

SURREY COUNTY COUNCIL**CABINET****DATE: 21 JULY 2020****REPORT OF: MR TIM OLIVER, LEADER OF THE COUNCIL****LEAD OFFICER: JOANNA KILLIAN, CHIEF EXECUTIVE****SUBJECT: RECOVERY AND DEVOLUTION WHITE PAPER: OPPORTUNITIES AND BENEFITS FOR SURREY****SUMMARY OF ISSUE:**

The Government has recently announced its intention to publish a Recovery and Devolution White Paper in the autumn, setting out its plans for the devolution of powers, freedoms and flexibilities alongside intentions to increase the number of unitary and combined authorities and elected Mayors. Given the new and growing challenges faced by Surrey, even before Covid-19, this presents a significant opportunity to better organise local government and local accountability and engagement with residents in Surrey, in a more effective and financially sustainable manner. Doing so will support the achievement of the 2030 Community Vision for Surrey as a uniquely special place, where enabling long term inclusive growth and tackling the inequalities that continue to exist in the county ensures everyone has a great start to life, people live healthy and fulfilling lives, are enabled to achieve their full potential and no one is left behind.

RECOMMENDATIONS:

Cabinet are asked to note the preparations in hand to respond to the Government's anticipated Recovery and Devolution White Paper, due to be published in autumn 2020.

REASON FOR RECOMMENDATIONS:

To ensure Cabinet are aware of the preparations being made in readiness for the publication of the anticipated Recovery and Devolution White Paper in the autumn.

DETAILS**Background**

1. The Government has confirmed its intention to publish a Recovery and Devolution White Paper in autumn 2020, setting out the Government's thinking and proposals on local governance structures and the opportunity to devolve powers, duties, responsibilities and resources to local communities. At the Local Government Association Conference earlier this month¹, the Minister for Regional Growth and Local Government, Simon Clarke MP said this would mean creating "many more elected mayors and more unitary authorities".

¹ <https://www.gov.uk/government/speeches/local-government-association-annual-conference-2020-minister-for-regional-growth-and-local-governments-speech>

2. This represents a significant opportunity to lead work to shape the future of local government in Surrey and work with residents and partners to develop a new streamlined and more efficient model to better meet the needs of residents.
3. In parallel, as Surrey starts to emerge from the immediate COVID-19 crisis, we are looking ahead to the challenges the county now faces, and the opportunities we have to ensure long term recovery and resilience from future shocks. The pandemic has demonstrated the importance of local services working more effectively as one system to minimise the impact on Surrey's economy and the health, wellbeing and livelihoods of residents.
4. The recession we are now facing is likely to have profound and lasting effects with the inequalities in the county that existed before the pandemic likely to be exacerbated. The magnitude of these challenges urgently requires radical solutions to support our communities and businesses at the same time as ensuring financial sustainability of local government, illustrating the need to act now to avert a local authority crisis as we emerge from the current COVID-19 crisis.
5. The current model of local government in Surrey is complicated, fragmented and inefficient. A new model of local government, combined with increased powers devolved down to a much more local level, will deliver better outcomes and services that present increased value for money for our residents.

How we are responding

6. It is important that Surrey is in a strong position to respond to the upcoming White Paper, so that we are ready to maximise the opportunities and benefits it presents for Surrey residents. Following his statement to Full Council on 7 July, the Leader has written to the Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP, on Friday 10 July to ask him to invite Surrey to submit a business case to set out proposals for a county unitary authority for Surrey (see **Annex 1**).
7. The purpose of the business case is to set out to Government a robust case for change and detailed plans for how that change will be implemented. The business case will demonstrate how the proposal meets Government's three criteria for assessing local government reform proposals, which are that, across the area as a whole, the proposal is likely to:
 - a. improve the area's local government
 - b. command a good deal of local support across the area; and
 - c. cover an area that provides a credible geography for the proposed new structures.
8. In summary, the business case for a unitary authority in Surrey will set out in more detail:
 - The challenges and opportunities faced by Surrey as a community and place
 - The case for change and the opportunities and challenges for local government in Surrey
 - An appraisal of the options for local government reform and recommended approach to deliver the priority outcomes for Surrey in the most efficient and effective way
 - The structure of the proposed new authority and outline operating model for key functions

- The strategic impact and efficiencies that will be delivered through the new model
 - The proposed model of enhanced local accountability to place local communities, including Parish and Town Councils, at the heart of local government
 - An implementation plan including risk management to minimise any negative impact on business as usual service delivery whilst transitioning to the new arrangements.
9. The scale of this work will necessitate the engagement of specialist external support to ensure a robust evidence-based business case is developed for submission to Government. This will be funded through the existing transformation reserve.

Stakeholder engagement

10. Engagement with key stakeholders will build upon the preliminary discussions to date and involve residents, MPs, elected members, district and borough councils, partners and staff. This will ensure we listen and respond to views about the right model for Surrey and provide the opportunity to co-design the most relevant elements of the model with those people who stand to likely to benefit most and/or be most impacted.
11. This engagement will include discussions with our partners to understand the ways of working, operational models and organisational design that will deliver the best outcomes for Surrey and ensure the new model of local government provides the foundation for the most effective and efficient partnership working.
12. We will also engage with residents, including a focus on younger people, to enable them to have their say about their priorities for Surrey and how they can best be secured, as part of a model of stronger local accountability, engagement and delivery.
13. A Surrey County Council Member briefing will be held on 16 July and further briefings and scrutiny sessions are planned as the work progresses, so all Members have the opportunity to contribute to the development of a shared understanding and case for change.

Next steps and timeline

14. Following the engagement as set out above, a draft business case will be brought to Cabinet and Council during September before being submitted to Ministry of Housing, Communities and Local Government (MHCLG) by the end of September.
15. It is important that we act quickly to minimise disruption, capitalise on the opportunity brought by the Recovery and Devolution White Paper and realise the opportunities and benefits that structural reform can bring to Surrey as soon as possible.

RISK MANAGEMENT AND IMPLICATIONS:

16. Risk implications will be considered as part of the development of the business case and reviewed as work progresses.

SECTION 151 OFFICER COMMENTARY

17. Although significant progress has been made over the last twelve months to improve the Council's financial position, the medium-term financial outlook is uncertain. The public health crisis has resulted in increased costs which are not fully funded in the

current year. With uncertainty about the ongoing impact of this and no clarity on the extent to which both central and local funding sources might be affected from next year onward, our working assumption is that financial resources will continue to be constrained, as they have been for the majority of the past decade. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium term.

18. As such, the Section 151 Officer supports the preparations to respond to the Government's anticipated Recovery and Devolution White Paper. The costs referenced in paragraph 9 can be met from the transformation reserve and will be factored into the Medium-Term Financial Strategy.

LEGAL IMPLICATIONS – MONITORING OFFICER

19. 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 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.

EQUALITIES AND DIVERSITY

20. There are no direct equality implications arising from this report, although any impact on groups with protected characteristics will be considered through development of the business case.

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Consulted:

Preliminary related discussions have been held with the following:

- Cabinet and Executive Directors
- Surrey MPs
- District and Borough Council Leaders and Chief Executives

Annexes:

Annex 1: Letter from the Leader of Surrey County Council to the Secretary of State for Housing, Communities and Local Government, Robert Jenrick MP