

COUNCIL

Wednesday, 25 January 2017

FURTHER TRANSFORMATION IN EAST SUFFOLK (REP1438)

PURPOSE OF REPORT

1. Suffolk Coastal District Council (SCDC) and Waveney District Council (WDC) have been working closely together since first sharing a Chief Executive in 2008. This strong and successful partnership culminated most recently in the unanimous adoption of a new joint Business Plan, designed to integrate each Councils' business planning approach for east Suffolk.
2. This was a positive step towards adopting a more business-like approach to developing financial self-sufficiency, encouraging sustainable growth across east Suffolk and enabling our communities to develop from within, to maintain their unique quality of life.
3. SCDC and WDC ('the Councils') are committed to building upon this successful shared services partnership, working to enhance the quality of life for east Suffolk's residents. The Joint Business Plan 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. The 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. The 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". The Leaders of the Councils, 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 to further refine the work conducted to date. They requested a more detailed case to support the formal merger of the Councils for further consideration at a Simultaneous Cabinet Meeting.
7. The Cabinets reviewed the detailed proposal for the formal merger of the Councils at a Simultaneous Cabinet Meeting on 25 July 2016 (see 'Further Transformation in East Suffolk' report - REP1380); and endorsed the proposal to create a new single Council for east Suffolk as their preferred way forward.
8. In addition, the Cabinets requested that an independent telephone poll survey be commissioned, of a representative sample of 1000 residents across east Suffolk, to understand the public's views regarding the proposed merger; and a summary of the detailed proposal be developed to inform, and engage with, the local electorate and stakeholders, this work being carried out between 1 November 2016 and 12 December 2016. The opinion polling and public engagement has been completed and the results of this work are contained within this report.
9. The Cabinets of each Council have met on 23 January 2017, at a simultaneous meeting, to reconsider the detailed proposal and the results of this polling and public engagement; their resolutions will be reported orally to the respective Council meetings; the Cabinets were asked to formally recommend to each Council that the detailed proposal to create a new single Council for east Suffolk (Appendix A) be approved and a request be made to the Secretary of State to carry out the formal process of merger.
10. Council is asked, therefore, to receive the Cabinet's recommendation and determine whether to also approve the detailed proposal to create a new single Council for east Suffolk (Appendix A) and to make a request to the Secretary of State to carry out the formal process of merger.

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@eastsoffolk.gov.uk
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1. EXECUTIVE SUMMARY

- 1.1 At the request of the Leaders of SCDC and WDC, the Council's SMT previously reviewed the various options available for further transformation of the Council's partnership working.
- 1.2 SMT considered both 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 the Councils' negotiating positions and ability to deliver 'double devolution' for east Suffolk; and that an east Suffolk merger or unitary were likely to be the strongest options in this regard.
- 1.4 SMT's review concluded that there were five 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 one 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 original report (REP1359), that merger was their preferred option. SMT were therefore tasked with further refining the work to produce a more detailed case for merger in a format that was compliant with the advice received from the Department of Communities and Local Government (DCLG) about the likely process for implementing such a merger. This document, ‘The Proposal for merging Suffolk Coastal and Waveney District Councils’ is attached at Appendix A to this report.

1.6 The Cabinets reviewed this detailed proposal for the formal merger of the Councils at a Simultaneous Cabinet Meeting on 25 July 2016 (see ‘Further Transformation in East Suffolk’ report - REP1380); and endorsed the proposal to create a new single Council for east Suffolk as their preferred way forward.

1.7 Both Cabinets requested, however, that public engagement be carried out between October and December 2016, before the Cabinets would consider whether to recommend their preferred approach to the respective Councils. The results of this public engagement, which included an independent telephone survey of a representative sample of 1000 residents from across east Suffolk, and broader public consultation, are set out below and in Appendix B to this report. The Cabinets considered these in detail at their Simultaneous Cabinet Meeting on 23 January 2017.

2 PROPOSAL TO CREATE A NEW SINGLE DISTRICT COUNCIL FOR EAST SUFFOLK

2.1 Based upon its preliminary option appraisal work, and further detailed proposal, the Cabinets agreed that merging the Councils is the best option for the further transformation of the partnership working which has taken place to date.

2.2 Merging to become a single Council for east Suffolk is the next logical step in the natural evolution of the Council’s ‘in partnership’ working. Compared with the other potential options, it is the simplest to implement, is 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 the 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) shows 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 previously raised some concerns about the potential implications of this devolution process, the timing of the EU referendum and the Lowestoft Community Governance Review, on the process for merger.

3 ADVICE FROM THE DCLG AND LEGAL/GOVERNANCE IMPLICATIONS

3.1 Similar concerns regarding capacity and the potential for public confusion were also echoed by the DCLG. On this basis, the original indicative timetable for merger was amended accordingly, as set out in Report REP1380.

3.2 The original indicative timetable also 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, the Lowestoft Community Governance Review and the summer holidays; Councillors were also concerned about the likely costs of it – estimated at £100,000; and the overall value of it – given that it would be a non-binding referendum, designed to suit the needs of the LGBCE.

3.3 DCLG also made it clear that whilst meaningful public engagement was extremely important, such a referendum would be of limited value, especially given the potential of such a referendum to significantly distract from the devolution process taking place between July and October 2016.

3.4 The DCLG have been clear that the decision whether to submit a proposal to merge is, and should be, one for the democratically elected Councillors to make, and it is for the Councils to consider how best to engage with local people in this process. DCLG have therefore recommended that any proposal for merger by the Councils should be carried out under the powers created recently by section 15 of the Cities and Local Government Devolution Act 2016 (CLGDA). This section provides the primary legislation by which the Secretary of State for the DCLG may, by regulations, make provision about the governance arrangements of local authorities, and their structural and boundary arrangements. S15 (5) provides that any regulations made under this section, so far as they include structural or boundary provisions in relation to a non-unitary district council areas, may only be made with the consent of the local authorities to whom the regulations apply. In turn, the condition about consent in s15(5) expires at the end of 31st March 2019. Therefore, there is a time limit to be mindful of.

3.5 Whilst the primary legislation exists to allow for this type of structural change, the “regulations” or secondary legislation referred to in paragraph 3.4 above have not been made. In order to make them, the DCLG will need to receive a request to do so, and to proceed with the merger. It is, therefore, something of a “chicken and egg” situation. However, advice from the DCLG is that the Councils should proceed to make the request, in order to prompt the making of the secondary legislation. It will also place the Councils first in line to go through this ground-breaking process. Moreover, the DCLG have commented on, and were content with, the Business Case for merger, (and the principles contained in it-see Appendix A to Report REP1380). This, together with the consultation undertaken, will form the basis of the request to the DCLG.

3.6 Therefore, it is suggested that by virtue of s15 of the CLGDA, any request for merger be put directly to the Secretary of State rather than to the LGBCE. Similarly the Councils proposals for the size of any new council created as a result of merger (number of councillors) will need to be put directly to the Secretary of State, also. As a result the

LGBCE would carry out a more limited role, developing new ward boundaries for the new council.

- 3.7 The DCLG have indicated that it will take approximately 6-8 months for them to make the secondary legislation to allow the merger to take place. Therefore, by using s15, the Councils will have the period from approximately September 2017 through to April 2019 to fully prepare for implementation of the new council.
- 3.8 Assuming that the Secretary of State agrees to the request to merge and the secondary legislation is made, the Councils will need to agree what size the new Council will be, in terms of its number of seats/Members. This will likely be at a meeting of the Councils in May of this year.
- 3.9 Other formal steps which will be required are that once the DCLG have made the secondary legislation, the Councils will need to consent, formally, to the making of the necessary order to bring the new Council into existence. This will require a further report in September/October 2017.

4 CONSULTATION

INDEPENDENT SURVEY OF RESIDENTS

- 4.1 ComRes were commissioned by the Councils to conduct the independent survey of a representative sample of 1000 residents from across east Suffolk. This involved 500 SCDC residents and 500 WDC residents. A summary of the findings and the full data sets are attached at Appendix B and within the Background Documents.
- 4.2 The results detail residents' awareness and knowledge of the proposal, favourability and concerns regarding the proposal, priorities for any new council, impact of any reduction in the number of councillors, potential impact on specific groups, priorities for local government; and their likes / dislikes about where they live (as well questions about how they receive information, currently, and would like to, in the future). Some detailed aspects of the survey results are highlighted below.

Favourability & Concern:

- 4.3 When provided with some very brief information about the proposed creation of a single District Council for east Suffolk, a majority of adults surveyed said they are favourable towards the proposal (57%) – more than twice the proportion who said they are unfavourable (22%). Local residents are twice as likely to say they are very favourable than very unfavourable towards the proposal (16% v 8%). It should also be noted that 20% of adults said that they “don't know” how they felt towards the proposal.
- 4.4 Favourability does not differ significantly by subgroup. The majority of adults from all key demographic groups (age, gender, social grade, ethnicity and working status) said that they were favourable towards the proposal.
- 4.5 Later in the survey, having been given further information on the strategic objectives and potential impact of a new single District Council, respondents were asked to share their views towards the proposal again. Having received further information, local residents were significantly more likely to say they were favourable towards the proposal than when initially asked (72%).
- 4.6 Almost all respondents who said they were favourable towards the proposal when asked earlier in the survey remain favourable (96%), and around a quarter who were initially unfavourable (23%) said they were favourable when asked again. The proportion of residents initially saying they 'don't know' also fell by 13 percentage points (20% to 7%), and the proportion who said they were favourable increased by a similar level.

- 4.7 The overall proportion of adults who said that they are unfavourable towards the proposal remained the same (22% at the first favourability question v 21% at the second favourability question).
- 4.8 Three-fifths of adults surveyed (59%) said that they were not concerned about the proposal to create a single District Council for east Suffolk. However, two-fifths of residents (39%) said that they were concerned. These results mirror the favourability responses above. When asked about their potential concerns, the respondents said:
- the impact of efficiency and how the new Council will be run (16%)
 - potential lack of accountability as Councillors represent larger areas (14%),
 - change in services going forward (13%).

Reduction in number of Councillors:

- 4.9 When directly asked, however, what impact they think a reduction in the overall number of Councillors will have on how their Council is run, local residents mostly said it will make no difference at all (40%). Similar proportions said it will have a positive (29%) and negative (26%) impact.
- 4.10 There were no significant differences by demographic sub-group, with the perceived impact of the reduction broadly consistent among different age groups. However, adults who were unfavourable towards the proposal are significantly more likely than those who were favourable to say that the reduction in the number of Councillors will have a negative impact on how the Council is run (52% v 17%). This suggests that for those who did not approve of the proposed creation of a new single District Council, the reduction in the number of local representatives was an important factor.

Importance of achieving the objectives of creating a new single Council:

- 4.11 The majority of adults said that it will be important for the new Council to meet all of the intended objectives. Almost all adults said that it is important that the new Council sustained the delivery of important services to local people (96%) - four in five (80%) said this was very important.
- 4.12 Three in five adults said that maintaining low rates of Council tax was a very important objective for the new single Council (59%).
- 4.13 Few adults in the local area said that each of the objectives listed were not important. Of the intended objectives, strengthening east Suffolk's political voice in the region was seen as the least important – although 77% still saw this as an important objective, compared to 18% who did not.
- 4.14 Again perceptions of the importance of each objective were broadly similar by demographic, including by age and prior knowledge of the proposal. Adults who were concerned about the proposal for a new single Council were significantly more likely than those who were not concerned to say that keeping Council offices in both Waveney and Suffolk Coastal areas was important (93% v 79%).

Broad engagement

- 4.15 As described above, wider community engagement was also carried out by the Councils during November and December 2016. This took the form of press releases, public forum workshops and presentations (such as the East Suffolk Partnership Forum and Locality Network Events), town & parish council engagement and detailed information being provided to every household through the Councils' magazines. In addition

consistent engagement through various social media channels, in particular through advertising on Facebook, increased awareness of the Councils' proposal.

- 4.16 Respondents were encouraged to respond via email but all comments and views, including via Facebook and Streetlife have been considered and analysed. In addition a separate local online petition, objecting to the proposal, was established. Again all of the comments added to that petition have been analysed.
- 4.17 Overall 313 interactions have been registered. It is not possible to directly equate this as being 313 separate individuals as there is some overlap where the same person has commented in multiple ways or times. Similarly it was noted that some of those responding (based upon the addresses they have supplied) were not residents of either Suffolk Coastal or Waveney.
- 4.18 Overall it is clear that the majority of those responding during November and December 2016 were against the proposal (57%). Although responders were not obliged to provide addresses it is also clear from the nature of the responses that those objecting to the proposal tended to be Waveney residents, in particular from Lowestoft. Overall, therefore, there does appear to be a minority of residents from Lowestoft who are opposed to the proposal. The main / common reasons for their objections have been summarised below:
- 4.18.1 Loss of local democracy – the new council will be too big, it will be too distant from residents (both geographically and operationally), will not represent people's needs locally, will not have local knowledge, will not be as accountable to our area, decisions will be 'made in Woodbridge', rural communities will be excluded.
- 4.18.2 Loss of representation – councillors spread too thinly with no-one fighting for the local area.
- 4.18.3 Loss of offices (particularly in Lowestoft) if the new 'headquarters' is East Suffolk House, staff moving out of Lowestoft (with loss of jobs for the area), services will move out of Lowestoft (inconvenient for residents), and wasting the money spent on building Riverside.
- 4.18.4 Loss of identity for Lowestoft – which is completely different to the rest of the east Suffolk area and the needs of the town would be forgotten / lost in amongst the wider east Suffolk agenda.
- 4.18.5 Political influence – Lowestoft will be a Labour voice in an otherwise Conservative area.
- 4.18.6 Lack of Referendum – this significant change should be made via a referendum as doing it any other way is ignoring residents and the Councils are afraid of the result.

Suffolk County Council & Business responses

- 4.19 In order for DCLG to exercise its powers under section 15 of the CLGDA, the Councils have been required to consult directly with Suffolk County Council. The County Council's response is set out below, together with the response from the Suffolk Chamber of Commerce:

"Our Leadership Team (Cabinet and Corporate Management Team) considered your request for a Suffolk County Council response to the East Suffolk Merger proposal at their meeting on 25 October and agreed that they were content that I respond to your e-mail to feedback the discussion.

Overall, Suffolk County Council is broadly supportive of the proposal for Waveney District Council and Suffolk Coastal District Council to merge to form East Suffolk Council. The paper provided communicates clearly the rationale and Members were of the view that this is mainly an issue for Waveney and Suffolk Coastal councillors. We noted the proposed public consultation and delivery timelines.

In terms of a couple of specific observations, Members wanted to emphasise the need to ensure that the specific needs of Lowestoft, in particularly South Lowestoft and Kirkley in terms of inequalities and deprivation are not lost in any proposes for the merger or the parishing of Lowestoft. There was also a discussion about the successes on page 16 of the report and a desire to build on these successes achieved with partners, and continue to work together acknowledging the contribution of the wider public sector in East Suffolk.

Finally, the Leadership Team wishes you, the Leaders, Councillors and Officers at Suffolk Coastal and Waveney good luck in the transition to East Suffolk and we look forward to continuing to build on our positive, productive and valued partnership.”

“This is to confirm that Lowestoft and Waveney, and Suffolk, Chambers of Commerce support the proposed merger of Suffolk Coastal and Waveney District Councils.

Our hope is that the merger process will be strongly and widely supported and implemented swiftly.

Our expectation is that the merger will with fewer councillors, and opportunities for economies of scale, result in speedy and focused decision-making and a more cost-effective and sustainable service which should then be able to invest more in initiatives that support business and economic growth, not least in the Enterprise Zones and more deprived areas.

A merged authority should also work more effectively under any devolution arrangements that may be implemented in future.

We have always worked closely and positively with the local authority members and officers (for example regarding the Lake Lothing Crossing lobby and the Local Plan review) and hope that, as part of the streamlining that will inevitably occur, care will be taken not to lose skills and local knowledge that are essential for the area’s business and economic development. Similarly we hope that the authorities’ commitment to and capacity for partnership working is not in any way weakened going forward.

We look forward to continuing our working arrangement with a new, merged authority, and trust that the new authority will continue to value and work closely with Lowestoft and Waveney, and Suffolk, Chambers of Commerce as the principal voice of business in the area.”

5 REASON FOR RECOMMENDATION

- 5.1 The detailed proposal has been re-considered in light of the comprehensive public engagement conducted between September and December 2016, as set out above. In particular, significant weight has been attached to the informed views expressed through the independent survey conducted by ComRes. This statistically representative survey of the residents of east Suffolk has demonstrated overwhelming support for the proposal (72%) and for the intended objectives underlying the proposal (77% - 96%).

- 5.2 It has been noted however that approximately 20% of those surveyed are opposed to the proposal. They share similar views to those expressed by residents during the broader public engagement. It should be noted, however, that these views have been put forward by less than 313 people and pre-dominantly by residents of Lowestoft. Those commenting have, however, raised clear concerns as expressed in section 4 above. Each of these is considered below:
- 5.2.1 Loss of local democracy – Whilst it is correct that the new council will be geographically larger, the proposal sets out how such additional scale will be beneficial to the residents of east Suffolk; it will enable the new Council to sustain the delivery of important services to local people, lobby more effectively and loudly for the local area, take on and tailor more services to better address local needs, and to ensure that the Council is better equipped to address the future challenges facing local government. The Councils already operate with a single staffing structure and with political representatives from across east Suffolk, which will not change.
- 5.2.2 Loss of representation – No decision has been made yet as to the number of Councillors that will represent east Suffolk. It is possible that this will not change, although it is more likely that there may be some reduction. Overall however, for the reasons set out in the proposal, it is not believed that that will result in any loss of democracy or in any way prevent individual ward councillors from properly and effectively fighting for part or all of their local area.
- 5.2.3 Loss of offices – There will be no loss of offices, with staff remaining at and decision making continuing to be made from both main Council buildings (Riverside and East Suffolk House).
- 5.2.4 Loss of identity for Lowestoft – Making Lowestoft a strong and thriving town is important not just for the town but for the wider area and the whole of Suffolk. It is partly for this reason that WDC has made the decision to create a separate town council for Lowestoft.
- 5.2.5 Political influence – The political balance of an area is not and should not ever be a basis for determining the future geography of local government. This is a matter for the electorate at the ballot box.
- 5.2.6 Lack of Referendum – This has been considered and addressed above – see section 2.
- 5.3 In all the circumstances, having carefully considered the Business Case for the proposals previously, (in Reports REP1359 and REP1380) and the public engagement and consultation as a whole, it is still recommended that the Councils proceed to request that the Secretary of State creates a new single Council for east Suffolk from 2019.

RECOMMENDATION

That following consideration of the Business Case for the proposals previously (in Reports REP1359 and REP1380), and the public engagement conducted by the Councils, the Council of Waveney District Council:

- (i) approve the proposal to create a new single Council for East Suffolk as their preferred way forward and
- (ii) authorise the Chief Executive Officer, in consultation with the Leaders of the Councils, to submit a written request to the Department of the Communities and Local Government to commence the formal process of merger of the Councils, based on the proposal set out in Appendix A to this report.

APPENDICES	
Appendix A	The Proposal for merging Suffolk Coastal and Waveney District Councils
Appendix B	'A Single Council for East Suffolk: An Independent Survey of Residents' (ComRes – October 2016)
Appendix C	Indicative implementation timetable

BACKGROUND PAPERS
Simultaneous Cabinet Report 'Further Transformation in East Suffolk' (REP1359) 14 March 2016
Simultaneous Cabinet Report 'Further Transformation in East Suffolk' (REP1380) 25 July 2016
ComRes Methodology & Full Datasets
Full responses to engagement during November and December 2016