

SIMULTANEOUS CABINET

Monday 25 July 2016

FURTHER TRANSFORMATION IN EAST SUFFOLK (REP1380)

PURPOSE OF REPORT

1. Suffolk Coastal District Council ('SCDC') and Waveney District Council ('WDC') have been working increasingly closely together since first sharing a Chief Executive in 2008. This strong and successful partnership culminated most recently in the adoption of a new joint Business Plan, designed to integrate the councils' business planning approach for East Suffolk.
2. This was a unanimously supported positive step towards adopting a more business-like approach to developing financial self-sufficiency, encouraging growth across East Suffolk and enabling our communities to develop from within, to maintain their unique quality of life.
3. SCDC and WDC are committed to building upon this successful shared services partnership working to enhance the quality of life for East Suffolk's residents. Bringing the Business Plans together was an important part of creating continuous improvement, within this ground-breaking operational and strategic partnership. The new Business Plan contains the councils' long-term joint ambitions for East Suffolk, reflecting their determination to push the boundaries of what they can achieve together.
4. The Local Government world however is continually changing and the Government is committed to further public sector reform. Both councils face a number of key challenges, including:
 - The need for investment in growth and infrastructure projects;
 - Addressing increasing housing demand and costs;
 - Growing employment opportunities and wages;
 - Significant reductions in both Revenue Support Grant and New Homes Bonus;
 - Devolution of greater powers from Central Government;
 - Double devolution transfer of functions & responsibilities from Suffolk County Council;
 - Further alignment and integration across the public sector;
 - Improving education and skills;
 - Better use of technology;
 - Further welfare reform.
5. Both councils are committed to ensuring that East Suffolk is in the best possible position to respond to, and take advantage of, these emerging opportunities and challenges. With this in mind one of the planned actions for East Suffolk, as set out in the Joint Business Plan, is to "*Explore the options for further integration between the partner authorities for more streamlined and resilient district services, and evaluate the potential for greater East Suffolk autonomy*". Both Council Leaders therefore asked their joint Strategic Management Team ('SMT') to investigate the various options available for further transformation of the councils' partnership working.

6. The Cabinets reviewed the options presented by SMT at a simultaneous meeting on 14 March 2016 (see 'Further Transformation in East Suffolk' report - REP1359). Having considered the options the Cabinets requested SMT further refine the work conducted to date, regarding the further transformation of the councils' partnership working, and produce a more detailed case for the formal merger of the two district councils for further consideration at a Simultaneous Cabinet Meeting.

Is the report Open or Exempt?	Open
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Wards Affected:	All Wards in the Districts
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Cabinet Member:	Councillor R Herring Leader of Suffolk Coastal District Council Councillor C Law Leader of Waveney District Council
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Supporting Officer:	Stephen Baker Chief Executive stephen.baker@eastsuffolk.gov.uk
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1. EXECUTIVE SUMMARY

- 1.1 At the request of the Leaders of SCDC and WDC, their SMT previously reviewed the various options available for further transformation of the Council's partnership working.
- 1.2 SMT considered both potential incremental and step-change; and did so in the context of the Government's emerging approach. SMT were also particularly mindful of the rapidly evolving devolution agenda and increasing financial challenges for district councils. Devolution however was not directly addressed in the previous report (REP1359).
- 1.3 SMT also limited their proposals to strategic transformation rather than any individual options for separate services. SMT concluded, in broad terms, that any of the first four options below would strengthen both councils' negotiating positions and ability to deliver 'double devolution' for East Suffolk; and that an East Suffolk merger or unitary are likely to be the strongest options in this regard.
- 1.4 SMT's review concluded that there are 5 options available to the partnership. Each of the options and the original summary of the comparative delivery implications is set out below:
- 1.4.1 Forming a wider partnership with 1 or more other district / borough councils;
- 1.4.2 Merging SCDC and WDC to form a single district council for East Suffolk;
- 1.4.3 Forming a Unitary Council for East Suffolk (or some other larger area);
- 1.4.4 Creating a Combined Authority for SCDC & WDC (with or without other Councils);
- 1.4.5 Forming a stand alone 'mutual style' company for East Suffolk (with or without other public and / or private sector partners).

	Councils involved	Governance	Delivery timescales	Costs & savings potential	Relative ease of delivery
Broader Partnership	Not aware of other willing / suitable councils	Shared with other council(s)	Unknown – depends upon identification of a partner(s)	Limited as be proportioned across more partners	Difficult – strong political relationships would need to be built and any misperceptions addressed. It will also inevitably involve disruption through staff restructuring
Merger	SCDC & WDC only	New district council - replacing SCDC & WDC	In place by May 2019	Estimate net savings of £800k p.a.	Easy – PABR process only
Unitary	SCDC, WDC, & SCC	New unitary council - replacing SCDC, WDC & SCC (in part)	Unknown – Principle needs to be agreed by Secretary of State	Limited as would inherit SCC budget gap & higher transitional costs	Difficult – see previous LGR
Combined Authority	Not aware of willing councils	Shared with councils involved	Before 2019	None – estimated to add cost as a result of additional bureaucracy	Unknown - Subject to Cities & Local Government Devolution Act
Mutual	SCC & wider public sector (e.g. police & health)	Jointly owned company with other partners	Depends on partners, but 3 years minimum	Unknown - estimated at over £1m p.a. although higher transitional costs	Difficult – radical change that would require significant negotiation and further legal advice

- 1.5 Following careful consideration of each of the options the Cabinets concluded, for the reasons set out in detail within the previous report (REP1359), that merger is their preferred option. SMT were therefore tasked with further refining the work conducted to date to produce a more detailed case for merger in a format that is compliant with the process for implementing such a merger. This document, now entitled 'The Proposal for merging Suffolk Coastal and Waveney District Councils' is attached at Appendix A.

2 CONCLUSION & NEXT STEPS

- 2.1 Based upon its preliminary option appraisal work, and further refined detailed proposal, SMT believes that merging the two district councils remains the best option for the further transformation of the councils' partnership working.
- 2.2 Merging to become a single Council for East Suffolk is the next logical step in the natural evolution of our 'in partnership' working. Compared with the other potential options it is the simplest to implement, low risk, and involves limited transitional costs. It will also ensure that the Councils are best placed to be able to act with flexibility and agility to respond to future challenges and opportunities facing local government, and specifically in East Suffolk.
- 2.3 'The Proposal for merging Suffolk Coastal and Waveney District Councils' (Appendix A) evidences that merging to become a 'Super District' for East Suffolk would deliver over a further 50% increase in cashable and non-cashable annual savings – estimated to be around £1.3m per annum (of which approximately £900k will be directly cashable after a one year transition period).
- 2.4 Since the Cabinets considered the original report on 14 March 2016 the Government announced a specific devolution deal for East Anglia. Councillors have previously raised some concerns about the potential implications of this devolution process, and the timing of the EU referendum and Lowestoft Community Governance Review, on the process for merger. Although the EU referendum has now passed, similar concerns regarding capacity and the potential for public confusion have now also been echoed by the Department for Communities & Local Government ('DCLG'). On this basis the original indicative timetable for merger has been amended accordingly, as set out below. The parts in bold font denote formal council meetings.
- 2.5 The original indicative timetable included provision for a non-binding local advisory referendum in June / July 2016, as required by the Local Government Boundary Commission for England ('LGBCE'). Councillors had expressed concerns about this process for a number of reasons. These included the timing of it – given the potential clash of timing with the EU referendum, Lowestoft Community Governance Review and summer holidays; the likely costs of it – estimated at £100,000; and the overall value of it – given that it is a non-binding referendum, designed to suit the needs of the LGBCE.
- 2.6 DCLG has also since made it clear that whilst meaningful public engagement is extremely important, such a referendum is of limited value, especially given the potential of such a referendum to significantly distract from the important devolution process taking place between July and October 2016. The DCLG are clear that the decision whether to submit a proposal to merge is, and should be, one for the democratically elected Councillors of SCDC and WDC to take, and it is for them to consider how best to engage their local people in this process. DCLG have therefore recommended that any proposal for merger by SCDC and WDC should be done under the recent powers created by section 15 of the Cities and Local Government Devolution Act 2016.
- 2.7 This will involve any proposal for merger being put directly to the Secretary of State rather than to the LGBCE. Similarly SCDC and WDC's proposals for the size of the new council (number of councillors) would be put directly to the Secretary of State. As a result the LGBCE would carry out a more limited role, developing new ward boundaries for any new council.
- 2.8 The additional benefit of this approach would be that SCDC and WDC would achieve clarity regarding the new council approximately nine months earlier; and would therefore

have from approximately September 2017 through to April 2019 to fully prepare for implementation of the new council.

- 2.9 However effective, value for money, public engagement remains a priority for SCDC and WDC. It is therefore proposed that detailed public engagement is carried out from 1 November 2016 to 12 December 2016, and that this should include telephone polling (between 10 – 15 minutes) of a representative sample of 1000 residents from across East Suffolk. An analysis of this detailed public engagement will form part of the report to the Full Council meetings, proposed to be held in January 2017, as set out in the table and recommendations below.

STAGES	INDICATIVE TIMINGS
Simultaneous Cabinet Report recommending approval of the 'Proposal for merging Suffolk Coastal and Waveney District Councils'	25 July 2016
Consult Suffolk County Council regarding the principle of merging Suffolk Coastal and Waveney District Councils	July 2016
Public engagement regarding the 'Proposal for merging Suffolk Coastal and Waveney District Councils' and representative polling of 1000 residents	1 November – 12 December 2016
Joint Member Working Group formed to consider electorate forecasting	November 2016
WDC & SCDC Full Council meetings Report to approve proposal to merge SCDC & WDC	January 2017
Send proposal to merge to DCLG	January 2017
Joint Member Working Group formed to consider council size (number of councillors) for merged council	February – April 2017
Directly elected Mayor, Suffolk County Council & new Lowestoft town / parish council(s) elections	4 May 2017
WDC & SCDC Full Council meetings Report to approve council size proposal	May 2017
Send approved council size proposal to DCLG	June 2017
Order made by Secretary of State to create new council for East Suffolk (including the name and size of new council) from April 2019	September – October 2017
Joint Member Working Group formed to consider warding proposals based upon the approved council size & governance arrangements for the new council (including constitution, allowances, Cabinet & committee structures etc)	October 2017
LGBCE warding process begins (including public consultation)	October 2017 – September 2018 (LGBCE to confirm how long is required)
WDC & SCDC Full Council meetings Report to approve budget, council tax & governance for new council	February 2019
New council legally takes effect	April 2019
Elections to new council	2 May 2019

RECOMMENDATION

1. That the Cabinet of Suffolk Coastal District Council and the Cabinet of Waveney District Council

each endorse the proposal to create a new single Council for East Suffolk as their preferred way forward.

2. That a summary of this detailed proposal be developed to inform and engage with both the local electorate and stakeholders regarding the Cabinets' preferred approach between 1 November 2016 and 12 December 2016.
3. That an independent telephone poll survey be commissioned, of a representative sample of 1000 residents across East Suffolk, to understand in detail their informed views regarding merger.
4. That following the completion of recommendations 1 to 3 a further report and recommendations be submitted to Suffolk Coastal District Council and Waveney District Council, in January 2017, seeking approval of the proposed approach and agreeing the process and timetable for implementing a new single Council for East Suffolk.

APPENDICES

Appendix A

The Proposal for merging Suffolk Coastal and Waveney District Councils

BACKGROUND PAPERS

Simultaneous Cabinet Report 'Further Transformation in East Suffolk' (REP1359) 14 March 2016