

Public Document Pack



Please reply to: Darryl White
Service: Strategy & Commissioning
Direct Dial: (01803) 861247
E-mail address: Darryl.White@swdevon.gov.uk
Date:

Dear Councillor

SOUTH HAMS COUNCIL - THURSDAY, 27TH JULY, 2017

I refer to the agenda for the above meeting and attach papers in connection with the following item(s).

Agenda No	Item
------------------	-------------

- | | |
|----|--|
| 5. | <u>Single Council Proposal</u> (Pages 1 - 10) |
|----|--|

Yours sincerely

Darryl White
Senior Specialist – Democratic Services

Encs

This page is intentionally left blank

Monday 24th July 2017

Update on Single Council Proposal

This update provides important information on the proposal to form a single Council for South Hams and West Devon which is being considered by West Devon Borough Council on 25th July 2017 and South Hams District Council on 27th July 2017.

As part of considering the proposal to form a single Council to deliver the services currently delivered by South Hams and West Devon, senior representatives from the Department of Communities and Local Government (DCLG) and Local Government Association (LGA) met with Councillors of both Councils on 21st July in Ivybridge.

The meeting was an opportunity for Councillors to directly ask DCLG and LGA questions on the proposal including understanding the Governments' position following the recent election.

At the meeting, the DCLG and LGA representatives informed Councillors that:

- the implementation date as set out in the proposal being considered by both Council meetings this week would change (Implementation date for a new council now being 1st April 2020)
- the Boundary Commission review would be concluded before the new Council was formed with the 2019 District and Borough elections being delayed by a year to 2020 and;
- there was the potential to introduce a longer period to equalise Council Tax.

The proposal documents being considered by both full Council meetings this week will therefore need to be updated prior to proceeding with consultation and Members of both Councils should consider the below positions when considering the recommendations.

The reasons for forming a single Council remain the same, with the potential to remove duplication, reduce costs and generate annual savings of up to £0.5m, however the above changes will impact the proposal and these changes are as set out below.

Democratic Representation

Reports to the Councils had previously set out that the number of Members serving the new Council would be unlikely to be reviewed until after the new Council is created. This has now changed.

On Friday, DCLG set out that their preference would be for the Single Council to be formed from 1st April 2020 (not 2019 as originally set out) which would then enable the Boundary Commission to conclude their review and for elections to the new Council to take place in May 2020.

This means that the order before Parliament will need to set out that the currently scheduled 2019 District and Borough elections would be deferred for a period of 1 year to 2020.

The original reports to Council did not assume any financial savings in respect of the reduction in Members from the Boundary Review until 2023/24, with the savings estimated at £85,000 a year (this is on the assumption of a 20% reduction in Members).

Elections to the new Council would now be held in May 2020 and therefore these savings would be brought forward to 2020/21.

Timetable

The previous Council reports had set out that a single Council would be formed on 1st April 2019. DCLG feel that this is now unlikely to be possible and that the proposal should be to form the Council from 1st April 2020 to enable sufficient time for Government approvals.

The early phases of the timetable do not change and the proposal would still need to be submitted to DCLG in November 2017. The revised timetable is therefore as follows:-

Action	Date
Consultation period (public and key stakeholders)	August - September 2017
Final proposal prepared for approval by Councils and submitted to Secretary of State for consideration	Autumn 2017
Period for further representation	Autumn 17/ Spring 2018
Recommendation by Secretary of State	Spring 2018
Preparation of Order	
Regulations laid before Parliament	May - October 2018
Debated in Parliament	May – October 2018
Final Order made	October 2018
Boundary Commission review	Between October 2018 – December 2019
Transition phase	October 2018 – March 2020
Single Council formally comes into being	1 April 2020
Elections to new Council	May 2020

Implementation Costs and Savings

By forming a new Council on 1st April 2020 rather than 2019, the overall costs of forming a single Council would not change but some costs would be incurred at a later date than set out in the current report to Council.

The revised implementation cost profile is as follows:-

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Planning and Implementation costs							
Advice and modelling for Council Tax	3,000	3,000	4,000				
Project Management and Support		15,000	15,000	15,000			
Public Consultation	12,500	2,500					
IT costs			25,000	25,000			
Comms Support / Branding/ website etc		5,000	10,000				
Remodelling council finances etc		25,000	10,000				
Legal, including novation of contracts			10,000	5,000			
Redundancy and pension strain costs				85,000	20,000	20,000	15,000
Implementation Costs (one-off)	15,500	50,500	74,000	130,000	20,000	20,000	15,000
					Total Implementation costs		325,000

Similarly, there would be a change to the savings, with some savings being realised later than set out in the current report to Council and the savings in respect of Member reductions being realised three years earlier than set out in the current report. The revised savings in respect of forming a single Council on 1st April 2020 are as follows:-

Savings	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Staff efficiency reductions			-370,000	-370,000	-370,000
One Financial Ledger (50% reduction) including reductions in processing recharges between councils etc			-25,000	-25,000	-25,000
Accommodation rationalisation (TBA)					
Member reductions (20% of £425,000)		-85,000	-85,000	-85,000	-85,000
Reduction in subscriptions and memberships		-20,000	-20,000	-20,000	-20,000
Reduction in Audit Fees			-40,000	-40,000	-40,000
Annual Savings	0	-145,000	-540,000	-540,000	-540,000

Council Tax Equalisation

The previous council reports considered how Council Tax would need to be equalised (South Hams brought up to the West Devon level) over a maximum of 5 years. This position has changed.

DCLG have now set out that there is the potential to equalise the Council Tax up to a 10 year period. In essence the additional options for equalising would have the following impact on the South Hams Council Tax (with the assumption remaining that the West Devon Council Tax would increase by £5 per year):-

6 years equalisation – Increase of £15.50 per year (which includes the £5 District limit) and this is a 9.37% increase in Year 1 (2020/21)

7 years equalisation – Increase of £14 per year (which includes the £5 District limit) and this is a 8.46% increase in Year 1 (2020/21)

10 years equalisation – Increase of £11.30 per year (which includes the £5 District limit) and this is a 6.83% increase in Year 1 (2020/21)

The full impact of these changes are as set out in Appendix A (Council Tax Equalisation Options over 3,5,6,7 and 10 years (summary).xls) to this document.

Appendix B to this document shows the aggregated budget gap of both Councils and the effect of the various options to meet that gap. This shows the impact of the single Council proposal (modelled with a 7 year equalisation period) against the projected budget gap on the basis that the new Council commences on 1st April 2020.

Overall summary of changes

- *Any new Council would be formed on 1st April 2020 and not 2019*
- *A Boundary Review would be concluded for elections to the new Council to take place in May 2020*
- *District and Borough elections would not take place in 2019 – the order by Parliament would include an extension to the current term for both South Hams and West Devon Councillors*
- *Savings are not reduced by the revised timescales however they would materialise a year later – commencing in 2020. Costs would not increase but would be spread over a longer period during implementation*
- *Council Tax could be equalised over a longer period of up to 10 years however the final decision would still be taken by DCLG having taken regard to the Councils proposal and the full range of consultation.*
- *The full changes that will be applied to the proposal prior to any consultation are set out in Appendix C to this document.*

Appendix A Council Tax Equalisation – See Spreadsheet “Council Tax Equalisation Options over 3,5,6,7 and 10 years (Summary.xls)”

Appendix B Summary aggregated budget gap

Appendix C Summary of updates to proposal document prior to consultation

Appendix B – Summary aggregated budget gap

The table below shows options to meet the aggregated budget gap of both Councils:

	2018/19	2019/20	2020/21	2021/22	2022/23
Aggregated Budget Gap of both South Hams District Council and West Devon Borough Council	£1.29 million	£1.76 million	£1.91 million	£2.0 million	£1.9 million
Options to meet the Budget Gap of both Councils					
<i>(i) Commercial Property acquisition Strategy (1st tranche of £25 million shown for illustration purposes for each Council) – See Note 1</i>	<i>Savings between £344,000 to £752,000</i>	<i>Savings between £344,000 to £752,000</i>	<i>Savings between £344,000 to £752,000</i>	<i>Savings between £344,000 to £752,000</i>	<i>Savings between £344,000 to £752,000</i>
<i>ii) Single Council proposal (7 year equalisation)</i>	<i>N/A (first year is 20/21)</i>	<i>N/A (first year is 20/21)</i>	<i>£493,000</i>	<i>£1,245,000</i>	<i>£1,605,000</i>
<i>iii) Wholly Owned Company/Out-sourcing (Savings to be confirmed)</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>	<i>tbc</i>
<i>iv) Dartmouth Lower Ferry (SHDC option only)</i>	<i>£100,000</i>	<i>£100,000</i>	<i>£100,000</i>	<i>£100,000</i>	<i>£100,000</i>
<i>v) Use more New Homes Bonus to fund the Budget Gap in WDBC (See Note 2 below)</i>	<i>£150,000</i>	<i>£150,000</i>	<i>£150,000</i>	<i>£150,000</i>	<i>£150,000</i>
Total potential savings/additional income from all of the Options (i) to (v)	£0.6 million to £1 million	£0.6 million to £1 million	£1.1 million to £1.5 million	£1.8 million to £2.2 million	£2.2 million to £2.6 million

NOTES

Note 1 – The first tranche of £25 million is shown for the commercial property acquisition strategy for each Council. The full strategy of £75 million would increase these figures over a period of years.

Note 2 – There is Section 106 funding available to contribute towards expenditure on affordable housing.

Appendix C – Summary of proposed updates to One Council Proposal documents prior to consultation

The changes set out below will result in the following changes to the proposal document (as currently published to both West Devon Borough Council and South Hams District Council) before it is further made available as part of the consultation.

Appendix A – Proposal

1.1 Replace “1 April 2019” with “1 April 2020”

2.1 Replace “April 2019” with “2020”

4.2 Replace

“There is no proposal to reduce the number of Councillors from the current 62 (31 in each Council) before the implementation date of 1 April 2019. The current number of elected Councillors can embed the strengthened local leadership role. The Government does have the power to amend the number of Councillors on the Council when deciding the Proposal, but our Proposal is that the current 62 are retained for the first few years, and the new Council will request the Boundary Commission to undertake a review in order that revised arrangements are in place for the 2023 elections. The Boundary Commission review will also present the opportunity to consider ‘single Member’ wards and the effective number of Councillors for the urban centres. It is likely the number of elected Councillors representing the new Council will be reduced by 2023.”

With

“In advance of the start of the new Council in 2020 the Boundary Commission will undertake a review of the area to determine the new wards divisions and numbers of Councillors allocated to the new Council. Currently there are 62 Councillors (31 in each Council). It is likely that the Boundary Commission review will reduce the total number of Councillors. The Boundary Commission review will also present the opportunity to consider ‘single Member’ wards and the effective number of Councillors for the urban centres. “

5.1 Replace “1st April 2019” with “1 April 2020”

5.3 Replace “It is estimated that this could realise up to £0.5m of savings a year from 2020”

With “It is estimated that this could realise up to £0.5m of savings a year from 2021”

7.1 Replace “The Proposal is to form a new Council on 1 April 2019 with elections to the new Council in May 2019 based on the existing number of Councillors (31 from each Council)”

With “The Proposal is to form a new Council on 1 April 2020 with elections to the new Council in May 2020 based on the outcome of the Boundary Commission’s review”

7.3 Replace Table 7a with the timetable set out in this document

9.3 Replace “1 April 2019” with “1 April 2020” and “incurred in 2019/2020” with “incurred in 2020/21”

9.4 Replace Table setting out Implementation costs with the table of costs set out in this update

9.20 Replace “2019/2020” with “2020/2021”

Replace financial summary table with the following table with updated costs and savings as set out in this briefing.

9.23 Remove “While the financial modelling assumes no reduction in Councillors until 2023/2024, there is the potential for interim measures from the 2019 elections which would generate some savings earlier”

9.29 Replace “The number of years over which Council Tax can be equalised can be anywhere from 1 to 5 years”

with “The number of years over which Council Tax can be equalised can usually be anywhere from 1 to 5 years, though recent advice from the Department of Communities and Local Government could stretch this up to 10 years”

9.31 Table to be updated to reflect Council Tax options

10.4 Replace “If there are delays in the timetable by the DCLG then it is likely that the regulations would not be made in the summer of 2018”

with “If there are delays in the timetable by the DCLG then it is likely that the regulations would not be made in the autumn of 2018”

10.7 Replace “From the point of decision by DCLG, we would have 8 months to implement the new Council to be ready by 1st April 2019”

with “From the point of decision by Parliament in October 2018, we would have 18 months to implement the new Council to be ready by 1st April 2020”

Appendix B – Consultation document – this will be updated throughout with the revised information set out in this update along with any further updates from Full Council.

Appendix C – Replaced with timetable set out in this update

Appendix E – Will be replaced with Appendix A to this report.

This page is intentionally left blank

COUNCIL TAX EQUALISATION OPTIONS - SOUTH HAMS DISTRICT COUNCIL AND WEST DEVON BOROUGH COUNCIL

Option 1 - Harmonise over 3 years from 1 April 2020

	Actual 2017-18	Projected 2018-19	Projected 2019-20	New Council starts 1 April 2020		
				Yr1 2020-21	Yr2 2021-22	Yr3 2022-23
South Hams Band D (£)	155.42	160.42	165.42	191.41	217.4	243.39
Increase (£)		5.00	5.00	25.99	25.99	25.99
Increase (%)		3.22	3.12	15.71	13.58	11.95
West Devon Band D (£)	218.39	223.39	228.39	233.39	238.39	243.39
Increase (£)		5.00	5.00	5.00	5.00	5.00
Increase (%)		2.29	2.24	2.19	2.14	2.10
Efficiency Savings				145,000	540,000	540,000
Additional Income generated by Council Tax Equalisation				812,935	1,644,760	2,482,883
TOTAL SAVINGS/INCOME FROM A COMBINED COUNCIL				957,935	2,184,760	3,022,883

Option 2 - Harmonise over 5 years from 1 April 2020

	Actual 2017-18	Projected 2018-19	Projected 2019-20	New Council starts 1 April 2020				
				Yr1 2020-21	Yr2 2021-22	Yr3 2022-23	Yr4 2023-24	Yr5 2024-25
South Hams Band D (£)	155.42	160.42	165.42	183.01	200.60	218.19	235.79	253.39
Increase (£)		5.00	5.00	17.59	17.59	17.60	17.60	17.60
Increase (%)		3.22	3.12	10.63	9.61	8.77	8.07	7.46
West Devon Band D (£)	218.39	223.39	228.39	233.39	238.39	243.39	248.39	253.39
Increase (£)		5.00	5.00	5.00	5.00	5.00	5.00	5.00
Increase (%)		2.29	2.24	2.19	2.14	2.10	2.05	2.01
Efficiency Savings				145,000	540,000	540,000	540,000	540,000
Additional Income generated by Council Tax Equalisation				487,606	986,543	1,489,257	1,998,662	2,514,368
TOTAL SAVINGS/INCOME FROM A COMBINED COUNCIL				632,606	1,526,543	2,029,257	2,538,662	3,054,368

Option 3 - Harmonise over 6 years from 1 April 2020

	Actual 2017-18	Projected 2018-19	Projected 2019-20	New Council starts 1 April 2020					
				Yr1 2020-21	Yr2 2021-22	Yr3 2022-23	Yr4 2023-24	Yr5 2024-25	Yr6 2025-26
South Hams Band D (£)	155.42	160.42	165.42	180.92	196.42	211.92	227.41	242.90	258.39
Increase (£)		5.00	5.00	15.50	15.50	15.50	15.49	15.49	15.49
Increase (%)		3.22	3.12	9.37	8.57	7.89	7.31	6.81	6.38
West Devon Band D (£)	218.39	223.39	228.39	233.39	238.39	243.39	248.39	253.39	258.39
Increase (£)		5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Increase (%)		2.29	2.24	2.19	2.14	2.10	2.05	2.01	1.97
Efficiency Savings				145,000	540,000	540,000	540,000	540,000	540,000
Additional Income generated by Council Tax Equalisation				406,661	822,772	1,242,033	1,666,147	2,095,506	2,530,111
TOTAL SAVINGS/INCOME FROM A COMBINED COUNCIL				551,661	1,362,772	1,782,033	2,206,147	2,635,506	3,070,111

Option 4 - Harmonise over 7 years from 1 April 2020

	Actual 2017-18	Projected 2018-19	Projected 2019-20	New Council starts 1 April 2020						
				Yr1 2020-21	Yr2 2021-22	Yr3 2022-23	Yr4 2023-24	Yr5 2024-25	Yr6 2025-26	Yr7 2026-27
South Hams Band D (£)	155.42	160.42	165.42	179.42	193.42	207.42	221.42	235.41	249.4	263.39
Increase (£)		5.00	5.00	14.00	14.00	14.00	14.00	13.99	13.99	13.99
Increase (%)		3.22	3.12	8.46	7.80	7.24	6.75	6.32	5.94	5.61
West Devon Band D (£)	218.39	223.39	228.39	233.39	238.39	243.39	248.39	253.39	258.39	263.39
Increase (£)		5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Increase (%)		2.29	2.24	2.19	2.14	2.10	2.05	2.01	1.97	1.94
Efficiency Savings				145,000	540,000	540,000	540,000	540,000	540,000	540,000
Additional Income generated from Council Tax Equalisation				348,567	705,233	1,064,600	1,428,466	1,796,434	2,168,896	2,545,853
TOTAL SAVINGS/INCOME FROM A COMBINED COUNCIL				493,567	1,245,233	1,604,600	1,968,466	2,336,434	2,708,896	3,085,853

Option 5 - Harmonise over 10 years from 1 April 2020

	Actual 2017-18	Projected 2018-19	Projected 2019-20	New Council starts 1 April 2020									
				Yr1 2020-21	Yr2 2021-22	Yr3 2022-23	Yr4 2023-24	Yr5 2024-25	Yr6 2025-26	Yr7 2026-27	Yr 8 2027-28	Yr9 2028-29	Yr10 2029-30
South Hams Band D (£)	155.42	160.42	165.42	176.72	188.02	199.32	210.62	221.92	233.22	244.52	255.81	267.10	278.39
Increase (£)		5.00	5.00	11.30	11.30	11.30	11.30	11.30	11.30	11.30	11.29	11.29	11.29
Increase (%)		3.22	3.12	6.83	6.39	6.01	5.67	5.37	5.09	4.85	4.62	4.41	4.23
West Devon Band D (£)	218.39	223.39	228.39	233.39	238.39	243.39	248.39	253.39	258.39	263.39	268.39	273.39	278.39
Increase (£)		5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Increase (%)		2.29	2.24	2.19	2.14	2.10	2.05	2.01	1.97	1.94	1.90	1.86	1.83
Efficiency Savings				145,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000	540,000
Additional Income generated from Council Tax Equalisation				243,997	493,663	745,220	999,926	1,257,783	1,518,790	1,782,946	2,049,846	2,319,891	2,593,081
TOTAL SAVINGS/INCOME FROM A COMBINED COUNCIL				388,997	1,033,663	1,285,220	1,539,926	1,797,783	2,058,790	2,322,946	2,589,846	2,859,891	3,133,081

This page is intentionally left blank