

**EXPLANATORY MEMORANDUM TO
THE EXETER AND DEVON (STRUCTURAL CHANGES) ORDER 2010**

2010 No. 998

AND

THE NORWICH AND NORFOLK (STRUCTURAL CHANGES) ORDER 2010

2010 No. 997

1. This explanatory memorandum has been prepared by the Department for Communities and Local Government and is laid before Parliament by Command of Her Majesty.

2. Purpose of instrument

2.1. The draft Orders provide for a single tier of local government in the cities of Exeter and Norwich with effect from 1st April 2011. From that date, the existing functions of Devon County Council as they relate to Exeter are to be exercised by Exeter City Council, and the existing functions of Norfolk County Council as they relate to Norwich are to be exercised by Norwich City Council. In this memorandum Devon County Council and Norfolk County Council are together referred to as the “county councils”. Exeter City Council and Norwich City Council are referred to as the “city councils”. The city councils will from 1st April 2011 be the sole principal authorities for the cities of Exeter and Norwich and will exercise all local government functions in those areas. The county councils’ functions in relation to the remainder of their respective county areas are unchanged.

2.2. New non-metropolitan counties, to be known as Exeter and Norwich, are established for the same areas as the existing cities. There is to be no county council for those counties.

2.3. The draft Orders provide for the election in 2011 of councillors to the city councils. Prior to this, preparations for transition to the new single tier authorities is to be the responsibility of the existing city councils and the county councils, working through a committee of the city councils’ executives (an “Implementation Executive”), on which both the city and county councils will be represented.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1. Similar orders relating to Bedfordshire, Cheshire, Cornwall, County Durham, Northumberland, Shropshire and Wiltshire, were made between February and March 2008. The draft Orders make provision for the cancellation of elections due in the city councils in 2010 (see paragraph 4.8 below) and the Joint Committee might wish to note that similar provision was made in some of these previous orders (see for example the Explanatory Memorandum accompanying the Bedfordshire (Structural Changes) Order (2009/907)).

4. Legislative Context

4.1. Part 1 of Local Government and Public Involvement in Health Act 2007 (the “2007 Act”) provides for the establishment of a single tier of local government for areas in England. There is a single tier of local government for an area if there is either a county council and no district councils for that area, or a district council and no county council for that area

(section 1(2) of the 2007 Act). Where the Secretary of State has received a proposal that there should be a single tier of local government for an area, he may make an order under section 7 of the 2007 Act (a “section 7 order”) to implement the proposal with or without modification.

4.2. In this document the term ‘single tier council’ is the term used to describe what is commonly known as a unitary council, and reflects the 2007 Act’s description of unitary local government as “a single tier of local government” (section 1(2) 2007 Act).

4.3. Seven section 7 orders have been made to date, as follows:

- Five orders providing for the existing county council for an area to be established as a single tier council (Cornwall (SI 2008/491); County Durham (SI 2008/493); Northumberland (SI 2008/494); Shropshire (SI2008/492); and Wiltshire (SI 2008/490)).
- Two further orders, one providing for the establishment of two new single tier district councils for Cheshire (SI 2008/634); and one providing for the existing Bedford Borough Council to be established as a single tier council and for a new single tier council for Central Bedfordshire (SI 2008/907).

4.4. The power to make a section 7 order includes the power to make incidental, consequential, transitional and supplementary provision (section 13(1) of the 2007 Act). Section 13(3) of the 2007 Act provides that the incidental, consequential, transitional and supplementary provision which may be included in an order under section 7 may relate either to other provisions of the order or to other orders made under section 7. Section 15 of the 2007 Act sets out the type of provision which may be included by way of incidental, consequential, transitional and supplementary provision.

4.5. Regulations of general application may be made under section 14 of the 2007 Act to make incidental, consequential, transitional, and supplemental provision for the purposes or in consequence of section 7 orders or for giving full effect to such orders. The following regulations under this section (which will apply to all orders made under section 7 of the 2007 Act, including these draft Orders) have been made to deal with the transfer of the functions, property, staff, rights and liabilities of the existing councils to the single tier authorities, as well as setting out transitional arrangements in advance of the reorganisation date:-

- The Local Government (Structural and Boundary Changes) (Staffing) Regulations (2008/1419);
- The Local Government (Structural Changes) (Transitional Arrangements) Regulations (2008/2113);
- The Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations (2008/2167);
- The Local Government (Structural Changes) (Transitional Arrangements) (No.2) Regulations (2008/2867);
- The Local Government (Structural Changes) (Finance) Regulations (2008/3022);
- The Local Government (Structural Change) (Further Financial Provisions and Amendment) Regulations (2009/5);
- The Local Government (Structural Changes) (Further Transitional and Supplementary Provision and Miscellaneous Amendments) Regulations (2009/276);
- The Local Government (Structural Changes) (Further Transitional Arrangements and Staffing) Regulations (2009/486); and
- The Local Government (Structural Changes) (Miscellaneous Amendments and Other Provision) Order (2009/837).

- 4.6. The effect of the draft Orders is to create new county areas of Exeter and Norwich which are co-terminous with the district (city) areas, and to constitute the city councils as the sole principal councils for the cities of Exeter and Norwich respectively, from the 1 April 2011 (the “reorganisation date”). The Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations (2008/2167) referred to above have the effect that the existing county councils’ functions as they relate to the cities of Exeter and Norwich are transferred to the city councils on that date.
- 4.7. The newly established single tier authorities will have new functions that extend well beyond the current functions of the existing city councils and, to that extent, the city councils can be regarded as “new” authorities. However, implementation arrangements would be unnecessarily complicated if the existing local authority was wound up and dissolved when there is no need to do so.
- 4.8. The draft Orders provide for whole council elections to the city councils on the ordinary day of election of councillors in 2011 (article 10), and for the cancellation of district council elections that would otherwise have been held for the city councils in 2010 (article 11). The 2010 elections are cancelled as a consequence of the provision made in the draft Orders for the 2011 elections, using the power in section 13 (1) of the 2007 Act to make consequential provision relating to a section 7 order (see paragraph 4.4 above). In the case of Exeter City Council, the draft Orders provide that further elections will be by thirds with the next election due in 2013, and in the case of Norwich City Council that further elections will be by whole council elections with the next election due in 2015 (article 10). Local government elections are conducted on the basis of arrangements under the Representation of the People 1983, which are applied to local government by the Local Elections (Principal Areas) (England and Wales) Rules 2006 (S.I. 2006/3304).
- 4.9. On practical grounds, it would be very wasteful of public resources to hold in 2010 elections to a district council for a number of members for a term of office of only a year. Instead, the draft Orders make provision extending the term of office of those city councillors whose term of office would have expired in 2010 to 2011.
- 4.10. Prior to the 2011 elections preparations for the transition to single tier local government, including preparing the budget for the first year of the new single tier council (as provided for in the Local Government (Structural Changes) (Finance) Regulations (2008/3022)) will be the responsibility of a committee of the city councils’ executives (an “Implementation Executive”). Executives of local authorities are provided for in Part 2 of the Local Government Act 2000 (“the 2000 Act”) and take the form, so far as relevant for present purposes, of a leader and cabinet. The draft Orders provide that the Implementation Executive should comprise members of both the existing city and county councils. Modifications are made to effect of various sections of the 2000 Act (article 6) in recognition of the fact that the Implementation Executives will contain members of the county councils and may also need to delegate particular responsibilities relevant to transition to sub-committees and to officers (including those of the existing county councils). The power relied upon to require the transitional function to be carried out by a specified committee and to specify the composition of that committee is section 13(1) of the 2007 Act.

5. Territorial Extent and Application

- 5.1. These instruments apply to England.

6. European Convention on Human Rights

- 6.1. The Minister for Local Government has made the following statement regarding Human Rights:

In my view the provisions of the Exeter and Devon (Structural Changes) Order 2010 and the Norwich and Norfolk (Structural Changes) Order 2010 are compatible with the Convention rights.

7. Policy background

- 7.1. The Local Government White Paper, *Strong and Prosperous Communities*, published on 26th October 2006, explained the Government's intention to give councils in local government areas where both county and district councils exercise local government functions an opportunity to make proposals for the establishment of single tier councils. In accordance with this policy, the Government published alongside the White Paper the *Invitation to Councils in England*¹, which invited councils to submit proposals for unitary structures.

The Invitation process

- 7.2. The Invitation set out guidance to councils 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.
- 7.3. 26 proposals were received, including a proposal from Exeter City Council and Norwich City Council that there should be a single tier council for Exeter and Norwich. After seeking further information from councils and assessing the proposals against the criteria, the Government announced on 27th March 2007 that it considered there was at least a reasonable likelihood that 16 of those 26 proposals (including the proposals from Norwich and Exeter city councils) would, if implemented, meet the criteria. The 16 proposals therefore progressed to stakeholder consultation which ran for twelve weeks until 22nd June 2007².
- 7.4. Following the consultation period, the 16 proposals were reassessed taking account of the consultation responses, any developments made by the proposing authority to its business case and any other relevant information. On 25th July 2007 the government announced the nine proposals the Secretary of State was minded to implement if and when the Local Government and Public Involvement in Health Bill (LGPIH) was enacted. In making the 25 July announcement, the Government also recognised that in relation to four of the proposals which the Secretary of State was minded to implement – including the proposal from Exeter City Council – there were risks to their achieving the outcomes specified by the affordability criterion, and those councils would be asked to submit additional information on the financial viability of their 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 all the five criteria. However, she believed, having regard to the circumstances of Norwich, 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

¹ <http://www.communities.gov.uk/publications/localgovernment/invitationall>

² <http://www.communities.gov.uk/publications/localgovernment/proposalsfuture>

the proposal, and on whether there could be alternative unitary solutions covering the wider county area.

- 7.5. 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.
- 7.6. Consequently, in a statement to Parliament on 5 December 2007 the Minister for Local Government stated that, in relation to the unitary proposals from Exeter and Norwich city councils, the Secretary of State judged at that time that there was not a reasonable likelihood of those proposals, if implemented, achieving the outcomes specified by all the five criteria. He went on to state that the Secretary of State believed, having regard to the circumstances of Exeter and Norwich, and the strengths of their proposals in other respects, that there could be alternative unitary proposals covering the whole or part of the wider county areas which would achieve those outcomes and that therefore the Secretary of State had decided to request the Boundary Committee to advise on the proposals, and on whether there could be alternative unitary solutions covering a wider county area. The Secretary of State likewise decided to request the Boundary Committee to advise on a proposal from Ipswich Borough Council for a single tier council for the borough of Ipswich.
- 7.7. Between February and March 2008, seven orders under section 7 of the 2007 Act came into force, implementing from 1st April 2009 a single tier of local government in other areas of England – the county areas of Bedfordshire, Cheshire, Cornwall, Durham, Northumberland, Shropshire and Wiltshire.

The request for advice

- 7.8. On 6 February 2008, the Secretary of State issued a request for advice to the Boundary Committee pursuant to section 4(2) of the 2007 Act (“the Request”)³. The terms of the Request were shaped by the judgement which the Secretary of State had reached about the Exeter and Norwich proposals. In relation to Devon and Norfolk the Request therefore sought advice 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 to be implemented, to deliver the outcomes specified by the five criteria set out in Annex A to the Request, and
 - if so, whether the Boundary Committee would make such an alternative proposal to the Secretary of State in accordance with the procedure laid down in section 6 of the 2007 Act.
- 7.9. In the case of Norfolk the request also asked whether there could be an alternative proposal for a single tier of local government, and if so on what basis, for Norwich and the whole or part of the surrounding Norfolk county area, together with the whole or part of the district of Waveney, which would in aggregate have the capacity, if it were to be implemented, to deliver the outcomes specified by the five criteria set out in Annex A to the request.

³ <http://www.communities.gov.uk/publications/localgovernment/boundarycommitteeAdvice>

- 7.10. Annex B to the Request set out guidance from the Secretary of State to which the Boundary Committee must have regard in making any recommendations or alternative proposal, pursuant to section 6(2) of the 2007 Act. The Secretary of State requested the Boundary Committee to advise by no later than 31 December 2008.
- 7.11. Where the Boundary Committee decides to provide advice in response to a request, it may also do any of the following:- recommend that the Secretary of State implements the proposal without modification, recommend that he does not implement it, or make an alternative proposal to him. However, before making an alternative proposal the Boundary Committee must publish for consultation a draft of the proposal.
- 7.12. On 7 July 2008, the Boundary Committee published its draft alternative proposals for Devon and Norfolk. The draft proposals were for single-tiers of local government consisting of the entire existing counties of Devon and Norfolk; however, the Boundary Committee considered there was also some merit in other patterns of unitary local government for each county area. The decision of the Committee to publish its draft proposals was the subject of judicial review proceedings brought by East Devon District Council in relation to Devon and by two District Councils and one Borough Council in Norfolk in relation to Norfolk. Subsequently, on 5 December 2008, in view of the judicial review proceedings brought by the Norfolk and Devon authorities, the Secretary of State wrote to the Committee extending the deadline for its advice to the 13 February 2009. However, following the setting of this new deadline, judgment was given in the proceedings that related to Devon and Norfolk which necessitated the Committee undertaking a further period of assessment and consultation, including publication of further draft alternative proposals on 19 March 2009, before it could provide any advice. Therefore, on 5 February 2009 the Secretary of State extended the deadline for the Committee to provide its advice to 15 July 2009.
- 7.13. In May 2009 further judicial review proceedings were issued against the Boundary Committee by some district councils in Suffolk. On the 10th July 2009 (some five days before the Committee was due to give its advice) the High Court ordered that the publication of 19 March 2009 of the Boundary Committees further draft proposals for Suffolk be quashed. This meant that the Committee was unable to provide its advice to the Secretary of State by the 15 July. The High Court decision was overturned by the Court of Appeal on 2 December 2009 and on the same day the Secretary of State specified a new deadline of 8 December for the Committee to provide its advice.

Receipt of Boundary Committee advice

- 7.14. The Boundary Committee provided its advice to the Secretary of State on 7 December 2009. Pursuant to its powers in section 5(3) of the 2007 Act it made an alternative unitary proposal for single unitary councils covering the whole of the counties of Devon and 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.
- 7.15. Section 6(5)(b) of the 2007 Act provides for a minimum four week period during which representations can be made to the Secretary of State on the advice that the Boundary Committee has provided. The Secretary of State decided to extend the period for representations to six weeks which ran until 19 January 2010.
- 7.16. Subsequently on 10 February the Secretary of State took his statutory decisions under the 2007 Act. 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 that whilst the original proposals for a single tier of local government for Exeter and Norwich did not meet all the five criteria (i.e. if they were implemented there was not a reasonable likelihood of them achieving the outcomes specified by all the criteria) set out in Invitation, there were nonetheless now compelling reasons why these unitary proposals should be implemented. He considered that, in light of the representations he had received, a single tier council for the city of Exeter and the city of 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 well placed through the “Total Place” approach (i.e. the Government initiative for public bodies in an area to work together in providing integrated public services) 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 stating the Secretary of State’s reasons for his decisions.

Elections and membership

7.17. The draft Orders make provision for the creation of an Implementation Executive (IE) with members drawn from the respective city and county councils in the area. These are the bodies that will oversee the transitional process until first elections are held in 2011. These first elections will be conducted on the basis of the current city council wards.

7.18. The Government’s intention is to ensure that the IEs have the key powers and the staffing resources necessary to ensure that there is a smooth transition on 1st April 2011 to new single tier councils. The IEs are therefore given the function of preparing for and facilitating the economic, effective, efficient and timely transfer of the county councils’ functions, property, rights and liabilities as they relate to Exeter and Norwich respectively. To this end, the IEs are required to prepare and keep under review Implementation Plans, and in doing so to have regard to the information supplied by the city councils whose proposals the draft Orders implement, in particular in relation to strategic leadership, neighbourhood empowerment and value for money services.

7.19. The city councils and county councils are required to co-operate in achieving structural change and generally to exercise their functions in such a way as to further the economic, efficient, effective and timely transfer of functions to the new unitary authority.

8. Consultation outcome

Original stakeholder consultation

8.1. The city councils’ original proposals progressed to stakeholder consultation (see paragraph 7.3 above) – “Proposals for Future Unitary Structures: Stakeholder Consultation” – launched on 27th March 2007. The consultation ran for twelve weeks until 22nd June. The Department sent the consultation document to key partners and stakeholders identified as having an interest in, or responsibility for, various aspects of service delivery in the areas affected by the proposals. A list of these key consultees can be found at p33 and 34 of the Summary of Responses⁴ published on the Communities and Local Government website. Affected local authorities were also asked to bring this consultation to the attention of local stakeholders, and the consultation document was available on the Department’s website where it was open to anyone to respond to the consultation, commenting either on the proposal affecting their area or more generally (paragraphs 6 and 7 of the Stakeholder Consultation). All representations, and all other relevant material, were considered by the Secretary of State during the process of assessing the proposals.

⁴ <http://www.communities.gov.uk/publications/localgovernment/unitarystructureresponses>

- 8.2. Stakeholders were asked to consider the extent to which, in their view, proposals relevant to their geographic or functional area met the criteria as set out by the Government; to provide evidence-based facts in support of their assertions and, if relevant, to express a preference where competing proposals were being considered for an area. In particular, views were welcomed on the long-term outcomes specified by the strong leadership; neighbourhood empowerment; and value for money and equity on public services criteria.
- 8.3. The Government received over 55,000 responses to this consultation, with 1,700 being submitted by organisations and 4,900 individual representations from members of the public. A further 49,000 responses were ‘campaign responses’, where the respondent had filled in a pro-forma distributed to them as part of an organised campaign, though there was considerable variation in the number of campaign responses received in relation to different areas.
- 8.4. The Department has published a summary of the consultation responses⁵. In all areas, a wide range of views was expressed. The Department does not in this Memorandum seek to summarise further and thus risk omitting or misrepresenting the views of some consultees.

Boundary Committee consultation

- 8.5. On 7 July 2008, in response to the Request from the Secretary of State, the Boundary Committee published its draft alternative proposals for Devon and Norfolk. Following judicial review proceedings a further consultation document was published by the 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. Appendix A to the Boundary Committee’s advice of 7 December (published on the Committee’s web site) analyses these representations.
- 8.6. Following receipt of the Boundary Committee’s advice, in accordance with section 6(5)(b) of 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 has provided. During this period, further representations could also be made about the original unitary proposal submitted to the Secretary of State by the city councils.

Period for representations

- 8.7. The Department received over 2,800 written representations from a range of stakeholders and the public. In addition Ministers met with a range of MP’s, Peers and council delegations giving them the opportunity to make oral representations. Representations were received both in support of and against each of the Boundary Committee’s alternative proposals and the original unitary proposals made by the city councils. The Department will be publishing a summary of the representations received shortly on the Communities and Local Government web site. The Department does not in this Memorandum seek to summarise further and thus risk omitting or misrepresenting some of the representations made.

Discussions on approach to implementation

- 8.8. The Department’s discussion document “Councils’ Proposals for Unitary Local Government: An Approach to Implementation” (published August 2007)⁶ set out the Department’s initial intentions as to the general approach to implementing proposals for a single tier of local government. This was followed by publication on 6 January 2010 of “Establishing unitary councils in April 2009: Lessons learnt”⁷ which highlighted key learning from the implementation of new unitary structures in seven county areas on 1 April 2009 (Bedford

⁵ <http://www.communities.gov.uk/publications/localgovernment/unitarystructureresponses>

⁶ <http://www.communities.gov.uk/documents/localgovernment/doc/unitarylocalgov.doc>.

⁷ <http://www.communities.gov.uk/publications/localgovernment/unitarycouncillessons>

Borough Council, Central Bedfordshire Council, Cheshire East Borough Council, Cheshire West and Chester Borough Council, Cornwall Council, Durham County Council, Northumberland County Council, Shropshire Council and Wiltshire Council).

8.9. The Department wrote to the chief executives of all affected councils in Devon 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 Devon, Norfolk and Suffolk and which might be included in any draft order, were he to decide to implement the proposal in question. These possible transitional provisions were founded on the principles set out in the August 2007 publication and on the experience gained from the practical implementation of the nine new unitary councils created in 2009 (see publications referred to in paragraph 8.8. above). Councils were invited to submit their views on these transitional provisions in writing or alternatively through meetings with the appropriate lead Department official.

8.10. 30 written submissions were received and officials met with officers representing 17 councils. These representations largely concerned the date of the first election to the new council, the electoral arrangements for that first election, and the transitional arrangements in advance of that first election. The discussion paper sent to chief executives set out as in initial proposition the option of first elections being held in 2010, with first elections in 2011 being identified as an alternative. In relation to the timing of first elections to any new single tier council, there was unanimous agreement between the city council and the county council in the case of both Exeter and Norwich that first elections should be held in 2011 and these draft Orders provide accordingly. There was also consensus that, in the event of the first election to any new single tier council taking place in 2011, then the thirds elections due in both districts in 2010 should, if an Order could be made in time, be cancelled. The draft Orders provide for this.

8.11. There was not however consensus as to the composition of Implementation Executives (“IEs”) pending that first election. The county councils preferred a composition which saw an equal number of city and county councillors on the IEs. This reflected an initial proposition which had been put forward by the Department in its 6 January letter on the main possible transitional arrangements to be included in any order implementing a single tier of local government (see paragraph 8.9 above). However, the city councils proposed a composition which would give the proposing council a clearer working majority on the IEs. The draft Orders reflect the city councils’ suggested compositions and in drafting orders on this basis the Department is mindful of the following guiding principles which informed its decisions as to the composition of the relevant IEs in the new single tier councils that were established in 2009:

- As the process was based on the implementation of a proposal, the proposing authorities must be in the driving seat. The chair and, where practicable, a working majority should therefore come from the proposing authority;
- All of the affected local authorities and main local political parties must be able to make an input into the IE and have full voting rights;
- There needs to be an efficient and effective decision-making body able to provide the corporate leadership necessary to drive the transitional change through, and the IE should therefore not be too large.

9. Guidance

9.1. The Department does not intend to issue any guidance alongside these instruments. This is not considered necessary as the draft Orders are self-explanatory and have been drafted following consultation with interested parties as to the main transitional arrangements.

10. Impact

10.1. An Impact Assessment has been prepared for these draft Orders, based on those provided for the White Paper and the Bill that became the 2007 Act.

10.2. The impact on the public sector will be limited to the area for which these Orders make provision. The one-off cost of transition to single-tier local government in Exeter and Norwich are to be funded by the authorities concerned, and is estimated to be in the order of £40m. Annual savings, once these transition costs have been repaid are estimated at over £6m per annum. In addition the Government considers that single tier councils for the cities of Exeter and Norwich would be far more potent forces for delivering economic outcomes both for each city and more widely than the status quo two-tier local government. The Government also believes that these new single tier councils could open the way for improvements to the quality of public services, allowing services for each city to be tailored to the needs of the urban area, and with the Total Place approach still achieving the economies of scale that are possible under the county-wide delivery of such services as adult social care and children's services.

11. Regulating small business

11.1. These draft Orders do not apply to small business.

12. Monitoring and Review

12.1. 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 Implementation Teams for Exeter and Norwich (a team required by article 8 of 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. Any issues relating to these Orders will be identified through these channels.

13. Contact

13.1. Terry Willows at the Department for Communities and Local Government, Tel: 0303 444 2570 or e-mail: terry.willows@communities.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency:
**Communities and Local
Government**

Title:
**Impact Assessment of Orders implementing a change
from two tier to single tier local government in Exeter
and Norwich**

Stage: Final

Version:

Date: 10 February 2010

Related Publications:

Full Regulatory Impact Assessment for Strong and Prosperous Communities White Paper and the Local Government and Public Involvement in Health Bill 2007

<http://www.communities.gov.uk/publications/localgovernment/fullregulatoryimpact>

Available to view or download at:

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

Contact for enquiries: Terry Willows

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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.

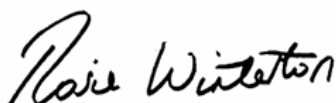
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

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

COSTS	ANNUAL COSTS		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.	
	One-off (Transition)	Yrs		
	£ 19.1m	6		
	Average Annual Cost (excluding one-off)			
	£ 2.9m	6	Total Cost Range (PV)	£36.5m
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 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	
	One-off	Yrs		
	£			
	Average Annual Benefit (excluding one-off)			
	£ 5.8m	6	Total Benefit (PV)	£ 34.9m
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 Decemeber 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	Net Benefit Range (NPV)	NET BENEFIT (NPV Best estimate) £-1.6 m (cost)
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What is the geographic coverage of the policy/option?	England
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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

Impact on Admin Burdens Baseline (2005 Prices)			(Increase – Decrease)		
Increase of	£	Decrease	£	Net Impact	£

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

ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups'</p> <p>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)</p> <p>The key monetised costs are staff related costs and the costs of IT, change management, planning and neighbourhood engagement (localisation costs).</p>	
One-off (Transition)	Yrs		
£ 50.8m	6		
<p>Average Annual Cost (excluding one-off)</p>			
£ 9.1m	6	Total Cost Range (PV)	£105.5m
<p>Other key non-monetised costs by 'main affected groups'</p>			
ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups'</p> <p>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.</p>	
One-off	Y		
£			
<p>Average Annual Benefit (excluding one-off)</p>			
£ 24.7m	6	Total Benefit (PV)	£147.9m
<p>Other key non-monetised benefits by 'main affected groups'</p> <p>Expected benefits would include:</p>			

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
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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

Impact on Admin Burdens Baseline (2005 Prices)			(Increase – Decrease)		
Increase of	£	Decrease	£	Net Impact	£

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"⁸, 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"⁹ 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.

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

⁹ <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"¹⁰) 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"¹¹.

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

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

¹¹ <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>

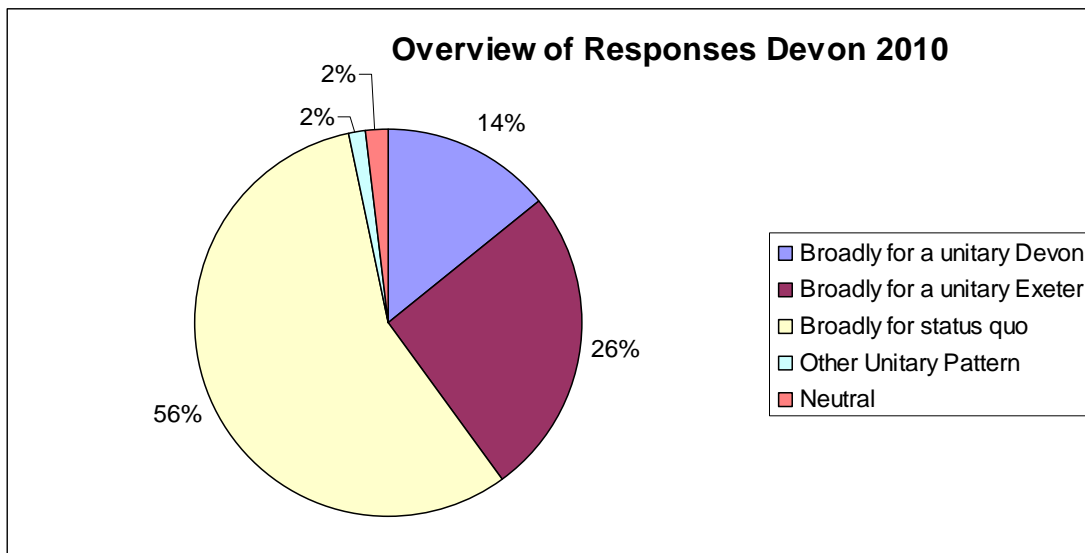
Following receipt of the Boundary Committee's advice, in accordance with the 2007 Act, there was a period which ended on 19 January 2010 during which representations could be made to the Secretary of State on the advice that the Boundary Committee had provided. During this period, further representations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

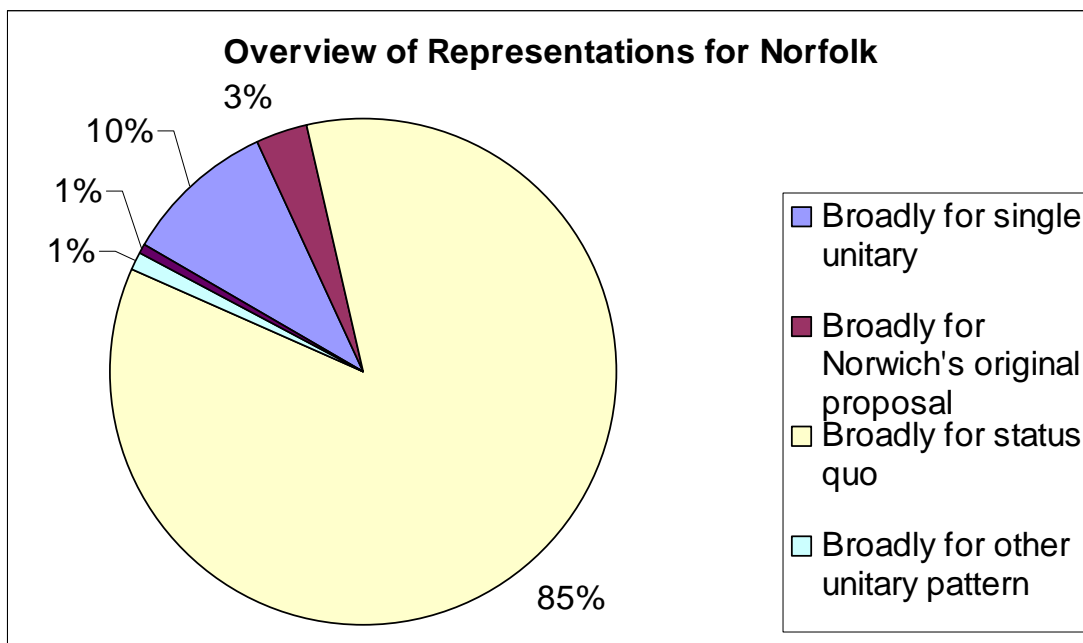
Devon

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”¹², 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

¹² <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)"¹³, 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.

¹³ <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
Total Exeter and Norwich								
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
Total Devon and Norfolk								
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 2004/05,¹⁴ 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 4¹⁵.

However, issues still remain. Despite the improvements in their performance public satisfaction with local authorities remains low¹⁶. This is reinforced by the fact that 61% of citizens feel that they have no influence over decisions affecting their local areas¹⁷. 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 mayors¹⁸. 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 management¹⁹; and,
- burdensome – with approximately 600 performance items requested by Government and inspectorates including: plans, inspections, performance indicators, data returns, and monitoring arrangements²⁰.

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.

¹⁴ Local and Regional Government Research Unit, *Communities and Local Government 2006 analysis*.

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

¹⁶ 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.

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

¹⁸ *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*.

¹⁹ *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*.

²⁰ *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 different²¹. 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.

²¹ 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
EXETER (as modelled)								
One Off Costs								
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
Total One Off costs	0.2	3.3	2.0	1.5	1.1	0.8	8.9	0.8
Present Value	0.2	3.2	1.9	1.4	1.0	0.7	8.2	0.7
On going costs								
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

Total On Going Costs	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
TOTAL GROSS COSTS	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
Savings								
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
TOTAL SAVINGS	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
NET SAVINGS	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
Devon								
One Off Costs								
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
Total One Off costs	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
On going costs								
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
Total On Going Costs	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	
TOTAL GROSS COSTS	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	
Savings									
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	
TOTAL SAVINGS	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	
NET SAVINGS	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
NORWICH								
One Off Costs								
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
Total One Off costs	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
On going costs								
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
Total on going costs	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
TOTAL GROSS COSTS	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
Savings								
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
TOTAL SAVINGS	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
TOTAL ADJUSTED SAVINGS	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
NET SAVINGS	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
NORFOLK								
One Off Costs								
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
Total One Off costs	0.0	3.9	11.5	2.9	0.0	0.0	18.3	0.0
Present Value	0.0	3.8	10.7	2.6	0.0	0.0	17.1	0.0
On going costs								
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
Total on going costs	0.0	0.1	4.4	6.5	6.5	6.5	24.0	6.5
Present Value	0.0	0.1	4.1	5.9	5.7	5.5	21.2	5.3
TOTAL GROSS COSTS	0.0	4.0	15.9	9.4	6.5	6.5	42.3	6.5
	0.0	3.9	14.8	8.5	5.7	5.5	38.3	5.3
Savings								
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
TOTAL GROSS SAVINGS	0.0	0.0	6.2	17.8	23.7	23.8	71.5	22.7
Present Value	0.0	0.0	5.8	16.1	20.7	20.0	62.5	18.5
NET SAVINGS	0.0	4.0	9.7	-8.4	-17.2	-17.3	-29.2	-16.2
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.