

Exploring Options For The Future Of Local Government In Poole, Bournemouth And Dorset

1. PURPOSE AND RECOMMENDATIONS

Report Type:	Public Report for Recommendation
Purpose of Report:	To outline options for the future structure of local government in Poole, Bournemouth and Dorset, to commission work to examine the options and to make the case for change in the best interests of residents and businesses in the long term.
Recommendations:	It is RECOMMENDED that: <ul style="list-style-type: none">(i) Members authorise the commissioning of Local Partnerships, supported by the Local Government Association (LGA), in conjunction with all principal councils in Dorset, to examine the financial implications of the options outlined in this report for the future of local government in the sub-region. The brief for the work is attached at Appendix 3.(ii) Members authorise the development of a case for change in conjunction with all principal councils in Dorset, recognising the need to be pro-active in developing new solutions with the opportunity of devolution and the prospect of continuing austerity. In doing so all Councillors will seek to work in accordance with the shared principles outlined at Appendix 1.(iii) Members request a further report presenting an assessment of the options outlined in Appendix 2, and the case for a preferred option.
Portfolio holder:	Leader of the Council
Wards:	Borough-wide
Contact Officer:	David McIntosh

2. BACKGROUND

- 2.1 The government is pursuing policies on devolution, economic growth and austerity. The Chancellor of the Exchequer and the Secretary of State for Communities and Local Government are encouraging local authorities nationally to come forward with proposals to meet the challenges in a spirit of

ambition and innovation. It is expected that the Chancellor's Autumn Statement on 25 November will include further announcements on this policy.

- 2.2 On 17 September 2015 it was announced that the Leaders of Poole, Bournemouth, Christchurch and East Dorset Councils wish to jointly explore proposals for a single new unitary Council to cover the area for their councils and including the services provided by Dorset County Council in this area.
- 2.3 On 12 October a meeting took place involving the Leaders and Chief Executives of all nine Councils in Poole, Bournemouth and Dorset. In doing so they agreed to issue this statement:
"The Leaders of all nine Councils in Bournemouth, Dorset and Poole met to discuss options for the future of local government in the area. In doing so they agreed that they would work together to seek agreement on the future shape of local government in Poole, Bournemouth and Dorset.
All Leaders are committed to working in the best interests of residents and businesses in the long term and recognise the need to be pro-active in developing new solutions with the opportunity of devolution and the prospect of continuing austerity.
Until such time as decisions are made on this, all the Councils will continue with existing plans to deliver services and encourage economic growth."
- 2.4 As part of this there was agreement to consider three options – a pan-Dorset unitary Council including Poole and Bournemouth; a unitary Council for South East Dorset with a structure yet to be determined for the rest of the Dorset area; and a "no change" option retaining the current local government structures.
- 2.5 The Leaders agreed to ask the LGA to assist all nine Councils with the assessment of options and to support a set of principles to guide the way the Councils work together in carrying out this work. For the purposes of clarity, the 9 principle Councils in Dorset are The Borough of Poole, Bournemouth Borough Council, Christchurch District Council, Dorset County Council, East Dorset District Council, North Dorset District Council, Purbeck District Council, West Dorset District Council, Weymouth & Portland Borough Council. A copy of the principles is attached as Appendix 1.
- 2.6 These proposals are at the very earliest stages of consideration. For any change, a case (or cases) will need to be developed that demonstrates that any proposals are viable and acceptable.

3. KEY CONSIDERATIONS

- 3.1 There are two fundamental drivers for making a change to local government organisation in Dorset. First, is how to ensure sustainable public services with significantly reduced funding. Alongside this is how to realise the potential for prosperity in the economy provided by the unique opportunities and characteristics of the area, taking advantage of the current government policy of local autonomy and potential devolved powers for local authorities to decide local priorities, funding and spending plans.
- 3.2 The Benefits of change

First and foremost in considering the case for change, there must be demonstrable beneficial outcomes, opportunities and improvements for residents and service users in Poole, Bournemouth and Dorset. These will be quantified in the coming months. In outline they are:

- Improving and maintaining frontline services through greater capacity
- Providing integrated and consistent leadership across a wider area
- Enabling consistent and efficient service delivery via a joined up approach

- Increasing the economic advantage of the area and creating a more direct and integrated focus on growth and prosperity
- Developing a more business focused Council based on the economic geography of the business community
- Creating a greater strategic presence and influence in the region
- Exploiting commercial opportunities

- Reducing management and overhead costs
- Reducing the costs of public sector provision via economies of scale and transformational change, and facilitating its long-term sustainability
- Avoiding unnecessary competition for key staff and role duplication

- Reducing the complexity of relationships across the wider public sector
- Enabling comprehensive place shaping in the area and therefore providing a catalyst for wider scale public sector reform
- Creating the opportunity for a more significant devolution deal with Government

3.3 Rationale

The future presents significant challenges for councils seeking to maintain services and attract the levels of funding that will make real change. It is likely that the £82m in Revenue Support Grant paid collectively in 2015/16 to the nine Local Authorities in Dorset will be removed during the term of the current parliament.

This presents a threat but also an opportunity. An opportunity for a revised structure for local government in Poole, Bournemouth and Dorset creating a scale that will provide capacity, strategic presence and effective synergy for residents and businesses.

The financial pressures facing Councils mean that change has to be considered. By 2020, all revenue support grant funding from the government to Christchurch Borough Council will have ended. The Council will have to rely

on Council Tax, Business Rates and other forms of income to operate. As the demand for public services is increasing, the current model of local government in the Borough does not look sustainable in the medium to long term. All Councils are considering similar issues.

These foundations of greater capacity, presence and influence will enable future discussions surrounding development of ideas for devolution.

It would also provide an opportunity for the area to command international recognition for business, tourism and sustainability, thus fostering growth, exploiting the natural assets of the area and managing the environment.

3.4 Efficiencies

The creation of a revised local government structure combined with clear managerial and political leadership would:

- Provide a significant opportunity to redesign the existing managerial structures and, more importantly, service outcomes.
- Enable better outcomes to be planned, commissioned and delivered because removing the existing boundaries would reduce the number of delivery partners and strip away much of the bureaucracy and local spatial borders which can obstruct clear community outcomes.
- Help create the conditions for greater levels of innovation and creativity in service commissioning and delivery – ‘more for less’.

A revised structure would help meet the financial challenge for local government but it would not be sufficient in itself. Nevertheless, it would offer the prospect of transforming the provision of frontline services through:

- Integration of services enabling e.g. leaner management, greater depth of emergency planning and so on
- economies of scale,
- a harmonised digital platform that exploits emerging technologies,
- addressing variations in service standards in order to ensure consistency and quality of service delivery,
- the creation of one delivery landscape, and
- the ability to invest in new models of delivery.

3.5 Partners

In considering the case for change we will assess the potential benefits to existing partnerships as well as opportunities for new and greater partnerships. This will include schools, the Dorset Police, the Dorset and Wiltshire Fire & Rescue Services, the Dorset Clinical Commissioning Group, the Dorset Local Enterprise Partnership, the universities and colleges, the Chambers of Commerce and other business groups.

3.6 Fit with the Combined Authority

A revised structure for local government would complement the proposed Combined Authority and would enhance the strategic economic development

potential of the area and support the delivery of the strategic aims of the Dorset Local Enterprise Partnership.

3.7 Opportunity

At the same time, the idea of creating a single form of governance for the area would enhance leadership to a greater extent than the existing local authorities are able to achieve in isolation or even in partnership. This could drive growth and prosperity as well as more effective and efficient local government services for the public. The government's policy, enshrined in the Cities and Local Government Devolution Bill, is creating opportunities to achieve this kind of reform.

Further work will be necessary to explore the potential opportunities of devolution and what the local authorities' requests of government could be in the light of a proposal to reform local government structures.

3.8 The case against change

There is, of course, a case against considering any change. This includes the uncertainty caused, the costs of making the change and the potential loss of local identity if the change is not managed well. However, the financial pressure and the opportunities outlined above could well outweigh these issues along with mitigating actions. Preserving the identity of Christchurch will be vital. This could be achieved, for example, through an enhanced role of Town and Parish Councils – this and other ideas can be considered fully over the next few months.

Planning and delivering any such change will inevitably put pressure on each Council's capacity at a time when a huge amount of change is being worked on by officers and members.

3.9 The Options to be assessed are depicted in [Appendix 2](#).

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

- 3.9.1 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 with the County council and district councils, creating a single tier authority.
- 3.9.2 A unitary Council for this area would be the third largest local authority in England, smaller than Birmingham and Leeds, larger than Sheffield.

Option 2 – A Unitary Council for South East Dorset

- 3.9.3 This proposal is to create a new unitary Council to provide local government services for Poole, Bournemouth, Christchurch and East Dorset.
- 3.9.4 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.

- 3.9.5 A new unitary Council for South East Dorset would be bigger, for example, than Bristol, Southampton, Reading or Brighton and Hove.
- 3.9.6 Given that the proposal affects the Dorset County Council area, it will be necessary to consider the costs and benefits of a revised local government structure for the rest of the County area comprising the four District Councils and other part of Dorset County Council.
- 3.9.7 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.

Option 3 – No change - Retain the existing local government structure

- 3.9.8 The two unitary councils in Poole and Bournemouth and the two tier structure in the Dorset area with a County Council and six district/borough councils would remain as they are.

3.10 Support from the LGA and Local Partnerships

- 3.10.1 The LGA has been asked to be involved in this process by the Leaders of the nine Dorset authorities. Clearly as a membership body, it is important that the LGA has the agreement of all nine authorities if it is to play an active part in this work.
- 3.10.2 The LGA's role so far has been to participate in the conversation between the Chief Executives that has led to the development of a brief for the financial analysis and the identification by the authorities of the short list of options for considerations. The LGA will continue to act as a 'critical friend' to the councils individually and collectively.
- 3.10.3 As long as all of its member authorities affected by the proposals are signed up to the process, the LGA will remain involved and will client manage the financial analysis exercise as detailed in the brief at [Appendix 3](#).
- 3.10.4 Recognising the need for speed, the LGA approached Local Partnerships to discuss the brief on behalf of the nine principal councils. Local Partnerships is jointly owned by the LGA and HM Treasury, and exists solely to provide commercial support and delivery expertise to the public sector.
- 3.10.5 Local Partnerships have recently conducted a similar piece of work in Wales. They provide extensive advice on Shared Service proposals and have undertaken detailed financial modelling and business case development. The method proposed for this work is summarised in [Appendix 4](#).
- 3.10.6 Local Partnerships have offered to undertake the commission at no cost to the Councils, on the understanding that it will allow them to develop a methodology that can be applied in other instances. This would be carried out on the basis of a memorandum of understanding.
- 3.10.7 Local Partnerships' offer of help was discussed by the Chief Executives' Group at its meeting on 6 November and, subject to agreement by sovereign councils, was welcomed unanimously.

4. IMPLICATIONS

Corporate Plan & Council Objectives

4.1. The matter under consideration impacts upon the Corporate Plan in the follows areas:-

- [C1 - Provide communities with opportunities to take greater involvement in running public services]
- [C2 - Improve opportunities for young people to live healthy and successful lives]
- [C3 - Work with partners to ensure crime levels in 2016 do not exceed 2011 levels]
- [C4 - Improve life chances for vulnerable people]
- [C5 - Deliver improvements for health and wellbeing across Christchurch and East Dorset communities]
- [EC1 - Create conditions for existing and new businesses to thrive]
- [EC2 - Encourage thriving and welcoming town centres and a strong rural economy]
- [EN1 - Minimise waste to landfill and optimise recycling]
- [EN2 - Manage the conflicts between developing the built environment and protecting the natural environment]
- [EN3 - Ensure that the principles of sustainability are embedded in the conduct of the Council's business]
- [H1 - Enable provision of housing appropriate to meet all needs]
- [H2 - Promote sustainable housing development]
- [H3 - Facilitate innovative approaches to housing need]
- [P1 - Maximise Partnership activities which maintain services and increase efficiency]
- [P2 - Ensure Council resources are used efficiently and effectively]
- [P3 - Promote a positive reputation with residents, customers and businesses]

Legal

- 4.2. The legislation setting out how a new structure for local government in Poole, Bournemouth and Dorset could be created is within the Cities and Local Government Devolution Bill (which requires Royal Assent in order to become an Act), and is also covered by the Local Government and Public Involvement in Health Act 2007 and the Local Government Act 1972
- 4.3. A fundamental structural reorganisation of the nature contained in the various options outlined in this report could only take place through a central government and parliamentary process.

Environmental

- 4.4. None directly

Financial and Risk

- 4.5. As set out in this report the initial phase of the proposal requires an assessment of the financial implications of options for changing the structure of local government in Poole, Bournemouth and Dorset. This will be carried out as single piece of work by Local Partnerships, with support from the LGA, acting with and on behalf of the nine local authorities. Local Partnerships are willing to carry out the work at nil cost to the Councils
- 4.6. The Councils will also work together to assess the benefits to the public and businesses of each of the options for a new structure of local government in the area. Work-streams will include the development of economic and financial data, communications and engagement as well consideration of organisational design. Much of this will be undertaken by Council officers. Some external support may be required.
- 4.7. Two key issues with any new Local Government structure will be:
- i. the equalisation of the current Council Tax rates of the different areas and the timescale to deliver the equalisation and
 - ii. obtaining a Government direction to capitalise the any redundancy costs on an invest to save basis.
- 4.8. It is recognised that the proposal for a new structure for local government in Poole, Bournemouth and Dorset presents huge challenges. It would be a very innovative and fundamental change to the government of the area and local government services.
- 4.9. There is no doubt that this will be a major project, if not the biggest the Council is involved in, and will require considerable efforts by Members and officers. A review of other priorities will be required
- 4.10. The risks involved in implementing the decisions requested of the Council in this report are that:
- Focus and attention is not maintained on the delivery of the Council's priorities and efforts to balance the budget in 2016/17 and beyond in the MTFP
 - Work to develop and assess the options takes longer than planned and is delayed to the extent that decisions cannot be made and then implemented before 2020.
 - Proposals for the Combined Authority are disrupted.
 - Good relationships with neighbouring local authorities are not maintained.
 - The Secretary of State does not agree to support any proposals submitted by the Councils.

Equalities

- 4.11. None directly
- The equality implications of the proposal will be examined as part of the work to develop the business case.

Consultation and Engagement

- 4.12 It is vital that the public, employees and other stakeholders understand why change is being considered, what the options are and how they can have the opportunity to have their views heard about the options. In due course, a public engagement and research exercise will take place jointly across the nine authorities in Poole, Bournemouth and Dorset.
- 4.13 A mixture of methods could be used in the future including desk research, postal control survey and online survey, engagement meetings and workshops with stakeholders in the public, private and voluntary sector.
- 4.14 No firm proposals in being made for this yet. An engagement plan will be developed and brought back in the New Year, once a more detailed timeline has been developed.

5. CONCLUSION

- 5.1. Local Government faces an unprecedented funding challenge. The financial viability of each individual Council varies, in some cases very significantly. Collectively however, the future deliverability of public services across the Dorset area at a level which meets resident's needs is at risk. Wider public sector reform will be required to deal with this in a comprehensive way. Reorganising councils would be a significant step towards that goal.

Appendices:

- 1. Principles to Guide the Work (as discussed by the Leaders of the Councils on 12th October 2015)
- 2. Map of Options
- 3. Brief for a Financial Impact Study on Potential Options for Reconfiguration of Local Authorities in Dorset
- 4. Summary of Local Partnerships' method statement

Background Papers:

None