

BCFE (09) 10th Meeting

Minutes of meeting held on 15 June 2009, in the Boothroyd Room in Trevelyan House, Great Peter Street, London, SW1P 2HW

Present:

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

Also present:

Archie Gall	Director
Louise Footner	Senior Lawyer
Gareth Nicholson	Media and Public Affairs Officer
Alison Wildig	Review Manager
Sam Hartley	Review Manager
Kalim Anwer	Review Officer
Tim Bowden	Review Officer
William Morrison	Review Officer
Megan Bayford	Review Assistant
Chris Wheeler	Independent Financial Consultant
Tony Hall	Independent Financial Consultant

1. Report from the Committee's IFCs – BCFE (09) 33

1.1 The Committee's independent financial consultants (IFCs) gave a brief introduction to their reports on the extent to which the Committee's further draft proposals had the capacity to deliver the outcomes specified by the Secretary of State's affordability criterion, taking account of the comments received during the most recent period for representations. The IFCs indicated that there were a number of common issues that had been raised in the representations from each county

- Concerns over the synopses of costs and savings;
- How the Secretary of State's approach to "in aggregate" would work in practice in relation to the affordability criterion;
- Concern that no comparison was being made with the status quo in the affordability analysis;
- Concerns about the use of shared services;
- Concerns about value for money in changing to a unitary structure; and
- Concerns that the affordability analysis took no account of the changed economic climate.

1.2 The Committee noted the concerns raised. It took the view that the synopses had never intended to give a full and detailed picture of the costs and savings that might be derived from moving to unitary structures, nor were the synopses for each county comparable one with the other. This had been made clear. In relation to the Secretary of State's approach to "in aggregate", the Committee shared the concerns but was required to follow the guidance it had been provided.

1.3 The Committee did not accept the criticism relating to the status quo since the IFCs' analyses indicated that, where the affordability criterion had been met, there were likely to be savings generated as required by the affordability sub-criteria in moving to a unitary pattern of local government. The Committee noted the other matters highlighted by the IFCs.

Devon

1.4 The IFCs discussed their report on Devon. The Committee enquired about the transfer of earmarked reserves between a two unitary authority pattern. The Committee also discussed the 'in aggregate' approach and how a transfer scheme for the transfer of balances/savings between new authorities might operate. Neither the Committee nor the IFCs were aware of any previous such scheme.

1.5 Having considered the IFCs' reports, presentation, and all representations received on the affordability of the proposals, the Committee concluded that both Patterns A and B in Devon had the capacity to deliver the outcomes specified by the Secretary of State's

affordability criterion. In the case of Pattern B the criterion could be satisfied in aggregate. However, the Committee concluded that the level of risk in a single unitary authority was lower than that for the two-unitary proposal, as indicated in the IFCs' report. The Committee also noted that the two-unitary authority pattern would require the transfer of balances/savings

Suffolk

- 1.6 The IFCs discussed the report on Suffolk. The Committee recalled from the previous IFCs' reports that the Ipswich and Felixstowe/Rural Suffolk pattern was the only two-unitary pattern on which the Committee had consulted in the three counties under review in which each authority individually had the capacity to deliver the outcomes specified by the affordability criterion, as well as in aggregate.
- 1.7 The Committee questioned whether the IFCs could take a view on how a boundary change to a two unitary authority pattern might affect the pattern's affordability. The IFCs said that they did not have sufficient data to determine the potential impact of significant boundary changes.
- 1.8 Having considered the IFCs' reports, presentation, and all representations received on the affordability of the proposals, the Committee concluded that both Patterns A and B had the capacity to deliver the outcomes specified by the affordability criterion.

Norfolk

- 1.9 The IFCs discussed their report on Norfolk. The Committee discussed the reports prepared by financial consultants engaged by King's Lynn & West Norfolk and by Norwich City.
- 1.10 The Committee concluded that Pattern A, a unitary county, had the capacity to deliver the outcomes specified by the affordability criterion.
- 1.11 The Committee noted that it had now received four sets of financial workbooks from Norwich City Council in support of the two-unitary pattern. It also noted the observations of the IFCs on the reliability of the assumptions that had been used by the City, and the observations of the City's own financial consultants. The responses to the IFCs queries on the City's assumptions raised more questions than they answered. Many of the issues related to the City's PFI contracts.
- 1.12 Having considered the IFCs' reports, presentation, and all representations received on the affordability of the proposals, the Committee concluded that there were a number of high risks associated with the financial case for Pattern B relating to the potential costs and savings projections. The Committee also had concerns over the reliability of financial data submitted in support of the pattern. Accordingly, the Committee concluded that the two-unitary pattern was

unlikely to have the capacity to deliver the outcomes specified by the affordability criterion in aggregate.

2. Consideration of advice – Devon, Norfolk, Suffolk

- 2.1 In introducing the paper the team made a number of amendments to the figures contained in the respondent tables in all three counties following an audit trail of the representations received. The Committee discussed its view on the figures and how helpful they were in assisting to make judgements. The respondent statistics provided a good quantitative analysis of the representations received, but the Committee's analysis of the representations and context of the views expressed would be essential in reaching conclusions on any final advice.
- 2.2 The Committee noted that the officers' reports were not intended to be an exhaustive summary of all issues during the entirety of the review, but merely an aide memoire for the purposes of the day's discussion.

3. Devon structural review – consideration of advice – BCFE (09) 34

- 3.1 The Committee noted the highly charged atmosphere within which the Devon review had taken place. There had been significant campaigning in support of the status quo undertaken by East Devon, through the use of pre-paid postcards sent to all residents in the district. These had not provided residents with an opportunity to voice a contrary view, although some had in responding direct to the Committee.

Pattern A – a single unitary authority

- 3.2 The Committee considered its draft proposal for a single county unitary.
- 3.3 The Committee confirmed its view that the single county unitary (Pattern A) had the capacity, if implemented, to deliver the outcomes specified by the affordability and broad cross section of support criteria.
- 3.4 The Committee concluded that Pattern A had the capacity to deliver the outcomes specified by the value for money criterion. In particular, given its geography and the influence of Exeter in the County, it was noted that the proposals for the integration of all local authority services in Devon were more compelling than those for the other counties.
- 3.5 The Committee discussed the neighbourhood empowerment criterion in detail. There were some reservations over whether a single county unitary (among the three structural review counties) had the capacity to deliver the outcomes specified by this criterion due to the urban/rural divide and what has been referred to as the "democratic deficit". The

Committee agreed that paragraph 13 of the Suffolk report (BCFE (09) 36) regarding the size of a unitary county, applied equally to Devon

- 3.6 The Committee reminded itself of the wording of the Secretary of State's request for advice in relation to the neighbourhood empowerment and discussed how neighbourhood empowerment was being addressed in other county-wide unitary authorities that had been established. The Committee further discussed the proposed Community Board arrangements for neighbourhood empowerment in a Devon unitary authority and, in particular, how the city of Exeter would be reflected.
- 3.7 The Committee concluded that, on balance, Pattern A had the capacity, if implemented, to deliver the outcomes specified by the neighbourhood empowerment criterion.
- 3.8 The Committee agreed that, from the evidence received, Pattern A had the capacity, if implemented, to deliver the outcomes specified by the strategic leadership criterion.
- 3.9 The Committee agreed that the single unitary authority (Pattern A) had the capacity, if implemented, to deliver the outcomes specified by the Secretary of State's five criteria in aggregate. It confirmed that it would make this alternative proposal to the Secretary of State.

Pattern B – two unitary authorities

- 3.10 The Committee had previously agreed that this pattern had the capacity, if implemented, to deliver the outcomes specified by the affordability criteria but at a higher risk than Pattern A.
- 3.11 The Committee concluded that Pattern B had not attracted a measure of support from key partners, stakeholders and citizens/service users, either individually or when considered in aggregate across both unitaries. In particular, the Committee considered that the very limited cross-section of key partners in support of the Exeter & Exmouth authority did not sufficiently balance both a) the almost complete lack of support or champion for a Rural Devon authority; and b) the levels of objection of key partners and stakeholders from both outside and inside Exeter on the removal of Exeter from the county. The Committee noted that this was apparent not only from the representations received, but from the meetings and roundtables held in the county. Given the evidence received that Exeter was critical to the county as a whole, the Committee had serious doubts whether, even if implemented, this pattern would have the capacity to attract a measure of support.
- 3.12 After discussion, the Committee agreed that both authorities within Pattern B had the capacity, if implemented, to deliver the outcomes specified by the value-for-money criterion.

- 3.13 Similarly, the Committee agreed that both authorities within Pattern B had the capacity to deliver the outcomes specified by the neighbourhood empowerment criterion.
- 3.14 The Committee agreed that Pattern B (in both authorities) had the capacity to deliver the outcomes specified by the Strategic Leadership requirement, but that the Rural Devon authority would benefit from adopting the ideas for leadership outlined for the unitary county proposal.
- 3.15 The Committee concluded that the pattern did not have the capacity to deliver the outcomes specified by all five criteria, in aggregate – specifically failing on broad cross-section of support. The Committee agreed that it would not propose this pattern to the Secretary of State.
- 3.16 The Committee agreed that changes to the boundaries of Plymouth and Torbay were not essential for its proposal of a single unitary authority for Devon to have the capacity to deliver the outcomes specified by the five criteria.

4. Norfolk structural review – consideration of advice – BCFE (09) 35

- 4.1 The Committee agreed that the single county unitary (Pattern A) did have the capacity to deliver the outcomes specified by the affordability criterion.
- 4.2 The Committee noted that of all the unitary county authorities being considered, Norfolk had the weakest level of support. However, the Committee acknowledged that a range of key stakeholders including local government partners did support it. The Committee concluded that Pattern A had the capacity to deliver the outcomes specified by this criterion.
- 4.3 After some discussion including in relation to the successful existing delivery record for county-wide services, the Committee concluded that Pattern A did have the capacity to deliver the outcomes specified by the value-for-money criterion.
- 4.4 The Committee concluded that, on balance, Pattern A did have the capacity to deliver the outcomes specified by the neighbourhood empowerment criterion although it noted that the parish and town councils' general opposition to this authority might reflect a lack of understanding of the plan for neighbourhood empowerment which had been less well developed than in other proposals for county unitary authorities.
- 4.5 The Committee did not agree with the views expressed by the team in paragraph 22 of the report in relation to Strategic Leadership. It considered that a county unitary authority would be likely to deliver the

outcomes specified by this criterion and that the economic influence of Norwich, Great Yarmouth and King's Lynn would support the effective leadership of the county as a whole.

- 4.6 The Committee noted that in any authority established in Norfolk, it would be important for there to be effective working across the county boundary between Great Yarmouth and Lowestoft to address the common challenges faced by those towns.
- 4.7 The Committee concluded that the single unitary authority (Pattern A) had the capacity, if implemented, to deliver the outcomes specified by the Secretary of State's five criteria. It agreed that it would make this alternative proposal to the Secretary of State. It also noted that in making this alternative proposal it would seek to highlight that in Norfolk there was a lower level of support for a single county authority than in Devon and Suffolk, and a higher level of support for retaining the existing structure of local government. The Committee considered that while this pattern, in its judgement, met the tests of the five criteria, the Secretary of State should be made aware that, other than Norwich City Council, there was a distinct lack of appetite for a move to unitary local government in Norfolk. This was in distinct contrast to the position in Devon and, in particular, Suffolk.

Pattern B – two unitary authorities

- 4.8 As previously stated, the Committee concluded that Pattern B did not have the capacity to deliver all of the outcomes specified by the affordability criterion, in aggregate.
- 4.9 The Committee also concluded that Pattern B would not receive a measure of support in aggregate. It noted that in addition to a lack of support among stakeholders and key partners across the whole county there was also strong opposition to the Greater Norwich authority which the Committee considered undermined what little support there was for the pattern.
- 4.10 The Committee agreed that both authorities within Pattern B had the capacity to deliver the outcomes specified by the strategic leadership criterion. It noted that there was a clear focus for Norwich as an economic driver in the county. However, the Committee considered that without the City a Rural Norfolk authority would not necessarily be disadvantaged in delivering these outcomes as it would potentially allow the authority to focus on the challenges faced by the Great Yarmouth, King's Lynn, Thetford and the rural area..
- 4.11 The Committee considered Norwich City Council's proposals for neighbourhood engagement in a Greater Norwich authority were not persuasive. Nevertheless, it concluded that both authorities had the capacity to deliver the outcomes specified by this criterion. The Committee agreed that the unitary county authority neighbourhood

empowerment structure could be sufficiently adapted for a Rural Norfolk authority.

- 4.12 It was agreed that both authorities within the pattern had the capacity to deliver the outcomes specified by the value for money service criterion. However, the Committee noted that achieving value for money services would be difficult given the issues relating to the shared services approach and lack of vision in relation to its implementation. While, with good will on each side, there was little doubt that a shared service approach could work well, However, it was unclear whether that good will was likely to be forthcoming.
- 4.13 The Committee agreed that Pattern B comprising a Greater Norwich authority and a Rural Norfolk authority did not have the capacity to deliver the outcomes specified by the five criteria, in aggregate, and that it would not be made as an alternative proposal to the Secretary of State.

Great Yarmouth and Waveney

- 4.14 The Committee agreed that it did not wish to make any cross-boundary proposal which linked Great Yarmouth or Waveney, or any parts of those authorities. While a Norfolk with Lowestoft authority may have the capacity to deliver the outcomes specified by the five criteria, any pattern of unitary authorities in Suffolk and Norfolk would be stronger if Lowestoft were retained in Suffolk.
- 4.15 However, the Committee agreed that as part of its advice it would highlight that the importance of collaborative working across the county boundary between Great Yarmouth and Lowestoft in any new local government structure.

5. Suffolk structural review – consideration of advice – BCFE (09) 36

- 5.1 The Committee considered the draft proposal for a unitary county in Suffolk.
- 5.2 The Committee agreed that the single county unitary (Pattern A) had the capacity to deliver the outcomes specified by the affordability criterion.
- 5.3 The Committee concluded that Pattern A also had the capacity to deliver the outcomes specified by the broad cross of section of support criterion. The Committee noted that of all three counties under review, Suffolk seemed to have the greatest appetite for unitary local government. .
- 5.4 The Committee concluded that Pattern A had the capacity to deliver the outcomes specified by the value for money criterion. It noted that there would be opportunities for economies of scale and that it would be able to deliver services at a level equal to or better than the existing structure.

It also concluded that a Suffolk unitary county would be able to deliver the outcomes specified by the neighbourhood empowerment criterion and that the vision and structure for engagement identified by the County Council would be effective in delivering these outcomes.

- 5.5 The Committee noted that the vision for the county was not as strong as that for a North Haven authority but considered that the pattern would still have the capacity to deliver the outcomes specified by the Strategic Leadership criterion.
- 5.6 The Committee agreed that the single unitary authority (Pattern A) had the capacity, if implemented, to deliver the outcomes specified by the Secretary of State's five criteria. It agreed that it would make this alternative proposal to the Secretary of State.

Pattern B – two unitary authorities

- 5.7 As previously stated, the Committee concluded that Pattern B could have the capacity to deliver the outcomes specified by the affordability criterion. However, it would be a higher risk in terms of the margins by which it would deliver the outcomes specified by the criterion compared to a unitary county.
- 5.8 The Committee considered in some detail the broad cross of support criterion in relation to Pattern B. The Committee noted the breakdown of support for this pattern, which was comparable with that for the two unitary patterns in Devon and Norfolk. It noted that the range of stakeholders who had supported the two unitary pattern was limited and did not appear to have the capacity to meet the broad cross-section of support criterion.
- 5.9 The Committee agreed that both authorities within this pattern had the capacity to deliver the outcomes specified by the value for money criterion, noting that there would be opportunities for savings through economies of scale and scope.
- 5.10 The Committee also agreed that the pattern had the capacity to deliver the outcomes specified by the neighbourhood empowerment criterion, noting that a third Public Service Village would most likely be required to act as a central location for people living in the centre of the county.
- 5.11 The Committee agreed that both authorities within this pattern had the capacity to deliver the outcomes specified by the strategic leadership criterion. In particular the Committee considered that the vision for the Ipswich & Felixstowe authority was very strong and would be effective in leading the economic development of the area and the county as a whole.
- 5.12 The Committee concluded that Pattern B, comprising an Ipswich & Felixstowe authority and a Rural Suffolk authority, was unlikely to have

the capacity, if implemented, to deliver the outcomes specified by the Secretary of State's five criteria.

Great Yarmouth and Waveney

- 5.13 The Committee agreed that it does not wish to make any cross-boundary proposal which linked Great Yarmouth or Waveney, or any part of those authorities, and that it did not consider that there could be an alternative proposal comprising any part of Great Yarmouth with Suffolk.
- 5.14 However, the Committee agreed that as part of its advice it would highlight that the importance of successful collaborative working across the county boundary between Great Yarmouth and Lowestoft in any new local government structure.
- 5.15 In all three counties, the Committee considered the original proposals from Exeter City Council, Norwich City Council and Ipswich Borough Council. It confirmed its initial view in all three counties that it would not recommend to the Secretary of State that the original proposals were implemented. The Committee discussed whether it was minded to recommend to the Secretary of State that he should not implement the original proposals. The Committee confirmed that it was minded at this time to make this recommendation for each of the original proposals.

6. Northumberland draft recommendations – BCFE (09) 37

- 6.1 The Committee agreed to defer its consideration of the Northumberland draft recommendations until the meeting on 22 June.

7. Stoke-on-Trent – update and media handling plan – BCFE (09) 38

- 7.1 Joan Jones declared an interest and did not participate in the discussion on the Stoke-on-Trent review.
- 7.2 The Committee noted that its meeting on 10 June the Electoral Commission had decided to direct the Committee to undertake an electoral review of the City. The purpose of the paper was to seek the Committee's views on the intended engagement strategy for the review,
- 7.3 The Committee welcomed the paper and made a number of observations on detailed points. The Committee agreed the need for an innovative approach to the review, giving all groups in Stoke-on-Trent the opportunity to make their views known. This might include more meetings locally to hear oral evidence.

8. Operational report – BCFE (09) 39

- 8.1 The Committee noted the report.

9. A.O.B.

- 8.1 During the consideration of advice for the structural reviews, a paper was tabled on city governance. The Committee discussed its contents in relation to its final advice to the Secretary of State. It noted, in particular, that the Secretary of State had no power in a structural change Order to require any new unitary authorities to adopt any particular approach to city governance issues.

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