

LOCAL GOVERNMENT REORGANISATION & COLLABORATION IN SURREY

Head of Service:	Kathryn Beldon, Chief Executive
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
Appendices (attached):	1: Surrey District and Borough Councils: Local Government Reorganisation in Surrey Final Report 15 January 2021 (KPMG) 2: Letter from Luke Hall MP

Summary

To consider next steps following on from the analysis by KPMG who were engaged by the Leaders of the 11 Districts and Boroughs in Surrey to explore alternatives to a single unitary authority in Surrey.

Recommendation (s)

The Committee is asked to:

- (1) To note the Final Report's (Appendix 1) comments on the future structure of Local Government in Surrey;
- (2) Authorise the Chief Executive to progress further collaboration opportunities in the following service areas: waste, building control, IT infrastructure, housing, revenues and benefits, procurement, economic development and leisure services;
- (3) Authorise the Chief Executive to explore opportunities for collaboration on other service areas and with other local authority partners outside the priority areas and partners identified in the Final Report.

1 Reason for Recommendation

- 1.1 To inform future discussions about local government structures and greater collaboration between councils in Surrey.

2 Background

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- 2.1 It is the stated intention of Government to publish a White Paper and Bill on “Devolution and Local Recovery” following the Covid-19 pandemic. Although still currently delayed, it is expected to set out the Government’s plans for “expanding devolution, creating more elected Mayors in England, giving them and existing Mayors the powers they need to lead economic recovery and long term growth, and more unitary local authorities with stronger town and parish councils to deliver sustainable local services”, (Simon Clarke, Minister for State (Housing, Communities & Local Government), 9 July 2020).
- 2.2 Ahead of the publication of the White Paper, Surrey County Council (SCC) announced plans to submit a case for change to central government, with a preferred approach to local government reorganisation in the county being the establishment of a single unitary council. This proposal would create the largest unitary authority in England, serving some 1.2 million residents.
- 2.3 The Leaders of all the Districts and Boroughs Council wrote to the Secretary of State expressing concern that a single unitary authority for Surrey would be too large and remote to serve the local needs of residents effectively. It was agreed that the Districts and Boroughs would collectively explore additional models and options for local government in Surrey. KPMG was commissioned to support this work and its report is attached as Appendix 1.
- 2.4 During the course of progressing this work, it became clear that Surrey County Council’s proposal would not be agreed by government as part of the first wave of local government reorganisation plans. The White Paper on Devolution remains delayed.
- 2.5 In addition, a letter sent by Luke Hall MP Minister for Regional Growth and Local Government on December 8 2020 made clear that the Government would consult any councils that would be affected by a proposal but did not submit the proposal, and that it is up to local areas to decide on whether they want to reform their structures and there will be no top-down imposition.
- 2.6 However it is recognised that the issue of local government reorganisation and the proposal to pursue a unitary case for change in Surrey will return to the agenda in the medium term. Should this prove to be the case, the analysis by KPMG provides options that do not centre on the creation of a single Surrey unitary authority, and offer a focus on an enhanced two-tier system

Local Government Reorganisation Structure in Surrey

- 2.7 KPMG’s assessment of the options for local government reorganisation in Surrey were prepared with Epsom & Ewell’s strategic principles, agreed at Council at its meeting on 21 July 2020 in mind, namely:

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- i. local democratic accountability;
 - ii. devolving decision making to the lowest level commensurate with effective delivery;
 - iii. efficient and cost effective service delivery;
 - iv. a local authority's knowledge of people and place.
- 2.8 Therefore the KPMG analysis incorporates proposals for new ways of working post-pandemic and on proposals for shared service delivery at District and Borough level.
- 2.9 Collaboration proposals range from establishing a shared strategic vision, to sharing assets and pooling staff resources to fully shared and integrated service provision. These proposals will not only help the Districts and Boroughs to continue to 'put residents first' and deliver the services locally that matter most to residents, but will also act as a driver to redefine the relationship with the County Council by delivering more services locally.

Opportunities for further collaboration on service delivery in Surrey

- 2.10 Ongoing financial and organisational challenges faced by each of the District and Borough councils in Surrey have been brought into sharp relief as a result of the impact of the pandemic.
- 2.11 The focus of the work undertaken by KPMG was also to explore the opportunities for greater collaboration between councils in Surrey in order to alleviate the severe financial pressures facing councils as a result of the pandemic and successive funding cuts from central government.
- 2.12 After assessing the current state of collaboration across Surrey, understanding the areas that have worked well and those that haven't, identifying and refining a list of feasible opportunities for collaborative working informed by the view of the Surrey Leaders and Chief Executives, the following eight priority areas were identified for further investigation:
- new approach to waste
 - sharing building control
 - IT infrastructure
 - shared approach to housing
 - standardisation of revenues and benefits
 - procurement
 - economic development

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- shared leisure services

- 2.13 Pages 34 to 57 of the Final Report contains an 'opportunity card' for each of the identified service areas summarising the potential benefits of future collaboration, the current service quality, risks and challenges, examples of best practice and next steps.
- 2.14 Those Surrey Districts and Boroughs interested in taking forward this agenda will need to prepare a coherent programme of work to take forward the areas identified and progress further collaboration opportunities.
- 2.15 The eight areas identified in the Final Report for future closer collaborative working in Surrey, were derived through a series of workshops and by consensus amongst the leaders of the 11 Surrey Districts and Boroughs.
- 2.16 Some areas not identified in the Final Report may also lend themselves more readily to greater collaboration and opportunities may exist to work with near neighbours, outside the County confines. Opportunities to create or join additional shared services will be investigated concurrently with preparing a work programme to pursue the eight priority areas identified in the Final Report. Any firm proposals, will be reported to this Committee accompanied by a Business Case and financial assessment.

3 Unitary Options

- 3.1 Surrey's District and Boroughs are united in opposition to a single unitary authority but agreed to explore alternative unitary options should the Government require a unitary option to be put in place in Surrey.
- 3.2 Following assessment of the potential options, three preferred structures emerged as being feasible. The option identified by the consultants (option 3c) would see the creation of three unitary councils for the county, with one of those councils covering the current Boroughs of Epsom and Ewell, Mole Valley, Reigate and Banstead and Tandridge.
- 3.3 The Consultants considered this grouping to deliver the greatest benefits in terms of effective service delivery, opportunities for growth, advantages in terms of democratic representation together with financial benefits and an emphasis on sustainability.
- 3.4 The split also reflects a geography that is already well-established and the platform for existing successful joint-working. It also reflects an equitable division of existing assets, population and challenges.
- 3.5 Page 20 of the Final Report summarises the advantages and disadvantages of this proposed structure.

4 Risk Assessment

Legal or other duties

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4.1 Impact Assessment

4.1.1 There are no specific equality impacts associated with this report.

4.2 Crime & Disorder

4.2.1 There are no specific Crime and Disorder considerations associated with this report.

4.3 Safeguarding

4.3.1 There are no safeguarding risks considerations associated with this report.

4.4 Dependencies

4.4.1 There are no dependencies associated with this report.

4.5 Other

4.5.1 Greater collaboration between councils both within Surrey and our near neighbours could offer opportunities to deliver more resilient, efficient services and, ultimately, help us continue to provide high quality services to our residents. However, the success of these discussions relies on several factors, such as a shared and clear vision for the collaboration, support and buy-in by councillors and senior officers and trust between the leaderships.

4.5.2 In terms of any specific projects, we would require a fully developed business case, service standards, risk assessments and equality impact assessments to be presented to members so that an informed decision can be made about whether to proceed.

5 Financial Implications

5.1 Progressing the work streams identified in this report may at some point require a budget to be set aside. If and when that becomes the case, a further report detailing any additional budgetary requirement will be brought back to this Committee, in accordance with the Financial Regulations.

5.2 **Section 151 Officer's comments:** There are no specific financial implications arising from the contents of this report.

5.3 Any concrete collaboration proposals that do arise will be presented with a business case to include the financial implications.

6 Legal Implications

6.1 There are no legal implications arising from the contents of this report.

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6.2 **Monitoring Officer's comments:** none arising from the contents of this report.

7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The Council's Four Year Plan sets five overall themes, reflecting the priorities for the Borough until 2040. It recognises the challenges, and sets out a road map of how the Council will continue to drive forward the work required as efficiently and effectively as possible.

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** There are no specific climate and environmental recommendations associated with this report.

7.4 **Sustainability Policy & Community Safety Implications:** There are no specific sustainability and community safety implications associated with this report.

7.5 **Partnerships:** The Council has worked with the District and Borough Councils in Surrey to take forward its agreed principles on the local government structure for Surrey. If the recommendation set out in this report, that partnership working will continue and expand into firmer proposals for collaboration as set out in para 2.12 of this report.

8 Background papers

8.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Local Government Structure in Surrey, Strategy & Resources, 22 September 2020
- Local Government Structure in Surrey, Council, 21 July 2020

Other papers:

- Letter from Luke Hall, MP to Councillor Hannah Dalton, 8 December 2020
- Local Government in England: structures, House of Commons Briefing Paper, Number 07104, 8 June 2020

<https://researchbriefings.files.parliament.uk/documents/SN07104/SN07104.pdf>

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- Surrey County Council's Leader's Statement to Council, 7 July 2020

<https://mycouncil.surreycc.gov.uk/ieListDocuments.aspx?CId=121&MIId=7485&Ver=4>

- Letter dated 10 July 2020 from Leader of Surrey County Council to Secretary of State

<https://mycouncil.surreycc.gov.uk/documents/s68595/Annex%201%20correspondence%20to%20SoS%20Re.%20Public%20Service%20Reform.pdf>

- Report to Cabinet, Surrey County Council, "Recovery and Devolution White Paper: Opportunities and Benefits for Surrey", 21 July 2020

<https://mycouncil.surreycc.gov.uk/documents/s68594/RECOVERY%20AND%20DEVOLUTION%20WHITE%20PAPERCabinet%2021%20July%202020.pdf>

- Borough Insight, Issue 73, August 2020 "Putting residents first"

<https://insight.epsom-ewell.gov.uk/issue-73-august-2020/the-news/putting-residents-first>