

# County Council

## Dorset County Council



Date of Meeting	21 April 2016
Officer	Debbie Ward, Chief Executive
<b>Subject of Report</b>	Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole
Executive Summary	<p>On 10 March 2016 the County Council had an additional meeting to discuss the future of local government in Bournemouth, Dorset and Poole. At this meeting it was agreed that there should be a further discussion at the next scheduled County Council.</p> <p>The desired outcomes of this follow-up meeting are to:</p> <ol style="list-style-type: none"><li>i) Reflect on the comments made by Councillors on 10 March and agree common themes to take forward</li><li>ii) Understand the criteria on which the Government will support local government reorganisation in Dorset</li><li>iii) Start to identify the measures/criteria that County Councillors will consider important in reaching an informed decision on reorganisation</li><li>iv) Agree the governance and decision-making arrangements as shown below</li></ol> <p>In discussing these issues, Councillors are reminded that:</p> <ul style="list-style-type: none"><li>• Government will look for proposals 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.</li><li>• The Secretary of State will look for a solution to be delivered through agreement /consensus, though unanimity is not required.</li><li>• DCLG have encouraged the principal councils in Dorset to submit proposals for local government reform and devolution</li></ul>

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	<p>as a single package. Their preferred date for the submission of proposals is January 2017.</p> <p>This report is intended to inform the development of a public consultation and business case that will be developed over the next six months. The County Council will receive a final report and recommendations in November 2016.</p>
<p>Impact Assessment:</p> <p><i>Please refer to the <a href="#">protocol</a> for writing reports.</i></p>	<p><b>Equalities Impact Assessment:</b> As options for reform are developed, the impact of specific proposals on equality groups will be considered.</p> <p><b>Use of Evidence:</b> This report has been written in light of advice from DCLG officials, discussions with neighbouring councils and advice from the Partnerships and Co-production Team. Local Partnerships will provide a financial analysis of options in mid-May 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><b>Budget:</b> This review is being conducted from within existing resources. The budget implications of alternative models of local government are currently being assessed by Local Partnerships. Local Partnerships will report their findings in mid-May.</p> <p><b>Risk Assessment:</b> 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.</p> <p><b>Other Implications:</b> 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.</p>
<p>Recommendation</p>	<p>That councillors:</p>

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	<ol style="list-style-type: none"> <li>1. Contribute to the development of a public consultation, business case and devolution proposals through council meetings and member workshops.</li> <li>2. Agree the governance and decision-making arrangements shown at Appendix 2, specifically that the Shaping Dorset's Future Board is formed, with the sub-groups as shown.</li> <li>3. [Subject to 2, above] Agree the Terms of Reference for the Shaping Dorset's Future Board, attached at Appendix 3.</li> <li>4. [Subject to 2, above] Agree that Group Leaders be asked to confirm membership of the Board.</li> <li>5. Authorise the Chief Executive, after consultation with the Leader and the Shaping Dorset's Future Board:             <ol style="list-style-type: none"> <li>(a) to develop local government reform options, including the development of a business case and 'double devolution' proposal with the Town and Parish Councils.</li> <li>(b) to agree the content and structure of the consultation required to inform Local Government Reform decisions.</li> </ol> </li> <li>6. Note the high-level timeline at Appendix 4.</li> <li>7. Agree to reserve full Council meetings on 15 December 2016 and 26 January 2017 for decision-making in advance of any proposal being submitted to DCLG.</li> <li>8. Agree proposals for resourcing shown at section 8.</li> </ol>
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: List of Functions of Local Authorities in England</p> <p>Appendix 2: Proposed Governance/Decision-Making Process</p> <p>Appendix 3: Shaping Dorset's Future Board: Draft Terms of Reference</p> <p>Appendix 4: Outline Timeline April 2016-January 2017</p>
Background Papers	<p>Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole – County Council 10 March 2016</p> <p>Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole - Cabinet, 16 December 2015, Item 9</p> <p>Invitation to Councils in England to Make Proposals for Future Unitary Structures Or Pioneer New Two-Tier Pathfinder Models (Department for Communities and Local Government, 2006)</p> <p>Establishing Unitary Councils in April 2009: Lessons Learnt (Department for Communities and Local Government, 2010)</p>

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## 1. Full Council 10 March 2016 – Recurrent Themes

1.1 At the meeting on 10 March, 28 of the 39 Councillors who attended took the opportunity to share their views on the future of local government in Bournemouth, Dorset and Poole. 95% of those that voted were supportive of changing current local government structures. The following themes were repeated throughout the discussion:

- The financial challenges facing the principal authorities in Dorset are such that ‘no change is not an option’ – ‘we can’t be sentimental’
- Local communities are the building blocks of successful councils
- Change presents an opportunity to strengthen and clarify local representation and accountability, and reduce bureaucracy – to get away from the ‘current hotchpotch’ and rebalance power at a more local level
- Parish and town councils should be strengthened by new arrangements - ‘parish councils at last have a more positive future’. Respecting towns’ history and local knowledge through the development of ‘Double Devolution’ is fundamental
- The process should be driven by improving outcomes for residents (not saving money or re-drawing lines on a map)
- Key questions to guide decision-making should include:
  - Will the changes strengthen and improve services?
  - Will they assist businesses?
  - What difference will they make to the lives of local residents?
  - Will they empower parishes and towns?
- Consideration of the organisational cultures of any new councils should start early and be informed by principles of community empowerment and subsidiarity
- Relations with the other eight principal authorities will be critical over the coming months
- Members and officers will need to approach this with ‘energy and drive’

## 2. The 2016 Budget

2.1 Six days after this meeting, on 16 March, the Chancellor of the Exchequer made his annual budget statement, which included an announcement that devolution deals – including elected mayors – had been agreed with three new combined authorities.

2.2 The Chancellor announced new agreements to establish combined authorities, with elected mayors, in Greater Lincolnshire, East Anglia and the West of England. The deals are broadly similar in scope: the powers of the mayor in each authority will

include responsibility for a consolidated, devolved, local transport budget, and the combined authorities will oversee budgets in areas such as 16+ skills provision, 19+ adult education, housing, health and social care. The deals included additional 'new' money for investment to boost economic growth - £30 million a year for East Anglia, the same for the West of England and £15 million a year for Greater Lincolnshire.

- 2.3 The Budget also contained a £7 billion cut in the business rates paid by small businesses. In future, increases in business rates will be based on the consumer price index, rather than the (usually higher) retail price index. While this is good news for small businesses, it means that when local authorities retain 100% of business rates, that income will be considerably reduced.

### **3. Local Government Reorganisation: Government Criteria**

- 3.1 During the most recent round of creating unitary authorities, in 2007-09, the Department for Communities and Local Government (DCLG) published a document called *Invitation to Councils in England to Make Proposals for Future Unitary Structures Or Pioneer New Two-Tier Pathfinder Models*.<sup>1</sup> This paper described five criteria on which the Government would decide which applications for unitary status to accept. They were:

- a) that the change to the future unitary local government structures were:
  - i) affordable, i.e. that the change itself represented value for money and could be met from councils' existing resource envelope;
  - ii) supported by a broad cross section of partners and stakeholders;
- b) that the future unitary local government structures would:
  - i) provide strong, effective and accountable strategic leadership;
  - ii) deliver genuine opportunities for neighbourhood flexibility and empowerment; and
  - iii) deliver value for money and equity of public services<sup>2</sup>

- 3.2 Proposals had to be presented in the form of a business case and supporting financial analysis. The business case needed to include the following key elements:

- i) A full description of the proposed local government structure
- ii) The strategic aim of the proposal
- iii) The main benefits of the proposal
- iv) The timing of benefits
- v) A financial case

- 3.3 The business case also needed to reflect 'the diverse communities which may be found in the area of a proposed unitary – ranging for example from small villages/rural communities through market towns to a major urban centre with perhaps its own neighbourhoods. It will also need to show the contribution that ward

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<sup>1</sup>Invitation to councils in England to Make Proposals for Future Unitary Structures Or Pioneer New Two-Tier Pathfinder Models, Department for Communities and Local Government, 2006

<sup>2</sup> Ibid

councillors, town councils, parish and community councils and parish meetings can make to representing, leading and empowering the most local communities within the unitary area' (page 12).

- 3.4 This process established nine new unitary councils including Cornwall and Wiltshire. Dorset opted to become a 'two-tier pathfinder area'<sup>3</sup> which saw it work more closely with the six district councils on a number of partnership projects, including the shared Dorset for You website.
- 3.5 The invitation for areas to make proposals for unitary structures happened almost ten years ago under a different political administration. However then, like now, DCLG believed it was local councils themselves that were best placed to decide on the right arrangements for their area, and while the government identified a role for itself in encouraging and facilitating such arrangements, it would not prescribe the solution. It seems reasonable to assume that the principles of affordability, consensus, leadership and accountability, community empowerment and value for money remain important measures. Government will look to us to attribute weight and significance to these diverse, sometimes competing, measures so that they reflect local circumstances.
- 3.6 At a meeting on 7 March 2016 with the Leaders and Chief Executives of the nine principal councils, DCLG officials advised that Dorset's submission for local government reform should include:
- i) Costs
  - ii) Benefits
  - iii) An options appraisal/review of other options
  - iv) Value for money
  - v) Democratic leadership
- 3.7 At the time of writing DCLG has not provided a definitive list of topics for inclusion in the submission, beyond these broad headings. They expect Dorset to define its measures of success, rationale and evidence. To ensure any submission meets DCLG's needs, officials have advised officers to share drafts of the business case as it develops.

#### **4. Measures of Success: Identifying Local Criteria**

- 4.1 Since the last round of council mergers however, the emergence of LEPs and combined authorities has seen the development of a patchwork of organisational boundaries, and the government has shown itself willing to become involved in determining new local geographies. The government required Norfolk, Suffolk and Cambridgeshire to come together under the East Anglian deal, for example, and encouraged the creation of a Solent combined authority for southern Hampshire, dividing the county boundary). The significance of Dorset's boundaries, history and the sense of identity will clearly be significant local issues.
- 4.2 All councils will be involved in shaping the business case that will be submitted to government. Reflecting on the discussion at the last County Council, and current corporate priorities, the following local issues may be significant as a 'starter for ten':
- Dorset's historical mayoralities and boundaries
  - The role of parish and town councils

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<sup>3</sup> The 2007 submission can be found at [http://www.dorsetforyou.com/media/pdf/1/3/Dorset\\_Pathfinder.pdf](http://www.dorsetforyou.com/media/pdf/1/3/Dorset_Pathfinder.pdf)

- The boundaries of other local public bodies
- Recommendations following the recent OFSTED review of Children's Services
- The health and wellbeing of its population, its demographic profile and addressing inequalities
- The impact of new funding arrangements on new councils and constraints on economic growth and development in different parts of the county
- Existing service-delivery partnerships and programmes (Dorset Waste Partnership, Better Together and the integration of health and social care for example)

## **5. Public Consultation**

- 5.1 The Department for Communities and Local Government expect the principal Councils in Dorset to provide evidence of public and stakeholder support within its proposals, and in July 2016. Currently 8 principal authorities plan to undertake a joint public consultation on local government reform. This will be supported by the County Council's Ask Dorset engagement exercise.
- 5.2 The aim of a joint approach to consultation on the reorganisation of local government in Dorset is to provide residents living in Dorset with the opportunity to look at the case for change and to provide their feedback on the options for reorganisation of local government structures. It will also provide local authorities with invaluable insights to inform their decision-making before a submission is made to the government.
- 5.3 Currently 8 principal councils will be involved in designing the consultation. Questions could cover the following topic areas:
- Local identity –community identity and belonging
  - Key criteria for local government structure, i.e. what are the most important issues to take into account e.g. value for money, efficiency, cost of change
  - Civic and Ceremonial attitudes
  - Financial, e.g. Council Tax implications
  - Economic growth
  - Views on the options (benefits/limitations of the options, alternative options etc)
  - Impact on equalities

## **6. Devolution**

- 6.1 In February 2016 the County Council, working on behalf of the nine principal councils commissioned KPMG to support the development of devolution proposals for Dorset.
- 6.2 KPMG have worked with other areas on devolution – including Greater Manchester – and advised officers that Dorset needs to:
- Tell its own story
  - Create a compelling case, supported by evidence
  - 'Consult, consult, consult - build trust'
- 6.3 KPMG have also advised that it is better to develop a stronger case for a fewer number of 'asks' that form a coherent story, than a list of different asks that don't tell a story. Devolution has been described as a process not an event – Manchester has agreed several 'deals' with government. It seems fair to assume that submitting some core proposals in January 2017 could be the start of an on-going

dialogue between Dorset and the government that leads to further deals in future.

6.4 As noted in section 2 above, the latest devolution deals have all included the creation of elected mayors. Government is increasingly committed to elected mayors and in meetings with officers, officials have noted that 'mayoral deals' will be more generous and will be prioritised by government.

6.5 Councillors are reminded of two key dependencies in relation to local government reform, devolution and the combined authority:

- A combined authority is required for a devolution deal to be agreed (the combined authority is the accountable body for devolution deals). At the time of writing it is anticipated that a combined authority for Dorset will be in place by November 2016. Councils need to remain supportive of the combined authority if they want to start devolution discussions with government.
- Offering local government reform will allow Dorset to request more power and resources under devolution than would be possible under existing local government structures. Local government reform is central to maximising the benefits of devolution for Dorset.

## **7. Timeline and Governance**

7.1 A proposed governance and decision-making model is shown at Appendix 2. This suggests:

- The development of the Shaping Dorset's Future Member group into a Board reporting directly to the County Council.
- The rationalisation of the current Shaping Dorset's Future member workstreams into three groups focussed on:
  - Governance (including local government reform, the combined authority and 'double devolution' to the Parish and Town Councils);
  - Public sector reform; and
  - Consultation and communication.
- The creation of a direct reporting line from this Board to full Council.

7.2 Draft Terms of Reference for the Board are attached at Appendix 3. Councillors are asked to agree these draft Terms of Reference.

7.3 The model shows the County Council's proposed decision-making arrangements. Once a submission is made in January 2017– and councils move into the implementation phase – councils will need to develop partnership implementation structures. Recommendations for an implementation model will be brought back to full council in due course.

7.4 Councillors are asked to:

- Note and agree the model attached at Appendix 2
- Agree the Terms of Reference attached at Appendix 3
- Agree that Group Leaders confirm membership of the Shaping Dorset's Future Board to reflect broad political and geographic representation.



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7.5 A high-level timeline from April 2016 to the point of submission in January 2017 is attached at Appendix 4. Because the government has asked the nine principal councils in Dorset to come forward with mutually agreed proposals, the timeline will need to be responsive to the eight other authorities in Dorset, and to further advice from DCLG. Councillors are asked to note and agree this timeline.

7.6 In order that Councillors can be fully engaged in future discussions, and adequate time is allocated at meetings, Councillors are asked to agree to reserve full Council meetings on 15 December 2016 and 26 January 2017 for decision-making, in advance of any proposal being submitted to DCLG

### **8. Resourcing**

8.1 It is acknowledged that resources will be required to support the development of any unitary proposals. Cabinet have been asked to support the approval of funding as an allocation that be drawn down (not an award). Programme management and project management is in place to take the process forward.

8.2 Resources will also be required for the implementation phase of the establishment of a new council organisation to drive the collaboration and cooperation required to meet the timeline.

8.3 The allocations will be managed through the Programme Office in the Chief Executives department. Expenditure will be reported through the Shaping Dorset's Future Board.

Debbie Ward  
Chief Executive  
April 2016