

## BCFE (08) 16<sup>th</sup> Meeting

Minutes of meeting held on Wednesday 19 November and Thursday 20 November 2008 at Barnett Hill Conference Centre, Guildford, Surrey, GU5 0RF.

Present:

Max Caller CBE (Chair)  
Robin Gray  
Joan Jones CBE  
Dr Peter Knight CBE DL  
Professor Ron Johnston  
Jane Earl  
Professor Colin Mellors

Also present:

Archie Gall	Director
Gareth Nicholson	Media Relations Officer
Graham Essex-Crosby	Local Government Adviser

Chris Wheeler	Independent Financial Consultant
Ken Bell	Independent Financial Consultant
Tony Hall	Independent Financial Consultant

Sam Hartley	Review Manager
Alison Wildig	Review Manager
William Morrison	Review Officer (Norfolk)
Kalim Anwer	Review Officer (Suffolk)
Tim Bowden	Review Officer (Devon)
Megan Bayford	Review Assistant

## **1. Matters arising**

- 1.1 The Committee agreed to cancel its planned meetings on 25 and 26 November and instead use that time to meet with members of the Review Team to further discuss some outstanding issues.
- 1.2 The Chair asked that it be noted for the record that he owns a second home in Suffolk, and reminded the Committee that he had declared this fact at the start of the structural review process. The Director confirmed that, given the nature of the review, the Chair's declaration did not give rise to any potential conflict of interest.

## **2. Financial reports - general**

- 2.1 The independent financial consultants presented their reports to the Committee.
- 2.2 In discussion, the following main general points were made:
  - The workbooks from Norfolk County Council had been amended several times because of revisions from the councils concerned
  - Some s151 officers had seemed to feel they could not get involved in the process
  - S151 officers had specified different levels of acceptable balances, the lowest being 3%, but some were as high as 5%
  - Devon County's submission had relied upon earmarked reserves, which other counties did not do. It was also verified that those that did not use earmarked reserves in their submissions had explicitly stated they were not willing to do so
  - Some s151 officers in Norfolk county had not certified the workbooks
  - The assumptions made about localisation in different counties varied.
  - It was verified that in terms of council tax evaluation, the years had not been calculated in the same way as the payback period. Year 1 of council tax is the first year of the unitary authority's existence. All figures given relate to 2007 figures; they are not real time figures.
  - It was highlighted that the payback period is not defined in the Secretary of State's guidance. Therefore, in accordance with the approach taken in the last round of unitary considerations, the independent financial consultants calculated the payback period as five years from and including the lead up year 2 (i.e. 2009/10), in order to ensure that all transitional costs were captured in this calculation.
  - The reports would be published on the Boundary Committee's website once they had been considered by the Committee.

## **3. Financial reports – Devon**

- 3.1 The consultants reported that Devon County's localisation initiatives were the largest of all submissions. The Committee questioned the redundancy/pay harmonisation figure, but the financial consultants confirmed this was a robust number. It was also confirmed that Devon County intended to use £9 million in earmarked reserves in order to meet the criteria, but this was only around 10% of all reserves, so it would not have a large impact on the county.
- 3.2 The Rural Devon submission was identified as a cut-down version of the Unitary Devon submission.
- 3.3 The independent financial consultants expressed some reservations about the figures submitted for an Exeter/Exmouth unitary authority. They noted that these had been subject to some re-modelling.

#### **4. Financial reports – Norfolk**

- 4.1 There was some discussion about the role of Lowestoft in relation to the financial data. The financial consultants also identified the lack of collaboration in the submissions for Norfolk county, in addition to the lack of agreement over disaggregation of £7m education funding and the costs of a combined fire authority.
- 4.3 The Committee asked to see Waveney's full response to some issues raised in the reports.
- 4.4 It was felt that the Rural Norfolk unitary authority (Patterns A and B) might be able to work if only they had a champion.
- 4.5 The Pattern A – the wedge – contained very little data from greater Norwich.
- 4.6 There were significant council tax reductions in Pattern B Norwich, but taking a realistic stance on education grant disaggregation further increased the risks associated with this submission. The Committee agreed with the financial consultants' evaluations.

#### **5. Financial reports – Suffolk**

- 5.1 The financial consultants reported that modelling for Suffolk submissions had both included and excluded Suffolk County Council's Securing the Future funds.
- 5.2 The Committee questioned why the Ipswich and Felixstowe unitary authority had met the financial criterion on the basis of its' consultants' report, whereas Norwich and Exeter failed. The independent financial consultants' view was that the entire model had been better planned than either Norwich or Exeter, and this accounted for its financial success.

- 5.3 Other patterns in Suffolk were discussed briefly. The Committee underlined the importance of its methods of comparisons in Suffolk, considering that it had two viable patterns to choose between.

## **6. Media handling plan for financial information – BCFE (08) 48**

- 6.1 The Media Relations Officer tabled a media handling plan for the release of the financial reports.
- 6.2 The Committee confirmed that it would take into account any representations or observations it received on the report. The Committee also stated that it wanted all representations received to be passed on to members immediately after receipt.

## **7. Analysis of three criteria**

- 7.1 The Local Government Adviser led a discussion of his evaluation of three of the five criteria in submissions to date.
- 7.2 The Committee agreed that the evaluation was a useful tool for capturing all relevant evidence in relation to the unitary patterns across all three counties and identifying subject areas where further Committee input was required. The Committee agreed that further work on the evaluation should be undertaken by Committee members and staff in the coming few weeks.

## **8. Presentation of analysis of stakeholder responses**

- 8.1 The Review Officers presented various maps illustrating geographically the patterns of representations received from across the three counties.
- 8.2 The Committee welcomed the presentation. It gave a clear indication of what respondents were saying in relation to the draft proposals in each part of each county. Nevertheless, the presentation should be treated as being only indicative, and not relied upon as being a definitive analysis of the responses to consultation. The Committee felt that there was only so much to be gained by looking at maps and breakdowns of numbers. It had undertaken an open-ended consultation process, not a market research survey, so the detailed level and focus of submissions would vary widely. Hence the need for each representation to be read and considered carefully.

## **9. Structural reviews: outstanding issues**

- 9.1 The Committee agreed that some further thought should be given to preserving cities' identity/power in any county unitary model. This would be subject of a separate discussion. The Chair invited Mr Gray and Professor Johnston to produce a note.

- 9.2 The Committee gave further consideration to the representations in relation to the Ipswich and Felixstowe unitary authority boundary, in the event that this formed part of its advice to the Secretary of State. The rationale for the extension of the boundary to include Hadleigh and the surrounding parishes to the west and two parishes to the north of Ipswich did not, in the Committee's view, justify the move. In light of the Greenwich decision, the Committee did not subscribe to the views expressed that the boundary for any new authority should reflect the educational catchment area for the new SWISS centre.
- 9.3 The Committee noted that the boundary could always be adjusted through a subsequent administrative review. The Committee could also flag up any representations it had received on the matter in any advice to the Secretary of State.

## **10. Any other business**

- 10.1 An update on the judicial reviews was given.

### **December 2008**