BABERGH DISTRICT COUNCIL

FROM: **Joint Member Integration and Merger Review Board** **REPORT NUMBER:** **K88**

TO: **STRATEGY COMMITTEE** **DATE OF MEETING:** **16 September 2010**

REPORT OF THE JOINT MEMBER INTEGRATION AND MERGER REVIEW BOARD HELD ON 7 SEPTEMBER 2010: DETAILED BUSINESS CASE

1. PURPOSE OF REPORT

1.1 To consider the Detailed Business Case for the integration of staff at Babergh and Mid Suffolk District Councils or the creation of a single new Council for the Babergh and Mid Suffolk areas. This report will also be considered by Mid Suffolk's Executive Committee on 20 September 2010.

2. RECOMMENDATIONS TO COUNCIL

2.1 That the principle of the creation of a new single Council be endorsed as the preferred way forward and communicated to stakeholders

2.2 That further detailed work be undertaken on the transitional arrangements, including the necessary preparatory work for a public referendum in May 2011

2.3 That the process of integrating the staff of both Councils into a single management and staffing structure be continued as assumed in the business case in this transitional period

2.4 That a further report and recommendations be submitted to both Councils as soon as practicable, seeking endorsement of the proposed detailed approach and timetable for moving towards a single Council from April/May 2012

2.5 That the report referred to in 2.4 above include the recommended process and timing for instigating the recruitment of a single Chief Executive and, if necessary, appropriate interim arrangements to provide adequate leadership to the process of staff integration prior to the start date of the Chief Executive's appointment

2.6 That the two staff related documents "Consultation Framework for Matters Affecting Staff, August 2010", and the "Vacancy and Post Management Protocol for Integration, August 2010" (attached to the Detailed Business Case as Appendix 11) be endorsed to support the necessary changes

2.7 That the Secretary of State for Communities and Local Government be informed of the decision of the two Councils with a view to seeking suspension of the May 2011 District elections in Babergh and Mid Suffolk, on the grounds that both Councils, subject to a local referendum, are committed in principle to the creation of a new single Council from April 2012.

The Committee is asked to make recommendations to Council on the above matters.

3. FINANCIAL IMPLICATIONS

3.1 There are none arising directly from this report. The financial implications of staff integration and/or the creation of a single Council are as set out in the Detailed Business Case, attached at Appendix 1.

4. RISK MANAGEMENT

4.1 The risks associated with this project are as set out in the Business Case, attached at Appendix 1.

5. EQUALITIES AND DIVERSITY IMPLICATIONS

5.1 Equality Impact Assessments are part of the legal duties set out in the Race Relations Amendment Act and are also included under the new Disability Equality duty and Gender Equality duty. An Impact Assessment is a pro-active step to ensure wherever possible preventative measures are taken to avoid discrimination or unfairness on any grounds before it occurs.

5.2 Elected Members have commenced work to develop a future vision and purpose that will inform all decisions arising from implementation of the Business Case. Elected Members are clear that the proposed vision must include a commitment to protect the vulnerable. It is within this context that Equality Impact Assessments will be undertaken on proposals to reshape services that arise from this Business Case.

6. KEY INFORMATION

6.1 At its meeting on 7 September 2010, the Joint Member Integration and Merger Review Board considered the Detailed Business Case for the integration of staff of Babergh and Mid Suffolk District Councils, and for the creation of a new single Council for the Babergh and Mid Suffolk areas.

6.2 The Review Board considered the content of the Business Case in detail, and accepted that there was a sound business case either for the integration of staff of both Councils or for the creation of a new single Council. However, the Board concluded that the option of moving towards the creation of a new single Council from April/May 2012 offered the most sustainable approach to finding the long term financial savings needed, whilst also protecting front-line services to the public as far as possible.

6.3 It was noted that the Business Case showed the minimum level of savings likely to be achieved, but that the actual level of savings generated was likely to be more than these projections.

6.4 It was equally noted that even the creation of a new Council would not obviate the need for savings through service cuts. Nonetheless, the savings to be achieved from reduced management costs and other organisational overheads would help to appreciably reduce the need for service cuts.

6.5 The Business Case identified manageable options to achieve Council Tax equalisation over a four year period, and also demonstrated how capitalisation could reduce the payback period of transitional costs.

6.6 The two Councils have similar HR policies and the Business Case assumed that a cost neutral single set of staff terms and conditions could be achieved. In relation to the appointment of a single Chief Executive, and other potential redundancy situations, the Review Board received confidential HR and Legal advice and recommendations, which is as detailed in a confidential report – Agenda Item 16 (Paper K92) refers.

6.7 The Review Board noted that the Constitution Workstream Members were leading a review on how consultation and engagement at Locality level might be improved in new Council arrangements, and that this work would be done in consultation with key stakeholders.

6.8 The Review Board took account of the advice of the Local Government Boundary Commission for England in relation to the likely process and timing of a combined Boundary and Electoral Review during 2011. It was recognised that a great deal of work would be necessary prior to holding a referendum in May 2011 to test public support for the proposal. Whilst this would place a lot of pressure on staff and Members of both Councils, the Joint Board considered that the creation of a single Council was the right approach in principle, and that there were no compelling arguments to delay the commencement of that process. In particular, Board Members were aware of the need to tackle the immediate financial pressures facing both Councils as well as the need to give clear purpose and direction to staff, who had already been through a prolonged period of uncertainty during the unitary review process.

6.9 Whilst the Review Board clearly recommended that the creation of a new single Council as the best way forward, Members nonetheless considered that, if this were not agreed, or if the process failed at any stage, staff integration should continue to be progressed as envisaged in the business case.

7. APPENDICES

Appendix 1: Detailed Business Case

8. BACKGROUND PAPERS REFERRED TO:

None

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APPENDIX 1

Babergh and Mid Suffolk District Councils

Detailed Business Case for Staff and Service Integration, and for the Creation of a New Council

SEPTEMBER 2010

BDC/MSDC

Detailed Business Case for Staff and Service Integration, and for the Creation of a New Council

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NB. Various Appendices are available in a separate document.

1 Introduction and Background

1.1 Babergh and Mid Suffolk District Councils have been investigating the benefits of a more strategic and sustainable approach to joint working and service transformation, through integration of staff and services or the creation of one single council.

1.2 This work has been driven by the fact that, in common with all local authorities, both Councils will face unprecedented financial pressures over the next few years. It is estimated that joint savings of some £5.7m will be needed over the next three years alone, which represents around 25% of the general fund budget requirements of both Councils in 2010/11.

1.3 Over the past 6 years, both Councils have consistently exceeded the efficiency targets set by the government and have done so by identifying savings and efficiencies that did not adversely impact on services for our residents. However, in spite of this, both Councils have still had to make further budget savings, beyond the efficiency targets, which have resulted in reduced services, reductions in community grants, or increased charges etc in order to keep increases in Council Tax as low as possible.

1.4 The recognition by both Councils of the scale and immediacy of the challenge with which they were faced was reflected in their support for the principle of a unitary model for Suffolk during the recent Local Government Review. When it became clear that unitary local government was no longer an option, both Councils agreed on the need to identify a deliverable and sustainable alternative.

1.5 Both Councils also recognised the increased risk to a successful outcome through the involvement of too many prospective partners, as evidenced by their Local Government Review experiences. To militate against this, each Council took the decision to commit to preferred partner status with the other, Babergh on 28 January 2010 and Mid Suffolk on 25 February 2010.

1.6 This decision was not intended to preclude other suitable partnership arrangements, as evidenced by the progress both Councils are making with Ipswich Borough Council in setting up a shared Revenues and Benefits service from April 2011. Rather, it was simply intended to allow for a focused approach on the creation of a necessarily radical sustainable solution that would be, as far as possible, under the control of the two Councils concerned and not susceptible to conflicting objectives amongst a wider group.

1.7 To further minimise the risk of conflicting objectives, both Councils agreed (Babergh on 20 April 2010 and Mid Suffolk on 20 May 2010) that:

- Value for money for Council Tax payers should be the paramount objective in undertaking this review, and;
- Any programme of strategic integration should aim to achieve a jointly agreed balance between financial savings and future resilience in all aspects of service delivery.

1.8 In support of this objective, a High Level Outline Business Case (HLOBC) was submitted to the Babergh Strategy Committee and Mid Suffolk Executive Committee on 29 July and 2 August 2010 respectively.

1.9 This further report supports the HLOBC with additional detail and with a view to seeking a mandate to proceed with the integration of staff and services across the two councils and to trigger a process towards the creation of a single new council. To this end, this report should be read in conjunction with the previous HLOBC. [This is available at http://www.midsuffolk.gov.uk/AboutUs/MidSuffolkAndBaberghWorkingTogether.htm or http://www.babergh-south-suffolk.gov.uk/babergh/home].

2 Conclusions and Recommendations

2.1 In considering possible staffing integration or the creation of a new single Council, it is necessary not only to compare the relative benefits and risks of each scenario, but also to compare these with what the two Councils might be able to achieve without making either of these radical changes.

2.2 The option of simply creating a single Chief Executive and shared Management Team was rejected at the high level outline business case stage on the grounds that the relatively limited savings did not justify either the up-front transitional costs or the potential disadvantages to both councils from this original Scenario 1.

2.3 More broadly, whilst both Councils have exceeded the Government's efficiency targets over the last 5 years, there would undoubtedly still be a degree of scope for each to make some further stand-alone savings that would not necessarily lead to a reduction in services or necessitate the type of radical structural changes addressed in this review.

2.4 However, against the background of savings and efficiencies that have already been achieved by both Councils and in comparison with the savings now needed, these are likely to be both limited in their nature and disproportionately difficult and costly to extract e.g. through business re-engineering reviews in individual service and process areas that are already generally only employing a very low number of full-time equivalent staff in each Council.

2.5 Ad hoc service delivery partnership opportunities could also arise fortuitously or be proactively created that would further help either or both Councils to make some of the necessary savings over the next three years and beyond. The two Councils remain open to creating and participating in such opportunities e.g. the planned shared Revenues and Benefits partnership with Ipswich Borough Council.

2.6 However, by their very nature, service-based partnership arrangements are unlikely to penetrate a substantial part of the management and overhead costs that accrue to any Council simply by virtue of its existence as a separate corporate entity.

2.7 The level of efficiency savings and partnership working opportunities likely to be achieved without detriment to front-line service delivery in any stand-alone scenario for each Council is not considered likely, therefore, to get remotely close to achieving the scale of savings necessary over the next three years and beyond. In the absence of a radical plan, such as either of those addressed in this paper or any, as yet unidentified, alternative proposition, some very painful front-line service cuts would therefore be unavoidable over the next three years in order to meet the required savings. At the same time, both Councils would probably remain unable to shed a significant part of the overheads and management costs that they unavoidably carry as separate Councils.

2.8 Therefore, it is concluded that any appreciable further efficiency savings will only be achieved by a radical change to the way both Councils now operate e.g. by jointly creating better economies of scale to reduce overall organisational overheads and management costs, whilst also creating savings from the more efficient joint delivery of front-line services wherever possible. Maintaining the status quo, building on existing partnership working, and taking further opportunistic initiatives, will simply not deliver the level of savings required to meet the budget deficit, whilst also maintaining key services for residents.

2.9 By comparison, and to varying degrees, either a fully integrated staffing structure serving two separate Councils (Scenario 2) or the creation of a single new Council (Scenario 3) would provide significantly greater opportunities to make savings from reduced management costs and other overheads before having to resort to service cuts. The financial analysis clearly supports a business case for both scenarios, and both should therefore be endorsed as viable options.

2.10 In either of these scenarios, but particularly in Scenario 3, both Councils would need to agree a clear shared medium to long term vision for what they want to achieve and where they want to be in 3 or 4 years time and beyond. They must then determine how the two existing organisations can be repositioned to ensure that maximum resources are geared to achieve that vision. This means concentrating on creating the most cost effective, efficient and customer focused organisational structure(s) to deliver an agreed range and quality of services that meet the needs of our residents.

2.11 The business case demonstrates that the creation of one new council, whilst being more complex and resulting in the greatest change, would deliver the greatest benefits both financially and organisationally and therefore should be the preferred option. Integrating management and services should be the default option if, for whatever reason, one single new Council cannot be delivered, or as a precursor to it.

2.12 Either scenario would result in unprecedented change to democratic engagement with our communities, as well as to working arrangements for our staff and elected Members. There will be considerable transitional issues to resolve in either scenario, in particular with the creation of a single new council. It will neither be possible nor practical to understand, answer or resolve all of the issues up front.

2.13 It is therefore critical that there is sufficient confidence that the option selected is the best in principle to deliver the Councils' agreed shared vision and to meet the current and future challenges successfully. This would help to achieve sustained commitment and resolve to successfully drive through the necessary changes during the transitional period, and to deal with the difficult issues that will inevitably arise in that time without derailing the whole process.

2.14 Significant change will always cause concern and anxiety. However, both Councils have a successful history of partnership working and managing change. Managers on the Joint Officer Board do not believe there are any significant issues that cannot be resolved or that would have significant financial implications that would undermine the business case being presented.

2.15 It must be emphasised that neither of these scenarios would in itself achieve in full the scale of savings now needed. Whilst this detailed Business Case concludes that Scenario 2 could achieve minimum savings of £2.1m and Scenario 3 minimum savings of £3.3m by 2014/15, compared to a projected joint savings requirement of around £7.2m over the four year period (the £5.7m required by 2013/14 rolled forward a further year.

2.16 Thus, neither staff integration nor the creation of a new Council should be seen as the total solution to this huge financial challenge. Service cuts over the next three years will remain inevitable, even in the most ambitious change programme. However, the substantial extent to which either of these scenarios would reduce the need for front-line service cuts provides a sound business case for proceeding with one of these options (See Figure 1 below).

2.17 If, however, neither of these options is identified as an agreed way forward, and no alternative option is identified, then both Councils will need to give immediate and urgent attention to a range of budget cuts that are likely to decimate key areas of service delivery from next year onwards.

2.18 The longer the delay in making a decision on which option to pursue, the greater the level of short to medium term (quite possibly ad hoc) service reductions that will be required to make the necessary budget savings. Therefore, unless and until a coherent strategic option is agreed, the debate in both Councils during that vacuum will inevitably be dominated from here onwards by which service cuts should be made, where and when.

2.19 This is, therefore, a time for strong and sustained political and managerial leadership and vision, in the absence of which the risk of failing our communities and stakeholders, including our staff, is very high.

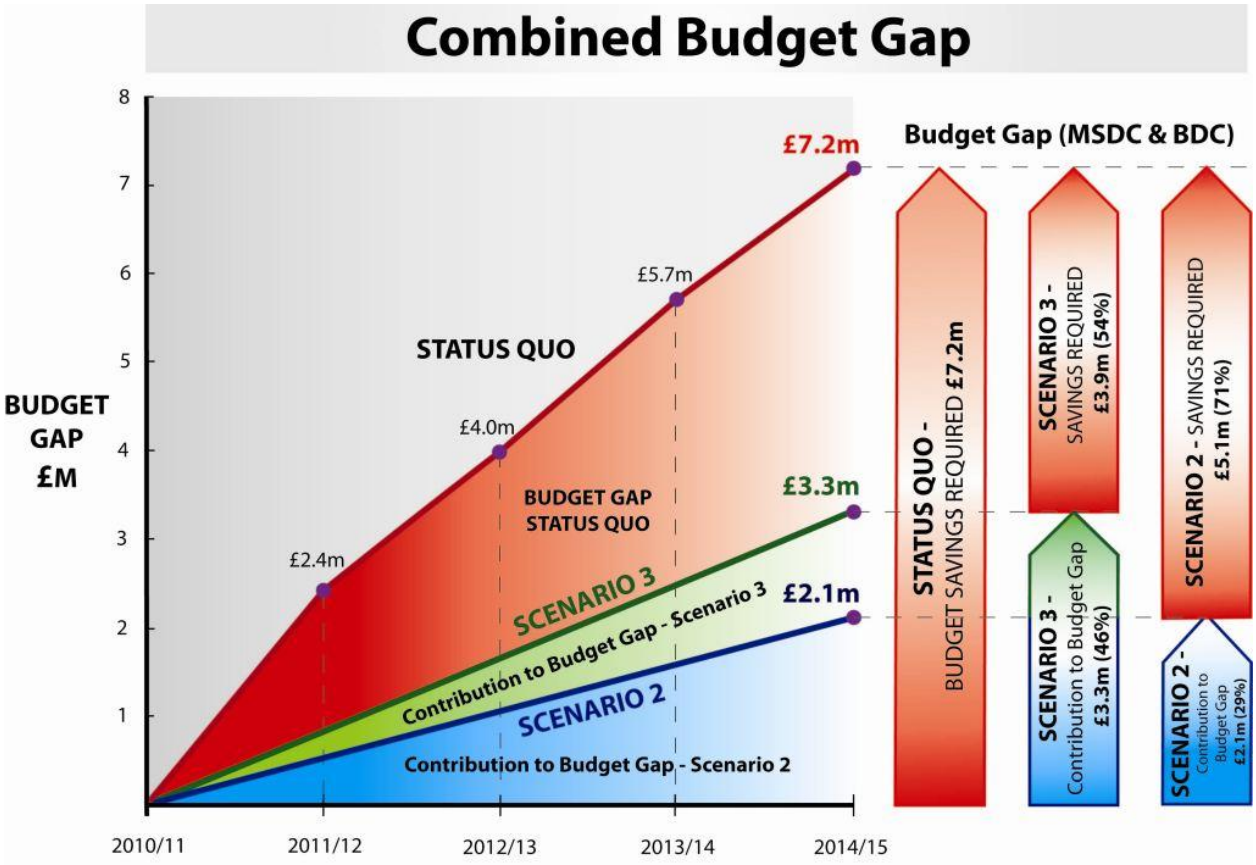

Figure 1 – Illustration of the budget gap and savings for various scenarios

Note - The above is purely illustrative and is dependant on a number of significant variables. For example, the scale of the Budget gap will be affected by the Government's Spending Review and the actual net savings will be subject to timing, capitalisation and other decisions. These will be factored into the final business case that is prepared for external validation and submission to the Local Government Boundary Commission for England.

Recommendations

It is recommended that :

1. The principle of the creation of a new single Council be endorsed as the preferred way forward and communicated to stakeholders.
2. Further detailed work be undertaken on the transitional arrangements, including independent validation of the financial assumptions in the business case and the necessary preparatory work for a public referendum in May 2011 working with the Boundary Commission and other stakeholders.
3. The process of integrating the staff of both Councils into a single management and staffing structure be continued as assumed in the business case in this transitional period
4. A further report and recommendations be submitted to both Councils as soon as practicable, seeking endorsement of the proposed detailed approach and timetable for moving towards a single Council from April/May 2012.
5. **Either** the recruitment process to the Chief Executive position be commenced in October 2010, **or** the further report referred to in recommendation 4 should include the recommended process and timing for instigating the recruitment of a single Chief Executive and, if necessary, appropriate interim arrangements to provide adequate leadership to the process of staff integration prior to the delayed start date of the Chief Executive's appointment
6. The two staff related documents, 'Consultation Framework for Matters affecting Staff', August 2010, and the 'Vacancy and Post Management Protocol for Integration', August 2010, be endorsed to support the necessary changes.

Alternatively, in the event that the creation of a new single Council is rejected in principle, or delayed for any reason, it is recommended that

7. The principle of the integration of the staff of both Councils into a single staffing structure from April 2011 be endorsed
8. The process of staff integration be pursued immediately, including the instigation in October 2010 of the recruitment of a single Chief Executive from April 2011
9. The two staff related documents, 'Consultation Framework for Matters affecting Staff', August 2010, and the 'Vacancy and Post Management Protocol for Integration', August 2010, be endorsed to support the necessary changes.

3 Strategic Context and Vision

3.1 Both Babergh and Mid Suffolk District Councils understand the imperatives of finding solutions to the financial challenges facing them. Joint savings of some £5.7m are already required over the next three years. The economic picture remains uncertain, and although the impact of the next Comprehensive Spending Review in October 2010 is as yet unknown, it is unlikely to materially alter the Councils' financial projections for the better.

3.2 It is also recognised that the potential solutions to these challenges cannot be considered in a vacuum, but must be positioned within a much broader strategic framework and vision for the two Council areas.

3.3 To this end, work has and will continue to be undertaken by the Joint Member Board (JMB), within political groups, and in work shops for all Members of both Councils, to articulate the future vision and purpose that will inform the key decisions arising from this review.

3.4 Work is being informed by a comparative review of the Strategic Plans of both Councils (see Comparison of BDC and MSDC Strategic Plans below and Appendix 1), which demonstrates a good fit between the current priorities of each.

Comparison of the BDC and MSDC Strategic Plans

The proposed integration of management and services, and the creation of a single Council, will be greatly aided if there is a common strategic focus and vision. Whilst the emphasis should be on the development of a vision and strategy for the future, it is helpful nevertheless to take a 'backwards' look and compare the current strategic plans of both Councils.

To this end, a short comparative study has been undertaken, which confirms there is a high degree of alignment between the current priorities and values of the two Councils. This augurs well for the prospect of achieving a compelling vision, strategy and priorities for the joint area. This is particularly important for the scenario of integrated management and services across the two Councils. Clearly the scenario in which there is a single Council will inherently support the development of a single strategic plan and vision.

The top level themes and priorities in both plans are remarkably congruent, which should help to ensure that the future development of shared priorities is a relatively straight forward exercise.

Although the current priorities considered by this review provide an excellent baseline for further developmental work, it will also be important to consider the context of the new organisation, particularly in respect of different levels of resource, a combined area and a new political structure. Determination of the strategic priorities will require more detailed work, linked to community input to help to shape the focus of the new organisation.

Key points from the comparative analysis of the Strategic Plans are summarised, with more detailed tables in Appendix 1.

3.5 From those discussions, a shared vision is beginning to emerge of what we want the Babergh and Mid Suffolk area to be like as a place to live, work and relax in the years ahead, and how the two Councils should be repositioned to play a full part in realising that future is summarised below:

Giving vision and purpose to a new beginning

A vision for a new organisation and the area it serves cannot be created overnight; it has to evolve from what already exists and the collective aspirations of community representatives. It cannot happen by chance. In the current financial context we must know why we want to do what we believe must be done. The journey has to begin now in articulating a vision from which a new organisation and the communities it serves can grow and respond to the challenge of less money and increased demand.

Elected Members are representatives of their communities but they are also an employer and policy maker; they are in the driving seat to articulate the vision and aspirations that citizens should expect from them as custodians of public money. Over the past few months the dialogue has confirmed that there are many things that elected Members of the two Councils agree upon. A consensus is emerging about the key characteristics that a new organisation should sign up to. Debate and experience will provide the finesse and the polish but sitting behind this business case is a common set of principles. The way we work and our ambition for the area will be characterised by:

- An organisation that leads the way, focuses on its citizens through their eyes and their perspective and provides affordable access to services
- A high performing flexible organisation offering value for money in all that it does
- An organisation that listens to, engages with and empowers communities
- An ambition that is rich in endeavour and commonsense where enterprise and innovation is key to success and we engage, empower and listen to communities
- A culture of openness and trust where staff and councillors exhibit the highest levels of personal and public integrity and accountability to citizens
- A concern to protect vulnerable people and to work with the voluntary sector where our objectives are mutual
- High visibility of councillors in their localities working with local people to provide local solutions
- A commitment to create flexible locality working arrangements that suit what Town and Parish Councils and local stakeholders feel is right for them
- A modern and progressive attitude where technology is a tool to maximise effectiveness and communication
- A mixed economy of sustainable service delivery where collaboration and partnership is key
- Devolved services and decision making where it is appropriate and desired by the local community
- Rationalise the Council's "offer"; concentrate on delivery of a smaller range of key services to a high standard which are readily accessible
- An attitude where what we do must be local enough to be relevant but large enough to be effective and efficient
- Outcomes that citizens can see, where process and bureaucracy supports our aims rather than hinders it
- An organisation that wants to advocate for its citizens on matters of general concern using effective scrutiny to probe and question the intentions of other agencies

3.6 Mid Suffolk District Council is currently Conservative led, and operates a hybrid constitutional arrangement of a Leader and Executive Committee within streamlined Committee arrangements.

3.7 Babergh District Council has no overall political control. It operates streamlined Committee arrangements but is currently reviewing its constitution with a possible view to adopting Leader and Executive Cabinet arrangements from May 2011. However, the Council recognises that any final decision on this matter needs to be made in the context of other decisions still to be made on whether or when to seek the creation of a new single Council for the Babergh and Mid Suffolk areas.

3.8 In the event of an agreement on making moves towards a new single Council for the Babergh and Mid Suffolk areas, both Babergh and Mid Suffolk would need to work on the details of that proposition and put the outline of their proposals in the public domain prior to seeking views on the principle of creating a single Council.

3.9 Regardless of the organisational and constitutional future of the two Councils themselves, a number of partnership arrangements will remain pivotal to the successful delivery of a shared vision for the Babergh and Mid Suffolk areas.

3.10 Therefore, both Councils wish to work now with current and prospective partners to look to develop the optimum partnership arrangements to serve the area in the short, medium and long term. This may involve the realignment of partnership boundaries, with the agreement of partners, and this is likely to feature in consultative discussions in the coming months. The aim would be for Babergh and Mid Suffolk, to jointly be members of a reduced number of partnerships.

3.11 Both Councils are also keen to consult and work with external stakeholders on the development of proposals for strong and effective locality arrangements that could support and facilitate high quality democratic decision-making be it by the two existing Councils, a new single Council, Suffolk County Council or as devolved to Town and Parish Councils or any new arrangements at a local level.

3.12 Chapter 7 of this document provides a summary of stakeholder feedback to date, and outlines the plans for future consultation and stakeholder engagement.

4 Options Considered

4.1 Mid-Suffolk District Council and Babergh District Council have long histories of successful partnership working, both together and with other organisations. Examples of these include the Joint Waste Contract, Tourism, Customer Services Direct, Leisure Trust and Sports and Leisure Management, and Norfolk Property Services. Partnership working is also emerging around Revenues and Benefits, Legal Services, Environmental Management, and Corporate Health & Safety.

4.2 Such an approach has improved services, generated savings and investment and strengthened the capacity and resilience of the local authorities involved. However, it has not significantly addressed corporate overheads and neither is it capable of doing so. It has achieved much but it is not sustainable in the current financial climate.

4.3 Experience shows that successful partnerships are those that are simple, straightforward and involve only a small number of partners. Where local authorities have tried to establish more wide-ranging partnerships and through them tackle complex corporate issues, they have failed. Suffolk Pathfinder, LGR and the Suffolk Unitary, and the Joint Waste Authority all fall into this category.

4.4 The failure to arrive at a form of unitary local government for Suffolk means that alternative models must be considered, and the success of both authorities' partnership working suggests that a model based on strategic collaboration or merger would be the best way forward. What is known as 'preferred partnering', the integration of services and management structures between local authorities, goes further than traditional partnership working and is capable of generating savings across services. The development of such arrangements between other local authorities, both in Suffolk and across England, suggests many others share this view.

4.5 There is clear evidence to show that significant savings can be generated through preferred partnering arrangements, with cost reductions of up to 20%, improved services, capacity and resilience. If Mid Suffolk and Babergh District Councils maintain their current approach, they will deprive themselves of the opportunity to realise these savings, and will have to look to make service-related savings or cuts elsewhere. As an illustrative example, based on examples in Appendix 3, sharing a chief executive and a senior management teams could realise savings of up to £1m a year. If such savings had instead to be found from front-line services it would be equivalent to cutting all Arts, Sports Development, Tourism, Community Safety and Children & Young People's services in both authorities.

4.6 The financial analysis in Section 5 requires both Council's to identify average annual savings over the next 4 years of approximately £1.8m. To deliver this level of savings without decimating current service levels is unachievable. Scenario 3 delivers an average annual saving of £0.8m and scenario 2 delivers an average annual saving of £0.5m. This would significantly reduce the level of savings from service cuts required under status quo arrangements. Even with these savings from some form of partnership arrangement, further savings of between £1m and £1.3m per annum would need to be identified.

4.7 The average annual difference between scenario 2 and 3 is a minimum of £0.3m depending on Council Tax equalisation, which is equivalent to the total community grants budget of either authority.

4.8 There is therefore a clear business case that can be made for some form of partnering arrangement. The business case needs to demonstrate the advantages and disadvantages of the extent of those partnering arrangements. The analysis of the high level business case resolved that two scenarios should be considered in more detail:

Scenario 2

- Integrated Management and Services - Single Management Team with a single officer structure to deliver as far as possible, fully integrated management and service delivery arrangements across the two Councils.

Scenario 3

- Creation of One New Single Council i.e. the two existing Councils would be dissolved and a single Council would be created

4.9 The key strategic drivers for considering shared services/partnering arrangements are to achieve the economies of scale that will enable the Councils to meet the challenges of:

- Significantly reduced financial resources
- Maintaining and improving the standards of service delivery to the community at a time when capacity, resilience and resources are being significantly stretched

4.10 The savings required of both local authorities cannot be achieved through preferred partnering alone; evidence from other local authorities suggests it would still leave a significant shortfall (see para 4.6 above). To overcome this, to maximise the potential for savings and provide the greatest protection for front-line services, the scenarios should be considered and judged on their merit of which provides the maximum long term and on-going savings thus minimising the cuts and reductions in front line services that will be inevitable.

4.11 The main differences, advantages and disadvantages between both scenarios are set out below:

Scenario 2 - Integrated Services and Management

Advantages

- Integration is relatively straightforward, and both Councils could proceed without external approval.
- It can be achieved over a shorter timescale, meaning that savings can be realised earlier.
- There is a proven record of success; lessons can be learnt from elsewhere.

Disadvantages

- Integration will mean more significant reductions in front-line services, as it will not make the most of opportunities to generate savings.
- It is more complex to manage two separate organisations, both politically and organisationally.
- There will be potential for duplication and conflict within the organisations, with two separate political masters e.g. representation on external bodies.

Scenario 3 - One Single New Council

Advantages

- Creating one Council will significantly increase the opportunity to generate maximum savings, particularly over the longer term e.g. rationalising any duplication.
- It minimises reductions in frontline services.
- It will mean one constitution, one set of strategic objectives, one set of service strategies, one set service standards and plans, one set of polices and procedures and one set of all the documentation that supports these.
- It will give the area a stronger voice vis-à-vis other partners, more capable of speaking up for local people.

- It will create a single democratic function.
- It provides for a more sustainable future.

Disadvantages

- Creation of one Council is more complex, particularly in the short term, and is dependent on external approval, both from the public through a referendum and from the government.
- There will be a number of short term issues to resolve, such as Council Tax equalisation, locality arrangements.
- It will require a greater level of buy-in from political parties.

4.12 In light of the above, it is clear that integrating services and management would be easier in the short term but would not maximise savings and would not afford the same degree of protection to frontline services. Maintaining two separate organisations, both in political and organisation terms, would also be more complicated in the long run. On the other hand, the creation of one Council would be a more complex and challenging exercise in the short term but would be better positioned to generate maximum savings and protect frontline services.

4.13 Summary

Scenario 2 Integrated Services and Management – This would be more straightforward to establish in the short term, within a quicker timeframe, therefore leading to savings being realised earlier. However, the opportunities for financial savings are not as great and therefore there would need to be deeper cost reductions or service cuts. Both politically and organisationally, managing two separate organisations is far more complex, with continuing issues to try and balance between the two authorities, with perhaps differing requirements and expectations. There would be a significant duplication of time, effort and resources in many areas such as statutory returns, inspection, audit, financial accounts etc. Whilst there may be an initial shared vision, this could be subject to change after subsequent elections and possible changes in political leadership.

Scenario 3 One Council – Although this scenario would be more complicated to set up initially, with more transitional arrangements to tackle, higher costs, an element of uncertainty with an additional element of risk, the financial benefits are more significant, particularly in the medium to longer term, resulting in reduced service cuts and reductions. Both politically and organisationally, it will be far easier to manage in the medium to longer term, working within a single political and organisational framework, a common geographical identity, with a single focus with streamlined management and democratic processes.

5 The Business Case - Further Assessment

THE FINANCIAL CASE

What this section is about

5.1 This section provides more information on the key financial aspects of the business case, including:

- A review of the key assumptions and additional work undertaken since the High Level Outline Business Case (HLOBC) was produced and how these impact on Scenarios 2 and 3;
- An explanation of the different savings and costs relating to the two Scenarios including the impacts of capitalising one-off redundancy/pension costs, the effect of changes in timing, and options for sharing savings and costs.

5.2 More specifically, in relation to Scenario 3, this section sets out the impact of the estimated transitional costs and issues around Council Tax equalisation. The latter shows the current difference in Council Tax levels and options for bringing these to the same level over a four year period.

5.3 In relation to the Boundary Commission's VFM/Payback requirement for Scenario 3, this section provides an initial assessment although a lot more work is needed. It should be noted that the Boundary Commission will meet its own costs of the review but the two Councils will have to meet any costs that they incur in supporting the process.

5.4 Finally, Appendix 8 sets out a number of key financial comparisons between the two Councils. Some key conclusions on these are:

- Both Councils carry similar net General Fund Budget Requirements although that for Mid Suffolk is slightly higher.
- Mid Suffolk's Band D Council tax for 2010/11 is higher; it also has a wider tax base.
- A projected £6m of savings is required over the next three years, with Babergh requiring more than Mid Suffolk.
- Both Councils have very similar levels of Reserves and Housing Revenue Account income.
- Mid Suffolk has more capital debt but both Councils have around £200m of fixed assets, most of which is Council Housing.
- Mid Suffolk have more staff (but these include manual workers).

Assumptions Underpinning the High Level Business Case (HLOBC)

5.5 The key financial assumptions and forecasts of savings and costs that underpin the High Level Outline Business Case that was presented to each Council at the end of August / early September are as follows:

Scenario 2 – Integration/Shared Services

- Senior Management – Appointment of single Chief Executive, joint Management Team and Heads of Service between April and August 2011 producing an estimated ongoing saving of £366,000 a year.
- The payback on estimated costs of between £740,000 and nearly £1.4m would be by 2013/14

- Assumed that minimum savings of £960,000 a year (being 80% of the full savings under Scenario 3) could be actually achieved by just integrating staff and service delivery.
- These savings would be offset by using some of the Head of Service savings as backfill money (£78,000) and annual ICT revenue costs (£286,000) including the cost of financing new capital investment to integrate systems.

Scenario 3 – One Council

- Senior Management – Further senior management savings of £83,000 or an additional 23% a year. Only a very small increase in senior management redundancy / pension costs.
- Additional savings of £240,000 a year (further 25% i.e. 100% savings deliverable compared to only 80% under Scenario 2) on further integrating management, staff and service delivery.
- Estimated savings of £273,000 on Member and democratic processes.
- No significant increase in ICT costs compared to those allowed for in Scenario 2.
- An overall estimated increase in net annual savings of £578,000 (60% more than Scenario 2).

5.6 Further key points and details in relation to the above are summarised below:

- Existing Senior Management Structures are shown in Appendix 2. The HLOBC suggests that Senior Management posts would reduce from 19 to 13 under Scenario 2 and to 12 under Scenario 3 but further thought and evaluation of the detailed structure will be required.
- The Business Case continues to work on the basis of a minimum of 10% savings under Scenario 3. This is subject to further refinement, based on the vision, future priorities and new ways of working that are agreed. Indicative service groupings are shown at Appendix 10. Further work on these will be needed to align with the Senior Management structure and to ensure the most effective way of delivering services with the aim, through transformation, of achieving higher levels of savings.
- Capitalisation of redundancy / pension costs would increase the speed at which the net savings set out in the HLOBC are delivered, helping both Councils with their 2011/12 and 2012/13 budget positions. This is explained further in paragraphs 5.18 to 5.22.

5.7 The following table summarises the annual net savings set out in the HLOBC in relation to Scenarios 2 and 3.

	Scenario 2	**Scenario 3**	**Difference**
Net Savings (per annum)			
Senior Management Structure	366	449	83
Service Integration	882	1,122	240
Member & Democratic Processes	0	273	273
Less ICT Costs	-286	-304	-18
Total	**962**	**1,540**	**578**

Additional Work on the Business Case

5.8 Substantial further work has now been done to support the HLOBC and provide additional information on issues that were raised by Members. These include:

- Reviewing the key assumptions and assessment of costs and savings for both Scenarios 2 and 3 including identifying further savings that it is felt would arise from one new council.
- Quantifying in more detail, based on similar work that was undertaken when the LGR business cases were produced, what additional potential transition costs are likely, may, arise under both scenarios.
- Establishing the position on Council Tax and explaining the impact and options relating to equalising current Council Taxes over a four year period.
- Considering the impact on costs and savings of changes in timing to the appointment of a single Chief Executive and joint Management Team.
- Illustrating the effect of capitalising redundancy / pension costs on annual net savings and cash flows.
- Considering the Boundary Commission four year VFM payback requirement.

5.9 In addition, further thought has been given to how savings and costs could be shared between the two Councils, which primarily apply to Scenario 2. A decision does not need to be made at this point in time but this will obviously be a very important issue that will need agreement.

Outcome - Review of Key Assumptions

5.10 In relation to Scenario 2, it is considered that the key assumptions remain valid. Further details on the impact of changes in timing are set out later in this section. The estimated net annual savings of around £1m will make a significant contribution towards the total savings that each Council is likely to have to make over the next 3-4 years.

5.11 In relation to Scenario 3, this now shows an overall minimum additional saving, after the potential cost of Council Tax equalisation, of £356,000 a year compared to Scenario 2. This has reduced from the £578,000 shown in the HLOBC.

5.12 However, if Council Tax is equalised at the mid point i.e. at no cost or on another basis (see Appendix 5), the overall additional ongoing annual saving could rise to £788,000 compared to Scenario 2. This includes additional savings and one-off transitional costs of £270,000, further details of which are provided elsewhere. An updated comparison of the estimated ongoing annual savings of the two scenarios is shown below:

	Scenario 2 £000	Scenario 3 £000	Increase £000
Annual net savings:			
Senior Management	366	449	
Service integration/merger	882	1,122	
Member and Democratic processes	0	273	
Additional savings identified	40	250	
ICT costs	-286	-304	
	1,002	1,790	+788
Potential maximum cost of Council Tax equalisation - option 1	0	-432	-432
	1,002	1,358	+356

Further Savings and Transitional Costs

5.13 It is now considered that additional annual ongoing savings from full merger will arise over and above those set out in the HLOBC although additional transitional costs for both scenarios have also been identified. These are explained in more detail under the 'Transition Costs and Associated Issues' section below. A summary of these savings and costs over the four year Boundary Commission time period are shown in the table below and this is exemplified further in Appendices 4 and 5:

	Scenario 2	**Scenario 3**	**Difference**
	£'000	£'000	£'000
Costs			
Transitional Costs	288	558	270
Council Tax Equalisation	0	648	648
Savings			
Additional Merger Savings	0	-620	-620
Accommodation – Rental Income	-120	-150	-30
Additional Net Costs	**168**	**436**	**268**

Council Tax Equalisation

5.14 With one Council, existing Council Tax levels will have to be 'equalised' as there cannot be different Council Tax rates within the same Council. Any reduction in Council Tax rates obviously results in less income so the financial implications of equalisation need very careful consideration. Details are provided in Appendix 5, the key points of which are:

Option 1

- Transitional cost of £648,000 to equalise Mid Suffolk's Council Tax down to the Babergh Council Tax level - phased over a 4 year period 2012/13 to 2014/15. This excludes the full ongoing cost / lost income in year 4 (2015/16) of £432,000 a year, as this is beyond the Boundary Commission payback period timescale.
- Equalising to the Babergh level would benefit Mid Suffolk households by £12.17 per annum spread over 4 years – eventually equivalent to an 8% reduction a year on current levels. The lost income to the new Council is a significant sum.

Option 2a

- This indicates the impact on Council Tax levels if equalisation took place at the mid-point, again over 4 years.
- In simple terms, Option 2 would avoid the £432,000 a year cost and would significantly improve the financial case for Scenario 3.
- Of course, this approach would result in an increase in Babergh Council Tax levels of just over 1% each year over the 4 years. It is equivalent to only £1.52 a year and £6.09 in total over the 4 year period. Mid Suffolk residents would receive an equal benefit.

Option 2b

- This is a variation on Option 2a and is based on Mid Suffolk Council Tax levels staying constant until 2014/15 but falling in 2015/16 to the same equalised point as in option 2a. This would not only avoid the £432,000 cost but produce £302,000 additional income in the first 3 years.

The two councils need to be mindful of the implications of council tax equalisation when setting their Band D rates for 2011/12, so that the position does not become worse for the business case.

5.15 It is important to recognise that any increase for Babergh residents should be seen in the context of the significant longer-term financial and other benefits of merger. In financial and Council Tax terms, the significant annual ongoing savings far exceed the transitional cost and any initial transitional impact on Babergh residents. There are many other factors related to this such as Mid Suffolk having more council taxpayers and a higher taxbase, a higher current total budget requirement, which would be pooled under one Council and different potential asset realisation values. Overall, therefore, there will be a wide range of financial benefits that will be shared and the taxpayers of both Councils will benefit from these.

Changes in timing

5.16 The Business Case has been reworked to reflect a 6 month and 12 month delay compared to what was set out in the HLOBC.

5.17 The impact of these delays is summarised below:

- Some quite modest reductions in senior management redundancy / pension costs of between £36,000 and £96,000 (around 3% to 7% on the worst case scenario in the HLOBC for Scenarios 2 and 3).
- This would still result in one-off costs of between £564,000 and £1,209,000 under the two scenarios.
- Some equally modest one-off salary savings will be lost by delaying the appointment of a single Chief Executive.
- Impact on other integration savings:
    - The HLOBC assumed savings (before redundancy / pension costs) of £251,000 in 2011/12, rising to between £1m and £1.5m by 2014/15 for Scenarios 2 and 3 respectively.
    - Unless arrangements are put in place to ensure that these savings are still delivered, a simple 12 month delay in the project would result in savings of around £0.9m for Scenario 2 and probably more than this for Scenario 3 being foregone. The loss of savings for a 6 month delay would be lower, but this and the impact of any timing delays will require further assessment.

Capitalisation of Redundancy / Pension Costs

5.18 Councils can apply to the Government for one-off costs to be capitalised, resulting from reorganisation or rationalisation of services. This covers redundancy costs and the early retirement cost to the employer. There is no guarantee that an application will be approved, although past experience suggests that they generally are when the criteria have been met.

5.19 Capitalised early retirement costs have to be funded from capital receipts. It has been assumed that all costs that can be capitalised will be funded this way, but there is an opportunity cost of using capital receipts in this way rather than funding the Councils' capital programmes.

5.20 The impact of capitalising these costs compared with the original HLOBC is summarised in the tables shown in Appendix 6. The second table in Appendix 6 only shows the impact of capitalisation compared with the HLOBC but does not include the other changes identified in this section. The opportunity cost of having to borrow instead of using capital receipts for

other aspects of each Council's capital programme has been built into the second table in Appendix 6.

5.21 Key points arising from this are that:

- Overall, cumulative net savings of £35,000 (best case) and cumulative net costs of £150,000 (worst case) would be achieved in 2011/12 for both scenarios.
- This compares with the quite significant cumulative net costs in the HLOBC of between £350,000 and £1m (best and worst cases) in 2011/12, under both scenarios.
- Net overall savings in 2012/13 and subsequent years are also improved.

5.22 The Section 151 Officers recommend that the capitalisation option is adopted.

Four Year Payback Period

5.23 A clear 4 year (assumed to be 2011/12 to 2014/15) payback and VFM requirement will have to be demonstrated for Scenario 3 for the Boundary Commission, which will be subject to external validation and a public referendum.

5.24 The table shown in Appendix 7 shows the revised estimated financial position over the required 4 year period for both scenarios. This is an important requirement in terms of Scenario 3 for the Boundary Commission and will need more thought and be sufficient to submit to external validation. Although this will need revision and updating to reflect Member decisions on timing and any other key issues, this initial assessment shows that both scenarios comfortably pay back within the 4 year timescale, but that **the net savings of Scenario 3 worst case (£2.2m) are double what they are for Scenario 2 (£1.1m) over that time period.**

Summary – Scenario 2 versus Scenario 3

5.25 The following conclusions on the benefits and costs of the two scenarios and the additional benefits and costs of one council have been reached:

Scenario 2

- These are as set out in the HLOBC with significant estimated savings, both over the next 4 years and ongoing.

Scenario 3

- The initial HLOBC suggested that £578,000 or 60% more a year could be saved than under Scenario 2.
- With the additional merger savings that have been identified, this could increase the savings differential to £788,000 or 82% a year more than Scenario 2.
- However, allowing for the cost of Council Tax equalisation (option 1), the estimated additional annual ongoing savings would fall to £356,000, which is still 37% more than Scenario 2. See table below:

	£'000
Additional annual savings from one council HLOBC (3 above)	578
Further savings identified for one council	210
Council tax equalisation cost	-432
Minimum Additional Revised Annual Savings (compared to Scenario 2)	**356**

The Longer-Term Financial Case

5.26 Although the Boundary Commission VFM test is over a 4 year payback period, the HLOBC and this detailed Business Case is based on an 8 year period.

5.27 As can be seen from the revised overall cash flow statement in Appendix 9 (ignoring any timing changes), Scenario 2 is estimated to deliver net savings of between £5.1m and £5.8m and Scenario 3, between £7.7m and £8.4m by 2018/19.

5.28 Based on the above, it is estimated that Scenario 3 will deliver a minimum of £2.6m (or between 45% and 51%) more savings (best and worst case) than Scenario 2 by 2018/19.

Sharing Savings and Costs (Scenario 2 only)

5.29 The apportionment of transitional and ongoing savings between the two Councils is an important issue. The two Councils have very similar levels of total gross expenditure and net budget requirements, including the Housing Revenue Account (HRA).

5.30 If all savings and costs are shared equivalent to, for example, the relative General Fund net budget requirements of each Council, Mid Suffolk's proportion would be 51.7% and Babergh's 48.3%. Based on total actual gross expenditure (including the HRA) in 2009/10, the proportions would be 50/50.

5.31 Although there are arguments for and against the different approaches to sharing savings and costs outlined above, the Section 151 Officers have concluded that probably the simplest and most reasonable approach is to share all savings and costs on a 50/50 basis, in line with each Council's total actual gross expenditure in 2009/10. If an individual service based approach is taken, it is felt that this would equal out over the full range of activities.

5.32 It should be noted that a proportion (up to 25%) of the senior management savings and costs as well as the ICT costs referred to in the Business Case will fall to the HRA.

The Financial Case - Conclusions

5.33 Subject to Member decisions on timing and other key issues and further discussions with the Boundary Commission and others, this detailed business case is seen as a fair and reasonable assessment of the likely savings and costs that can be achieved from integration and merger. These decisions and ongoing discussions will inform the business case assessment that can be signed off by Section 151 Officers that can be submitted for external validation. This will include any impacts on Formula Grant if one new council was formed.

5.34 This detailed Business Case clearly demonstrates that Scenario 2 will deliver significant net annual and ongoing savings and that even more savings will arise under Scenario 3. Scenario 2 could achieve minimum savings of £2.1m and Scenario 3 minimum savings of £3.3m by 2014/15, compared to a projected joint savings requirement of around £7.2m over the four year period (the £5.7m required by 2013/14) rolled forward a further year.

TRANSITION COSTS AND ASSOCIATED ISSUES

5.35 The business case is predicated on the valid assumption that the integration of management and services between the two Councils, or the creation of a new single Council, will achieve a net reduction in cost. To achieve such an outcome will incur transition costs; some will be one off costs and others will be ongoing. Most will be offset by year on year revenue expenditure reductions occasioned by sharing costs, reducing headcount and economies of scale. The following items have been identified as costs or issues to be taken into consideration:

Staffing Costs (one-off costs leading to net gain)

5.36 The outcome of reducing management posts and employing less people in the future will be a reduced salary bill. There will be a short term cost of achieving this in the form of redundancy payments and in some cases the early release of pensions. The latter requires the employer to make a one off contribution back into the pension fund if an employee of 55 and over is made redundant and therefore eligible to take their pension with reduced benefits. The intention is to minimize redundancy payments through effective vacancy management by both Councils under an agreed protocol.

5.37 A number of assumptions have been made in order to calculate a best and worst case cost to achieve a single Management Team with the two scenarios in mind:

Worst Case		
	Scenario 2	**Scenario 3**
	£	**£**
Redundancy Cost	427,000	482,000
Early Retirement Cost to employer	773,000	773,000
Total	1,200,000	1,255,000

Best Case		
	Scenario 2	**Scenario 3**
	£	**£**
Redundancy Cost	259,000	259,000
Early Retirement Cost to employer	326,000	326,000
Total	585,000	585,000

5.38 The financial section of the HLOBC demonstrate that allowing for the above costs produces an ongoing net saving of £962,000 (Scenario 2) or £1,540,000 (Scenario 3). The payback periods are 2013/14 (worst case) and 2012/13 (best case) for both scenarios. It is probable that some of these costs can be capitalised so the impact is spread over a period of years.

5.39 It is not possible to achieve ongoing savings from the establishment of a single Management Team without incurring one off transition costs. Such costs can only be avoided if a vacancy(s) exists.

Accommodation (one-off costs leading to net gain)

5.40 Both Councils accommodate the majority of their staff at offices in Hadleigh and Needham Market. The Business Case assumes the retention of both offices in the short/medium term. As integration takes place and/or merger is achieved, it will be possible to form a view about the utilisation of space. This is partly dependent upon a policy approach to access. However, with a planned reduction in the total number of staff employed and alternative delivery models possible, the Business Case can assume some accommodation rationalisation from year two with scope for earning rental income. This is shown in the financial section as £40,000 p.a. for Scenario 2 and £50,000 p.a. for Scenario 3 from

2012/13. In the long term (5 years plus) consideration can be given to consolidating on one site with any full or part disposal funding any alterations required with the addition of a capital receipt. The net book value of the HQs of both Councils (including land) are around £6m - in most circumstances market value would be more than this. For the purpose of achieving early alignment of services, the business case assumes a one off cost of £50,000 for minor remodeling, office moves and increased hot desk facilities.

Recruitment (one-off costs)

5.41 The Business Case assumes that most ongoing recruitment costs will be funded from existing budgets. However, the recruitment process for the Chief Executive post will incur one off costs. This is dependant upon a decision on external competition and the rigour of the selection process required. It is anticipated that in-house resources will be utilised for most processes but some external support and advice may be appropriate. A provision of £30,000 is made for this. The costs are not scenario specific.

Council Tax equalisation (one-off cost spread over 4 years)

5.42 This is covered in more detail in the Council Tax Equalisation section under Further Financial Assessment above and Appendix 5.

ICT (one-off costs)

5.43 ICT will be at the heart of delivering service information and transformation. In the medium term this will require the integration of different systems and processes or the creation of a new platform and operating systems from 2014. In the short term it is perfectly possible for both Councils to run independent systems. The opportunities for savings will be denied in this period, but to achieve savings, major investment would be required or a complete change in ICT provision by both Councils. 2014 is a critical starting point as that sees the end of the current CSD contract.

5.44 It is anticipated that in the next three years, Councils in Suffolk and beyond will wish to specify their needs and jointly procure ICT services. This will make it possible for both Councils, or a single Council, to benefit from further economies of scale and transformation which, singularly, they cannot achieve. This will be a major consideration and will require some considered thinking about the level of transformation sought. The Business Case identifies the following one off and ongoing costs, which are consistent with the details included in the HLOBC.

	2011/12	**2012/13**	**2013/14**	**2014/15**	**Total**
	£'000	£'000	£'000	£'000	£'000
One-off capital costs					
Scenario 2	24	24	888	504	1,440
Scenario 3	24	120	888	504	1,536
One-off revenue costs					
Scenarios 2 & 3				140	140
	2011/12	**2012/13**	**2013/14**	**2014/15**	**2015/16**
	£'000	£'000	£'000	£'000	£'000
Ongoing revenue costs					
Scenario 2	2	7	107	238	286
Scenario 3	2	16	126	256	304

The Leadership and management of change (one-off costs)

5.45 Both scenarios represent a fundamental change for both Members and officers. To achieve the radical change advocated, a transformational budget of £130,000 is included in the Business Case. Expenditure is likely to be incurred from 2012/13 as services are fundamentally re-examined. This will require the application of processes and techniques to assist staff and Members in objective reviews. Additionally, whilst senior management will progress much of the work regarding cultural change, some external assistance is recommended. Some backfilling of posts may also be required. Support from the RIEP may be available to offset the cost but this has not been factored into the business case.

5.46 There is a reasonable prospect that as the Council has already received support from the RIEP, a proportion of the transition costs could be funded from an additional award of grant and that support will be forthcoming from the IDeA and LGA. This has not been factored in though, so the business case assumes a one off cost.

Contract Novation (one-off cost, Scenario 3 only)

5.47 A notional amount of £25,000 has been included for legal fees to ensure that in the event of merger, contracts are novated in a timely and proper fashion. This may require external assistance.

Elections (one-off cost Scenario 3 only)

5.48 If the conclusion of an electoral review determines that elections to a new Council are required mid term, the additional cost would be a maximum of £150,000 based on current costs. Hopefully, this can be reduced as a result of economies of scale.

Communications and new identity (one off cost in Scenario 2)

5.49 It will be important to communicate the vision and purpose of a new single Council and the how, why and where of any new integrated arrangements. Scenario 2 does not require major additional costs but Scenario 3 would incur costs in signs and livery etc. Continuation of previous livery and signs would be confusing and muddle the commencement of a new entity. Provision of new expenditure from 2012 is estimated at £25,000 based on a proportionate approach. Additionally, following the meeting with the Boundary Commission, the Councils will wish to prepare focused and quality information to people in preparation for a local referendum which would be held at the same time as the local elections in 2011. Existing resources would be amalgamated to produce at least two editions of a newsletter/broadsheet to enable people to consider the proposition put to them prior to casting their vote.

Training and Development Costs (one-off costs Scenarios 2 and 3)

5.50 A sum of £60,000 is included for staff and Member development in either scenario (based on £100 per employee/Member). External funding from the RIEP may be available but has not been factored into the business case.

5.51 The above represents the key costs/issues associated with the transition from where the two Councils are now to either Scenario 2 or 3. These costs need to be understood in the context of a strategic decision which normally anticipates a pay back period much longer than is currently being anticipated.

Locality Arrangements

5.52 The Constitution Workstream is working up proposals for new locality arrangements. At this stage it is too early to predict whether one or both scenarios would incur additional expenditure. It is feasible to consider that existing, but revised roles, could facilitate more effective arrangements to support locality working and democratic/community engagement.

Locality Arrangements – Project Proposal Summary

5.53 This project will determine what locality working may offer to communities. This will be shaped by a dialogue with our communities and stakeholders and may offer a range or menu of options for community involvement.

5.54 The project will also determine the arrangements for locality working and how the combined MSDC / BDC areas will be sub-divided for locality working.

5.55 New locality arrangements will look to streamline the activity within the organisation and with partners in a locality area. New locality arrangements will require a fresh look at how staff are organised to support locality working in an affordable and sustainable manner.

5.56 To deliver this project we will require involvement from representatives from both MSDC and BDC. The project will be sponsored jointly by Chief Executives. The project will report to the Joint Member Group dealing with the Constitutional Workstream. The project will be jointly managed by officers from both authorities. Officers, Members, Parish Councillors and community representatives from both organisations areas will be invited to take part in focus group sessions.

5.57 The Constitution Workstream is taking the lead at Member level in formulating an action plan to develop proposals for new and strengthened locality arrangements. This will involve consultation and engagement with key external stakeholders e.g. Town and Parish Councils, and is likely to continue through to February 2011.

5.58 This work will in turn inform the review of service groupings and proposals for overall staffing structures, with the objective of ensuring that adequate staff resources are deployed to support effective locality working and democratic community engagement.

5.59 At this stage therefore, the Business Case assumption is that improved locality arrangements will be supported by the realignment of existing resources rather than the provision of new funding. However, this would not preclude in principle decisions by Members in due course to use funds released by savings elsewhere for further strengthening of locality arrangements.

5.60 To fit in with the wider BMI programme this project needs to start immediately and reach a conclusion by the end of February 2011. However, this timetable may require further consideration as the requirements of the Boundary Commission become clear.

Human Resource Implications

5.61 The Councils will clearly need to consider the implications for staff of any form of joint working arrangement. It will be necessary to align staff terms and conditions, including pay harmonisation, for either of the scenarios considered. The current terms and conditions of the two Councils are similar in many respects and any areas of difference should be capable of being resolved. This rationalisation will provide a unique opportunity to ensure the development of the desired culture.

5.62 During the transitional period, there is likely to be a need for additional HR resources to meet the workload associated with developing a new joint organisation. People are the most important asset in the organisations and it will be essential to provide first class

support to staff and to ensure that proper processes are followed throughout and that equal opportunity is provided for at every stage.

5.63 Just adopting the current terms and conditions of employment of one or other of the Councils will not provide the desired outcome. It is useful to understand how current terms and conditions of employment compare, and to consider the main areas of similarity and difference. HR staff in both Councils have identified and compared major terms and conditions of employment, and compared salary scales and pay rates. In summary, whilst there is a lot of similarity between terms and conditions of employment, there are some areas of difference.

Areas of Similarity

- Pay levels are similar and cover a broadly similar salary range for most roles.
- Both authorities utilise a job evaluation scheme based on broadly similar factors although the details are different. Mid Suffolk employs the nationally agreed job evaluation scheme for local authorities while Babergh uses a locally agreed scheme but are minded to move towards the national scheme.
- The redundancy policies are materially the same in both authorities.

Areas of Difference

- The means of progression through pay scales or bands differ (i.e. incremental advancement based on time served and performance)
- Flexible working
- There are differences in some terms and conditions of employment such as working hours, annual leave, relocation, essential car user, but these are relatively minor.
- The authorities have similar pay protection policies but different protection periods. These policies are currently being reviewed.

5.64 There will be a requirement to have a single set of terms and conditions for a single shared workforce. Ideally, the Councils would create a set of terms and conditions that best met the needs of the new organisation. In moving towards a single set of new terms and conditions it will obviously be necessary to consult with employee representatives and potentially with individual members of staff. Protocols need to be put in place in deal with these issues.

5.65 On 17 August 2010, the Joint Officer Board agreed two staff-related protocols, which are included at Appendix 11 for endorsement. These are the *Consultation Framework for Matters Affecting Staff* (August 2010) and the *Vacancy and Post Management Protocol for Integration* (August 2010).

5.66 With regards to the Chief Executive appointment there are a range of options mentioned in the HLOBC, including either a secondment arrangement with one authority “hosting” the role and taking responsibility for job evaluation, appraisal etc., supported by a secondment arrangement for the recipient council. The alternative option would be for the Chief Executive to be employed by each authority, with two separate contracts so each organisation would have 50% responsibility for employment issues. This applies to scenario 2.

5.67 In relation to other employees below Chief Executive level, a possible option would be to appoint an existing member of staff and retain them on their existing terms and conditions taking into account the proportion of staff from each organisation at each level. However the key would be to ensure that the right people for the roles are appointed. This aligns with the People Management Protocol guidance.

Pay Harmonisation (part ongoing cost)

5.68 In any shared services model or merger, it is highly unlikely that conditions of service, including pay will be totally common. In the case of Babergh and Mid Suffolk, salary

expenditure is broadly equal, but there are different pay models in each Council. For example, whilst pay grades are broadly similar, the length of each band is a factor in determining incremental salary growth.

5.69 There are salary protection policies in place at both Councils, but currently with different protection periods.

5.70 There will be pay harmonisation issues and both employers will have to address differences in pay policy in order to produce an equal pay policy for two sets of staff. This requires further detailed work.

5.71 The Business Case assumes a neutral salary budget irrespective of the preferred scenario. This means that pay harmonisation issues, especially salary protection, staff numbers, pay and conditions of service will all need to be actively managed.

Relocation (ongoing for a period)

5.72 If staff are required to move their office base, the two Councils have a similar travel and disturbance policy. Both organisations' policies allow for four years travel and disturbance allowance in situations where the policy criteria is met.

5.73 Relocation of employees will be dependant upon the necessity to achieve service co-location and the level of access required by customers, the public and Members.

5.74 Travel and disturbance costs are assumed at £20,000 p.a. for three years based on the payment of 40p per mile.

6 Implementation Options/Timing (following advice from the Local Government Boundary Commission for England)

6.1 This section takes account of the original assumptions in the Business Case, together with advice recently given by the Local Government Boundary Commission for England. A note of that advice, given at a meeting on 24 August 2010, is included at Appendix 16.

6.2 Babergh and Mid Suffolk District Councils need to make joint savings in the order of £7.2m over the next four years, with substantial on-going year on year savings needed thereafter. Whilst there would be some opportunities for each Council to make a degree of stand-alone savings, these are likely to be at the margins of the savings that each needs to make.

6.3 No viable option has been identified for delivering the extent of savings needed within status quo arrangements, whilst also retaining an acceptable breadth and quality of public service. A decision must therefore be made, and soon, to identify *and deliver* the best radical alternative solution to address the immediate and future challenges facing both Councils.

6.4 In order to identify radical alternative means by which these savings might be made whilst protecting front-line services to the public as far as possible, the two Councils have asked for a business case to be prepared that addresses both the financial and non-financial opportunities and risks associated with integration of staff of the two Councils, either as a stand-alone option or as a precursor to the creation of a new single district council for the Babergh and Mid Suffolk areas.

6.5 Once the preferred option is identified in principle, consideration can be given to the optimum timing for triggering the agreed process of change. That is the purpose of this section, based on the assumption that the two Councils will wish to pursue one of the two options that they requested be considered in the Detailed Business Case. In principle, though, given the immediacy of the challenges facing both Councils, there would need to be compelling arguments as to why implementation of whatever solution is agreed should not be triggered immediately.

6.6 Even on worst case scenario figures, there is a sound business case for progressing as a minimum to an integrated staffing structure for the two Councils. There is however, a markedly stronger financial case for further proceeding to the creation of a new single Council for the Babergh and Mid Suffolk areas.

6.7 Subject to being satisfied that the financial arguments are sound, and that no other non-financial risks are unacceptably associated with this option, the Business Case therefore points to the need for both Councils to give serious consideration to the creation of a new Council as the preferred option, to maximise financial savings and minimise the adverse impact on front-line services that the savings target would otherwise represent.

6.8 If the creation of a new single Council is accepted in principle as the best option, then consideration can turn to the timing of any such change.

6.9 Enquiries with the Secretary of State, the Local Government Minister and CLG officials have all confirmed that, provided the two Councils can demonstrate a sound business case and provide adequate evidence of public support, they will “not stand in the way” of a move by the two Councils to create a new single Council for the Babergh and Mid Suffolk area.

6.10 The Local Government Boundary Commission for England (LGBCE) has also now provided provisional advice on its likely procedure, were the two Councils to instigate a Boundary and Electoral Review of the Babergh and Mid Suffolk area. As referred to in para. 6.1, a note of the meeting held on 24 August 2010 is included at Appendix 16 as background information.

6.11 In essence, the LGBCE will need to see that a sound business case has been developed, and that the key elements of this are in the public domain before the views of the public are

sought by the two Councils on the proposal. The LGBCE has further advised that the Local Government Minister is likely to require those views to be sought by referendum, as evidence that public support for the proposal is indeed evident, and that this would need to take place before the LGBCE formally commenced the necessary Boundary and Electoral Reviews.

6.12 The LGBCE has assumed that the most likely time for the two Councils to hold a referendum would be May 2011 – partly in order to trigger the changes being sought as soon as practicable thereafter, and partly to link the referendum with the District Elections to minimise the additional cost of a referendum.

6.13 Only after a successful referendum would the LGBCE commence its own Review, which they advise would be likely to be a combined Boundary and Electoral Review. They would then undertake public consultation of their own on a set of draft proposals that they would intend to submit to the Secretary of State. Their assumption is that they would be making recommendations to the Secretary of State around October 2011 and that, if approved by the Secretary of State, he would invoke the necessary procedures to create a new Council from April 2012, to which there would be elections in May 2012.

6.14 Clearly, a decision to invoke a review of this scale and significance would lead to an enormous amount of work for officers and Members of both Councils, much of which would need to be carried out later this year and in the early part of 2011, in order to have the required degree of detail in the public domain in time for a May 2011 referendum.

6.15 This would include a substantial amount of stakeholder engagement prior to the referendum, for example in the development of proposed locality arrangements (see 5.52 to 5.60).

6.16 The assumption in the High Level Outline Business Case, and reflected in the Detailed Business Case, is that an internal and external recruitment process to appoint a single Chief Executive from April 2011 would be instigated in October 2010, whether the two Councils had agreed to pursue staff integration only from April 2011, or as a precursor to the creation of a single Council from April/May 2012.

6.17 The previously stated objective of appointing a single Chief Executive as soon as possible to lead the process of whatever change is agreed remains the recommended approach. There is no apparent case to defer the recruitment process beyond October 2010 in the event of a decision to proceed with staff integration only. However, in the event of the creation of a new Council being the preferred option, the exact nature and timing of this appointment should now be carefully considered, in the light of advice from the LGBCE.

6.18 Specifically, consideration should be given as to whether it would remain appropriate to seek to have a single Chief Executive in place by April 2011, or whether the two current Chief Executive positions should be retained until after the May 2011 District Elections and referendum.

6.19 The possible benefit of retaining the capacity of the two Chief Executives for a longer period to take both Councils through what will be a hugely challenging period to May 2011 needs to be weighed against the financial and non-financial costs of delay in providing clear and singular leadership to the process of management and staff integration in the timescale assumed in the Business Case.

6.20 If it were considered beneficial to retain two Chief Executives until at least May 2011, the earliest trigger date for a recruitment process might then be January 2011, leading to a single Chief Executive being in place from May/June 2011. That post holder would then lead the two organisations from that point, irrespective of the outcome of the referendum, assuming that an integrated staffing structure would in any case remain the "default position" were a new single Council not to be created. That recruitment process could itself, however, be a major distraction in this critical period, and even run the risk of its rationale and motive being misunderstood in the run-up to a referendum.

6.21 An appropriate alternative date to trigger a Chief Executive recruitment process might be after the referendum in May/June 2011, whether for two continuing Councils with a single staffing structure or for a single Council from April 2012.

6.22 It should be noted that an internal appointment to this post, whenever the recruitment process is triggered, could lead to a significant shortening of the period of time between recruitment and take up of the position.

Conclusions

6.23 If proceeding from the outset with staff integration only, there is no apparent case for delaying this process and, in these circumstances, the Chief Executive recruitment process should be instigated in October 2010.

6.24 In the event of deciding to proceed towards the creation of a new single Council, June 2011 might be a preferable alternative to the October 2010 trigger date assumed in the Business Case for commencing the Chief Executive recruitment process

6.25 In the event of delaying commencement of the recruitment process for the Chief Executive to June 2011, Members would need to consider what arrangements might best secure clear and single leadership to the process of staff integration, and to the Boundary and Electoral review process itself, in any interim period between April 2011 and the permanent Chief Executive being in post.

6.26 Clearly, any changes to the assumptions made in the business case about the timing of the Chief Executive appointment and the other ensuing staff savings would have an impact on the financial projections for savings.

Timing Options

6.27 If the creation of a single Council is accepted as the best way forward, the process of staff integration should proceed as envisaged in the business case, as a precursor to the creation of a single Council from April/May 2012. The possible need for interim joint leadership arrangements from April 2011 should be considered if the process to recruit a permanent Chief Executive is delayed beyond October 2010 (and hence the start date is possibly also then delayed beyond April 2011) for any reason.

6.28 If the two Councils either

i) support in principle the creation of a new Council but identify sound reasons why that change should not be triggered in the immediate future, or

ii) reject from the outset the single Council option,

the recruitment process for a single Chief Executive should be instigated in October 2010, as assumed in the business case, to trigger and lead the overall staff integration process from April 2011

6.29 If a proposal to proceed with the creation of a single Council fails at any point in the ensuing process, the two Councils should continue to achieve full integration of staffing into a single structure to support both Councils. If not already in place, the appointment of a single Chief Executive to the two Councils from the earliest practicable date should then be pursued, seeking to keep in place sound interim arrangements until the start date of that appointment.

7 Stakeholder Engagement and Feedback

Summary / analysis of feedback received by September 1

7.1 As of September 1 2010, 33 responses had been received from those external stakeholders that had been invited to make their initial comments on the High Level Outline Business Case (HLOBC). Whilst the detailed replies can be found in Appendix 15, the following overview may be useful:

7.2 Of the 33 replies, 19 were from parish councils (with Stradbroke PC replying twice – the latter response being an expanded version of the initial comments), two from district councillors, six from other public sector organisations, three from commercial organisations, one from a member of staff, one from Mid Suffolk Unison and one other individual.

7.3 The vast majority welcomed the attempts that had been made to engage with them, and offered a range of observations and raised a number of questions in response. A number of parish councils raised concerns as to the potential impact of Scenarios 2 and 3 on democratic accountability, as well as questions relating to the expanded role of towns and parishes under any revised governance arrangements.

7.4 Many of those who responded felt that more information was needed before they could offer a definite opinion as to their preferred scenario. Of those that did express a preference, eight supported Scenario 3 (with one expressing a second preference for Scenario 2), three supported Scenario 2 (with one expressing a second preference for scenario 3) and one rejected all of the proposals.

7.5 The letter from both Council Leaders alerting stakeholders to the HLOBC and inviting initial comments also made it clear that those organisations unable to reply in time would have future opportunities to express their views as the Babergh Mid Suffolk Integration Project moved forward.

Plans for further engagement / communication

7.6 A communications and stakeholder engagement plan has been drafted to support the progress and delivery of the Business Case between September 2010 and May 2011. The plan establishes the key stakeholders (both internal and external to the Councils), their likely communications and engagement needs and the ways in which both Councils can most effectively address those needs through targeted two-way communications using a range of different approaches. As such, the plan builds on what has already been successfully rolled out to date in keeping both Members and staff informed by introducing similar approaches for external stakeholders such as town and parish councils, the media and directly to residents.

8 Risk Management and Mitigation Measures

8.1 Appendix 13 sets out the strategic risks associated with this project and measures that should be or are in place to deal with (mitigate) these.

8.2 The primary objectives of the project are value for money for council tax payers, financial savings and future resilience in all aspects of service delivery, and it is important that the risks (consequences) of not progressing with the project (status quo) are understood. These risks include:

- Greater or more rapid detrimental impact on service provision (earlier and deeper cuts or removal of services).
- Savings and efficiencies targets are not met.
- Staff and Members do not see the need for, or are resistant to, change.
- Inadequate capacity to meet the challenges facing the Council, leading to poor services, the needs of communities and citizens not being met, and lower customer satisfaction levels.
- Loss of an opportunity to deliver shared services, leading to a lost opportunity to make savings.
- Inability to provide strong political and managerial leadership in a period of considerable change.

8.3 The most important mitigation measure is that each Council has its own plans in place to try and manage the reduction in or loss of services whilst attempting to find the required savings and efficiencies.

8.4 Both Councils need to understand and consider the strategic risks associated with the project and the mitigation measures that can be put in place to minimise these. These risks are:

- Lack of clarity on overall vision and outcomes to be achieved with one or both Councils deciding that they are not happy with the new arrangements (for whatever reason), either during the setting up period or after they are implemented.
- Savings are not realised.
- There is not the capacity or capability to implement the partnership.
- Staff resistant to change.
- Deteriorating performance and / or customer satisfaction.
- Changes in the external environment.

It should be noted that the impact of a risk may vary for any specific scenario being considered.

8.5 The above risks will be ongoing throughout the life of the project. There are also four very important risks that need to be managed at specific times in the project:

- Unable to recruit a suitable candidate to the Chief Executive post.
- The loss of key staff if there is no clear way forward agreed by Members.
- Lack of support from the public (Scenario 3).
- No approval from the Secretary of State (Scenario 3).

9 Next Steps

The immediate next steps for the project, consistent with the proposals in Section 2, are as follows:

When	What
16 Sep 2010	Consideration of the report by Babergh Strategy Committee
20 Sep 2010	Consideration of the report by Mid Suffolk Executive Committee
28 Sep 2010	Consideration of the report by Babergh Full Council
30 Sep 2010	Consideration of the report by Mid Suffolk Full Council
Dependent on the decisions of Members at the above meetings, and agreement to the Recommendations in Section 2:	
Oct 2010 onwards	- Further detailed work on transitional arrangements, including public referendum, and proposed detailed approach and timetable for moving towards a single Council. - Continue the process of integrating the staff of both Councils into a single management and staffing structure. [*A detailed project plan will be prepared during October*]

Babergh and Mid Suffolk District Councils

Detailed Business Case for Staff and Service Integration, and for the Creation of a New Council - APPENDICES

SEPTEMBER 2010

BDC/MSDC

Detailed Business Case for Staff and Service Integration, and for the Creation of a New Council

APPENDICES

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Appendix 1 – Mapping / Alignment of both Councils' Strategic Priorities

Summary of the comparative review of Strategic Plans

The following summary identifies the key synergies and areas of difference in the current Strategic Plans for Babergh and Mid Suffolk District Councils. Further detail is shown in the two tables.

Format and contents

The two Strategic Plans have differing timeframes with the Mid Suffolk Plan concentrating on a single council term and Babergh spanning a 10 year period (2008-2018). There may be implications here for the timing of the development of a future joint Strategic Plan.

The contents of both plans are similar including the evidence base for the themes / priority outcomes along with processes and arrangements to ensure effective delivery of priorities. Each plan is supported by separate more detailed delivery / action plans which are updated annually.

Role / Purpose

Linking to the time frame for the respective plans the Babergh Plan concentrates on the importance of a 'shared future vision' for the area whilst the Mid Suffolk Plan has more emphasis on a clear focus for high quality services that provide value for money.

Ambition

Very similar ambition. Babergh focuses on improving the 'environment' in the widest sense of that term (i.e. natural, built and social environment) with Mid Suffolk focusing on the related concepts of 'quality of life' and 'community'.

Council Values / Pledges

Listening to people, fairness and respect and accountability are clearly values shared by both Councils. Mid Suffolk focuses on issues of access, service quality and value for money whilst Babergh's plan reflects a greater emphasis on needs-led services.

How we work

Both cover similar ground.

Priorities/Outcomes

Strong alignment between the overall priorities of the two Councils.

Table 1 - Maps the contents of both Councils' Strategic Plans

Section	Babergh District Council	Mid Suffolk District Council
Title	Babergh Strategic Plan 2008-18 (Planning for the Babergh area between now and 2018) (Covers 10 years spanning nearly 3 terms of administration (2007-11, 2011-15, 2015-2019)	Strategic Plan 2007-11 (*covers four years and the current Council term only*)
Contents	• Introduction • The Babergh area • Babergh District Council • Babergh: the issues for the next ten years • What do we want to achieve by 2018? • How we will work towards these goals • Index of data sources	• Introduction • Purpose and values • Working with partners • Strategic Priorities • Making the most of every £1 • Gold standard customer care • Local access to local services • Involving you • Making it happen • Action plan – reviewed and updated each year
Role / Purpose	• Work with the people of Babergh and partner organisations to maintain a shared vision for the future of the area. • Help to deliver this shared vision through; o Responsible community leadership and the effective use of its influence o Supporting the appropriate social, economic and environmental conditions needed for delivery o Encouraging the development of, and contributing effectively to, partnerships o Providing, procuring and supporting efficient, flexible, accessible public services of good quality • Make decisions that fairly reflect and balance the differing needs of individuals and communities in the area	• To deliver local access to high quality, value for money services

Section	Babergh District Council	Mid Suffolk District Council
Ambition	• "A great environment in which to live, work and visit, where people have the opportunity to develop their potential and feel they belong to strong and vibrant communities"	• "A high quality of life for the whole community"
Council Values / Pledges	• Listen to and seek the views of individuals and communities and recognise their differing needs • Consider these needs in the formulation of our policies and the way we plan and deliver services • Treat everyone with fairness, dignity and respect • Make our decisions openly and be accountable for them • Deal responsibly with the public money and resources entrusted to the Council in order to fulfill its role	• Listen and negotiate with local people at local level • Treat people and differences of opinion with respect • Enable and support customers to access services • Keep our communities well informed • Support communities facing the biggest changes • Admit it if we get things wrong and endeavour to put them right
How we work	Key features and principles: • Through our own policies and services • Working with others • By listening to people • Monitoring progress • Managing risk • Effective Resource Management	Key features and principles: • Working with partners • Making the most of every £1 • Gold standard customer service • Local access to local services • Involving you • Making it happen

Section	Babergh District Council	Mid Suffolk District Council
Priorities / Outcomes	There are 5 Themes covering 28 Priority Outcomes: • Quality homes local people can afford o There are enough good quality homes, which meet high environmental and sustainability standards to meet the needs of the people of Babergh o There are enough affordable homes to meet the needs of the people of Babergh o New housing developments are supported by adequate infrastructure improvements o Fewer people are homeless • A greener and cleaner Babergh o The right balance between protecting the natural environment and supporting development opportunities for the area and its people o A smaller carbon footprint for the area o Babergh's environment is clean, with little environmental vandalism such as fly tipping and is recognised as such by residents o Less waste sent to landfill o Better traffic management, air quality, improved road infrastructure and more effective public transport • A safer and healthier Babergh o People living, working and visiting Babergh are safer and feel safer from crime and its effects o A more active population with healthier lifestyles o Improved health and life expectancy for residents, particularly in the most income deprived areas, with reduced levels of cancer, coronary heart disease and obesity o Improved access to all aspects of public healthcare services to better meet the needs of individuals and communities o Reduced levels of teenage pregnancies where they currently exceed the national average o It is safer to travel on Babergh's roads o The area is ready to respond effectively to emergency situations arising from environmental or other causes	There are 6 strategic priorities covering 19 outcomes: 1. Affordable decent housing • Make more housing affordable to people • Ensure all Council homes meet the required standard by 2010 • Improve standards of accommodation in privately-owned homes 2. Responsible environmental management • Reduce the Council's and the District's own environmental impact • Reduce the amount of waste sent to landfill • Increase recycling and composting • Improve litter clearance and street cleanliness 3. Safer and cohesive communities • Address local priorities through Safer Neighbourhood Teams • Improve access to services for minority, disadvantaged and vulnerable groups • Increase opportunities for teenagers to participate in leisure and recreation 4. Jobs and the rural economy • Achieve a net increase in job opportunities • Provide more opportunities for business growth • Coordinate development in and around Stowmarket

Section	Babergh District Council	Mid Suffolk District Council
Priorities / Outcomes (contd.)	• A strong and sustainable Babergh economy o Babergh's economy has grown sustainably, with more small and medium sized enterprises situated here o More skilled and higher paid jobs in the Babergh area with a higher proportion being taken up by Babergh residents o Increased local educational opportunities and improved attainment and skill levels among Babergh's children, young people and working population – particularly in the more income deprived areas o Improved infrastructure in our market towns to increase vitality and viability • Vibrant places and strong communities o A reduction in the impact of rural isolation on parts of the district particularly limited access to affordable housing, transport and jobs o Active local villages and communities o Increased take up of developmental opportunities and activities o People have effective and convenient access to the public services they need by physical, telecommunications or other electronic means o Public services appropriately reflect the needs aspirations and choices of individuals from different groups, such as older people, in their design, resourcing and delivery o Individuals have a sense of belonging within cohesive communities where everyone is valued o Vulnerable people are supported to live in the community o More people are involved in the local decision making and participate in democratic processes which appropriately reflect the diversity of local communities	5. Responsive planning • Increase customer satisfaction and improve planning control performance • Ensure planning policies, suited to the nature of the District, are put in place • Effectively manage, with local communities, the challenge of major development 6. Community engagement • Increase engagement with town and parish councils • Improve internet based consultation • Establish area forums and involve local people

Table 2 - Maps the strategic themes, outcomes and priorities

Section	Babergh District Council	Mid Suffolk District Council	Similarities	Differences	Comments
Priorities / Outcomes	5 Themes covering 28 Priority Outcomes: • **Quality homes local people can afford** o There are enough good quality homes, which meet high environmental and sustainability standards to meet the needs of the people of Babergh o There are enough affordable homes to meet the needs of the people of Babergh o New housing developments are supported by adequate infrastructure improvements o Fewer people are homeless • **A greener and cleaner Babergh** o The right balance between protecting the natural environment and supporting development opportunities for the area and its people o A smaller carbon footprint for the area o Babergh's environment is clean, with little environmental vandalism such as fly tipping and is recognised as such by residents o Less waste sent to landfill o Better traffic management, air quality, improved road infrastructure and more effective public transport	6 strategic priorities covering 19 outcomes: **1. Affordable decent housing** o Make more housing affordable to people o Ensure all Council homes meet the required standard by 2010 o Improve standards of accommodation in privately-owned homes **2. Responsible environmental management** o Reduce the Council's and the District's own environmental impact o Reduce the amount of waste sent to landfill o Increase recycling and composting o Improve litter clearance and street cleanliness	o Affordable housing o Improved housing standards / high environmental and sustainability standards o Reducing carbon footprint for the Council and the area o Environmental cleanliness o Reduce waste and increase recycling	o Improvements to the infrastructure around new housing (Babergh) o Homelessness (Babergh) o Better traffic management and air quality (Babergh) o Improved road infrastructure and more effective public transport – essentially a place shaping / lobbying role (Babergh)	o Broadly coterminous. Both councils share affordable housing as a key priority o Broadly coterminous. Both councils share managing the local environment as a key priority

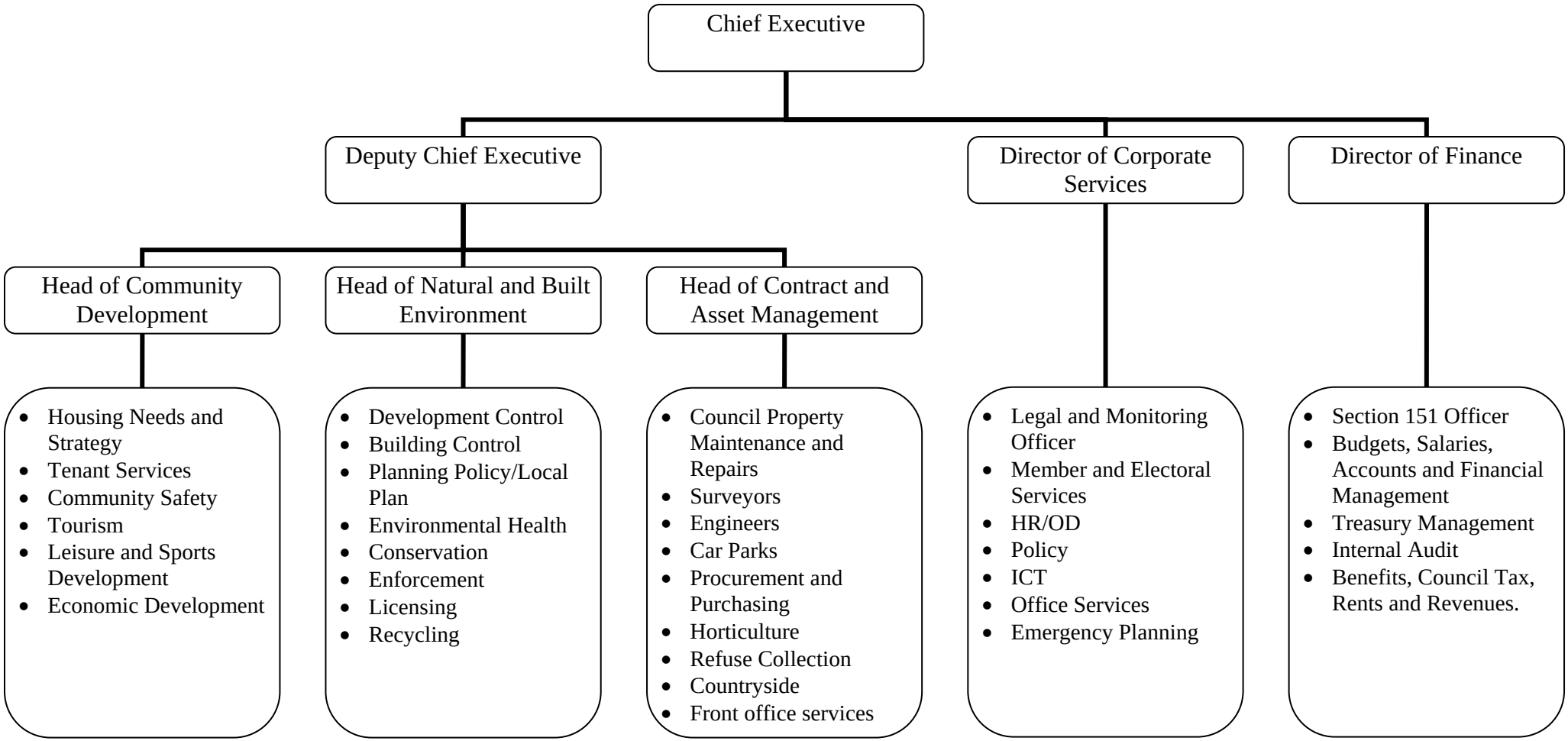
Section	Babergh District Council	Mid Suffolk District Council	Similarities	Differences	Comments
	• **A safer and healthier Babergh** o People living, working and visiting Babergh are safer and feel safer from crime and its effects o A more active population with healthier lifestyles o Improved health and life expectancy for residents, particularly in the most income deprived areas, with reduced levels of cancer, coronary heart disease and obesity o Improved access to all aspects of public healthcare services to better meet the needs of individuals and communities o Reduced levels of teenage pregnancies where they currently exceed the national average o It is safer to travel on Babergh's roads o The area is ready to respond effectively to emergency situations arising from environmental or other causes	**3. Safer and cohesive communities** o Address local priorities through Safer Neighbourhood Teams o Improve access to services for minority, disadvantaged and vulnerable groups o Increase opportunities for teenagers to participate in leisure and recreation	o Safer communities and a reduction in crime o Active population / healthy lifestyles / leisure and recreation opportunities	o All aspects of public health (Babergh) o Teenage pregnancy (Babergh) o Road safety (Babergh) o Emergency preparedness (Babergh)	o Some common ground, but a much greater emphasis on all aspects of public health in the Babergh plan. Mid Suffolk's emphasis on cohesive communities is picked up under Babergh's 'Vibrant places and strong communities' theme (see below)

Section	Babergh District Council	Mid Suffolk District Council	Similarities	Differences	Comments
	• **A strong and sustainable Babergh economy** o Babergh's economy has grown sustainably, with more small and medium sized enterprises situated here o More skilled and higher paid jobs in the Babergh area with a higher proportion being taken up by Babergh residents o Increased local educational opportunities and improved attainment and skill levels among Babergh's children, young people and working population – particularly in the more income deprived areas o Improved infrastructure in our market towns to increase vitality and viability No equivalent to this priority at Babergh. However, there are a number of outcomes relating to planning and infrastructure development – these fall across the 5 Babergh themes rather than forming a 'stand alone' theme	**4. Jobs and the rural economy** o Achieve a net increase in job opportunities o Provide more opportunities for business growth o Coordinate development in and around Stowmarket **5. Responsive planning** o Increase customer satisfaction and improve planning control performance o Ensure planning policies, suited to the nature of the District, are put in place o Effectively manage, with local communities, the challenge of major development	o More local jobs / opportunities o Economic / business growth o Development and infrastructure in and around our market towns	o Increased educational opportunities and improved attainment and skill levels – essentially a place shaping / lobbying role (Babergh)	o Broadly coterminous. Both councils share a strong local economy as a key priority

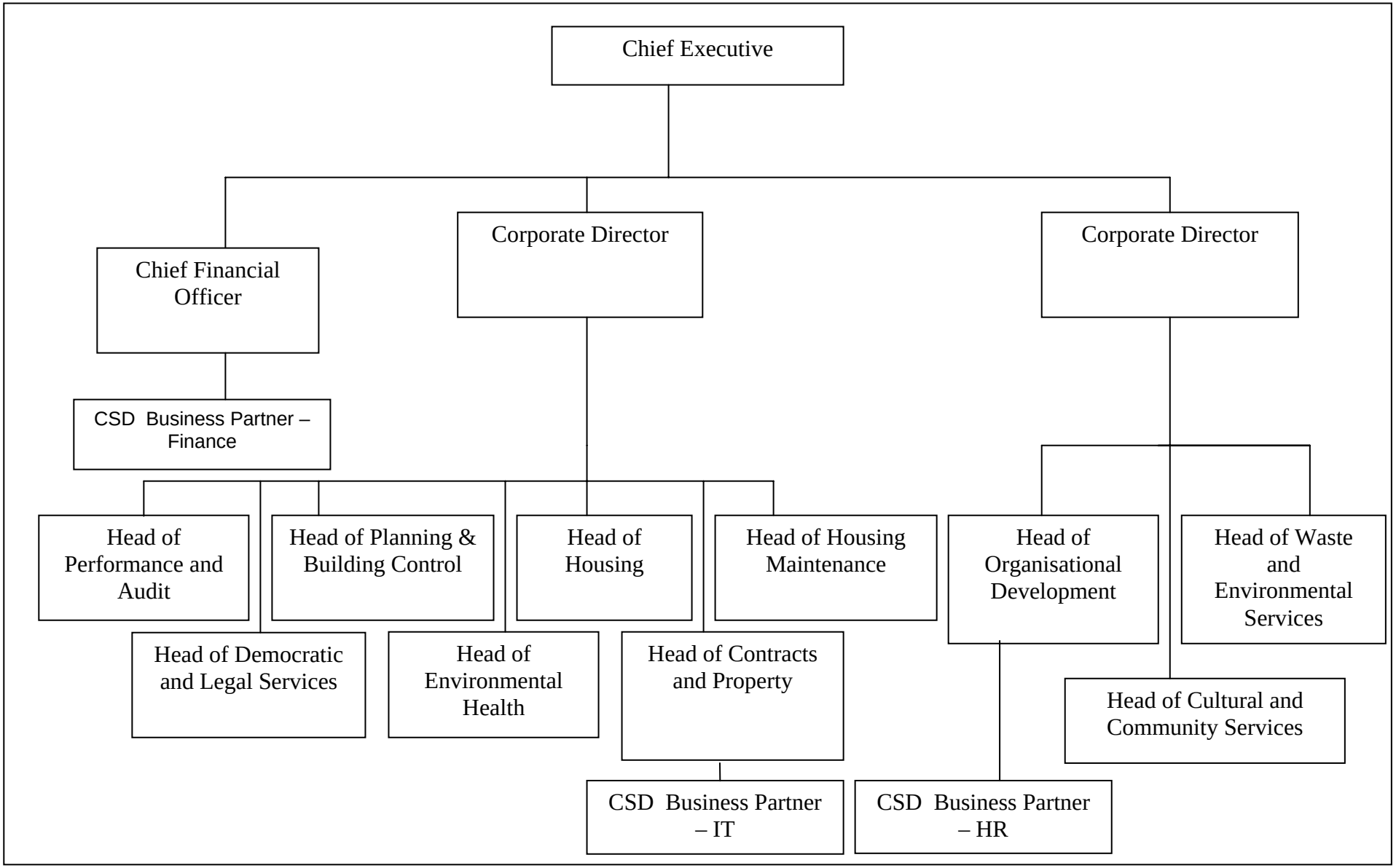
Section	Babergh District Council	Mid Suffolk District Council	Similarities	Differences	Comments
	• **Vibrant places and strong communities** o A reduction in the impact of rural isolation on parts of the district particularly limited access to affordable housing, transport and jobs o Active local villages and communities o Increased take up of developmental opportunities and activities o People have effective and convenient access to the public services they need by physical, telecommunications or other electronic means o Public services appropriately reflect the needs aspirations and choices of individuals from different groups, such as older people, in their design, resourcing and delivery o Individuals have a sense of belonging within cohesive communities where everyone is valued o Vulnerable people are supported to live in the community o More people are involved in the local decision making and participate in democratic processes which appropriately reflect the diversity of local communities	**6. Community engagement** o Increase engagement with town and parish councils o Improve internet based consultation o Establish area forums and involve local people	o Access to services - this is picked up under MSDC's Priority no.3 o Equality and Diversity / Community Cohesion o Involvement and democratic participation	o Area forums (MSDC) o Internet based consultation	o Some common ground. Both councils share accessibility to services for all and improved democratic participation as key priorities. More emphasis on place shaping and community development in the Babergh plan. Mid Suffolk more focused on consultation and developing locality arrangements (e.g. Area Forums)

Appendix 2 – Current Organisations' Management Structures

BABERGH DISTRICT COUNCIL MANAGEMENT STRUCTURE CHART (August 2010)



MID SUFFOLK DISTRICT COUNCIL SENIOR MANAGEMENT TEAM & SERVICES (May 2010)



Appendix 3 – Shared service models – comparative information & learning

Proposals from other Councils for Savings, Costs incurred, and Impact on Quality
[*Summary conclusion: significant savings (£400-800k? p.a.) possible in each of Snr. Mgmt and shared services areas, but not easy to generalise as % saving*]

	Adur District and Worthing Borough Councils	**East Dorset and Christchurch Borough Council**	**South Lakeland & Eden**	**South Oxfordshire and Vale of White Horse**	**South Norfolk and Breckland Councils (unsuccessful business case)**
Savings	Overall: w.e.f. Apr.2008, 1 CX, 2 Dir, 9 HoS (was 2+4+17). As at Mar.2010, £2m saved to date, £6m expected in next 2 yrs. Once CX & Dir in place, Services targeted with 10-15% savings over 3yrs. E.g. b.case for Corporate Strategy proposed savings from budget of £940k: Yr 1 (£43,440), Yr 2 (£111,440), Yr 3 (111,440)	Savings range from approx 5% - 10% of combined net revenue budget, p.a. Potential savings in the range of £800,000 - £1.6 million	Potential savings £4m over 4 years (snr team + shared services)	Snr Mgmt: 1 CX, 3 Dir and 8 HoS, reduced from 2 + 5 + 14. Saving £748k on base of £2m (ie. 37 %) Shared Svcs (Tier 4 & below): 42 Direct reports to HoS, reduced to 24. Pay costs reduced by £0.5m, from base of £2.1m (26%)	Estimated to be 15% or higher (4yrs). Savings approaching £8.5m over 4yr period from joint snr mgnt team and shared back offices Snr Mngmt: Yr1 (£424k) Yr2 (£1.0m) Yr3 (£1.0m) Yr4 (£1.0m) Shared Services : Yr1 (£77.6k) Yr2 (£2m) Yr3 (£2.9m) Yr4 (2.9m)
Costs	Overall: info TBC Corporate Strategy service area example: The key capital investment identified at this stage is £250k	TBC	TBC	Snr.Mgmt.: Ranging from £395k to £1.2m, with average £759k Worst case payback 1.7years	Change Management : Yr1 (£303k) Yr2 (£503k) Yr3 (£200k) Yr4 (£0) ICT Investment : Yr1 (£71.2k) Yr2 (£166k) Yr3 (£143k) Yr4 (£125k) Redundancy & Early Retirement: Yr1 (£195k) Yr2 (£97.5k) Yr3 (£146k) Yr4 (£48.7k)
Impact / Challenges	Position re Single Pay Structure	TBC		Snr: mgmt: Pay regrades capped at 10%	Case did not look at actual service in any detail. Costs and impacts underestimated.
Comment	Employment policy harmonised already	Early days – April 2010 proposal.	Early days – Feb 2010 proposal.	No external recruitment – internal ring fenced to existing staff	B. Case collapsed in May 2010. External Consultants used generic model. Savings too optimistic; costs under estimated.

	Waste Partnership Babergh/MSDC	**Revs & Bens Shared Partnership with Babergh and Ipswich**	**BDC/MSDC Shared Legal team (business case)**
Savings	Joint savings across the two authorities is a minimum of **£250k**. Considered to be an under-estimate, as industry sources expected 15-20% uplift at the time the contract was let. Further savings when a final decision on future depot provision is made. A realistic level of on-going savings is estimated to be £200k per authority.	£0.5m (10% of current service costs) once steady state is reached.	Approx £50k savings = 10%
Costs	Both Council's were successful in applying to the Centre for Excellence for the Eastern Region for financial support to this innovative contract. £25k was awarded towards professional assistance through White, Young and Green. The cost to both Council's was minimal.	One-off costs of £1.4m over first 3 years. Approximately £0.13m pa thereafter for cost of capital being spread.	£0.5m one-off costs
Impact / Challenges	Challenges and impact tackled and overcome through a strong partnership approach between Officers, Members and the contractor. Joint Waste Board established. Challenges resolved include joint procurement of vehicles, round and commodity changes, policy and procedural changes, public access and ICT issues.	Maintaining performance in a key service area with significant potential financial impact, if it goes wrong during transition period, will be a major challenge.	More resilience, so service should be better than having two separate small teams.
Comment	The Councils won the national 4P's award for partnership and procurement for this first joint waste contract in the Country.	When a four authority model was being looked at the savings were higher i.e. £1.2m or 16% of current service costs. Under the 3 authority model partners begin to see savings from 2012/13 with payback being in year 3.	NB. This shared service implementation took advantage of an opportunity of snr member of staff retiring, hence no significant redundancy costs.

Appendix 4 Additional Savings and Transitional Costs Identified for both Scenarios

SAVINGS	**Scenario 2**		**Scenario 3**	
	Annual	**Up to 4 Years**	**Annual**	**Up to 4 Years**
	£'000	£'000	£'000	£'000
External Audit Fees	0	0	90	270
Internal Audit Service	0	0	30	100
Corporate Subscriptions	0	0	40	120
Policy and Performance	0	0	40	130
Accommodation – Rental Income	40	120	50	150
Total	**40**	**120**	**250**	**770**

TRANSITIONAL COSTS	**Scenario 2**	**Scenario 3**
	£'000	£'000
Recruitment costs adjustment from HLBC (worst case only)	-20	-20
Accommodation Remodelling	50	50
Election Costs in 2012		150
Contract Novation		25
Communications / Corporate Identity		25
Relocation Travel Costs	60	60
Management of Change	138	138
Training and Development	60	60
Referendum		50
External Validation of Business Case		20
Total	**288**	**558**

Appendix 5 Council Tax Equalisation

Introduction

1. Under Scenario 3 (one council) it will be necessary to set the Band D council tax to one figure that applies to all households within the boundaries of the new council. For 2010/11 Babergh's Band D figure is £139.01 and Mid Suffolk's is £151.18, a difference of £12.17 equivalent to around 8-9%. Babergh's tax base (number of Band D equivalent properties) is 33,107 and Mid Suffolk's is 35,466.

2. The total council tax requirement of the two councils in 2010/11 is shown below.

	Tax Base	**Band D**	**Income**
		£	**£000**
MSDC	35,466	151.18	5,362
BDC	33,107	139.01	4,602
Total			9,964

3. The new council will need to decide at what level it wishes to set council tax. The decision is likely to be based upon a combination of the cost and what is deemed to be acceptable to the residents of the new council. Three options have been assessed, as follows:

   - Option 1 - Equalise to the lowest i.e. Babergh
   - Option 2a - Equalise at the mid point (in four equal steps)
   - Option 2b - Equalise at the mid point (Babergh moving in four equal steps and MSDC staying at the current level until the fourth year)

4. Two other factors which may have an impact upon the level at which council tax is equalised are the CLG consultation document on local referendums for excessive council tax rises and the uncertainty about any ongoing freeze in council tax beyond the current proposal for at least one year and maybe two.

5. Council tax equalisation does not have to be achieved in one year, but a strategy can be adopted to achieve it over a defined period of time. As part of the LGR work it was proposed that equalisation would be achieved over a four year period in four equal steps. This would appear to be a reasonable approach for the creation of one council to replace Babergh and Mid Suffolk District Councils and fits with the Boundary Commission requirement to demonstrate payback over a four year period.

Options

6. Option 1 - Cost of Equalising to the Lowest

   Under this option Mid Suffolk residents' council tax would decrease by £12.17 (8%) at an ongoing cost of £432,000.

	Tax Base	Band D	Income	Difference
		£	£000	£000
MSDC	35,466	139.01	4,930	-432
BDC	33,107	139.01	4,602	0
Net Cost			9,532	-432

7. Option 2a and 2b - Cost of Equalising to the Mid Point

   Under this option Mid Suffolk residents' council tax would decrease by £6.08 (4%) and Babergh residents' council tax would increase by £6.09 (4.4%) at an overall ongoing cost of £14,000.

	Tax Base	Band D	Income	Difference
		£	£000	£000
MSDC	35,466	145.10	5,146	-216
BDC	33,107	145.10	4,804	202
Net Cost			9,950	-14

Impact on Residents and the Business Case

8. The following tables show the impact on both what an individual household would pay and the business case of equalising to the level in each of the three options over a four year period.

Option 1	2010/11 Council Tax £	2012/13 Proposed Council Tax £	2013/14 Proposed Council Tax £	2014/15 Proposed Council Tax £	2015/16 Proposed Council Tax £
Mid Suffolk	151.18	148.14	145.10	142.06	139.01
Babergh	139.01	139.01	139.01	139.01	139.01
Impact on Council Tax Raised		-107,817	-215,633	-323,450	-431,621

Option 2a	2010/11 Council Tax £	2012/13 Proposed Council Tax £	2013/14 Proposed Council Tax £	2014/15 Proposed Council Tax £	2015/16 Proposed Council Tax £
Mid Suffolk	151.18	149.66	148.14	146.62	145.10
Babergh	139.01	140.53	142.05	143.57	145.10
Impact on Council Tax Raised		-3,586	-7,171	-10,757	-14,012

Option 2b	2010/11 Council Tax £	2012/13 Proposed Council Tax £	2013/14 Proposed Council Tax £	2014/15 Proposed Council Tax £	2015/16 Proposed Council Tax £
Mid Suffolk	151.18	151.18	151.18	151.18	145.10
Babergh	139.01	140.53	142.05	143.57	145.10
Impact on Council Tax Raised		50,323	100,645	150,968	-14,012

9. The above tables show that whilst Options 2a and 2b have the same ongoing net cost of £14,012, Option 2b is more favourable in terms of cash flow during the four year period for the business case.

Appendix 6 Cash Flow Summary

APPENDIX 6

CASH FLOW SUMMARY BEFORE CAPITALISATION OF STAFF COSTS (HLBC)

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
SCENARIO 2									
Best Case									
Costs	-266	-334			-140				
Savings		251	601	821	1,010	962	962	962	962
Net Savings	-266	-349	252	1,073	1,943	2,905	3,867	4,829	5,791
Worst Case									
Costs	-576	-674			-140				
Savings		251	601	821	1,010	962	962	962	962
Net Savings	-576	-999	-398	423	1,293	2,255	3,217	4,179	5,141
SCENARIO 3									
Best Case									
Costs	-266	-334			-140				
Savings		251	969	1,318	1,588	1,540	1,540	1,540	1,540
Net Savings	-266	-349	620	1,938	3,386	4,926	6,466	8,006	9,546
Worst Case									
Costs	-576	-729			-140				
Savings		251	969	1,318	1,588	1,540	1,540	1,540	1,540
Net Savings	-576	-1,054	-85	1,233	2,681	4,221	5,761	7,301	8,841

The shading denotes the year in which the breakeven position is reached.

APPENDIX 6 (contd)

CASH FLOW SUMMARY AFTER CAPITALISATION OF STAFF COSTS (HLBC)

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
SCENARIO 2									
Best Case									
Costs	-99	-73			-140				
Opportunity Cost	-10	-34	-48	-48	-48	-48	-48	-48	-48
Savings		251	601	821	1,010	962	962	962	962
Net Savings	-109	35	588	1,361	2,183	3,097	4,011	4,925	5,839
Worst Case									
Costs	-229	-70			-140				
Opportunity Cost	-21	-81	-120	-120	-120	-120	-120	-120	-120
Savings		251	601	821	1,010	962	962	962	962
Net Savings	-250	-150	331	1,032	1,782	2,624	3,466	4,308	5,150
SCENARIO 3									
Best Case									
Costs	-99	-73	0		-140				
Opportunity Cost	-10	-34	-48	-48	-48	-48	-48	-48	-48
Savings		251	969	1,318	1,588	1,540	1,540	1,540	1,540
Net Savings	-109	35	956	2,226	3,626	5,118	6,610	8,102	9,594
Worst Case									
Costs	-229	-70	0		-140				
Opportunity Cost	-21	-81	-120	-120	-120	-120	-120	-120	-120
Savings		251	969	1,318	1,588	1,540	1,540	1,540	1,540
Net Savings	-250	-150	699	1,897	3,225	4,645	6,065	7,485	8,905

The shading denotes the year in which the breakeven position is reached.

APPENDIX 7

Appendix 7 Four Year Comparison of Costs and Savings (Boundary Commission VFM Test)

	Scenario 2	Scenario 3	Difference
	£'000	£'000	£'000
4 year savings from HLBC			
2011/12	251	251	0
2012/13	601	969	368
2013/14	821	1,318	497
2014/15	1,010	1,588	578
Total HLBC savings	**2,683**	**4,126**	**1,443**
Additional savings identified (Appendix 1)	120	770	650
Revised 4 year savings	**2,803**	**4,896**	**2,093**
4 year costs from HLBC			
Best case	740	740	0
Worst case	1,391	1,446	55
Additional costs identified			
Transitional costs (Appendix 1 – -20 worst case only)	288	558	270
Council tax equalisation (Appendix 2)	0	648	648
Revised 4 year costs			
Best case	**1,048**	**1,966**	**918**
Worst case	**1,679**	**2,652**	**973**
Net Savings over 4 Years			
Best Case	**1,755**	**2,930**	**1,175**
Worst Case	**1,124**	**2,244**	**1,120**

APPENDIX 8

Appendix 8 Comparative Financial Information for MSDC and BDC

Key Comparator	MSDC	BDC
General Fund Budget Requirement 2010/11	£11.657m	£10.838m
Council Tax Raised 2010/11	£5.362m	£4.602m
Formula Government Grant 2010/11	£6.319m	£6.240m
Band D Council Tax 2010/11	£151.18	£139.01
Taxbase 2010/11	35,466.02	33,107.00
Worst Case MTFS Figures		
- 2011/12	£1.179m	£1.260m
- 2012/13	£0.535m	£0.983m
- 2013/14	£0.767m	£0.981m
- Total over 3 years	£2.481m	£3.224m
Average Weekly Housing Rent Level 2010/11	£65.96	£69.28
Housing Revenue Account Income 2010/11	£13.128m	£13.997m
Reserves as at 31 March 2010		
- General Fund (incl. earmarked)	£3.200m	£2.944m
- HRA	£1.352m	£1.213m
- Total	£4.552m	£4.157m
Debt Levels as at 31 March 2010 (split based on CFR)		
- General Fund	£12.115m	0
- HRA	£17.801m	£1.1m
- Total	£29.916m	£1.1m
Value of Fixed Assets as at 31 March 2010		
- Council Dwellings	£174.053m	£185.8m
- Other Assets	£21.208m	£23.5m
- Total	£195.261m	£209.3m
Capital Programme 2010/11		
- General Fund	£1.602m	£2.951m
- HRA	£10.250m	£3.604m
- Total	£11.852m	£6.555m
FTE Staff as at 31 March 2010	313	270

APPENDIX 9

Appendix 9 Business Case options – revised cash flow summary

Business Case Options - Revised Cash Flow Summary

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
SCENARIO 2									
Best Case									
Costs	-266	-503	-119	-20	-140				
Savings		251	641	861	1,050	1,002	1,002	1,002	1,002
Net Savings	-266	-518	4	845	1,755	2,757	3,759	4,761	5,763
Worst Case									
Costs	-556	-843	-119	-20	-140				
Savings		251	641	861	1,050	1,002	1,002	1,002	1,002
Net Savings	-556	-1,148	-626	215	1,125	2,127	3,129	4,131	5,133
SCENARIO 3									
Best Case									
Costs	-286	-583	-289	-20	-140				
Savings		271	1,111	1,352	1,514	1,358	1,358	1,358	1,358
Net Savings	-286	-598	224	1,556	2,930	4,288	5,646	7,004	8,362
Worst Case									
Costs	-576	-978	-289	-20	-140				
Savings		271	1,111	1,352	1,514	1,358	1,358	1,358	1,358
Net Savings	-576	-1,283	-461	871	2,245	3,603	4,961	6,319	7,677

The shading denotes the year in which the breakeven position is reached.

Appendix 10 – Indicative Service Groupings and Considerations

Proposed Service Groupings for evaluating the Business Case options

Landlord Services Local Authority Housing Stock: Management, Repairs, Rents, Private sector housing availability Housing Strategy, Housing Enabling, Right to Buy, Supported Housing, Housing Advice, Homelessness, B&B, Community Alarms, Affordable Housing
Community Development Arts, Sports, Leisure/ Health Improvement, Community Youth Programme, Community Safety, Countryside Service (Community facing), CYP, Tourism, TIC, Economic Development and Regeneration, Community Development/ Community Grants, LSP's
Environmental Enforcement Environmental Health – Safety, Food Safety, Noise and Nuisance, Pollution Control, Dog and Pest Control, Licensing, Planning Enforcement, Housing Standards in private sector
Natural Environment Open Space/ Garden Maintenance including Countryside maintenance, Waste Management, Street Scene, Car Parks, Environmental Management (CRED), Public Conveniences
Built Environment Development Management: Planning Control, Building Control, Planning Policy
Gov, Corporate Support and Customer Service **(to be split further into two)** Elections, Legal, Monitoring Officer Complaints, FoI, Policy, Performance Management, Audit, Human Resources and Organisational Development, IT, Finance (Revs & Bens client role), Contracts and Property

Outline Conclusions from Service Groupings Feasibility Reports

Background

On 24 June 2010, the six service Groupings were asked to provide additional information. Key elements of their returns were then collated into an overview document that Joint Officer Board members received on 30 July. (These documents are all available in the 'Project Team' area of the BMI Sharepoint site).

This note seeks to draw some general conclusions from the Service Groupings reports, with a view to understanding the consequences for the business case and the requirement for further work. It should be recognised that the timescales and resources available were constrained, and that further detailed work will be required in the future as the project progresses.

General Observations across all Service Groupings:

- The six Service Groupings (the largest of which will be split into two) all provided reports. These varied in scope and in the depth of information provided, with the fullest response being that for the Natural Environment, which was reasonably comprehensive and made some rough estimates of possible costs and savings.

- In general, reports did not quantify any significant and specific savings or costs (i.e. within the service teams at below Head-of-Service level) to incorporate into the business case financial analysis. Instead, information was of a more qualitative nature, indicating where there is potential (or risk) but not necessarily being able to quantify it.
- In all cases, a full merger to create one council was regarded as providing greater opportunity for savings than sharing staff between the two councils. However, this is not fully quantified.
- In all cases it is expected that some savings could arise from harmonisation of ICT systems. However, this has not yet been considered in detail or costed.

Service Specific Observations:

Conclusions that apply to certain Service Groupings, based on their reports, are as follows:

- *Applies to Natural Environment, Community Services, Built Environment and Environmental Enforcement:* In both Mid Suffolk and Babergh, existing structures have been the subject of efficiency initiatives in recent years and therefore further savings purely from economies of scale (i.e. within the service teams at below Head-of-Service level) may be limited. This aligns with some of the experiences of other local authorities, where the merger savings are likely to be a mix of efficiency and integration savings, the results of new ways of working, service reductions, and changes to service standards.
- *Applies to Natural Environment, Community Services and Landlord Services:* The current Divisions within each authority are very different, and many of the core services are not even grouped together within particular divisions. However, from the customer point of view the delivery of most of these services will look very similar.
- *Applies to Natural Environment and Built Environment:* There is some potential for achieving savings whilst avoiding redundancy costs, either where budgeted vacancies exist, or where several staff are not far off retirement age.
- *Applies to Natural Environment and Community Services:* Simple integration of services may not provide the required resilience for small, specialist roles that require district-specific knowledge. This includes issues such as succession planning and leave cover.
- *Applies to Natural Environment:* High value contracted services may offer some scope for reduced costs.
- *Applies to Natural Environment, Community Services, and Governance Corporate Support & Customer Services:* A number of services and facilities are bound by external contracts, which may restrict room for manoeuvre in relation to provision of joint or shared services. There will be greater potential for ICT savings once the current CSD contract ends in 2014.
- *Applies to Community Services:* Reducing the budget by a fifth may mean closing down many discretionary services, unless alternative (and feasible) ways of delivering them can be found. Guidance from councillors is essential in this respect.
- *Applies to Community Services, Built Environment and Environmental Enforcement:* Co-location of staff may provide the opportunity to save money and also develop team spirit.
- *Applies to Community Services:* Equality Impact Assessments (EqIA): Initial thoughts suggest that a number of groups and/or individuals may feel disadvantaged by any cuts in community services. (Note: In general, Service Groups felt that there was insufficient detail to allow an EqIA to be undertaken at this stage)
- *Applies to Landlord Services:* Full integration of this service area is seen as both a realistic and practical option, not just for full merger but also as a shared service across both authorities.

Appendix 11 – Staff Related Protocols

Consultation Framework for Matters Affecting Staff

Babergh and Mid Suffolk District Councils
A Consultation Framework for Matters affecting Staff

Preamble:

Integration will undoubtedly create uncertainty throughout the workforce of both authorities. In order to reduce the inevitable anxieties of staff, and to provide the most effective level of engagement with all, an inclusive consultation approach needs to be in place as soon as possible.

This paper sets out an approach for discussion between the HR leads of the authorities and Unison and Unite.

The integration consultation process will need to address four broad areas:-

1. The HR policies and practices that will govern the process followed for the transformation required to achieve integrated services.
2. The development of new organisation structures and the potential migration of staff.
3. The integration of the new structures.
4. Any redundancies that arise.

Statement of Guiding Principles:

The trades unions and management recognise that the integration will be a difficult time for many staff. The target of April 2011 for Phase 1 of service integration will create a situation where staff at all levels need information and access to representation. This can only be achieved through having in place responsive and effective consultation arrangements.

Whilst each lead body will be responsible for the shaping of its own consultation structures, there are certain guiding principles that could apply, and be agreed at this early stage of the integration process. These would be:

- The trades unions and councils will be clear about the definition and requirements of consultation and negotiation/bargaining and will define when each may be appropriate, linked to the principles above.
- Statutory consultation requirements will only be fulfilled through the formally recognised trades unions.
- Negotiation/bargaining will only be carried out with the relevant formally recognised trades unions according to the class of employee involved.
- Time off and facilities will be given to trades union representatives to fulfil their role in the integration process. The councils will be mindful of the capacity needs of the trades unions during the integration programme.
- The trades unions recognise managements' responsibilities toward all their employees and that consultation will extend beyond their members.
- As far as possible, the trades unions and councils will work towards establishing a single effective consultation process for all staff.
- Management representatives from the relevant councils will be involved in the consultation arrangements.

- The unions and the councils recognise that the impact of the integration will vary for different groups of employee and that resources need to concentrate in the high impact areas.
- The unions and the councils recognise that throughout the integration process “business as usual” must continue and that a collaborative approach will operate.

Consultation with Non-union Staff:

We will keep all staff informed regardless of union membership and ensure channels are available to receive feedback and views at both councils.

However, formal consultation will take place via the recognised trades unions at each council.

Vacancy and Post Management Protocol for Integration

This protocol is an agreed method for vacancy and post management across Babergh and Mid Suffolk District Councils. It will be effective during the period of transition to achieve integration. It ensures that vacancies can be filled in a way that best maintains service delivery whilst ensuring that the authorities are in the best position to move towards successful integration, should the business plan be taken forward.

This protocol will apply to all posts in both councils, with the exception of posts currently within CSD which provide services to MSDC and any posts within Revenues and Benefits, where agreement on appointments is currently through the SRP Joint Project Board (JPB). The Joint Officer Board (JOB) will be kept informed of recruitment activity within Revenues and Benefits.

Key Principles

1. The Authorities will cooperate fully on exploring and implementing the integration of staff and recognise the need to allocate resources accordingly.
2. No vacancies will be filled without the prior agreement of the JOB Representatives from both Councils and permanent appointments will be made in exceptional circumstances only.
3. Any Management restructure that includes proposed changes to the grade/band and salary of a post at either Authority will require the prior agreement of the JOB.
4. All recruitment requests will follow the agreed standard process and require agreement by a JOB Representative and the HR Lead from both Authorities. JOB will be kept informed of all decisions
5. All vacancies, except posts considered exempt by the JOB, will be ring-fenced and advertised to staff already employed within the authorities. Recruitment may be on the basis of a permanent appointment or a secondment, depending upon the circumstances of the vacancy and will be agreed in advance by the JOB
6. There will be occasions when an employee wishes to apply for a secondment but the employer feels that he/she cannot be released from the home authority. In this situation the HR leads will be contacted to ensure resolution. This may involve consultation with the JOB. The authorities will commit to trying to find solutions to such problems that is acceptable to all parties. If a vacancy cannot be filled from the current pool of staff in scope, then a temporary appointment may need to be made from other sources e.g. external recruitment on a fixed term basis, or agency staff.
7. Where staff are seconded, they will continue to be employed on their existing terms and conditions, and in accordance with the Secondment Policy of their own Authority. Staff seconded in higher graded roles will be paid the correct rate (of the authority to which they are seconded) for the job they are doing in the secondment. Whilst staff are to be encouraged to apply for secondments, they will not be required to apply for secondments if they do not wish to do so. Seconded staff will not be treated any less favourably at any stage than staff who remain in their home posts. Both authorities are committed to fairness and equality of opportunity for all staff.
8. It will be the responsibility of the secondee's manager (at their home post) to make effective arrangements for keeping in touch with the secondee, which may include keeping in touch days, attendance at team meetings, the sending on of employee communications etc. This will need to be done with the support of the secondee's host manager.
9. Requests to continue working beyond the age of 65 (NRA) will be treated as potential vacancies and be put to the JOB for approval
10. Scarce specialist resources will be pooled where possible. This means that should one Authority have a specialism that is short in another authority, due to vacant posts not being filled or secondee's not having the same level of technical or legislative knowledge for example, knowledge would be shared in the true spirit of partnership. Another example

would be considering sharing a key post where it is a hard-to-recruit specialism, rather than trying to appoint two specialists, if this is operationally possible.

11. This protocol will need to be adopted by both authorities if it is to be highly effective, and it will need to be agreed by Unison and the JOB.
12. Any questions in respect of the protocol should be directed to Jeanette Bray or Faye Hendin, HR Workstream Leads.

Appendix 12 – Legal Context

LEGISLATIVE BASIS FOR SHARED SERVICES

1. APPOINTMENT OF STAFF

General duty to appoint officers
Under Section 112 of the Local Government Act 1972 local authorities have a duty to appoint such officers as they think necessary to enable them to discharge their own functions and any functions which they carry out for another local authority. Officers appointed under section 112 hold office on such reasonable terms and conditions as are agreed by the employing authority.

Power to share staff
Section 113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another local authority to place its officers at the disposal of the other authority. Authorities must consult the officers involved before entering into such an agreement Staff that are made available under such an arrangement are able to take binding decisions on behalf of the body at whose disposal they are placed, although they remain an employee of their original authority for employment and superannuation purposes. This legislation therefore allows staff to be shared between the two Councils.

External advertisements
Section 7 of the Local Government and Housing Act 1989 requires that Councils appoint on merit. The Local Authorities (Standing Orders) Regulations 1993 and 2001 require the Councils to have Standing Orders relating to the appointment of Chief Officers.

2. DESIGNATION OF STATUTORY OFFICERS

Chief Finance Officer
Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.
Section 113 of the Local Government Finance Act 1988 requires that the Chief Finance Officer shall be a member of one of a list of named professional bodies.

Head of Paid Service
Section 4 of the Local Government and Housing Act 1989 places a duty on each Council to designate one of their officers as the Head of Paid Service and to provide that officer with such staff, accommodation and other resources as are, in his/her opinion, sufficient to allow his/her duties under this section to be performed.

Monitoring Officer
Section 5 of the Local Government and Housing Act 1989 places a duty on each Council to designate one of its officers (to be known as “the Monitoring Officer”) as the officer responsible for performing the duties imposed by that section and to provide that officer with such staff, accommodation and other resources as are, in his/her opinion, sufficient to allow his/her duties under this section to be performed. In essence, the Monitoring Officer has a duty to ensure that the Council, its members and officers act lawfully and ethically.
There is no professional qualification specified by legislation for this post.

Electoral Registration Officer
Section 8 of the Representation of the People Act 1983 requires every district Council to appoint an officer of the Council to be Electoral Registration Officer.

Returning Officer

Section 35 of the Representation of the People Act 1983 requires every district council to appoint a returning officer for district and parish council elections.

Power to designate shared senior officers as statutory officers for both authorities
Each authority is under a duty to appoint each of the above statutory officers as part of the shared management structure. The combination of sections 112 and 113 of the Local Government Act 1972 means that both Councils could designate the same officer as a particular statutory officer. Alternatively, they could each choose to appoint a different officer to the statutory roles.

3. JOINT DELIVERY OF SERVICES

No decisions are being taken on how specific services will be delivered by each Council in this particular business case. However, should the business case be found satisfactory and a decision is made to move to a shared management and shared services the following powers may be drawn upon.

These powers will be explored in more detail following approval of the business case and will be considered through each shared service proposal and it may be necessary for each Council to amend its constitution, and its delegations as the partnership progresses.

General power to delegate
Section 101 of the Local Government Act 1972 provides that a local authority may (with certain exceptions) arrange for the discharge of any of their functions by any other local authority. Section 102 of the 1972 Act permits two or more local authorities to discharge any of their functions jointly and, where arrangements are in force for them to do so they may also arrange for the discharge of those functions by a joint committee of theirs or by an officer of one of them.

Constitutional arrangements
Both Councils are currently operating under a committees system rather than executive arrangements. Should the Councils 'merge' to create a single authority this will involve the dissolution of both Councils and the creation of a new Council. Under existing legislation (the Local Government Act 2000, as amended) the new Council would need to operate execute arrangements by reason of the size of the authority. This would either take the form of a Leader and Cabinet Executive or an Elected Mayor and Cabinet.
Whilst the Coalition Government has announced a proposal that would allow the new Council to operate a committees system, the details are not expected to be published until 22 November 2010 when the Decentralisation and Democracy Bill is scheduled to receive its first reading in Parliament. If enacted, it may not come into force until autumn 2011.

Creation of a single authority
A single authority would be created by the Mid Suffolk and Babergh local government areas being abolished and a new area created in their place.
Section 8 of the Local Government and Public Involvement in Health Act 2007 empowers the Boundary Commission to conduct a review of one or more local government areas if requested by a local authority. It is within the discretion of the Commission whether to accept the request having regard to guidance issued by the Secretary of State.

The Commission must consult the electorate, parish councils, other local authorities and other interested parties before publishing a draft recommendation. A period is allowed for representations on the draft recommendation and those representations must be taken into account before making a recommendation to the Secretary of State. The recommendation may include alteration of the local government boundary, abolition of a local government area and creation of a new area. The Secretary of State may after the expiry of a 6 week period form the date of the recommendation decide (i) to implement the recommendation with or without modification (ii) to take no action, or (iii) request the Commission to undertake a further review.

Appendix 13 – Risk Management and Mitigation Measures

Primary objectives of the project:

- Value for money for council tax payers.
- Financial savings.
- Future resilience in all aspects of service delivery.

The risks (consequences) of not progressing with the project (status quo) are:

Risk Description	**Mitigation Measures**
Greater or more rapid detrimental impact on service provision (earlier and deeper cuts or removal of services)	This project is a key mitigation against this risk
Savings and efficiencies targets are not met	This project is a key mitigation against this risk
Staff and Members do not see the need for, or are resistant to, change	The challenges facing both councils and the various options for responding to these have been explained to both staff and Members over a long period of time. The project includes a clear internal communication and consultation plan
Inadequate capacity to meet the challenges facing the Council, leading to poor services, the needs of communities and citizens not being met, and lower customer satisfaction levels	This project is a positive opportunity to enhance capacity through greater efficiency and better economies of scale
Loss of an opportunity to deliver shared services, leading to a lost opportunity to make savings	This project takes advantage of a radical shared service opportunity with a neighbouring Council
Inability to provide strong political and managerial leadership in a period of considerable change	This project represents a clear leadership opportunity that offers a positive vision for a sustainable and successful future for internal and external stakeholders
Failure to engage in partnerships that would benefit our communities	This project identifies a preferred partner and offers a radical partnership approach but does not preclude other partnership opportunities e.g. the Revenues and Benefits partnership
Failure to respond to external, including national, issues	This project is a key mitigation against the effects of the national economic situation, and specifically against threatened public expenditure cuts

No change will also lead to:

- Economies of scales not realised with less opportunities to restructure and transform the way services are delivered.
- Less funding for community grants and projects.
- Team sizes decrease resulting in less resilience.
- More redundancies (likely to be costly) required.
- Lower levels of staff morale.
- Member dissatisfaction.
- Greater pressure on council tax levels.

The most important mitigation measure is that each Council has its own plans in place to try and manage the reduction in or loss of services whilst attempting to find the required savings and efficiencies.

Both councils need to understand and consider the strategic risks associated with the project and the mitigation measures that can be put in place to minimise these. No matter what scenario is chosen, the following generic risks apply:

Risk Description	**Mitigation Measures**
Failure to embed risk management in the business case and associated project implementation plans	The business case and project implementation plans identify key risks and their mitigations
Failure of projects due to inadequate programme and project management	This project is supported by clear programme and project planning that takes account of other competing pressures on key staff. The need for any additional resources is kept under review and reported as necessary to Members

The specific strategic risks for all the scenarios are shown below. For each risk, potential triggers, impacts, and actions and controls are shown. It should be noted that the impact of a risk may vary for any specific scenario being considered.

Risk Description:		
Lack of clarity on overall vision and outcomes to be achieved with one or both Councils deciding that they are not happy with the new arrangements (for whatever reason), either during the setting up period or after they are implemented.		
Possible Triggers	**Impact**	**Action/ control**
• Change in local political control. • Divergence of political priorities. • Lack of Member buy in	• Lack of clear political direction to the partnership. • Reduced commitment to the partnership. • Political relationships deteriorate. • Difficulties in service delivery. • Member and officer time consumed with managing relationships. • A period of recrimination between the two Councils. • Embarrassment to both Councils. • A managed (or unmanaged) return to separate arrangements. • Additional costs (which could outweigh any savings in the early period).	• Clear vision with concise, precise outcomes to be achieved by the new arrangements • Clear business case that is kept under review. • Established and robust political governance arrangements. • Senior political and management sponsorship and support.

Risk Description:		
Savings are not realised.		
Possible Triggers	**Impact**	**Action/ control**
• Business case is not managed and monitored adequately. • Inability to reduce staffing numbers. • Lack of investment availability. • Systems not brought together. • Services not redesigned adequately.	• Savings and service benefits not delivered. • Ongoing costs of operating two systems. • Staff using two systems. • Deteriorating services. • Need to revisit services and service delivery arrangements.	• Clear and effective programme management and governance arrangements. • Clear and managed benefits realisation plan. • Workforce Planning. • Change programme effectively managed. • Continuing monitoring of financial resources. • Joint consideration of Medium Term Financial Plans. • Effective ICT Strategy. • Investment in ICT delivery. • ICT considered carefully as part of service delivery plans. • Securing of investment availability prior to embarking on projects. • Use of longer term financing routes including leasing and prudential borrowing. • Detailed and well considered process design as part of implementation of new arrangements.

Risk Description:		
There is not the capacity or capability to implement the partnership.		
Possible Triggers	**Impact**	**Action/ control**
• Lack of change management resources. • Poor programme and project management. • Loss of key staff – especially at senior management level, who take with them knowledge and experience. • Proposed structure is not effective • Reductions from the removal of overlapping common work do not materialise. • Insufficient training and support is available for new joint senior managers.	• The programme fails or slips with the savings and service benefits not being delivered, or delayed. • Senior staff find working for two different political set ups unmanageable. • The workload of senior staff becomes unmanageable. • Members become frustrated at reduced access to senior staff. • Workload and pressure cascade to less senior staff	• Well resourced change plan. • Effective and flexible programme and project management. • Senior political and management sponsorship and support. • Phased approach to reduction in senior managers to allow work on the project. • Phased approach to merging of services to allow more controlled changeover. • Make special provision for those staff to undertake the work needed and become fully engaged in any discussions / decisions about taking those services forward. • Identify training needs at an early stage and make arrangements for these to be addressed. • Allocate more time for those directly affected. • Closely monitor staff well-being to identify at an early stage any workload or stress related issues.

Risk Description:		
Staff resistant to change.		
Possible Triggers	**Impact**	**Action/ control**
• Lack of staff buy in. • Staff resistant to relocation.	• Employee dissatisfaction and demotivation. • Delays in implementing new arrangements and appointing to posts. • Difficulties with organisational culture. • Staff leaving. • Ongoing poor industrial relations.	• Effective ongoing staff communication and consultation. • Ensure communication channels are used to their full potential to keep all staff fully informed at all times. • Effective Organisational Development activity. • Good management practice. • Clear HR Policies and transitional arrangements. • Effective Workforce Planning. • Resolve any issues around line management responsibilities at an early stage. • Harmonise Terms and Conditions. • Protocol and procedures need to be agreed and put in place to resolve any future disputes/ anomalies. • Planned approach to service transition. • Use of technology and flexible working practices.

Risk Description:		
Deteriorating performance and / or customer satisfaction.		
Possible Triggers	**Impact**	**Action/ control**
• Possible disruption / reduction in service levels / accessibility during transitional period. • Reduction in service availability. • Customer confusion – where to go, who to speak to, who is their Council?	• Deteriorating services. • Loss of credibility locally and politically.	• Clear and effective programme management and governance arrangements. • Clearly formulated service delivery and performance standards linked to change management and service planning. • Keep staff, the public, partners and other stakeholders fully informed at all times. • When reviewing individual services, consider customer needs and expectations before, during and after the implementation of any changes to service provision are made to ensure customer needs are being addressed. • Promote/explain the benefits of any changes identified. • Endeavour to keep any disruption to services to a minimum during any changes. • Undertake a promotion/publicity campaign.

Risk Description:		
Changes in the external environment.		
Possible Triggers	**Impact**	**Action/ control**
• National political change or uncertainty. • Further deterioration in the economic climate. • Possible new local government reorganisation plans. • New Government initiatives and policies.	A halt or delay to the project.	• Keep abreast of Government announcements. • Inform Government of the work taking place. • Flexible service planning and delivery arrangements.

The above risks will be ongoing throughout the life of the project. There are also three very important risks that need to be managed at specific times in the project:

Risk Description:		
Unable to recruit a suitable candidate to the Chief Executive post		
Possible Triggers	**Impact**	**Action/ control**
• Poor response to the recruitment process. • Poor recruitment process.	• Delays in implementing, or unable to implement new arrangements. • Employee dissatisfaction and demotivation.	• Clear vision, outcomes, business case and associated plans. • Clear role for the Chief Executive post • Comprehensive promotion of the post. • Comprehensive and clear recruitment pack and other information. • Comprehensive recruitment process.

Risk Description:		
Lack of support from the public (Scenario 3)		
Possible Triggers	**Impact**	**Action/ control**
• Public do not support Scenario 3.	• Unable to implement Scenario 3.	• Senior political and management sponsorship and support. • Clear and comprehensive articulation of Scenario 3 to the public.

Risk Description:		
No approval from the Secretary of State (Scenario 3)		
Possible Triggers	**Impact**	**Action/ control**
• The Secretary of State does not give approval for Scenario 3.	• Unable to implement Scenario 3.	• Senior political and management sponsorship and support. • Clear and comprehensive articulation of Scenario 3. • Continually inform / involve civil servants, MPs, Ministers and associated bodies (e.g. Boundary Committee, LGA) in the work taking place.

Appendix 14 – Locality Arrangements

Locality Arrangements – Project Proposal

Purpose

The purpose of this piece of work is to consider locality arrangements for an integrated or merged authority. The scope of the project will include work to determine the arrangements for locality working across the combined geographical area. In addition to these locality arrangements the project will examine the options for communities becoming engaged and involved at a locality level. Lastly, this project will consider the manner in which this will be resourced by staff to support locality working in an affordable and sustainable way.

Aims

This project will:

- Establish a programme to work with our communities and partners to jointly shape what arrangements are needed for effective locality working.
- Establish a programme of work to jointly explore with communities and partners the different levels of appetite for community involvement and to develop a menu of options for community involvement and participation.
- To consider the current staffing resource within the two authorities working within communities and to consider alternative arrangements for supporting locality work. In addition to explore the potential for joint locality arrangements and work with other public, private and third sector organisations.

Process and Approach

Locality Working is a term which describes how as an organisation we interact with our community. The scale at which this may occur can vary significantly according to the desire of a community to be involved. Before we can determine the most appropriate arrangements for working within a locality we need to understand and agree what we want locality working to deliver and more importantly what the community wants locality working to deliver.

This is not a decision which should be made just by the Local Authority but should be informed and shaped by the community and the other stakeholders involved in locality working. To this end, internally we need to involve: Members, Senior Officers and representative from services already working in communities, externally we need to involve: locality partners, town and parish councils, community groups, the voluntary sector and possibly individual citizens.

By its very nature, Locality Working is about understanding what communities want for themselves. Do they want better information about the authority and what it is doing, or do they want to have influence over what the authority does, or do they want to do things for themselves and take responsibility for activities which the Local Authority traditionally did for them? To determine the level of involvement, engagement and devolution to localities we need to know what level of appetite our communities have for Locality Working and to what degree they would like to participate.

Because of the different nature of various areas of the district the appetite for involvement is likely to vary between communities. Because of this variation, any new locality working arrangements will need to offer flexibility on the level of participation rather than a single system for the whole area. To make this manageable we should consider a menu of options for different levels of engagement and involvement but which allows a community to choose the degree of participation which matches their requirement.

Both BDC and MSDC have already considered Locality Working. Further to this, many other Local Authorities and other public organisations have established different locality working arrangements. This provides the opportunity to view and evaluate examples of best practice as potential models for locality working. However, we also need to know what our communities and partners wish locality working to deliver and how they would like this to be organised.

The project will therefore include:

- A review of examples of best practise examples of Locality Working
- Work with internal and external stakeholder focus groups to establish what residents, members, staff and potential locality partners would like as locality arrangements.
- Work with stakeholder focus groups to establish the appetite for involvement and to develop a menu of different levels of participation.

The combined MSDC and BDC area is significant in geographical size, the numbers of parish and town councils within the area and the population size. To organise locality working arrangements which are sustainable and manageable across such a large area may require some form of sub-division of this area.

Rather than introduce a new administrative layer for locality working, consideration needs to be given to the groups or organisational units already present. These may include: School Clusters, Commissioning GP Practices, Safer Neighbourhood Team Areas, County Divisions, parish alliances, etc.

Before determining which form of sub-division is most appropriate we need a clear understanding of the different frameworks already present in the area and how these resonate with communities i.e. do the County Divisions feel like natural communities or are they simply sub-divisions for our administrative convenience?

To deliver the best possible locality working arrangements some key principles need to be taken into account:

- Locality sub-divisions should where possible align to natural communities. These may be geographic communities, communities of interest or some other form of community grouping.
- Locality arrangements should where possible recognise existing partnership arrangements and help to streamline these rather than introduce yet another layer of activity and greater complexity.
- Any sub-division needs to be a loose division which does not impede joint work on common issues i.e. if an issue occurs in one or more locality sub-division our arrangements should enable and encourage a coordinated approach to address this issue.
- Any new locality arrangements should encourage and support joint work with other public services, the VCS and established community groups.

In order to meet the challenge of locality working where the shape and level of community involvement is driven by the community and may vary from one community to another we will need to re-think our approach for working within communities. Each service area or professional discipline operating independently with a community tackling their own specialist issues is unlikely to be sustainable. The number of staff needed to work in this way will be beyond our capacity.

To respond to a mixed appetite of community involvement and to be able to work flexibly with other partners at a locality level may require a move towards generic locality staff dealing with a wider range of issues within the locality. Generic staff should be able to resolve many of these issues themselves but where this is not possible they will serve as a conduit into our organisation or the services of partners to help resolve the issues.

Summary
In summary, this project will determine what locality working may offer to communities. This will be shaped by a dialogue with our communities and stakeholders and may offer a range or menu of options for community involvement.

The project will also determine the arrangements for locality working and how the combined MSDC BDC areas will be sub-divided for locality working.
New locality arrangements will look to streamline the activity within the organisation and with partners in a locality area. New locality arrangements will require a fresh look at how staff are organised to support locality working in an affordable and sustainable manner.

To deliver this project we will require involvement from representatives from both MSDC and BDC. The project will be sponsored jointly by Pat Rockall and Andrew Good. The project will report to the Joint Member Group dealing with the Constitutional work-stream. The project will be jointly managed by Tim Mutum and Jonathan Free. Officers, Members, Parish Councillors and Community Representatives from both organisations areas will be invited to take part in the focus group sessions.

Recommendation

- The Constitution WG is asked to endorse the way forward advocated in the paper

To fit in with the wider BMI programme this project needs to start immediately and reach a conclusion by the end of February 2011. However, this timetable may require further consideration as the requirements of the Boundary Commission become clear.

Appendix 15 – Stakeholder Feedback

FEEDBACK RESPONSES

	Parish/ Group	Respondant	Title	Comments
1	Assington	Dave Crimmin	Clerk	Assington Parish Council meeting the councillors agreed the following:- After reviewing the 3 scenarios presented by Babergh, the councillors accepted that a cost saving plan was urgently required. The councillors resolved by majority to support **Scenario 3**, the creation of one Council i.e. the two existing councils are dissolved and a new council would be created, as this offered the most effective route to maximising savings in the shortest term.
2	Bramford	John Hooker		Bramford PC would like to be kept informed of progress in these discussions please. Although we intend to **wait for more information before making many comments** we would like the following points to be borne in mind please. 1. There should be a clear statement as to the standing of parish councils within any new District Council as well as a statement on how liaison and co-operative working would take place. 2. We would like assurance that best practice from whichever council will be taken forward. 3. We were not happy with MSDC's experiment with Community Boards. We would like to see the points raised in Sara Blake's report on the pilot projects carried forward into any working with a merged council. In particular: Local elected members are pivotal Local elected members should be central to consultation More effective collaboration with town and parish councils
3	Bures St Mary	Anne Taylor	Clerk	Parish Council support **scenario 2.**
4	Business Vitamins UK Ltd (local business)	Selina Noton		We would opt for **Option 3** if given the choice. It would appear to offer the best solution in our eyes despite probably being the hardest transformation to manage.
5	Chelsworth	John Ramsay	Chairman	It is early days yet in the development of this idea, and the devil will be in the detail of implementation. Early responses from Chelsworth suggest the following. 1. Notwithstanding the generally positive view of Babergh DC, most people look forward to the costs of our public sector decreasing, and so there is broad support for all of the scenarios. 2. **Scenario 1 is agreed to be only a partial solution**, although the savings seem very small compared with the potential. 3. **Scenario 2 has a particular problem** in that it seems to leave the executive arm (the Directors and Officers) with two bosses (the two Councils). This has not historically been a successful way to manage organisations. 4. **Scenario 3 presents many problems of local democracy**: 4.1 Fewer councillors and larger wards means less local influence and less attention from Councillors, which is acting against the grain of most current thinking. Will this be accompanied by greater/different powers for Parish Councils and Meetings?

				4.2 Merging organisations is *relatively* straightforward; merging priorities and values less so, particularly when they have developed over many years and may not be particularly obvious. What evidence do we have that Babergh and Mid-Suffolk share values and priorities? Where do they differ most markedly at the moment (as a current example would Mid Suffolk have extended free swimming in Hadleigh?). What changes might Babergh residents therefore see? 5. Given that Babergh just announced a £1.6 million cut in their 2010/2011 budgets from 'savings and efficiencies', is £1.5 million pa really the best we can get from merging two Councils? The thinking in Scenario 1, in which merging the senior management structure only saves £100,000 pa, in part due to the salary increases given to others in view of the bigger job and comparison with others isn't encouraging. Everyone in the UK is begin encouraged to accept that over the next few years we will have to contribute the same or slightly more, and receive rather less from our public sector. This needs to extend to everyone, not just the tax payers. We look forward to the more detailed proposals being developed.
6	Eye	Merlin Carr	Councillor	**Scenario 3** appears to achieve the greatest savings. Saving money must not lead to the removal or neutering of vital public services: despite reduced government grants and a council tax freeze, good quality services should be maintained. Changes should only go ahead with widespread public support: a plain English, reader-friendly summary of the main points of the Business Case (indicating how "an integration of services creates the conditions for greater financial sustainability and organisational resilience") should be circulated to all residents in the Eye ward, prior to a referendum taking place. As "wards in a single Council will be larger, and there will be fewer members", careful thought will need to be given to the organisation and function of a Community Board for Eye (I presume that a lot of research has already been carried out on this subject, as Community Boards were flagged up as part of the OneSuffolk proposal?) It goes without saying that coordination with Suffolk County Council will have to be significantly improved, and that Eye Town Council should have the right to provide some District services if it has the capacity. As far as possible, compulsory redundancies should be avoided. There is no guarantee that outsourcing of services saves money: every move to privatise should be closely examined.
7	Freston	Elizabeth Aldous	Chair	Freston Parish Council discussed this at our parish council meeting last night and decided that we would be happy with **Scenario 3.** Creation of one Council i.e. the two existing Councils would be dissolved and a single Council would be created with its own identity, statutory and discretionary functions and its own budget and policy framework, achieving the total integration and the fullest possible savings. Please supply us with further information when it is available.
8	Great Cornard	Michael J. Fitt,	Council Manager	a) In general members were in favour of saving money; however, all three options show increased costs initially, with the 'payback' period being 2/3 years down the line. Members are concerned, that increasing expenditure by merging now, would perhaps be inappropriate when incomes are generally going down. If the Council's remained the same until the economy improves, the costs of merger could be more easily borne. b) Page 38 Point 5 of the Outline Line Business Case states "That improved public access can be achieved through local access points in partnership with Suffolk County Council and Town Councils."

				Great Cornard is a large Parish Council, is it envisaged that this will include large Parish Councils? If yes, what would this entail? People generally prefer to speak to people concerning their issues without having to travel too far. Babergh is currently **staffed with many local people**, who know Great Cornard well, if administration is based, for example, in Stowmarket, **this knowledge may well be lost and services to the area may suffer**. c) Is the whole idea of looking at the administrative structure of the District Council premature, considering the Political structure has not yet been decided e.g. Boundary Authority and the current review of the Decision Making Process at Babergh. d) The Council is **concerned that by reducing the number of District Councillor's**, it **may 'dilute' the effectiveness** of those Councillors. They may have a much larger area to represent, which could see them representing both a parish/town, with each having very different needs and possible conflicts! e) If the merger takes place, **what happens to Babergh's assets in Great Cornard** e.g. Play areas, street lights and what would be the financial implications for Great Cornard.
9	Helmingham	David Perry	Clerk	Helmingham Parish Council have not had the opportunity to review the contents and recommendations in "The High Level Business Case" at a parish council meeting, however, the subject has been discussed with the chairman, David Styles.Clearly there has been significant detailed investigation to derive the cost, savings and payback figures in the high level business case, but - as this is not revealed - it is not possible to assess the way in which the various options would work and would impact at parish level. After some discussion, it seems to Helmingham Parish Council that Option 1, effectively giving each District Council a part-time management team while leaving service delivery and councils unchanged would deliver its savings without impacting adversely on services. It is assumed that the longer payback period of this option is at least partly due to more difficult contractual issues at the management level. Option 3 appears to offer the biggest savings without affecting the services offered adversely provided that service delivery teams are adequately sized.Without more concrete information, Option 2 - with management and service delivery teams shared between the two District Councils - appears to run the risk of each district having reduced access to service delivery. This would make it the most problematic solution from a parish viewpoint, despite the savings and payback being very similar to Option 3.Based on the above understanding Helmingham consider **Option 3** to be the preferred solution, but is not convinced that Option 2 is a satisfactory or acceptable fallback.
10	Ipswich Borough Council	Russell Williams		I would like to make it clear that Ipswich Borough Council believes this is **an issue that is for your two authorities to determine**/ resolve and therefore it is not appropriate for us to express a view. However whatever decision is reached IBC remain keen to work with your Council(s) on areas of common interest / shared services. Whatever the outcome I wish you every success for the future.
11	Mid Suffolk Offices MSDC Working Together inbox	Phil Ling	MSDC Employee	Another way of partly addressing the need to achieve more for less may be to **turn some of what we do into a profitable enterprise**. I guess this is what an 'Employee Owned Enterprise' does. I realise that I'm floating an unfinished idea off here, but I wondered if you thought it worthwhile to look more closely at it. Perhaps you already have considered it and found it impossible for regulatory or practical reasons, however: Between us we own and control a vast resource of information and expertise which must have some commercial value if correctly marketed. Consider for example:

				Planning consultancy Architectural expertise Building maintenance Dietary and nutritional expertise. Consultancy to the catering trade Information Technology, computer and network maintenance Garden design and maintenance Domestic and industrial electrical installation Stationery and office supply consultancy Business rates avoidance
12	Mid Suffolk UNISON	Stuart Davey	Chair	In view of the absence of any detail as regards staffing levels most of the feedback that we've had has not been able to be dealt with. So here are a few thoughts regarding the issues as seen by staff members There appears to be only the reference to settlement payments for Chief Executives, including discretionary payments that need to be referred for views from, amongst others, the Audit Commission which is to be abolished. What are the costs of provision of the level of services as at the present compared to the predicted costs of providing the level of services as decided upon at merger? What will the savings be and how will these be achieved? By reduction in staffing numbers and/or services? It must be appreciated that it's not only the chief executives who are wondering whether or not they'll have a job after merger! There would appear to be several questions surrounding senior staff costs/savings and nothing about the costs relating to the remainder of staff. This is a time of ever increasing uncertainty and until there's more detail made available concerning service provision and numbers there will be no way to address these concerns. This is a worry as over the next few months a great deal of goodwill will be required of all staff concerned and uncertainty may well undermine this.
13	NPS South East	Dennis Norman	Practice Director	Many thanks for giving me the opportunity to comment in respect of the possible integration of Babergh and Mid Suffolk District Councils. I am Practice Director of NPS South East Ltd in Needham Market, who works in partnership with Mid Suffolk District Council in providing professional property consultancy related services. We have 30 staff, most of whom (including myself) are ex employees of Mid Suffolk District Council and transferred to NPS when Mid Suffolk outsourced its property function. NPS currently has a contract with Mid Suffolk DC to provide property related consultancy services until the year 2016. The work we are contracted to carry out is Building Surveying, Quantity Surveying, Engineering and Architectural Services; generally in respect of Mid Suffolk's housing stock. We also work to a lesser extent on their corporate property portfolio. The principal work we undertake includes planning and supervising the delivery of the MSDC capital repair and maintenance programme on over 3000 local homes, and we also carry out a range of advisory and statutory services that would normally be within the Council's remit. I am writing to ensure that all parties are aware of **NPS's 'strategic partnership' contract with Mid Suffolk** and also to inform your working group that NPS would be very interested in **providing a similar service to Babergh District Council**. We would also be interested in **transferring staff from Babergh to NPS** under a TUPE arrangement should Babergh wish to join Mid Suffolk and NPS in working together under our existing strategic

				partnership. I have already held a meeting with Ryan Jones from Babergh DC to introduce NPS and inform him of this idea. I would be very happy to discuss this matter further with the appropriate group or persons.
14	NHS Suffolk	Colin Boakes	Interim Trust Secretary	Further to your letter of 16 July regarding the possible integration of Babergh District Council and Mid Suffolk District Council, on behalf of NHS Suffolk, I would like to make the following comments. As the Primary Care Trust for Suffolk, we would welcome any move towards reducing the costs of maintaining two District Councils which have similar constituencies and demography and would probably benefit from closer working and/or integration. **Option 2 and eventually 3** offers the greatest scope for savings and we therefore support their perusal. We would, however, wish to emphasise that close working with local primary care commissioning groups in an integrated way around locality development would be essential. I trust that these comments are helpful.
15	Onehouse Ward	John Matthissen	Councillor	I gave a brief explanation of the 3 options etc at the MAP AGM which was yesterday. This was appreciated, and the particular points emerging were : • that the **Voluntary sector needs a lot of time to respond**, as meetings may be 2 or 3 months apart • (I explained there would be further opportunities to express views) • that the Babergh counterpart of MAP was believed to have folded, following a drastic cut in BDC funding • there is a Local Infrastructure Partnership (LIP) **meeting on Sept 6th**, which might be an opportunity for two-way communication about the project (I realise Sept 6th does not fit our timetable, but partners and consultees have their own processes)
16	Redlingfield	Janet Norman-Philips		We are very **happy to engage** in this process and look forward to viewing the outline business case(s) when it/they is/are available next week. We will put some details on our website and would like to cover this in our quarterly magazine (the Athelington, Horham and Redlingfield News) the date for copy for the next issue is 14th August 2010. Clearly there are a number of complex issues which would need to be addressed should the preferred solution turn out to be a single authority. Also it is difficult to truly integrate services without adopting a unitary authority approach. Although Mid Suffolk's current arrangements with the County Council provide a measure of overlap - it is a poor substitute for a fully integrated approach. In my view local governments tendency to adopt rigid, normally expert/profession based structures tends to encourage the creation of silos and doesn't easily support a holistic approach to service delivery, which is what is really needed both to best meet customer needs/expectations and deliver leaner, more efficient/effective organisations.
17	Stowlangtoft	Margaret Gardiner	Clerk	The Parish Council discussed the options at the recent Parish Council meeting Support was unanimous for **Scenario 3** of the suggested options, with provision to fall back to **Scenario 2** if necessary. Councillors would like local services, particularly planning, to be maintained by people who know the area.
18	Stowmarket	Michelle Mackintosh	Deputy Clerk	Stowmarket Town Council considered the proposal for possible integration of Mid Suffolk District Council and Babergh District Council at the Full Council meeting held on Wednesday 18th August 2010. The Town Council would like to make the following points:

				i) That the Town Council is in support of **scenario 3** as detailed in the Outline Business Case. ii) That the Town Council would expect that thorough and effective public consultation is carried out prior to any decision being taken. iii) That the Town Council is in support of the Stowmarket regeneration scheme which is being carried out by Mid Suffolk District Council and would not expect any possible merger to have an effect on the scheme in any manner. iv) That the Town Council is wholly supportive of working with the District Councils to consider possible new forms of service delivery through partnership working.
19	Stowupland	Rachel Godbold	Clerk	Thank you for your recent letter, however, Stowupland parish Council do not feel that they have enough information to comment on this matter at present.
20	Sproughton	Mrs S Franks	Clerk	Schedule parish meeting in September
21	Stradbroke	Carol A Smy	Clerk	**1st Comment** Stradbroke Parish Council has considered the letter sent jointly from the two district councils and came to the conclusion that it **could not support the propositions.** Whilst it was agreed there could be great savings, on paper, made by an amalgamation it was felt that the parish councils of Mid Suffolk would lose far more than could be gained. The general view was that Babergh would assert its authority in such an arrangement and Mid Suffolk would be reduced to a very junior partner, if not lost altogether, by virtue of having many parishes so remote from the centre. It was acknowledged that the integration of the waste collection and disposal had been a huge success and perhaps this sort of joint working should prevail in some other areas BUT it should not be a universal policy that would subsume MSDC in a very short space of time.
22	Stradbroke	Carol A Smy	Clerk	**2nd Comment** Stradbroke Parish Council discussed the proposal for the integration of Babergh and Mid Suffolk District Councils at its August meeting. Initial thoughts were that if a merger would save taxpayers money then it might be a good thing. However, following further deliberation opinions changed somewhat. Whilst a certain amount of cost-saving could be appreciated the council was not convinced that services would continue to the relatively high standard residents of Mid Suffolk have come to expect. And there were doubts that savings would be ongoing. Concern was raised about the size of the proposed new council and that the administrative centre would be removed from Needham Market and so be even further away from the villages of High Suffolk than is currently the case. Villages in the vicinity of Stradbroke often feel remote from MSDC and it was felt that a merger would increase this perception. The Parish Council has a good working relationship with MSDC and it is an easy matter to speak to the right person on any topic. There is concern that this would change with a merger and that officers in various departments would be more anonymous. Planning is a case in point: currently planning officers are generally happy to make site visits and consult with the Parish Council on contentious applications and issues. It was feared this might not be the case with a much larger council. It was generally felt that the two district councils should concentrate on proven joint ventures and broadening the spectrum to include other areas. The waste collection and disposal project has been very successful and the Council

				suggested more such ventures could produce significant savings to the public purse. Similarly, it should be possible to widen the scope of joint working to bring other district councils into the mix as they will also be looking at ways to reduce their expenditure; if once they were reluctant to join forces with MSDC this might not be the case now. Should a merger proceed there MUST be a safeguarded route for greater inclusion for parish councils so they are involved to a greater degree in the information chain. With a much larger organisation it would be very easy for the parishes to be completely left out of the loop. MSDC is very good at such involvement and it should not be cast aside.
23	Stoke by Nayland	Bethany Philbedge	Clerk	Stoke by Nayland Parish Council note the necessity to make financial savings and the proposals made in the documents provided. However the Parish Council feels that the assumptions made have not yet been justified and that **inadequate detail has been given**. This prevents the Parish Council from supporting in principle to any of the scenarios outlined in the outline business case. At this early stage the Stoke by Nayland Parish Council urges both Babergh and Mid Suffolk District to look into the benefits of further outsourcing of services as a means of cost saving.
		Richard Cave		I thought you might find the attached of some interest - as an example of one particular Parish Council's reaction to the HLBC. Adam Sedgwick, the Chairman, has studied the paper carefully although certain points are not entirely clear to him and he is obviously extremely sceptical about the assumptions. A helpful lead to future Consultation papers perhaps. I have emphasised, of course, that a detailed business case will follow shortly and will be considered by Full Council on the 28th September (assuming there are no upsets on the 31st August!)
24	Stoke by Nayland	Adam Sedgwick Critique		I attach a soft copy of my critique, in case you want to show it to others. I am aware it is wholly negative, but I consider it is fairly so. And I hope you have taken away that I am concerned that this is not a matter of "TINA" (There Is No Alternative). I consider the real risk of going all out for merger is that it distracts people from the real opportunities of service-by-service out-sourcing. NB this risk is not mentioned in the list at section 6 of the paper.
				Babergh/Mid-Suffolk merger Critique of Outline Business Case The paper (the "High Level Outline Business Case" attached to the committee paper at www.babergh-south-suffolk.gov.uk/NR/rdonlyres/8FB41E13-0765-4EBF-926E-F6923066C27A/0/K061.pdf) identifies three sources of savings: Reduction in *Senior Management* Reduction in number of *Councillors* *Integration of services* below senior management level. It identifies three sorts of cost in achieving these savings: Redundancy and recruitment. The paper applies this only to *Senior Management*, though recognising that some costs of this sort would be involved in gaining the financial benefits of reducing *Councillors* (paragraph 5.33 of the paper) "Lower level resilience and capacity". This refers to the likelihood that reduction in the number of senior staff will require some additional staff lower down (5.18).

ICT. The paper applies this only to *Integration of services*.
The paper recognises that it does not does assess all possible costs and benefits; but it does claim to identify the significant costs and issues (5.3). This is simply not the case. For example, it does not recognise transitional costs of reorganisation such as training, moving offices or general disruption. It recognises the costs – financial or otherwise - of reducing *Councillors* only by reference to "the need to develop improved 'locality arrangements'" (5.33). More important, it fails to justify crucial assumptions.

Senior Management

The only source of saving where the costs and benefits are quantified in plausible detail is *Senior Management*.
This recognises that a single Chief Executive would be paid more than either present Chief Executive, because of the greater size of the Authority; and similarly for the Directors (5.15). It recognises different redundancy and recruitment costs, depending on whether the single Chief Executive is appointed internally or externally (5.16).
As noted above, it recognises that reducing the number of senior staff is liable to require more staff lower down.
The paper assumes that 50% of the saving in Head of Service posts is offset by increased costs lower down (5.18).
It recognises that this is no more than a guess, which would be tested in building up the detailed business case (5.18 & 5.22). The paper offers no justification for assuming any savings at all, still less for assuming that there will be zero offsetting costs from losing one Chief Executive and one Deputy Chief Executive. This is crucial. The whole case for change comes down to the implicit belief, for which no evidence whatever is offered, that "Bigger is better".
It is obvious that this is false, as a generalisation. If it was so, over the whole potential range of size of authority, the optimum size of local authority would coincide with the nation. Plainly, at some point, the economies of scale come to be outweighed by the diseconomies of scale. The (difficult) question is "At what point?" The paper does not even attempt to address this.
The paper concedes that the savings from reduction in *Senior Management* are unlikely to justify the associated redundancy and recruitment costs (Recommendation 1, Executive Summary; and Chapter 10, Scenario 1) and concludes that *Integration of services*, as in Scenarios 2 and 3, is required to offer an attractive business case.

Integration of services

The paper assumes that full integration of the services of the two Councils would bring about net savings of 10% of annual controllable costs (5.25 & 5.35). It offers no attempt to justify this suspiciously round figure. But it is crucial to the case.
As with *Senior Management*, the case for change comes down to the belief, for which no evidence is offered, that "Bigger is better". And, as with *Senior Management*, it is obvious that this is false, as a generalisation.

ICT costs

The paper recognises that one important cost of merging two organisations is integrating ICT. It offers quantification of this (5.26), but without recognising that the costs of such ICT projects are highly uncertain.
It appears to say that the annual ICT costs after merger will be higher than the sum of the present ICT costs of the existing Councils (5.26). This is hard to believe.

Councillors

The paper envisages that reducing the number of *Councillors* would provide a significant part of the benefits associated with the favoured solution of creating a single Authority: £273,000 per year, almost 20% of a net £1,540,000 (5.35).
The number is assumed almost to halve – 90 now, 55 following merger – with an increase of "under 10%" in

				allowances etc. (5.32). Constituency size would therefore almost double. The paper regards the number of Councillors as something which can be turned on or off at convenience: "A lower number of Members than the assumed 55 would yield further savings and should be considered in light of the emerging financial position for local authorities over the next four years" (5.32). There are two points to be made about this. First, there is downside to reducing the democratic element in local government. It is natural for officials – and senior councillors – to consider backbench councillors as just a nuisance, and indeed democracy is often cumbersome and inefficient – the worst system going – except for all the others. Second, the number of Councillors is unrelated to integration of senior management or of services. There is nothing which requires a District Council to have 50 Councillors ± 10% irrespective of size. It would be possible to halve the number of Councillors while retaining the two Councils, if the democratic element is so disregarded; or to merge the two Councils and retain the same number of Councillors. ***Summary*** The figures assembled by the paper depend entirely on assumptions which are controversial, and for which no justification is attempted. The natural deduction is that the numbers were driven by the required conclusion, not the conclusion by the numbers.
25	SLM	Anselm Gurney	Contract Manager	As I manage the leisure facilities under a contract between Mid Suffolk District Council and SLM, and I am employed by SLM I **would not be directly affected by the proposals** myself. My views on the proposals to integrate the two councils are as follows: 1) The proposals seem sensible given the current economic circumstances. 2) We have a very good working partnership with Mid Suffolk District Council, which is particularly assisted by the fact that our current Client Officer has previously managed leisure facilities himself and therefore has a very good understanding of the specific issues involved in this sector. I would be keen, as far as possible, for this relationship to stay the same as I believe that the partnership between Mid Suffolk District Council and SLM is working very effectively and that this is highly beneficial to Mid Suffolk District Council, SLM, and most importantly the local residents and users of the facilities. This is reflected in the fact that the Mid Suffolk Leisure Centre recently got through to the final 5 for the National Flame Awards for the Leisure Centre of the Year. It is also demonstrated by the fact that an agreement has recently been reached for extension of the current contract for SLM to manage the facilities on behalf of the Council for another 5 years, linked to an expansion of Strabroke Pool to include a gym facility. 3) If as a result of the integration of the Councils this lead to a review of the management arrangements for the leisure facilities of both Councils **SLM would welcome the opportunity of being considered as the management partner to operate the leisure facilities in Babergh**, in addition to those that we already manage in Mid Suffolk
26	Suffolk Constabulary	Simon Ash	Chief Constable	**Suffolk constabulary do not have any specific comments** to make about the proposals but you can be assured that we will do all we can to work effectively with whichever new council structure is adopted. With the proposals being developed as set out in the letter, we anticipate it will present opportunities to rationalise some of our existing partnership arrangements which will be potentially beneficial.

27	Suffolk County Council	Andrea Hill		Thanks very much for giving us the chance to comment. Informally, Cabinet took the view that Suffolk County Council should provide **officer feedback only**: councillors did not want to appear to be telling colleague councillors what to do. Therefore, the following is an informal officer perspective. I hope it is of use. In reaching a view, I did consult with directors and assistant directors. **We would most strongly support scenario 3** – creation of one council because we think it offers most opportunity for better collaboration. Our reasons are: • It would streamline decision making and therefore, reduce bureaucracy; • It would be the most efficient scenario and therefore, has most potential to drive the greatest savings; • It would enhance the councils' ability to work jointly on shared projects such as joining up procurement and the single public sector estate; • It provides a better basis for re-designing, more streamlined and coherent services. For example: o we currently work with districts in delivering our early years and youth services and on issues around safeguarding. A single council would simplify that relationship; o we could develop a joined up trading standards and environmental health service; • It fits well with the enhanced role local authorities will have in health improvement following Government reforms. Districts will need to join with other partners involved in improving health and wellbeing; therefore, a single council would make this simpler and more effective. There could also be merit in adopting support scenario 2 (a single management team with a single officer structure) as a precursor to scenario 3. Scenario 2 would obviously put in place the officer focus to drive early savings whilst developing the new structure of a single council.
28	Tattingstone	Janet Ward	Clerk	Thank you for your letter dated 16th July. The Parish Council have discussed this letter at their recent meeting and have decided that **Scenario 3** is their preferred option.
29	Thurston	Kathryn Savage	Clerk	This Council has looked at the three scenarios outlined in your letter of 16th July, and agreed to raise the following concerns :- 1 They are concerned that there should be **no resulting loss or lessening of services** as a result of any merger 2 They are concerned that the **number of Councillors should remain** as it is before the proposed merger.
30	Waveney & Suffolk Coastal	Ray Herring & Mark Bee		Thank you for offering us the opportunity to comment, but we feel a little uncomfortable commenting on the plans of such near neighbours! However, as you are aware Waveney District Council and Suffolk Coastal District Council have been working closely as preferred partners for over two years and therefore we would be very happy to share our experiences (both good and bad!) with you should you feel that would be of benefit. We certainly are developing both Waveney and Suffolk Coastal as "learning organisations" and would welcome the opportunity to hear about your experiences to date as you tackle the shared services agenda.
31	WSLSP	John Griffiths	Chair	The West Suffolk Local Strategic Partnership (WSLSP) thanks Babergh and Mid Suffolk District Councils for the opportunity to comment on the possible integration of the two councils. The decision is one for the democratically elected representatives of the two councils but the WSLSP wanted to take this opportunity to put on record the positive working relationship it has enjoyed with Babergh District Council,

				and the benefits of working in an LSP which goes beyond district council boundaries. The WSLSP is certainly the only multi-district LSP in Suffolk, if not nationally, and the experience has been a positive one. The wider geographic area covered has encouraged the partnership to focus on broad priorities which are common to the whole area. The partnership has had a strong presence from the voluntary and community sector from its inception and, as well as the usual health and police representatives, has also included business representatives, the local further education college and an active faith representative. This has contributed to a genuine partnership, not a group which is seen as an extension of local or central government. These observations are being made because in looking at the three options identified and the high-level business case supporting them the WSLSP note that the focus has, understandably, been internal to the two councils. The WSLSP requests that once the two councils have made a decision on how to progress formal consideration is given to how the council(s) will work in partnership. Whilst it would be logical to start from an assumption that partnerships would be across the area covered by the two councils the experience of the WSLSP suggests that it can be beneficial to look more widely. The WSLSP feels it has benefited from the "critical mass" of the partnership and would regret the loss of the Babergh element which has made a cohesive partnership covering a geographic area with a clear west Suffolk identity. Instead at the appropriate time the WSLSP would be interested in exploring whether there is a role for a wider LSP in the west of the county. At a time when public agencies, businesses and voluntary bodies alike are looking to streamline their relationships and improve efficiency there could be benefits from all the partners coming together in one place, rather than servicing two separate LSPs in the west and centre of the county. Such a partnership could also provide a strong voice for the common interest of communities in the west. The idea is being floated now so that it is put in the public domain for consideration when the appropriate time comes. The WSLSP wishes the two councils well in their deliberations and looks forward to a dialogue on partnership issues in due course.
32	Wilby	Alex Pullen	Clerk	Please find a collective response from the members of Wilby Parish Council. Wilby Parish Council welcomes the opportunity to comment upon the proposals for more integrated working between the two councils and in particular on the Outline Business Case of three possible scenarios. We recognize that, facing the inevitability of cuts in local government expenditure, the councils are seeking to reconcile reductions in expenditure and therefore by definition a reduction in capability and capacity, with the need to become more efficient and effective and to maintain the delivery of key services. The Council Tax payer will be seeking minimum disruption to services, but any diminution in services delivered should lead to a reduction in payroll, a more modest suite of services available and consequential reductions in Council Tax. In this context we have considered the three scenarios put forward. We believe that Scenario 1 is the least attractive since creation of a single Management Team, with a single Chief Executive and Directors, overseeing both councils will likely lead to a less responsive service with such senior managers having much broader areas of responsibility. They would have to manage two legally and in every other way distinct organizations; each doubtless anxious to preserve its distinct identity and working practices. This is not a recipe for successful organizational change. Although comparatively easy to implement, the advantages accruing to the Council Tax payer in terms of more integrated management and service delivery, which hopefully would ensue, are not readily apparent.

		Scenario 2, with a single management and officer structure offering substantial integration of management and service delivery across the two councils, will deliver economies of scale and the opportunity for the delivery of services in a more efficient and effective way. Whilst it retains the two separate councils, with the advantages and disadvantages inherent in such a structure, the single officer structure should lead to policy alignment and in due course an allegiance and commitment to the new structure. Such an organizational change would be highly visible to the Council Tax payer as the recipient of services. It has the added advantage that it is reversible, should in practice it proves to be unworkable or less successful than anticipated. Whilst recognizing that Scenario 2 would in logic is a necessary precursor to Scenario 3, the fusion of the two councils into one council, this latter option is not favoured. We recognize the benefits of a single entity but would be concerned that a totally new structure would be required with all the attendant costs, which would in due course fall on the Council Tax payer, disruption for staff, need for new procedures and processes etc. Whilst some of these factors would be relevant in Scenario 2, their impact would be less prominent. The service provided by local members under Scenario 3 would doubtless be diminished as they assumed responsibility for significantly larger wards. The scenario appears in principle to fly in the face of the commitment to localism by making the District Council more remote. On balance we would favour **Scenario 2** as offering the best trade off between costs savings, potential efficiencies, improved service delivery and local representation but with the best prospect of implementation.

Appendix 16 - Notes Of Meeting With Local Government Boundary Commission For England

MSDC – BDC INTEGRATION

NOTES OF MEETING WITH LOCAL GOVERNMENT BOUNDARY COMMISSION FOR ENGLAND
2pm 24 AUGUST 2010, MSDC Offices

In Attendance

LGBCE	MSDC	BDC
Max Caller (Chair)	Derrick Haley	Nick Ridley
Peter Knight Dep Chair)	Andrew Good	Pat Rockall
Archie Gall		

LGBCE has met with Grant Shapps (LG Minister), who confirmed that if there is public support and the figures stack up, the Sec of State will not stand in the way of creating a new single Council. The LGBCE has to determine the review process although the Sec of State may "advise" on the proposed approach. However, neither the LGBCE nor the Sec of State has any intention of instigating a review, so the initiative must come from BDC/MSDC.

LGBCE does not have a published procedure for the review and is still developing its thinking. Aim to publish in Autumn for consultation. Provisional views on likely approach set out below.

The LGBCE wishes to "front load" everything in the review process, and expects our two Councils to do all of that work. They expect to see a business case demonstrating that the proposition meets the two statutory criteria of

i) providing effective and convenient local government arrangements
ii) being reflective of community identities and interests

We would additionally need to demonstrate VFM (with details of likely savings) and that transitional costs would be recovered over a four year period. It will be for our S151 Officers to certify that position and it would not be validated by the LGBCE. Our proposition would be taken at face value and we would be accountable for it.

We would also have to demonstrate public support for the proposal. Grant Shapps has advised that this will have to take the form of a referendum, which it is assumed will be held at the same time as the May 2011 district elections (also the national referendum on alternative voting systems).

The LGBCE thinking is that, by the time of the referendum, the proposition would be in the public domain as a total package e.g. projected savings and payback period; the provisionally proposed number of Councillors, political management structure and governance arrangements; how local interests would be reflected and how community engagement would be supported and facilitated in the new arrangements. It should be noted, however, that the LGBCE would make the final decisions on Council size and warding. It would be legitimate for the Councils to present a positive case for merger in

the information provided to the public, although the Councils could not campaign as such for any such change.

The LGBCE confirmed that there is no question of it being possible to defer the May 2011 district elections; that would be a matter for the Secretary of State. In terms of proposed electoral arrangements for the new Council, the LGBCE would like to see a proposal from us, which should be based on the projected electorate five years on from the planned end of the review, ie in 2016. This would therefore need to reflect assumptions about housing growth, the local economy etc in different parts of the new Council area.

If the business case demonstrates that the statutory criteria and the VFM/savings requirements could be met through the creation of a single Council and the referendum demonstrates majority (i.e. 50% of those voting + 1) public support for the proposition, the LGBCE would undertake a single review of both the proposed merger and the electoral arrangements for the new Council. The LGBCE would discuss the proposal with us and probe and challenge our proposals as part of that review process.

It would then draft a proposal which would be the subject of public consultation prior to making recommendations to the Secretary of State. In effect, therefore, the LGBCE would be consulting on a set of draft recommendations, including the proposed electoral arrangements, although they have not yet determined how or when they might invite responses to their draft recommendations.

The LGBCE has discussed a possible timescale with CLG which assumes that, following a favourable referendum outcome in May 2011, the LGBCE would complete its review, undertake public consultation and then make recommendations to the Secretary of State in October 2011 with a view to any new Council coming into being on 1 April 2012 and elections to it in May 2012. It is not yet clear what, if any, Shadow Council or other transitional arrangements would be put in place between the Secretary of State's decision and the creation of the new Council. This would be a matter for the Secretary of State to determine and should be discussed with CLG officials.

The LGBCE would want to make a start early in 2011, given the large amount of work that would need to be undertaken prior to their public consultation exercise. They have made a space in their timetable of work for this review, and have confirmed that, whilst a number of Councils have expressed an interest in a similar review, ours would be the first. They are keen to undertake one review in the first instance and learn from this. They have spoken to the LGA, who indicated a desire, in liaison with the IDeA, to support our two Councils in what is seen as a bold venture that may well provide a model for future similar mergers.

In addition to our approaching the LGA and IDeA regarding possible support, the LGBCE also suggested that we look at how the Kent authorities are approaching a shared services model. They sought our confirmation that we had engaged with SCC and MPs, and would continue to do so in relation to our emerging proposition.

Finally, the LGBCE confirmed that we will not be asked to meet any of their costs, although we will clearly have to meet our own e.g. for a referendum.

24 August 2010