

From: [David Williams](#)
To: [PSSimonClarke](#)
Cc: [Sarah Morgan](#)
Subject: Local Government Reform - Hertfordshire and CCN Initiatives
Date: 13 May 2020 00:03:00
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[Hertfordshire LGR Exec Summary - May 2020.pdf](#)
[Scale in LGR Steering Group Session 1 Summary.pdf](#)

Dear Simon

After our conversation last week and my subsequent exchange with Sarah, I wanted to follow up our very encouraging discussion on devolution and local government reorganisation (LGR), to provide further information on Hertfordshire County Council's work with PwC and set out CCN's full support for the Government agenda you spoke to during our call.

I believe that the Devolution White Paper, and a structured and sensible approach to LGR, is crucial to the economic recovery and the future sustainability of council finances.

I attach a summary of HCC's work with PwC exploring options for LGR across the County Council and 10 District and Borough Councils in Hertfordshire. The work considered two options – a single unitary and two unitary authorities, and determined the resulting range of estimated gross annual savings resulting from pure reorganisation through to a "transformation stretch" case and the associated one-off transition costs. The transformation stretch annual savings and one-off costs are set out below:

Reorganisation and Transformation Stretch (£m)		
Option	Gross Savings Per Year	One Off Costs
One Unitary Authority	142.7	43.4
Two Unitary Authorities (South West and North East)	105.6	50.9

The analysis is very sensitive having not been shared with the districts and boroughs nor with our 11 MPs.

CCN has always been conscious that, while an increasing number of county councils wish to actively support reform, some member councils do not wish to engage in a debate on structural reform, nor consider governance models such as adopting a directly Elected Mayor.

However, over recent weeks I sense a much greater consensus beginning to emerge amongst our membership on these matters; with the vast majority now viewing LGR as highly desirable, or an inevitable consequence of the impact of COVID-19 on council finances. Equally, on Elected Mayors, I again believe that many of our member councils would accept some form of directly elected accountability, if linked with a move towards strategic unitary governance, and with appropriate checks and balances on governance arrangements.

I would stress that in order to progress LGR in a structured way, supported by the majority of county councils, it is vital that the government set out clear criteria within the Devolution White Paper that can encourage sustainable proposals for large unitary authorities and avoid a free-for-all approach of competing bids. This needs to be supported by both incentives and adequate pressure on the necessity for district councils to engage in the process in a constructive manner. At this time of national crisis, in two-tier areas we need to be working with our district councils, and therefore CCN will not be publicly campaigning for reform, nor advertising our preparations to support your agenda.

Nonetheless, be assured that CCN is taking forward projects to prepare a compelling case for devolution to our county and unitary member councils, and crucially support those councils who seek structural reform. These projects, outlined below, build on work CCN has done over the last 5 years. This included the EY report [Independent Analysis of Governance Scenarios & Public Service Reform in County Areas](#) which estimated £2.9bn in savings if all two-tier counties formed unitaries on existing county boundaries – 68% more than forming two smaller unitaries.

This year, CCN has commissioned Henham Strategy to undertake a study exploring devolution to county and unitary authorities. The research is being led by Nick King, former Chief of Staff to Sajid Javid, and will consider the case for devolution to county areas, alongside tackling key issues such as governance models and structural reform, with the aim of feeding into the Devolution White Paper.

This strategic piece of analysis and commentary will focus on the political, economic, cultural and community case for devolution and structural reform in county areas, particularly in the context of counties helping to lead the post-COVID-19 economic recovery. I have asked Henham Strategy to contact your private office to discuss this work in more detail.

Secondly, CCN has commissioned PwC to undertake a project exploring the importance of scale in proposals reorganisation. Three slides giving an overview of the project are attached.

As outlined, PwC will re-establish a compelling financial case for structural reform at scale and the benefits for savings and financial resilience that could be achieved. Secondly the work will also explore, in extensive detail, the costs, risks and challenges associated with the disaggregation of strategic services (notably Adults and Children's) associated with the creation of multiple unitary authorities in a county area. Lastly, it will make a case for the strategic aggregation of services at scale and how this can complement and support wider public service reform and governance arrangements to enhance citizen engagement.

CCN is committed to effective and efficient local government which delivers for residents and provides value for money. There can be no doubt that large unitary authorities can provide the scale to be strategic and resilient, whilst retaining local identity and decision making through devolution of appropriate decision making to area boards and empowered town and parish councils.

With the country needing to maximise resources, lead the recovery and meet the Government's levelling up agenda, unitarisation will undoubtedly play a key role. We will continue to work closely with officials and Ministers to make that happen and look forward to working with you on this matter.

Kind regards

David



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