

West Devon Council



West Devon
Borough
Council

Title:	Summons																																													
Date:	Tuesday, 31st October, 2017																																													
Time:	4.30 pm																																													
Venue:	Chamber - Kilworthy Park																																													
Full Members:	<p style="text-align: center;">Mayor Cllr Moody Deputy Mayor Cllr Davies</p> <p><i>Members:</i></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 33%;">Cllr Baldwin</td> <td style="width: 33%;">Cllr Musgrave</td> <td style="width: 33%;"></td> </tr> <tr> <td>Cllr Ball</td> <td>Cllr Oxborough</td> <td></td> </tr> <tr> <td>Cllr Cann OBE</td> <td>Cllr Parker</td> <td></td> </tr> <tr> <td>Cllr Cheadle</td> <td>Cllr Pearce</td> <td></td> </tr> <tr> <td>Cllr Cloke</td> <td>Cllr Ridgers</td> <td></td> </tr> <tr> <td>Cllr Edmonds</td> <td>Cllr Roberts</td> <td></td> </tr> <tr> <td>Cllr Evans</td> <td>Cllr Sampson</td> <td></td> </tr> <tr> <td>Cllr Hockridge</td> <td>Cllr Samuel</td> <td></td> </tr> <tr> <td>Cllr Jory</td> <td>Cllr Sanders</td> <td></td> </tr> <tr> <td>Cllr Kimber</td> <td>Cllr Sellis</td> <td></td> </tr> <tr> <td>Cllr Lamb</td> <td>Cllr Sheldon</td> <td></td> </tr> <tr> <td>Cllr Leech</td> <td>Cllr Stephens</td> <td></td> </tr> <tr> <td>Cllr McInnes</td> <td>Cllr Watts</td> <td></td> </tr> <tr> <td>Cllr Mott</td> <td>Cllr Yelland</td> <td></td> </tr> <tr> <td>Cllr Moyse</td> <td></td> <td></td> </tr> </table>	Cllr Baldwin	Cllr Musgrave		Cllr Ball	Cllr Oxborough		Cllr Cann OBE	Cllr Parker		Cllr Cheadle	Cllr Pearce		Cllr Cloke	Cllr Ridgers		Cllr Edmonds	Cllr Roberts		Cllr Evans	Cllr Sampson		Cllr Hockridge	Cllr Samuel		Cllr Jory	Cllr Sanders		Cllr Kimber	Cllr Sellis		Cllr Lamb	Cllr Sheldon		Cllr Leech	Cllr Stephens		Cllr McInnes	Cllr Watts		Cllr Mott	Cllr Yelland		Cllr Moyse		
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Interests – Declaration and Restriction on Participation:	Members are reminded of their responsibility to declare any disclosable pecuniary interest not entered in the Authority's register or local non pecuniary interest which they have in any item of business on the agenda (subject to the exception for sensitive information) and to leave the meeting prior to discussion and voting on an item in which they have a disclosable pecuniary interest.																																													
Committee administrator:	Member.Services@swdevon.gov.uk																																													

1. Apologies for Absence

2. Declarations of Interest

Members are invited to declare any personal or disclosable pecuniary interests, including the nature and extent of such interests they may have in any items to be considered at this meeting.

If Councillors have any questions relating to predetermination, bias or interests in items on this Summons, then please contact the Monitoring Officer in advance of the meeting.

3. Business brought forward by or with the consent of the Mayor

4. Proposal for a Single Council for South Hams and West Devon

1 - 64

Report of the SH/WD Joint Steering Group

PART TWO ITEMS WHICH MAY BE TAKEN IN THE ABSENCE OF THE PUBLIC AND PRESS ON THE GROUNDS THAT EXEMPT INFORMATION IS LIKELY TO BE DISCLOSED (if any)

If any, the Committee is recommended to pass the following resolution:

“RESOLVED that under Section 100(A)(4) of the Local Government Act 1972, the public be excluded from the Meeting on the grounds that exempt information may be disclosed as defined in the paragraphs given in Schedule 12A to the Act.”

5. Waste and Cleansing Commissioning - Service Scope

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Report of the Group Manager – Commercial Services

Agenda Item 4

Report to: **Special Council**

Date: **31 October 2017**

Title: **Proposal for a Single Council for West Devon and South Hams**

Portfolio Area: **Leader of the Council**

Wards Affected: **All**

Relevant Scrutiny Committee: **Overview & Scrutiny Committee**

Urgent Decision: **N** Approval and clearance obtained: **N/A**

Date next steps can be taken: **N/A**

Author: **SH/WD Joint Steering Group** Role:

Contact:

The SH/WD Joint Steering Group RECOMMENDS that the Council:

- 1. Submits a proposal to the Secretary of State no later than 30 November 2017 to form a single second-tier Council for South Hams and West Devon from 1 April 2020, as set out in Section 3 of this report.**

Subject to recommendation 1 being agreed, that the Council agrees:

- 2. The Council Tax Equalisation Strategy as set out in Section 5 of this report.**
- 3. That the final wording of the proposal to the Secretary of State is delegated to the Head of Paid Service in consultation with the Members of the Hub Committee and the Chairman of the Overview & Scrutiny Committee.**

1. Executive summary

- 1.1** The Joint Steering Group (JSG) was tasked by West Devon Borough Council and South Hams District Council to consider options to achieve financial sustainability and address the forecast budget deficit for both Councils; one of those options is the formation of a single Council (One Council), and the intention of the One Council proposal is to respond to severe financial public sector constraints, maximise efficiencies and simplify the way that the Councils work, whilst protecting and investing in the services that the Councils provide.
- 1.2** The One Council proposal is the formation of a single District Council for the West Devon and South Hams areas. A new single Council will inevitably be different from the two existing Councils and will build its own vision through engagement with its Councillors, and through them its communities and local

businesses. Central to the proposal to create One Council is the need to ensure that the Councils can continue to meet the challenges that they are facing and to take full advantage of opportunities. During 2015/16 the Council reviewed its priorities and Members agreed that their top priority was to achieve financial sustainability. Members also stated that they did not want to see a reduction in the level and quality of the services delivered to their communities. Details of the proposal are set out in Section 3 of this report.

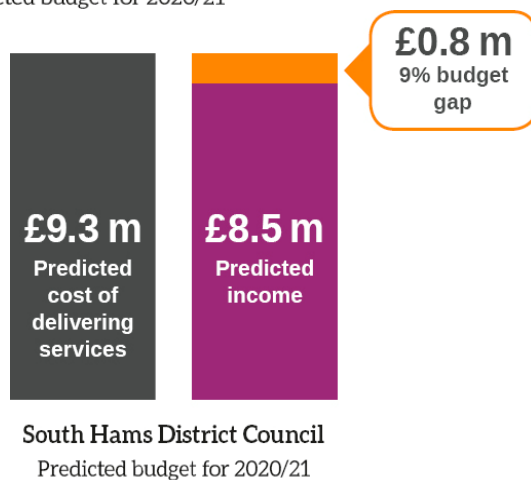
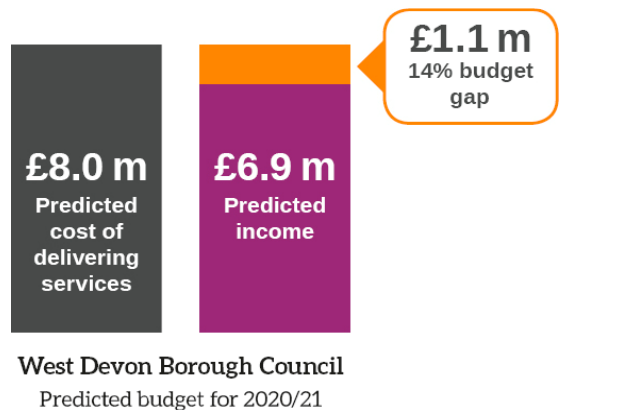
- 1.3 At their meetings on 25 and 27 July 2017 respectively, West Devon Borough Council and South Hams District Council considered a report detailing proposals to create a single Council. The Councils considered the rationale for One Council; the effects of the proposal on residents and stakeholders; governance; the Department of Communities and Local Government's (DCLG) requirements, including the need for consultation; financial implications; other options considered, and risk implications. A copy of the July Council report is attached at Appendix A for Members' ease of reference.
- 1.4 At the respective Council meetings on 25 and 27 July 2017 the Councils agreed:
 - to consider establishing a single second-tier Council for South Hams and West Devon from 1 April 2020;
 - to proceed to consultation with the public and stakeholders from early August until the end of September 2017 with delegated authority being given to the Joint Steering Group to agree the final contents of the consultation document prior to its publication;
 - to bring back to the Council for consideration (as soon after the expiry of the consultation periods as is practically possible) the outcome of the consultation together with the final Proposal for submission to the Secretary of State;
 - [South Hams only]: to task an independent person with reviewing the final version of the consultation prior to publication.
- 1.5 The purpose of this report is to set out the recommendations of the JSG that the Councils agree:
 - To submit a proposal to the Secretary of State before 30 November 2017 to form a single second-tier Council for West Devon and South Hams from 1 April 2020 (see section 3 of this report);
 - The Council Tax Equalisation Strategy set out in Section 5 of this report;
 - That the final wording of the proposal to the Secretary of State is delegated to the Head of Paid Service in consultation with the Members of the Hub Committee and the Chairman of the Overview & Scrutiny Committee.
- 1.6 The Councils carried out a full consultation process between 14 August and 9 October 2017 and this report also summarises the consultation process and responses together with the Overview & Scrutiny Committee's recommendations following consideration at its meeting on 17 October 2017 (please refer to section 4 and Appendices B and C).
- 1.7 If Members agree to submit a proposal to the Secretary of State for One Council, it is very important to adhere to the timetable attached at Appendix D. DCLG has confirmed that there is a short window of opportunity to submit

a proposal, and that the earliest date for implementation is April 2020, which will enable the required parliamentary stages of the process to be completed. The next Borough and District Council elections would be deferred to May 2020 to enable an Electoral Review by the Local Government Boundary Commission for England to be undertaken beforehand to look at the wards, ward boundaries, and numbers of councillors to ensure electoral equality across the new Council area. The DCLG has further advised that any delay in the submission of a proposal to the Secretary of State will mean that it is very unlikely that the creation of One Council could be achieved before April 2023, because of the Government's Brexit commitments.

- 1.8 If a decision to submit a proposal is not made at this meeting, the opportunity for the Secretary of State to make a decision in time to implement a new Council by April 2020, is lost, the financial benefits as detailed in Section 5 below would not be achieved, and there is a significant risk that both Councils would not be able to meet their statutory requirements to achieve balanced budgets in the medium to long term. Members are referred to the Implications in Section 9 of this report.

2. Background

- 2.1 The predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams District Council and £1.1m for West Devon Borough Council. Therefore the scale of the financial challenge is £1.9 million by 2020/21 as shown below.



- 2.2 During 2016/17 the Government offered Local Authorities the opportunity to apply for a four year agreed funding settlement, subject to the production of an efficiency plan. Both Councils applied and were accepted for the four year agreement. By 2018/19 both Councils will receive no Government funding in the form of Revenue Support Grant and the Councils will need to be financially self-sufficient. Both Councils' Settlement Funding Assessment (Revenue Support Grant and funding from Business Rates) is reducing by over 37% between now and 2019/20.
- 2.3 Other options are also currently being considered as part of a package of measures (such as outsourcing of some services and the commercial property acquisition proposals) and have been the subject of separate reports to this Council. The strategy being advocated by the JSG is to implement a number of different schemes, not only to meet the immediate funding gap but to ensure financial sustainability for the medium to long term. If the option to submit a proposal for One Council is agreed, it will not be progressed at the expense of the other options. However no single option is recommended to meet the financial challenge on its own. Each option will derive benefits on differing timescales, some have the ability to deliver benefits straightaway, others will realise benefits over a longer term.
- 2.4 The One Council proposal does not impact adversely on service delivery as the Councils already have a shared workforce and customers are unlikely to notice an immediate difference in services. On day one of One Council, there will still be a physical Council presence across both South Hams and West Devon with places for communities and businesses to access our services in different areas, and continuing strong connections between local councillors and their communities. It is only the governance arrangements that would be affected. There is currently no proposal to change the Council offices and a new Council would operate from both main bases initially with no significant impact on residents or businesses. However, discussions about future premises will begin once a decision is received from the Secretary of State, which may generate significant commercial and efficiency opportunities.
- 2.5 As a result of the Councils shared services partnership (since 2007) and the fully shared non-manual workforce since 2015, South Hams annually saves £3.9 million whilst West Devon annually saves £2.2 million. As the financial section (section 5 below) makes clear, a key financial driver of the proposal for One Council is to protect this £6.1 million ongoing annual savings achieved through shared services and the T18 programme and to maximise each organisation's efficiency to address future financial challenges. The One Council proposal would also help financial sustainability, ensuring resilience of much-valued local Council services enabling us to best support businesses and residents.
- 2.6 There would be significant financial advantage arising from the proposal both in relation to additional efficiencies of over £0.5 million per year from staff efficiency reductions, and the increased Council Tax income of up to £2.5m per annum by the end of the equalisation period. The single Council would have a single level of Council Tax after a period of harmonisation. The South Hams Council Tax would be increased up to the West Devon Council Tax level over a period of years. The financial section of this report (section 5) sets out a Council Tax Equalisation Strategy, and the positive impact this would have on the financial sustainability of the Councils and the continued delivery of services.

- 2.7 **Why form a single Council?**
The two Councils are more marked by their similarities than their differences. The shared services efficiency savings that have been made in the past mean that the finances of the Councils are inextricably linked and operationally the two Councils are interdependent. This is due to the degree that services and staff have been shared since 2007 with over £6 million shared services savings being achieved annually. Therefore the financial challenges that the Councils face are a shared challenge.
- 2.8 West Devon Borough Council and South Hams District Council currently have a Partnership Agreement, with a completely shared workforce (with the exception of South Hams' manual workers). There is a strong history of the Councils working together to achieve savings and efficiencies since 2007 to mutual advantage. In 2013 the Councils took the sharing of services a stage further with the T18 Transformation Programme which has resulted in a shared workforce and has successfully delivered efficiencies in monetary terms (joint savings of £6.1 million from T18 and shared services) together with efficiencies in the delivery of its services. The clear priority of both Councils is to achieve financial sustainability in order to continue providing services to their local communities, and the creation of a single Council is the next logical step.
- 2.9 Nationally, since 2010 Local Authorities have been subject to increasing budgetary pressures, decreasing grant income from Central Government and the complete withdrawal of the Revenue Support Grant by 2018-19 as well as uncertainty around the future of the business rate retention (which was omitted from the 2017 Queen's speech); this all means Councils need to alter the way in which they operate. Current Government policy is to encourage increased partnership-working, and to support Councils who wish to create combined authorities, and other local solutions. Other second-tier councils are also pursuing the combined authority option including Suffolk Coastal & Waveney and West Somerset & Taunton Dean who have now sent in proposals to the Secretary of State.
- 2.10 The JSG has considered unitary and wider shared service options, however, there is no current interest from other Devon authorities in terms of further sharing or provision of services, or for creating a larger single Council. Officers will continue to explore any possibilities that arise, but pursuing the creation of a single Council between South Hams and West Devon would not preclude these dialogues. It is clear that there is no current appetite locally for a Unitary Council in Devon (and the unitary agenda is not currently being pushed by Central Government).
- 2.11 The overarching financial strategy being advocated by the JSG is to implement a number of different schemes, not only to meet the immediate funding gap but to ensure financial sustainability for the medium to long term. Each scheme will vary in risk profile, achievability and the impact on our finances. By implementing a number of solutions rather than over-reliance on one option, the Councils will spread the risk and maximise the benefits.

3 The Proposal for One Council

- 3.1 The recommendation is to submit a proposal to the Secretary of State to form a single new District Council from April 2020 for the areas that are currently served by West Devon Borough Council and South Hams District Council.
- 3.2 One Council is a natural continuation in the shared service journey between the two Councils. The Councils are currently interdependent on each other due to the fully shared non-manual workforce and delivery of services. By removing the remaining complexities and duplication inherent in serving two bodies, One Council will be simpler (and more cost effective) to run and manage.
- 3.3 One Council will be a democratically sound model and will end the need for separate decisions on similar and shared issues by each Council; this will result in more efficient decision making on matters affecting the whole area.
- 3.4 One Council will be more resilient and better able to face the significant changes and challenges that local government expects to face in the future.

3.5 Governance:

- 3.5.1 One Council would build on and consolidate the current shared working by Members.
- 3.5.2 Whilst there is no proposal to reduce the number of Councillors from the current total numbers of 62 Members before the implementation date, it is expected that the number of Members would be reduced by approximately 20% across both Councils from April 2020 following the Electoral Review by the Boundary Commission.
- 3.5.3 By law, One Council would operate executive arrangements and it is proposed that the new Council operates a Leader with a 'Cabinet' and the change in terminology from Executive and Committee system, will signify a positive change from both current structures. A Cabinet can comprise up to 10 members, and whilst this is a matter for the new Council, the JSG has recommended that the Cabinet comprises between 6 and 8 members in accordance with best practice, and in order to operate with maximum effectiveness. Individual portfolio holders will have defined decision-making powers (which will be decided by the new Council) such as debt write-off and award of community grants.
- 3.5.4 There will be a reduction in the overall number of council bodies (and a consequent reduction in administrative support) for a single organisation (Council, Cabinet, Audit Committee) but the proposal is that the new Council will have two Development Management Area Committees, and an Overview & Scrutiny Committee comprising members not on the Cabinet, with the opportunity of the Overview & Scrutiny Committee being chaired by a member of the minority groups.
- 3.5.5 If the Council agrees to submit the proposal to the Secretary of State, the Councils will need to set up interim arrangements which will cover firstly, the period from submission of the proposal to approval of the Order by the Secretary of State, and secondly, from the period of approval to implementation of the new Council. There are powers in the Local Government Act 1972 which would enable a formal joint committee to be set up to take decisions which will impact on the new Council, such as matters

relating to assets, disposals, acquisitions and borrowing. It is recommended that the current JSG continues to consider these issues up until the Order is made, with decisions being referred to the respective Councils.

3.6 The proposal to the Secretary of State will include details in support of the five key principles adopted by DCLG for considering proposals for combining authorities, namely:

- Improved local public services
- Greater value for money
- Stronger local leadership at a strategic and local level
- Significant cost savings
- A sustainable future in the medium to longer term

3.7 Improved local public services:

3.7.1 Secure the future financial viability of local government services across South Hams and West Devon, in the face of a changing and challenging financial future in the next decade.

3.7.2 Shaping the arrangements for local government for the future by providing self-sufficient and resilient local government across South Hams and West Devon, to support our residents and business communities in achieving their ambitions.

3.7.3 Releasing capacity through serving One Council rather than two, which can be refocussed on maintaining and improving services to our residents and businesses; the Council could realise over £0.5 million per year from staff efficiencies, plus increased council tax income of £2.5 million per year (by the end of the equalisation period).

3.7.4 Longer term financial stability will enable the improvement and delivery of further services and investment in our communities.

3.7.5 Greater and consistent democratic accountability through a single and simplified decision-making model for the new area.

3.7.6 Simplification in the relationships with other organisations as a single voice.

3.7.7 By applying unified and consistent policies for business and communities across the wider geographical area.

3.8 Greater value for money

3.8.1 Protecting the annual shared operating savings of £6million per annum.

3.8.2 Removing the complexities inherent in serving two councils; a single council has less complex and costly administration.

3.8.3 A single Asset Strategy to maximise assets across the whole area.

3.8.4 Increased income from Council Tax of £2.5 million (by the end of the equalisation period) which will contribute towards the funding gap and improving valued services.

3.8.5 Financial self-sufficiency for the two Councils.

3.9 Stronger local leadership

- 3.9.1 Influence locally, regionally and nationally as the largest district in Devon.
- 3.9.2 Having a stronger voice in the context of the Devolution programme.
- 3.9.3 The combined and more consistent support of four members of parliament and 11 County Councillors.
- 3.9.4 Local, faster decision-making by Councillors of the new Cabinet with defined portfolio powers.
- 3.9.5 Increased community-focussed role for non-cabinet councillors.

3.10 Cost savings

- 3.10.1 Achieving annual savings of over £0.5 million that is currently spent on supporting two councils.
- 3.10.2 New income from contracts and systems requirements when the dual arrangements are replaced by cheaper single contractual relationships.
- 3.10.3 Whilst there is no current proposal to change either of the Council offices, and One Council would operate from both main bases initially, a future decision to operate from one main office would deliver longer term savings.
- 3.10.4 By operating a single financial system with one set of accounts and one Audit of accounts.
- 3.10.5 Fewer committees and council bodies and associated officer support.

3.11 Sustainable future

- 3.11.1 Increased income (£2.5 million per annum) in the longer term from the equalisation of Council Tax to give the new Council a strong resilient financial base and providing financial self-sufficiency for the two Councils.
- 3.11.2 The sustainability and improvement of existing valued services and the opportunity to deliver additional services.
- 3.11.3 A stronger base for future collaborative working with other organisations.
- 3.11.4 The two District Councils are more marked by their similarities than their differences.
- 3.11.5 Reduction in the risk arising from either Council failing to set a balanced budget and the resulting adverse impact on the other Council.
- 3.11.6 Protection of the savings already achieved through extending the joint working arrangements into a permanent solution.
- 3.12 The proposal will include recommendations for a Hardship Fund for South Hams Council Tax payers who are experiencing financial difficulties resulting from the equalisation element of the Council Tax increase.
- 3.13 The proposal will also set out the benefits for creating a single Council (as well as the risks set out in section 9 below).

- 3.14 The full consultation results will also be submitted to the Secretary of State with the proposal.

4 The Consultation – process and responses

- 4.1 In order to submit a proposal for One Council to the Secretary of State, the Council must demonstrate that the Councils have fully consulted on the proposal. The Council agreed on 25 July 2017 to consult with the public and stakeholders and an extensive consultation was carried out between 14 August and 9 October 2017. The Secretary of State has not been prescriptive as to how the Council undertakes a consultation; it is a matter for individual councils to decide how to engage with local people, businesses and organisations, however the Council has sought specialist independent advice to ensure the consultation is inclusive and fair.
- 4.2 The One Council consultation process and consultation responses were reported to the Overview & Scrutiny Committee on 17 October 2017 and the report and response summary that the Committee considered are attached as Appendices B and C respectively.
- 4.3 In brief, 3.02% of the combined population for South Hams and West Devon responded to the consultation (3.33% of the South Hams population and 2.54% of the West Devon population). Of those who expressed a view either for or against the proposal for One Council, 24% said 'yes' and 76% said 'no'. These percentages represent both authorities across all channels namely online, telephone and postal (paper) surveys (see Appendix C).
- 4.4 The Overview & Scrutiny Committee was asked to consider the consultation process and the responses and make recommendations to full Council. Overview & Scrutiny Members considered that the consultation process had been robust and sound and recommended that 'That the Overview and Scrutiny Committee has considered the consultation process and response'.
- 4.5 If the Council agrees to submit a proposal for One Council to the Secretary of State, it will include the full results of the consultation for consideration by the Secretary of State when making his decision.

5 Finance and the Council Tax Equalisation Strategy

- 5.1 Cost of Implementation and Efficiencies and Savings
Modelling of one-off costs of planning and implementation are predicted to be up to £325,000 as shown below. This is for costs such as IT costs, public consultation, remodelling of Council finances, legal costs and a prudent estimate for any redundancy and pension strain costs.
- 5.2 Savings of over £0.5 million a year are predicted. These savings are not frontline service cuts and would be from efficiencies from back-office activities. The number of staff posts affected would be in the single figures (i.e. less than 10) and it is hoped that this could be largely addressed through natural turnover. However, redundancy and pension-strain costs have been included within the financial modelling as a worst-case scenario.
- 5.3 Becoming One Council would mean releasing some capacity absorbed by serving two bodies. This would reduce the amount of time spent on complex or duplicated processes. Financial systems would be simpler, with single reporting requirements, with a removal of the complexities of recharging money between both Councils and the need for two sets of reconciliations

(such as bank reconciliation, control account reconciliations, shared services reconciliations etc.). This would release some staff capacity as a result of more simple and effective ways of working, allowing staff to focus on the delivery of key projects and strategic priorities.

- 5.4 The table below shows the one-off implementation costs of up to £325,000 and the annual savings predicted of over £0.5 million per annum. The one-off investment costs of £325,000 are paid back mid-way through the second year (2021/22).
- 5.5 The table also shows the additional income generated from council tax under a five year equalisation period (Option 2 of Appendix E), which is shown for illustration purposes only. Other equalisation periods have been modelled which are shown in Appendix E.

	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
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	-40,000
Annual Savings			0	-145,000	-540,000	-540,000	-540,000
						Total Savings	-1,765,000
Increased Income							
			2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Council Tax equalisation (Equalisation over 5 years is shown)				-488,000	-987,000	-1,489,000	-1,999,000
Net cost/(additional income)	15,500	50,500	74,000	-503,000	-1,507,000	-2,009,000	-2,524,000

- 5.6 If the proposal is approved, the implementation costs would be paid from each Council's Unearmarked Reserves for the years 2018-19 and 2019-20, and then funded from the savings which occur from 2020-21 onwards. These costs would be split to each Council 50%/50%.
- 5.7 The table above shows that by 2020/21 the net income position is £503,000 for the Single Council and this rises to £1.507 million by 2021/2022 (using a council tax equalisation period of 5 years for illustrative purposes). By Year three (2022/23) the net income raised is £2.009 million and then this increases to £2.524 million by Year 5. The Single Council Proposal being considered by the Joint Steering Group is one of two options which are the most likely to achieve financial stability for both Councils. The other option is the commercial property acquisition strategy. Neither of these two options will meet the immediate budget deficit for 2018/19 so in any case the Council will also need to consider some other short term solutions through the budget setting process this year for 2018/19.

5.8 **Council Tax Equalisation Strategy**

Appendix E sets out possible options for the equalisation of Council Tax. This has been amended following the meeting with DCLG on 21 July 2017 and further modelling has been undertaken on a longer equalisation period and re-profiled accordingly. There are many different ways in which this could be achieved. There is currently a £62.97 difference in Band D Council Tax levels between South Hams (£155.42) and West Devon (£218.39) for 2017/18. DCLG have indicated that Council Tax can be equalised over a longer period and additional modelling has been carried out over 6, 7 and 10 year periods.

5.9 Appendix E shows the efficiency savings and additional income generated from Council Tax equalisation under each option of equalising over 3,5,6,7 and 10 years. All of this modelling has formed part of the consultation with stakeholders.

5.10 The benefits of equalising over a shorter period are that the additional income from council tax equalisation materialises at an earlier date, which generates more income to be used to benefit the community and to deliver services. However the drawbacks of a shorter equalisation period are that it means a higher increase in council tax in the earlier years for South Hams residents. A hardship fund for council tax payers in the South Hams could be set up to assist council taxpayers with the cost of equalisation.

5.11 If a longer equalisation period is implemented, this will mean that the increase in council tax for South Hams residents is lower in the earlier years as it will be spread out over a longer period. A longer equalisation period assists with the affordability of the increase in the South Hams council tax for residents. This does mean that other income or efficiencies would need to be generated from elsewhere in the earlier years.

5.12 Having taken the above into account, along with the results of the public consultation, the equalisation strategy being advocated by the JSG is:

- i) For equalisation to take place over a period of up to 10 years, and
- ii) That the amount raised in any given year be set by the new Council and should not exceed a certain pre-determined monetary limit. This capped amount in any given year would be agreed with the Secretary of State, but would not exceed £20 in any given year (this would include the £5 increase already forecast by the Councils. £5 is the current District Council maximum increase for council tax in any one year).

6 **Outcomes**

6.1 The successful outcome of the proposal will be the establishment of the single District Council in April 2020, once the regulations have been approved by the Minister, and the implementation changes have been completed. Following this point, efficiencies and improvements in service delivery can be achieved.

6.2 The success of the proposal will be initially demonstrated by endorsement from the MPs and Devon County and through the support of our communities and stakeholders and the subsequent approval of the Proposal by the Secretary of State. If the Proposal is approved, a legislative Order will be made, and a single Council created on 1 April 2020. Success can be

measured with balanced budgets and a sustainable medium to long term financial plan with no detriment to services and a stronger local voice.

7 Options available and consideration of risk

7.1 The report to Council of 25 July 2017 (Appendix A) set out the range options considered by the JSG which included a ‘do nothing’ option, extending shared services, cut/ reduction in services, outsourcing, Council Tax Referendum, and the property acquisition strategy. The options were evaluated by the JSG in the context of financial sustainability and ability to address the forecast budget deficit. Options such as Channel Shift are already being progressed as business as usual, and Fees & Charges are reviewed annually already. Service reductions had previously not been an option for Members and it was agreed that it was more appropriate to consider this option through the budget process. A council tax increase above £5 would involve a referendum costing approximately £230,000 (£130,000 for South Hams and £100,000 for West Devon). In addition, there would be re-billing costs of approximately £50,000 if a ‘No’ vote were returned from the referendum. There have been very few council tax referendums nationally, but of those that have been undertaken, none have been successful. A referendum was not considered to be viable as a stand-alone option due to the costs, uncertainty of outcome and the fact that raising income through council tax could be explored through the One Council option which does not require a referendum.

7.2 The options considered vary in risk profile, achievability, and impact on the Council’s finances. By implementing a range of measures and solutions the Council is spreading and mitigating its risk and maximising the benefits. The two schemes most likely to achieve financial sustainability are the commercial acquisition strategy and the One Council proposal - neither of which will meet the immediate budget deficit for 2018/19, therefore the Council will also need to consider some other short term solutions through the budget setting process this year. All of the options contribute to closing the budget deficit, but they don’t all give the wider non-financial benefits given by the One Council option that are identified above.

7.3 The One Council proposal has the ability to meet the financial challenge and protect services in the long term. All elements within the control of the Councils are easily achievable and relatively low cost to implement. There is a dependency on DCLG to approve the proposal and adhere to the timetable set out in order to achieve implementation for April 2020.

7.4 Risks have been considered in section 9 below.

8 Proposed Way Forward

8.1 The JSG recommends that the Council submits a proposal to the Secretary of State to create One Council for the areas covered by West Devon and South Hams, agrees the Council Tax Equalisation Strategy set out in section 5.8 above, and delegates the final wording for the proposal to the Head of Paid Service in consultation with the Members specified in the recommendation.

9. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
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<p>Statutory Officers' Panel comments</p>	<p>Y</p>	<p>The considered, professional advice of the Council's Statutory Officers (Head of Paid Service, Section 151 Officer, and Monitoring Officer) together with the Executive Director Service Delivery & Commercial Development, is that the One Council option will, in the medium to long term, protect the future sustainability of the Councils for the following reasons:</p> <ul style="list-style-type: none"> • The proposal has arisen out of an aim to secure the future financial viability of local government services across South Hams and West Devon, in the face of a changing and challenging financial future in the next decade. • The One Council Proposal shapes the arrangements for local government for the future by providing self-sufficient and resilient local government across South Hams and West Devon, to support our residents and business communities in achieving their ambitions. • A Single District Council is an extension of the Councils' shared commitment to working in partnership to make a difference across South Hams and West Devon. • The Council and its Members have a statutory duty to set a balanced budget. Failure to set a balanced budget may have significant financial, administrative, reputational and legal implications, including potential individual liability of any member who contributed to the failure to set a balanced budget. • The Council as a corporate body and members (both individually and collectively) have a fiduciary duty to council tax payers to avoid actions that would result in loss of revenue or failure to deliver services. In addition to Members' legal obligation, they also have the moral and democratic obligation to set the budget on behalf of the people who elected them. • There is always a tension between Members' desire to vote for what they believe to be the right decision on the one hand and the legal obligation to set a lawful budget on time and avoid any loss to the Council. There is also a tension between short-term solutions and the need for longer-term balancing of the budget. These challenges are greater at a time of financial austerity and continued cuts in services. Each budget setting has its own dynamics and permutations but
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		<p>members should always strive to facilitate the setting of a lawful budget.</p> <ul style="list-style-type: none"> • The risks to the One Council Proposal are set out below under 'risks' but once a decision has been made to submit a proposal to the Secretary of State, there is a very low risk to the Council from a governance perspective: <ul style="list-style-type: none"> ○ A new Constitution (and associated procedures and documents) will be drafted to cover the new Council from day 1 of the new organisation. ○ A Shadow Implementation Board will anticipate future issues and have the power to make decisions on future matters ahead of the implementation date. • The current Partnership between the two Councils carries significant risk to its sustainability in the event of conflict arising in the event of political change, or through conflict arising between the Councils. This risk could result in the breakup of the partnership arrangement, which would be extremely difficult because the Councils are inextricably linked following the sharing of staff and processes. The loss of the shared services savings to date of £6.1 million per annum, (estimated to be £3 million in South Hams and £1.8 million in West Devon) together with having to find resources to support the delivery of services as sole Council, would cause intolerable financial pressure. This risk would be mitigated by the creation of a single Council. • If either Council were unable to set a balanced budget in the medium term e.g. 2020 onwards, there would be a significant financial impact on the other Council due to the degree to which there is a single workforce across both Councils. <p>The Financial Challenge The Councils' Senior Officers have severe concerns over the future financial stability of both Councils from 2020 onwards and into the next decade.</p> <p>The scale of the financial challenge is such that the predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams District Council and £1.1m for West Devon Borough Council. Therefore the scale of the financial challenge is £1.9 million by 2020/21.</p>
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		<p>This is after already factoring in and modelling that council tax will be increased by £5 annually in both Councils.</p> <p>The proposal for a Single Council would build upon the existing shared workforce and joint working. A Single Council is the next logical step to the Councils' Joint Transformation Programme (T18), in the view of the Councils Statutory Officers' Panel.</p> <p>With unprecedented pressures on Local Government budgets and Councils needing to become 'self-financing', a proposal for a single Council would assist the Councils to retain their financial viability in the future, to safeguard the services delivered.</p> <p>In looking ahead to the future, whilst the key reason for creating a Single Council is financial, an important consideration is to ensure future resilience and sustainability of valued Council services.</p> <p>There would be significant financial advantage arising from the proposal, both in relation to additional efficiencies of over £0.5 million per year from staff efficiency reductions, and the increased council tax income of £2.5 million annually by the end of the council tax equalisation period, which could achieve a sustainable financial future for both Councils.</p> <p>Equalisation of Council Tax will, in the longer term, produce income of £2.5 million per year that can be used to protect and invest in the Councils' communities and give the new Council a strong, resilient financial base for the medium to long term. The increase in council tax income also provides a real opportunity to improve and enhance services and invest in the community, for example through affordable housing schemes and community grants.</p> <p>The One Council proposal has the ability to meet the financial challenge, improve the financial resilience of both Councils and protect services in the long term.</p> <p>If One Council is not progressed, there is very likely to be an increasing detriment to services.</p> <p>The alternative options for the Councils to consider to achieve the level of savings required, are reducing services or stop delivering some services entirely. These are likely to be contentious decisions.</p> <p>Strategic Advantages of One Council Proposal A larger Council, with a bigger population and local economy would allow the region more influence on the regional or national stage – having a larger voice among our peers and Central Government.</p>
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		<p>Risks of submitting a Proposal to the Secretary of State against the risks of not submitting a Proposal</p> <ul style="list-style-type: none"> • The single Council is considered by the Statutory Officers' Panel to be a very low risk option once the decision to proceed has been taken and gained parliamentary approval <ul style="list-style-type: none"> ○ Risk is that Councillors will not support submitting a proposal to the Secretary of State ○ Risk that Councillors defer the decision ○ Risk that once submitted there is a delay from the Secretary of State (due to Government matters beyond or control – e.g. General elections, lack of parliamentary time etc.) • There are much more substantial risks if the Councils do not decide to proceed. <ul style="list-style-type: none"> ○ Further service cuts and reductions ○ Serious risk of not setting a balanced budget for 2020/21 onwards ○ Risk of losing the benefits and savings gained from working in partnership ○ Risk of being required to form a single Council at a later date and being in a much more detrimental position as a result of the delay. ○ The Government has stated that Councils must find their own solutions to budgetary reductions and that they will not come forward with any additional funding as they do not reward failing Councils. <p>The Councils would be seen to be failing if they were unable to set a balanced budget in future years.</p>
Legal/Governance	Y	<p>Powers for the Councils to create One Council are set out in two key pieces of legislation.</p> <p>Sections 8 -10 of the Local Government & Public Involvement in Health Act 2007 and section 15 of the Cities & Local Government Devolution Act 2016. This latter piece of legislation is the preferred route of DCLG. It sets out a more expedited process for review of local authority areas and councillor numbers. Under this process, the request for a merger can be put directly to the Secretary of State. Proposals for the size of the new Council (i.e. number of Councillors) can also be put to the Secretary of State directly with the Boundary Commission carrying out an Electoral Review who look at the wards, ward boundaries and number of councillors to ensure electoral equality across the new council area.</p>

		<p>DCLG has also set out 5 key principles that it expects the Council to address in its proposal:</p> <ul style="list-style-type: none"> • Improved local public services • Greater value for money • Stronger local leadership at a strategic and local level • Significant cost savings • A sustainable future in the medium to longer term <p>The Local Government Act 1972 provides powers to set up a joint committee (with decision-making abilities powers) comprising Members from both Councils. It is recommended that the Member body (set up to consider issues on One Council if the proposal is submitted to the Secretary of State) considers the appropriate governance arrangements in this regard.</p> <p>A Council Tax referendum is not required to either form a new Council or to increase Council Tax by more than the current £5 / 1.99% through the equalisation of Council Tax process.</p> <p>Failure to set a balanced budget may have significant financial, administrative, reputational and legal implications, including potential individual liability of any member who contributed to the failure to set a budget.</p>
Financial	Y	<p>There would be significant financial advantage arising from the proposal, both in relation to additional efficiencies of over to £0.5 million per year from staff efficiency reductions, and the increased council tax income of £2.5 million per year by the end of the council tax equalisation period, which could achieve a sustainable financial future for both Councils.</p> <p>If the proposal is approved, the implementation costs could either be paid for from each Councils' Unearmarked Reserves, or funded from the savings which occur from 2020-21 onwards. These costs would be split 50%/50%.</p> <p>The options for equalisation of council tax are shown in Appendix E. The Equalisation Strategy being advocated by the JSG is:</p> <ol style="list-style-type: none"> i) For equalisation to take place over a period of up to 10 years, and ii) That the amount raised in any given year be set by the new Council and should not exceed a certain pre-determined monetary limit. This capped amount in any given year would be agreed with the Secretary of State, but would not exceed £20 in any given year (this would include the £5 increase already forecast by the Councils. £5 is the current District Council maximum increase for council tax in any one year).

		<p>The financial implications of the Asset Strategy are shown in Appendix D to the July Council report. A single Council would enable the assets of both Councils to be combined (£75 million South Hams and £20 million West Devon). No figures for savings have yet been modelled into the proposal.</p>
Risk	Y	<p><i>One partner does not agree to One Council Proposal and a reputation risk if Government intervention is necessary:</i> if one Partner Council does not agree then there is a significant risk that the Council will not attain financial sustainability as a combination of measures are required. If there is Government intervention then this will have a reputational risk for the Council, and have adverse financial impact and limit the control of the Council in relation to its own future. Failure to set a balanced budget will have significant consequences which include, financial, administrative, reputational and legal implications, including potential individual liability of any member who contributed to the failure to set a budget please see the Statutory Officers' Panel comments above.</p> <p><i>Not meeting the timetable for submission:</i> if the Council has not agreed to submit proposals to the DCLG this Autumn it is likely that there will be no parliamentary time to consider such proposals during the current parliament which will mean that the Council may not achieve the financial sustainability it needs. A timetable has been drafted to ensure that the Council submits the proposal in time for DCLG consideration.</p> <p><i>Not accepting the proposal and delays at DCLG:</i> whilst we have received strong indications that the DCLG supports proposals for single councils between two or more authorities, there is no guarantee that the DCLG will accept the proposal and issue the appropriate regulations to enable us to proceed. 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. Delays after this are likely to mean that there is insufficient parliamentary time to consider proposals for a single council until during this parliament. This is outside the control of the Council.</p> <p><i>Customer remoteness from Council Offices:</i> there would be no immediate changes to the office locations (see section 2.4 above) however a priority for the new Council would be to develop its asset strategy and consider locations for service delivery. Although the Council will continue to enhance its digital and online access routes, local presence will be important. The Locality Team will play a critical part in ensuring a presence across the area.</p>

		<p><i>Expected financial benefits are not realised:</i> The savings identified in this report are considered to be robust. Where savings or increased income are likely but not quantifiable, these figures have not been included in the calculations. Delivering services through one Council may also provide future opportunity to consider how services are delivered across the new area – for example, aligning our Waste service across the area (South Hams currently in house West Devon Outsourced).</p> <p><i>Confusion for residents, businesses and partners during the implementation of the new council / Adverse response to consultation:</i> A detailed and extensive communications and engagement plan has been developed to ensure that all stakeholders are clear on the changes. From the point of decision by DCLG, we would have 18 months to implement the new Council to be ready by 1 April 2020, during which we would communicate through a number of channels.</p> <p><i>Uncertainty around future external environment:</i> Having recently concluded a general election and now entering into Brexit negotiations, Local Government is still in a period of uncertainty however our Medium Term Financial Strategy sets out clearly the financial positions for both Councils and action needs to be taken to ensure future sustainability of services. A single council will have greater resources available to it and will therefore be more resilient and more able to adapt to future challenges.</p> <p><i>Political change and conflict between the Councils:</i> Councils are political organisations and the current Partnership between the two Councils carries significant risk to its sustainability in the event of conflict arising in the event of political change, or through conflict arising between the Councils. This risk could result in the breakup of the partnership arrangement and the loss of the shared services savings to date (£6.1 million annual ongoing saving) causing intolerable financial pressure for both Councils and this risk would be mitigated by the creation of a single Council.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	<p>There has been extensive publicity and engagement with our customers and stakeholders during the consultation which will continue through any future phases. There will be no impact on the day to day delivery of Council services.</p> <p>The Council Tax Equalisation Strategy will have a greater impact on South Hams residents. The proposal recommends that a Hardship Fund for Council Tax payers</p>

		<p>in the South Hams could be set up to assist Council taxpayers with the cost of equalisation.</p> <p>Staff will be kept updated throughout and would TUPE into new Council, carrying out the same roles as they do now.</p> <p>An Electoral Review would be completed by the Boundary Commission before the formation of the new Council on 1 April 2020 (with the elections to the new Council being in May 2020) There will be one new governance structure and one Leader in the new Council.</p>
Safeguarding	N	None. No change to staff roles and their responsibilities.
Community Safety, Crime and Disorder	N	None. No change to staff roles and their responsibilities.
Health, Safety and Wellbeing	Y	Staff – will be transferred into the new Council carrying out same role at same location. Consultation will continue with staff and unions through the TUPE process. HR will provide support and drop in sessions for anybody concerned by change. Jobs should remain safe, services protected through a sustainable future.
Other implications	Y	<p>Finance/Budgets – JSG funding has been provided to develop the option of setting up of a new Council.</p> <p>Procurement/Contracts – existing contracts would look to be novated across to the new Council with existing terms and as they expire, new contracts will be drawn up.</p>

Supporting Information

Appendices:

- **Appendix A:** Council report on a single Council proposal dated 25 July 2017
- **Appendix B:** Report to Overview & Scrutiny Committee on the One Council consultation process
- **Appendix C:** Summary of Consultation responses
- **Appendix D:** Timetable for submission of Single Council proposal
- **Appendix E:** Council Tax Equalisation options

Background Papers:

Medium Term Financial Position for 2018/19 onwards

Report to: **Council**
Date: **25 July 2017**
Title: **Proposal for a single Council for West Devon and South Hams**
Portfolio Area: **Leader of the Council**
Wards Affected: **All**

Relevant Scrutiny Committee: Overview & Scrutiny Committee

Urgent Decision: **N** Approval and clearance obtained: **N/A**

Date next steps can be taken:

Author: **Catherine Bowen** Role: **Monitoring Officer**

Contact: Catherine.Bowen@swdevon.gov.uk

RECOMMENDATIONS

That Council be **RECOMMENDED** to:

1. agree in principle to the establishment of a single second-tier Council for West Devon and South Hams from 1 April **2020**
2. proceed to consultation with the public and stakeholders from early August through to the end of September 2017, with delegated authority being given to the Head of Paid Service, in consultation with the Leader of the Council to agree the final contents of the consultation document (Appendix B refers) prior to its publication;
3. agree to bring back to Council (as soon after the expiry of the consultation period as is practically possible) the outcome of the consultation together with the final Proposal for submission to the Secretary of State for approval.

1. Executive summary

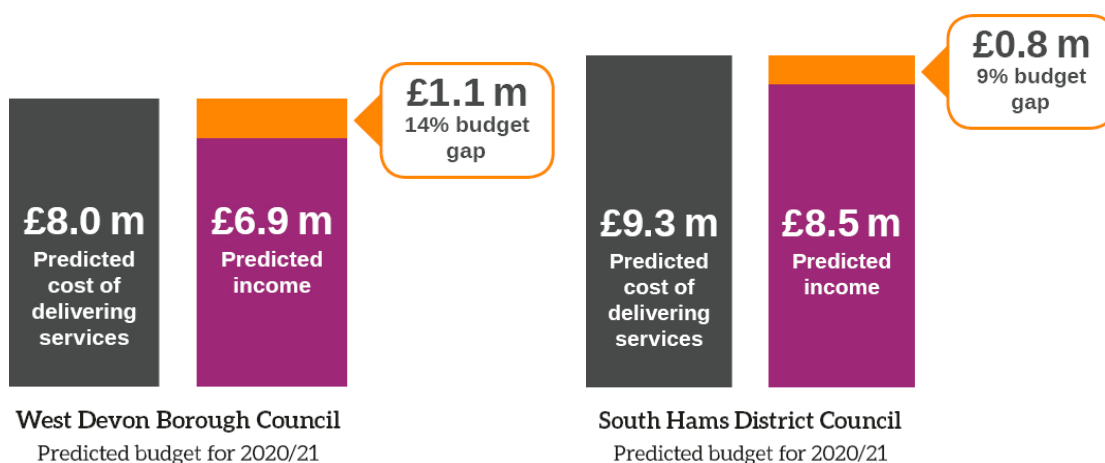
- 1.1 The Joint Steering Group (JSG) was tasked by West Devon Borough Council and South Hams District Council to consider options to achieve financial sustainability and address the forecast budget deficit for both Councils; one of those options is the formation of a single Council, and the intention of the Proposal is to respond to severe financial public sector constraints, maximise efficiencies and simplify the way that the Councils work, whilst protecting and investing in the services that the Councils provide.
- 1.2 This report sets out the recommendations of the JSG to:
 - proceed in principle with the formation of a single, second tier Council for West Devon and South Hams from 1 April **2020**;

- consult with the public and stakeholders for a period from early August through to the end of September 2017; and
- bring a report to the Council in October 2017 with a final proposal for submission to the Secretary of State, having considered the outcomes from the consultation.

The Proposal for the creation of a Single Council is attached at Appendix A and the Consultation document is attached at Appendix B.

1.3 A new Single Council will inevitably be different from the two existing Councils and will build its own vision through engagement with its Councillors, and through them, its communities and local businesses. Central to the proposal to create a Single Council is the need to ensure that we can continue to meet the challenges that we are facing and to take full advantage of opportunities. During 2015/16 the Council reviewed its priorities and Members agreed that their top priority was to achieve financial sustainability. Members also stated that they did not want to see a reduction in the level and quality of the services delivered to their communities.

1.4 The predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams District Council and £1.1m for West Devon Borough Council. Therefore the scale of the financial challenge is £1.9 million by 2020/21 as shown below.



1.5 It is important that Members note that other options are also currently being considered as part of a package of measures, (such as outsourcing of some services and the commercial property acquisition proposals) and are the subject of separate reports presented to this Council. The strategy being advocated by the JSG is to implement a number of different schemes, not only to meet the immediate funding gap but to ensure financial sustainability for the medium to long term. If the option to create a single Council is progressed, it will not be progressed at the expense of the other options. However no single option is guaranteed to meet the financial challenge on its own. Each option will derive benefits on differing timescales, some have the ability to deliver benefits straightaway, others will realise benefits over a longer term. These (together with the risk of ‘doing nothing’) are discussed in section 4 below.

- 1.6 The Proposal does not impact adversely on service delivery as the Councils already have a shared workforce and customers are unlikely to notice an immediate difference in services. On day one of a new Single Council, there will still be a physical Council presence across both West Devon and South Hams with places for communities and businesses to access our services in different areas. It is only the governance arrangements that would be affected. In time, the new Council may alter its property strategy.
- 1.7 Residents and businesses would benefit from simplified arrangements to access a Single Council. It is envisaged there would be no change to locally delivered services, good customer access and strong connections between local councillors and their communities.
- 1.8 Due to the fact that both Councils have worked together in a shared services partnership since 2007 and have shared a non-manual workforce since 2015, West Devon annually saves £2.2 million whilst South Hams annually saves £3.9 million. As the financial section of the business case makes clear, the main financial driver of the proposal to become a Single Council is to protect this £6.1 million per year savings achieved through the T18 programme and to maximise each organisation's efficiency to address future financial challenges. The Proposal would also aid financial sustainability, ensuring resilience of much-valued local Council services enabling us to best support businesses and residents.
- 1.9 There would be significant financial advantage arising from the proposal in relation to additional efficiencies of (approximately) up to £0.5 million per year from staff efficiency reductions, plus increased council tax income (which varies depending on the option for equalisation) which could achieve a sustainable financial future for both Councils.
- 1.10 A new Single Council would have a single level of council tax after a period of harmonisation. The financial section of this report sets out options for council tax equalisation, how this might be achieved and the positive impact this would have on the financial sustainability of the Councils and the continued delivery of services.
- 1.11 The Proposal shows that if the Council adheres to the proposed timetable attached at Appendix C, the creation of a Single Council from April 2020 is achievable, particularly given that the majority of the Councils' services are already shared. This demonstrates that there is a low risk to the Council service delivery by pursuing this option.
- 1.12 If a decision on proceeding with this Proposal is not made at this meeting then the opportunity to submit the Proposal to the Secretary of State in time for a decision to implement for April 2020 is lost, the financial benefits as detailed would not be achieved and there is a significant risk that both Councils would not be able to meet their legal requirement to achieve balanced budgets in the medium to long term.
- 1.13 Adherence to the timetable is important and requires that a decision to proceed in principle (together with agreement to engage in consultation from early August 2017) needs to be made in July 2017 and a decision to submit the Proposal to the Secretary of State needs to be made in October 2017. The earliest date for implementation of the proposal is April 2020 which will enable the required parliamentary stages of the process to be completed. The

next Borough and District Council elections would be deferred to May 2020 to enable a Boundary Commission review to be undertaken beforehand. The Department of Communities and Local Government (DCLG) has advised that any delay in the submission of the Proposal to the Secretary of State will mean that it is very unlikely that the creation of a Single Council could be achieved before April 2023.

- 1.14 If both Councils agree to the principle of a Single Council, there will be a period of public engagement from early August until the end of September 2017, and a final Proposal will be brought to the Councils in October for approval and submission to the Secretary of State.

2. Background

- 2.1 The scale of the financial challenge is £1.9 million and is shown in 1.4 above. The predicted budget gaps for the Councils by 2020/21 are £0.8m for South Hams District Council and £1.1m for West Devon Borough Council. During 2016/17 the Government offered Local Authorities the opportunity to apply for a four year agreed funding settlement, subject to the production of an efficiency plan. Both Councils applied and were accepted for the four year agreement. By 2018/19 both Councils will receive no Government funding (Revenue Support Grant) and the Councils will need to be financially self-sufficient. Both Councils' Settlement Funding Assessment (Revenue Support Grant and funding from Business Rates) is reducing by over 37% between now and 2019/20.

2.2 Why form a Single Council?

The shared services efficiency savings that have been made in the past mean that the finances of the Councils are inextricably linked and operationally the two Councils are interdependent. This is due to the degree that services and staff have been shared since 2007 with over £6 million shared services savings being achieved annually. Therefore the financial challenges that the Councils face are a shared challenge.

- 2.3 West Devon Borough Council currently has a Partnership Agreement with South Hams District Council and a completely shared workforce for all West Devon in-house services. There is a strong history of the Councils working together to achieve savings and efficiencies since 2007 to mutual advantage. In 2013 the Councils took the sharing of services a stage further with the T18 Transformation Programme which has resulted in a shared workforce and has successfully delivered efficiencies in monetary terms (joint savings of £6 million) together with efficiencies in the delivery of its services. The clear priority of both Councils is to achieve financial sustainability in order to continue providing services to their local communities, and the creation of a single Council is the next logical step.

2.4 Timing Imperative

It is important that the Councils take steps now to ensure that their financial challenges are met and the delivery of their current services are maintained. Discussions with DCLG have made clear that there is a short window of opportunity to submit a Single Council Proposal. There are specific legislative steps that need to be undertaken in order to create a single Council (which are set out in the governance implications in section 6 and Appendix C of this report). The earliest date for the start of a Single Council (allowing for ministerial timetables and an implementation phase for the

Council) is April 2020.

- 2.5 If the Councils do not submit their Proposal to the Secretary of State in October 2017 (to allow time for ministerial consideration and for making the relevant regulations by **October 2018**), then the DCLG has advised it is very unlikely that there will be sufficient parliamentary time for consideration of any single-council proposals during this parliament because of the Government's Brexit commitments.
- 2.6 **National Picture**
Nationally, since 2010 Local Authorities have been subject to increasing budgetary pressures, decreasing grant income from Central Government and the complete withdrawal of the Revenue Support Grant by 2018-19, in addition to uncertainty around the future of the business rate retention (which was omitted from the 2017 Queen's speech) means Councils need to alter the way in which they operate. Current Government policy is to encourage increased partnership-working, and to support Councils who wish to create combined authorities, and other local solutions. Other second tier councils are also pursuing the single/combined authority option including Suffolk Coastal, West Suffolk, East Kent, Dorset and Taunton Deane and West Somerset Councils. In June this year, Forest Heath District Council and St Edmundsbury Borough Council agreed in principle to the proposal for a single West Suffolk Council and are currently consulting on their proposals.
- 2.7 **Why not unitary or wider shared service?**
There is no current interest from other Devon authorities in terms of further sharing or provision of services, or for creating a larger single Council. Officers will continue to explore any possibilities that arise, but pursuing the creation of a Single Council between South Hams and West Devon would not preclude these dialogues. It is clear that there is no current appetite locally for a Unitary Council in Devon (and the unitary agenda is not currently being pushed by Central Government). The Proposal therefore concentrates on a solution that is within the gift of our two Councils to achieve.
- 2.8 The Single Council proposal will affect the following:
Residents: local people will benefit from the simplification of dealing with one organisation which has one contact point and one website. There will be no detriment to the delivery of services during the implementation period as the Councils already operate a customer focussed, shared workforce. Potentially, a larger single Council will have the capacity to take on and deliver more services for residents, if this proposal is pursued in conjunction with other income generation or cost saving initiatives, as a financially sustainable Council will be created.
- Council Tax:** The Council Tax policy for West Devon residents will be dependent on the option taken forward for the harmonisation of council tax. There is currently a £63 difference in Council Tax between the Councils and council tax equalisation options are set out in Appendix E. **Further to the meeting with DCLG on 21st July, options for the modelling of council tax equalisation on a longer equalisation period (6years,7 years and 10 years) have been shown in Appendix E.**

Under a five year equalisation period (Option 2 of Appendix E), West Devon residents would see an increase in their Band D Council Tax of £5 per year for 5 years. The current West Devon Band D is £218.39 for 2017/18. Please refer to the table in 3.10 as to how this will affect other bands.

Businesses: as with residents, business will benefit from simplification of dealing with one Council, particularly any businesses that operate across the whole area, and there will be no impact on business rates.

Public Sector partners: Devon County Council, Plymouth City Council, Torbay, other District Councils, the National Park, Police, and Health Trusts will benefit from dealing with only one Council rather than two and a simplification of decision-making. There are opportunities for Parish and Town Councils to increase the services that they deliver locally and for closer working with both councillors and the community.

Staff: All staff employed by West Devon and South Hams would transfer to the new Council from day one. There will be a reduction of less than 10 posts across the whole organisation (out of current establishment of 430.5 fte) and these few posts are likely to be lost through natural turnover rather than redundancy. Additionally, there is a positive impact on work-loads as a result of dealing with one set of policies, ledgers, committees and working groups, and this capacity will enable a greater focus on the delivery of key projects and strategic priorities.

Councillors: A Boundary Commission review would be undertaken before the new Council is formed on 1st April 2020, with elections to the new Council being held in May 2020. A change of governance from two Councils to one is likely to see a reduction in Councillors. A single Council will be an opportunity for Members to build on their current joint meetings and collaboration, and critical to the success of the new Council would be the local leadership role of ward members. A single Council will have a stronger voice as the largest district in Devon, and the single Council would also benefit from the support of the 11 County Councillors.

3. Outcomes/outputs

3.1 The objective is to achieve a single second tier Council for West Devon and South Hams in order to protect services and achieve a sustainable financial future.

3.2 **Timetable and legislative requirements:** the powers that enable the creation of a new Council are set out in the governance implications in section 6 below and this approach has been agreed with the DCLG. The timetable for the Proposal is attached at Appendix C and includes the formal statutory process for creating a single Council. The earliest date to enable implementation of a new Council is 1 April 2020. Conversations with DCLG to date have made it clear that in order to achieve this, the Councils will need to submit the Proposal to the Secretary of state in Autumn 2017. This is because the Secretary of State needs to consider the proposal before making his recommendations in the Autumn of 2018, with a view to making regulations for parliamentary debate and approval by October 2018. This will enable a period of approximately 18 months within which to implement the necessary changes. Based on discussion with the DCLG, Officers are confident that implementation can be achieved within that timescale. A public

referendum is not required to form a new Council or to increase Council Tax by more than the current £5 / 1.99% limit per annum, to achieve council tax equalisation.

3.3 **DCLG principles:** the Proposal covers the five key principles adopted by DCLG for considering proposals for combining authorities. Namely:

- Improved local public services
- Greater value for money
- Stronger local leadership at a strategic and local level
- Significant cost savings
- A sustainable future in the medium to longer term

These are not statutory nor more widely defined, and no weightings are given to the five principles. The Proposal in Appendix A addresses these issues under several headings:

- The rationale for the new Council
- Governance and members
- Our workforce
- Accommodation and assets
- Timing and process
- Consultation
- Financial justification
- Risk and opportunities

3.4 **Consultation:** The Proposal must also demonstrate that the Councils have consulted on the Proposal; it is a matter for individual councils to decide how to engage with local people, businesses and organisations. There is no statutory requirement for a referendum or to consult in a particular way for a particular period, however, the Proposal must include evidence of support for a new Council from the County Council and local Members of Parliament. If approved, a consultation will take place from early August to the end of September 2017, during which period the Council will:

- Publish a summary of the Proposal which will also include specific questions which our residents, local businesses, public sector partners and other partner organisations can answer. Please see Appendix B
- Set up a dedicated website called 'One Council' featuring the proposal documents, frequently asked questions, and on-line survey
- Commission a statistically sound telephone survey of residents across West Devon and South Hams
- Engage with the public through attending a number of events and briefing sessions throughout both Council areas over the summer to capture additional responses to the public consultation
- Issue 'One Council' newsletters to residents, local businesses and public sector partners & other partner organisations
- Issue press releases and engage the public through social media
- Engage with neighbouring councils and other key stakeholders, public sector partners and other partner organisations (such as Dartmoor National Park, Devon and Cornwall Police etc.) on the proposal.

3.5 **Summary of details in the Proposals:**

3.5.1 **Governance:**

A Boundary Commission review would be undertaken before the new Council is formed in April 2020. Elections would then be held to the new Council in

May 2020. Parliament would be required to approve deferring the currently scheduled 2019 District and Borough elections by 12 months as part of the overall proposal. The Boundary Commission review will present the opportunity to consider 'single member' wards and the effective number of members for the urban centres.

- 3.5.2 Governance arrangements are prescribed by law, and the new Council will have the option of operating executive arrangements either through an elected mayor with a cabinet executive, or a leader and a cabinet executive. The proposal is that the new Council operates a Leader with a 'Cabinet' and the change in terminology from Committee and Executive system, will signify a positive change from both current structures. A Cabinet can comprise up to 10 members, and whilst this is a matter for the new Council, the JSG has recommended that the Cabinet comprises between 6 and 8 members in accordance with best practice in order to operate with maximum effectiveness. Individual portfolio holders will have defined decision-making powers (which will be decided by the new Council) such as debt write-off and award of community grants.
- 3.5.3 The new Council will retain a democratically sound model, but with an end to duplicated and separate decisions by the existing Councils on shared issues. There will be a reduction in the overall number of council bodies for a single organisation (Council, Cabinet, Audit Committee) but the Proposal sets out that there will be at least two Development Management Area Committees, and two or three Overview & Scrutiny Committees comprising of Members not on the Cabinet, with the opportunity of the O&S Committees being chaired by a member of the minority parties.
- 3.5.4 The new Council with a combined population of 138,500 would be the largest district in Devon (54,000 for West Devon and 84,500 for South Hams) and allow the larger organisation to have more influence regionally and nationally. A new Single Council will be better able to play its part in delivering its strategic goals shared by all of the public services in Devon. A larger, Single Council will have more resilience than two smaller organisations and therefore better able to face the significant changes and challenges that local government will experience in the future, for example, the changes relating to local government funding, changes to New Homes Bonus and 100% business rate retention.
- 3.6. **Statutory frontline services and benefits to our communities:** the efficiencies that can be delivered through staff capacity, by supporting one rather than two Councils, will protect our statutory frontline services, as this capacity can be dedicated to provide further support to these services. This will ensure the Council can continue to meet its statutory obligations. There may also be some options to improve services as a larger Council would have the scale to take on and deliver more services, and as a larger Council, with a stronger negotiating position, the new Council will have a stronger voice both nationally and locally.
- 3.7 **Efficiencies in back office services:** this will be particularly relevant to accounting as we would move to one ledger removing the necessity for apportionment and recharging. We will be able to have a single set of the Council's policy framework documents (budget, Constitution) and other policy documents. A Single Council would enable further efficiencies such as a single membership fee or licence where this is currently payable by both

Councils (such as ICT licensing fees). Further efficiencies can be achieved through the reduction in member support for those member meetings currently duplicated. Efficiency savings across both Councils are predicted to be up to £0.5 million per annum in total.

- 3.8 **Accommodation and Assets:** the Councils already have a flexible workforce who can work from any location. In the longer term, the new Council would need to consider whether there is a continued need for two large head offices and how best to support customers across both areas who need access to Council staff. A single Council would enable:
- The assets of both Councils to be combined (£20 million West Devon and £75 million South Hams)
 - A comprehensive review of the Councils' operational locations
 - Increased partnership working closer to communities, with officers or committees co-locating with other public bodies or in community buildings to reduce or avoid the need for customers / staff / Members to travel large distances
 - The potential disposal and/or redevelopment of the two head office locations

Further details of the JSG Asset Strategy can be found at Appendix D. No figures for savings have yet been modelled into the proposal.

3.9 **Financial section**

3.9.1 Cost of Implementation and Efficiencies and Savings

Modelling of one-off costs of planning and implementation are predicted to be £325,000 as shown below. This is for costs such as IT costs, public consultation, remodelling of Council finances, legal costs and a prudent estimate for any redundancy and pension strain costs.

- 3.9.2 Savings of up to £0.5 million a year are predicted. These savings are not frontline service cuts and would be from efficiencies from back-office activities. The number of staff posts affected would be in the single figures (i.e. less than 10) and it is hoped that this could be largely addressed through natural turnover. However, redundancy and pension-strain costs have been included within the financial modelling as a worst-case scenario.

- 3.9.3 Becoming a Single Council would mean releasing some capacity absorbed by serving two bodies. This would reduce the amount of time spent on complex or duplicated processes. Financial systems would be simpler, with single reporting requirements, with a removal of the complexities of recharging money between both Councils and the need for two sets of reconciliations (such as bank reconciliation, control account reconciliations, shared services reconciliations etc.). This would release some staff capacity as a result of more simple and effective ways of working, allowing staff to focus on the delivery of key projects and strategic priorities.

3.9.4 The table below shows the one-off implementation costs of £325,000 and the annual savings predicted of up to £0.5 million per annum. The one-off investment costs of £325,000 are paid back mid-way through the second year (2021/22). The table also shows the additional income generated from council tax under a five year equalisation period (Option 2 of Appendix E), which is shown for illustration purposes only. Other equalisation periods have been modelled which are shown in Appendix E.

	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
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	-40,000
Annual Savings			0	-145,000	-540,000	-540,000	-540,000
					Total Savings		-1,765,000
Increased Income							
			2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Council Tax equalisation (Equalisation over 5 years is shown)				-488,000	-987,000	-1,489,000	-1,999,000
Net cost/(additional income)	15,500	50,500	74,000	-503,000	-1,507,000	-2,009,000	-2,524,000

If the proposal is approved, the implementation costs would either be paid for from each Councils' Unearmarked Reserves or funded from the savings which occur from 2020-21 onwards. These costs would be split to each Council 50%/50%

The table above shows that by 2020/21 the net income position is £503,000 for the Single Council and this rises to £1.507 million by 2021/2022 (using Option 2 for equalisation of council tax over 5 years for illustrative purposes). By Year three (2022/23) the net income raised is £2.009 million and then this increases to £2.524 million by Year 5. The Single Council Proposal being considered by the Joint Steering Group is one of two options which are the most likely to achieve financial stability for both Councils. The other option is the commercial property acquisition strategy which is mentioned in section 4.5 below. Neither of these two options will meet the immediate budget deficit for 2018/19 so in any case the Council will also need to consider some other short term solutions through the budget setting process this year for 2018/19.

3.10 Council Tax Equalisation

Appendix E sets out possible options for the equalisation of Council Tax. This has been amended following the meeting with DCLG on 21st July and further modelling has been undertaken on a longer equalisation period and

re-profiled accordingly. There are many different ways in which this could be achieved. There is currently a £62.97 difference in Band Council D Tax levels between West Devon (£218.39) and South Hams (£155.42) for 2017/18. The meeting with DCLG has indicated that Council Tax can be equalised over a longer period and additional modelling has been carried out over 6,7 and 10 year periods.

Appendix E shows the efficiency savings and additional income generated from Council Tax equalisation under each option of equalising over 3,5,6,7 and 10 years. All of this modelling will form part of the consultation with stakeholders.

The benefits of equalising over a shorter period are that the additional income from council tax equalisation materialises at an earlier date, which generates more income to be used to benefit the community and to deliver services. However the drawbacks of a shorter equalisation period are that it means a higher increase in council tax in the earlier years for South Hams residents.

If a longer equalisation period is implemented, this will mean that the increase in the council tax for South Hams residents is lower in the earlier years as it will be spread out over a longer period. A longer equalisation period assists with the affordability of the increase in the South Hams council tax for residents. This does mean that other income or efficiencies would need to be generated from elsewhere.

The maximum increase allowed whilst remaining within the council tax threshold would be a £5 increase in the combined Band D and combined Taxbase. DCLG have confirmed that the Council can submit options that also include those that exceed the council tax threshold and this will be considered by Ministers.

The table below further shows the impact on South Hams residents of the council tax equalisation by bands for a five year equalisation period.

Effect of South Hams Council Tax Increase	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
Ratio to Band D (9ths)	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9
Option 2 – Equalise Council Tax over 5 years from 1 April 2020	£ 11.73	£ 13.68	£ 15.64	£ 17.59	£ 21.50	£ 25.41	£ 29.32	£ 35.18

3.11 Financial Strategy of the Joint Steering Group

The strategy being advocated by the Joint Steering Group is to implement a number of different schemes, not only to meet the immediate funding gap but to ensure financial sustainability for the medium to long term.

Each scheme will vary in risk profile, achievability and the impact on our finances. By implementing a number of solutions rather than over-reliance on one option, the Councils will spread the risk and maximise the benefits.

3.12 The successful outcome of the proposal will be the establishment of the single Council in **April 2020**, once the regulations have been approved by the Minister, and the implementation changes have been completed. Following this point, efficiencies and improvements in service delivery can be achieved.

3.13 The success of the proposal will be initially demonstrated by endorsement from the MPs and Devon County and through the support of our communities and stakeholders and the subsequent approval of the Proposal by the Secretary of State. If the Proposal is approved, a legislative Order will be made, and a single Council created on 1 **April 2020**. Success can be measured with balanced budgets and a sustainable medium to long term financial plan with no detriment to services and a stronger local voice.

4. Options available and consideration of risk

4.1 **Option 1: Do nothing:** This is not a viable option as we have a statutory duty to balance our budgets, and the other options that the Councils are exploring alongside this Single Council Proposal do not provide one single solution to the budget deficit on their own. The budget would need to be balanced in a different way (such as service cuts) but ultimately if the Council fails to set a balanced budget the Government would intervene, with the likely option of a forced merger with another authority. Considering this proposal now before the Council reaches that position, in a planned way, will cost less and enable the Council to retain control over its future.

4.2 **Option 2: Extend shared services to other Councils.** This is not solely in the gift of the two Councils and relies on participation from other organisations; there is limited appetite from other Councils to extend our model of shared services, though there may be opportunities to work with Torbay in future. The financial benefits for West Devon and South Hams of extending shared services are extremely limited and would not help meet our forecast deficit as these savings have already been taken from moving to the current model; however there should be benefits in terms of resilience from extending the workforce. Extending our model to other Councils would create disruption to service delivery and the workforce, and require significant management capacity. However, the proposal to form a single Council does not preclude the extension of shared services in the future or other restructures (e.g. Unitary) if the Council is so minded; in fact having a single Council would make any such proposals less complicated to achieve in future.

4.3 **Option 3: Cut/reduce services.** One of the Council's key objectives is to protect services, not cut them. The JSG did consider this option early on and agreed that the appropriate mechanism for changes to services is through the budget setting process. Officers will bring proposals forward during the autumn for consideration by Council during the budget process, however the intention is not to cut services if at all possible. Members should note that, without other measures, cutting services in West Devon is unlikely to close the entire budget gap.

4.4 **Option 4: Out-sourcing / Wholly owned company.** In February/ March 2017 the Councils decided not to set up a Local Authority Controlled Company for all services. However this is still an option for some services, as is continued or further outsourcing of some services where there is a clearly defined market or efficiency opportunity. It is possible to pursue this option alongside the Proposal for a Single Council, and the JSG supports a dual strand approach to achieving the objectives of financial sustainability and protecting services. This is therefore the subject of another report from the JSG to Council on today's agenda.

4.5 **Option 5: Property Acquisition strategy.** This involves borrowing to acquire commercial property with the aim of achieving significant revenue to help meet the budget deficit. A proposal has been worked up by the Invest to Earn Working Group. There is no guarantee that the Property Acquisition strategy alone would meet the financial challenge we face, but it is recommended that it is pursued as part of a multi-strand approach to achieve our financial sustainability objectives. The recommendation from the Hub Committee is for a £25 million initial property portfolio. The net income that could be achieved from the commercial property investment strategy on a £25 million property portfolio is between £190,000 and £450,000. Therefore this option on its own does not meet the known budget deficit. It also does not address future cost pressures such as public sector pay increases, further reductions in New Homes Bonus etc. Again, this option can be pursued alongside the proposal for a Single Council.

The two schemes most likely to achieve financial sustainability are the property acquisition strategy and the single Council proposal - neither of which will meet the immediate budget deficit for 2018/19 so the Councils will also need to consider some other short term solutions through the budget setting process this year.

4.6 **Option 6: Proposal for a Single Council.** This proposal has the ability to meet the financial challenge and protect services in the long term. All elements within the control of the Councils are easily achievable and relatively low cost to implement. There is a dependency on DCLG to approve the Proposal and adhere to the timetable set out in order to achieve implementation for April 2020.

4.7 The options have been evaluated by the JSG, which has met 4 times since the Council tasked it with considering a range of options to achieve financial sustainability to address the forecast budget deficit. The options it considered at its first meeting were:

Single Council

Service reductions

Asset growth and income

Merger with Plymouth or other Councils

More shared services with other Councils

Outsource services

Full SHWD Combined Council

Wholly owned council company for specific services

Unitary proposal

Further channel shift

Increase Fees and Charges

Structural review

Council tax increase

- 4.8 Those highlighted in bold were considered viable options for the JSG to consider further. Other options such as Channel Shift were already being progressed as business as usual and Fees & Charges are reviewed annually already. Service reductions had previously not been an option for Members and it was agreed that it was more appropriate to consider this option through the budget process. A council tax increase above £5 would involve a referendum costing approximately £230,000 (£100,000 for West Devon and £130,000 for South Hams) and it was considered that it would not be viable as a stand-alone option as it could be explored through the Single Council option which does not require a referendum.
- 4.9 Extending shared services with other Councils was not progressed due to the reasons set out above. Having defined the priority areas for consideration and refining has resulted in options 4 and 6 being considered in detail and reports being put before Council for approval today. Alongside this are the proposals for the Property Acquisition Strategy. As set out previously, none of these options are stand-alone options and may be pursued at the same time.

Each of the options considered vary in risk profile, achievability, and impact on the Council's finances. By implementing a range of measures and solutions the Council is spreading and mitigating its risk and maximising the benefits. The two schemes most likely to achieve financial sustainability are the commercial acquisition strategy and the Single Council proposal - neither of which will meet the immediate budget deficit for 2018/19 therefore the Council will also need to consider some other short term solutions through the budget setting process this year. All of the options contribute to closing the budget deficit, but don't give the wider non-financial benefits given by the Single Council option that are identified above.

- 4.10 Consultation is a key part of the Single Council proposal and Members are being asked to approve the consultation process as set out in paragraph 3.4 above. The outcomes of the consultation process will be brought back to the Council in October for consideration alongside the final proposal.

5. Proposed Way Forward

- 5.1 The JSG recommends that the Council agrees in principle to the creation of a single second tier Council for the area of West Devon and South Hams as set out in the accompanying proposals.
- 5.3 The following impacts have been identified in relation to the Proposal:
Positive impacts: there are clear financial benefits through efficiencies and increased income (which will result closing the gap and providing future sustainability). There will be removal of duplication in officer time and meetings, and a simplification of governance structures for residents, businesses, partners and staff. Significantly, there will be no cuts to services.
Negative impacts: there will be an increase in Council Tax above the £5 council tax increase threshold for South Hams residents in order to achieve harmonisation. There will be implementation costs of £325,000 but these are one off costs only.
Other impacts: Potential reduction in the number of Councillors from formation of the Council in **April 2020** and a likely rationalisation of offices and

assets. There will be no direct impact on residents and businesses as a result of the implementation of the proposal, and once the new Council has been created, there will be improvements to residents as identified above.

Risks. These are set out in the table in section 6 below.

6. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	<p>Powers for the Councils to create a Single Council are set out in two key pieces of legislation.</p> <p>Sections 8 -10 of the Local Government & Public Involvement in Health Act 2007: the Local Government Boundary Commission for England may undertake a review at the request of the Secretary of State or the Local Authority. The review may request boundary changes, including the abolition of a local government area (i.e. a Council area) and the setup of a new council area. This procedure can be used to merge two district councils (this is a different process from the Boundary Commissions regular electoral review of ward boundaries).</p> <p>Section 15 of the Cities & Local Government Devolution Act 2016 sets out a more expedited process for review of local authority areas and councillor numbers. Under this process, the request for a merger can be put directly to the Secretary of State (as opposed to the Boundary Commission). Proposals for the size of the new Council (i.e. number of Councillors) can also be put to the Secretary of State directly, with the Boundary Commission having a more restricted role developing new boundaries for the new Council.</p> <p>Discussions with DCLG have confirmed that the Councils would need to submit, directly to the Secretary of State, a formal proposal for merger and the formation of a new Council under the 2016 Act, but the procedure would also require a modification of the 2007 Act. This means in practice, that the Government needs, therefore, to make two sets of regulations (which need to be debated in Parliament) before it can make an Order setting up the new single Council.</p> <p>DCLG has also set out 5 key principles that it expects the Council to address in its proposals: Improved local public services</p> <ul style="list-style-type: none"> • Greater value for money • Stronger local leadership at a strategic and local level

		<ul style="list-style-type: none"> • Significant cost savings • A sustainable future in the medium to longer term <p>These principles have been addressed in the Proposal document.</p> <p>Only full Council can agree submit a proposal for a single council and a further report will be brought back to the Council in the Autumn seeking this agreement.</p> <p>A public referendum is not required to form a new Council or to increase Council Tax by more than the current £5 / 1.99% through the equalisation of council tax process.</p>
Financial	Y	<p>If the proposal is approved, the implementation costs could either be paid for from each Councils' Unearmarked Reserves, or funded from the savings which occur from 2020-21 onwards. These costs would be split 50%/50%.</p> <p>The table above shows that by 2020/21, the net income position is £503,000 for the Single Council and this rises to £1.507 million by 2021/2022 (using Option 2 for equalisation of council tax over 5 years for illustrative purposes). By Year three (2022/23) the net income raised is £2.009 million and then this increases to £2.524 million by Year 5</p> <p>The Single Council option is an option being considered by the Joint Steering Group which is one of two options which is the most likely to achieve financial stability for both Councils. The other option is the commercial investment strategy (property acquisition strategy). Neither of these options will meet the immediate budget deficit for 2018/19 so the Council will also need to consider some other short term solutions through the budget setting process this year.</p> <p>The options for equalisation of council tax are shown in Appendix E</p> <p>Under a five year equalisation period (Option 2 of the Appendix E), West Devon residents would see an increase in their Band D Council Tax of £5 per year for 5 years. The current West Devon Band D is £218.39 for 2017/18. Please refer to the table in 3.10 as to how this will affect other bands.</p> <p>The financial implications of the Asset Strategy are shown in Appendix D. A single Council would enable the assets of both Councils to be combined (£25 million West Devon and £75 million South Hams). No figures for savings have yet been modelled into the proposal.</p>

Risk	Y	<p><i>One partner does not agree to Single Council Proposal and a reputation risk if Government intervention is necessary:</i> if one Partner Council does not agree then there is a significant risk that the Council will not attain financial sustainability as a combination of measures are required. If there is Government intervention then this will have a reputational risk for the Council, and have adverse financial impact and limit the control of the Council in relation to its own future.</p> <p><i>Not meeting the timetable for submission:</i> if the Council has not agreed to submit proposals to the DCLG by the Autumn it is likely that there will be no parliamentary time to consider such proposals during the current parliament which will mean that the Council may not achieve the financial sustainability it needs. A timetable has been drafted to ensure that the Council submits the proposal in time for DCLG consideration.</p> <p><i>Not accepting the proposal and delays at DCLG:</i> whilst we have received strong indications that the DCLG supports proposals for single councils between two or more authorities, there is no guarantee that the DCLG will accept the proposal and issue the appropriate regulations to enable us to proceed. 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. Delays after this are likely to mean that there is insufficient parliamentary time to consider proposals for a single council until during this parliament. This is outside the control of the Council.</p> <p><i>Customer remoteness from Council Offices:</i> there would be no immediate changes to the office locations however a priority for the new Council would be to develop its asset strategy and consider locations for service delivery. Although the Council will continue to enhance its digital and online access routes, local presence will be important. The Locality Team will play a critical part in ensuring a presence across the area.</p> <p><i>Expected financial benefits are not realised:</i> The savings identified in this report are considered to be robust. Where savings or increased income are likely but not quantifiable, these figures have not been included in the calculations. Delivering services through one Council may also provide future opportunity to consider how services are delivered across the new area – for example, aligning our Waste service across the area (South Hams currently in house West Devon Outsourced)</p> <p><i>Confusion for residents, businesses and partners during the implementation of the new council / Adverse response to consultation:</i> A detailed and extensive communications and engagement plan has been developed to ensure that</p>
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		<p>all stakeholders are clear on the changes. From the point of decision by DCLG, we would have 18 months to implement the new Council to be ready by 1st April 2020, during which we would communicate through a number of channels.</p> <p><i>Uncertainty around future external environment:</i> Having recently concluded a general election and now entering into Brexit negotiations, Local Government is still in a period of uncertainty however our Medium Term Financial Strategy sets out clearly the financial positions for both Councils and action needs to be taken to ensure future sustainability of services. A single new council will have greater resources available to it and will therefore be more resilient and more able to adapt to future challenges.</p> <p><i>Political change and conflict between the Councils:</i> Councils are political organisations and the current Partnership between the two councils carries significant risk to its sustainability in the event of conflict arising in the event of political change, or through conflict arising between the Councils. This risk could result in the breakup of the partnership arrangement and the loss of the shared services savings to date, causing intolerable financial pressure for both Councils and this risk would be mitigated by the creation of a single Council.</p>
Comprehensive Impact Assessment Implications		
Equality and Diversity		<p>There will be extensive publicity and engagement with our customers and stakeholders during the consultation and any future phases. There will be no impact on the day to day delivery of council services.</p> <p>The Council Tax equalisation will have a greater impact on South Hams residents.</p> <p>Staff will be kept updated throughout and would TUPE into new Council, carrying out the same roles as they do now.</p> <p>A Boundary Commission review would be concluded before the formation of the new Council on 1st April 2020 (with the elections to the new Council being in May 2020) There will be one new governance structure and one Leader in the new Council.</p>
Safeguarding		None. No change to staff roles and their responsibilities.
Community Safety, Crime and Disorder		None. No change to staff roles and their responsibilities.
Health, Safety and Wellbeing		Staff – will be transferred into the new Council carrying out same role at same location. Consultation will continue with staff and unions through the TUPE process. HR will

		provide support and drop in sessions for anybody concerned by change. Jobs should remain safe, services protected through a sustainable future.
Other implications		Finance/Budgets – JSG funding has been provided to develop the option of setting up of a new Council. Procurement/Contracts – existing contracts would look to be novated across to the new Council with existing terms and as they expire, new contracts will be drawn up.

Supporting Information

Appendices:

- **Appendix A:** Proposal for the creation of a Single Council for South Hams and West Devon
- **Appendix B:** Consultation Document for the Proposal of a Single Council
- **Appendix C:** Timetable for submission of Single Council proposal (as circulated 24/07/2017)
- **Appendix D:** JSG Asset Strategy
- **Appendix E:** Equalisation of Council Tax options (as circulated 24/07/2017)
- ~~**Appendix F:** Evaluation of Council Tax Equalisation Options 5 and 5a~~

Background Papers:

Medium Term Financial Position for 2018/19

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Report to: **Overview and Scrutiny Committee**
Date: **17 October 2017**
Title: **One Council Consultation Process**
Portfolio Area: **Strategy & Commissioning**

Wards Affected: **All**

Relevant Scrutiny Committee: **N/A**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Any views of the Committee will be reflected in the report to Council on 31 October 2017
(*e.g. referral on of recommendation or implementation of substantive decision*)

Author: **Nadine Trout** Role: **Commissioning Manager**

Contact: Nadine.Trout@swdevon.gov.uk

RECOMMENDATION

1. For Overview & Scrutiny Committee to consider the consultation process and responses and make recommendations to full Council accordingly.

1. EXECUTIVE SUMMARY

- 1.1** Further to agreement by Council on 27 July 2017 to consult with the public on the One Council proposal, this report provides a detailed overview of the consultation process including how the consultation was devised and the range of methods used to engage with the public.
- 1.2** The consultation will close at midnight on 8 October 2017. As such the results of the consultation are not available at the time of publication of this report. However, the results and analysis will be supplied to the Overview and Scrutiny Committee as soon after the 8 October as possible and before the committee meets on the 17 October 2017.

2. BACKGROUND

- 2.1** On the 27 July 2017 Council resolved to proceed to consultation with the public and stakeholders from early August through to the end of September 2017, with delegated authority being given to the SH/WD Joint Steering Group (JSG) to agree the final contents of the consultation document prior to its publication.
- 2.2** Council further resolved to task an independent person with reviewing the final version of the draft consultation document prior to its publication.

3. COMPILATION OF CONSULTATION DOCUMENTS

3.1 Joint Steering Group

The SH/WD Joint Steering Group met on the 1 August to discuss the compilation of a balanced key facts consultation document and a consultation process including survey questions. As a result of the meeting consultation documents were drafted and circulated to the JSG for comment. For full openness and transparency the Deputy Leader also circulated the documents to the wider council Membership for comment.

3.2 Specialist Independent Advisor

The Local Government Association recommended an independent and experienced consultation specialist (The Campaign Company) to review the consultation documentation including the survey questions and proposed methods for engagement.

- 3.2.1** The Campaign Company are Members of the Consultation Institute and as such adhere to the Gunning and Cabinet Office Consultation Principles. On 10 August 2017 the Campaign Company made the following statement:

"We believe that the One Council Consultation process is being conducted in a way that aims to be fair, transparent and compliant."

- 3.2.2** The Campaign Company also made the following suggestions:

- a. The consultation take place over an 8 week as opposed to 6 week period
- b. The inclusion of an equalities statement
- c. Availability of financial background information
- d. The provision of paper surveys and if necessary surveys and consultation documents in easy read or other languages
- e. Availability of paper copies of the consultation at events

3.3 Consultation Sign Off

After considering feedback from Members and following up on the suggestions made by the Campaign Company the Joint Steering Group finally approved sign off of the consultation on 11 August 2017. As a result the consultation went live on 14 August 2017 with an agreed finish date 8 weeks later of the 8 October 2017.

4. CONSULTATION METHODS

4.1 Website

A dedicated website went live on 14 August 2017. To ensure continuity of messaging the pages of the website directly mirror the content of the consultation key facts document. The website also contains further information as recommended by the Campaign Company, plus the promotion of engagement events, news items and videos further explaining the consultation.

4.2 Postcards

The week commencing 28 August 2017 over 69,000 postcards were sent to every household in the South Hams District and West Devon Borough.

4.2.1 The postcards encourage residents to visit the consultation website and have their say by completing an online survey. The postcards also inform residents that the consultation runs until the 8 October 2017 and that paper surveys are available from our offices or by telephoning a dedicated number to request one.

4.2.2 The majority of the postcards were delivered using the Royal Mail Door to Door service whereby postcards are delivered to each household but are not individually addressed. Some postcards were also delivered using Royal Mail business postage whereby the postcards were posted in envelopes and addresses to individual households.

4.2.3 The reason postcards were delivered using different methods was to make the cost of the mailing efficient and ensure only residents in South Hams and West Devon received them. The Royal Mail Door to Door Service only costs 6 pence per item compared to 35 pence per item for business postage. The Door to Door Service however, is only cost effective when used for full post code areas within a district or borough boundary. The South Hams District and West Devon Borough includes some partial post codes whereby a post code like EX20 2 includes some residents inside the West Devon boundary as well as residents in neighbouring authorities too, in these instances business postage was used.

4.2.4 Three people have complained to the Commissioning Manager that residents in their area have not received post cards. In order to investigate this further the Royal Mail need the addresses of 5 households in a given post code. None of the complainants have provided these details and as such the matter has not been pursued.

4.3 Surveys – Online, Telephone and Paper

Care has been taken to ensure all survey formats whether online, by telephone or on paper contain the same questions. All respondents have also been able to make open comments in addition to answering set questions.

- 4.3.1 Some concerns have been raised about the Council Tax Equalisation question being compulsory for South Hams residents. The reason for this is if Council agree to pursue the One Council proposal it is important that the thoughts of all respondents concerning the equalisation period (regardless of whether they support the proposal) is given due consideration. The Department of Communities and Local Government has made it clear that the Council would need to clearly evidence a proposed equalisation period. It is also important to note, the Campaign Company endorsed this line of questioning.
- 4.3.2 Where possible provision has been made to ensure that respondents only submit a consultation survey response once. As such paper surveys have been sequentially numbered to ensure they are not photocopied and filled in multiple times by the same applicant. Paper surveys where possible have only been provided on receipt of a name and postal address.
- 4.3.3 The online survey only allows a survey to be submitted once on any given device (smart phone, tablet, laptop or home computer). Again this is in a bid to try and stop multiple responses from the same individual. If however, an individual owns a number of devices they could submit a number of responses. To mitigate this the survey records the IP address of each respondent and when the results are collated there will be clear evidence to show if the same IP address has been used on multiple occasions. However it is also recognised that more than several people may all be using the same IP address.
- 4.3.4 The telephone survey (which has been contracted to a local research company) will ensure contact is made with a demographically representative sample of residents. Before conducting a telephone survey the research company will ask residents whether they have already completed a paper or online survey and if so they will not continue with the call. This is again to mitigate duplicate responses.
- 4.3.5 Ultimately Members will be relying on survey respondents to act honestly.

4.4 Press & Social Media

The Council has adopted a phased communication approach to the One Council Consultation. Prior to the consultation going live the Communications Team spent time setting the scene by relaying the following key messages via videos from the leaders, social media, press releases and member and staff workshops and briefings:

- Why the councils are considering the One Council proposal
- The financial position of both councils
- What you get for your council tax
- The services the council provides

4.4.1 During the consultation the Communications Team has ensured the promotion of the consultation and events by working with councillors, locality officers and Town and Parish councils to share the following key messages and enable as many people as possible to have access to the consultation material and respond.

Key Messages from the Communication Team

- What the proposal is about
- What the timeframes are
- Where to find the facts and key information
- That councillors have not made their minds up yet
- That the councils are being open with financial information
- That councillors are keen to talk at engagement events
- Let Towns and Parishes know that we will come and talk to them
- Let residents know how to have their say or talk to the council

4.4.2 The Communications Team has also ensured a timely response to questions on social media and used social media to promote the consultation events and videos. In addition the team has harnessed digital media to issue e-bulletins to the business community and ensured digital footers have been added to all Council emails to promote the consultation and a link to the online survey.

4.4.3 Throughout the consultation the Council has issued regular press releases to local press, radio and TV to ensure a high profile of the consultation and to relay key facts and address any mistruths. Unfortunately the media has not always chosen to publish these press releases. Results of media coverage will be shared with Members at the close of the consultation.

4.5 Consultation Engagement Events

Joint Steering Group members were keen to ensure as many events as possible were held to promote the consultation. As such 12 public events took place between 10 August and 23 September at Bere Alston, Chagford, Exbourne, Hatherleigh, Lifton, North Tawton, Okehampton, Princetown and Tavistock.

4.5.1 In planning the public consultation events care was taken where possible to use heavy footfall locations. Events were also held in the late afternoon/early evening or weekends to allow for a wide range of attendance. Banners and posters were used to promote events and paper copies of the Key Facts document, FAQs and surveys were made available at all events and a record was taken of event footfall and key issues.

4.5.2 Two dedicated events were held solely for town and parish councils. Members have also attended a wide range of town and parish council meetings to discuss the proposal. A breakdown of attendance at these meetings and the public consultation events will be provided when the consultation closes.

4.6 Stakeholder Letters

During the first week of the consultation letters and or emails were sent to nearly 100 partners and stakeholders advising of the consultation and providing information on how to find out more. The types of stakeholders include the following:

- All neighbouring authorities
- Housing Associations
- Devon & Cornwall Police
- Clinical Commissioning Groups
- Business groups, networks and associations
- Voluntary sector
- Significant grant funding recipients

4.6.1 In addition to the above background information, letters and emails were sent to all Town and Parish Councils.

4.6.2 Each stakeholder was asked to provide a formal response to the consultation by the 8 October 2017 and to share any comments they might have. A summary of these responses will be circulated to Members when the consultation closes.

5. OUTCOMES

5.1 As stated in the Executive Summary the results of the consultation aren't yet known. It is recognised however, by independent consultants, namely the Campaign Company that the consultation has been planned on good consultation principles. The results of the consultation will be circulated to Overview and Scrutiny Committee Members before the 17 October 2017.

5.2 It is anticipated Overview & Scrutiny Panel will take a view on the survey analysis and results and will ask Council to consider the following:

- Overall numbers of responses
- Split between the South Hams District and West Devon Borough
- Yes/No split
- Council tax equalisation period
- Any significant differences between the phone responses and the online/paper responses
- Any shortcomings in the methodology
- Common themes with regard to benefits, concerns and Member representation
- Any conclusions to be drawn from the numbers of respondents/non-respondents

6. CONSULTATION OPTIONS AVAILABLE AND CONSIDERATION OF RISK

6.1 In order to consider submitting a proposal to the Secretary of State the Council needs to demonstrate it has consulted with the public. The Secretary of State has not been prescriptive in how the Council undertakes a consultation. However the Council has sought specialist independent advice to ensure the consultation is inclusive and fair. If a proposal is submitted it will include the full results of the consultation for the Secretary of State to consider when weighing up the merits of the proposal and making his decision.

6.2 Some have questioned why the Council has not undertaken a referendum ensuring one person one vote. The reasons for this are as follows:

- There is no statutory requirement for a referendum
- A referendum would cost West Devon Borough Council at least £100,000

7. CONSULTATION COSTS

7.1 The following table provides a breakdown of West Devon Borough Council's consultation costs:

Website including online survey	£773
Events venue hire	£142
Postcard print	£312
Telephone Survey	£3,884
Postcards – Door to Door Delivery	£916
Postcards – Business Class Delivery	£3,965
Key Facts, FAQs, banners print costs	£747
TOTAL	£10,739

7.1.1 Note the cost of the telephone survey and website represents 50% of the total cost. The remaining 50% has been met by South Hams District Council.

7.1.2 The postcard costs relate only to postcards sent to West Devon residents.

7.1.3 In addition to the costs listed above it is estimated independent analysis and collation of the results will cost West Devon Borough Council approximately £375.

8.0

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance	Y	Overview & Scrutiny Committee has the responsibility to make reports and/or recommendations to the Council and/or its Committees and/or any joint committee on matters which affect the Council's area or the inhabitants of that area.
Financial	N	Consultation expenditure is budgeted for.
Risk	Y	As outlined in section 6.0 of the report
Comprehensive Impact Assessment Implications		
Equality and Diversity	Y	The consultation contains an equality statement.
Safeguarding	N	
Community Safety, Crime and Disorder	N	
Health, Safety and Wellbeing	N	
Other implications	N	

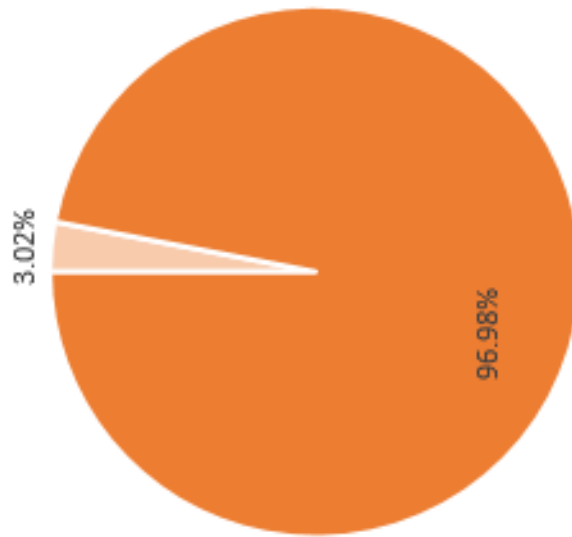
Further Information

All documents associated with the consultation can be seen as pdfs at:

www.onecouncil.org.uk/further-information

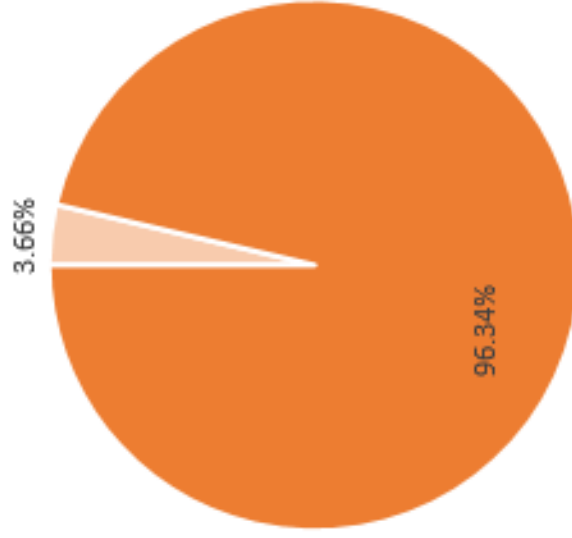
Respondents by Population Totals

Total Respondents Population

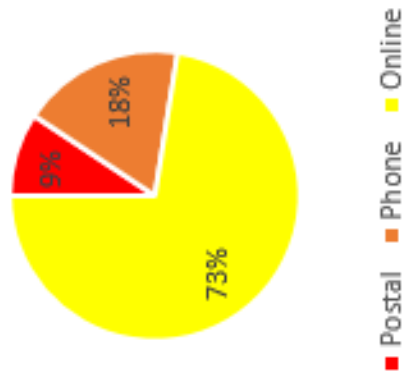


Respondents by Registered to Vote Totals

Total Respondents Reg. to Vote

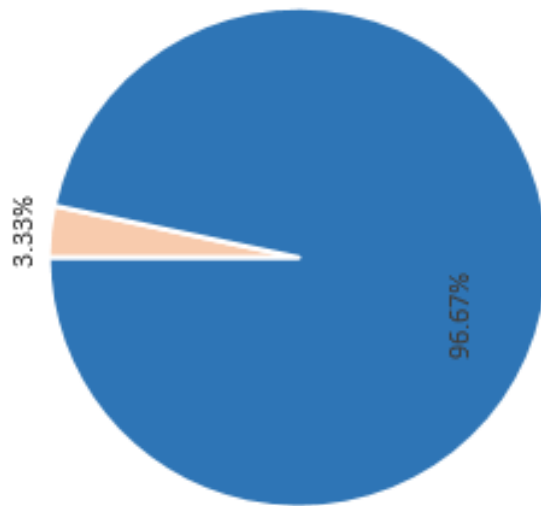


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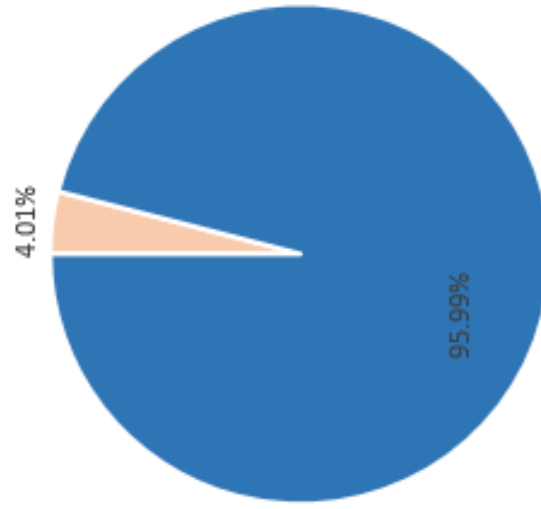
South Hams Respondents by Population

Total Respondents Population

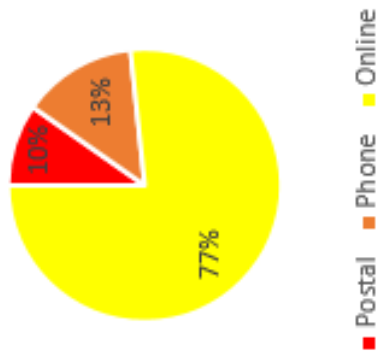


South Hams Respondents by Registered to Vote

Total Respondents Reg. to Vote

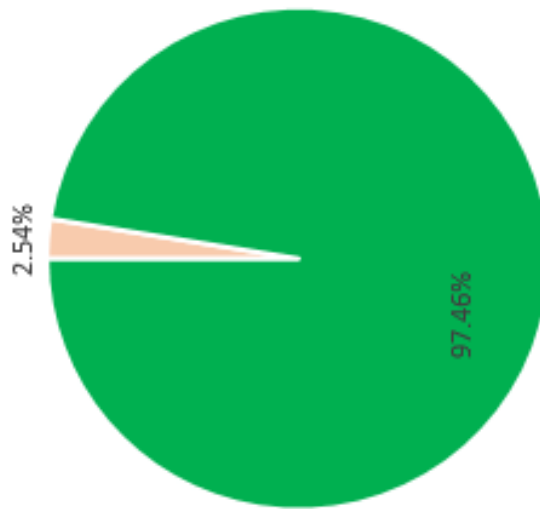


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West Devon Respondents by Population

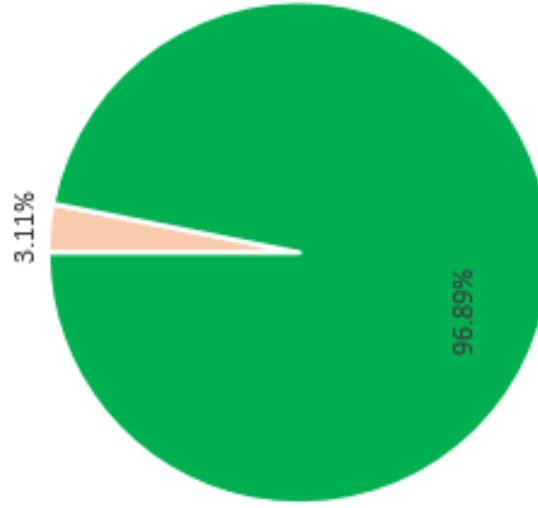
Total Respondents Reg. to Vote



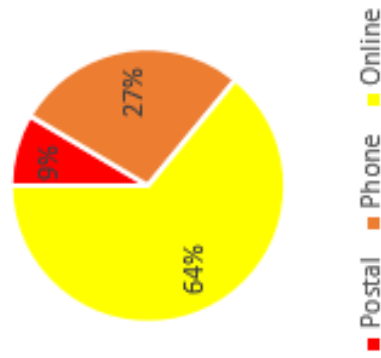
West Devon Respondents by Registered to Vote

Total Respondents Reg. to Vote

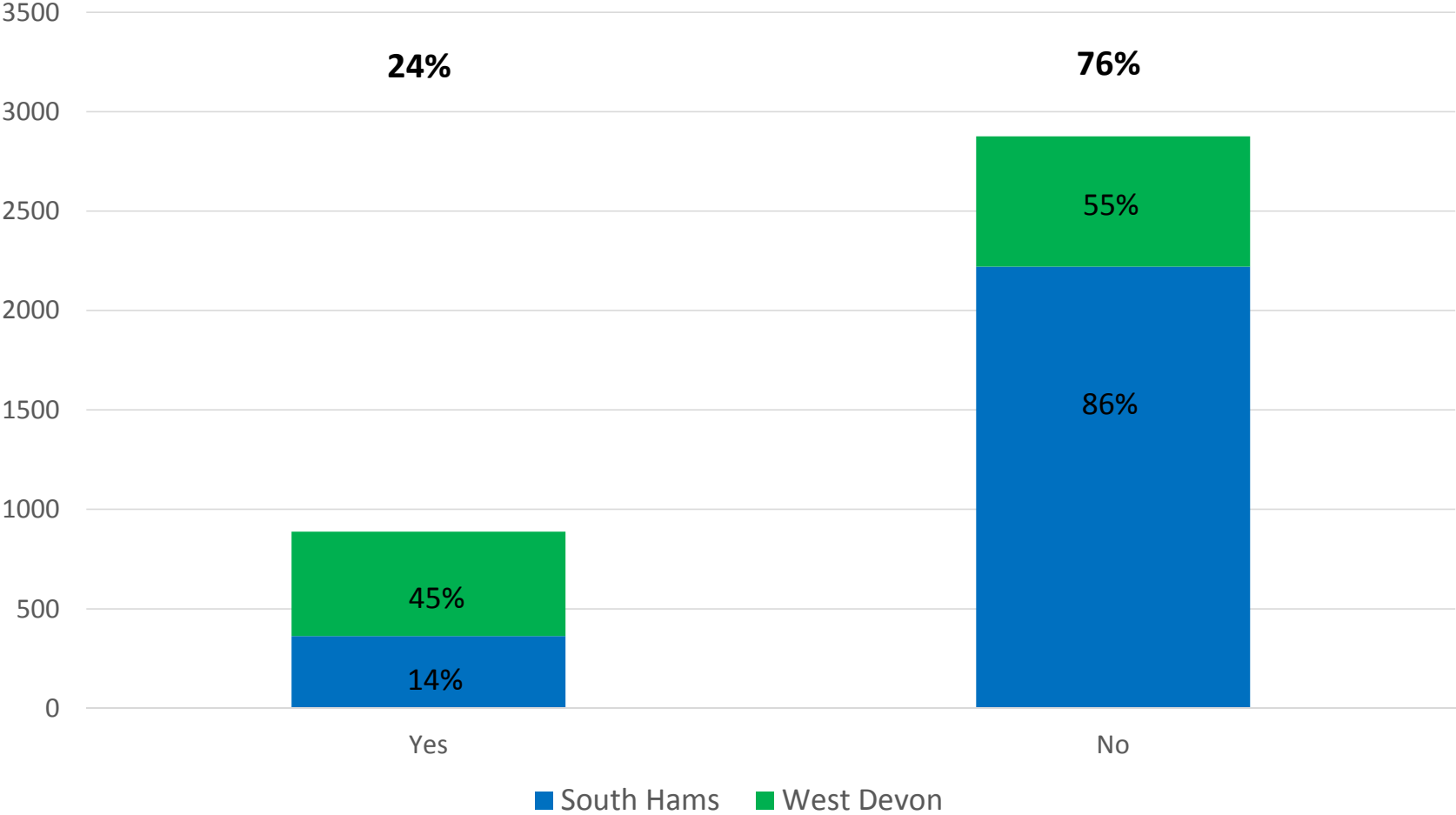
Total Respondents Reg. to Vote



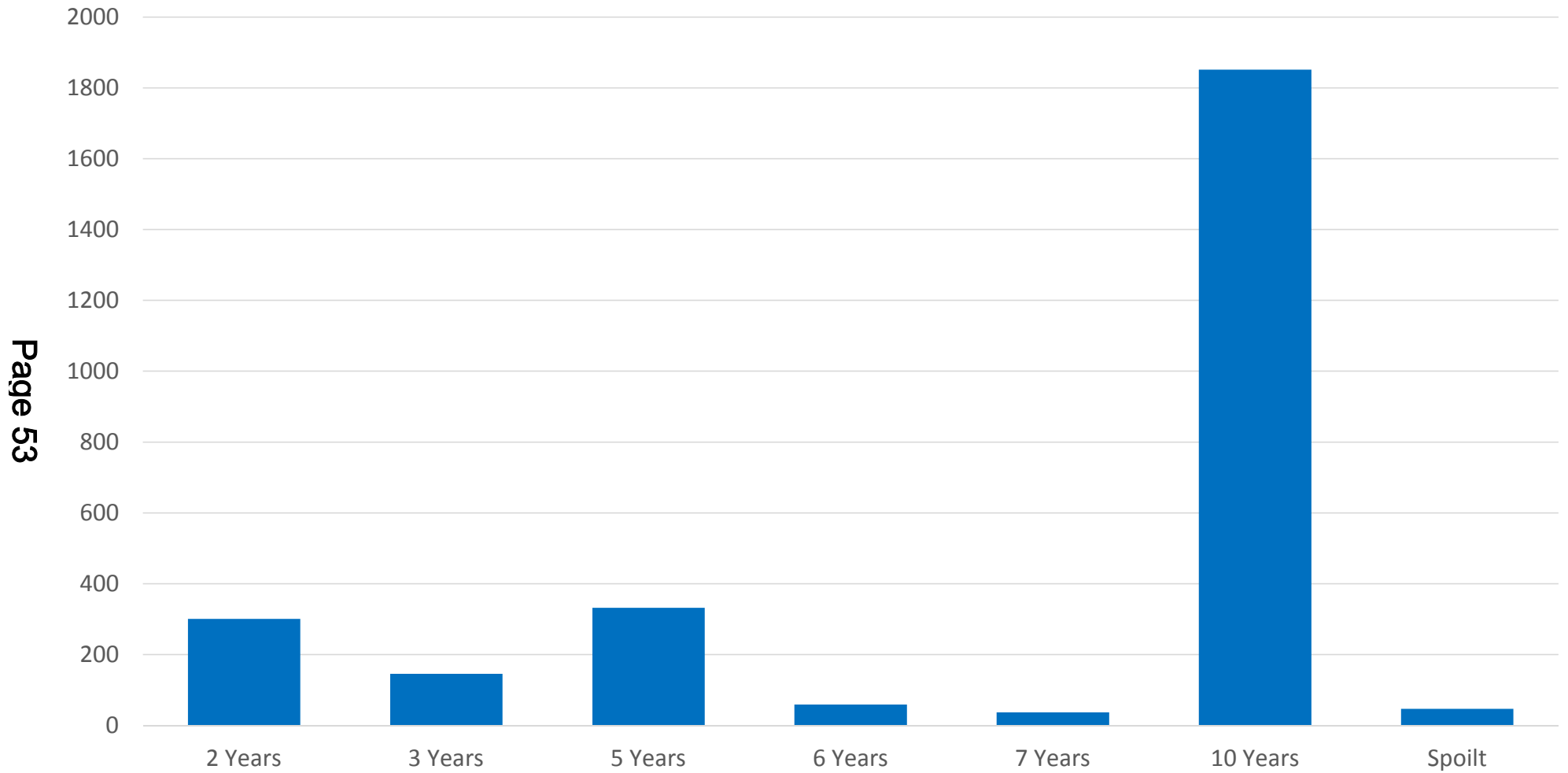
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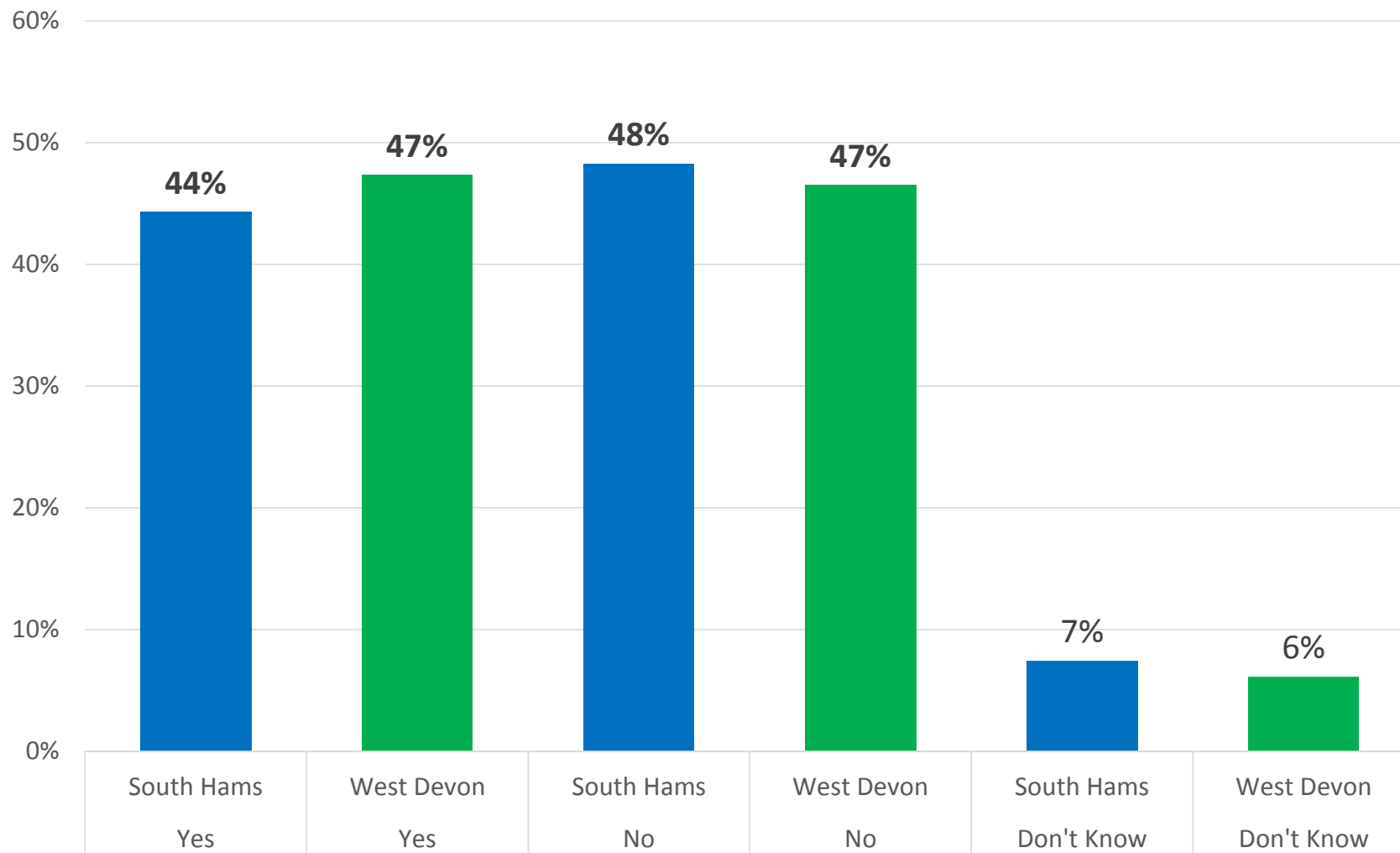
Numbers and Percentages of those responding Yes or No to One Council Proposal



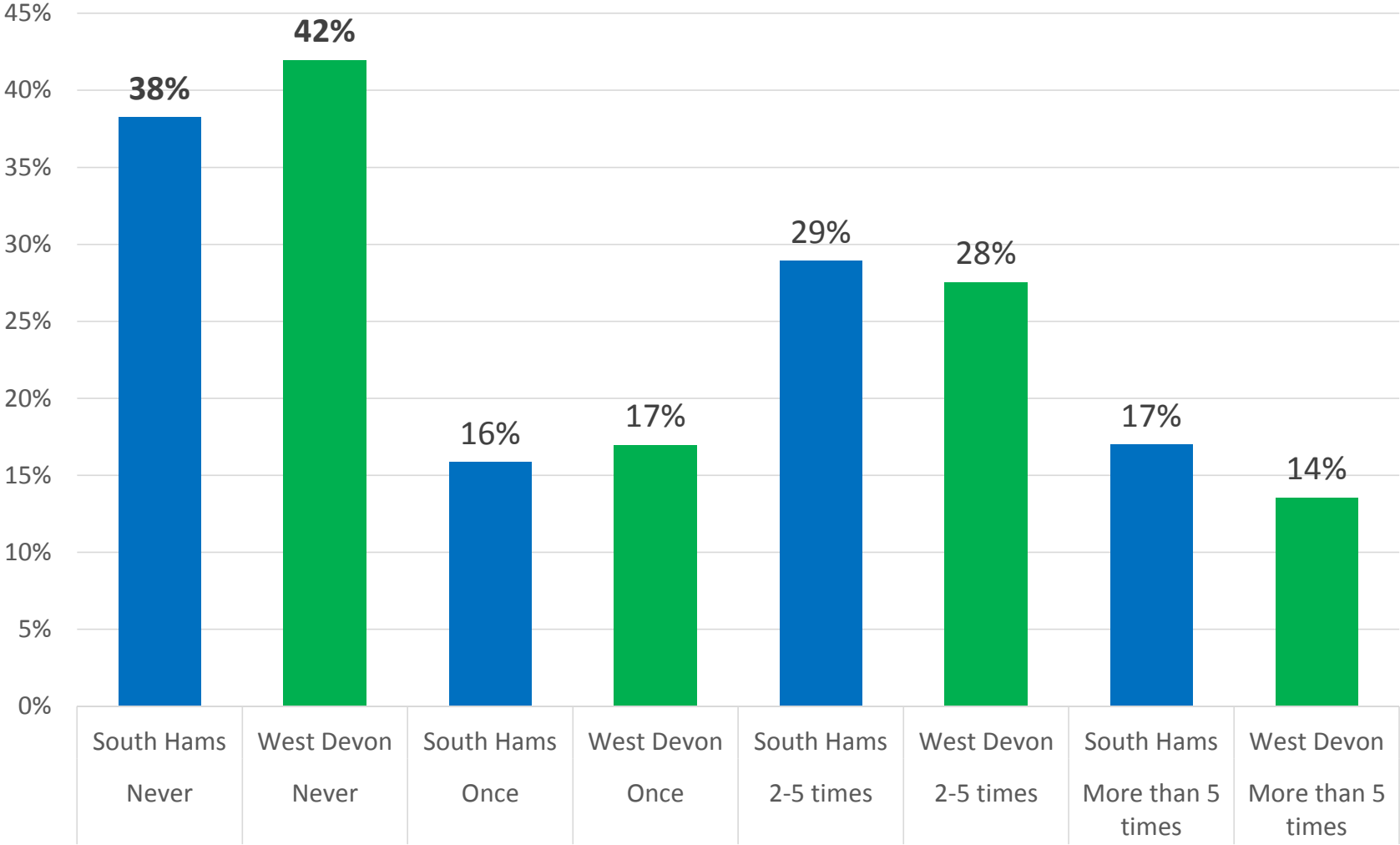
Council Tax Equalisation Period: All responses (South Hams residents only)



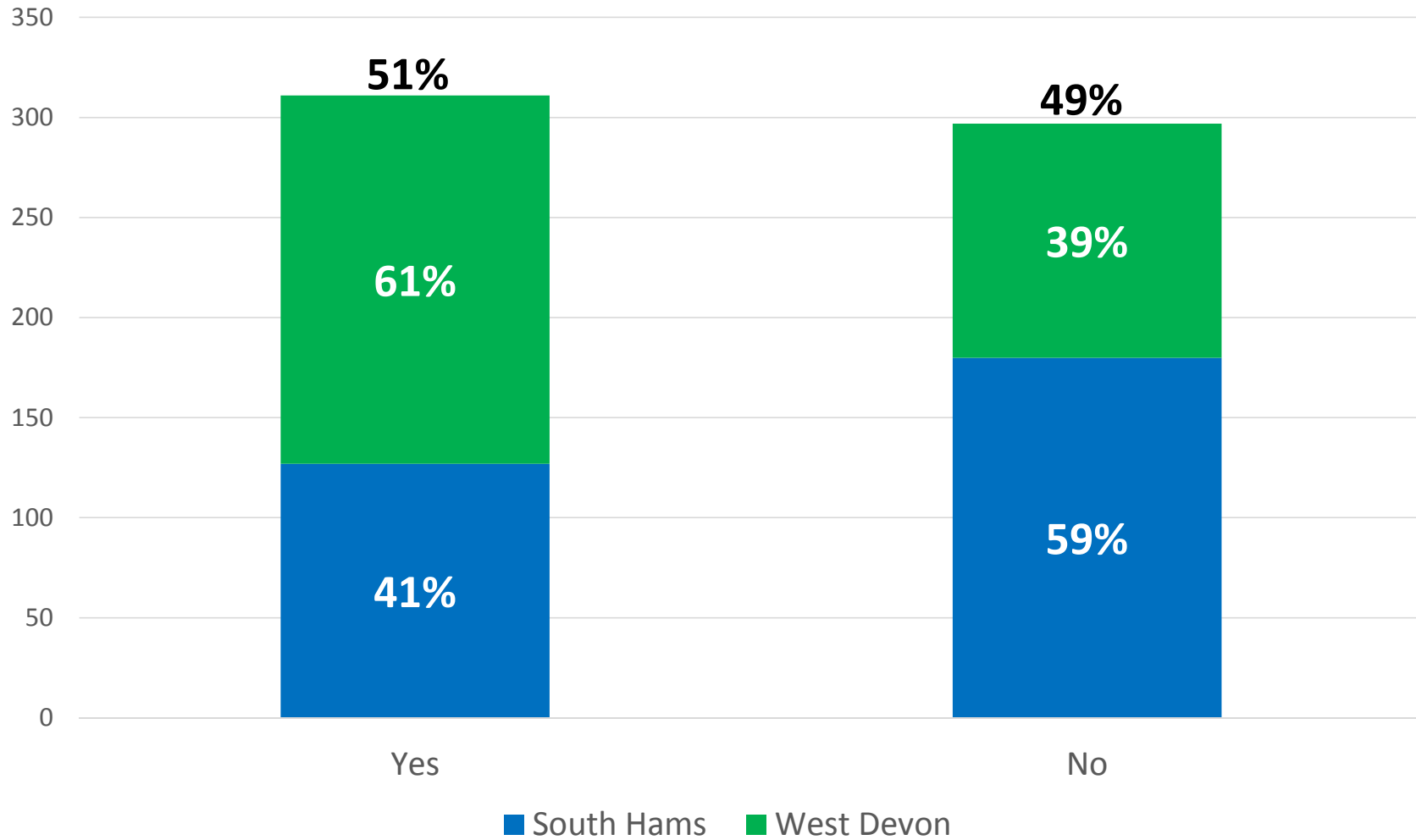
Does a reduction in Councillors concern you?



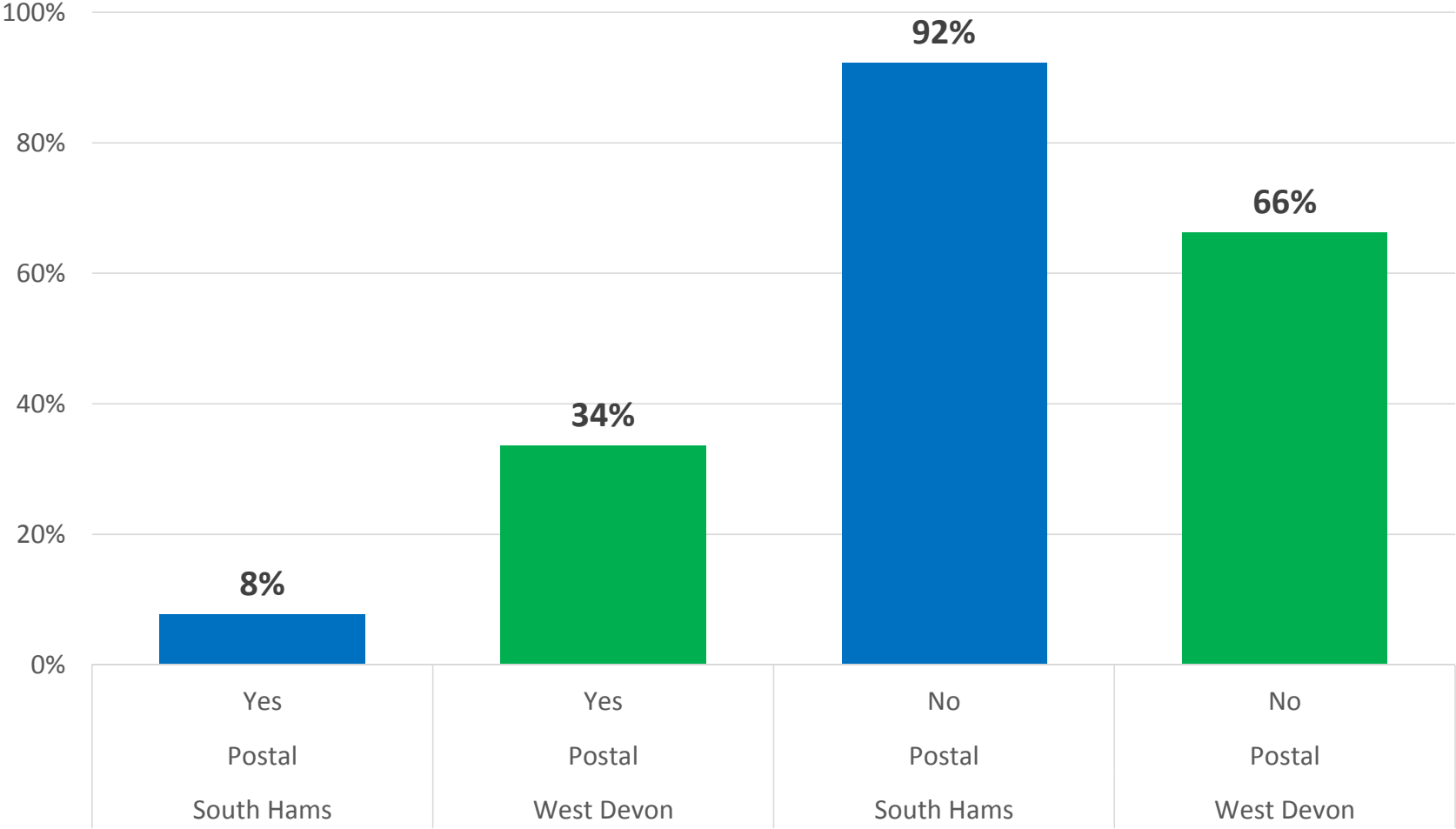
How many contacts with Councillors have you had?



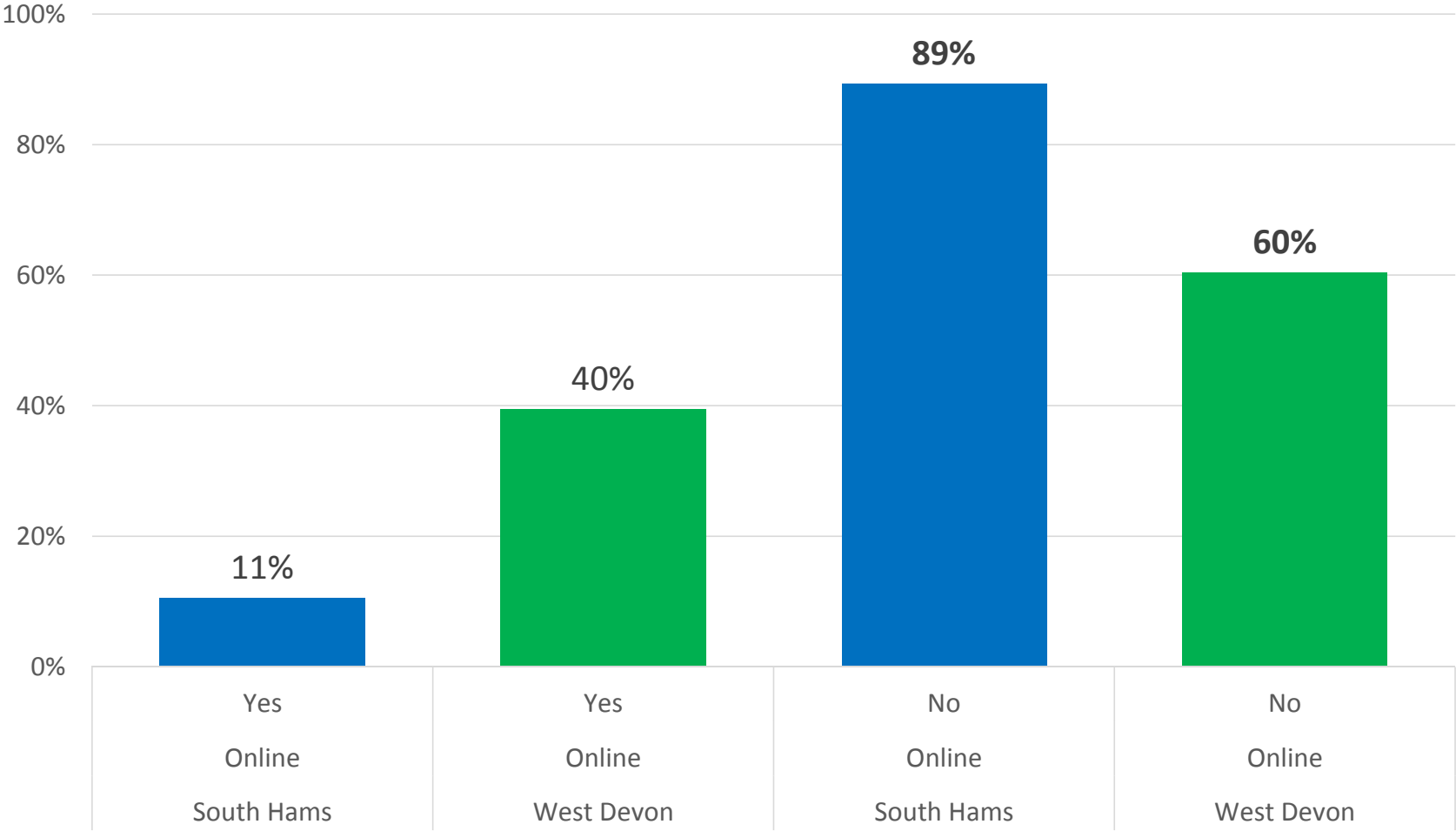
Support for Proposal: All Telephone Respondents



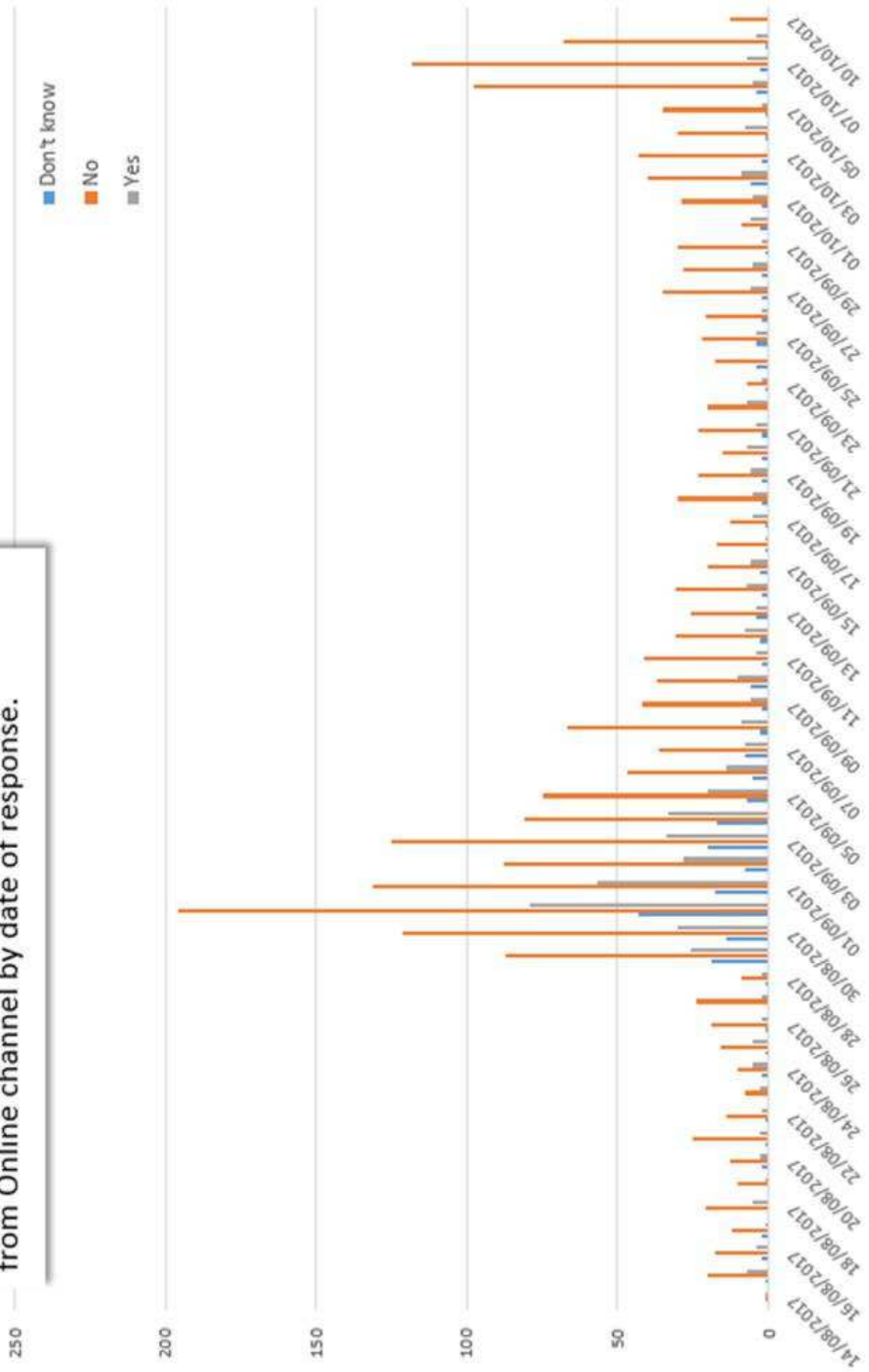
Percentage of those who expressed a preference for One Council:
Postal Respondents



Percentage of those who expressed a preference for One Council:
Online Respondents



Levels of support for the One Council proposal from Online channel by date of response.



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Appendix D

Timetable for creation of a single Council

Action	Date
Proposal for single council and consultation to be debated by the Hub and Executive and approved for consultation with public and key stakeholders	18 and 20 July 2017
Proposal for single council and consultation to be debated by the Councils and approved for consultation with public and key stakeholders	25 and 27 July 2017
Consultation period (public and key stakeholders)	August - September 2017
Final Proposal for a single Council approved by Councils and submitted to Secretary of State for consideration	Decision 31/10 Submission November 2017
Secretary of State considers the proposal, makes a decision and prepares the Draft Order	Autumn 2017 – Spring 2018
Electoral review	
Debated at Parliament	May – July 2018
Final Order made	July 2018
Transition arrangements	July 2018 – March 2020
New single Council formally comes into being	1 April 2020
Elections to new council	May 2020

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Appendix E - Council Tax Equalisation Options - South Hams District Council and West Devon Borough Council

Option 1 - Harmonise over 3 years from 1 April 2020

	Actual	Projected	Projected	New Council starts 1 April 2020		
	2017-18	2018-19	2019-20	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

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Option 2 - Harmonise over 5 years from 1 April 2020

	Actual	Projected	Projected	New Council starts 1 April 2020				
	2017-18	2018-19	2019-20	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	17.59	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	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	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	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			

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