

Division(s):

CABINET – 14 March 2017

Proposals for the Future Organisation of Local Government in Oxfordshire

Report by Chief Executive

Introduction

1. At its meeting on 20 September 2016, Cabinet considered independent reports into the future of local government in Oxfordshire prepared by Grant Thornton (commissioned by the county council) and PwC (commissioned by Oxford City Council on behalf of all Oxfordshire District Councils).
2. At the above meeting Cabinet resolved to "ask officers to work with stakeholders, including the public, to develop proposals for a single Oxfordshire unitary council", recognising in particular that work would be required on developing a model for local devolution.
3. Between October and December, officers worked in consultation with key partners to develop draft proposals. A discussion document was published on 19 January 2017 to inform an extensive public and stakeholder engagement exercise. This process is now complete and a summary of engagement feedback is included within this report. A full report on the outcomes of the engagement process is being prepared and will be published as a late paper for Cabinet to consider.
4. In early February 2017, South Oxfordshire District Council (SODC) and Vale of White Horse District Council (VoWHDC) agreed in principle to join with the County Council in submitting a joint bid to government. Subsequently officers representing all three councils have worked together to consider feedback from the public and stakeholders, and use this to improve the proposal, overseen by a Leaders' Working Group to which all council leaders in Oxfordshire were invited.
5. This report sets out how the proposals, now titled 'A new council for a Better Oxfordshire', have been amended in light of the comments received through public and stakeholder engagement and through the joint work of the County Council, South Oxfordshire District Council and Vale of White Horse District Council. A full set of proposals to government is attached at Annex 1.
6. Feedback from the engagement process and the revised bid proposals are being considered at a meeting of the Performance Scrutiny Committee on 9 March, and any recommendations will be available to Cabinet for their meeting on 14 March.

7. Cabinet is now asked to take a decision on the submission of these proposals to the Secretary of State for Communities and Local Government, subject to any required amendments.
8. South Oxfordshire and Vale of White Horse District Councils are undertaking their own decision making processes in early March 2017, and the intention is that a joint bid, on behalf of all three councils, will be submitted to the Secretary of State for Communities and Local Government, subject to any required amendments.

Developing the Evidence Base and Agreeing the Preferred Option

9. In May 2016 Oxfordshire County Council commissioned Grant Thornton to undertake a review of future options for local government in Oxfordshire – including maintaining the status quo. The County Council developed criteria for the review in consultation with local and national stakeholders and with regard to guidance issued in previous rounds of local government reorganisation, taking into account the changed political and economic agenda. The criteria were as follows:
 - Service Delivery and Outcomes: reforms should improve local service delivery and outcomes, particularly for the most vulnerable;
 - Cost Savings and Value For Money: reforms should deliver significant cost savings and drive value for money and long-term financial sustainability;
 - Stronger Leadership: reforms should provide stronger and more accountable strategic and local leadership;
 - Economic Growth and Infrastructure: reforms should drive economic growth and meet the infrastructure challenge; and,
 - Local Engagement and Empowerment: new structures should engage with communities and empower local areas
10. Grant Thornton undertook this work between May and August 2016. Their process including engagement with a range of key local stakeholders and a public call for evidence. The terms of reference were agreed by an independent advisory group chaired by the Right Reverend Colin Fletcher, Bishop of Dorchester, and made up of stakeholders drawn from public, private and voluntary sectors who advised Grant Thornton on the review.
11. Grant Thornton's study was published in August 2016 and identified that a single unitary council covering the whole of Oxfordshire was most able to meet these criteria. It is available at <http://news.oxfordshire.gov.uk/review-of-future-options-for-local-government-in-oxfordshire>

12. During the same period, Oxfordshire's five district and city councils commissioned PwC to undertake a similar study, which is also available online at https://www.oxford.gov.uk/download/downloads/id/2820/pwc_review_of_proposed_unitary_authority_options_with_a_combined_authority.pdf
13. On 20 September 2016, Cabinet received both of these reports along with a recommendation from the Performance Scrutiny Committee. Cabinet agreed the preferred option of a single unitary council and determined that officers should work with stakeholders including the public to develop proposals for the new council. In particular Cabinet directed officers to further explore models to ensure that local areas within the new unitary council could make decisions for their own area, within an overall budget and policy framework set at the strategic level.
14. Subsequently the Leader of the Council committed to publishing a discussion document outlining draft proposals in order to facilitate to the fullest possible extent public and stakeholder engagement in their development.

Developing the Discussion Document

15. In order to ensure that as wide as possible an audience was able to participate in the development of proposals, it was determined that a discussion paper should be published at the earliest possible point on a "white paper" basis, with the draft proposal set out to promote and frame a public and stakeholder conversation.
16. After setting out the case for change and the blueprint for the new council, officers structured a document using the criteria established for the Grant Thornton study seeking to address how the proposed new model would meet the five criteria. A summary of relevant information about Oxfordshire and a summary of the options appraisal process were also included for context. The full independent reports from Grant Thornton and PwC were appended to the discussion document.
17. Throughout the development of the discussion document, the County Council continued to engage with members of the Stakeholder Advisory Group and other key partners in regular individual and group discussions.
18. The discussion document, titled 'One Oxfordshire' was published on 12 January 2017 and is available online at <http://www.oneoxfordshire.org/our-vision>

Engagement Activity

19. The engagement activity was designed to help improve and refine proposals ahead of a decision on submission to the Secretary of State. It included:
 - Commissioning a 500 interview representative door-step survey and an open online questionnaire;

- Holding well-publicised engagement visits to 42 libraries around Oxfordshire, resulting in around 700 conversations with local residents. Throughout the entire engagement period the libraries have also had posters and response boxes with comment forms;
- Continuing to work through the Stakeholder Advisory Group with key local partner organisations. This included holding a further formal meeting of this group as well as multiple individual meetings, telephone calls and presentations to groups and boards;
- Writing to stakeholder organisations when the draft proposals were launched, and since then.
- Creation of a dedicated One Oxfordshire website, holding all relevant information in one place, and where county council website and social media users were directed for information;
- Running digital, radio and print media advertisements to raise awareness of the proposals;
- Engaging with town and parish councils on the detail of the proposal, including four formal events in addition to attendance at individual meetings when requested, and offering articles to community newsletters and small local publications;
- Featuring on the proposals in council circulars such as Your Oxfordshire and the Libraries newsletter;
- E-mailing over 30,000 Oxfordshire Residents; and
- Holding deliberative workshops with members of the public (one per city/district council area) to understand in detail residents' interests and concerns.

Working with District Councils

20. On 9 February 2017 a joint statement was issued by the leaders of Oxfordshire County Council, South Oxfordshire District Council and Vale of White Horse District Council. This set out that *“Having looked at all the evidence, we are convinced that a single unitary council for Oxfordshire provides the best prospect for maintaining high quality services and securing badly needed investment in infrastructure”*.
21. As a result of this, joint work has been undertaken around a number of themes and this is now reflected in the appended proposal. In particular there have been amendments from the discussion document proposals around the localism model, to set out a proposal which commands support across both tiers of local government.
22. Unfortunately, despite invitations to join the discussions, Oxford City Council, West Oxfordshire District Council, and Cherwell District Council have not been prepared to engage in developing a shared proposal and have continued an active public relations campaign, both jointly and individually, against proposals to reform local government in Oxfordshire.

Outcomes of the Engagement Process

23. A full report of the engagement activity will be provided (as Annex 5) in advance of the Cabinet's meeting on 14 March 2017, and through a presentation to Performance Scrutiny Committee on 9 March 2017. A short summary is provided at Annex 3 and key elements set out below.
24. The engagement process shows conflicting views.
25. The representative doorstep survey, provided by the independent company Opinion Research Services, showed 70% ($\pm 5\%$ at a 95% level of confidence) of residents supported the proposals. This includes a majority of residents within each of the five district council areas.
26. This is in line with responses to the call for evidence conducted by Grant Thornton in 2016, which showed a majority believing that a single new unitary for Oxfordshire would be best able to meet the five criteria which were being assessed.
27. The open online questionnaire, open to all residents, in contrast, recorded strong disagreement with the proposals, particularly from Oxford City and West Oxfordshire, which made up a majority of the total responses.
28. The most likely explanation for this difference between the representative household survey and the open online questionnaire was the active campaign by Oxford City Council's leadership among staff, residents, and customers, directing them to complete the poll based on a range of questionable statements about the likely impact of One Oxfordshire, which may have generated unfounded fears for example regarding social housing and employment rights; West Oxfordshire District Council also posted a campaign document to all households asking them to oppose the proposals based on perceived risks to parking policy and council tax levels, and Cherwell District Council mounted an extensive social media campaign. Taken together the three districts are reported to have committed a total of £250,000 to this campaign.
29. Given the robust representative methodology behind the survey of households (set out in paragraphs 20 and 26 above) this is considered to be the more reliable measure of genuine overall public opinion.
30. A majority of attendees supported the proposal at most of the deliberative workshops, but a number of different views were expressed.
31. Some of Oxfordshire's district councils also undertook public engagement work in opposition to the proposals. To date we are aware of an online survey for West Oxfordshire, and a petition established and promoted by Oxford City Council.

The Revised Proposals

32. While the public engagement exercise showed general support for the draft One Oxfordshire proposals, there have been revisions based on detailed stakeholder and public feedback and following engagement with South Oxfordshire District Council and Vale of White Horse District Council.
33. A major element of feedback from the engagement exercise concerned the proposed approach to localism. The discussion document proposed a localism model centred on five area executive boards based on the boundaries of current district councils. Strong feedback from both the public and key partners was that the advantages in maintaining these boundaries – including continuity and existing identity – were outweighed by the fact that the five units would be too large for genuine community governance that addressed local need.
34. Feedback suggested that most residents identify with groups of communities centred on Oxfordshire's thriving market towns, or in the case of Oxford, with the city and areas within the city - rather than with existing district council areas. Feedback also suggested that these boards need to work closely with local partners and take into account more closely partners' geographies—especially the NHS. Therefore these revised proposals describe a model that operates at a more local level than was initially proposed.
35. A table setting out the development of these proposals is set out below.

	Oxfordshire Proposals			
	Outline proposal	Final proposal following engagement	Wiltshire	Cornwall
Name	Executive area boards on current district geography	Executive area boards at a more local level Bespoke arrangements for Oxford City area additional to boards	Area Boards at a local level	Community networks
Description	Localised decision making and budgets – presumption for local decision making	Localised decision making and budgets – presumption for local decision making	Localised decision making and budgets	Localised decision making and budgets, with emphasis on devolution to towns and parishes
Membership	Unitary councillors	Unitary councillors Representatives of towns and parishes and other agencies	Unitary Councillors Representatives of towns and parishes Other partners (eg police, NHS, MoD)	Unitary councillors Representatives of towns and parishes Other partners (eg police, NHS)
Number	5	To be determined but expected to be 15-20	18	19
Status	Committee of the Council	Committee of the Council (only Councillors vote)	Committee of the Council (only Councillors vote)	Informal network community networks
Local planning	Area boards take local planning decisions, with a strategic planning committee for the county	Five local planning committees and a strategic planning committee – to be revised as new planning framework developed	Four local planning committees and a strategic planning committee	Three local planning committees and a strategic planning committee

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Key features of the model	<ul style="list-style-type: none"> • Significant devolved powers, decision making and resources to area boards 	<ul style="list-style-type: none"> • Most local level for decision making • Holding to account council executive, officers and other agencies on local matters • Significant devolved powers, decision making and resources to area boards • Local engagement on unitary-wide proposals 	<ul style="list-style-type: none"> • Community leadership and influence • Community Area grants (community and youth groups) • Consultation and engagement (eg. on local transport) • Minor works budget (~£15k per board) 	<p><i>Community networks</i></p> <ul style="list-style-type: none"> • Public forums • Leadership on local priorities • Providing local voice • Promoting wellbeing of the local area and communities • Relationship building
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Table 1: Indicative comparison table for area governance models

36. Feedback was received that Oxford needs a governance model that provides new sovereign decision making capacity separate, and complementary to the unitary council that covers the community, environmental and civic issues that are best managed at the community level. The proposals therefore recommends that a new independent city council is established in under the terms of Part Four of the Local Government and Public Involvement in Health Act 2007. This new local council would be designed to complement and enhance the strategic functions of the unitary council to replace the overlap and conflict inherent to the current model.
37. Following these amendments, updates to the sections on Council Tax have been made. This proposes that the impact of harmonisation is minimised by establishing the new council for Oxford with the capacity to raise a substantial precept to cover the costs of the services determined to be managed by the new council directly, rather than via the unitary council.
38. The planning section has been also been updated and includes clarity on the on-going status of Local Plans through the transition period and until the point that a revised planning framework is in place.
39. The role of the unitary council in direct delivery and management of housing has been expanded to make it clear that the new council would be in a strong position to take an active role in promoting house building through its own actions, including by building housing directly both within and outside of the retained Housing Revenue Account to the benefit of residents from all areas of the county.
40. Advice from government officials has led to an updated transition section with a clearer indication of the likely process that would bring into being the new council.
41. Finally, the original title of the discussion document as “One Oxfordshire” has been renamed as “A New Council for a Better Oxfordshire”. While at one level symbolic, this change does reflect feedback that “One Oxfordshire” does not sufficiently encompass the diversity and difference that these proposals should maintain and promote within a thriving new unitary council.
42. Following submission of the revised proposals, the councils will need to continue to work together on the development of the issues, for example the proposals for local executive boards and the arrangements for implementation and transition. Council is therefore asked to agree to the formation of a joint committee for this purpose.

Devolution

43. There has been some concern expressed by the city and those district councils not supporting the principle of a single new unitary that the unitary proposals prevent Oxfordshire from pursuing proposals for devolution of powers and funding from central government: This is not the case. There are a number of points to note in this regard.

44. The first is that government officials have explicitly been clear that not only are proposals to reform local government and proposals for devolution not in competition, in fact making local government simpler and more efficient could be a significant spur to a devolution deal.
45. This is consistent with statements made on overcoming the challenges for delivering infrastructure, growth and productivity, for example in the National Infrastructure Commission's interim report into the Cambridge-Milton Keynes-Oxford corridor which recognised that governance should be strengthened across the area, potentially through the creation of new unitary authorities.
46. Secondly, the momentum around devolution other than in areas already agreed has significantly reduced, with civil servants emphasising that their priority is the delivery of deals already agreed, notably those cities with mayoral elections in May 2017.
47. Therefore, there is a strong case to be made for focusing on the unitary proposals for improving local government - because this both releases funding and delivers improvements to the process for delivering infrastructure and growth, and because this structure will put Oxfordshire in a stronger position to make a compelling proposal for devolution in the next round. Similar proposals are being progressed in other counties, with the most advanced being Buckinghamshire and Dorset.
48. Joint work between the city, district and county councils has developed much of the substantive content for a deal with government on infrastructure delivery, housing and the skills agenda. However, councils have not been able to agree on what would constitute an effective governance model – there is consensus on what we need and want from Government. However, councils have not been able to agree on what would constitute an effective governance model.
49. A single unitary council would provide the strong platform for a future deal required by government, with robust and accountable leadership in place and the ability to support borrowing and coordinate infrastructure, planning and housing, without the need for a costly additional tier of government to be inserted on top of an already confused and conflicted system.
50. It is therefore proposed that the existing strong suite of devolution proposals on infrastructure, skills and housing delivery are taken forward for discussion with government during the transition period to a new council – but accompanied by a much simpler governance model with the unitary council as its foundation, that strengthens clear strategic and local decision-making, rather than adding a further layer of combined authority governance.
51. In contrast a Mayoral Combined Authority would add an additional tier of administrative complexity and cost to the governance of Oxfordshire, without guaranteeing any devolution would be delivered. Proposals to date continue to enshrine subsidiarity which raises doubt that a mayor could direct strategic

priorities as needed, nor provide the confidence required to commit to the risk of borrowing and investment in strategic infrastructure to unlock growth. Asking government to bridge the financial gap without any contribution to this having been made by local government in Oxfordshire would represent a return to the 'begging bowl' principle, rather than the 'deal-making' principle.

52. In addition there has yet to be a Combined Authority of this kind agreed by government covering a single upper tier county area (the most similar Combined Authority area to Oxfordshire, Cambridgeshire, includes the neighbouring unitary authority of Peterborough).
53. The proposal for local government reform is easier to achieve, as legislation sets out that the introduction of regulations for reorganising local councils require only one relevant council to consent, whereas government have been clear that they will not accept Combined Authority proposals which do not command consensus - something which has led to the collapse of devolution proposals in the North East, Lincolnshire, Hampshire, Suffolk, and it appears also now in Lancashire.

The Better Oxfordshire proposal includes plans for a devolution deal which will seek to deliver:

- A new £1bn rolling infrastructure investment fund;
- Transformation of skills improvements and investment to meet Oxfordshire's growth needs;
- A new strategic local plan which takes a long term view on meeting the needs of Oxfordshire and supporting sustainable growth that meets that need through better infrastructure and service integration.

54. In light of these issues Cabinet is also being asked to make clear their position on the proposal for a Mayor and Combined Authority for Oxfordshire.

Legal Implications

55. The procedure for the creation of a unitary authority is set out in Sections 1-7 of the Local Government and Public Involvement in Health Act 2007. Under this procedure, the Secretary of State can 'invite' a proposal. In making any such proposal, the proposing authority or authorities must have regard to any guidance from the Secretary of State as to what a proposal should seek to achieve and the matters that should be taken into account in formulating a proposal (Section 3(4)). The most recent guidance formally issued by the Secretary of State was *Invitation to councils in England to make proposals for future unitary structures* published in 2006. The Department of Communities and Local Government has also actively engaged in conversations and correspondence much more recently with various local authorities about potential submissions under the Section 1-7 procedure, including this Council and Dorset and Buckinghamshire County Councils.
56. For this Council, it is for Cabinet to determine and submit a proposal to the Secretary of State. This is a function of the Cabinet under Section 9D(2) of the

Local Government Act 2000. Once a submission is received by the Secretary of State, the procedures under the 2007 Act say that the Secretary of State *may* seek the advice of the Local Government Boundary Commission on any matter relating to the proposal. The procedures also *require* that the Secretary of State may not make an order implementing a proposal unless he/she has consulted every local authority and such other persons as he considers appropriate. It is for the Secretary of State to determine whether it is applicable or not, in the present case, that Section 15 of the Cities and Local Government Act 2016 allows him/her to 'fast track' any of the processes under Section 1-7 of the 2007 Act.

57. For this Council, the normal procedural requirement is that any bid has had regard to guidance from the Secretary of State (which has been the case though the most recent formal guidance relates to the 2007-9 reorganisation round) and that Cabinet submits the bid to the Secretary of State. Other considerations, after the submission of the bid, are for the Secretary of State to determine as of course is the final decision on whether they are minded to implement a proposal, following which they would formally consult with affect authorities and others, and orders would then be laid before Parliament to give effect to the changes.
58. The Secretary of State has been clear throughout the process that proposals will be welcomed, and reaffirmed this on 20 February in a letter to the leaders of Oxfordshire County Council, and South Oxfordshire and Vale of White Horse District Councils (see Annex 4) stating that

"I am keen to consider proposals from councils for local government reorganisation that will enable better local service delivery, greater value for money, stronger accountability and significant cost-savings.

"We will be ready to consider your final proposals when you are ready to submit them"

Financial and Staff Implications

59. The immediate financial implications relate to continued work on the proposals and working with government in support of a positive decision will mainly require in-house officer time of around 3FTE for a further two months. The long-term financial implications are expected to be average savings of around £20m each year should the government agree to implement the proposal, with one-off transition costs of around £16m.

Equalities Implications

60. A service and community impact assessment has been undertaken for these proposals and is appended as Annex 2. The assessment articulates the impact of this proposal on those groups with protected characteristics which Cabinet will need to consider in detail. In the main, any perceived adverse impact can be mitigated and indeed considerable benefit for those groups can be realised under this proposal.

RECOMMENDATION

61. The Cabinet is RECOMMENDED to

- (a) Note and commend the approach taken by the Leaders of Vale, South Oxfordshire, and the County Council in putting the interests of residents, business and communities first in bringing forward these proposals.
- (b) Consider the proposals, in particular taking note that 70% of those responding to the representative household survey supported the proposal for a new single unitary council for Oxfordshire
- (c) Respond to the recent letter from the Secretary of State and submit the proposals for a new unitary council for Oxfordshire, subject to any minor amendments required
- (d) Delegate the power to make such amendments to the Chief Executive in consultation with the Leader of the County Council and with South Oxfordshire and Vale of White Horse District Councils
- (e) Ask officers to seek local support from key stakeholders and the wider public to promote the proposals to Government, and respond to any subsequent consultation undertaken by the Secretary of State
- (f) Agree that the further development of the Area Executive Board model, through the establishment of a Joint Committee, open to all Districts and City Councils across Oxfordshire and the County Council, should be formed as early as possible. This Joint Committee should work with the existing County Council advisory group, local communities, Town and Parish Councils, and key delivery partners to develop detailed proposals that articulate the role, powers, format, scale and responsibilities of the Area Executive Boards which will be submitted to the Implementation Executive for inclusion with the proposed constitution of the new council.
- (g) Ask officers to take steps to establish the City Convention to work with residents and local stakeholders to design the new model of governance in Oxford.
- (h) Authorise the Director of Law and Governance to agree the terms of reference of the Joint Committee, which will include making recommendations regarding the initial functions of the Implementation Executive, and to make this council's appointments to the Joint Committee.
- (i) In light of the above decisions, and the absence of unanimity among the current local authorities, confirm that the Cabinet does not support the proposals for a Mayor and Combined Authority as being the best structure for Oxfordshire

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March 2017

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Annex 1: Bid

Annex 2: Social and Community Impact Assessment

Annex 3: Summary of the engagement report

Annex 4: Letter of 20th February from Secretary of State for Communities and Local Government

Annex 5: Full engagement report (to follow)