



# The Local Government Bill

## Impact Assessment



# The Local Government Bill

## **Impact Assessment**

Department for Communities and Local Government  
Eland House  
Bressenden Place  
London  
SW1E 5DU  
Telephone: 030 3444 0000  
Website: [www.communities.gov.uk](http://www.communities.gov.uk)

© Crown Copyright, 2010

*Copyright in the typographical arrangement rests with the Crown.*

*This publication, excluding logos, may be reproduced free of charge in any format or medium for research, private study or for internal circulation within an organisation. This is subject to it being reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the publication specified.*

Any other use of the contents of this publication would require a copyright licence. Please apply for a Click-Use Licence for core material at [www.opsi.gov.uk/click-use/system/online/pLogin.asp](http://www.opsi.gov.uk/click-use/system/online/pLogin.asp), or by writing to the Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey TW9 4DU

e-mail: [licensing@opsi.gov.uk](mailto:licensing@opsi.gov.uk)

If you require this publication in an alternative format please email [alternativeformats@communities.gsi.gov.uk](mailto:alternativeformats@communities.gsi.gov.uk)

Communities and Local Government Publications  
Tel: 030 0123 1124  
Fax: 030 0123 1125

Email: [product@communities.gsi.gov.uk](mailto:product@communities.gsi.gov.uk)  
Online via the Communities and Local Government website:  
[www.communities.gov.uk](http://www.communities.gov.uk)

June 2010

ISBN: 978 1 4098 2469 5

<b>Title:</b> <b>The Local Government Bill</b> <b>Lead department or agency:</b> Communities and Local Government <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>
	<b>IA No:</b>
	<b>Date:</b> 19/05/2010
	<b>Stage:</b> Enactment
	<b>Source of intervention:</b> Domestic
	<b>Type of measure:</b> Primary legislation
	<b>Contact for enquiries:</b>

## Summary: Intervention and options

### What is the problem under consideration? Why is government intervention necessary?

As provided by section 7 of the Local Government and Public Involvement in Health Act 2007, structural change orders were approved by Parliament and came into effect on 25 March 2010 to establish unitary councils for the cities of Exeter and Norwich from 1 April 2011. The then Government had adopted unitary restructuring as a policy response to the need for improved efficiency and service delivery, stronger local leadership and to avoid duplication. But restructuring such as that in Exeter and Norwich is expensive, and risks disruption and fragmenting major service delivery, whilst the scale of efficiency savings forecast from it could be achieved by other means. Hence the commitment to stop uncompleted restructuring plans.

### What are the policy objectives and the intended effects?

The objective is to stop any uncompleted centrally imposed plans for unitary councils. Exeter and Norwich would retain their existing status as district councils within a two-tier system. In addition, councils and MPs in Suffolk had been invited to make recommendations to the Government by the end of September on a preferred option for unitary status. That too will be stopped. It will be for councils themselves across England to work together, as many already are, to benefit from e.g. joint working, sharing chief executives, back office pooling and co procurement. This approach, driven by the councils themselves, will help to reduce costs and improve coordination between different tiers of local government.

### What policy options have been considered? Please justify preferred option (further details in Evidence Base)

Option 1: Do nothing. Continue to establish unitary councils for the cities of Exeter and Norwich from 1 April 2011, and with invitation to councils and MPs in Suffolk to make recommendations to the Government by the end of September on a preferred option for unitary status.

Option 2: Revocation of structural change order to establish unitary councils for the cities of Exeter and Norwich to stop uncompleted restructuring plans. Stop consideration of possible unitary structures in Suffolk. This is the preferred option.

Implementation of such plans is in its very early stages. Primary legislation is the only option available because the 2007 Act contains no provision for the revocation of the structural change orders, and the context where the order is the final step in a statutory process is not one where reliance can safely be placed on the Interpretation Act 1978. In addition, it is essential that there is absolute certainty by the summer about the local government structures that will be in place on 1 April 2011 for the purposes of consulting on and implementing the 2011-12 local government finance settlement. The policy objectives cannot be achieved other than through primary legislation.

**When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?**

It will not be reviewed

**Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?**

Not applicable

**Ministerial Sign-off** For enactment proposal stage impact assessments:

***I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.***



Signed by the responsible Minister:..... Date:.....21 May 2010

# Summary: Analysis and evidence

# Policy Option 2

## Description:

Price Base Year 2009	PV Base Year 2010	Time Period Years 6	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 1.6

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	6	Optional	Optional
High	Optional		Optional	Optional
Best Estimate			5.8	34.9

### Description and scale of key monetised costs by 'main affected groups'

These figures reflect previous estimates of the potential gross savings that could be generated by Exeter and Norwich over the six year period to 2014-15 of £39.4m (discounted to £34.9m), and may therefore be considered as potential savings foregone. They relate to staffing, service delivery and business transformation in the two authorities. The previous estimates also imply further ongoing annual savings foregone of £6.5 m for both authorities (discounted to £5.3m) in 2015-16 and beyond.

### Other key non-monetised costs by 'main affected groups'

We appreciate that since the structural change orders for Exeter and Devon and Norwich and Norfolk came into force on 25 March 2010, affected authorities will have started making preparations and may have incurred costs in so doing. However, given the speed with which we are now acting, we believe these costs will have been kept to a minimum. The legislation ends the process by which an agreed proposal for unitary status for Suffolk would have been submitted to the Government for assessment. Any such proposal, if in the event it would have been submitted, would have included an estimate of the savings that could be generated. Removing the possibility of any such proposal potentially involves unquantifiable costs from savings foregone.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	6	Optional	Optional
High	Optional		Optional	Optional
Best Estimate	19.1		2.9	36.5

### Description and scale of key monetised benefits by 'main affected groups'

These figures reflect previous estimates of gross restructuring costs of around £40m (discounted to £36.5m) over the period to 2014-15 with one off transition costs of £20.6m (discounted to £19.1m) and ongoing restructuring costs in that period of £19.4m (discounted to £17.4m). They relate to staff costs, IT and change management and planning.

### Other key non-monetised benefits by 'main affected groups'

As described above, the legislation ends the process by which an agreed proposal for unitary status for Suffolk would have been submitted to the Government for assessment. Any such proposal, if in the event it would have been submitted, would have included an estimate of the restructuring costs that could be incurred. Removing the possibility of any such proposal potentially involves unquantifiable savings from the costs that will be avoided.

<b>Key assumptions/sensitivities/risks</b>	<b>Discount rate (%)</b>	3.5
<p>The original estimates of restructuring costs and savings were derived from business cases submitted by Exeter and Norwich, including their own sensitivity and risk analysis. These were assessed by the Department with support from Independent Financial Consultants (IFCs). Additional information was submitted by Exeter in 2007 at the request of the then Secretary of State and modelled for risk by the IFCs. Earlier this year Norwich submitted additional financial information. This was also modelled by IFCs appointed by the Department against the risk of not achieving some of the declared savings. Further details are in the impact assessment for the structural change orders at Annex 3. There is no agreed costed proposal for Suffolk.</p>		

<b>Impact on admin burden (AB) (£m):</b>		<b>Impact on policy cost savings (£m):</b>		<b>In scope</b>
<b>New AB:</b>	<b>AB savings:</b>	<b>Net:</b>	<b>Policy cost savings:</b>	No

## Enforcement, implementation and wider impacts

What is the geographic coverage of the policy/option?	England				
From what date will the policy be implemented?	On enactment				
Which organisation(s) will enforce the policy?	n/a				
What is the annual change in enforcement cost (£m)?	n/a				
Does enforcement comply with Hampton principles?	Yes/No				
Does implementation go beyond minimum EU requirements?	N/A				
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	<b>Traded:</b> N/A	<b>Non-traded:</b> N/A			
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	<b>Costs:</b> 100		<b>Benefits:</b> 100		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	<b>Micro</b>	<b>&lt; 20</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

## Specific impact tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
<b>Statutory equality duties<sup>1</sup></b> <a href="#">Statutory Equality Duties Impact Test guidance</a>	No	7
<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	No	7
Small firms <a href="#">Small Firms Impact Test guidance</a>	No	7
<b>Environmental impacts</b>		
Greenhouse gas assessment <a href="#">Greenhouse Gas Assessment Impact Test guidance</a>	No	7
Wider environmental issues <a href="#">Wider Environmental Issues Impact Test guidance</a>	No	7
<b>Social impacts</b>		
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	7
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	7
Justice system <a href="#">Justice Impact Test guidance</a>	No	7
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	7
<b>Sustainable development</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	7

<sup>1</sup> Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

## Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

### References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	Explanatory Memorandum to the Exeter and Devon (Structural Changes) Order 2010 No. 998, and The Norwich and Norfolk (Structural Changes) Order 2010 No. 997, <a href="http://www.opsi.gov.uk/si/si2010/em/uksiem_20100998_en.pdf">http://www.opsi.gov.uk/si/si2010/em/uksiem_20100998_en.pdf</a>
2	Impact Assessment for the Exeter and Devon (Structural Changes) Order 2010 No. 998, and The Norwich and Norfolk (Structural Changes) Order 2010 No. 997  <a href="http://www.opsi.gov.uk/si/si2010/em/uksiem_20100998_en.pdf">http://www.opsi.gov.uk/si/si2010/em/uksiem_20100998_en.pdf</a>
3	
4	

+ Add another row

### Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

### Annual profile of monetised costs and benefits\* - (£m) constant prices

Note: the figures below are present value figures.

	Y <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>	Y <sub>8</sub>	Y <sub>9</sub>
<b>Transition costs</b>										
<b>Annual recurring cost</b>										
<b>Total annual costs</b>	0.0	0.0	8.3	8.6	8.9	9.1				
<b>Transition benefits</b>	0.5	5.7	6.6	3.1	1.7	1.4				
<b>Annual recurring benefits</b>	0.0	1.0	4.9	4.7	3.5	3.4				
<b>Total annual benefits</b>	0.5	6.7	11.5	7.8	5.2	4.8				

\* For non-monetised benefits please see summary pages and main evidence base section



Microsoft Office  
Excel Worksheet

**Annual profile costs and benefits - (£m) constant prices**

	Y <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>
<b>Transition costs</b>	12345							
<b>Annual recurring cost</b>		12345	12345					
<b>Total annual costs</b>								
<b>Transition benefits</b>								
<b>Annual recurring benefits</b>							12345	12345
<b>Total annual benefits</b>				12345	12345			

$Y_8$	$Y_9$
12345	12345

**Version of GHG guidance used:** e.g. March 2010

Sector		Emission Changes* (MtCO2e) - By Budget Period			Emission Changes (MtCO2e)				
		CB I; 2008-2012	CB II; 2013-2017	CB III; 2018-2022	2008	2009	2010	2011	2012
Power sector	Traded	0	0	0					
	Non-traded	0	0	0					
Transport	Traded	0	0	0					
	Non-traded	0	0	0					
Workplaces & Industry	Traded	0	0	0					
	Non-traded	0	0	0					
Homes	Traded	0	0	0					
	Non-traded	0	0	0					
Waste	Traded	0	0	0					
	Non-traded	0	0	0					
Agriculture	Traded	0	0	0					
	Non-traded	0	0	0					
Public	Traded	0	0	0					
	Non-traded	0	0	0					
<b>Total</b>	Traded	0	0	0	0	0	0	0	0
	Non-traded	0	0	0	0	0	0	0	0
<b>Cost effectiveness</b>	% of lifetime emissions below traded cost comparator								
	% of lifetime emissions below non-traded cost comparator								

**\* Important note: Please enter net emission savings as positive numbers and net emission increases**





## Evidence Base (for summary sheets)

### Rationale for change

The coalition programme for Government states that *"we will stop the restructuring of councils in Norfolk, Suffolk and Devon"*.

We believe that imposed restructuring is expensive and brings with it significant risks of disruption and of fragmentation of major services. The Department's Accounting Officer had concerns about the value for money of the unitary proposals for Exeter and Norwich and requested a written instruction from the then Secretary of State to implement them. Having noted the Accounting Officer's concerns the then Secretary of State gave a direction to implement these unitary proposals. He also took his statutory decision to take no action on the proposals for a unitary Devon and a unitary Norfolk, thereby putting an end to those proposals.

Moreover, in considering the draft structural change orders for Exeter and Norwich before they were debated, the House of Lords Merits Committee issued a call for evidence, and in its report published on 4 March 2010<sup>2</sup> expressed concerns over whether there was sufficient information on which to be able to determine whether the orders were likely to implement their policy objective. In the subsequent debate in the House of Lords motions were moved by Baroness Butler-Sloss regretting that the Government had laid before Parliament draft orders which did not comply with the Government's published criteria with respect to affordability of the future structures, without providing for evidence on whether the course proposed is likely to achieve its declared policy objective, and called on the Government not to proceed with the draft orders before conducting further consultation. The motions were agreed.<sup>3</sup>

In short, as explained by the Department's Accounting Officer and recognised by Parliament, a unitary Exeter and Norwich represented poor value for money for the public purse. Stopping these unitaries therefore is good value for money. Moreover, we are clear that there is no need for forced amalgamations to achieve efficiencies of scope and scale, and the way forward is to reform and improve local government from within. There are excellent examples of councils of all sizes coming together to benefit from joint working, sharing chief executives, back office pooling and co procurement and councils will be left free to decide on sensible co-operation in the interest of their citizens.

The Bill once enacted will stop any restructuring plans uncompleted in May 2010. In practice that means that the status of any such council - district councils within two-tier local government areas - will remain unchanged. The impacts summarised above relate therefore to the original estimates of the costs of restructuring that would now not be incurred (expressed as benefits) and the estimates of the potential savings from restructuring that would now be foregone (expressed as costs).

The evidence base for these estimates is encapsulated in the impact assessment that supported the structural change orders. This is reproduced at Annex 3.

---

<sup>2</sup> Merits of Statutory Instruments Committee – Twelfth Report. Published on 4 March 2010. Link : <http://www.publications.parliament.uk/pa/ld200910/ldselect/ldmerit/70/7002.htm>

<sup>3</sup> Hansard report of House of Lords debate on 22 March 2010, Column 784 to 836

## Annexes

Annex 1 should be used to set out the post implementation review plan as detailed below. Further annexes may be added where the specific impact tests yield information relevant to an overall understanding of policy options.

### Annex 1: Post implementation review (PIR) plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

<p><b>Basis of the review:</b> [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review]</p> <p>N/A</p>
<p><b>Review objective:</b> [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]</p> <p>N/A</p>
<p><b>Review approach and rationale:</b> [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]</p> <p>N/A</p>
<p><b>Baseline:</b> [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>N/A</p>
<p><b>Success criteria:</b> [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]</p> <p>N/A</p>
<p><b>Monitoring information arrangements:</b> [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]</p> <p>N/A</p>
<p><b>Reasons for not planning a PIR:</b> [If there is no plan to do a PIR please provide reasons here]</p> <p>We are not proceeding with unitary councils in Exeter and Norwich. As these unitaries have not yet been created, the proposal is in effect remaining with the status quo of two-tier authorities in Exeter and Norwich. As such it is not appropriate to evaluate it.</p>

## Annex 2: Specific impacts

**Statutory equality duties:** there will be no significant impact on any of the equality strands.

**Economic impacts - competition and small firms:** there will be no significant impact on competition or small firms. Local Government restructuring only directly affects the public sector. Whilst implementing restructuring may have had a beneficial effect on firms through simplifying access to and types of local authority services and regulations, this would have affected all firms equally and hence there is no specific impact of stopping restructuring.

**Environmental impacts:** these measures have no environmental impact.

**Social impacts:** The legislation will not in itself impact on health and wellbeing, human rights, or justice. On rural proofing, restructuring may have had an impact by virtue of the County Council without Exeter being left with a more rural population. This may have had cost implications, which would have been taken into account in the process of disaggregating resources. The interests of rural populations will continue to be represented by the two tier councils and any voluntary agreements between them.

**Sustainable development:** there will be no impact on sustainable development. Local authorities are best placed to promote sustainable development in local areas, where necessary through co-operation on a voluntary basis.

## Annex 3: Impact assessment of orders implementing a change from two-tier to single tier local government in Exeter and Norwich

Summary: Intervention & Options		
<b>Department /Agency:</b> Communities and Local Government	<b>Title:</b> Impact Assessment of Orders implementing a change from two tier to single tier local government in Exeter and Norwich	
<b>Stage:</b> Final	<b>Version:</b>	<b>Date:</b> 10 February 2010
<b>Related Publications:</b> Full Regulatory Impact Assessment for Strong and Prosperous Communities White Paper and the Local Government and Public Involvement in Health Bill 2007 <a href="http://www.communities.gov.uk/publications/localgovernment/fullregulatoryimpact">http://www.communities.gov.uk/publications/localgovernment/fullregulatoryimpact</a>		

### Available to view or download at:

<http://www.communities.gov.uk>

**Contact for enquiries:** Terry Willows

**Telephone:** 0303 444 2570

### What is the problem under consideration? Why is government intervention necessary?

Weaknesses exist in many two-tier local government areas (those based on county and district councils). These structures often add to public confusion, create fragmented and sometimes competing local leadership, and lead to duplication, inefficiency and co-ordination failures in service delivery. A way of removing these weaknesses is the introduction of unitary (single tier) local government, i.e. to change the statutory structure of local government so that the council structures are based on a single principal tier. This requires Government intervention. The Local Government and Public Involvement in Health Act 2007 provides a mechanism for this.

### What are the policy objectives and the intended effects?

The policy objectives of a move to unitary local government in Exeter and Norwich are to overcome the weaknesses found in the existing council structures based on county and district tiers, and establish new and innovative local governance combining strong strategic councils for the cities and effective arrangements for empowering communities. Exeter and Norwich will become solely responsible for delivering council services across their areas and will enable them to strengthen and streamline service delivery. Once the structures are fully implemented, annual savings of over £6.5m are expected giving the councils opportunities for improved services or lower council tax. In addition, unitary councils for Exeter and Norwich would provide a single local leadership for each area, together with a concentration of the levers for economic development, and would therefore each be a far more potent force for delivering economic outcomes both for the city and more widely for the sub-region than the status quo two-tier local government.

**What specific policy options have been considered? Please justify any preferred option.**

The statutory process meant that the Secretary of State had to choose from one of three options when considering intervening in relation to local government structures in Devon and Norfolk:

- To implement by Orders (with or without modification) the original unitary proposals made by Exeter and Norwich City Councils for unitary councils based on the current city boundaries made in January 2007 in response to Government's invitation and upon which additional advice had been sought from the Boundary Committee in February 2008;
- To implement by Orders (with or without modification) alternative unitary proposals made by the Boundary Committee for England in their advice to the Secretary of State in December 2009, for single unitary councils covering the whole county areas of both Devon and Norfolk; or
- To take no action on any of the proposals before him and therefore retain the status quo local government structures in both county areas.

In reviewing these options the Government believes a unitary Exeter and Norwich would each be a far more potent force for delivering economic outcomes both for the city and more widely for the sub-region than the status quo two-tier local government. The Government also believes that unitary councils, of the kind Exeter and Norwich would become, will be ideally placed - with the development of cross-organisational and cross-boundary service delivery – to enable public services for the city to be tailored to the needs of the urban area and still achieve the economies of scale that the county-wide delivery of such services as adult social care and children's services can achieve.

As well as enabling both these important cities to fulfil their potential as engines of growth, implementing these proposals will also deliver efficiency savings over the medium-term which can either be reinvested in frontline services or used to reduce pressure on council tax.

**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?**

The Department will continue to maintain a close dialogue and liaison with affected councils and the teams leading transition. This would be centred around monthly meetings with the Joint Implementation Teams for Exeter and Norwich (a team required by the draft Orders to be formed of senior officers of the affected authorities, and led by an officer of the respective city councils), which provide the opportunity for the Department to be kept abreast of the progress being made to implement the transition to the new single tier councils.

**Ministerial Sign-off For Impact Assessments:**

*I am satisfied that (a) this Impact Assessment represents a fair and reasonable view of the expected costs, benefits and impact of the proposed policy, and (b) that the benefits justify the costs*

Signed by the responsible Minister:



..... Date: 10 February 2010

## Summary: Analysis & Evidence

**Policy Option1:  
Implementing Unitary  
Government in Exeter  
and Norwich**

**Description: Implementing Unitary Government in Exeter and Norwich**

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of key monetised costs by 'main affected groups'  The financial information submitted by Norwich and Exeter in 2007 and modelled for risk by Independent Financial Consultants (IFCs) appointed by the Department, as well as updated information submitted by Norwich (during the most recent period for representations) suggest that the one off costs of implementation are likely to be £20.6m (discounted to £19.1m), and that the ongoing costs over the same period are likely to total £19.4m (discounted to £17.4m). The key monetised costs are staff related costs, IT, change management, and planning.
	<b>One-off (Transition)</b>	<b>Yrs</b>	
	£ 19.1m	6	
	<b>Average Annual Cost (excluding one-off)</b>		
	£ 2.9m	6	<b>Total Cost Range (PV) £36.5m</b>
Other key non-monetised costs by 'main affected groups'			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of key monetised benefits by 'main affected groups'  The financial information as modelled suggests that implementing the two unitaries has the capacity to deliver likely (gross) savings over the same period of £39.4 (discounted to £34.9). The key monetised savings expected relate to staff, business and service delivery. The figures suggest likely ongoing savings of £6.5m pa (discounted to £5.3m) in 2015-16
	<b>One-off</b>	<b>Yrs</b>	
	£		
	<b>Average Annual Benefit (excluding one-off)</b>		
	£ 5.8m	6	<b>Total Benefit (PV) £ 34.9m</b>
Other key non-monetised benefits by 'main affected groups'			
Expected benefits would include:			

### Key Assumptions/Sensitivities/Risks

Estimates of the costs likely to be generated and the capacity to deliver savings are based on original business cases submitted by Exeter and Norwich, including their own sensitivity and risk analysis. These were assessed by the Department with support from Independent Financial Consultants (IFCs). Additional information was submitted by Exeter in 2007 at the request of the then Secretary of State and modelled for risk by the IFCs. During the most recent period for representations (20 December 2009 to 19 January 2010) Norwich submitted additional financial information; this was also modelled by IFCs appointed by the Department against the risk of not achieving some of the declared savings. These figures have been used to make an assessment of the capacity of the two unitaries to meet affordability tests and deliver savings in the future. (Note: these figures are subject to rounding)

Price Base 2009-10	Time Period Years 6	<b>Net Benefit Range (NPV)</b>	<b>NET BENEFIT (NPV Best estimate) £-1.6 m (cost)</b>
-----------------------	------------------------	--------------------------------	---

What is the geographic coverage of the policy/option?	England
---	---------

On what date will the policy be implemented?	1 April 2011			
Which organisation(s) will enforce the policy?	Not Applicable			
What is the total annual cost of enforcement for these organisations?	£ n/a			
Does enforcement comply with Hampton principles?	n/a			
Will implementation go beyond minimum EU requirements?	n/a			
What is the value of the proposed offsetting measure per year?	£ n/a			
What is the value of changes in greenhouse gas emissions?	£ n/a			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation of those affected	Micro -	Small -	Medium	Large
Are any of these organisations exempt?	n/a	n/a	n/a	n/a

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase – Decrease)	
Increase of	£	Decrease	£
		<b>Net Impact</b>	
		£	

Key:	Annual costs and benefits: Constant Prices	(Net) Present Value

## Summary: Analysis & Evidence

Policy Option2:  
Implementing Unitary  
Government in Devon  
and Norfolk

Description: Implementing Unitary Government in Devon and Norfolk

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups'  Financial information submitted to the Boundary Committee by Devon and Norfolk County Councils was assessed by the Committee's Independent Financial Consultants modelled by them for risk and used by them to make an assessment of the capacity of the proposals to meet the criterion. The figures suggest that the one off costs of implementation unitary government in Devon and Norfolk are likely to be £54.8m (discounted to £50.8m), and that the ongoing costs over the same period are likely to total £61.9m (discounted to £54.7m), with total costs over the period likely to be £116.7m (discounted to £105.5m)  The key monetised costs are staff related costs and the costs of IT, change management, planning and neighbourhood engagement (localisation costs).
	One-off (Transition)	Yrs	
	£ 50.8m	6	
	Average Annual Cost (excluding one-off)		
	£ 9.1m	6	<b>Total Cost Range (PV) £105.5m</b>
Other key non-monetised costs by 'main affected groups'			
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'  The financial information modelled as described above suggests that implementing the two unitaries has the capacity to deliver likely (gross) savings over the same period of £168.2m (discounted to £147.9m). The proposals have the capacity to deliver net savings of £51.5 (discounted to £42.4m) over the period. The key monetised savings expected relate to staff, business improvements, and service delivery. The figures suggest likely ongoing savings of £33.4m pa (discounted to £27.2m) in 2015-16 and thereafter.
	One-off	Y	
	£		
	Average Annual Benefit (excluding one-off)		
	£ 24.7m	6	<b>Total Benefit (PV) £147.9m</b>
Other key non-monetised benefits by 'main affected groups' Expected benefits would include:			

**Key Assumptions/Sensitivities/Risks**

Estimates of the costs likely to be generated and the capacity to deliver savings are based on original business cases submitted to the Boundary Committee during their consultation on alternative patterns of unitary local government in Devon, Norfolk and Suffolk. That followed a request by the Secretary of State to the Boundary Committee for advice on alternative proposals in February 2008. These figures were assessed by Independent Financial Consultants (IFCs) appointed by the Boundary Committee, modelled for risk and used by them to make an assessment of the capacity of each of the proposals to meet the affordability criterion. During the period for representations (20 December 2009 to 19 January 2010) representations were made to Ministers and Officials, and the financial information reviewed by IFCs appointed by the Department who reviewed the assumptions that had been made and the likely impact on affordability of changes in the reserves position of affected authorities since the original figures were submitted. These figures have been used to make an assessment of the capacity of the two unitaries to meet affordability tests and deliver savings in the future. (Note: these figures are subject to rounding)

Price Base 2009 -10	Time Period Years 6	Net Benefit Range (NPV)	NET BENEFIT (NPV Best estimate) £42.4m
------------------------	------------------------	-------------------------	---

What is the geographic coverage of the policy/option?	England
On what date will the policy be implemented?	1 April 2011
Which organisation(s) will enforce the policy?	Not Applicable
What is the total annual cost of enforcement for these organisations?	£ n/a
Does enforcement comply with Hampton principles?	n/a
Will implementation go beyond minimum EU requirements?	n/a
What is the value of the proposed offsetting measure per year?	£ n/a
What is the value of changes in greenhouse gas emissions?	£ n/a
Will the proposal have a significant impact on competition?	No
Annual cost (£-£) per organisation of those affected	Micro - Small - Medium - Large
Are any of these organisations exempt?	n/a n/a n/a n/a

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase – Decrease)	
Increase of	£	Decrease	£
		<b>Net Impact</b>	
		£	

Key:	Annual costs and benefits: Constant Prices	(Net) Present Value

### Objective

To introduce secondary legislation that will implement proposals for the creation of unitary (single tier) authorities in Exeter and Norwich in order to deliver strong, effective, and accountable strategic leadership, genuine opportunities for neighbourhood flexibility and empowerment, and value for money and equity on public services.

The full rationale for Government Intervention at the outset of this process was set out in the Regulatory Impact Assessment prepared for the Local Government and Public Involvement in Health Bill which was enacted in October 2007. This is reproduced at Annex A.

The two orders being tabled will implement the decisions on unitary restructuring announced by the Government on 10 February 2010.

### Policy Options Underlying Unitary Restructuring

The creation of unitary councils for Exeter and Norwich is the latest stage in a process which started with the publication of The Local Government White Paper - "Strong and Prosperous Communities"<sup>8</sup>, on 26 October 2006. Amongst other things, the White Paper set out proposals for creating opportunities for improved local governance in two-tier areas (where there is a county council and district council) by giving councils an opportunity to seek unitary status and assist those continuing with two tier arrangements to adopt improved arrangements.

In parallel with the White Paper, the government published its "Invitation to Councils in England"<sup>9</sup> in October 2006 to invite councils to make proposals for future unitary structures, and/or to pioneer, as pathfinders, new two-tier models. The Invitation said the government had made these White Paper commitments because:

- It had concluded that local government in two-tier areas faced additional challenges that can make it harder to achieve that strong leadership and clear accountability which communities need. There were risks of confusion, duplication and inefficiency between tiers, and particular challenges of capacity for small districts.
- It recognised that many local authorities were already working to improve the quality of services in two-tier areas, building strong and sustained partnerships between councils in a county area, but considers there was the potential to go further. In short, the Government believed that status quo was not an option in two-tier areas if councils were to achieve the outcomes for place shaping and service delivery that communities expect, and deliver substantial efficiency improvements.
- It accepted that in a number of areas, and where there was a broad cross section of support for this, these reforms should involve a move to unitary local government.

<sup>8</sup> <http://www.communities.gov.uk/publications/localgovernment/strongprosperous>

<sup>9</sup> <http://www.communities.gov.uk/publications/localgovernment/invitationall>

The Local Government and Public Involvement in Health Act 2007 ('the Act') includes provisions for implementing these structural changes to local government, i.e. for moving from two-tier to unitary local government. These provisions allow new unitary structures to be created by Order subject to approval by both Houses of Parliament, following proposals by local authorities in response to an invitation (including the invitation issued in October 2006 prior to the commencement of the Act) from the Secretary of State, or an alternative proposal from the Boundary Committee. The Act repeals the previous statutory framework for restructuring in Part 2 of the Local Government Act 1992, under which restructuring was initiated by a request to the Boundary Committee by the Secretary of State.

## **Consultation**

### **Stakeholder consultation on original unitary proposals**

The Invitation issued in October 2006 set out guidance as to the criteria which proposals had to meet. The five criteria set out in the Invitation were that if change is made and new unitary structures implemented: the change to future unitary structures must be affordable; be supported by a broad cross section of partners and stakeholders; future structures must provide strong, effective and accountable strategic leadership; deliver genuine opportunities for neighbourhood flexibility and empowerment; and deliver value for money and equity on public services.

In January 2007, 26 proposals were received from local authorities proposing unitary status. These included a proposal from Exeter City Council and Norwich City Council that there should be a single tier unitary council for Exeter and Norwich. These proposals were assessed against the five criteria, and 16 were judged as likely to achieve the outcomes specified by the criteria, if they were to be implemented.

These 16 proposals then progressed to stakeholder consultation which began on 27 March 2007 (see "Proposals for Future Unitary Structures: Stakeholder Consultation"<sup>10</sup>) seeking views on the likely outcomes of the 16 proposals if they were to be implemented. Responses were requested by 22 June 2007. A list of the stakeholders consulted is attached at Annex B below. The Government received over 55,000 responses. It published a summary of these in November 2007 in its document "Proposals for Future Unitary Structures: Stakeholder Consultation Summary of Responses"<sup>11</sup>.

Following the stakeholder consultation, the Government reassessed the 16 proposals against the five criteria in the original invitation having regard to all the further material and representations received and all other information available at the time. On 25 July 2007 the Government announced that the Secretary of State was minded to implement (amongst others) Exeter City Council's proposal. In relation to the proposal from Norwich City Council the Secretary of State judged at that time that there was not a reasonable likelihood of it, if implemented, achieving the outcomes specified by all the five criteria. However, she believed that there could be alternative unitary proposals covering the whole or part of the wider county area which would achieve those outcomes and that she had therefore decided to request the Boundary Committee to advise on the proposal.

In making this announcement, the Secretary of State also recognised on the basis of the available information that there were risks to Exeter's proposal achieving the outcomes specified by the affordability criterion, and asked the council to undertake further work and

---

<sup>10</sup> <http://www.communities.gov.uk/publications/localgovernment/proposalsfuture>

<sup>11</sup> <http://www.communities.gov.uk/publications/localgovernment/unitarystructureresponses>

submit additional information on the financial viability of its proposal. That information was made available (on the council's web site) to other affected authorities and any stakeholders that would have an interest so that they could comment on it. In turn, they were invited to make representations on the material by 24 October 2007. This information was reviewed by the Government and was considered along with all the other relevant material before it announced, on 5 December 2007, that the Secretary of State judged in relation to the Exeter and Norwich proposals, that at that time there was not a reasonable likelihood of those proposals, if implemented, achieving the outcomes specified by all the five criteria. The Secretary of State had therefore decided to refer those proposals to the Boundary Committee.

As part of the same invitation process nine new unitary councils came into being on 1 April 2009, namely single unitary county councils covering the county areas of Cornwall, Durham, Northumberland, Shropshire and Wiltshire, and four district unitary councils for Bedford Borough, Central Bedfordshire, Cheshire East, and Cheshire West and Chester.

### **Consultations on Boundary Committee proposals**

On 6 February 2008 the Secretary of State issued a request for advice to the Boundary Committee on whether there could be alternative proposals for a single-tier of local government, and if so on what basis, for Exeter and the whole or part of the surrounding Devon county area, and for Norwich and the whole or part of the surrounding Norfolk county area which would in aggregate have the capacity, if they were implemented, to deliver the outcomes specified by the same five criteria as set out in the original invitation. Before making any alternative proposal, the Boundary Committee was required under the statute to publish for consultation a draft of their proposals.

On 7 July 2008, the Boundary Committee published its draft alternative proposals for Devon, Norfolk (and Suffolk) for consultation. Following judicial review proceedings a further consultation document was published by the Boundary Committee on 19 March 2009. A total of 7,465 responses in relation to Devon, and 3,096 in relation to Norfolk, were received by the Committee to these consultations.

The Boundary Committee provided its advice to the Secretary of State on 7 December 2009. It made alternative unitary proposals for single unitary councils covering the whole of the county of Devon and the whole of the county of Norfolk. It also recommended, on the basis of the evidence available to it, that the original unitary proposals made by Exeter City Council and Norwich City Council should not be implemented as the previous concerns of the Secretary of State (December 2007) had not been displaced by any evidence received by the Committee during its review.

All the Boundary Committee proposals, the responses to their consultation exercises and their analysis is available on their web site at:  
<http://www.electoralcommission.org.uk/boundary-reviews/about-structural-reviews>

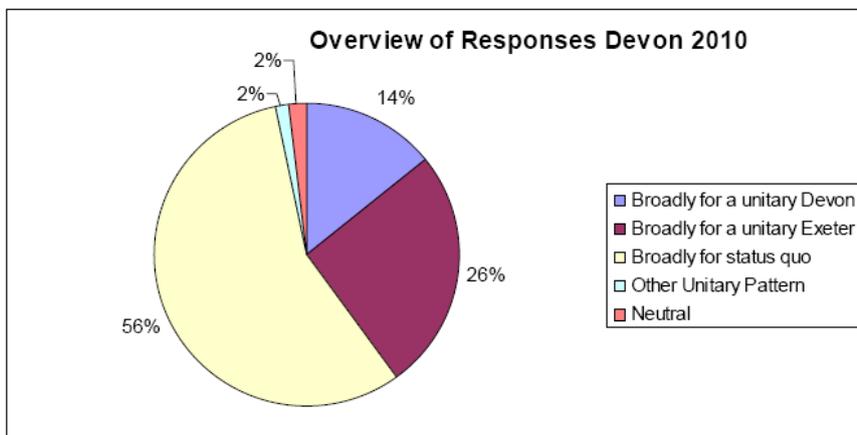
Following receipt of the Boundary Committee's advice, in accordance with the 2007 Act, there was a period which ended on 19 January 2010 during which representations could be made to the Secretary of State on the advice that the Boundary Committee had provided. During this period, further representations could also be made about the original unitary proposals submitted to the Secretary of State.

## Representations to the Department

The Department received just under 1,000 representations from a range of stakeholders in Devon, and over 1,400 from Norfolk. These included meetings between Ministers and officials with a range of MPs, peers and council delegations including delegations representing Exeter and Norwich city councils. A summary of all the representations made will be made available shortly on the CLG web site.

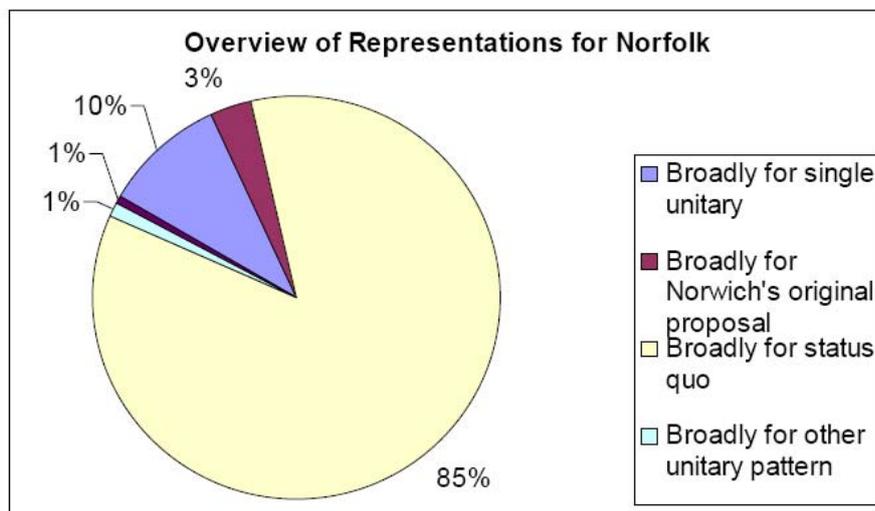
### Devon

In Devon, whilst the majority of public sector organisations supported a single unitary council for Devon or retention of the status quo i.e. retention of two-tier local government, there was no support amongst the principal local authorities themselves for a unitary Devon. The majority of town and parish councils, political respondents, businesses, and the voluntary and community sector favoured the status quo, although there was some support for the original Exeter proposal. Amongst members of the public, the most popular option was the status quo followed by a unitary Exeter and then a single unitary Devon. The table below summarises these responses.



### Norfolk

In Norfolk, the majority of responses from the public sector demonstrated general support for a unitary Norfolk, with some bodies supporting the status quo. Whilst the County Council argued that if unitary arrangements were to be implemented in Norfolk then the only option should be for a single unitary council, the other principal councils with the exception of Norwich City Council expressed support for retaining the status quo. Whilst there was some support for other patterns, the majority of those making representations argued for the retention of the status quo. This is summarised in the table below.



On 10 February 2010, the Government announced that the Secretary of State judged that the Boundary Committee's proposals for unitary county councils in Devon and Norfolk did not meet all the five criteria and should not be implemented. However, he judged that whilst the original proposals for a single tier of local government for Exeter and Norwich did not have a reasonable likelihood of achieving the outcomes specified by all the criteria set out in Invitation, there were nonetheless compelling reasons why these unitary proposals should now be implemented. He considered that, in light of the representations he had received, a unitary Exeter and Norwich would each be a far more potent force for delivering economic outcomes both for the respective cities and more widely than the status quo two-tier local government and that such councils would be ideally placed to enable public services for the cities to be tailored to the needs of the urban areas and still achieve the economies of scale that the county-wide delivery of local government services could achieve. Letters were sent to all affected local authorities on the same day stating the Secretary of State's reasons for his decisions.

### **Discussions on approach to implementation**

Following the successful implementation of nine new unitary councils on 1 April 2009, the Department published on 6 January 2010 a lessons learnt document "Establishing unitary councils in April 2009: Lessons Learnt"<sup>12</sup>, which highlighted key learning from the implementation of these new unitary structures.

The Department wrote to the chief executives of all affected councils in Devon and Norfolk on 6 January 2010 seeking views until 3 February on the main possible transitional arrangements to be included in any order implementing a single tier of local government. That letter included a short discussion paper on possible transitional provisions in respect of each of the unitary proposals before the Secretary of State for the area and which might be included in any draft order, were he to decide to implement the proposal in question. These proposals largely concerned the date of the first election to the new council, the electoral arrangements for that first election, and the transitional arrangements including the options for establishing Implementation Executives to lead the implementation in each

<sup>12</sup> <http://www.communities.gov.uk/publications/localgovernment/unitarycouncillessons>

area in advance of that first election. These possible transitional provisions were founded on the principles set out in a discussion paper published on 22 August 2007 "Councils' Proposals for Unitary Local Government (An approach to implementation)"<sup>13</sup>, and on the experience gained from the practical implementation of the nine new unitary councils created in 2009. Councils were invited to submit their views on these transitional provisions in writing or alternatively through meetings with the appropriate lead Department official.

The Government received written responses from affected councils in Devon and Norfolk; officials also met with them to discuss the preferred transitional arrangements for each unitary proposal under consideration.

### **Costs and Benefits**

Both Exeter and Norwich submitted full financial business cases in January 2007 in response to the Invitation to Councils in England. These proposals were reviewed against the affordability criteria by the Department with support from Independent Financial Consultants. On 25 July 2007 the Government announced that in relation to the Exeter City Council proposal, there were risks to it achieving the outcomes specified by the affordability criterion and that the council would therefore be asked to submit additional information on the financial viability of its proposals. In relation to the proposal from Norwich City Council, the Secretary of State judged at that time that there was not a reasonable likelihood of it, if implemented, achieving the outcomes specified by the affordability criterion.

Exeter City Council submitted additional financial information which they were also required to make available to affected councils and other stakeholders. This additional information was reviewed by the Department's Independent Financial Consultants and moderated to reflect an assessment of the inherent risks in the proposals.

Following the assessment of the proposal and additional financial information submitted by Exeter City Council, having had due regard to all the relevant information available, the Secretary of State considered on the 5th December 2007 that there were still a number of risks to the financial case set out in the proposal. In particular the Secretary of State believed that, allowing a reasonable estimate for costs, the pay back period for the proposal might be over the 5 years specified by the affordability criterion. Overall, therefore, the Secretary of State concluded that there was not a reasonable likelihood of the proposal achieving the outcomes specified by this criterion.

The proposals for Exeter and Norwich were then referred to the Boundary Committee for advice. The Boundary Committee, in providing its advice on 20 December 2009 recommended that the original unitary proposals made by Exeter and Norwich City Councils should not be implemented as the previous concerns of the Secretary of State about the affordability criterion had not been displaced by any evidence received by the Committee during its review.

However, both Exeter and Norwich made representations to Ministers in the period for representations which closed on 19 January. In that period, Norwich submitted an update of the financial information that had accompanied their original proposal. This updated financial information was reviewed by Independent Financial Consultants ("IFCs") appointed by the Department and moderated for inherent risk. No additional detailed financial information relating to the original business case was submitted to the Department during this period by Exeter.

---

<sup>13</sup> <http://www.communities.gov.uk/publications/localgovernment/unitarycouncilsimplementation>

The financial information provided suggests that the two proposals together would have the capacity to deliver net savings in the next CSR period (2011/12 to 2013/14) of £1.9m after costs of some £26.7m, with ongoing annual savings of £6.6m. The pay back period would be likely to be over 5 years.

The table below summarises the figures (as modelled by the Department's and the Boundary Committee's IFCs) on which a judgement as to the capacity of each of the proposals to meet the affordability criterion was made. A full breakdown of each is at Annex C.

(Note: these figures are subject to rounding)

Unitary Pattern £m	LUY1	LUY2	Yr 1	Yr 2	Yr 3	Yr 4	TOTAL	Year 5 & ongoing
<b>Total Exeter and Norwich</b>								
Gross Costs	0.5	6.9	12.2	8.5	6.0	5.7	39.8	4.3
Gross savings	0.0	0.0	8.9	9.5	10.2	10.8	39.4	10.8
Net savings	0.5	6.9	3.3	-1.0	-4.2	-5.1	0.4	-6.5
<b>Total Devon and Norfolk</b>								
Gross Costs	0.0	8.3	44.3	25.6	20.5	17.7	116.4	16.5
Gross savings	0.0	0.0	25.1	42.4	50.0	50.7	168.2	49.9
Net savings	0.0	8.3	19.2	-16.8	-29.5	-33.0	-51.8	-33.4

## Ministers Decision

Having considered all the information available to them, Ministers took the view that the proposals for a unitary Exeter and Norwich did not meet all the five criteria and in particular that they did not meet the affordability criterion. However, they considered that the proposals should be implemented nevertheless since they believed that there were compelling reasons to do so which the representations they had received had highlighted. They considered that strong, decisive local government plays an essential role in promoting economic growth, reducing unemployment, and achieving a rebuilding of the local economy. The current economic crisis means that this role is of a significance which could not have been contemplated in 2006 when the criteria were developed, and the recent representations made clear to them the true importance of this role for Exeter and Norwich. Both are defined urban areas and the centre of sub-regional activity; how they perform in relation to their economic role is crucial both for the economic prosperity of their residents and the wider sub-region. A unitary Exeter and Norwich, having a single leadership for their areas, and a concentration of the levers for economic development, would be a far more potent force for delivering economic outcomes both for the city and more widely than the status quo two-tier local government. Given the priority of economic development today, and the contribution Exeter and Norwich can make to this with a unitary council, they therefore judged that the Government should implement a unitary Exeter and Norwich notwithstanding the assessments against the criteria.

Their judgement was reinforced by their belief, that unitary councils, of the kind Exeter and Norwich would be, would be ideally placed – with the development of cross-organisational and cross-boundary service delivery – to enable public services for the cities to be tailored to

the needs of their urban area and still achieve the economies of scale that the county-wide delivery of such services as adult social care and children's services can achieve.

### **Environmental and Social costs and benefits**

There should be no significant new social or environmental costs arising from the measures in this order. Bringing together responsibility for the management of Environmental services will provide opportunities for improvement in Exeter and Norwich. There should also be social benefits, in particular to the users of council services in Exeter and Norwich, through improved engagement and service delivery arrangements.

### **Sectors and groups affected**

The orders will have a direct impact on some of the local councils in Devon and Norfolk: Devon County Council's functions covering Exeter City Council will transfer to Exeter, and similarly Norfolk County Council's functions covering Norwich City Council will transfer to Norwich.

In Exeter and Norwich, those using local government services, public sector partners, business and voluntary bodies will benefit from clearer lines of responsibility and fewer local authorities to deal with. The outcome of restructuring will also have an impact on:

- public sector agencies that operate at a local level – in general the reduction in the number of tiers of local government in the cities should simplify their relationships;
- citizens and community groups – that will benefit from the revitalised and strengthened local leadership and the potential for a new and innovative approach to service delivery and community/neighbourhood arrangements; and
- private and third sector bodies who provide services for the councils.

Through improved governance arrangements, strategic leadership, greater accountability and transparency, and more efficient and effective service delivery, the unitary structures should deliver improved outcomes economically, socially including health and community cohesion and environmentally within the cities.

Whilst some stakeholders have highlighted concerns that these new unitary structures could complicate partnership working, there can be confidence that the development of cross-organisational and cross-boundary service delivery and partnership working will improve public services for the cities as well as the rest of the counties.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	Yes
Sustainable Development	No	Yes
Carbon Assessment	No	Yes
Other Environment	No	Yes
Health Impact Assessment	No	Yes
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	No	Yes
Rural Proofing	No	Yes

Annex D provides further detail.

### ANNEX A

#### RATIONALE FOR GOVERNMENT INTERVENTION

##### (Extract from Regulatory Impact Assessment for the Local Government and Public Involvement in Health Bill)

There have been significant improvements in the performance of local government since 1997. For instance there was a 15.1% increase in a representative basket of best value performance indicator scores between 2000/01 and 2004/05,<sup>14</sup> and in the four years it has been in existence the Comprehensive Performance Assessment (CPA) has measured significant improvements with two thirds of councils now scoring 3 or 4 stars out of 4<sup>15</sup>.

However, issues still remain. Despite the improvements in their performance public satisfaction with local authorities remains low<sup>16</sup>. This is reinforced by the fact that 61% of citizens feel that they have no influence over decisions affecting their local areas<sup>17</sup>. This strongly suggests that local authorities and the services they and their partners provide are not sufficiently responsive to the needs and priorities of the communities they serve.

It is clear that the reforms to council's leadership structures introduced in 2000 have resulted in significant improvements in local strategic leadership, particularly in areas that have adopted directly elected mayors<sup>18</sup>. However, not all authorities have fully embraced the opportunities available to them to provide strong leadership in their area. The government is also aware that in some areas with a two-tier structure, in other words an area covered by both county and district councils, there is a growing consensus that the current structures are confusing and a bar to delivering services efficiently.

There is growing evidence that the performance framework for local government, despite its success in driving improvements in performance, must now change. For local government and its partners, the performance framework often appears:

- un-balanced – with 80% of the reporting effort focused on meeting top-down requirements rather than the needs of local management<sup>19</sup>; and,
- burdensome – with approximately 600 performance items requested by Government and inspectorates including: plans, inspections, performance indicators, data returns, and monitoring arrangements<sup>20</sup>.

The Government therefore wants to see a streamlining and rebalancing of the performance framework with a greater focus on the citizen experience and local partnership working, rather than central targets, as the main drivers for improvement.

---

<sup>14</sup> Local and Regional Government Research Unit, *Communities and Local Government 2006 analysis*.

<sup>15</sup> CPA – *The Harder Test, Scores and Analysis of Performance in Single Tier and County Councils 2005* Audit Commission, 2005

<sup>16</sup> Overall 55% of the public were satisfied with the performance of their local authority in the 2003/04 BVPI satisfaction surveys. This declined from 65% in the equivalent surveys in 2000/01.

<sup>17</sup> 2005 Citizenship Survey: active communities topic report, *Communities and Local Government 2006*.

<sup>18</sup> *Meta-evaluation of the Local Government Modernisation Agenda: Progress Report on Service Improvement in Local Government*, DCLG, 2005; *Councillors, Officers and Stakeholders in the New Council Constitutions: Findings from the 2005 ELG Sample Survey*, *Communities and Local Government 2006*.

<sup>19</sup> *Mapping the Local Government Performance Landscape*, *Communities and Local Government, 2006*; *Meta-evaluation of the Local Government Modernisation Agenda: Progress Report on Service Improvement in Local Government*, *Communities and Local Government, 2005*.

<sup>20</sup> *Ibid.*

The introduction of Local Area Agreements (LAAs) and Local Strategic Partnerships (LSPs) has resulted in a framework that many areas are using to deliver better partnership working and more joined up services. However, services are often still being delivered in isolation, partly as a result of differing national targets imposed on separate service providers. This makes it very difficult for local agencies to tackle big cross-cutting problems such as those relating to social exclusion, community cohesion and climate change. As a result, links between the vision set out in a Sustainable Community Strategy drawn up in partnership by an LSP and the mechanisms for delivering the services needed to secure this vision often remain weak.

Citizens' expectations of public services also continue to rise. People are now accustomed to greater choice and convenience in all walks of life, and do not accept that public services should be different<sup>21</sup>. They expect access to services in ways which fit round their daily activities, a range of methods of payment, and a wider choice of products. Such expectations can only be met by designing services around the needs of citizens, rather than around the traditional delivery channels of service providers. This in turn requires greater flexibility at the local level, to identify needs and to plan delivery.

Local government has been extremely successful in recent years in obtaining efficiency savings in how it does its business, exceeding the targets set for it in the last comprehensive spending review in 2004. However, many of the easy gains have now been identified, and in a tightening financial climate local authorities will have to continue to focus on using innovative new ways of working to obtain better value for money for the taxpayer.

<sup>21</sup> Perceptions of Local Government in England: key findings from qualitative research, Communities and Local Government, 2006.

## **ANNEX B**

### Proposals for future unitary structures: original stakeholder consultation

#### **List of Key Stakeholders**

Arts Council England  
Association of Chief Police Officers  
Association of Council Secretaries and Solicitors  
Association of County Chief Executives  
Association of Electoral Administrators  
Association of Larger Local Councils  
Association of Local Authority Chief Executives  
Association of Police Authorities  
Audit Commission  
Broads Authority  
CBI and other significant business organisations in the area.  
Chambers of Commerce  
Chartered Institute of Public Finance and Accountancy  
Chief Cultural and Leisure Officers Association  
Chief Constables  
Chief Fire Officers  
County Associations of Local Councils  
Electoral Commission  
English Heritage  
Environment Agency  
Fire and Rescue Authorities  
Health and Safety Executive  
Highways Agency  
Jobcentre Plus  
Local Government Association  
Local Probation Boards  
Local Strategic Partnerships  
Metropolitan Passenger Transport Authorities  
Museums, Libraries and Archives Council  
National Association of Local Councils  
National Federation of Arm's-Length Management Organisations  
National Park Authorities  
Natural England  
New Local Government Network  
NHS Foundation Trusts  
NHS Health Trusts  
Police Authorities  
Primary Care Trusts  
Principal Local Authorities in affected areas  
Public Sector People Managers Association  
Public Sector Unions  
Regional Assemblies  
Regional Development Agencies  
Society of County Treasurers  
Society of District Council Treasurers  
Society of Local Authority Chief Executives  
Society of Local Council Clerks  
Sport England  
Strategic Health Authority  
The Learning And Skills Council In England  
Universities and Colleges  
Voluntary Sector Organisations  
Youth Justice Boards

## ANNEX C

### BREAKDOWN OF POTENTIAL COSTS AND SAVINGS

These tables set out the likely costs and savings underlying the proposals. Those for the original proposals for Unitary Councils in Exeter and Norwich were considered by the Department's Independent Financial Consultants (IFCs) in 2007, and the revised business case submitted by Norwich was reviewed against the same criterion. The figures for Devon and Norfolk are derived from the analysis undertaken by the Boundary Committee against which they made a judgement as to the capacity of the proposals to meet the affordability criterion. (Note: these figures are subject to rounding)

#### Exeter City Unitary proposal (original)

Unitary Pattern £m	LUY1	LUY2	Yr 1	Yr 2	Yr 3	Yr 4	TOTAL	Year 5 & ongoing
<b>EXETER (as modelled)</b>								
<b>One Off Costs</b>								
Staff	0.0	1.0	1.0	0.7	0.3	0.0	3.0	0.0
Present Value	0.0	1.0	0.9	0.6	0.3	0.0	2.8	0.0
IT	0.0	0.0	0.8	0.8	0.8	0.8	3.2	0.8
Present Value	0.0	0.0	0.7	0.7	0.7	0.7	2.8	0.7
Change Mgt & Planning	0.2	1.7	0.0	0.0	0.0	0.0	1.9	0.0
Present Value	0.2	1.6	0.0	0.0	0.0	0.0	1.8	0.0
Other	0.0	0.6	0.2	0.0	0.0	0.0	0.8	0.0
Present Value	0.0	0.6	0.2	0.0	0.0	0.0	0.8	0.0
<b>Total One Off costs</b>	<b>0.2</b>	<b>3.3</b>	<b>2.0</b>	<b>1.5</b>	<b>1.1</b>	<b>0.8</b>	<b>8.9</b>	<b>0.8</b>
Present Value	0.2	3.2	1.9	1.4	1.0	0.7	8.2	0.7
<b>On going costs</b>								
Staff	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Present Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Present Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change Mgt & Planning	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Present Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	1.1	1.2	0.2	0.3	2.8	0.4
Present Value	0.0	0.0	1.0	1.1	0.2	0.3	2.5	0.3
Capital Financing	0.0	0.6	1.5	1.5	1.5	1.5	6.6	1.1
Present Value	0.0	0.6	1.4	1.4	1.3	1.3	5.9	0.9
County residual costs	0.0	0.0	0.4	0.4	0.4	0.4	1.6	0.4
Present Value	0.0	0.0	0.4	0.4	0.3	0.3	1.4	0.3

<b>Total On Going Costs</b>	0.0	0.6	3.0	3.1	2.1	2.2	11.0	1.9
	0.0	0.6	2.8	2.8	1.8	1.9	9.9	1.5
<b>TOTAL GROSS COSTS</b>	0.2	3.9	5.0	4.6	3.2	3.0	19.9	2.7
Present Value	0.2	3.8	4.7	4.1	2.8	2.5	18.1	2.2
<b>Savings</b>								
Other savings – staffing and process changes	0.0	0.0	3.4	4.0	4.7	5.3	17.4	5.3
Present Value	0.0	0.0	3.2	3.6	4.1	4.5	15.3	4.3
<b>TOTAL SAVINGS</b>	0.0	0.0	3.4	4.0	4.7	5.3	17.4	5.3
Present Value	0.0	0.0	3.2	3.6	4.1	4.5	15.3	4.3
<b>NET SAVINGS</b>	0.2	3.9	1.6	0.6	-1.5	-2.3	2.5	-2.6
Net Present Value	0.2	3.8	1.5	0.5	-1.3	-1.9	2.8	-2.1

### Single Devon Unitary – Boundary Committee proposed pattern

Unitary Pattern £m	LUY1	LUY2	Yr 1	Yr 2	Yr 3	Yr 4	TOTAL	Year 5 & ongoing
<b>Devon</b>								
<b>One Off Costs</b>								
Staff	0.0	2.0	15.3	6.4	4.0	0.9	28.6	0.1
Present Value	0.0	1.9	14.3	5.8	3.5	0.8	26.2	0.1
IT	0.0	0.8	2.4	0.2	0.0	0.0	3.4	0.0
Present Value	0.0	0.8	2.2	0.2	0.0	0.0	3.2	0.0
Change Mgt & Planning	0.0	0.9	1.4	0.0	0.0	0.0	2.3	0.0
Present Value	0.0	0.9	1.3	0.0	0.0	0.0	2.2	0.0
Other	0.0	0.6	1.2	0.1	0.0	0.3	2.2	0.0
Present Value	0.0	0.6	1.1	0.1	0.0	0.3	2.0	0.0
<b>Total One Off costs</b>	0.0	4.3	20.3	6.7	4.0	1.2	36.5	0.1
Present Value	0.0	4.2	19.0	6.0	3.5	1.0	33.6	0.1
<b>On going costs</b>								
Staff	0.0	0.0	0.0	1.0	1.5	1.5	4.0	0.0
Present Value	0.0	0.0	0.0	0.9	1.3	1.3	3.5	0.0
IT	0.0	0.0	0.3	0.6	0.7	0.7	2.3	0.0
Present Value	0.0	0.0	0.3	0.5	0.6	0.6	2.0	0.0
Localisation	0.0	0.0	7.8	7.8	7.8	7.8	31.2	0.0
Present Value	0.0	0.0	7.3	7.0	6.8	6.6	27.7	0.0
Other	0.0	0.0	0.1	0.1	0.1	0.1	0.4	0.4
Present Value	0.0	0.0	0.1	0.1	0.1	0.1	0.4	0.3

Capital Financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Present Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
County residual costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Present Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total On Going Costs</b>	0.0	0.0	8.2	9.5	10.1	10.1	37.9	10.0	
	0.0	0.0	7.7	8.6	8.8	8.5	33.5	8.1	
<b>TOTAL GROSS COSTS</b>	0.0	4.3	28.5	16.2	14.1	11.3	74.4	10.1	
Present Value	0.0	4.2	26.6	14.6	12.3	9.5	67.2	8.2	
<b>Savings</b>									
Corporate and democratic	0.0	0.0	13.8	18.7	20.4	21.0	73.9	21.6	
Present Value	0.0	0.0	12.9	16.9	17.8	17.7	65.2	17.6	
Service and other costs	0.0	0.0	6.5	7.3	7.3	7.3	28.4	7.1	
Present Value	0.0	0.0	6.1	6.6	6.4	6.1	25.2	5.8	
BC IFC Risk Adjustments	0.0	0.0	-1.4	-1.4	-1.4	-1.4	-5.6	-1.4	
Present Value	0.0	0.0	-1.3	-1.3	-1.2	-1.2	-5.0	-1.1	
<b>TOTAL SAVINGS</b>	0.0	0.0	18.9	24.6	26.3	26.9	96.7	27.3	
Present Value	0.0	0.0	17.6	22.2	22.9	22.6	85.4	22.2	
<b>NET SAVINGS</b>	0.0	4.3	9.6	-8.4	-12.2	-15.6	-22.3	-17.2	
Net Present Value	0.0	4.2	9.0	-7.6	-10.6	-13.1	-18.2	-14.0	

#### Norwich City Unitary proposal (original)

Unitary Pattern £m	LUY1	LUY2	Yr 1	Yr 2	Yr 3	Yr 4	TOTAL	Year 5 & ongoing
<b>NORWICH</b>								
<b>One Off Costs</b>								
Staff	0.0	0.0	3.1	0.3	0.0	0.0	3.4	0.0
Present Value	0.0	0.0	2.9	0.3	0.0	0.0	3.2	0.0
IT	0.0	1.6	1.1	0.9	0.9	0.9	5.4	0.0
Present Value	0.0	1.5	1.0	0.8	0.8	0.8	4.9	0.0
Change Mgt & Planning	0.3	0.5	0.4	0.4	0.0	0.0	1.6	0.0
Present Value	0.3	0.5	0.4	0.4	0.0	0.0	1.5	0.0
Other	0.0	0.5	0.6	0.3	0.0	0.0	1.4	0.0
Present Value	0.0	0.5	0.6	0.3	0.0	0.0	1.3	0.0
<b>Total One Off costs</b>	0.3	2.6	5.1	1.9	0.9	0.9	11.7	0.0
Present Value	0.3	2.5	4.8	1.7	0.8	0.8	10.8	0.0
<b>On going costs</b>								
Staff	0.0	0.2	1.2	1.2	1.2	1.2	5.0	1.2
Present Value	0.0	0.2	1.1	1.1	1.0	1.0	4.5	1.0

IT	0.0	0.0	0.8	0.8	0.8	0.8	3.2	0.8
Present Value	0.0	0.0	0.7	0.7	0.7	0.7	2.8	0.7
Capital financing	0.0	0.2	0.2	0.1	-0.1	-0.2	0.2	-0.4
Present Value	0.0	0.2	0.2	0.1	-0.1	-0.2	0.2	-0.3
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Present Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total on going costs</b>	0.0	0.4	2.2	2.1	1.9	1.8	8.4	1.6
Present Value	0.0	0.4	2.1	1.9	1.7	1.5	7.5	1.3
<b>TOTAL GROSS COSTS</b>	0.3	3.0	7.3	4.0	2.8	2.7	20.1	1.6
	0.3	2.9	6.8	3.6	2.4	2.3	18.3	1.3
<b>Savings</b>								
Transition	0.0	0.0	3.7	3.7	3.7	3.7	14.8	3.7
Present Value	0.0	0.0	3.5	3.3	3.2	3.1	13.1	3.0
Transformation	0.0	0.0	2.4	2.4	2.4	2.4	9.6	2.4
Present Value	0.0	0.0	2.2	2.2	2.1	2.0	8.5	2.0
<b>TOTAL SAVINGS</b>	0.0	0.0	6.1	6.1	6.1	6.1	24.4	6.1
Present Value	0.0	0.0	5.7	5.5	5.3	5.1	21.6	5.0
Risk Adjustments	0.0	0.0	-0.6	-0.6	-0.6	-0.6	-2.4	-0.6
Present Value	0.0	0.0	-0.6	-0.5	-0.5	-0.5	-2.1	-0.5
<b>TOTAL ADJUSTED SAVINGS</b>	0.0	0.0	5.5	5.5	5.5	5.5	22.0	5.5
Present Value	0.0	0.0	5.1	5.0	4.8	4.6	19.5	4.5
<b>NET SAVINGS</b>	0.3	3.0	1.8	-1.5	-2.7	-2.8	-1.9	-3.9
Net Present Value	0.3	2.9	1.7	-1.4	-2.4	-2.4	-1.2	-3.2

#### Single Norfolk Unitary – Boundary Committee proposed pattern

Unitary Pattern £m	LUY1	LUY2	Yr 1	Yr 2	Yr 3	Yr 4	TOTAL	Year 5 & ongoing
<b>NORFOLK</b>								
<b>One Off Costs</b>								
Staff	0.0	0.2	8.9	2.8	0.0	0.0	11.9	0.0
Present Value	0.0	0.2	8.3	2.5	0.0	0.0	11.0	0.0
IT	0.0	0.6	0.5	0.0	0.0	0.0	1.1	0.0
Present Value	0.0	0.6	0.5	0.0	0.0	0.0	1.0	0.0
Change Mgt & Planning	0.0	2.0	1.7	0.1	0.0	0.0	3.8	0.0
Present Value	0.0	1.9	1.6	0.1	0.0	0.0	3.6	0.0

Other	0.0	1.1	0.4	0.0	0.0	0.0	1.5	0.0
Present Value	0.0	1.1	0.4	0.0	0.0	0.0	1.4	0.0
<b>Total One Off costs</b>	<b>0.0</b>	<b>3.9</b>	<b>11.5</b>	<b>2.9</b>	<b>0.0</b>	<b>0.0</b>	<b>18.3</b>	<b>0.0</b>
Present Value	0.0	3.8	10.7	2.6	0.0	0.0	17.1	0.0
<b>On going costs</b>								
Staff	0.0	0.0	3.0	3.0	3.0	3.0	12.0	3.0
Present Value	0.0	0.0	2.8	2.7	2.6	2.5	10.6	2.4
IT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Present Value	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Localisation	0.0	0.0	1.3	2.5	2.5	2.5	8.8	2.5
Present Value	0.0	0.0	1.2	2.3	2.2	2.1	7.8	2.0
Capital financing	0.0	0.1	0.1	0.1	0.1	0.1	0.5	0.1
Present Value	0.0	0.1	0.1	0.1	0.1	0.1	0.5	0.1
Other	0.0	0.0	0.0	0.9	0.9	0.9	2.7	0.9
Present Value	0.0	0.0	0.0	0.8	0.8	0.8	2.4	0.7
<b>Total on going costs</b>	<b>0.0</b>	<b>0.1</b>	<b>4.4</b>	<b>6.5</b>	<b>6.5</b>	<b>6.5</b>	<b>24.0</b>	<b>6.5</b>
Present Value	0.0	0.1	4.1	5.9	5.7	5.5	21.2	5.3
<b>TOTAL GROSS COSTS</b>	<b>0.0</b>	<b>4.0</b>	<b>15.9</b>	<b>9.4</b>	<b>6.5</b>	<b>6.5</b>	<b>42.3</b>	<b>6.5</b>
	0.0	3.9	14.8	8.5	5.7	5.5	38.3	5.3
<b>Savings</b>								
Corporate and Democratic	0.0	0.0	6.2	10.5	12.5	12.5	41.7	12.7
Present Value	0.0	0.0	5.8	9.5	10.9	10.5	36.7	10.3
Service and Other costs	0.0	0.0	2.6	9.9	13.8	13.9	40.2	13.9
Present Value	0.0	0.0	2.4	8.9	12.0	11.7	35.1	11.3
Risk Adjustments	0.0	0.0	-2.6	-2.6	-2.6	-2.6	-10.4	-3.9
Present Value	0.0	0.0	-2.4	-2.3	-2.3	-2.2	-9.2	-3.2
<b>TOTAL GROSS SAVINGS</b>	<b>0.0</b>	<b>0.0</b>	<b>6.2</b>	<b>17.8</b>	<b>23.7</b>	<b>23.8</b>	<b>71.5</b>	<b>22.7</b>
Present Value	0.0	0.0	5.8	16.1	20.7	20.0	62.5	18.5
<b>NET SAVINGS</b>	<b>0.0</b>	<b>4.0</b>	<b>9.7</b>	<b>-8.4</b>	<b>-17.2</b>	<b>-17.3</b>	<b>-29.2</b>	<b>-16.2</b>
Net Present Value	0.0	3.9	9.1	-7.6	-15.0	-14.6	-24.2	-13.2

## **ANNEX D**

### **SPECIFIC IMPACT TESTS**

#### **Small firms impact test**

Overall there should be no negative impact on small firms. Local government restructuring only directly affects the public sector. The proposal simplifies access to and types of local authority services and regulations which should have a beneficial effect on small firms.

#### **Competition Assessment**

There should be no adverse effect on competition.

#### **Legal aid**

There will be no legal aid impact.

#### **Sustainable development, carbon development, other environment**

There will be no sustainable development, carbon development or other environment impact.

#### **Health Impact Assessment**

There should be no adverse health impacts as a result of this restructuring.

#### **Race, disability, gender and other equality assessment**

There will be no significant impact on any of the equality strands.

The provisions of the 2007 Local Government and Public Involvement in Health Act went through an initial Race Equality Impact assessment screening. It found that the White Paper proposals (now being implemented) did not introduce any unlawful discrimination.

It is recognised that putting in place local government structures which could reduce the number of councillors and employees, risk adverse equality impacts unless effectively handled. These are issues which will need to be addressed, primarily by the authorities and local political parties, as part of any implementation.

#### **Human rights**

There will be no human rights impacts.

#### **Rural proofing**

Implementing unitary authorities in Exeter and Norwich will impact on the provision of local government services in two, largely rural, English counties.

Currently, in both the affected areas, the County Council is responsible for providing statutory "upper tier" local government functions across the whole of the county, and the various District Councils that make up the county – including Exeter City Council in Devon and Norwich City Council in Norfolk - provide the "lower tier" functions. After restructuring, the County Council will no longer provide its "upper tier" functions to the City Council area; the City Council will take on these functions and so, as a unitary authority, will be responsible for

providing the full range of local government functions.

There will clearly be implications for local government in the remaining two-tier area by the City Council being removed from the County Council's responsibility. There should not be a direct impact on the remaining District Councils as their structures/responsibilities will not change; whereas, there will be a direct impact on County Council administration as its area of responsibility will be greatly reduced – it will now be responsible for providing "upper tier" services to a smaller, more rural population, and one that no longer includes a major city.

However, providing the County Council and the City Council in each case co-operate in the provision of "upper tier" services across the county, there should not be a negative impact on the standard of "upper tier" services provided by the County Council to its now more rural population. In fact, with the City being annexed, the County Council will be able to provide a greater focus on addressing rural issues, whilst also having an opportunity to transform service delivery with the development of cross-organisational service delivery.

The Government will strongly encourage the County Council and City Council to consider developing a reciprocal sharing of "upper tier" service delivery across the administrative borders, particularly on cross-border issues related to social care and educational provision.

A consequence of restructuring is that the County Council's finances/assets will need to be disaggregated to reflect the transfer of "upper tier" functions to the City Council. It is recognised that a concern of the remaining two-tier area may be that there could be disproportionately less resource/capacity available to the County Council to deliver services, which could have a higher unit cost, to a smaller, more rural population. The Government is committed to achieving a fair and transparent process of disaggregation of resources.

