

BABERGH DISTRICT COUNCIL

FROM: Chief Executive

REPORT NUMBER: H229

TO: STRATEGY COMMITTEE

DATE OF MEETING: 7 APRIL 2009

LOCAL GOVERNMENT REVIEW – FURTHER DRAFT PROPOSALS FROM THE BOUNDARY COMMITTEE FOR ENGLAND

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of the further proposals of the Boundary Committee for England (BCE), as shown at appendix (a), in relation to its structural review of Suffolk.

2. RECOMMENDATIONS

- 2.1 The Committee is asked to make recommendations to Full Council on the proposed response to the further draft proposals of the BCE.

3. FINANCIAL IMPLICATIONS

- 3.1 None arising directly from this report. However, summaries of the independent assessments of affordability of these further draft proposals are shown at Appendices (b) and (c).

4. RISK MANAGEMENT

- 4.1 This report is most closely linked with the Council's Significant Business Risk No. 1 – Local Government Review. Key risks are set out below:

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
Failure to engage in and influence the review process.	Low	Significant	The Council makes a response by the consultation deadline of 14 May 2009.

5. KEY INFORMATION

- 5.1 Following judicial reviews of its own structural review process, the BCE has now issued further draft proposals for Suffolk, Norfolk and Devon. Its proposals for Suffolk are set out at appendix (a). Summaries of the independent affordability assessments of these further proposals are set out in appendices (b) and (c).

- 5.2 The original draft proposal for Suffolk was for a two-unitary arrangement, comprising an Ipswich/Felixstowe (or North Haven) unitary and a unitary for the remainder of the county, excluding Lowestoft. At that stage, the BCE also identified a single unitary pattern for the county, again excluding Lowestoft, as having merit.
- 5.3 Its latest report sets out two draft proposals for Suffolk. One proposal offers a two-unitary solution and the other a single unitary solution. The two-unitary proposal is for an Ipswich/Felixstowe (North Haven) unitary exactly as in the original Draft Proposal, together with a unitary for the remainder of the county, but now including Lowestoft. The single unitary proposal is for the whole of the county on the existing county boundary, again therefore including Lowestoft.
- 5.4 In essence, therefore, the two key differences between these latest draft proposals and the original draft proposal are:
1. There are now two draft proposals presented on an equal footing, instead of a single draft proposal plus an invitation to comment on an option considered by the BCE as also having merit
 2. In both cases, these further Draft Proposals maintain the integrity of the current Suffolk county boundary, whereas the original proposition would have taken Lowestoft into the administrative boundary of a Norfolk unitary authority.
- 5.5 The BCE is inviting comments on these further proposals by 14 May 2009.

Babergh's Response to Consultation on the Original Draft Proposal

- 5.6 Following consultation on the original draft proposal, at its meeting on 23 September 2008, Council agreed to support the draft proposal for a two-unitary solution and that the following key points should form the basis of Babergh's response:
- Support for the concept of a "North Haven" unitary
 - A view that the concept could be further strengthened by a change to the proposed North Haven boundary to include Hadleigh and a number of its neighbouring parishes in the Babergh district, acknowledging that at that stage local stakeholders had shown only limited support for such a boundary change
 - Support for the concept of a Rural Suffolk unitary, although it was noted with concern that there may not be sufficient commitment to this concept in other parts of the county served by that proposed unitary council
 - A recommendation that if commitment to the Rural Suffolk unitary did not exist in sufficient measure elsewhere in the county, urgent discussions take place to refine and/or better articulate this element of the Draft Proposal or to develop alternative proposals that would have a broader measure of support whilst also retaining a North Haven unitary

- A recommendation that the alternative pattern of unitary government (the One Suffolk unitary) identified in the Boundary Committee report as having merit be not pursued
- A recommendation that, in the event of it being proposed to include Lowestoft in unitary arrangements for Suffolk, it be not included in the proposed Rural Suffolk unitary and that an alternative two or three unitary solution be evaluated in place of the Boundary Committee's Draft Proposal for Suffolk. (It should be noted that within its detailed response, Babergh expressed a preference in this scenario for a two-unitary solution created by a northward extension of the "North Haven" boundary to include Lowestoft, and thereby creating in effect a two-unitary solution based on an east/west split of the county, with Ipswich forming part of the east unitary).

Issues for Consideration in the Current Consultation

- 5.7 The first issue is whether the Council wishes to retain its position as agreed in September 2008. If so, a key consideration is what adjustments to the boundaries proposed in the two-unitary proposal would the Council now wish to suggest in the light of Lowestoft's inclusion in Suffolk's unitary arrangements.
- 5.8 The Committee/Council might alternatively wish to support either of the two further draft proposals as currently outlined.
- 5.9 In any event, the BCE is requesting that any response makes clear **why** any particular options are or are not supported.
- 5.10 These further proposals will be discussed by PLG on 30 March, and views from that discussion will be reported to the Committee. Officers are working on a suggested response that will be informed by PLG and Strategy Committee views for submission to Full Council on 21 April. If possible, a first draft that takes account of PLG views will be circulated to Strategy Committee members before or at the meeting.

6. APPENDICES

- (a) The Boundary Committee for England - "Structural Review of Suffolk: Further Draft Proposals"
- (b) Synopsis of the Boundary Committee's assessment of affordability: Further Draft Proposal – Ipswich & Felixstowe and Rural Suffolk
- (c) Synopsis of the Boundary Committee's assessment of affordability: Further Draft Proposal – County unitary authority

7. BACKGROUND PAPERS REFERRED TO:

Appendices above.

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APPENDIX B TO LOCAL GOVERNMENT REVIEW REPORT H229

Synopsis of the Boundary Committee's assessment of affordability

Further draft proposal – Ipswich & Felixstowe and Rural Suffolk

The estimates given below are based on figures and assumptions made by the local authorities in Suffolk and have been modelled by our independent financial consultants to reflect risks relating to those assumptions.

The base figures used by the Suffolk local authorities are from the financial year 2007/08, and were taken from the published Finance and General Statistics Budget 2007/08, the latest published consistent and reliable data when the independent financial consultants began to assess the figures and assumptions.

The best estimate of the cost of changing from a system of two-tier local government to two unitary authorities is £64.5m (see Appendix A).

We estimate that this cost may be covered from savings of £90.1m, and that it will take about three and a half years to recover this cost (see Appendix B).

Savings after this period are estimated to be £23.7m every year.

There should be sufficient balances within the authorities to support the plans being delivered.

It will not be necessary to increase the average council tax in Suffolk as a result of the change to two new unitary authorities. The actual levels of council tax will be decided by the new authorities.

Estimated costs of proposed changes

The extra costs that arise from bringing together a number of local authorities to become two unitary authorities are of two types: one-off costs and costs that will arise every year throughout the transition. These costs are listed below:

1. Staffing - includes the cost of reducing numbers of staff, including costs of redundancy and early retirement and pay harmonisation costs.
2. Information Technology – costs of new equipment and programs.
3. Other – such as devolving some decision making to a local level; supporting elected councillors and administrative support based in local areas; change management, training staff; disaggregation of county council services; cancellation of contracts.

The table below gives a breakdown of the costs:

Expenditure	Cost in £ million
Staffing	26.4
Information Technology	5.8
Other	32.3
Total	64.5

Estimated savings of proposed changes

The estimated savings that arise from bringing together a number of local authorities to form two unitary authorities come mainly from ceasing to duplicate activities that are carried out by each of the existing authorities. The types of savings that will be made are outlined below:

Corporate and Democratic savings

1. Savings from reducing numbers of senior staff and administrative support staff because of duplication of jobs.
2. Savings in information technology because of reduction in numbers of systems in use, and fewer staff needed to support these services.
3. Expected savings from the ability to achieve better prices from buying more standard items and services in greater numbers.
4. Savings from reduced costs of, for example, insurance premiums, audit and treasury management.

Services savings

5. Savings from reduction in management and administrative support of services, such as Highways, Housing Services, Cultural Services and Environmental Services.

The table below shows a breakdown of the savings:

Estimated Savings	Savings £ million
Corporate and Democratic	41.2
Services	16.1
Other	32.8
Total	90.1

APPENDIX C TO LOCAL GOVERNMENT REVIEW REPORT H229

Synopsis of the Boundary Committee's assessment of affordability

Further draft proposal – County unitary authority

The estimates given below are based on figures and assumptions made by the local authorities in Suffolk and have been modelled by our independent financial consultants to reflect risks relating to those assumptions.

The base figures used by the Suffolk local authorities are from the financial year 2007/08, and were taken from the published Finance and General Statistics Budget 2007/08, the latest published consistent and reliable data when the independent financial consultants began to assess the figures and assumptions.

The best estimate of the cost of changing from a system of two-tier local government to a county unitary authority is £41.7m (see Appendix A).

We estimate that this cost may be covered from savings of £68.4m, and that it will take about three and a half years to recover this cost (see Appendix B).

Savings after this period are estimated to be £21.2m every year.

There should be sufficient balances within the authority to support the plans being delivered.

It will not be necessary to increase the average council tax in Suffolk as a result of the change to a county unitary authority. The actual levels of council tax will be decided by the new authority.

Estimated costs of proposed changes

The extra costs that arise from bringing together a number of local authorities to become one unitary authority are of two types: one-off costs and costs that will arise every year throughout the transition. These costs are listed below:

1. Staffing - includes the cost of reducing numbers of staff, including costs of redundancy and early retirement and pay harmonisation costs.
2. Information Technology – costs of new equipment and programs.
3. Other – such as devolving some decision making to a local level; supporting elected councillors and administrative support based in local areas; change management, training staff; cancellation of contracts.

The table below gives a breakdown of the costs:

Expenditure	Cost in £ million
Staffing	22.6
Information Technology	6.4
Other	12.7
Total	41.7

Estimated savings of proposed changes

The estimated savings that arise from bringing together a number of local authorities to form one authority come mainly from ceasing to duplicate activities that are carried out by each of the existing authorities. The types of savings that will be made are outlined below:

Corporate and Democratic savings

1. Savings from reducing numbers of senior staff and administrative support staff because of duplication of jobs.
2. Savings in information technology because of reduction in numbers of systems in use, and fewer staff needed to support these services.
3. Expected savings from the ability to achieve better prices from buying more standard items and services in greater numbers.
4. Savings from reduced costs of, for example, insurance premiums, audit and treasury management.

Services savings

5. Savings from reduction in management and administrative support of services, such as Highways, Housing Services, Cultural Services and Environmental Services.

The table below shows a breakdown of the savings:

Estimated Savings	Savings £ million
Corporate and Democratic	47.9
Services	7.3
Other	13.2
Total	68.4

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