

County Council

Dorset County Council



Date of Meeting	10 March 2016
Officer	Debbie Ward, Chief Executive
Subject of Report	Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole
Executive Summary	<p>In December 2015 Councillors requested an additional meeting of the County Council to discuss the future of local government in Bournemouth, Dorset and Poole.</p> <p>The desired outcomes of this meeting are to understand/identify:</p> <ul style="list-style-type: none">i) The Dorset history and positionii) The legislative framework and key constraints of Local Government Organisationiii) What options are availableiv) The key issues (positive and negative)v) The timescales for changevi) The views of County Council <p>Some of these outcomes will be explored through interactive technology at the meeting.</p> <p>In discussing these issues, Councillors are alerted to the following guidelines provided by DCLG officials:</p> <ul style="list-style-type: none">• The optimum size for a unitary council is 300,000-700,000 residents. These are not absolute rules, but the government will ask searching questions of proposals of fewer than 300,000 and more than 700,000 residents• Proposals should complement economic geographies. Appropriate governance is a major determinant of an area's economic prospects, so a successful submission for local government reform will need to demonstrate that any proposals are in the best economic interest of the area. This relates to the

	<p>national discussion on Devolution.</p> <ul style="list-style-type: none"> • Government will look for proposals to come forward that cover the whole Dorset area - it will not look favourably on partial solutions or solutions which leave unviable options in other parts of the county, nor will it act on the views of one council acting in isolation from its neighbours • If more than one new council is created, those councils will be created at the same time • The Secretary of State will look for a solution to be delivered through agreement /consensus • Councils should submit devolution proposals and proposals for local government reform as part of a single package • Agreeing a new unitary structure/s will enable Dorset to submit more ambitious devolution proposals • Looking to alter district boundaries in advance of any reorganisation will add a considerable amount of time to the process • Councils need to be mindful of the next general election in 2020, and avoid running into the election period as the point of change • To meet a potential change date of 2019, DCLG's preferred date for the submission of proposals on devolution and local government reform is January 2017 <p>In December 2015 the County Council's Cabinet agreed to jointly commission an independent financial analysis, which will report in April, and to develop a case for change in conjunction with all principal councils in Dorset, with the exception of East Dorset all other 8 councils agreed to this analysis.</p> <p>This report is intended to inform discussion amongst Councillors before the County Council and other principal authorities receive a final report and recommendations. The expected timetable for the analysis to be delivered is April 2016. This will assist decision making and be a basis for the development of a full business case,</p>
<p>Impact Assessment:</p> <p><i>Please refer to the protocol for writing reports.</i></p>	<p>Equalities Impact Assessment: As options for reform are developed, the impact of specific proposals on equality groups will be considered.</p>

	<p>Use of Evidence: This report has been written in light of advice from DCLG officials and discussions with neighbouring councils. Local Partnerships will provide a financial analysis of options in April 2016. A consultation will take place over the summer and an evidence base built once the preferred option/s across the nine principal councils are agreed. A robust evidence base will be required as part of any submission to the government.</p> <p>Budget: This review is being conducted with the support of the Local Government Association and requiring no additional resource at this time. If Councils do reach a consensus in support of change then there will be costs associated with undertaking widespread public consultation and transition costs and the development of the formal business case. The budget implications of alternative models of local government are currently being assessed by Local Partnerships.</p> <p>Risk Assessment: Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: HIGH Residual Risk HIGH</p> <p>A risk register has been drafted and will be developed as options become clearer. Please note this risk is associated with the development of a unitary solution for Dorset and not related to these early discussions.</p> <p>Other Implications: Exploring options for the future of local government in Dorset has far-reaching implications. These will need to be addressed as part of a Dorset submission to government and considered in any report asking the County Council to make this decision. This report seeks only to promote debate.</p>
Recommendation	<ol style="list-style-type: none"> 1. That Councillors note the contents of the report and use this as a basis to debate future options for Local Government Reorganisation across Dorset 2. That Councillors note that a further report will be required before any final decision will be made which would follow consultation and development of a full business case.
Reason for Recommendation	To ensure local government services are sustainable and residents, businesses and communities are supported by optimum local government arrangements
Appendices	<p>Appendix 1: Case Studies: Wiltshire and Cornwall</p> <p>Appendix 2: 2017 Population figures per council area</p>

	Appendix 3: Option Maps
Background Papers	Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole - Cabinet, 16 December 2015, Item 9 Medium Term Financial Plan (MTFP) and Budget 2016/17 to 2019/20 and addendum for final settlement – Cabinet 11 February 2016, Item 7a
Officer Contact	Name: Patrick Myers Tel: 01305 228302 Email: p.myers@dorsetcc.gov.uk

1. Local Government Structures in Dorset

- 1.1 In 1974 as a result of a complete reorganisation of local government in England and Wales new local government structures were introduced in Dorset. Nine principal local authorities were established. These comprised eight Districts/Boroughs exercising District Council functions and a County Council exercising County functions.
- 1.2 Further reform of local government took place in the 1990s and in 1997 two of the eight Dorset Districts/Boroughs, Bournemouth Borough Council and the Borough of Poole, became Unitary Councils exercising both their existing District Council functions and the County functions previously undertaken in their areas by the County Council. Significant work was necessary to disaggregate and transfer elements of the County Council budget for County services in Bournemouth and Poole and relevant staff buildings assets and liabilities were transferred to the new Unitaries.
- 1.3 Multi-tier local government structures comprising Parish/Town Councils, District/Borough Councils and the County Council continued in the remaining shire area and this has remained the case since 1997. Across the whole of Dorset, Bournemouth and Poole there are projected to be 773,600¹ residents in 2017 represented by 342 principal local authority Councillors. Principal local authorities are defined as Dorset, Bournemouth, Poole, Purbeck, Christchurch, East Dorset, North Dorset, West Dorset and Weymouth and Portland.
- 1.4 Under legislation made in 2007 Central Government invited local authorities to bring forward proposals for new Unitary Councils in existing two-tier principal local authority areas. Cornwall and Wiltshire were amongst those areas which brought forward proposals and as a result new Unitary Councils were established in those areas in 2009. At that time no proposals came forward from Dorset to form a new Unitary or Unitary Councils. Instead Councils chose to maintain their individual sovereignty, finding efficiency savings by choosing to work together in partnership across a range of service areas without undergoing merger.

¹ 2014-based population projections, DCC

- 1.5 The 9 principle local authorities have agreed to form a Combined Authority into which a range of local authority duties can be placed. This arrangement is continuing with a submission to the Department for Communities and Local Government at the end of March. Subject to approval, the Combined Authority will be enacted in November 2016.
- 1.6 Further Unitaries were planned, including in Devon and in Sussex but in 2010 the incoming coalition government halted the formation of any further Unitary Councils but left the 2007 legislation which enables the formation of Unitaries in place.
- 1.7 Reflecting the support of the current Government for new Unitaries the Cities and Local Government Devolution Act includes provisions linked to the 2007 legislation enabling “fast track” arrangements for the formation of new Unitaries. The expectation of Government is that new Unitary proposals should reflect a local consensus amongst existing Councils but under the new Act there is no requirement for absolute unanimity, amongst authorities.

2. History and Progress To-Date

- 2.1 On 17 September 2015, the Leaders of Poole, Bournemouth, Christchurch and East Dorset Councils announced that they were to jointly explore proposals for a single new unitary Council to cover the area for their councils, including the services provided by Dorset County Council in that area.
- 2.2 On 12 October a meeting took place involving the Leaders and Chief Executives of all nine principal Councils in Poole, Bournemouth and Dorset. They subsequently issued a statement in which they committed to “work together to seek agreement on the future shape of local government in Poole, Bournemouth and Dorset”
- 2.3 As part of this there was agreement to consider three options:
 - a) A pan-Dorset unitary Council including Poole and Bournemouth
 - b) A unitary Council for South East Dorset (Poole, Bournemouth, East Dorset and Christchurch, (including the services provided by the County Council in those areas) and Western Dorset (North Dorset District Council, West Dorset District Council, Purbeck District Council and Weymouth & Portland Borough Council including the services provided by the County Council in those areas);
 - c) A “no change” option retaining the current local government structures.
- 2.4 The Leaders proposed asking the Local Government Association (LGA) to assist all nine Councils with a financial assessment of options, who in turn asked Local Partnerships² to support the work. A standard report was written to request the support of all councils to jointly commission the analysis.
- 2.5 Between December 2015 and January 2016 the nine councils considered the standard report. Eight agreed to proceed. One, East Dorset District Council, did not. Of those that agreed, most requested that Local Partnerships identify other potential models in the course of their analysis.

²Local Partnerships is jointly owned by HM Treasury and the Local Government Association. It exists solely for the benefit of the public sector and the delivery of public services and infrastructure

- 2.6 On 16 December 2015 the County Council's Cabinet considered the standard report and agreed:
- a) To commission Local Partnerships, supported by the Local Government Association (LGA), in conjunction with all principal councils in Dorset, to examine the financial implications of the three options above
 - b) To authorise the examination of other viable options which benefit residents and communities in providing services for the future across the full County area
 - c) To develop a case for change in conjunction with all principal councils in Dorset.
 - d) To receive a further report presenting an assessment of the options and the case for a preferred option.
- 2.7 Local Partnerships will report their financial findings in early April 2016. This will exclude East Dorset who have not given authority to cooperate with this assessment.

3. Current context

- 3.1 The government is pursuing policies on devolution, economic growth and austerity. It has set out an agenda in which local authorities must become financially independent, and has offered additional power and resources through devolution deals to encourage councils to help grow their local economic areas.
- 3.2 Devolution is the distribution of power and funding from national to local government. It is supported by all the major political parties and is closely linked to the 'localism' agenda and the aspiration to give local areas greater control over local issues.
- 3.3 Devolution gained momentum as a policy initiative during the Coalition Government 2010 to 2015. The return of a Conservative majority at the general election in May 2015 has allowed the government to accelerate its devolution agenda. On 21 July 2015, Chancellor George Osborne presented the government's Spending Review to Parliament. The report, 'A country that Lives Within its Means', states that: 'we...need to take radical steps towards the devolution of power in the UK...Devolution to Scotland, Wales and Northern Ireland is well underway. Devolution within England has only just begun. This Spending Review is an opportunity to take a further big step forward'
- 3.4 The report invited city regions that wanted to agree a devolution deal in return for a directly elected Mayor to submit formal, fiscally-neutral proposals by 4 September 2015. The appetite for devolution proved so strong that 38 areas, including Dorset, submitted either full bids or (like Dorset) expressions of interest.
- 3.5 Government have indicated that while they will not impose directly elected Mayors, they favour Mayoral models because they are seen as providing a single point of accountability where several local authorities come together to deliver deals.
- 3.6 The government is also encouraging councils to undertake local government reform, and have indicated that areas that refuse a Mayor could still get devolution deals if they agree to undertake reorganisation. On 17 February 2016 the MJ wrote that 'central government has offered three options (on devolution) – a devolution deal with a mayor, a devolution deal with unitarisation but no mayor, or no deal'. Hampshire and the Isle of Wight were left with no deal recently after rejecting both a regional elected mayor and reorganisation.

3.7 Major devolution deals have been agreed between the government and areas like Manchester, Cornwall, Sheffield and the West Midlands (a detailed analysis of these deals is available from officers). The first major deal in a two-tier area is expected imminently. As explained elsewhere, the government is encouraging Dorset to come forward with ambitious devolution proposals comprising local government reform.

3.8 The Financial Context: Austerity

3.9 Dorset County Council

3.10 Councillors are aware that the County Council has just agreed its most challenging budget for many years. The estimates on which it is based are robust, but require the council to use £2.2m from reserves in order to achieve a balance. There will be a significant challenge to manage expenditure within this budget, particularly given our short-term dependence on reserves and the need to deliver significant budget reductions by 1 April 2017. Close monitoring will take place during the year and prompt corrective action will be taken wherever budget variances are identified. The County Council's projected general fund balance also makes achievement of savings targets critical. Over the longer term the additional transitional support given by the Government in the final settlement will smooth the cuts in government funding over a longer period, but the same overall level of savings need to be made. As a consequence the challenge we face will increase, rather than diminish, as the years go by.

3.11 Dorset's Nine Principal Councils

3.12 The cumulative impact of the settlement across the nine principal councils in Dorset is severe. Basic financial analysis work indicates that the cumulative budget gap to 2020-2021 is over £60 million³, excluding savings already identified (but not yet made) of approximately £54 million. The nine councils have therefore a cumulative savings requirement of over £100 million over the next four years.

4. The legislative framework

4.1 A fundamental structural reorganisation of this nature, detailed in the various options outlined in this report, could only take place through a central government and parliamentary process.

4.2 The legislation setting out how a new structure for local government in Dorset, Poole, and Bournemouth could be created is within the Cities and Local Government Devolution Act, the Local Government and Public Involvement in Health Act 2007 and the Local Government Act 1972.

4.3 The Cities and Local Government Devolution Act 2016 has been passed to simplify the process of local government reorganisation. Under the Local Government and Public Involvement in Health Act 2007 council mergers usually take three to four years. The Cities and Local Government Devolution Act allows Regulations to be made that shortens this process by half where there is consensus amongst the councils, and reorganisations follow existing principal council boundaries.

4.4 Where there is not consensus, the Bill confers power on the Secretary of State to impose solutions. Section 16 allows the Secretary of State to fast track structural and boundary changes to non-unitary local authority areas without the consent of a district

³ At the time of writing this figure was estimated at £62.5 million, subject to verification

within that area (it excludes unitary councils). This power is time-limited and expires at the end of this Parliament.

4.5 Feedback from DCLG Officials

DCLG officials have given officers the following advice:

- The optimum size for a unitary council is 300,000-700,000 residents. These are not absolute rules, but the government will ask searching questions of proposals for Councils serving fewer than 300,000 and more than 700,000 residents
- Proposals should complement economic geographies, and the government will be mindful of economic areas within any proposals put forward
- Government will look for proposals to come forward that cover the whole Dorset area. It will not consider partial solutions, or solutions which leave unviable options in other parts of the county, nor will it act on the views of one council acting in isolation from its neighbours
- If more than one new council is created, those councils will be created at the same time
- The Secretary of State will look for a solution to be delivered through agreement and consensus
- Agreeing a new unitary structure/s will enable Dorset to submit more ambitious devolution proposals, as government will see reorganisation as a possible alternative to an elected Mayor
- It is therefore recommended that Dorset should submit devolution proposals and any proposals for local government reform as part of a single package
- Looking to alter district boundaries in advance of any reorganisation will add a considerable amount of time to the process
- If there is a logic to making changes to existing boundaries, these should be addressed during the transition stage
- There is no agreed formula for the optimum number of councillors, so the Boundary Commission will look to Dorset councils for a rationale
- Councils need to be mindful of the next general election in 2020, and avoid running into the election period
- DCLG's preferred date for the submission of proposals for devolution and local government reform is January 2017

4.6 Process and Potential Timescale

4.7 On 27 January 2016 DCLG officials outlined the following potential timescale, based on consensus and existing boundaries, for a target implementation date of May 2019:

January 2017	Local authorities inform the Secretary of State of their desire to merge. Proposals must include a business case, a case for change showing public engagement and support. <i>Principal councils must have agreed a preferred model by this point, and written the business case</i>
Feb-April 2017	Subject to agreeing the case, government looks to make regulations to fast-track the process using regulations under the Cities and Local Government Devolution Act
May 2017	Regulations are laid and debated in Parliament
July 2017	Regulations are made

October 2017	Orders are laid and approved
<i>All legislation is in place by December 2017</i>	
January 2018-April 2019	Implementation/transition phase (15 months)
Jan 2018-May 2019	The Boundary Commission reviews boundaries in advance of 2019 elections
Option 1 – May 2018	Elections to a new shadow council to fulfil statutory functions (e.g. budget setting)
Option 2 – May 2018	An ‘artificial’ council is created of all current councillors from both tiers to fulfil statutory functions
May 2019	Elections to new council/s

4.8 Experience of creating the Dorset Waste Partnership and, more recently, the combined authority, suggests it takes at least six months to take a joint recommendation through all nine principal councils’ executive bodies. In order to make a joint submission to government in January 2017, the nine councils will need to start taking decisions in the summer so that public consultation can be undertaken to inform final decisions by each Council towards the end of 2016

4.9 In order to meet this very ambitious timescale, the nine councils will need to agree a report in early summer. The government requires proposals to include feedback from public consultation and engagement which will need to take place beforehand, in early summer. Working backwards, the nine councils will need to have agreed to a proposal or proposals on which to consult the public by the end of May 2016. If proposals are to be ready for submission to the Secretary of State in January 2017 then all Councils are likely to need to accommodate additional meetings.

5. What options are available?

5.1 DCLG have advised that the optimum size for a unitary council is 300,000-700,000 residents. A population breakdown by council area is shown at Appendix 2, based on research by Cardiff Business School some years ago.

5.2 As well as the options detailed below there is another option whereby we maintain the status quo and no change to structures take place. It must be recognised that for some this would be a preferred option. However, with the current interest across all the principal authorities in unitary status, and the severe financial constraints facing them all, it is likely that this option will not be tenable, for all authorities.

5.3 Option 1 – A Pan-Dorset Unitary Council including all nine principal councils in Dorset

This option is a single unitary council to provide local government services for the whole Dorset county area as well as Poole and Bournemouth. This would bring together the current two unitary councils of Bournemouth and Poole with the County Council and six district councils, creating a single principal authority tier.

A unitary Council for this area would serve c. 773,600 residents and be the third largest local authority in England. By 2024 its population is forecast to exceed 800,000 residents.

Points to note:

A pan-Dorset council would complement other organisational boundaries including the Local Enterprise Partnership, Clinical Commissioning Group, Office of the Police

and Crime Commissioner, and Public Health Dorset (the latter is a Joint Committee of the three 'upper tier' authorities). It also seems reasonable to assume that a pan-Dorset unitary would be the most cost effective option and the issues of co-terminosity can be met.

However, DCLG advise that the optimum size of a council is between 400,000-600,000 residents. At almost 800,000 and growing, DCLG would ask searching questions of a proposed unitary of this size. If a pan-Dorset unitary council is created there would be no need for a combined authority to bring economic development and transport functions together across councils, because in this model there is only one council.

Bournemouth and Poole have been unitary councils since 1997. Some in the conurbation are likely to take the view that they have established an identity separate from the "shire" area and would see a single Council with the rest of Dorset as a backward step.

5.4 Option 2 – A Unitary Council for South East Dorset and a Unitary Council for Western Dorset

This proposal is to create two unitary councils for Dorset as envisaged by Poole, Bournemouth, Christchurch and East Dorset in September 2015.

This would bring together the services of five Councils for the South East Dorset area i.e. the two unitary Councils (Poole and Bournemouth), the two District Councils (Christchurch and East Dorset) and the relevant part of Dorset County Council. There would be c. 490,000 residents in 2017 covered by this new council, bigger than Bristol, Southampton, Reading or Brighton and Hove. The current position of East Dorset means this option is theoretical.

This arrangement would be mirrored in the West by creating a new council covering West Dorset, North Dorset, Weymouth & Portland and Purbeck. A Western unitary council based on this geography would have a population of c 283,600 residents or below.

A combined authority would perform the governance function in any two-unitary solution, by bringing together the economic development and transport functions of both the new unitary councils. To meet the needs of the Local Enterprise Partnership geography.

In all two-unitary models, councils will want to explore the creation of new Town councils for Bournemouth, Christchurch, Poole and Weymouth. New Town and Parish councils can be created by the principal authorities in advance of any reorganisation.

Points to note:

This was the model articulated by Bournemouth, Poole, Christchurch and East Dorset in September 2015. The creation of a new unitary council for South East Dorset would need to be balanced by a new arrangement in the rest of Dorset. The retention of a two tier arrangements might be possible with a county council and the four remaining districts (North Dorset, West Dorset, Weymouth & Portland and Purbeck) but there is a question over whether this would be financially viable. With the 'tri-partnership' (North Dorset, West Dorset and Weymouth & Portland) looking to form a 'super-council' the number of districts may shrink. One county council and one or two districts would not seem tenable. East Dorset's position is not currently in support of this.

Perhaps more importantly, the creation of a South Eastern unitary comprised of the two unitaries and two districts (Christchurch and East Dorset) would leave a population of 283,600 in any new Western unitary, which falls considerably below DCLG's minimum guideline of 400,000. As the population is growing more slowly in 'shire' Dorset, even by 2037 the population of North Dorset, West Dorset, Weymouth & Portland and Purbeck will only just have exceeded 300,000.

These facts although used in early discussions about unitary options, provide additional indications that question the viability of these earlier approaches.

5.5 Other options: Option 3A 'shire' Dorset Unitary and a new Unitary for Bournemouth and Poole

This option would create a new unitary council based on the County Council's existing boundaries. It would bring together the four districts (North, West, East and Purbeck) and two boroughs (Weymouth & Portland and Christchurch) councils to create a single new Council. There will be no need for any disaggregation only integration as a result of this option. The population of this area is projected to be 422,900 in 2017.

The creation of a new shire unitary might need to be balanced by a new arrangement in Poole and Bournemouth. As unitary authorities, Poole and Bournemouth can merge under a boundary change (rather than a structural change). Their joint population is projected to be 350,800.

Points to note:

This is perhaps the most technically straightforward of the options from the County Council's perspective in that the seven "shire" Councils would combine to form a single new Council and there would be no complex disaggregation of County services, budgets and staff to a South East Dorset unitary. Although at c. 350,800 residents, a new council for Bournemouth and Poole falls below DCLG's guideline of 400,000, there may be mitigating factors including the accelerated rise in population in the conurbation (Bournemouth is the fastest growing part of Dorset, and DCC statistics show that Bournemouth and Poole is expected to have a combined population of just over 400,000 by 2037).

However, a merger of Bournemouth and Poole would not reflect the entire economic area of the conurbation, which includes a large part of Christchurch (and arguably parts of East Dorset and Purbeck too, but government has discouraged the splitting of existing local authority boundaries until new structures are created)⁴. DCLG may question proposals in which Christchurch is not governed by the economic area to which it largely belongs. This model would also require the unitary councils of Poole and Bournemouth to agree to merge.

5.6 Other options: A 'shire' Dorset unitary minus one district or borough

Option 4 Shire Dorset minus Christchurch

This option would create a new unitary council based on the County Council's existing boundaries minus one district or borough (given the preference of the South

⁴Research undertaken nationally in 2015 indicates that Christchurch forms part of an economic area with Bournemouth and Poole (The Independent Commission on Economic Growth and the Future of Public Services in Non-Metropolitan Areas 2015). Research undertaken locally in 2015 identified Bournemouth, Poole and Christchurch as a distinct economic area within Dorset (along with small parts of East Dorset and Purbeck) .

Eastern councils and their economic geography this is likely to be either Christchurch or East Dorset).

This could see the creation of a new council incorporating Poole, Bournemouth and Christchurch councils in the East of the county, and another unitary incorporating East Dorset, North Dorset, West Dorset, Purbeck and Weymouth & Portland in the West.

The population of the Eastern unitary would be c. 400,800, with 372,800 in a Western unitary. This is the most balanced model in terms of population.

Option 5 Shire Dorset minus East Dorset

This could see the creation of a new council incorporating Poole, Bournemouth and East Dorset councils in the East of the county, and another unitary incorporating Christchurch, North Dorset, West Dorset, Purbeck and Weymouth & Portland in the West.

The population of the Eastern unitary would be c. 440,000, with 333,600 in a Western unitary.

Points to note:

At 333,600 DCLG may question the viability of the Western unitary in the minus East Dorset model. Perhaps the most significant issue in a model in which East Dorset became part of a new Eastern unitary and Christchurch retained in a new Western Unitary however is that it would leave Christchurch effectively 'cut off' from the rest of the Western unitary to which it belonged. In a 'shire Dorset minus East Dorset' model, the Western unitary would not have a contiguous border, with Christchurch separated from the Western unitary by the Eastern one. Councils would need advice from DCLG on this.

In either of those models there would be a need to disaggregate County services currently delivered in East Dorset or Christchurch.

5.7 Local Partnerships' financial analysis of these options will be published in early April

5.8 Summary

The various options can be summarised as follows:

		Optimum Size
Option 1	A pan-Dorset Unitary	X
Option 2	Two Unitaries: Unitary 1: Poole Bournemouth, East and Christchurch	X
	Unitary 2: West Dorset, North Dorset, Weymouth & Portland and Purbeck	X
Option 3	Two Unitaries: Unitary 1: A 'shire' Dorset unitary	✓
	Unitary 2: A merger of Bournemouth & Poole	✓
Option 4	Two Unitaries Unitary 1: Poole, Bournemouth and Christchurch	✓
	Unitary 2: East Dorset, North Dorset, West Dorset, Purbeck and Weymouth & Portland	✓
Option 5	Two Unitaries Unitary 1: Poole, Bournemouth and East Dorset	✓
	Unitary 2: Christchurch, North Dorset, West Dorset, Purbeck and Weymouth & Portland	✓
Option 6	No change	

5.9 Based on an overview of population and economic geography only, the most viable option may be option four – a shire or Western Dorset unitary comprised of East Dorset, West Dorset, North Dorset, Purbeck and Weymouth & Portland councils and an Eastern Dorset unitary comprised of Poole, Bournemouth and Christchurch councils. However, other local determinants will play an important part and it seems unlikely that the Secretary of State would impose this option if Christchurch Council's preference was to join a shire unitary and a remaining Bournemouth and Poole unitary option was considered viable.

5.10 DCLG have advised that if two unitary councils are created a boundary review could be undertaken after the new councils are created to ensure that parts of the conurbation which may currently fall into Purbeck and East Dorset district council areas – and would therefore initially form part of an Western unitary – could be addressed to better align the new local authority geographies with their economic geographies in the longer term (so any parts of East Dorset and Purbeck which are

parts of the conurbation could be moved into a new Eastern unitary following a boundary review). This could be subject to potential disagreement about the process and the outcomes.

5.11 It is recognised that any option must include a significantly strengthened role for town and parish councils. This important area of local government is closest to our communities and represents one of the best ways to keep close and engage meaningfully with our residents. This will equally enable us to maximise the efficiency and effectiveness of our services.

6. Learning from Previous Mergers

6.1 Finances

6.2 Local Partnerships will report their financial analysis in early April. However, it is clear from reforms elsewhere that significant savings can be achieved. Cornwall is reported to have saved £24 million a year by becoming a unitary council, and Wiltshire over £25 million a year (both took place in 2009). In 2014 when Leicestershire County Council undertook a strategic financial case for a unitary council, they estimated that it would save up to £31 million a year. Even allowing for the significant reduction in local authority budgets in recent years, and the savings already taken by the Districts through joint partnership working, it seems reasonable to expect significant savings could be made through reconfiguration.

6.3 The Government has made it clear that areas that do not agree to a Mayor or local government reform will be unlikely to secure devolution deals (Hampshire and the Isle of White's deal has failed recently for this reason). As such there are likely to be (as yet un-quantified) opportunity costs in *not* pursuing a local government reform and devolution 'package'.

6.4 Critical Success factors

6.5 In a document published in 2013, the leader of Wiltshire Council identified the following key learning points from Wiltshire's process of merger:

- Strong leadership is critical in order to drive a reorganisation and transform it from being principally an administrative process to one that delivers better outcomes for residents and cultural change for the organisations themselves
- Pre-existing relationships and partnerships have a crucial role to play as does the culture between organisations
- A clear and coherent set of incentives is needed to galvanise support and maintain focus
- Recognising the challenges inherent in building new strategic alliances, in particular competing understandings of mandate, sovereignty and the management of solutions, is important in recognising and resolving problems⁵

This review also points towards other critical success factors:

- Early and on-going engagement with local MPs to ensure they lobby for the best outcomes at national level
- As much direct contact with the Secretary of State as possible
- Local public consultation and stakeholder involvement which mobilises public opinion
- Use of Special Advisors with particular expertise

⁵Briefing paper for 'Local Government Structures: Learning from 'unitaries'? An RSA 2020 Public Services

- Strong, consistent and effective communications and media management
- Sufficient leadership capacity to manage the critical relationships and demonstrably 'champion' the change
- Sufficient programme management capacity to deliver a major change programme

7. Risks and Issues

7.1 A risk register has been initiated and will be further developed as options become clearer. Key risks and issues include:

- Councils are unable to agree a preferred way forward in the time available and One Council acts as their veto over any proposed changes.
- A preferred way forward is identified but programme management and implementation arrangements cannot be agreed or mobilised in time
- The pace of change means that reform is completed but areas end up in the 'wrong' unitary for improved economic outcomes
- Reform is completed but anticipated savings do not materialise
- The work detracts from the County Council's current savings requirements
- The political landscape changes as a result of the EU referendum in June
- The pace of change and the need for consensus across the councils means that Councillors, staff and partners do not feel sufficiently involved in the process
- Major elements of the business case cannot be completed within the time available
- There is insufficient capacity to undertake local government reform *and* devolution as part of a package of proposals to put to government

8. Public Engagement and Consultation

- 8.1 It is vital that the public, employees and other stakeholders understand why changes are being considered, what benefits it will bring in terms of improved outcomes, what the options are and how they can make their views heard about the options.
- 8.2 A series of public engagement exercises will need to take place jointly across the nine authorities in Poole, Bournemouth and Dorset. In order for the nine councils to be ready to make a decision over the autumn of 2016 this consultation will need to take place over the summer 2016.
- 8.3 We will 'Ask Dorset' to help us understand the views of our residents but we will also need to make clear that ultimately this is the responsibility of the elected members of Dorset's local authorities.
- 8.4 A referendum is not an option due to the prohibitive cost and challenging timescales and would not be suitable for this type of decision making.

Debbie Ward
Chief Executive
March 2016

Appendix 1

Learning from Other Council Mergers (this might be better as an appendix?)

Case Study: Wiltshire

In December 2007 the government announced that five county areas would become unitary in 2009 – Wiltshire, Cornwall, Shropshire, Northumberland and Durham.

The Wiltshire merger is cited as one of the most successful unitary initiatives in the UK, achieved on time and under budget, and gaining a glowing report from DCLG. It is the successor authority to Wiltshire County Council (1889–2009) and four district councils—Kennet, North Wiltshire, Salisbury, and West Wiltshire—all of which had been created in 1973 and were abolished in 2009 when Wiltshire Council was created. Wiltshire has a population of c. 435,000 who are represented by 98 Councillors (majority Conservative). In December 2007, the Government approved a bid from Wiltshire County

Council for a unitary council to take over the responsibilities for all local government services in those areas in Wiltshire currently served by four district councils and the county council. A Statutory Instrument was subsequently approved by Parliament on 25 February 2008, establishing a new Wiltshire unitary authority from 1 April 2009.

The Boundary Committee for England began an electoral review of the new unitary authority of Wiltshire on 26 February 2008. It completed this review on 14 November 2008. On 11 February 2009 the Electoral Commission decided to accept the Boundary Committee for England's recommendations for the new electoral arrangements for the new unitary authority of Wiltshire (subject to some minor modifications). A high level timeline is shown below.

Wiltshire cites the following benefits of the merger:

- As a unitary, the council was able to achieve savings of just over £100m in the first four years, without having to cut local services.
- A unitary structure has enabled it to more effectively implement government policy (health and social care integration, and the LEP/City Deals process, for example)
- Becoming a unitary has enabled Wiltshire Council to achieve strong strategic leadership of place. This is perceived as important not only to the economy of a place but also its cohesiveness, cultural value and community spirit.
- 'Wiltshire Council has moved from being an organisation that simply "gives" services to passive residents, to becoming an enabler of community self-help. Citizens, civil society and businesses are taking greater initiative in meeting local challenges such as childhood pregnancy and obesity. And Wiltshire Council's transformation has engendered a far greater sense of place, particularly by:
 - Joining up public services – for example the council, the police, fire and rescue, Department of Work and Pensions (DWP) are now more closely integrated. The council manages the police's IT and asset management; something that would not have been possible as a two-tier authority.
 - Building a far stronger relationship with communities and helping to carve out a Wiltshire-wide identity.
 - Driving economic development. When Wiltshire consisted of four districts and a county there was no economic development policy – now there is a Wiltshire-wide approach to economic development, allowing the council and partners to

support the development of key industries such as high-tech industries, life sciences and medium size enterprises⁶.

Case Study: Cornwall

Like Wiltshire, Cornwall Council was created on 1 April 2009. Before this, Cornwall was administered as a non-metropolitan county by Cornwall County Council with six districts - Caradon, Carrick, Kerrier, North Cornwall, Penwith, and Restormel (a borough). On 1st April these were abolished and replaced by Cornwall Council.

The campaign for Cornish devolution began in 2000 with the founding of the Cornish Constitutional Convention, a cross-party, cross-sector association that campaigns for devolution to Cornwall. The campaign collected nearly 50,000 signatures, including those of the five Cornish Liberal-Democrats MPs.

In 2007, Cornwall County Council predicted the new unitary authority would save taxpayers £17m a year. Subsequent estimations put this figure higher, at £24 million⁷.

In 2009, Liberal Democrat MP Dan Rogerson introduced a bill in parliament seeking to take power from Whitehall and regional bodies and pass it to the new Cornwall Council, with the intention of transforming the new council into an assembly along the lines of National Assembly for Wales.

In November 2010, British Prime Minister David Cameron suggested in comments to the local press that his government would "devolve a lot of power to Cornwall - that will go to the Cornish unitary authority." In 2011, the then Deputy Prime Minister Nick Clegg said he would meet a cross party group, including the six Cornish MPs, to look at whether more powers could be devolved to Cornwall. The subsequent Localism Act 2011 was expected to achieve this but did not.

In July 2015 Cornwall became the first rural authority in England to agree a devolution deal, including transport, the public estate and the integration of health and social care.⁸ The Cities and Local Government Devolution Act will provide the legislative framework for the deal.

⁶ Briefing paper for 'Local Government Structures: Learning from unitaries?' An RSA 2020 Public Services

⁷Chris Leslie MP, Labour's Shadow Chief Secretary to the Treasury, in a speech to the Social Market Foundation 25 February 2014

⁸<https://www.cornwall.gov.uk/council-and-democracy/council-news-room/media-releases/news-from-2015/news-from-july-2015/cornwall-becomes-first-rural-authority-in-england-to-agree-devolution-deal/?altTemplate=ie7Standard>

Appendix 2

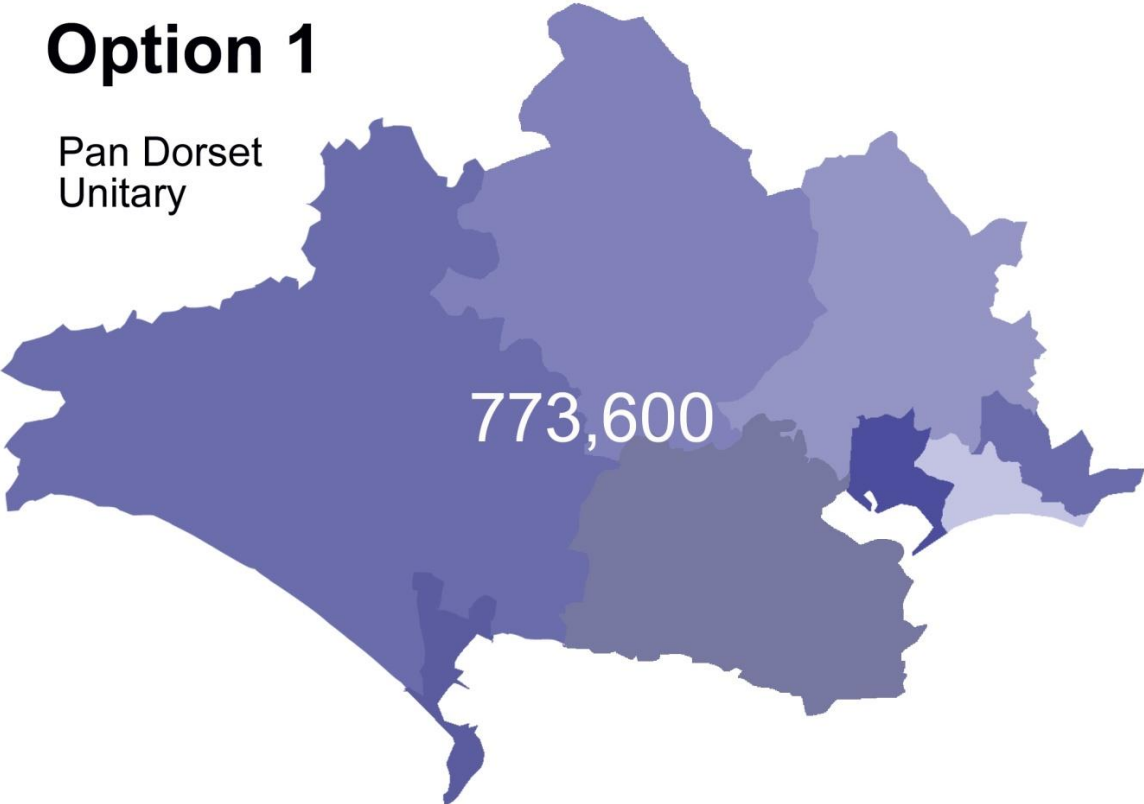
Population Estimates and Forecasts			
			<i>2017</i>
Bournemouth	Persons	All ages	196,800
Poole	Persons	All ages	153,900
Christchurch	Persons	All ages	50,000
East Dorset	Persons	All ages	89,300
North Dorset	Persons	All ages	70,700
Purbeck	Persons	All ages	46,200
West Dorset	Persons	All ages	101,400
Weymouth & Portland	Persons	All ages	65,200
BDP	Persons	All ages	422,900
DCC	Persons	All ages	773,600

Note: numbers have been rounded to the nearest 100 and may not sum because of this.

Source: 2014-based population projections, DCC

Option 1

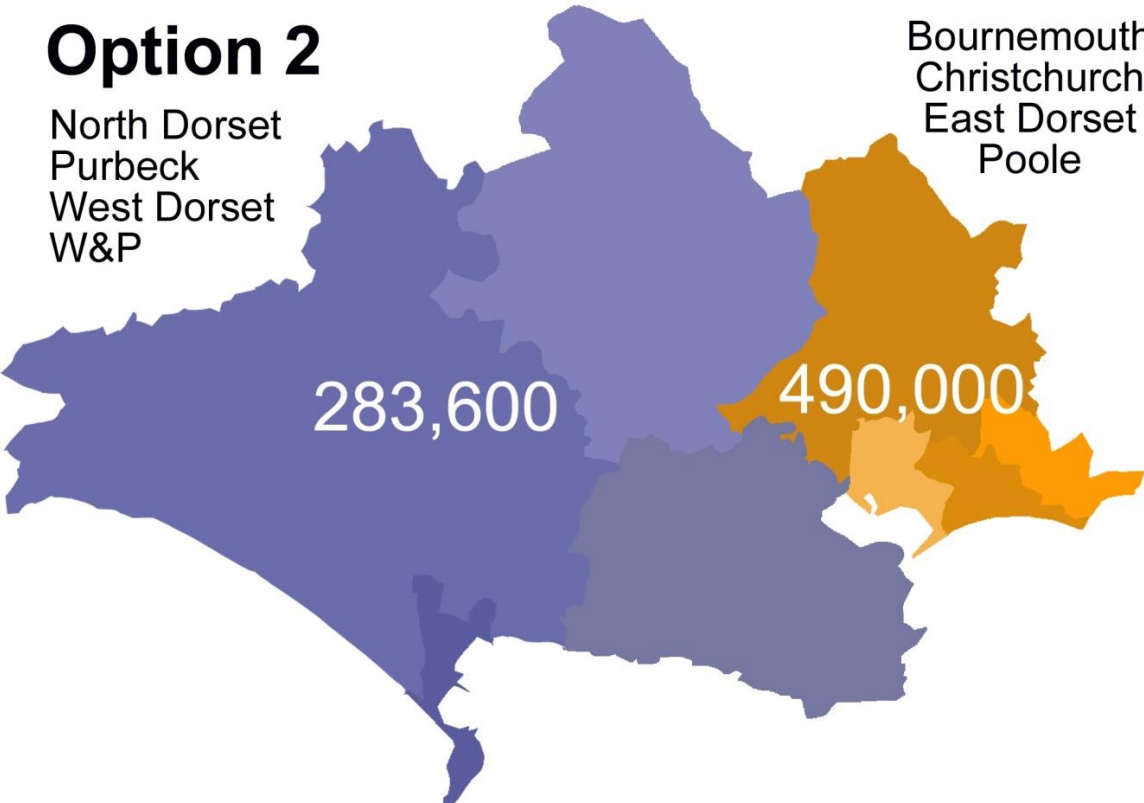
Pan Dorset
Unitary



Option 2

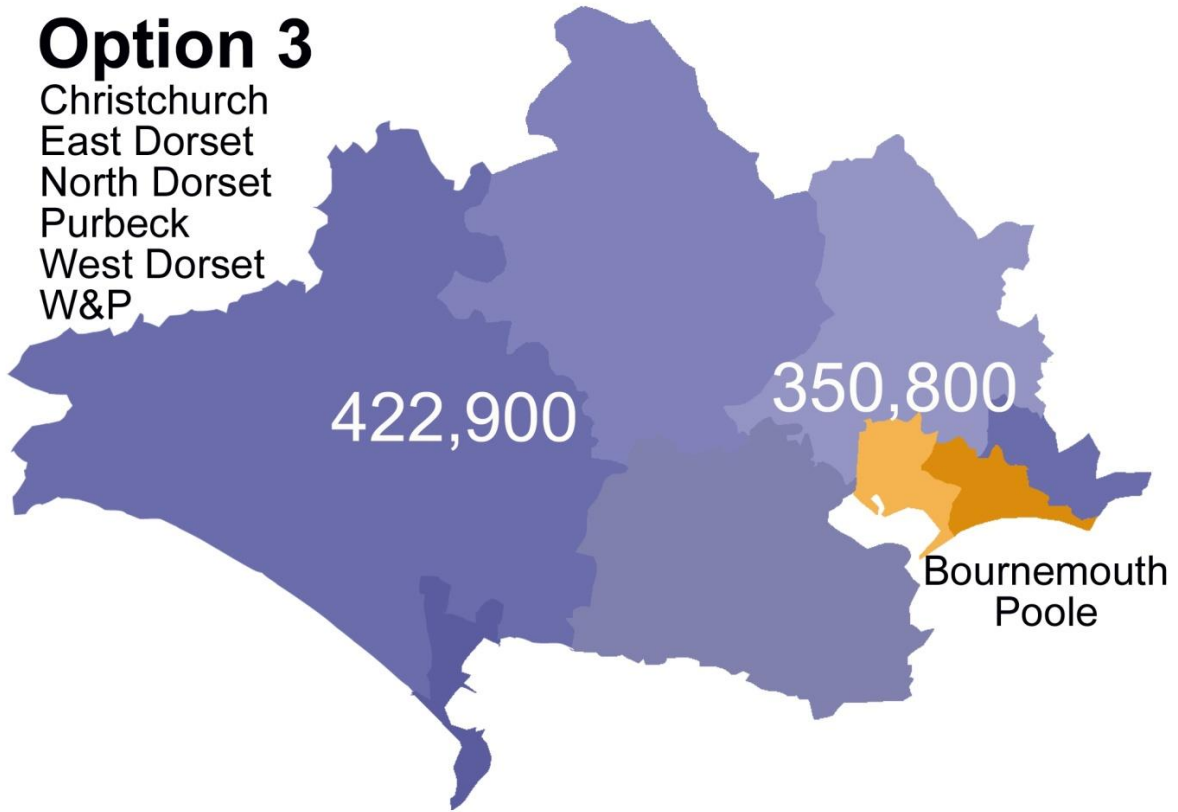
North Dorset
Purbeck
West Dorset
W&P

Bournemouth
Christchurch
East Dorset
Poole



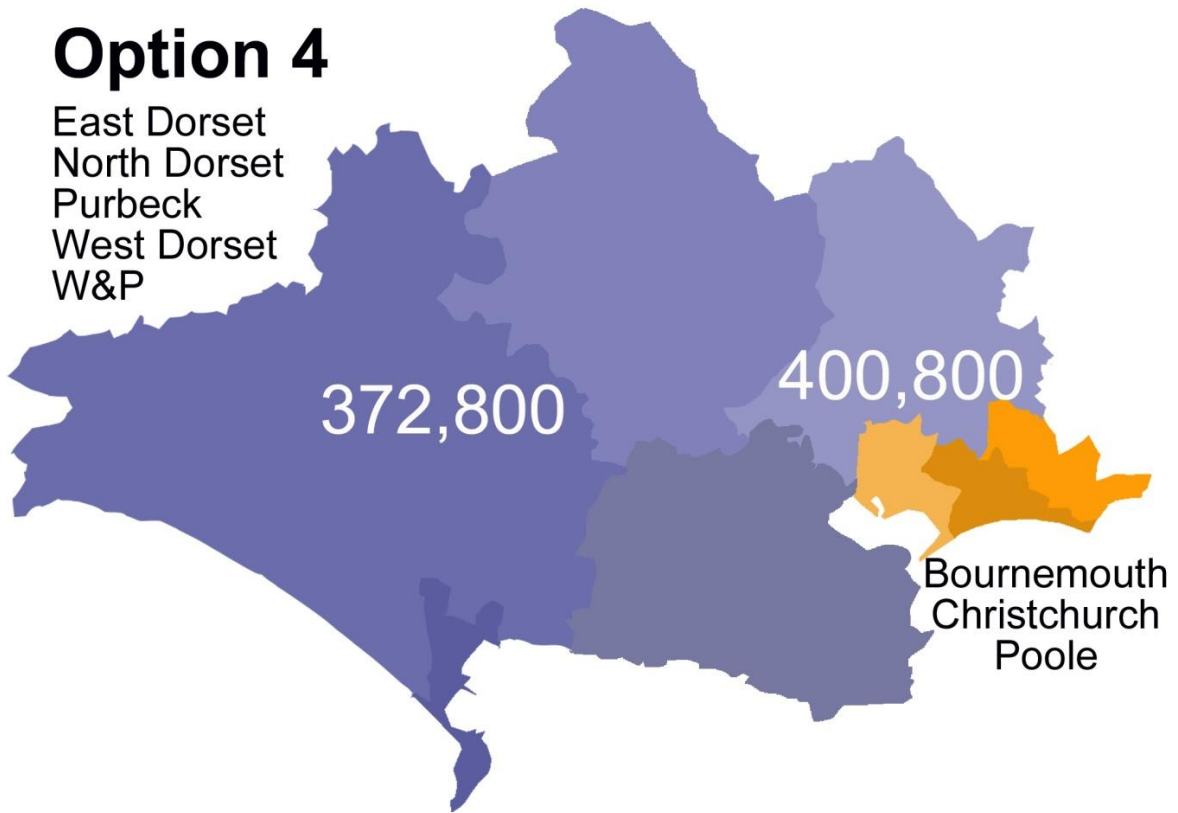
Option 3

Christchurch
East Dorset
North Dorset
Purbeck
West Dorset
W&P



Option 4

East Dorset
North Dorset
Purbeck
West Dorset
W&P



Option 5

Christchurch
North Dorset
Purbeck
West Dorset
W&P

Bournemouth
East Dorset
Poole

