

North East Derbyshire

Council

27 January 2025

English Devolution White Paper update

Report of the S.4 LG & H Act 1989 – Head of Paid Service (HOPS)

Classification: This report is public.

Report By: Head of Paid Service

Contact Officer: Head of Paid Service

PURPOSE / SUMMARY

The purpose of this paper is to create a shared awareness of the current situation and potential organisational threats anticipated following the Devolution White Paper being published on Monday 16th December 2024 – particularly in relation to the announcement of Local Government Reform.

This paper does not intend to deal with the merits or otherwise, of reorganisation at this stage.

DECISION ROUTE AND REASON FOR DECISION BEING BROUGHT TO COUNCIL

- The report is for Council's information.
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RECOMMENDATIONS

- a) That Council note the contents of the report and organisational response so far.
 - b) That the Managing Director reports back to Council with update reports as appropriate.
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IMPLICATIONS

Finance and Risk: Yes No

Details:

None arising directly because of this report. Potential financial and other implications/threats of the current situation contained within the body of the report.

On Behalf of the Section 151 Officer

Legal (including Data Protection):

Yes

No

Details:

The UK Parliament website provides the following description of the status of a White Paper:

“White papers are policy documents produced by the Government that set out their proposals for future legislation. White Papers are often published as Command Papers and may include a draft version of a Bill that is being planned. This provides a basis for further consultation and discussion with interested or affected groups and allows final changes to be made before a Bill is formally presented to Parliament.”

As this is a white paper it means no firm decisions have been taken but the paper proposes changes.

However, there is existing legislation which enables implementation of Local Government Reorganisation to single tier authorities. This process is commenced by the Government inviting proposals which they have done in the White Paper. Under the Local Government and Public Involvement in Health Act 2007, the Government may invite proposals for single tier authorities and then has the power to approve them. The Government may also request advice from the Local Government Boundary Commission. This means that for the LGR aspect of the White Paper, there is no need for new legislation – provided the arrangements fit within the powers in this Act. Other issues in the White Paper will need legislative change.

On Behalf of the Solicitor to the Council

Staffing:

Yes

No

Details:

Potential people related implications/threats of the current situation contained within the body of the report.

On behalf of the Head of Paid Service

DECISION INFORMATION	
<p>Is the decision a Key Decision? A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p>BDC: Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/></p> <p>NEDDC: Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/> <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p>Is the decision subject to Call-In? (Only Key Decisions are subject to Call-In)</p>	No
<p>District Wards Significantly Affected</p>	All
Equality Impact Assessment (EIA) details:	
<p>Stage 1 screening undertaken</p> <ul style="list-style-type: none"> Completed EIA stage 1 to be appended if not required to do a stage 2 	No, not application – information report only at this stage.
<p>Stage 2 full assessment undertaken</p> <ul style="list-style-type: none"> Completed EIA stage 2 needs to be appended to the report 	No, not applicable
<p>Consultation: Leader / Deputy Leader <input checked="" type="checkbox"/> Cabinet <input checked="" type="checkbox"/> SMT <input checked="" type="checkbox"/> Relevant Service Manager <input type="checkbox"/> Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input checked="" type="checkbox"/></p>	Yes

Links to Council Plan priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.
All indirectly

REPORT DETAILS

1 Background to the report

1.1 Introduction

1.1.1 Government suggests the current model of Local Government is not affordable with the growing demand for Adult Social Care, Childrens Services and

Homelessness cited as key challenges. This along with the growth and economic ambitions has led to the development of this Devolution White Paper. Whilst there is quite a bit in the paper, at the highest level it can perhaps be separated into two broad themes:

- Devolution deals, strategic authorities, mayoral powers and funding and:
- Local government reorganisation

1.2 The government plans to deepen the powers of mayors to help deliver its growth mission

1.2.1 Primary legislation will set out the powers on offer to ‘strategic authorities’, which is the new term that encompasses combined authorities, the Greater London Authority and (in rare cases) individual local authorities. The government is also firm in its preference for all strategic authorities to be led by mayors, although non-mayoral arrangements may be permitted as a transitional step.

1.2.2 Perhaps the most substantial new powers announced are around spatial development and planning. Every strategic authority will have a duty to develop a spatial development strategy, apportioning housing targets across local areas.



1.3 The government say they will make it easier for mayors to build houses and infrastructure

1.3.1 The white paper sets out plans to reform how combined authorities take key decisions. Government says this will make it significantly easier to implement spatial development, transport, and investment strategies. These reformed decision-making powers are proposed to help the government to deliver its ambitions to roll out regional planning across the country and to build 1.5 million homes in this parliament.

1.4 The funding of combined authorities will be reformed

1.4.1 The white paper sets out plans for simplifying local authority funding, building on proposals outlined in the recent finance policy statement. The six top-tier ‘Established’ Mayoral Strategic Authorities will be granted single-pot ‘integrated settlements’ that can be allocated flexibly in line with local preferences.

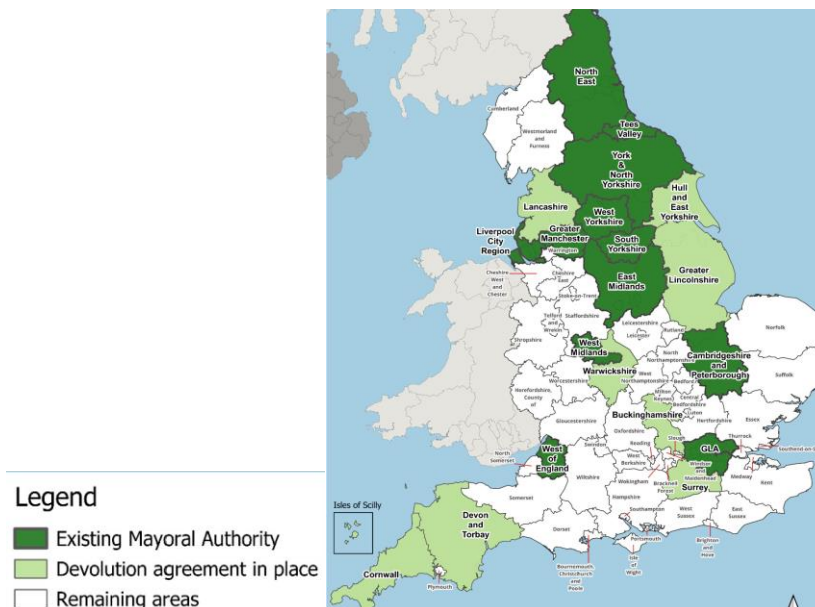
1.4.2 As not all places will be ready to take on this level of responsibility, less advanced Mayoral Strategic Authorities will get separate consolidated funding pots covering local growth, place, housing, and regeneration, non-apprenticeship adult skills and transport following the next spending review.

EMCCA is at a 'less advanced' stage in its development, although Mayor Clare Ward is pushing for 'established' status.

1.5 Ministers intend to fill the devolution map by creating large regional authorities

1.5.1 Following a manifesto commitment to widen devolution in England, the government has now outlined a new approach for filling in the devolution map. It has clarified the principles it will use to decide upon the geography for future devolution agreements: scale (with a preference for more than 1.5 million people), economic geography, alignment to public service footprints and local identity.

1.5.2 The Government is also clear that it does not wish to see any areas left behind i.e. there should be no areas that are surrounded by Strategic Authorities, but which are too small to form a standalone Strategic Authority. Depending on proposals for the rest of the East Midlands, this could conceivably lead to a future expansion of EMCCA.

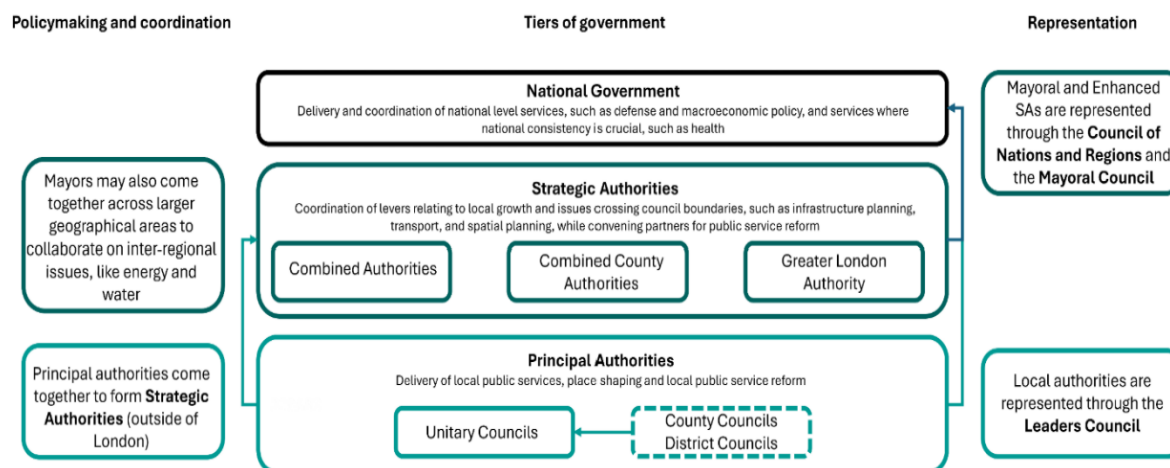


1.6 Local Government Reorganisation (LGR)

1.6.1 The Government, through its white paper suggests 'better' integration of public services at a place level as a crucial step to more effective working. Proposals on the governance structures include such things as a requirement that mayors are appointed to the integrated care partnership (ICP) and potentially have PCC (Police and Crime Commissioner) and Fire Service powers too.

1.6.2 The Government has announced a programme of local government reorganisation to replace all 'two-tier' county and district councils with single tier 'unitary' authorities, there are currently 21 such areas across England. It will also reorganise existing unitary councils "where there is evidence of failure" or their size or boundaries are limiting public service performance.

1.6.3 The government sees unitarisation as an opportunity to deliver efficiency savings and improve public services by bringing together ‘lower’ and ‘upper tier’ services and responsibilities within the same organisation. New unitary councils will be required to have populations of at least 500,000 (with no fixed upper limit) , although there may be exceptions below 500,000.



1.7 Further information beyond the White Paper publication

1.7.1 On the 16th December 2024, all two-tier councils and neighbouring unitary authorities received a letter from the Minister of State for Local Government and English Devolution, Jim McMahon MP (**see appendix A**). The letter indicated the intention to formally invite unitary proposals in January 2025. This further letter will set out details and criteria that the proposals will be required to meet – at the time of writing this report, the Council has not yet received the letter.

1.7.2 Officers and elected Members have been involved in a variety of meetings and webinars since the 16th December in an attempt to seek answers to the many questions the White Paper presents, particularly in relation timescales.

1.7.3 During a webinar on 9th January 2025, it was stated that the priority programme relates to the establishment of Strategic Authorities. However it is unclear whether requests from upper tier authorities to postpone elections in order to join the first tranche of local government reorganisation will be considered where a Strategic Authority already exists, as is the case in Derbyshire.

The following, some of which is yet to be formally confirmed or otherwise, is what we understand so far.

- **10th January 2025 (firm date):** deadline for upper-tier councils to make a request to MHCLG to postpone 2025 local elections and to give a clear commitment to devolution and reorganisation aims. The Government has been clear that only county councils can make such a request.
- **January 2025 (specific date TBC):** MHCLG will write to all councils in two-tier areas and small neighbouring unitary councils to formally invite

reorganisation proposals. The letter will set out more detail on the criteria the minister will consider when taking decisions on the proposals.

- **March 2025 (specific date TBC):** deadline for councils to submit interim LGR proposals.
- **May 2025:** deadline for 'areas that need reorganisation to unlock devolution' and wish to postpone 2025 local elections to submit final reorganisation proposals to MHCLG.
- **Autumn 2025:** deadline for 'areas that are minded joining the Devolution Priority Programme' and wish to postpone 2025 local elections to submit final reorganisation proposals to MHCLG. This is aimed at places '*ready to come together under the sensible geography criteria set out in the White Paper and wishing to progress to an accelerated timescale...with a view to inaugural mayoral elections in May 2026*'
- **Autumn 2025:** deadline for all other areas to submit final reorganisation proposals to MHCLG.
- **May 2026:** possible date for elections to new 'shadow' unitary councils.
- **April 2027:** intended date for first set of new unitary councils to begin operating.
- **April 2028:** intended date for a second set of new unitary councils to begin operating.

1.8 Broad sector reaction following the publication of the White Paper

- 1.8.1 There has been lots of reaction following the publication of the white paper with responses from the CCN (County Council Network) appearing to be broadly favouring LGR and DCN (District Council Network) broadly defending the local connection and importance of District and Borough Councils with lots of varying degrees of opinion in between.
- 1.8.2 There are many questions being asked by the sector regarding deliverability with many of the proposals cited appearing to be within this political term. Concern is being raised relating to the time and resource required to create unitary councils locally along with capacity in Whitehall to support such a transition.
- 1.8.3 Other questions being asked are in relation to the evidence base behind the proposals with recent examples often being cited where the projected efficiencies have not been achieved with some recent unitary councils that have been created now requesting Exceptional Financial Support.
- 1.8.4 It has not been confirmed definitively what the timescale 'success-measures' or actual targets are ...or in other words, how far along this road within this term does the government realistically expect to get? It is not clear if the expectation that all two-tier areas within this term are to be replaced with single tier unitary authorities, or for all to begin the journey within this term?

- 1.8.5 It is not clear how these proposals will impact on financial settlements and multi-year commitment? Or how this approach will be considered from this point on for those in two-tier areas?
- 1.8.6 Principle Authorities are presented as new entities which are created from existing two-tier authorities – including the county council and its functions and the district and borough councils and their functions. It is not clear who is anticipated to be the local 'lead' in this regard - is this intended to be the mayor for areas where there is a mayor in place?
- 1.8.7 Alongside this white paper and the proposals within, there are other major government initiatives that will require a significant amount of organisational capacity and resource to implement, for example, Simpler Recycling and Waste Reforms; National Planning Policy Framework (NPPF) and Local Plan Reviews; and in Derbyshire and Nottinghamshire, the embedding of a new Combined Authority. It is important to understand what the priorities and expectations of government are, should capacity and resource to deliver all these initiatives within the proposed timescales become unachievable.

1.9 Local reaction and activity following the publication of the White Paper

- 1.9.1 Along with the attendance of multiple webinars hosted by Ministers and officials, NEDDC officers and elected Members have been meeting with partners and colleagues from across the county to consider the implications of the White Paper.
- 1.9.2 NEDDC Officers and elected Members have met with North East Derbyshire MP Louise Jones on the 20th of December 2024 which has since been followed up by a detailed letter identifying both operational concerns and seeking answers to some of the questions posed within this paper.
- 1.9.3 On the 9th of January 2025, Council Leader Cllr Barry Lewis, published Derbyshire County Councils intention to submit early proposals to establish a single-tier authority covering Derbyshire's County boundaries, with Derby City retaining its existing boundaries. Part of the proposal includes a potential request for a 12-month postponement of the elections currently planned for May 2025.
- 1.9.4 Also on the 9th of January 2025, an informal 'single item' meeting of the D2 SLB (Derbyshire Strategic Leadership Board) took place where Leaders from all Districts and Boroughs, Derby City and Derbyshire County Council met to discuss the White Paper. Following the Leader of DCC setting out their published intentions, the eight District and Borough Leaders confirmed that they too would be making representation to Government asking that Derbyshire should not be part of any priority programme and expressing their collective view that a whole-county unitary proposal is not the right

option for Derbyshire seeking more time to better understand the criteria more fully before proposing any alternative. Derby City suggested that they too required more time to consider their position as further information is released and understood.

1.10 Risk management – from an organisational operational perspective

1.10.1 Leaving to one side whether there is merit in such a proposal given the substantial published material available. As an organisation we must recognise there are some very real and significant threats posed by such a proposal upon this organisation wherever uncertainty exists, and clarity does not. The longer this period of uncertainty lasts the more the threats are extended including but not limited to the following.

1.10.2 ‘Keeping the wheels on the organisation’ and preventing distraction from the day job -

The prospect of reorganisation, compounded by uncertainty around its implementation and in the absence of specific timescales being attached, presents a significant threat of ‘taking our eyes off the ball’ when it comes to valuable and essential service delivery and key projects which may become hampered, fail to start, or even be reconsidered due to the uncertainties around the future. Successful delivery of our Council Plan objectives and specific and important workstreams including the Local Plan review, may be detrimentally affected by such uncertainty. Turbulence of this nature will undoubtedly affect wider organisational productivity and effectiveness resulting in the potential failure of the people we serve – our communities.

1.10.3 Recruitment and retention –

Recruitment and retention in local government is well documented as being very difficult currently and has been now for several years. Whilst local government has historically lacked in high pay and bonuses compared to the private sector, we have traditionally to some extent made up for this in job security, staff development, organisational culture and a clear career structure and progression pathway. We have invested heavily here at NEDDC in a ‘grow our own’ mindset and ‘talent pipeline’ approach which is reaping rewards and benefiting our organisation. However, while ever the future of district and county councils is unknown, recruitment will become almost impossible and retaining our talent extremely challenging to say the very least.

1.10.4 Morale of the workforce –

Uncertainty can be a major source of psychological strain in situations of organisational change such as this. Uncertainty could create a vacuum of negative ‘doom and gloom’ which in turn affects morale and may ‘seep’ into the organisation negatively affecting our work and productivity levels. The effects of uncertainty around this white paper and what this means to our

staff will undoubtedly leave many anxious, demotivated, undervalued and under increased pressure if colleagues begin to leave our organisation and we fail to attract new people – this having the potential of a self-perpetuating cycle of organisational decline.

1.10.5 Ineffective communication –

Without clear objectives, actions and timescales it becomes impossible to strike a reasonable balance ensuring all are informed and to some extent reassured preventing vacuums of negativity, whilst having a clear thought-out timeline and plan that does not supersede everything else in the meantime.

1.10.6 Threats to financial planning – both short- and long-term financial planning will prove very difficult –

The process of creating a new unitary council is extremely time-consuming and costly. It can distract the existing authorities from the day-to-day business of balancing budgets in what is already a very challenging financial environment.

The high levels of uncertainty around the national funding reforms, devolution and LGR makes future year forecasting incredibly challenging. Making medium term financial decisions on resource allocation is very difficult when there is little clarity about national resources, and uncertainty as to whether the Council will exist in its current form over the life of the financial plan.

1.10.7 Threats around decisions being made or decisions not being made during this uncertain period which could prove detrimental –

This threat extends far and wide when considering the business and nature of our council including the financial foundations of our service delivery such as council tax and rent setting for example. Further examples might include investment in assets or compliance and roll out of major initiatives such as the Waste Reforms which will require us to re-imagine our depot provision and fleet arrangements. This will require significant borrowing, that to fund, will require potential measures being considered including disposal of assets and service re-design. The level of uncertainty experienced currently, makes decision making extremely difficult.

1.10.8 The Council needs to ensure, as best we can to mitigate these threats and maintain an organisational grip on this situation. The threats highlighted resulting from the Devolution White Paper will be addressed through the Council's organisational Risk Management Framework with a new Strategic Risk and plans for mitigation in this regard being added to our organisational strategic risk register.

1.10.9 It is important that we keep the organisation connected and informed throughout this period of uncertainty and thus will produce a very specific communication plan in this regard imminently to ensure we strike the right tone, balance, and level of reassurance.

1.9.11 Irrespective of the ultimate outcome of the proposals, and whatever the future holds regarding local government reorganisation, the Council must safeguard against the threat of a slow organisational decline or 'rot' from within, a decline perhaps taking place over a series of years brought about by uncertainty being left in place for too long.

2. Reasons for the Recommendations

2.1 To ensure that Council is aware of the publication of the Governments English Devolution White Paper and the potential emerging implications for North East Derbyshire District Council and the communities it serves.

2.2 To recognise and address the current situation and risks/threats to the organisation in relation to the Devolution White Paper, and particularly the announcement of Local Government Reorganisation (LGR) in two-tier areas.

3 Alternative Options and Reasons for Rejection

3.1 A 'do nothing' approach has been ruled out due to the risks/threats identified.

DOCUMENT INFORMATION

Appendix No	Title
A	<p>Letter from the Minister of State for Local Government and English Devolution, Jim McMahon MP</p>  <p>161224 JM Letter .pdf</p>
Background Papers	
<p>English Devolution White Paper - https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth</p>	