

CABINET AGENDA



**TUESDAY 18 MARCH 2025 AT 7.30 PM
CONFERENCE ROOM 2 - THE FORUM**

Membership

Councillor Adrian England (Chair)	Councillor Robin Bromham
Councillor Simy Dhyani (Vice-Chairman)	Councillor Caroline Smith-Wright
Councillor William Allen	

For further information, please contact Democratic Support or 01442 228209

AGENDA

7 DEVOLUTION - LOCAL GOVERNMENT REORGANISATION (Pages 2 - 27)

Interim Submission

Local Government Reorganisation
in Hertfordshire



Interim Submission: Local Government Reorganisation in Hertfordshire

ABOUT THIS DOCUMENT

Councils in Hertfordshire are working collaboratively and at pace to respond to the opportunities set out in the Devolution White Paper. All councils have agreed the process for achieving this, but we are not yet agreed on a single preferred model of reform. This is an historic opportunity to reshape local government in Hertfordshire, which has led to an even greater intensity of collaboration and engagement between Leaders and Chief Executives than at any previous juncture. As a group representing Conservative, Green, Lib Dem and Labour-led administrations, we are proud of this unique cross-political collaboration for the people of Hertfordshire.

We have taken the opportunity in this outline response to set out the process we are undertaking and how we will work towards full consensus as quickly as possible, with the benefit of feedback from MHCLG on this submission.

As a partnership we have established some clear and robust principles, have built consensus, have significantly narrowed down the relevant options from all possible alternatives, and now seek the guidance of central government on the relative weighting of priorities. This will help to guide our process towards a single proposed option for November.

The current position of councils in Hertfordshire can be summarised as follows:

- The County Council has set out the case for a single county unitary authority for Hertfordshire. Nine out of the ten District and Borough Councils do not support this proposal.
- All Councils have agreed that there is a single viable proposal for two unitary authorities and agreed that further work should be undertaken on this option.
- All Councils have agreed that further work should be undertaken on three and four unitary models and have identified three representative options for further analysis.
- All Councils have collaborated on an exercise to assess the value for money and financial resilience of this range of unitary authority options.
- The District and Borough Councils have undertaken a detailed appraisal of two, three and four unitary authority options, and with the County Council are engaged in further assessment of these models.

For clarity, all councils reserve the right to revisit options other than those shortlisted here if the ongoing process of evidence-gathering, options appraisal, financial assessment and community and partner engagement leads us in that direction.

Our intention is to reach a democratically confirmed position in collaboration with local partners as quickly as possible, noting that the County Council elections take place in May, and we hope that timely further feedback from MHCLG in response to this interim plan will assist us in doing so.

Structure of this document

This document includes:

Part 1	Submission oversight section, prepared collaboratively by all Councils	Page 4
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SUBMISSION OVERSIGHT SECTION

Introduction:

We are ambitious for the residents of Hertfordshire and we understand the Government's focus and intent to implement local government reorganisation to enable devolution of further powers and funding to Strategic Authorities.

We are keen to maximise this opportunity to make a difference to the people of Hertfordshire through:

- streamlining governance, service delivery and processes, which will save money that can be reinvested in services
- clarifying accountability and leadership
- joining up services, which helps to support effective work with partner organisations
- maximising the opportunities presented through Devolution to strengthen the economy, create jobs and opportunity, invest in skills, provide vital homes, secure thriving communities and sustainable places to live, work and enjoy
- maintaining and strengthening local connections and responsiveness to the diverse needs of communities across Hertfordshire

Hertfordshire is an economic powerhouse that generates £46 bn pa GVA for the UK economy – greater than many existing city regions. Hertfordshire is home to academic excellence and some of the country's leading businesses, including internationally renowned creative media, advanced manufacturing, and life sciences industries.

With a population of just over 1.2 million residents - the county has a diverse range of communities inhabiting contrasting environments, with thriving garden cities and post-war new towns having developed alongside historic market towns, picturesque villages, and areas of outstanding beauty. There is no single dominant large urban centre, rather an array of small and medium sized towns sitting alongside larger settlements such as Watford, Stevenage, St Albans and Hemel Hempstead. In total, there are 40 settlements with 4,000 or more residents in each.

Our county's local government arrangements comprise the county council, ten district and

borough councils as well as 124 town, parish, and community councils.

We are in the enviable position of having most of our public sector and local government boundaries line up with the county borders. This includes the Herts Fire & Rescue Service provided by Hertfordshire County Council, a police constabulary, a Police and Crime Commissioner and a countywide economic partnership; Hertfordshire Futures.

Hertfordshire forms part of the Hertfordshire and West Essex Integrated Care System (ICS), along with West Essex (which is within the Essex County Council area). The county is also home to the University of Hertfordshire, four Further Education colleges, Rothamsted Research, the Building Research Establishment (BRE) Group and the Royal Veterinary College.

The fact that many of these organisations are focussing on a similar geography strengthens our ability to work collaboratively. Nonetheless, Hertfordshire can be a complex area in which to operate. Local Government Reform provides an opportunity to further align strategic direction and local delivery.

Our Design Principles and Approach:

- **Improving services and outcomes for residents and citizens** – local government must provide efficient, effective, accessible, and responsive services that meet the distinctive needs of our local communities, minimising the risk and impact of any transition and embracing opportunities for continuous improvement and innovation in service delivery.
- **Strengthening democratic representation and local engagement** – community voice and respect for local identity, culture and heritage should be at the heart of new local government organisations. We will explore innovative ways of collaborating at the most local level to create the right representation for the future.
- **Securing transparent, democratic and accountable governance structures-** that deliver strategic ambition and services whilst always being responsive to local needs. We will work in partnership with Community Councils where they already exist, or communities desire them to be created in the future.
- **Accelerating sustainable economic growth and housing delivery** – local government must be able to drive local economies effectively, working closely with local businesses within areas that reflect coherent economic geographies.
- **Enhancing leadership of place** – new local government bodies must work alongside a new strategic authority to provide clear and joined-up leadership of place, support devolution, and coordinate effectively with local, national, and international partners. Collaboration will be fostered with other public agencies, particularly in health, to drive system-wide efficiencies and integrated services.
- **Improving value for money and financial resilience** – reforms must deliver cost-effective solutions that provide excellent value for the taxpayer and put local government in Hertfordshire on a secure financial footing for the long-term. Future structures should maximise efficiency to reinvest resources into key services.
- **Unlocking devolution** – recognising that decisions will ultimately be made by Government; we have assessed each option for its alignment to the specific guidance

within the White Paper and invitation to reorganise from the Minister of State, in particular recognising the need to ensure a smooth transition with minimal complexity, risk, and disruption during implementation.

Voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward. This will help to balance the decisions needed now to maintain current service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.

Our work in response to the White Paper rests on a long track record of successful collaboration within the area, for example:

- The long-established and successful Hertfordshire Leaders' Group
- Hertfordshire Growth Board as a formally constituted joint committee to help drive priorities such as economic growth and housing delivery
- Close collaboration in responding to the Covid-19 pandemic.

Leaders and Chief Executives are committed to working together where possible to support continued discussions on the future governance and delivery of services across Hertfordshire. To support the discussions and development of the future delivery of local government services maximising quality and efficiency, Hertfordshire Leaders Group have agreed a cross organisation White Paper Working Group (WPWG) to develop evidence-based options for Hertfordshire.

The WPWG is working to develop four delivery options, modelling 1 – 4 unitaries against the priority areas set out by Government. As directed by Government, we have focused on the following criteria:

- Proposals should seek to establish a single tier of Local Government (sensible economic and geographic areas, appropriate taxbase(s))
- Proposed unitaries must be the right size to achieve efficiencies, improve capacity and withstand financial shocks (populations of 500,000 or more, ability to fund transition and transformation plans)
- Unitary structures must prioritise delivery of high quality and sustainable public services (improve delivery, avoid fragmentation of social care, children services, SEND, highways, development control, homelessness and public safety)
- Proposals should show how Councils have sought to work together (respecting local identity, cultural and historical importance, requirement to engage with MP's, ICB, PCC, Higher Education, and Voluntary Sector)
- New unitary structures must support devolution (our proposal needs to include plans for the establishment of an MCA based on sensible populations (circa 1.5m and fair population ratios between new unitaries)

As a group of peer organisations within Hertfordshire, the District and Boroughs (D&Bs) have put in place a supplementary process to assist in coordinating and developing a shared position to bring into wider WPWG discussions. This has consisted of:

- A D&B Chief Executive Working Group to oversee completion of an options appraisal

exercise (set out in part 3).

- Meetings with the D&Bs Leaders' Group to develop and confirm the representative shortlist to be used for this exercise and ensure that the evidence is fully understood and available to support local decision-making.

Cross County arrangements to support effective delivery of LGR and management of capacity and resource

The WPWG has established a Transition and Implementation workstream that has initiated plans to understand the requirements to develop the full business case for the November 2025 submission and develop the transition plans for the future approved proposal. The WPWG will coordinate future capacity, resource and funding required to support the next phase of delivery. In addition, the WPWG will enable us to effectively coordinate engagement across the County with residents, businesses, and communities to ensure they are involved and informed about the future of local government in Hertfordshire.

Barriers and challenges where further clarity or support would be helpful

Criteria for Local Government Reorganisation:

To deliver the strategic ambitions for Hertfordshire and effective services for its residents and businesses, it is essential that there is a clear approach and remit to the future model for all partners to plan and develop their proposals.

The Government has defined principles in relation to the future model of local government and Minister McMahon's invitation set out indicative figures in relation to population size and the preference for the use of existing geographies and boundaries. However, "special cases" can be set out in the local interest. In Hertfordshire, we have high ambitions for delivery of new homes and communities, and we will take this into consideration when determining options.

Government has established a set of criteria to be considered "in the round". The right solution for Hertfordshire, and indeed any area, will require a trade-off between these criteria, principally sustainability and cost against local representation. While the evidence base is not yet complete, we anticipate that there will be differing views across Hertfordshire as to the preference for these trade-offs and it would be helpful to understand if the Government has any strong views on this.

Process and timeline:

In response to the announcement of the areas that will be taken through on the Priority Programme it would be helpful to understand a detailed timeline for delivery for those outside of this timeline and in addition to receive clarity as to how the Government will assess the proposals submitted. Direction on how Government will assess Hertfordshire's submission will enable us to structure our proposals most effectively and align to these criteria. We note there may also be conflicting factors in regard to financial savings and local impact and engagement, so again it would be helpful to understand if there will be a weighting to these factors and whether such established methodology as the Treasury Green Book assessment method will be

used.

Maintaining and Protecting the role of Civic and Ceremonial Arrangements and Tradition across the County

Hertfordshire is keen to ensure that the role of Civic and Ceremonial activity is protected across the County for generations to come. We would ask that MHCLG provides reassurance that such protections will be put in place as part of the statutory instrument.

Funding and capacity for delivery and implementation

The Government has set a clear intent around the pace of delivery which we will strive to achieve. However, due to the scale of change we will require additional capacity and expertise to support delivery and implementation into the agreed model. We would welcome further understanding of the financial support that will be available to Hertfordshire.

Balancing change with effective delivery during transition

As we progress through local government reform from design to implementation it is essential that we prioritise and keep a focus on continued capacity to deliver our strategic ambitions for Hertfordshire, in addition to effective day to day service delivery for our residents, particularly in housing, homelessness, social care, highways, waste and emergency services. Furthermore, local partners are committed to the ongoing delivery of vital new homes including affordable homes, delivery of priorities in the emerging industrial strategy, investment into skills, regeneration, renewal and sustainability. It is vital that funding such as local growth funding and other sources are maintained to avoid vital programmes losing momentum or for future successor authorities needing to rebuild capacity from a standing start. There are currently a range of other policy developments in train that interact with the requirements of the white paper such as the adult and social care reforms. In particular we would highlight the structural reforms currently required by the Children's Wellbeing and Schools bill which will require a restructure to be implemented by April 2026. The Dame Louise Casey review may also require structural changes over time. A clear view as to how Government sees these, and other major changes, working together would be welcome.

Town and Parish Councils

85% of Hertfordshire is currently covered by Town and Parish Councils geographically, although less than half of the population. We are already seeing an early appetite for the establishment of new Town and Parish Councils in areas where there is no coverage. This will incur additional cost to the local taxpayer and ameliorate saving forecasts, however it is impossible to determine what this may be at this time. It would be helpful if Government could indicate what their expectations are in respect of estimating any new costs related to the establishment of new Town, Parish and Community Councils that may arise.

Democratic Representation

Councils have been asked to have due regard to the Local Government Boundary Commission's (LGBC) guidance on democratic representation. This was circulated by MHCLG

on 14 March and therefore was too late to consider for this interim submission. We will consider this guidance as our proposals evolve.

Shared clarity on strategic authority geography

At this point in time, it is not possible to confirm the likely strategic authority geography for Hertfordshire, given the forthcoming elections within the county and in surrounding areas. The options for a Hertfordshire Strategic Authority or wider sub-regional Authority remain open. There will need to be an assessment on the relative merits for Hertfordshire of different Strategic Authority options and their relationship to the LGR models under consideration. This will inform the assessment of “sensible population size ratios” of the unitary authority options and a decision taken in the round on the best combination of devolution and LGR for Hertfordshire.

Certainty over funding allocations through the Spending Review

Planning for the future, with or without reorganisation, is made more difficult by a lack of certainty over funding allocations through the forthcoming Spending Review, to enable local delivery against national priorities – creating jobs, upskilling the local workforce, support for strong clusters within the industrial strategy (creative, defence, life sciences), and delivery of new homes.

Certainty over the future of social care

It would be helpful to understand government’s thinking on how local government reorganisation may interact with other major reform programmes being considered, for example national reform of social care. Changes in these areas may inform “futureproofing” of new unitary models.

Navigating advice from Government

The published White Paper indicates that new unitary councils should cover a population of 500,000. Indications have also been provided in various forums that population sizes close to the current average unitary size might be acceptable, if it was right for the local circumstances. Clarity on the balance and weight to be given to the criteria on size of population is vital, along with the weight given to other criteria.

Size and Boundaries of New Councils

The Government has set out clear objectives in relation to the rationale for the size and scale of new unitary authorities.

The proposals in this submission clearly outline how the size and boundaries defined align to the government’s ambitions and principles:

1. **Efficiency and Cost Savings:** In moving away from the two-tier system, unitary councils are believed to achieve greater efficiencies and cost savings by consolidating services and reducing administrative overhead.

2. **Service Quality and Sustainability:** Ensuring that unitary councils are of a size that can deliver high-quality and sustainable public services is a priority. This includes having the capacity to withstand financial shocks.
3. **Devolution and Local Empowerment:** Supporting devolution arrangements and enabling stronger community engagement are important. Larger unitary councils can provide genuine opportunities for neighbourhood empowerment
4. **Integration with Other Public Services:** Larger councils can better integrate with other public services, such as health, to drive system-wide efficiencies and improve service delivery
5. **Local Accountability and Representation:** Ensuring clear and effective local accountability and representation is crucial. Larger unitary councils must balance efficiency with the need to reflect local identities and provide accessible governance.
6. **Minimising Disruption:** During the transition to unitary councils, minimizing complexity, risk, and disruption is essential to ensure a smooth implementation process.

Early Financial Analysis

The Hertfordshire WPWG has jointly commissioned indicative financial analysis to inform development of the various unitary options from IMPOWER. Their analysis provides an overview of the benefits, and implementation costs to move from the current two-tier system to a one, two, three or four unitary council model.

These models provide a total net savings range of £117m to £9m over a five-year period, an annual savings range of £51m to £19m from year five onwards, and a payback period range after transition costs of between three and five years.

At this stage IMPOWER have made a number of assumptions in constructing the financial models, but in general terms much of their work is focused on the savings driven by a reduction in duplication and joining up of services, but that there would be cost implications resulting from disaggregating county services.

IMPOWER's approach has been two-fold:

- Part 1** - a top-down assessment using the data and research available to estimate a range of savings on a 'per district/borough' basis, informed by sector-wide business cases, specific-county business cases (pre-implementation) and national reports and evaluations.
- Part 2** - Hertfordshire-specific approach which looks at areas like democracy and senior management to understand the impact for each option, as well as disaggregation of county services like social care.

All these areas and estimates are subject to more detailed analysis, and we will validate these assumptions and adjust them as necessary through to the full business case process.

What are the indicative transition costs and arrangements in relation to any options including planning for future service transformation opportunities?

Total transitional costs are currently estimated at £52-£54m for all options. This amount includes anticipated redundancy costs, the creation of a transition team, aligning systems and digital integration, contract novation and renegotiation, streamlining of estates and facilities, relocation, and specialist capacity costs, plus contingency. These initial high-level estimates are modelled on data collected from all Councils in Hertfordshire using assumptions drawn from planned and actual costs in other areas.

Please provide any indicative costs of preparing proposals and standing up an implementation team

The effort required to prepare a full business case to the November 2025 deadline will mostly be undertaken through existing collaborative arrangements and officer time across Hertfordshire's Councils, but the cost of additional specialist capacity and support will need to be modelled.

Democracy & Devolution

Early views as to the councillor numbers of each new unitary authority that will ensure both effective democratic representation for all parts of the area and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns and rural areas in line with the Local Government Commission for England Guidance.

The precise number of Council seats will be subject to careful consideration with appropriate reference to other councils with similar characteristics and to any guidance issued by the Local Government Boundary Commission.

Key principles we are considering in relation to democratic representation as we develop the unitary options include:

1. **Electoral Equality:** Ensure that the ratio of electors to councillors is as equal as possible across all wards and divisions, providing fair representation for all communities.
2. **Community Identity:** Recognise and respect the distinct identities of Hertfordshire's cities, towns and rural areas. This can be achieved by creating wards that reflect natural communities and local ties.
3. **Public Consultation:** Engage with local residents and stakeholders through public consultations to gather input on proposed boundaries and governance structures. This ensures that the views of local people are considered in decision-making.

Effective and Accountable Decision-Making Structures will require the following:

Appropriate subsidiarity of decision making, to ensure that local communities have appropriate influences on issues of a local nature, should be enabled through the governance architecture

which should include strategic decision making via the executive and achieved locally potentially via area committees or forums comprised of councillors who have a local connection. Parish and Town Councils may also be well placed to provide a conduit for democratic representation.

Other decision-making bodies such as planning and licencing committees could be established so as to ensure the appropriate mix between local and strategic decisions which may be achieved by a main committee with area sub-committees.

As part of the ongoing options appraisal exercise completed by the County and District and Borough councils, a range of options has been considered including a range of scenarios for democratic representation within any new unitary authorities.

For example, on the assumption that each new unitary authority (UA) would start with one councillor per district/borough electoral ward:

- The one unitary authority proposed would have in the region of 109-200 councillors.
- The two unitary authorities proposed would have between 90 and 78 councillors respectively.
- The three unitary authorities would range in size from 40-70 councillors.
- Four unitary authorities would have in the range of 40-45 councillors.

These assumptions most closely reflect the number of councillors seen in recently established unitary councils and will achieve financial benefits if implemented. We note from Local Government Boundary Commission and ONS data that 4600 is the current average number of electors per Councillor in unitary areas across England, which new Hertfordshire unitary authorities would be some way below on vesting under these scenarios.

All options would see an increase in the number of residents to councillors, so alternative community engagement approaches need to be considered to balance this change. We recognise the potential to work as partners with Town and Parish Councils where they already exist in Hertfordshire, or where communities desire the creation of new ones and government capacity funding provides for this.

Other scenarios, such as the doubling-up of Councillors within existing County Council electoral wards, are under consideration. There are some imbalances in ward sizes, so we recognise that any such arrangements could be seen as provisional on vesting of new authorities, pending further work in collaboration with the LGBCE to review electoral areas in light of new unitary structures.

Local Engagement

We recognise that there is a risk that newly created unitary council(s) could be perceived as remote. However, through the introduction of area committees or forums which will enable local issues to be discussed and addressed, and the delivery of core local community services and facilities such as social care, housing, leisure and libraries enabling us to maintain a local presence, we feel these concerns can be addressed.

Recognising the Government's desire to see stronger community arrangements when reorganisation happens, we will also work with the county's town and parish councils to explore what elements of service delivery and influence could be devolved to ensure they are responsive to local need.

As it stands, whilst there are 124 town and parish councils in Hertfordshire, significant sections of the county are currently unparished including many of our larger towns and cities. Wherever there is an appetite to do so, our aim would be to fill in these gaps in this tier of governance by introducing new parish/community councils to ensure all Hertfordshire residents have access to local representation and engagement.

Early views on how new structures will support devolution ambitions

Hertfordshire is keen to seize the opportunities of Devolution for our residents and businesses.

We are currently exploring the options for a Hertfordshire Strategic Authority or a wider sub-regional Strategic Authority with neighbouring councils where economic alignment exists, and they do not meet the population criteria.

In respect of a sub-regional Strategic Authority (SA), constructive discussions are on-going at a strategic and political level, with a wide range of opportunities and benefits already identified that would result from a Strategic Authority being created across a wider geographical area beyond our current administrative border. Ultimately, the core purpose of a Strategic Authority is to deliver better outcomes for local communities by taking strategic spatial planning and investment decisions that will be delivered through closer joint working and collaboration at a local level. The County Council recognises the potential to consider this across a sub-regional geography maximising the ability to cluster economic sectors and complementary services, around existing infrastructure supported by targeted investment. Greater scale will enable complementary housing growth, creating more sustainable communities. This will enable the unitary councils and partners to pool resources and collaborate on a more ambitious and permanent footing. A sub regional Strategic Authority (SA) would provide a significant sub regional position at the table of regions and nations and could be supported by all four unitary models being considered.

In terms of a Strategic Authority for the Hertfordshire geography only, the population size and geographical area would sit in between the West of England and South Yorkshire combined authority areas as its two nearest comparators. The ratio of unitary authority population to Strategic Authority (SA) population sizes for each of the two, three and four unitary models would sit comfortably within the benchmark range for these and other areas nationally. A Hertfordshire strategic authority would also have the key benefit of co-terminosity with other public sector partners such as the Police and Crime Commissioner and the Hertfordshire component of the Integrated Care System (assuming Health boundaries are reviewed to include Royston).

MHCLG recognise Hertfordshire's two joint strategic planning areas (on the same footprint as the two unitary model) as distinct functional economic areas as demonstrated by their attendance at the Hertfordshire Growth Board and their requirement for specific responses from those areas to the government industrial strategy consultation. A Hertfordshire Strategic Authority (SA) would provide a strong single voice for Hertfordshire at the table of regions and nations and could be supported by the two, three or four unitary council models being explored.

Engaging with our Residents, Communities and Businesses

Local engagement with residents and businesses is fundamental in developing the optimal model for future delivery of local government across Hertfordshire.

Our approach will be to engage the public, residents, communities and businesses in a meaningful dialogue on the proposed local government reform options outlined in the Government's White Paper on English Devolution and Local Government Reform, ensuring transparency, inclusivity, and informed decision-making.

Key Priorities:

- **Inform** the public about the proposed reforms and their potential impact.
- **Consult** with diverse community groups to gather feedback and suggestions.
- **Collaborate** with stakeholders to refine and improve reform proposals.
- **Empower** residents and businesses to participate actively in the decision-making process.

Target Audience:

- Our target audience of stakeholders will include: local residents, community organisations, business owners, educational institutions, under-represented groups and communities, MPs and elected Councillors where full stakeholder mapping will be completed.

Engagement Strategies:

To support engagement strategies we will:

- **Inform and update via:**
 - **Public Meetings:** Host town hall meetings in various locations to present the white paper and discuss its implications.
 - **Online Platforms:** Create a dedicated website and social media channels to share information, updates, and resources.
 - **Printed Materials:** Distribute brochures, flyers, and newsletters in community centres, libraries, and local businesses.
- **Consult and engage via:**
 - **Surveys and Questionnaires:** Conduct online and paper-based surveys to gather public opinions and suggestions.
 - **Focus Groups:** Organise focus group discussions with representatives from different community sectors.
 - **Public Hearings:** Hold formal public hearings where residents can voice their concerns and provide feedback.
 - **Stakeholder Workshops:** Facilitate workshops with key stakeholders, including local government officials, community leaders, and business representatives.
 - **Advisory Committees:** Establish advisory committees comprising diverse community members to provide ongoing input and recommendations.
- **Empower our residents and businesses:**

- **Educational Campaigns:** Launch campaigns to educate the public about the importance of local government reforms and how they can get involved.
- **Youth Engagement:** Partner with schools and youth organisations to involve young people in the discussion and decision-making process.
- **Community Engagement:** Encourage community members to volunteer in various engagement activities and events.

We will use the evaluation and feedback to inform the models submitted as part of the final business case in November.

SUBMISSION PROPOSALS SECTION

Submissions Summary

Approval and Proposals Submitted :	
Councils who have supported this joint submission	11 Councils and the Police & Crime Commissioner Broxbourne Borough Council Dacorum Borough Council East Herts Council Hertsmere Borough Council North Herts Council Stevenage Borough Council St Albans District Council Three Rivers District Council Welwyn Hatfield Borough Council Watford Borough Council Hertfordshire County Council Hertfordshire Police & Crime Commissioner
This interim plan puts forward	A range of 1, 2, 3 and 4 unitary authority options being considered by all Councils. All Councils are content that each of the four options are assessed, however, this does not mean they individually support all four options.
The interim plan covers the following strategic options	Option 1: Strategic Authority (SA) covering multiple County areas with LGR including one or more unitary authorities Option 2: Strategic Authority (SA) covering Hertfordshire requiring LGR to create two or more unitary authorities
The interim plan covers the following LGR unitary proposals and the preference position across Hertfordshire authorities	At this stage, Hertfordshire Leaders are content for the four unitary proposals to be considered through the collection of data and the development of high-level business cases. Subject to Government feedback following this submission, and the completion of the work to fully understand each business case more fully for the unitary proposals, Herts Leaders will indicate their preference(s) in the November submission to Government on the models considered.

Proposal 1 : The establishment of 1 unitary authority in Hertfordshire proposed by the County Council

Section 2: Geography and improvements to local government

Please set out the following key information and any supporting evidence in relation to the proposal you intend to put forward. In providing any information and supporting evidence, please clearly identify how the proposal meets relevant aspects of the statutory guidance and criteria for unitary local government contained in the schedule of the invitation for local government

What are the size and boundaries of new councils being considered or proposed:

A single unitary authority based on the administrative boundaries of Hertfordshire. The new unitary authority would have a population of approximately 1.2m (ONS 2023 mid-year population estimates) and an area of 1,643sq.km.

Direction shared to date from Government has given an indicative position to work to develop unitary models based on a population size of more than 500,000. Over the recent period we have seen the development and approval of unitary authorities serving populations of between 400,000 and 800,000 people, which includes Buckinghamshire, Somerset and North Yorkshire.

Although our population size operating as a single unitary would be at the upper end of Government's expectations, when considered against the published criteria, we have identified significant benefits to operating as one unitary authority for Hertfordshire and we have identified key areas of opportunity for change in relation to this model:

Place

- **Joined-up strategic approach to delivering growth across the county:** Establish a collaborative development team to deliver much-needed homes, infrastructure, and development projects across Hertfordshire.
- **Critical Mass and Scale:** Leverage the critical mass and scale of Hertfordshire to negotiate effectively with government and developers, addressing key local challenges.
- **Collaboration with the Mayor:** Work closely with the Mayor to unlock potential housing sites and make more effective use of local government assets.
- **Single Point of Access for Businesses:** Provide a single point of access for businesses regarding environmental health, trading standards, and business.

Health and Wellbeing

- **Consistency in Health and Social Care:** Ensure consistency in the shaping, delivery, and management of health and social care services across Hertfordshire.

- **Sustainable Care Market Management:** Manage Hertfordshire's care market sustainably to meet the needs of the community.
- **System Transformation:** Continue transforming health and care services to improve outcomes and efficiency.
- **Demand Management:** Consistently manage demand for health and social care services to ensure equitable access and quality.

Economy

- **Support for Local Growth Plan:** Support the delivery of Hertfordshire's Local Growth Plan, endorsed by all local authorities, in collaboration with the new Mayoral Strategic Authority.
- **Integration of Leisure, Cultural, and Tourism Activities:** Join up leisure, cultural, and tourism activities to boost the local economy.
- **Partnership Development:** Develop opportunities to enhance progress made through partnership working.

How do options or potential proposals offer the best structures for delivery of high-quality and sustainable public services across the area.

The one unitary model due to scale provides the opportunity to strengthen strategic place shaping in areas such as growth, housing and infrastructure planning. In terms of economic development, it would provide a stronger single voice creating a more attractive proposition for investors both nationally and internationally.

The one unitary model would see the merging of a range of different district services, providing greater strategic alignment in areas such as social care, housing and public health as well as waste collection and disposal. It is also likely to lead to positive impacts in areas such as capacity, workforce optimisation and opportunities for cost savings. Moving to this model, would help streamline the amount of public sector partners operating in the county. The co-terminosity of many partners' boundaries at the county level means this model would assist with strategic alignment and delivery.

In addition to reducing duplication, streamlining service delivery and improved clarity for residents in regard to accountability a one unitary model would also mitigate significant risk that would be seen in relation to disaggregation of critical services such as social care and children's services. Not to mention the risk of a disparity in service provision in relation to the quality and offer across the County that is often seen with disaggregation.

It has been noted that there is a concern that the large-scale nature of a one unitary model for Hertfordshire may restrict the council's ability to take a more tailored and specific approach to local issues. However, through effective local governance and clear mechanisms to ensure effective representation and engagement this concern can be mitigated and would support further devolution through to local areas potentially via an area committee model.

What are the indicative efficiency savings opportunities for the options or potential proposals:

The initial analysis of the financial opportunity in relation to the creation of one unitary authority in Hertfordshire clearly indicates that this model is the strongest of all the options considered in relation to the delivery of efficiencies and cashable savings.

This view is further supported by national work and analysis undertaken, which shows that disaggregation costs rise as the number of councils increases, and significantly reduces the level of benefits that can be achieved over a five-year period.

The conclusions that can be reached from the above and wider IMPOWER work are as follows:

- The amount of revenue savings achieved under a single unitary proposal is the highest, with a payback period of under three years, that in turn would then be available for the re-investment in local priorities and our already collective good and outstanding front-line services without further calls on government for support.
- A model with a single unitary council created within a Hertfordshire geography, would be best placed in terms of delivering savings, maximising the taxbase and able to withstand financial shocks.
- The level of cost and risk associated with transition to any new arrangements is lowest for a single unitary, which in turn provides significantly less disruption, cost and risk to service delivery as well as the opportunity to utilise the County Council as the 'continuing authority'.
- The implication of the disaggregation of core County services should not be underestimated. Each disaggregation, depending on the number of unitary councils agreed, will add cost, notably in a duplication in staffing and management structures, including in statutory and other hard to recruit to roles in Adult and Children services.
- There will be a cost to all options being developed to ensure local priorities across all our areas is understood with the Council(s) able to respond with action. Early discussions are underway with the town, parish, and community councils across Hertfordshire to develop an appropriate solution that builds stronger and more robust community leadership and representation. Costs for this layer of Local Government will be similar across all models.
- Due to the co-terminus nature of public services across Hertfordshire, with the exception of the ICS footprint extending into West Essex and Royston within Cambridgeshire and Peterborough ICS, the efficiency of working arrangements with a single unitary council across Hertfordshire should not be ignored.
- The extent to which efficiency savings can be realised will be determined by a number of factors. However, it is the population criteria that will be the single biggest driver.

Annual financial benefits, before disaggregation costs, have increased by approximately 10% across the main scenarios we previously analysed in 2020. This is after factoring in cost reductions we have needed to make over recent years. However, with spending in both adults and children's social care rising rapidly in recent years, the costs associated with disaggregation

- the process of splitting up county council social care services into multiple authorities - has also increased significantly.

Given the financial challenges facing local authorities, the ability of proposals to generate efficiency savings and contribute to improved financial resilience must be an overriding objective of any proposals for reform. Savings from reorganisation alone are not a panacea to the significant funding shortfalls facing upper-tier demand-led services. Moreover, they will not compensate two-tier areas from disproportionate or unfair reductions in funding as a result of a negative outcome of the fair funding review. At the very least, reorganisation should not seek to make these financial challenges harder, either in the short or long-term. Instead, it must enable the scale, capacity and resilience to deliver substantial savings to be reinvested in frontline services.

With the statutory guidance outlining that proposals must demonstrate how they improve local services and avoid 'unnecessary' fragmentation – with consideration for our good and outstanding adult services, children's social care and much improved special educational needs - any proposal that requires the disaggregation of current services will need to take account of the following risks and complexities:

- Potential diseconomies of scale and market disruption from the fragmentation of purchasing power and market oversight/management;
- Additional governance structures increasing complexity and potentially adding to the transaction costs in the system and safeguarding risks;
- Challenges in the recruitment and retention of staff and senior leadership positions in adult and children's social care;
- Lack of a coherent, single voice for the place which could lead to competition / contradiction in messaging and prioritisation of outcomes;
- Increased complexity in partnership working with key players such as the NHS.

It is vital that ministers adhere strictly to the statutory criteria they have set out. This includes being consistent in their messaging moving forwards to the sector in the lead up to the submission of formal proposals, while treating the 500,000 as a minimum not an optimum population scale. This will ensure clarity for local areas in putting forward proposals and most importantly, the creation of new councils with the scale, capacity, and resilience to deliver substantial savings to be reinvested in frontline services to the benefit of local taxpayers.

This analysis provides a high-level view of the potential benefits and costs associated with a single unitary council model for Hertfordshire. Further detailed analysis and validation of assumptions will be required through the full business case process.

Proposal 2: The establishment of 2, 3 or 4 unitary authorities

Section 2: Geography and improvements to local government

Please set out the following key information and any supporting evidence in relation to the proposal you intend to put forward. In providing any information and supporting evidence, please clearly identify how the proposal meets relevant aspects of the statutory guidance and criteria for unitary local government contained in the schedule of the invitation for local government reorganisation.

1. What are the size and boundaries of new councils being considered or proposed:

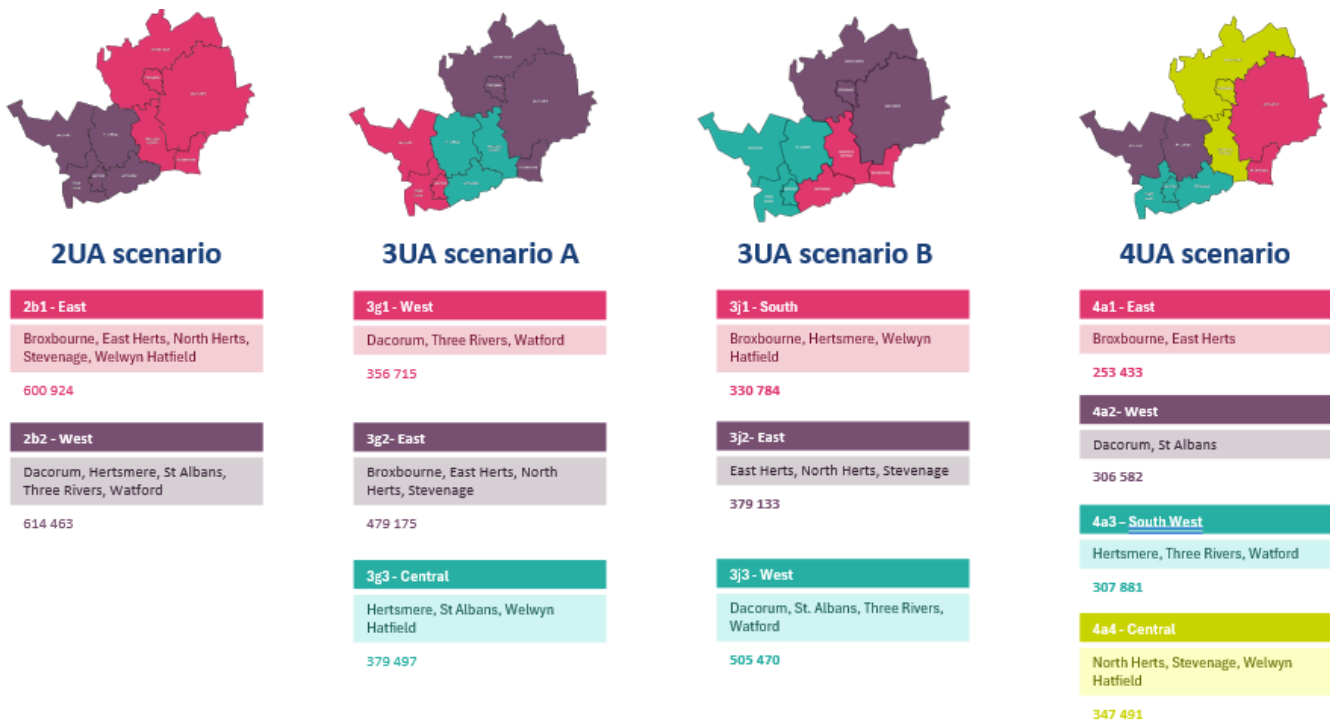
District and Borough councils, are working collaboratively to complete a rigorous options appraisal exercise and this will include the County Council going , who support the need for evidence based decisions.

For clarity, none of the District and Boroughs has a single preferred option pending completion of this process, and all reserve the right to revisit options other than those shortlisted here if the ongoing process of evidence-gathering, options appraisal, financial assessment and community and partner engagement leads us in that direction. The current position is that:

- A majority of the District and Borough councils do not support a single county unitary option for Hertfordshire.
- All Councils have agreed for further work to be undertaken on the following two, three and four unitary models and have identified representative options for further analysis.

All councils have agreed that further work should be undertaken on the four unitary authority options, noting the overall position given in the opening section of this document.

Representative shortlist of two, three and four unitary authority options



Alongside each of the representative structural options set out above, we are exploring the feasibility of:

- Alternative models for delivery of critical services such as social care and education across multiple new unitary authorities. There are a range of options that could deliver these services efficiently and effectively at scale, which include Joint Ventures, or the local care organisations which are in place in Greater Manchester. These have the potential to avoid unnecessary disruption and balance the benefits of scale against opportunities for increased local responsiveness and it will be necessary to ensure the county council are engaged in these discussions.
- Review of new unitary authority boundaries in line with LGBCCE guidance, especially in relation to the four unitary model. We recognise that if pursued this could be delivered subsequently to the creation of unitary authorities, but please see section below and the potential of an urgent review prior to creation of shadow authorities.

The three and four-unitary scenarios shown here have been selected by leaders from a wider longlist as being representative options for the purposes of further analysis and appraisal (see introductory section).

District and Borough perspective on the county unitary proposal

There is agreement from nine out of ten Districts and Boroughs that a single county unitary should be ruled out (the tenth has yet to decide on the matter) on the basis that:

- It would create an authority of completely unprecedented scale and complexity, larger than Birmingham but over multiple distinct economic areas, conurbations and communities.
- Whilst the cost and complexity involved in disaggregating the County Council is appreciated, there is the potential to explore innovative models for shared delivery by

multiple unitary authorities, working towards both the benefits of scale and of local accountability and responsiveness.

- Significant investment would be required in infrastructure for responding to different needs across localities, reintroducing some of the cost and complexity that is intended to be removed.
- Town and Parish Councils are identified as a potential mitigation for this. Whilst important local partners in the areas where they are established, town and parish councils are currently inconsistent in coverage, scale and capacity and would require significant further coordination and development to counterbalance the unprecedented “scaling up” of a single county unitary.
- A county unitary would create a democratic deficit with either significantly lower levels of democratic representation by comparison to all other existing authorities, or an unworkably large group of councillors, or potentially both.
- It would contain multiple recognised functional economic areas, area-based partnerships for planning and housing delivery and for collaboration with health, indicating that the real unit of service delivery is at a lower level.
- It would create an imbalance of scale with a future Strategic Authority under any plausible geographical footprint and would not deliver sensible population ratios as stipulated by MHCLG.
- Many of the claimed benefits in relation to national influence and leadership of place would in fact be realised by a future Strategic Authority, potentially with a mayor.

One of the District & Borough Councils considers there are merits in a single unitary for Hertfordshire and supports further work on the model being undertaken.

District and Borough perspective on the four unitary model

This is the most significant reform of local and regional government for 50 years. It is appropriate that solutions are developed that best meet the needs of our communities for the next 50 years.

The option to adopt four unitary councils for Hertfordshire will provide local leadership and responsiveness to local needs. Through this model we would develop structures that relate well to footprints of settlements across the county, economic areas and housing markets, alignment with ICB health structures, are co-terminous with Joint Strategic Planning areas, and are based upon the travel areas in which local people live their lives.

Hertfordshire has seen, and will continue to see, rapid population growth as it is not only on the edge of London, a thriving global city, but also the Oxford-Cambridge corridor, and is a £46bn economy in its own right.

In setting our approach to four unitary authorities, it is vital that each is financially stable, delivers savings for taxpayers, maintains vital service delivery, and has capacity to deliver and innovate in the future. We see a strong case for four unitary authorities covering populations of 300,000 residents and able to cater for already growing places and communities. As we seek to put in place effective organisations, we note recent evidence suggests no correlation between performance and organisational size.

Our initial modelling has been based on current District and Borough boundaries. However, we are committed to evolving this work and engaging an urgent Boundary Review prior to the formation of the Shadow Authority, to review current boundaries. The aim of doing so is to ensure the boundaries align with how and where our communities live their lives, key travel routes, economic areas and housing markets, and to ensure each serves a population of a minimum 300,000 residents at the point of commencement.

County Council perspective on the two, three and four unitary model

The County Council has been clear in all cases that it will consider the evidence and make a decision in best interest of residents and businesses. The evidence has not yet been fully established or subject to due diligence. In absence of this we do not have a pre-determined position and have not sought to weigh up the relative merits of all options being considered.

2. How do options or potential proposals offer the best structures for delivery of high-quality and sustainable public services across the area.

The options appraisal has been steered by six principles which align well to the criteria set out subsequently by MHCLG. These are set out below alongside headline findings. The evidence base that has been generated through this exercise will continue to inform local decision making by all Councils in this critical period alongside any feedback from MHCLG.

Services and outcomes for residents and citizens - *local government must provide efficient, effective and responsive services that meet the needs of our varied local communities.*

- Councils in Hertfordshire have a range of high-performing services, but also opportunities to improve economy and effectiveness relative to other areas. Any process of reorganisation must minimise disruption as far as reasonably possible, whilst also creating the capacity for future improvement and transformation.
- Larger new unitary authorities could achieve economies of scale but would not be intrinsically more effective. Whilst achieving the benefits of scale in service delivery, they could also risk being perceived as remote and unresponsive to the distinctive needs of local areas and would require new arrangements for locality working. More local and integrated services can also provide better outcomes in areas such as prevention and early intervention.
- Smaller new unitary authorities would need to collaborate in order to achieve the same benefits of scale in service delivery but could also be perceived as more local and maintain closer connections to individual communities in their own right.
- The complexities and risks associated with disaggregating County services into smaller new unitary authorities are recognised. Any model for sharing and joint provision of services by multiple new UAs would entail a range of both benefits and challenges. These would need to be considered carefully alongside the complexities and costs of establishing

“sovereign” services, although transitional sharing arrangements are likely to be required for any multi-unitary model.

- The two unitary model overlaps almost entirely with the two existing health and care partnerships shared with the Hertfordshire and West Essex ICS (with the exception of Royston which sits in the Cambridgeshire and Peterborough ICS). The three unitary models having a more complex alignment. The four unitary model would mean that two new unitary authorities would be broadly coterminous with each health and care partnership area. All models would remain coterminous with Police and Crime Commissioner boundaries.

Democratic representation and local engagement - *local government must be connected to communities and local people. Decision making should be transparent and, crucially, accessible to people. On everything from planning applications to refuse collection, people making decisions should be close to the local community, and people should be able to have their say. Viable options are those which have a broad base of local support.*

- All unitary models under consideration would lead to a significant reduction in the ratio of electors to elected representatives within Hertfordshire.
- Potential councillor numbers have been modelled using a range of different scenarios and benchmarks. A single unitary council for Hertfordshire would have 176 councillors on a one-per-ward basis or 156 on a basis of two per County division. Either of the latter scenarios would lead to a significantly lower level of democratic representation (ratio of electors to elected representatives) than other new unitary authorities but also by far the largest number of councillors in any local authority in the country.
- Using the same scenarios, two unitary authorities would have numbers of councillors ranging from 90-78 and would therefore be consistent with the larger of the new unitary authorities such as Somerset, North Yorkshire and Buckinghamshire. Three unitary authorities would range from approximately 40-70 each and four from 40-45. In all cases LGBC review would be required following the process of reorganisation.
- All models under consideration will look like “scaling up” from the perspective of individual areas, and a range of approaches to enhance locality working have been considered drawing on learning from other areas. Town and Parish Councils cover less than half of the population of Hertfordshire and the potential is recognised to work with these organisations as local partners in determining future arrangements for local engagement and empowerment.

Economic growth and housing delivery – *Local government must be able to drive local economies effectively, working closely with local businesses within areas that reflect coherent economic geographies*

- The economic geography of Hertfordshire is complex but can be defined by two broad areas, reflected in the two joint strategic planning areas in the southwest and northeast of the area. MHCLG have recognised these as distinct functional economic areas in discussions at the Hertfordshire Growth Board and through their requirement for specific responses from those areas to the government industrial strategy consultation.

- Different parts of the area have strengths in key sectors – creative, life science, defence, agritech and advanced manufacturing. The development of these sectors and delivery of positive results for local communities and businesses, along with growing the national GVA, has benefited from strong local leadership and trusted relationships with developers, businesses and investors. A more local model can help unlock this much needed growth and design locally targeted schemes to share the benefit by bringing more people into work or higher paid work.
- The JSP areas, along with the Hertfordshire Growth Board, reflect established and mature footprints within which local partners already think, plan and deliver together on high ambitions for economic and housing growth and supporting infrastructure.
- These areas are also influenced by two distinct north-south transport corridors including the M1 and A1(M) and main rail lines, and Hertfordshire as a whole is directly adjacent to the Oxford-Cambridge arc. As the New Towns Taskforce is anticipated to report back in early Summer, this could have significant implications for settlements and the future population of unitary authorities in Hertfordshire.
- The proposed two unitary model conforms to these JSP areas and transport corridors. Each of the three unitary models combines with the JSP areas in different ways but may be able to achieve a closer relationship with localised economic clusters and the three recognised strategic housing market areas. The four unitary model would include two new unitary authorities coterminous with each respective JSP area, while also maintaining clearer local accountability for economic growth and a tight connection with key travel, housing and economic footprints.

Leadership of place – *New local government bodies must work alongside a new strategic authority to provide clear and joined-up leadership of place, support devolution, and coordinate effectively with local, national and international partners.*

- In terms of population size and geographical area, a strategic authority on a Hertfordshire footprint would sit in between the West of England and South Yorkshire combined authority areas as its two nearest comparators. The ratio of unitary authority population to strategic authority population sizes for each of the two, three and four unitary models would sit comfortably within the benchmark range for these and other areas nationally and are likely to be above the average size of existing unitary authorities (290,000 population).
- New unitary authorities would be important leaders of place for Hertfordshire as participants in a Strategic Authority. They would also be required to manage relationships and collaborate effectively with local, neighbouring, national and international partners and stakeholders. A smaller number of unitary authorities for Hertfordshire would increase the clarity of voice for stakeholders outside the area but could be perceived as lacking local accountability.
- A larger number of unitary authorities for Hertfordshire could be perceived as more locally accountable but could dilute clarity of voice outside the area. A new mayor within a Hertfordshire Strategic Authority, if that is the model selected by local partners, would be recognised as the primary leader of place from a national government perspective.

Value for money and financial resilience – *reforms must deliver efficiency savings in the*

short term and put local government in Hertfordshire on a secure financial footing for the medium to long-term.

- Current estimates on efficiency savings are set out above.
- Council tax rates within Hertfordshire can be harmonised at a weighted average within one year under all scenarios, although the changes will create winners and losers at a local level.
- We have looked at a wide range of indicators to assess the likely ongoing financial resilience of the new authorities that would be created under each option. Councils in Hertfordshire are relatively resilient compared with many other areas. Benchmarked against the range of existing unitary and metropolitan authorities, none of the two, three or four unitary authority options would begin life with existential weaknesses.

Policy alignment and deliverability – *recognising that decisions will ultimately be made by Government; we have assessed each option for its alignment to the specific guidance within the White Paper and invitation to reorganise from the Minister of State.*

- Of the options shortlisted by leaders, we recognise that the two unitary model is the only one where both new authorities exceed the 500k population “reference guide” on day one. They would begin life as the largest non-metropolitan unitary authorities in the country by current comparison, although they are likely to be consistent with other new unitary authorities created at the same time. However, there has been some indication of flexibility in size of local population and for this to be considered, along with the financial impacts of future changes.
- Hertfordshire is also growing rapidly, driven by high ambition for housing delivery and the creation of multiple new housing areas including two new garden towns / communities. The three and four unitary options would allow room for population growth over the period of time that the new structures are in place given that the current model of local government has been in place for over 50 years.