1. Purpose of report

1.1 This report updates Cabinet on the latest developments in respect of the Government’s devolution agenda. It invites members to note the direction of Government policy, the expected content of the forthcoming Devolution and Local Recovery White Paper, and the activity that has been undertaken to date to support the County Council’s response to these developments.

2. Summary

2.1 Following the October 2019 Queen’s Speech, the Conservative Party’s 2019 General Election Manifesto and the December 2019 Queen’s Speech, the Government announced its intention to publish a Devolution White Paper. Originally expected in June 2020 and then early September 2020, it is now anticipated that it will be published later in the Autumn and the scope extended to address COVID-19 Local Recovery. Ministerial statements to date indicate that the White Paper will contain proposals for the structural reform of Local Government in England including a commitment to more Mayors and more unitary councils.

2.2 While the specific detail of the Government’s proposals will only be available once the White Paper is published, many councils have undertaken preparatory work to understand the options and implications of structural reform. In November 2019, PricewaterhouseCoopers (PwC) were commissioned by the Council to undertake an initial options appraisal. A summary of its findings is included as part of this report for consideration.

2.3 A further report will be made to Cabinet on the publication of the White Paper.
3. **Recommendation**

3.1 The Resources and Performance Cabinet Panel considered a report on this item of business at its meeting on 4 September 2020. The Panel recommended to Cabinet that Cabinet:

i. Note the latest statements from Government in respect of devolution and local government reform.

ii. Note the findings of the initial options appraisal conducted in Hertfordshire.

4. **Background**

4.1 The devolution agenda has been a consistent feature of successive governments since the 1990s.

4.2 Hertfordshire County Council previously considered its approach to devolution in March 2016. A paper to Resources and Performance Cabinet Panel\(^1\) summarised the then offer from Central Government, inviting bids from local authorities to take over specific powers and responsibilities such as 16+ education provision, transport and health and care integration. While the Council did not submit a bid, the partnership work undertaken to consider the opportunities contributed to the development of ‘Fit for the Future’ and a clearer articulation of the Council and its partners’ shared ambitions for the county.

4.3 The Government has made clear its intention to ‘level up’ powers and investment in the regions across the country. In the December 2019 Queen’s Speech, the Government committed to publishing a White Paper to provide to deliver for ‘full devolution across England, levelling up powers between Mayoral Combined Authorities, increasing the number of mayors and doing more devolution deals.’

4.4 Speaking at the Local Government Association conference on 3 July 2020, Simon Clarke, Minister of State for Regional Growth and Local Government, noted that:

‘...the Devolution White Paper will set out “transformative plans for economic recovery and renewal, and for levelling up opportunity, prosperity, and well-being across the country…These plans will include restructuring our local institutions to deliver these outcomes, establishing more mayors and more unitary councils, the populations of which will depend on local circumstances but as a rule of thumb are expected to be substantially in excess of 300k-400k.’

\(^1\) Resources and Performance Cabinet Panel 18 March 2016
https://democracy.hertfordshire.gov.uk/CeListDocuments.aspx?CommitteeId=205&MeetingId=984&D F=18%2f03%2f2016&Ver=2
4.6 In response, a number of local authorities, including Surrey, Warwickshire, Somerset and North Yorkshire have publicly expressed their interest in pursuing structural reform. The County Councils Network has produced analysis by PwC evaluating the importance of scale in proposals for local government reorganisation.

4.7 On 21 July 2020, David Williams, the Leader of the Council made a statement to Full Council in which he outlined his view that structural reform of local government could result in substantial benefits in Hertfordshire, including reducing the cost and complexity of local government; providing more modern and responsive services for the taxpayer and reinvigorating local communities.

4.8 In his statement, David Williams noted that Hertfordshire was at the start of the considerations and that work would be undertaken with all councils and partners in Hertfordshire to assess options to identify the best way forward.

5. Initial analysis of the potential for structural reform

5.1 In November 2019, the Council commissioned PwC to undertake an independent initial analysis of the options and potential benefit of structural reform within Hertfordshire.


5.3 The report explores the potential drivers for change in the structure of local government including the pressure on local government finance and the need to be able to better support local development, productivity and economic growth.

5.4 It notes the extent to which structural reform could support the delivery of Hertfordshire’s place-based outcomes, including: Improving infrastructure, housing and the environment; Delivering on ambitions for the economy, jobs and skills and; Improving health and wellbeing.

5.5 The report specifically considers two options for structural reform – the creation of a single unitary council for Hertfordshire and the creation of two unitary councils for Hertfordshire. Initial consideration is then given as to how each of these options might satisfy the framework that the Ministry for Housing, Communities and Local Government has

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indicated any proposal or business case would have to meet. These include:

- Deliver improved services and outcomes for local residents
- Demonstrate improved value for money and efficiency
- Deliver cost savings and demonstrate how the cost of change can be recovered over a fixed period
- Support stronger and more accountable leadership
- Demonstrate how the new model is sustainable in the immediate to long term both in service delivery and financial terms

5.6 The report provides a high-level summary of the potential financial benefits and associated costs of both options.

5.7 The report concludes by highlighting the activity and the phasing that would be required to safely enact and implement any structural reform.

6. Proposed activity and next steps

6.1 Work is underway to consider how the Council will respond to any proposals set out in the White Paper.

6.2 Any unitary proposal requires the Secretary of State to invite a submission. Any council may request such an invitation from the Secretary of State. Any proposal would need to satisfy the criteria as outlined in the Ministry of Housing, Communities and Local Government framework as outlined in section 5.5 of the report, as well as support the delivery of the outcomes sought in the White Paper.

6.3 Consideration will be needed as to how best to involve Hertfordshire residents and stakeholders in the development of any future proposal to ensure that it best reflects their needs and aspirations.

7. Financial Implications

7.1 There are no direct financial implications arising from this report or its recommendations. The cost of the support from PwC has been met from the general consultancy budget.

8. Legal implications

8.1 There are no specific legal implications arising from this report or its recommendations.

8.2 The procedure for the creation of a unitary authority can be found in sections 1-7 of the Local Government and Public Involvement in Health Act 2007. The Secretary of State can ‘invite’ a proposal from a local

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3 Local Government & Public Involvement in health Act 2007
authority to make a proposal for a county or district, or group of districts, to become unitary. The Local Government Boundary Commission for England (LGBCE) can be, but need not be, asked for advice on any matter related to the proposal. Regulations may be made covering how local authorities should go about preparing their proposal. The Secretary of State may then make an order implementing the proposal, or s/he may reject the proposal. The regulations must be approved by both Houses of Parliament.

9. **Equalities implications**

9.1 When considering proposals placed before Members it is important that they are fully aware of, and have themselves rigorously considered the equalities implications of the decision that they are taking.

9.2 Rigorous consideration will ensure that proper appreciation of any potential impact of that decision on the County Council’s statutory obligations under the Public Sector Equality Duty. As a minimum this requires decision makers to read and carefully consider the content of any Equalities Impact Assessment (EqIA) produced by officers.

9.3 The Equality Act 2010 requires the Council when exercising its functions to have due regard to the need to (a) eliminate discrimination, harassment, victimisation and other conduct prohibited under the Act; (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it. The protected characteristics under the Equality Act 2010 are age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion and belief, sex and sexual orientation.

9.4 There are no equalities implications arising from this report or its recommendations. However, in the event of Hertfordshire being invited to submit any formal proposals for restructure or reform, significant work will be required to fully understand the equalities implications of any proposed models.