

**Forward Plan reference number:** Not applicable

<b>Report title:</b> Drawdown from Transformation Reserve: Local Government Reform	
<b>Report to:</b> Councillor David Finch – Leader of the Council	
<b>Report author:</b> Debbie Knopp, Director, Transformation Delivery and Support	
<b>Date:</b> 24 July 2020	<b>For:</b> Decision
<b>Enquiries to:</b> Graeme Green (graeme.green@essex.gov.uk)	
<b>County Divisions affected:</b> 'All Essex'	

## 1. Purpose of Report

- 1.1 On 3 July 2020, Simon Clarke (Minister for Regional Growth and Local Government) gave a speech which included, in broad terms, the government's future approach to devolution and local government reform (LGR). It also confirmed that the government will be publishing a White paper on devolution and local recovery this autumn. In the speech he made clear that the government's transformative plan '...will include a clear, ambitious strategy for strengthening our local institutions...with many more elected mayors and more unitary councils following in the footsteps of Dorset, Buckinghamshire and Northamptonshire'.
- 1.2 The speech gives ECC, as a leader in local government, the opportunity to shape our destiny and develop a future solution that best meets the needs of Essex citizens.
- 1.3 We are therefore establishing a project team to develop a proposal to be submitted to MHCLG to inform the White paper. At this stage, we do not have a fixed proposal position and will take soundings from our District partners and others to help inform our thinking. We will also seek advice from a range of experts in this field to help develop and assure our proposals. This funding request covers the initial funding for the team, including procurement of specialist consultants, initial backfilling of current staff to work on the project and a contingency to cover any additional further backfill, or other specialist resources.

## 2. Recommendations

- 2.1 Agree to the drawdown of £710,000 from the Transformation Reserve to fund the project as set out elsewhere in this report.
- 2.2 Agree to Use the Nepro 3 Framework agreement via Bloom to directly award a contract to PwC to provide specialist LGR input, option validation, stakeholder management expertise, and independent challenge, etc.

- 2.3 Grant the necessary waiver under ECC Procurement Rules to enable PwC to be awarded the contract.

### 3. Summary of issue

- 3.1 Local government reform is high on MHCLG's agenda. In his speech, Simon Clarke emphasised that recently the government have commenced the most ambitious devolution agenda in over 70 years. He highlighted some key issues/priorities:

- Remove the complexity of governance and reduce costs to the taxpayer while making space for town and parish councils to be genuinely empowered
- Providing a place-based strategy to boost regional economic performance in every corner of the country
- The vital contribution that town and parish councils make to everyday life
- Remove the local barriers to recovery, (and) that we shift power from Whitehall to people on the ground who know their areas so well, understand their priorities, and are empowered with the mandate, levers and agency to act upon them

He confirmed that government will be pressing ahead with the publication of a White paper on devolution and local recovery this autumn. The outcomes from the White paper have potential to fundamentally change ECC: our structures, our people and the services we provide to citizens.

- 3.2 We want to shape the debate and drive forward the transformation rather than potentially respond to a centrally imposed future solution. We can also maximise the opportunities to deliver on some of the potential benefits arising from LGR: financial savings, less hands offs making it simpler for the citizen, speedier decision making, single point of focus for business and the VCS, better strategic planning footprint, e.g. housing.
- 3.3 We are therefore proposing the creation of a LGR project team. This team will include internal expertise in finance, strategy, communications, legal and programme management. We will also recruit external expertise that we do not have in ECC, e.g. proposal modelling, specialist research, economic advice etc. Full details are noted in the financial section. This project does involve the procurement of temporary specialist consultancy services but does involve any future change in ECC services.
- 3.4 For this purpose we are seeking the draw down of £710,000 form the Transformation Reserve to:
- Procure Delivery Through Insight - a consultancy with specialist knowledge and experience in LGR. A waiver has already been completed for this procurement.
  - Use the Nepro 3 Framework agreement via Bloom to direct award a contract to PwC who will share their organisational intelligence and provide specialist

LGR input, option validation, stakeholder management expertise, and independent challenge, etc.

- Fund the backfill of Finance, TDS, Strategy, Communications and Research staff seconded to work on this project.
- Provide a contingency to cover for other backfill or specialist resource requirements that may arise.

## **4. Options**

### **4.1 There are two main options:**

1. Do nothing - We could do this, and in the short term it does maintain the status quo given the volatile situation with Covid. However, it does mean we then have little control over Essex's future and in the absence of a consensus or where there are competing bids, MHCLG could decide Essex's future.
2. Proposal – We pro-actively look to determine our future, and shape a new Essex in a way that protects the achievements we have made (e.g. our Outstanding Children's service), builds on the excellent service delivery we are known for, and helps deliver the governments devolution and local government reform agenda for the benefit of our citizens.

### **4.2 Timing is a consideration. We are just coming through the Covid crisis and whilst this is currently an MHCLG focus, that may change. Also, in developing proposals, there may be some disruption to the important relationships with our partners that have been built up over the years. Whilst these are important considerations, we still believe we should move forward with option 2 and seek to shape the debate on the future of Essex.**

## **5. Financial implications**

### **5.1 Given the timing of the White paper, we do not have much time to prepare a proposal. As such, we have established a small project team to help prepare a proposed future solution for Essex. This team will not work in isolation and will take soundings from our District partners and other key stakeholders to inform the final proposal.**

### **5.2 We will draw on specialist expertise in LGR, particularly in how LGR has developed in recent years with the creation of several new unitary local authorities. Assistance in this area could be crucial in ensuring that any proposal from ECC is well received by MHCLG and follows a tried and tested formula that has proved successful to other Unitary applicants. As such, the team are looking to bring in two sets of consultants:**

1. Delivery Through Insight – This company can provide an experienced senior executive with specialist knowledge in LGR to lead the development of a plan to assess the options, liaise with other Local Authorities and LGA to gain learning to inform the proposal, and lead the

complex stakeholder engagement strategy. This resource would be for up to six months and would cost just under £100,000. A waiver to procure this resource has already been obtained (CPW20-038).

2. PwC – PwC are known to have specific expertise in helping to provide strategic local government insight and quality assure Unitary bid proposals. As such, we are requesting that a necessary waiver under ECC procurement rules be granted to enable PwC to be awarded the contract. Given the extremely tight timescales, we would look to procure PwC through the Nepro 3 Framework agreement and direct award to them via Bloom. Bloom will be able to compliantly source our requirement through the Nepro 3 Framework using the ECC specification. This route will also ensure we have clear milestones and payment arrangements in place with them. Experience suggest that the cost of this resource will be in the region of £160,000. The actual costs will be dependent on the price the consultancy put to the specification. The specification will, of necessity, also need to include a contingency for time and materials, which we can draw down on as the proposal develops.

5.3 In addition, we will look to build the project team from the expertise we currently have in ECC in the following areas:

- Strategy
- Finance
- Legal and Governance
- Programme Management
- Communications
- Research and insight

5.4 The estimated initial costs for this phase of the project are detailed in the table below:

Resource	Cost	Comment
<b>Specialist consultancy Services – Delivery Through Insight (LGR expertise)</b>	£99,000	Consultant to work 4 days per week for 6 months.
<b>Specialist consultancy Services – PwC (Options analysis, quality assure any proposals)</b>	£160,000	To be confirmed once the consultancy has priced the work, but will not exceed £160,000
<b>Backfill: Finance</b>	£65,000	<ul style="list-style-type: none"> <li>• 6 months backfill for a senior finance business partner (£45,000)</li> <li>• 4 months part time specialist economic and financial advisor (£20,000)</li> </ul>
<b>Backfill: TDS</b>	£34,600	<ul style="list-style-type: none"> <li>• 4 months to backfill (part) of a Director role</li> <li>• 4 months to backfill for a programme manager (£8650 per month)</li> </ul>
<b>Third party research provider</b>	£45,000	<ul style="list-style-type: none"> <li>• Qualitative research into community identity</li> </ul>
<b>Specialist agency</b>	£70,000	<ul style="list-style-type: none"> <li>• Structured programme of consultation and polling (series of (3) opinion polls, representative at the Essex level)</li> </ul>
<b>Backfill: Strategy advisors (2)</b>	£74,000	<ul style="list-style-type: none"> <li>• 4 months - to work on building the vision and drafting the proposal document</li> </ul>
<b>Strategic communications advisor</b>	£31,000	<ul style="list-style-type: none"> <li>• Help plan communications and engagement and act as a critical friend</li> </ul>

<b>Social media expert</b>	£9,000	• Scope social media opportunities and support content delivery
<b>Comms bid expertise</b>	£32,500	• Provide public affairs and external communications guidance
<b>Back fill: external comms</b>	£19,500	• To support potential requirements for additional external communications delivery
<b>Legal contingency</b>	£20,000	• To cover getting legal advice from Birketts
<b>Contingency</b>	£50,000	• To cover any additional, backfill, or other urgent costs
<b>Total</b>	<b>£709,600</b>	

5.5 Funding for the project should be drawn from the Transformation Reserve.

5.6 Funding arrangements for implementation of a successful proposal, will be set out in a future business case.

## 6. Legal implications

6.1 Any draw down from reserves requires to be approved in accordance with financial regulations.

6.2 The procurements set out in this report comply with the Public Contracts Regulations 2015

## 7. Equality and Diversity implications

7.1 The Public Sector Equality Duty applies to the Council when it makes decisions. The duty requires us to have regard to the need to:

- (a) Eliminate unlawful discrimination, harassment and victimisation and other behaviour prohibited by the Act. In summary, the Act makes discrimination etc. on the grounds of a protected characteristic unlawful
- (b) Advance equality of opportunity between people who share a protected characteristic and those who do not.
- (c) Foster good relations between people who share a protected characteristic and those who do not including tackling prejudice and promoting understanding.

7.2 The protected characteristics are age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, gender, and sexual orientation. The Act states that 'marriage and civil partnership' is not a relevant protected characteristic for (b) or (c) although it is relevant for (a).

7.3 The equality impact assessment indicates that the proposals in this report will not have a disproportionately adverse impact on any people with a particular characteristic.

## 8. List of appendices

- Equality Impact Assessment

## 9. List of Background papers

None

<b>I approve the above recommendations set out above for the reasons set out in the report.</b>	<b>Date</b>
<b>Councillor David Finch, Leader of the Council</b>	

**In consultation with:**

<b>Role</b>	<b>Date</b>
<b>Executive Director, Finance and Technology (S151 Officer)</b>	<b>22<sup>nd</sup> July 2020</b>
<b>Nicole Wood</b>	
<b>Director, Legal and Assurance (Monitoring Officer)</b>	<b>23 July 2020</b>
<b>Paul Turner</b>	