient or even fewer services in the future.

2.1 Devolution and proposals for local government reorganisation

Given the impact of the Covid19 pandemic and the anticipated publication of the forthcoming Devolution and Recovery White Paper, many councils are actively considering their routes to securing devolution deals and their stance on local government reorganisation in this context. It is the Council's understanding that local government restructuring is likely to be viewed as a prerequisite to future devolution deals. For example, recent devolution discussions in North Yorkshire will potentially result in £2.4 billion of investment in the region, on the condition that the current two-tier local government system is replaced.

Based on existing deals, a devolution deal for the East Midlands could incorporate investment in infrastructure, skills, transport and housing. In the light of the current and continuing impact of Covid19, such investment would be of vital importance in enabling the local and regional economy to recover from the pandemic for the benefit of local people.

It is also anticipated that the Government will invite a small number of councils to take part in the 'first tranche' of local government reform. Whilst this is an emergent process, the Council understands that those authorities who are able to submit their case for local government reform by the Government's agreed date will be considered for inclusion in the first or early tranche of areas pursuing devolution deals.

Under current legislation, it is open to the Secretary of State, subject to consultation and Parliamentary approval, to implement if he thinks fit, any unitary proposal submitted by a council in response to an invitation which any council may request. The process for being considered in the first tranche and receiving an invitation from Government, would first involve writing to the Secretary of State for Housing, Communities and Local Government, outlining the Council's intentions.

Significant consideration therefore now needs to be given to the routes that are available for Derbyshire, to enable the Council to move at pace and to secure a devolution deal for the East Midlands in collaboration with regional

partners. It is vital that Derbyshire and the wider East Midlands region does not miss the opportunity to address historic funding inequalities and is at the front of the queue for much need investment in the region. It is therefore proposed that Council agrees the pursuit of a devolution deal and the establishment of a mayoral combined authority for the East Midlands. This will be of vital importance in supporting future recovery, resilience and prosperity in the region.

2.2 Regional and local developments

The Government has approved a number of devolution deals across the country since 2014. However, no county, two-tier area has successfully facilitated or achieved a devolution deal for their area, despite the development of numerous proposals across the country and significant liaison and negotiation.

In the absence of a viable route to devolution in Derbyshire, the Council has embarked on the development of alternative arrangements at a both a local and regional level. This has seen significant exploration and progression of new models of working across local government to increase collaboration and to ensure all councils are more aligned on a local and regional scale, with a focus on achieving the greatest public value for local people and communities across the East Midlands as follows:

- **Strategic Alliance** - Unitary and upper tier local authorities in the East Midlands have created a Strategic Alliance. This formal partnership has enabled strategic co-ordination and alignment of local government resources to support connectivity, trade, investment and growth. This has resulted in a fundamental change to the way upper-tier authorities in the region work together in a more focused and co-ordinated way to overcome the significant lack of investment in infrastructure and services across the East Midlands, ensuring the region has a clear and powerful voice.
- **Vision Derbyshire** – Over the last eighteen months councils across Derbyshire have been working on the development of a new model of local government and shared leadership. Phase 1, saw all ten Councils in Derbyshire – the County Council, City Council and eight District and Borough Councils – working together to identify shared priorities and outcomes and agree to strategically collaborate on the improvement of outcomes for people and places, to speak with one voice as a county and to coordinate resources better and more sustainably.

The programme has been driven forward and involved a significant investment of time, hard work and goodwill from participating councils and their leaders and executive officers. Derby City Council who participated in Phase 1 of the approach declined to participate in Phase 2, although the

opportunity to work collaboratively on the further development of the approach has remained open.

Phase 2 has subsequently resulted in the development of an approach to non-structural reform – Vision Derbyshire - and the development of a case for change and proposition to central government focused around four key ambitions as follows:

- **Seize innovation** - pioneering skills and technologies for a sustainable future economy
- **Establish relentless ambition** - creating opportunities for everyone in Derbyshire and making these visible:
- **Build proactive communities** - harnessing the energy in Derbyshire's communities and empowering people to make change:
- **Live and work sustainably** - committing to a zero-carbon footprint in our tourism, wider economy and ways of working:

The approach has identified a number of enablers to support and embed collaboration, such as leadership, culture, technology, workforce, customers, assets and estimated possible organisational and wider system benefits that could be achieved if the new approach were to be taken forward. A new formal governance model to support effective decision making has also been identified as being crucial in taking the approach forward as are a number of asks and offers to Government to support the realisation of ambitions. Further detail on Vision Derbyshire and the proposed approach can be found in Appendix A to this report.

A letter to Government, signed by all Derbyshire Councils, requesting a meeting to discuss the approach was sent to the Secretary of State on 4 September 2020, with a meeting yet to be arranged.

2.3 Options for local government reform in Derbyshire

A key principle which has emerged through the work across the Strategic Alliance and Vision Derbyshire is the recognition that the current two-tier structure of local government cannot be maintained as it is. It is the Council's belief that the status quo is no longer an option if local government is to continue to meet the needs of residents, communities and businesses in the future. There is a pressing need to develop a new model of local government for Derbyshire, whether this is achieved through structural or non-structural reform.

Due to the time, effort and considerable engagement that Derbyshire Councils have taken over the last 18 months to develop Vision Derbyshire, the Council remains committed to this approach as the preferred route to progressing a deal. However as stated, whilst this can be set out as the preferred option, the Council is very aware that Vision Derbyshire has to be finalised, agreed,

moved forward at pace and offer a credible new model of local government in Derbyshire. The Council cannot proceed along this route without the full backing of all two-tier Councils in Derbyshire and the Government, given what is currently at stake.

It is not yet known whether any alternatives to local government reorganisation and structural reform, including collaborative models for non-structural reform such as Vision Derbyshire will be palatable to Government or if there will be any scope for these to be accommodated in the White Paper once published. The Council also has to reasonably assume that, despite the success of working collaboratively across the County through Vision Derbyshire, a number of Derbyshire councils are also actively considering their own position on local government reorganisation.

It is vital that the Council is in a strong position to counter any proposals which it believes are not in the best interest of Derbyshire residents. A County Councils Network (CCN) Report, '*Evaluating the importance of scale in proposals for local government reorganisation*' published on the 28 August 2020 has warned of the significant financial consequences and impact of fragmenting and disaggregating countywide services. It is therefore recommended that Council opposes any proposals for a new model of local government which disaggregates the county footprint due to service fragmentation and the breaking up of historical boundaries.

It is critical any new model of local government for Derbyshire is considered within the context of both the Council's ambition to level up the Derbyshire economy and protect the historic county which is an integral part of local identity and belonging. It is therefore recommended that the Council does not, given the current circumstances, take a single, predetermined route to a devolution deal.

Cabinet at its meeting on 15 September 2020 is due to consider, in accordance with the above approach, a report that recommends to Council available routes, outlined below, that are to be pursued concurrently in order for the Council to retain the ability to be included in an early tranche of local government reform and unlock the potential to progress a devolution deal across the region.

It is therefore recommended that Council agrees that Vision Derbyshire is the preferred option, conditional on the following criteria being met:

1. The collaborative model proposed by Vision Derbyshire satisfies the Government's will for local government reform and allows for the progression of a devolution deal for the region; and
2. All Derbyshire councils (excluding Derby City) agree to implement Vision Derbyshire in its entirety through a similar formal decision in a timescale

which satisfies the Government's timetable for progression of a devolution deal for the region.

Whilst the approach to Vision Derbyshire is finalised and the Council seeks assurances that the above criteria can be met, it is necessary for the Council to have in place a viable alternative option for local government reform in the event that Vision Derbyshire is not able to satisfy the Government's requirements for reform and a subsequent devolution deal. It is therefore recommended that Council mandates officers to prepare an alternative route for devolution, in the form of developing a case for a single unitary model of local government in Derbyshire, on a county footprint. Council is also asked to approve the submission of a letter from the Leader to the Secretary of State for Housing, Communities and Local Government to request an invitation to submit a proposal for a single tier of local government for the county, in line with this approach and following the current legislative provisions.

This approach will ensure the Council remains agile and is prepared and able to move quickly if necessary, to keep pace with other areas and retain the opportunity be considered in the first tranche of devolution deals, following the publication of the criteria set out in the Local Recovery and Devolution White Paper.

Once the process for securing a devolution deal is established through the White Paper, it is recommended that the most viable option and preferred route be brought back for consideration to a subsequent meeting. These would be preliminary steps only and the most viable proposal, which maximises the opportunities of securing a devolution deal and preserving the county footprint, would be subject to ratification by Council, as well as appropriate prior consultation with the public and partners.

Should Council not support the approach outlined above, then Derbyshire would likely miss the opportunity for a devolution deal and remain subject to the imposition of local government reform measures, whatever their shape, in the future.

3. Financial, Human Resources and Property considerations

There are no direct financial implications arising from this report. The financial implications of potential devolution arrangements and local government reform would be set out in a future report.

4. Transport considerations

Any transport considerations under a devolution deal and a new governance model would be set out in detail in the relevant case for change.

5. Environmental and Prevention of Crime and Disorder considerations

Any environmental and prevention of crime and disorder considerations under a devolution deal and new governance model would be set out in more detail in the relevant case for change.

6. Health and Equality of Opportunity considerations

The Council's commitment to enhancing the wellbeing of communities and individuals and to promoting equality and diversity under a devolution deal and new governance model would be set out in more detail in the relevant case for change.

7. Other Considerations

In preparing this report the relevance of the following factors has been considered: legal and human rights.

8. Background papers

Files and supporting papers held in the Organisational Development and Policy Division, in the Commissioning, Communities and Policy department.

9. Officer's Recommendations

It is recommended that Council:

- a) Notes the Government's intention to publish a Devolution and Recovery White Paper in Autumn 2020.
- b) Approves the consideration of the White Paper (once published) to assess the most appropriate response, in light of the details contained therein.
- c) Approves in principle, the Council's involvement in the development of a devolution deal for the East Midlands to support recovery, resilience and prosperity across the region.

- d) Approves Vision Derbyshire as the preferred route for local government reform, provided the conditions for this route as set out in the report are fully met.
- e) Approves proposals for the Leader of the Council to write to the Secretary of State to request an invitation to submit a proposal for a single tier of local government for the county in the event that Vision Derbyshire is not able to satisfy the Government's requirements for reform and a subsequent devolution deal.
- f) Mandates officers within the Council to prepare an alternative route for devolution and the development of a case for a single unitary for Derbyshire, should the conditions for the preferred route for local government reform outlined in recommendation d) not be fully met.
- g) Opposes any proposals for a new model of local government which disaggregates the county footprint due to service fragmentation and the breaking up of historical boundaries.

Emma Alexander
Executive Director Commissioning, Communities and Policy

VISION DERBYSHIRE

1. Introduction

In spring 2019, all Derbyshire Councils began discussions regarding a programme of work to explore the appetite for a new collective and ambitious vision and model of collaboration, integration and shared leadership focused on achieving the greatest public value for local people and communities, without the need for formal reorganisation.

2. Developing a collaborative approach to non-structural reform

PricewaterhouseCoopers (PwC) were commissioned by all Derbyshire Councils in June 2019, as independent consultants to support in the development of a collaborative approach to non-structural reform. The programme developed into two sequential phases of activity as follows:

- **Phase 1 - June 2019 – December 2019**

Phase 1 was a short piece of discovery work to test the appetite for, and alignment on, collaboration. This phase aimed to identify and explore the existing level of ambition and appetite of stakeholders to progress non-structural reform in Derbyshire.

In November 2019, Councils received the final PwC report summarising the programme of work which had taken place. The final report included:

- **Principles for collaboration** to guide future working such as improve outcomes, speak with one voice, better coordination, provide a visible alternative to unitarisation and deliver to be sustainable
- **Areas for future collaboration** to provide a potential focus for future working such as climate change, tourism, skills and employment, social mobility, economic prosperity etc
- **Critical success factors** to drive a step change in approach/ways of working to accelerate a truly different model of local government in Derbyshire, including working at pace and building on momentum, working as a collective in a different physical and mental space from business as usual and strengthening and role modelling collaborative and collective leadership behaviours.

The work undertaken as part of the study marked a statement to develop a fundamentally new way of working together, to deliver differently for the people of Derbyshire.

- **Phase 2 - January 2020 – Present**

Phase 2 of the approach - Vision Derbyshire – commenced in February 2020 and sought to build on the momentum gained in phase one. Through a series of workshops and engagement Leader sand Chief Executives of

all Derbyshire Councils (excluding Derby City) explored the opportunities for enhancing collaborative working across the county. Phase 2 comprised:

- Comprehensive research and analysis to build a rich as-is picture of outcomes in Derbyshire, in line with the priorities identified in phase one
- A series of workshops focussing on:
 - 'Why' - setting a clear ambition for Vision Derbyshire
 - 'What' - areas where collaboration would be beneficial
 - 'How' - the enablers to support collaboration
- The development of a case for change setting out ambitions and proposition to central Government
- Three pilots to accelerate the implementation of the approach and demonstrate the new ways of working.

3. Vision Derbyshire: A case for change

The research, analysis, workshop engagement and collaborative working through the pilots has cumulated in a case for change for Vision Derbyshire. This is not a detailed business case and delivery plan, but instead a compelling, shared argument that a collective commitment to strategic collaboration across Councils will realise enormous benefits and is the most effective way to improve outcomes for Derbyshire people and places.

Vision Derbyshire is focused on four ambitions and key priorities:

a. Seize innovation - pioneering skills and technologies for a sustainable future economy:

- Work with businesses and education institutions to identify priority industries and align our agenda for adult skills to these industries
- Make strategic investments in new technology and industries
- Work closer with partners, including the LEP, on our mutually beneficially priorities
- Build a consortium to provide a source of all knowledge for potential inward investment

b. Establish relentless ambition - creating opportunities for everyone in Derbyshire and making these visible:

- Form a new social mobility commission with partners across the county
- Reimagine a county-wide apprenticeship scheme
- Build partnerships with business which align to Derbyshire's future industries
- Target support to people who have less access and visibility of opportunities, including those impacted by Covid
- Align the priority industries identified through 'seize innovation'

c. Build proactive communities - harnessing the energy in Derbyshire's communities and empowering people to make change:

- Map community assets countywide
- Create a framework through which decision making and budgets can be devolved
- Build on the foundations of Thriving Communities to tell the 'story' of communities
- Get support from a wider group of partners in the place, recognising shared benefit across multiple organisations.

d. Live and work sustainably - committing to a zero-carbon footprint in our tourism, wider economy and ways of working:

- Develop a sustainable spatial vision for Derbyshire which incorporates housing and transport and minimises the carbon impact
- Investigate a single public transport system in Derbyshire which maximises sustainable travel means
- Align the spatial plan to the priority industries, offer to young people and community assets/needs, encouraging people to stay in Derbyshire to live and work
- Align council planning functions.

Alongside the ambitions and priorities for Vision Derbyshire the case for change also outlines:

- A number of enablers to support and embed collaboration, such as leadership, culture, technology, workforce, customers, assets etc
- A new formal governance model to support effective decision making
- A series of asks and offers to Government to realise those ambitions
- An estimation of the possible organisational (£20m to £66m) and wider system benefits (£1.08bn) that could be achieved.

With a shared commitment and strong governance across all Derbyshire Councils, the case for change argues that collectively Councils can rapidly transform the way they work together and what they offer to local people.

4. Proposition to Government

At the heart of the case for change is the belief and proposition to Government that strong commitment to strategic collaboration can improve outcomes and realise financial efficiencies, delivering the benefits of reorganisation without the administrative burden, financial cost, time delays and political upheaval.

A high-level proposition to Government has been developed as a statement of intent from Councils for Ministers and senior officers at the Ministry of Housing Communities and Local Government (MHCLG). This statement of intent,

Appendix A

alongside a letter signed by all Derbyshire Councils, will be the first step in engaging with Government about how Derbyshire Councils wish to take Vision Derbyshire forward.