<u>Dear Sir or Madam</u>

Request for Quotation for the Provision of Consultancy Services to study options for the future of public services within Warwickshire on behalf of a consortium of District and Borough Councils

Thank you for your interest in this opportunity.

Quotations are invited in respect of consultancy services to deliver an appraisal of options for the future of public services within Warwickshire. This appraisal is concerned with assessing organisational arrangements, future devolution options and local government structure options.

The study is comprised of two stages. Progression to the second stage is dependent upon successful completion of the first stage and decisions by the commissioning authorities to confirm the content of the second stage brief. You are requested to quote for each stage.

This study is being commissioned by Stratford-on-Avon District Council on behalf of the consortium of the Borough and District Councils that make up Warwickshire working together. Details of the commissioning authorities will be provided during the selection phase of quotation. Any questions regarding the brief should in the first instance be referred to David Buckland, Chief Executive, Stratford-on-Avon District Council.

Requirements are defined in the Statement of Requirements section of this document. The Statement of Requirements should be read in conjunction with Schedule One – Instructions and Guidance for Suppliers.

The Stage One report must be delivered by close of business on Friday 11 September 2020, or any such other date as mutually agreed.

Yours faithfully

SPECIFICATION AND TERMS OF REFERENCE

Purpose

The purpose of this two-stage brief is to seek an authoritative assessment of the options for revised local public service delivery in Warwickshire.

The following is a scoping of the brief to identify the considerations to guide the study.

STATEMENT OF REQUIREMENTS

Contents:

Context

Proposed Criteria

Developing Proposals and Options – key tests

Specification of work required

Guidance for submissions

Schedule 1 - Instructions for completion

Appendix A - Suppliers Response to the Statement of Requirements

Appendix B - Declarations

Context

Context - Place

Warwickshire lies to the south and east, and is adjacent to, the West Midlands conurbation with established links to Coventry, Birmingham and Solihull in the West Midlands region and also to the East and South-East Midlands. Despite the focus of population being within the main towns of the County, a significant part of Warwickshire is rural in its nature. Warwickshire lies at the heart of Britain's transport network and several key strategic rail and road routes pass through the County.

Warwickshire is a three-tier local authority:-

1. Warwickshire County Council;

2. Five District & Borough Councils;

   - North Warwickshire Borough,
   - Nuneaton and Bedworth Borough,
   - Rugby Borough,
   - Stratford-on-Avon District,
   - Warwick District.

3. 219 Town and Parish Councils and Parish Meetings, most of whom are members of the Warwickshire Association of Local Councils (WALC). Nuneaton and Bedworth Borough has no Town or Parish Councils.

Warwickshire - the area

The county is bordered by Leicestershire to the northeast, Staffordshire to the northwest, Worcestershire and the West Midlands to the west, Northamptonshire to the east and southeast, Gloucestershire to the southwest and Oxfordshire to the south. The northern tip of the county is only 3 miles (5 km) from the Derbyshire border. Warwickshire is an average-sized English county covering an area of almost 2,000 km2 (770 square miles). It runs some 60 miles (97 km) north to south, extending as far north as Tamworth in Staffordshire and as far south as Banbury in north Oxfordshire.

The majority of Warwickshire's population live within the north and centre of the county. The market towns of northern and eastern Warwickshire which were industrialised in the 19th Century, include Atherstone, Bedworth, Coleshill, Nuneaton, and Rugby. Of these, Atherstone has retained most of its original character. Past major industries included coal mining, textiles, engineering and cement production but heavy industry is in decline and is being gradually replaced by distribution centres and other light-to-medium industry and services.

Of the northern and eastern towns, only Nuneaton and Rugby, the fastest-growing town in the West Midlands and in the top ten nationwide, are well-known outside Warwickshire. The prosperous towns of central and western Warwickshire include Royal Leamington Spa, Warwick, Stratford-upon-Avon, Kenilworth, Alcester, Southam and Wellesbourne which harbour light-to-medium industries, services and tourism as major employment sectors.

The north of the county bordering Staffordshire and Leicestershire consists of mildly undulating countryside and the northern-most village of No Man's Heath is only 34 miles (55 km) south of the Peak District National Park's southernmost point.

The far south of the County is largely rural and sparsely populated and includes a very small area of the Cotswolds at its border with northeast Gloucestershire. The plain between the outlying Cotswolds and the Edgehill escarpment is known as Vale of the

Red Horse [4]. The only town in the far south of Warwickshire is Shipston-on-Stour. At 261m (856 ft) is Ebrington Hill, the highest point in the County, again on the border with Gloucestershire, grid reference SP187426 at the County's southwest extremity [5].

There are no cities within the County of Warwickshire as both Coventry and Birmingham were incorporated into the County of the West Midlands in 1974 and are now both independent Metropolitan authorities. The largest towns (+20,000 population) in Warwickshire in 2011 were as follows:-

- Nuneaton (81,900)
- Rugby (70,600)
- Leamington Spa (49,500)
- Bedworth (32,500)
- Warwick (30,100)
- Stratford (25,500)
- Kenilworth (22,400)

The current population is 577,900 and the latest ONS population projections for Warwickshire take this to 630,394 by 2030 and 672,247 by 2040.

Warwickshire has a strong and growing economy. Indeed, since the recession of 2008/ 2009, the County has experienced some of the strongest economic growth (as measured by Gross Value Added (GVA)) of any upper-tier local authority area in the country.

The growth in the economy has led to a very strong labour market with an employment rate (the proportion of working age residents in employment) rising strongly to the highest level seen this century. Unemployment is currently recorded at its lowest level, however, this may not now be completely accurate following the impact of the COVID-19 outbreak.

Challenges remain for Warwickshire. There is significant diversity across the County and highly variable levels of economic performance. In Nuneaton & Bedworth, GVA per head of population is just one third that of Warwick District and average median annual wages are much lower in Nuneaton & Bedworth (£28,061 in 2018) than the best-performing area of Warwick (£32,952). The north of the County has a higher-than-average proportion of the workforce in low-paid sectors, accounting for more than 1 in 3 employees. There are also significant variations in Quality of Life indicators, particularly around health, skills and educational attainment. Nuneaton and Bedworth has 20% of Lower Super Output Areas and is in the top 20% of the nationally most deprived areas, compared to 0% in Stratford-upon-Avon.

Furthermore, while Warwickshire has seen strong rates of growth, it still lags behind better performing areas in the southeast. Warwickshire's GVA per head has grown by 43.96% since 2009 compared to growth of 16.57% and 28.03% in Berkshire and Oxfordshire respectively. However, these two areas still have GVA per head of £41,727 and £34,016 compared to GVA per head in Warwickshire of £30,245 (2017 figures). If these discrepancies in performance could be reduced – within the County, by significant 'levelling up' between the north and south of the County and then matching the stronger economic performance of areas within the south east – then very significant additional economic output would be generated within Warwickshire.

We therefore need to continue to build upon and maximise Warwickshire's economic strengths whilst also addressing areas of under-performance in order to fulfil our full potential. We also need to ensure that the local economy is able to embrace future economic, social and environmental changes and opportunities, both in the shorter term as we deal with the uncertainties around future trading arrangements following Brexit, and in the medium to longer-term through climate change and continued technological advancements.

There has been a dramatic change in the demography of the County over the last decade in terms of ethnicity and inward migration; an ageing population, growth in people with disabilities, and in a greatly increased school age population, all of which have had an impact on public service provision.

The emphasis on community and economic geographies in Government policy is clear. There are many lenses through which that can be viewed; however, if public service is to be responsive to local communities, it would be wrong to think that boundaries developed decades or even centuries ago accurately represent current travel to work, demographic, and economic boundaries, or indeed, today's modern society and its needs.

The National Agenda

The devolution agenda is clearly a priority for the Government. The arguments put by Government are that, via the devolution agenda, it can delegate greater powers and budgets to a local area stimulate economic growth through investment in housing and infrastructure, achieve public service reform and strengthen local political leadership.

The means by which Government seeks to do this are by agreements with clusters of local authorities coming together as combined authorities, to date and usually with a locally-elected Mayor. There is also some evidence that rationalising the local authority map via some form of 'unitisation' could be welcome and there is local support amongst some partners for the development of unitary approaches.

As detailed in the Queen's Speech in December 2019, the Government is expected to issue a White Paper in the Autumn of 2020 which will concentrate upon the devolution agenda and this is expected to include consideration of local government structures.

The Warwickshire local authorities are committed to a review of the existing arrangement across the Country to ensure that there is a clear and shared understanding of the most appropriate structures to meet this challenge, along with the challenges that have been raised through the recent COVID-19 outbreak.

Local Context - Recent Developments

Public services in Warwickshire across all sectors are likely to be facing very substantial financial challenges. Some of these challenges relate to the underlying increases in the elderly population and the strain that this is placing upon Adult Social Care.

In addition to the longer term issues there are also immediate financial pressures caused by the recent COVID-19 outbreak. Districts and Boroughs have been particularly affected by this outbreak, especially those which rely upon income from fees and charges in order to support their net budgets. There are also uncertainties surrounding the further delay of the Fair Funding Review, in the first instance due to BREXIT and the General Election in late 2019 and more recently, delays owing to the Covid-19 crisis.

The prospect of local government reorganisation within Warwickshire was last raised in 2014 following a public interest debate held at Warwickshire County Council. At that time there was no interest from the Districts and Boroughs to engage in this debate; however, with the current increased financial pressures and the opportunities surrounding greater devolution, it is felt that this is now the ideal time to undertake an objective review.

There are a range of perspectives on potential future local government reorganisation that may considered during the review, including, but not limited to:-

- Status quo
- Single Unitary Warwickshire
- Two-Unitary Warwickshire

Context - Regional arrangements

The County Council and all of its Borough and Districts are members of the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and all authorities are represented on the CWLEP Board.

Apart from Warwick District Council, all other Warwickshire authorities are represented as non-Constituent members of the West Midlands Combined Authority (WMCA). Leadership of the WMCA is provided by the Mayor of the West Midlands together with the Leaders of seven constituent local authorities, all of which have full voting rights. Leadership also comprises of the chairpersons of the Local Enterprise Partnerships (LEPs), business-led organisations that help build relationships between businesses and local authorities, non-constituent authorities; including LEPs and the ten local Councils from across the wider West Midlands region, which all have reduced voting rights but play a crucial role at Board level in helping to formulate policy and drive the WMCA agenda forward.

Elected Members and Officers lead on key policy portfolio areas, working in partnership with LEP colleagues.

There are also observer organisations, including Warwick District Council which is currently awaiting non-constituent membership, as well as non-voting observers.

The Study

In light of the above context and in seeking a way forward for local public services in Warwickshire, Warwickshire authorities are seeking to appoint consultants to prepare a Stage One Strategic Options Study as preparation for a Stage Two appraisal of the options available to the commissioning authorities.

Stage One – Strategic Option identification and assessment

For Stage One we are looking for the appointed consultants to identify, in discussion with the commissioning authorities, the different options available for consideration, to assess and score these options according to criteria set out below, taking into account context and key tests as below.

The consultants will need to work with the commissioning authorities to:-

- initially define these options,

- understand them sufficiently for them to be assessed in this way, and

- understand the concerns and priorities of the commissioning authorities in relation to each option.

In order to be able to assess the options under these criteria, the report produced from Stage One will:-

a) Provide an overall commentary regarding the need or otherwise for local public service reorganisation in Warwickshire;

b) Identify and define the options that are to be assessed at Stage One and describe these fully;

c) Provide a qualitatively scored assessment of each of these options;

d) Provide a commentary in relation to each option which will define their respective strengths and weaknesses and identify contextual issues and tests applying to each option.

The consultants will work with the commissioning authorities in discussing the final report and considering the scope of Stage Two, if so commissioned. The authorities are under no obligation to commission Stage Two.

Stage Two – Detailed Assessment and Viability Study

At this stage it is envisaged that commissioning authorities will identify a small number of options from Stage One requiring development in more detail, including a detailed financial assessment, risk analysis and scoping of the implementation requirements.

It is assumed that Stage Two will require three options to be fully assessed but this is subject to review and it should be clear in any costs quoted how a change in the number of options will affect this.

The Criteria Proposed

In examining which options might be best for the delivery of public services, the following factors are considered to be important:-

1. Community identity and democratic representation,
2. Economic geographies,
3. Comprehensiveness of proposals including their coherence with other neighbouring plans and alignment with Government expectations,
4. The opportunities for real transformation and deep integration of services,
5. Value for money – in particular new approaches to service delivery which provide increased productivity,
6. Partner and stakeholder support/commitment to options,
7. The track record of joint and collaborative working,
8. The cultural alignment between constituent authorities,
9. The fiscal and performance profile of constituent authorities,
10. Key service challenges,
11. Ease of migration to any new arrangements,
12. Identified risks (both now and in the future),
13. 'Levelling' up opportunities between the north and the south of the county.

Developing Proposals and Options – Key Tests

It is clear that final proposals need to be deliverable and that therefore the Stage One assessment needs to take account of:

- The context, nationally, regionally and locally which may affect stakeholder support and deliverability;

- The current context of both national and local government resulting in several areas of key service challenges which any credible proposal will need to be able to meet, namely;

    - Adult Social Care,
    - Protecting Vulnerable Children,
    - Assisting economically vulnerable families and individuals,
    - Climate Change,
    - Delivering housing growth,
    - Delivering business growth,
    - Responding to the Covid-19 challenges,
    - Regenerating and repurposing town centres,
    - Levelling up the current north/south divide.

These challenges arise from societal trends and the economic conditions and policy drivers which we face. It will be important to consider how well any options might meet these challenges.

The study should consider how, in each option, these and other services may be provided in collaboration or conjunction with other public services provided, such as with health (for example through creating an Accountable Care Organisation), with skills and education sectors, and what cross-border arrangements would be appropriate.

Government is understood to prefer 'as much consensus as possible' but the overarching driver for any decision is understood to be to reach a sound and sustainable proposal based on a strong evidence base whilst meeting the following four 'tests':

1. Strengthen local leadership –

    Service delivery can be radically changed and still maintain absolute democratic accountability. A single tier of local government working in partnership with Town

and Parish Councils could sharpen accountability because there is only one local authority for each area and confusion about functional responsibility is reduced for the public. A single tier may enable partners to be more effectively engaged and make leadership more visible. Single-tier authorities nested within a combined authority may ensure a double layer of democratic accountability with devolved powers being subject to local control, whilst a single tier of local government delivery may enable simplified local government to make the best use of its resources and capacity to engage people.   It provides the scope to have place-based leadership from the bottom up, rather than top-down, institutional leadership. Any arrangement must have clear lines of accountability.

2. Improve service delivery –

Whilst any new arrangement will create new separate legal entities, it is naïve to assume that the DNA of predecessor bodies will not wash into successor arrangements; hence, the fiscal and performance profile of constituent organisations is a serious consideration. The rationale for creating new arrangements has to focus on improving service delivery and resilience by doing things differently, including looking at how the government sector can work more closely with the health sector, policing, utilities and transport bodies, jointly designing, commissioning or managing services as appropriate.

3. Provide value for money –

The opportunity for improvements in value for money will need to be taken in the widest sense. The three 'E's of Economy, Efficiency and Effectiveness are useful touchstones in considering the value-for-money test. Early interventions, in any sphere of work, can reduce longer term costs, as well as improve the service experience and increase productivity. Doing so, by working across existing silos and functional boundaries, will need to be a core feature of any new structures.

4. Reduce net costs –

This should be an 'inevitable consequence' of the proposed new arrangements as the three factors above are realised. The financial resilience of local government bodies needs to be strengthened, through development of new sources of income, making better use of assets and by designing services across functional boundaries enabling costs to be shared. The payback period for transitional costs should also be taken into consideration.

Specification of work required

Stage One – Strategic Options Identification and Assessment

Production of a report by Friday 11 September 2020 (or such other date as may be mutually agreed) which, having followed a process which complies with the above statement of requirements, will:

a) Provide an overall commentary regarding the need for local public service reorganisation in Warwickshire,

b) Identify and define the options that are to be assessed at Stage One and describe these fully,

c) Provide a scored assessment of each of these options,

d) Provide a commentary in relation to each option which will define the strength and weaknesses of each option and identify contextual issues and tests applying to each option,

e) Enable the commissioning authorities to understand, at a strategic level, from your analysis;

- How services can better relate to a local sense of place and to communities,
- The strengths and weaknesses of the current system of local public service organisation and delivery in Warwickshire,
- The budget pressures currently faced by the various local authorities and partner agencies,
- Any identified underperformance in services and their impacts on budget pressures,
- Opportunities for sharing of services over a wider geography,
- Opportunities for service integration through transfer of functions,
- Opportunities for redesigning services that can be delivered or commissioned collectively,
- Opportunities for cross-sector service redesign,
- The potential for costs and savings arising from service re-design,
- Opportunities for service improvements through options for a new approach,
- Opportunities to address the future devolution agenda, along with options for potential Mayoral areas ,
- Opportunities for leveraging benefits from other agencies to support strategic aims.

The consultants will work with the commissioning authorities in discussing the final report and, if commissioned, in considering the scope of Stage Two.

Stage Two – Detailed Assessment and Viability Study

Authorities are under no obligation to commission Stage Two.

Produce a report by a date to be agreed which develops and evaluates a number of options in more detail, including a detailed financial assessment, risk analysis and scoping of the implementation requirements of each option.

It is assumed that Stage Two will require three options to be fully assessed but this may be reviewed and it should be clear in your fee how a change in the number of options will affect this.

Guidance for Bidders

a) **Engaging Stakeholders**

The consultant team is required to engage with all commissioning authorities including Warwickshire Association of Local Councils (WALC). The commissioning authorities will lead engagement with key stakeholders, including public engagement, to inform development of the proposals and identify their views on the possible options. It is expected that consultants will take part in these discussions. An officer steering group will also be established to liaise with the appointed consultants.

b) **Submitted bids should include the following**:

- Set out the approach and outline plan for completing the work,
- Give details of the project team who would be carrying out the work identifying expertise in local government governance and re-structuring, financial modelling and service transformation ,
- Give the details of the staff who would be undertaking the work,
- Confirm that the project team will be available to attend meetings with Members and Officers to present and discuss the report,
- Provide details of similar work the organisation has previously undertaken and provide the names of two referees who the commissioning Councils can contact,
- Advise the commissioning authorities of further information required from them,
- Advise the commissioning authorities of the cost of completing the work together with any associated expenses.

c) **Access to information**

Much of the information needed for the financial analysis of the study will be taken from publically available sources and data available to the commissioning authorities. Where additional information is required from other organisations, e.g. CWLEP and the CCGs, we will seek to agree an information-sharing protocol to request the data needed. We will also explore with DCLG the potential for securing an open-book approach. Alternatively, this information would need to be accessed through Freedom of Information requests.

d) **Confidentiality**

The commissioning authorities consider the work to be *strictly confidential* and the contractor must not share the working or communicate with other parties about it without consulting the authorities first.

Timescales

A final written report for Stage One is required by close of business on Friday 11 September 2020 with associated presentation resources for various audiences. It is anticipated that the further stages will form part of the timetable.

Stage Two timescales will be determined only if Stage Two is commissioned, following consideration of the Stage One Report.

Further Information

For further information about this proposal, please contact David Buckland, Chief Executive, Stratford-on-Avon District Council on 01789 260425 or 07854 088030.