

Report for Resolution

Report to Executive
9 June 2010
Report of Chief Executive
Subject Unitary Status – cessation of implementation work

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Purpose

To note that since the announcements of the government's intention to revoke unitary status for Norwich, considerable steps have already been taken to cease implementation work, and to cease expenditure wherever possible.

Recommendations

To note the steps already taken to scale back unitary implementation activity.

Financial Consequences

Since the Structural Change Order was approved by Parliament on 25 March 2010, Norwich City Council has been complying with its statutory duty to implement unitary status, and has therefore incurred expenditure associated with that duty. These costs will be met from the earmarked amount in the general fund reserve agreed for unitary status preparation by full Council on 23 February 2010.

Risk Assessment

The report indicates that whilst the City Council remains under a statutory duty to comply with the Structural Change Order to create a unitary Norwich Council, it is now very clear that the new coalition government is determined to try to overturn that legislation. In this situation, it is considered prudent to scale down unitary implementation and expenditure as quickly as possible.

Strategic Priority and Outcome/Service Priorities

The report helps to meet all of the City Council's strategic priorities.

Executive Member: Councillor Morphew - Leader of the Council

Ward: All

Contact Officers

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Background Documents

None

Report

Background

1. The Structural Change Order to create a unitary Norwich remains in place. This requires Norwich City Council, as the preparing council, to:
 - Establish an Implementation Executive
 - Establish an implementation team
 - Prepare an implementation plan
 - Perform the main transitional functions
2. However, the new Government's "Our programme for government" document and the Queen's speech has signalled a clear intention to revoke the Structural Change order. The coalition clearly has the Parliamentary majority in place to make this happen, and the draft Local Government Bill to revoke the Order has now been placed in Parliament, with its second reading expected on 8 June.
3. The Department for Communities and Local Government have also written advising that "the Government expects councils will take no further steps, or incur expenditure on taking forward plans to implement unitary status". Bob Neill MP has also written to the City Council Leader and Chair of the IE to reinforce this.
4. Technically, the City Council cannot cease to comply with its duties under the Order, as it would then be in breach of a statutory duty (and could be challenged by the Audit Commission and others). The Monitoring Officer also has a duty to report any contravention of the law by the council.
5. As long as the Order remains in place expenditure on implementation will remain lawful, and there is no requirement for the S151 officer to make a report under S114 of the Local Government Finance act 1988. However, there is always a parallel fiduciary duty to the local taxpayers, and there will be increasing external pressure to minimise expenditure.
6. Members will also be aware that we continue to await the outcome of the Judicial Review, which will also have an impact on the situation, and likely way forward.

Scaling back of implementation activity

7. In view of the continuing uncertainty about unitary implementation, the Chair of the Implementation Executive has asked City Council officers to stop the majority of implementation work with immediate effect.
8. The preparation work that has been stopped immediately does not undermine our statutory duty to implement. This includes stopping the following activity:

• No new financial commitments on implementation work
• Recruitment of Chief Executive and Strategic Directors
• Recruitment of officers into the joint implementation team (eg Finance, Customer Contact, procurement, ICT etc etc)
• Recruitment of a Human Resources workstream manager

• Secondments from Norfolk CC into joint implementation team
• Briefings for IE members on the full range of County Council services
• Planned visits to other unitary councils
• All Programme Management Office activity related to unitary status
• Disaggregation work being provided by Deloitte
• Senior management liaison meetings with Norfolk CC

9. A review of other activity is continuing, but will depend on further developments such as the outcome of the Judicial Review, and the likely process and timetable for the consideration of the draft Local Government Bill. An oral update on the latest developments will be provided at the Executive meeting.