

County Council

Dorset County Council



Date of Meeting	21 July 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>At its last meeting on 21 April the County Council reflected on the measures that Councillors will consider important in reaching an informed decision about potential local government reform in Dorset. Councillors also agreed the governance and decision-making arrangements – the <i>Shaping Dorset's Future</i> Programme - that would allow these views to be developed and shared.</p> <p>The <i>Shaping Dorset's Future</i> Programme has progressed quickly, providing a strong, member-led mechanism for County Councillors to explore the future of local government in Dorset. It has also developed links with the eight principal councils in Dorset, and its work is integrated at a pan-Dorset level at the Dorset Leaders and Chief Executives Group.</p> <p>The desired outcomes of this meeting are to:</p> <ol style="list-style-type: none">i. Reflect on the progress of Shaping Dorset's Future and how it can strengthen integration with the six District and Borough councilsii. Note progress on work to strengthen links with Parish and Town Councilsiii. Note the developments with the pan-Dorset work on local government reformiv. Note the potential impacts on the County Council's 2017 elections, and possible outcomes <p>This report is intended to inform the on-going discussion among Councillors before the County Council and other principal authorities receive a final report and recommendations.</p>

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<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, discussions with neighbouring councils and subject experts.</p> <p>Budget: The pan-Dorset public consultation and development of the business case are being funded from a Transformation Challenge Award grant received by all nine principal councils from Government.</p> <p>Within the County Council, Cabinet have agreed an allocation of £500,000 to be drawn down as needed. These allocations are being managed through the Programme Office in the Chief Executives Department and expenditure is reported to the Shaping Dorset's Future Board.</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</p> <p>Residual Risk HIGH</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.</p>
<p>Recommendation</p>	<p>That Councillors:</p> <ol style="list-style-type: none"> 1. Note the progress of the Shaping Dorset's Future Programme, particularly the invitation made to the six District and Borough councils to become involved 2. Authorise the Chief Executive, in consultation with the Leader and Shaping Dorset's Future Board, to amend the Terms of Reference for the Shaping Dorset's Future Board to reflect the involvement of the District and Borough Councils involved. 3. Note progress on working with Town and Parish Councils under the 'Working Together' Programme. 4. Note plans to develop a case for change for local government reform, and undertake a large scale public consultation, in partnership with the eight principal authorities in Dorset. 5. Confirm the Chief Executive authority in consultation with the Leader, Monitoring Officer and Shaping Dorset's Future

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	<p>Board to confirm contents and scope of the public consultation</p> <p>6. Note the issues relating to the 2017 County Council elections and potential outcomes</p> <p>7. Request a further report, following the planned public consultations, the development of the case for change, and implications for the 2017 County Council elections.</p>
Reason for Recommendation	To ensure local government services are sustainable and residents, businesses and communities are supported by the most effective local government arrangements
Appendices	<p>Appendix 1: Pan Dorset Milestones Showing Key Activities and Milestones</p> <p>Appendix 2:</p>
Background Papers	<ul style="list-style-type: none"> • Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole – Item 3, County Council, 10 March 2016 • Exploring Options for the Future of Local Government in Bournemouth, Dorset and Poole – Item 10, County Council, 21 April 2016
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1. Shaping Dorset's Future: Progress To-Date

1.1 The *Shaping Dorset's Future* Programme was agreed by County Council at its last meeting on 21 April. Since then the programme has developed quickly, providing a forum for members to explore the major strategic issues facing the county, and give voice to those views both within the council and beyond.

1.2 As reported on 10 March and 21 April, the Government has requested a single, pan-Dorset proposal, and asked the nine principal authorities to work together to submit one agreed 'case for change' in January 2017. Since its inception in April the *Shaping Dorset's Future* Programme has been developing links with work being done on a pan-Dorset basis, under the scope of the Dorset Leaders Group, and members have expressed a desire to work more closely with the six district and borough councils to support this partnership work.

1.3 On 29 June, the Chief Executive wrote to the Leaders and Chief Executives of the six district and borough councils to invite Councillors to join the *Shaping Dorset's Future* Programme. At the time of writing the nature of this involvement is still to be discussed. To allow the council to move quickly once agreement is reached, Councillors are asked to authorise the Chief Executive, in consultation with the Leader and *Shaping Dorset's Future* Board, to amend the Terms of Reference for the *Shaping Dorset's Future* Board

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to reflect the involvement of the District and Borough Councils/other councils as necessary.

1.4 Amongst other things, the Shaping Dorset's Future Programme has:

- Conducted a number of member seminars that have provided a forum for the views of all members to be heard.
- Hosted a member seminar that enabled members to receive information from Wiltshire on their arrangements for Local Area Boards.

2. Working with Town and Parish Councils

2.1 In addition to working more closely with the six district and borough councils, Councillors have expressed a desire to work more closely with Dorset's Town and Parish Councils.

2.2 In December 2015 the Cabinet agreed a protocol that was co-designed with Dorset Association of Parish and Town Councils (DAPTC) to enable the County Council to work more effectively with Parish and Town Councils.

2.3 At the County Council meetings on 10 March and 21 April, the importance of strengthening Parish and Town Councils as part of any local government reform was a recurrent theme.

2.4 Working Together is underpinned by an action plan managed from the Chief Executives Department. Recent work with Parishes and Towns includes:

- Proposed arrangements for Living and Learning Centres
- A new relationship with DCC Highways department
- A Rights of Way partnership
- Future engagement on the consultation for local government reorganisation

2.5 However, it is recognised that engagement with Town and Parish Councils still varies across the council's services. There is still work to be done to embed the Working Together principles, and realise more recent ambitions for Town and Parish Councils under reformed local government arrangements. This work is developing in a number of ways, including:

- Research into arrangements for Local Area Boards, building on the member seminar mentioned at 1.4 above
- A review of the technical requirements of creating new Town Councils (being undertaken by the pan-Dorset Programme)
- The inclusion of new Town Councils in Christchurch and Weymouth being modelled as part of the financial analysis around local government reorganisation (though it should be noted that this is not an agreement to create any new Town Councils, only an agreement to model the financial implications).

2.6 Government guidance from 2015 states that 'the current process for triggering a review to create a town and parish council is initiated by either the local authority choosing to carry out a review, or by local campaigners petitioning the local authority. Once a review has been triggered, the local authority must set the terms of reference, including deciding what geographical area it should cover. The review then needs to be completed within 12 months' [excluding the time taken by the local authority to complete preparatory work or agree terms of reference].

3. Pan-Dorset Partnership Update:

3.1 Work at a pan-Dorset level has focussed on three projects:

- A financial analysis of options (being undertaken by Local Partnerships)
- A public consultation (being run by Opinion Research Services)
- The development of a 'case for change'/business case looking at non-financial issues (a contract currently out to tender)

The Financial Analysis

3.2 Councillors are aware that the nine principal councils have jointly commissioned Local Partnerships, with support of the Local Government Association, to undertake a financial analysis of the options for local government reform.

3.3 On 24 May 2016 the Dorset Leaders considered a draft report from Local Partnerships on the financial assessment of options. The Leaders asked for some further work including an assessment of two other options those being:

- A 'shire' Dorset Unitary and a Bournemouth and Poole Unitary
- A shire Dorset Unitary, and a Bournemouth, Poole & Christchurch unitary

3.4 Local Partnerships presented their findings to the Dorset Leaders and Chief Executives on 7 July. A full report from Local Partnerships will be available in due course. The main findings are as follows:

- i) There is the potential to save annually between £30 and 37.4 million by the creation of one Unitary Council and £25 and £31 million by the creation of two unitary councils. The ranges of quoted savings represent those that may be available once the new councils are established and operating at "business as usual", following the implementation of organisational restructures, property rationalisations and the implementation of authority wide IT systems.*
- ii) The transitional costs for the formation of one unitary will be in the range of £21M to £26M. The transitional costs associated with the formation of two unitaries will be slightly less at between £20M and £25M.*
- iii) Even if these costs were to increase substantially the transitional costs would still be recovered from savings over approximately one year.*
- iv) Local Partnerships' projections, based on councils' medium term financial plans show that councils will need to save £52M from their current budgets prior to the formation of unitaries on 1 April 2019. By 2024/25, Local Partnerships have projected the cumulative budget gap over 6 years for all councils to total £112M, which will require savings of £60M over the 6 years. Their projections suggest that the required savings will peak in 2021/22 when £16M needs to be taken out of budgets, £8M of which is associated with an assumed end to the New Homes Bonus regime. After 2021/22 the cumulative budget gaps start to reduce and by the end of the period in 2024/25 the upper tier councils are projected to achieve surpluses, provided the achieved savings in previous years are recurrent.*
- v) The formation of the unitaries, once they are established will generate savings of approximately £30M per annum compared to the budget gap of £60M over 6 years.*
- vi) Local Partnerships have estimated the cost of County Council services in Christchurch and East Dorset to be approximately £25M and £42M respectively. They accept that further analysis will be required on both the transfer of expenditure and the loss of*

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resources to the County Council if Christchurch and East Dorset were to join a south east Dorset unitary.

3.5 The main conclusions of the assessment are that:

- There is a sound financial case for reorganising local government in Dorset to two unitary councils – the costs of change can be offset by savings in about a year.
- Council Tax harmonisation within any new unitary councils can be resolved over a number of years for all of the options being considered

3.6 Advice has been received from the Department of Communities and Local Government (DCLG) about Council Tax harmonisation. DCLG has acknowledged the issue and offered advice on how best to plan for this. DCLG have made it clear that the government will not permit rises in Council Tax above the national threshold (currently 3.99% for upper tier authorities). Harmonisation can take place over a number of years and this is a matter for further consideration as the longer the time required for harmonisation, the larger the amount of council tax income foregone.

Public Consultations

3.7 The public consultation will be carried out as a single and common process across Poole, Bournemouth and Dorset. Following a competitive tender process Dorset Councils have appointed an independent research company, Opinion Research Services (ORS) to manage the consultation on their behalf.

3.8 ORS are being advised by a pan-Dorset officer Consultation Group, made up of representatives from all nine councils. A Councillor Working Group is about to be established. The final detail of the consultation and engagement activity is being finalised in discussion with ORS. Residents and stakeholders will be invited to take part in the consultation. This work will include a mixture of quantitative (questionnaire) and qualitative (e.g. focus groups, workshops) exercises.

3.9 The County Council's 'Ask Dorset' roadshow model will be adopted as a model for the locality engagement (branded with all the council's logos) and the councils will work together to run them.

The 'Case for Change'

3.10 The impact of changing the structure of local government in Dorset would have a number of significant consequences. Consequently the Dorset Leaders have agreed to commission work on the case of change in respect of each of the options being consulted on. This work will develop in more detail costs and benefits of each option. This will form part of the information that Members will use to consider which of the possible unitary options would be in the best interests of residents and businesses.

3.11 The key elements of this work will be to examine these issues for each option:

- Ability to improve the quality of life of residents and to realise the economic potential of each area
- Effectiveness and efficiency of leadership and governance
- Sustainability of services for the public
- Alignment with the functional geography of each area - the way people live their lives and businesses do their business
- Value for money and savings

- 3.12 This elements reflect broadly the key questions that the Secretary of State and the Treasury will wish to be answered if and when proposals are submitted to government for consideration. These questions are known as the “statutory tests”.
- 3.13 All nine councils are working together, using a competitive procurement process which the County Council will lead, to appoint an independent company to research and develop the case for each option. This work will run in parallel with the public consultations and the outcome will be reported to the Council.

4. The 2017 County Council Elections

- 4.1 Councillors are aware that the County Council has elections planned in May 2017. The cost of running County Council elections is c. £800,000. The timetable for local government reorganisation outlined by Government puts new elections, for any new councils, in May 2018. This raises the question of whether holding elections in May 2017 would meet the best value duty.
- 4.2 In order for the council to defer the 2017 elections, a submission would need to be made to the Government by 30 November. This is before the County Council will be asked to make a decision on local government reform.
- 4.3 Councillors are asked to note that a decision on whether to make this application would have to be made at full council on 10 November.
- 4.4 It is not feasible to provide the evidence for members to consider for LGR by 10 November 2016. Any decision to make a submission regarding the County Council elections would need to evidence why. Having a firm LGR proposal agreed with all partners would be necessary to make its case.
- 4.5 On reviewing the timetables it would not be practical to ask County Council to make the decision to make a submission for deferral by 10 November unless the LGR decisions across Dorset had been made.

5. Risks and Issues

- 5.1 Key risks and issues include:
- National political commitment diminishes as a result of the EU referendum
 - Parliamentary time diminishes as a result of new policies/legislation
 - Councils cannot reach agreement on the shape of any new authorities in the time available
 - Key elements of the case for change cannot be completed within the time available
 - The work detracts from the County Council’s current savings requirements