



Bedfordshire County

Bedford Borough

Mid Bedfordshire DC

South Bedfordshire DC

Appraisal of Unitary Options in Bedfordshire

An analysis of the Bedfordshire County
Unitary, Unitary Bedford and Central
Bedfordshire Proposals



**European Services
Strategy Unit**

(Continuing the work of the Centre for Public Services)



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The **European Services Strategy Unit** is committed to social justice, through the provision of good quality public services by democratically accountable public bodies, implementing best practice management, employment, equal opportunity and sustainable development policies. The Unit continues the work of the Centre for Public Services which began in 1973.

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Executive Summary

This report assesses the two unitary options for Bedfordshire – a unitary county and two unitary councils consisting of Bedford and Central Bedfordshire (combining Mid and South Bedfordshire District Councils). It is critical of all of the proposals and finds serious flaws in the Government's option appraisal process, particularly the absence of an enhanced two-tier developmental option and the narrow assessment criteria.

Other potential options have been raised such as only the Bedford unitary proceeding (leaving the remainder of the county and two district councils or substantially expanding the Bedford and Luton boundaries) and an extension of Luton's boundaries, which became a unitary council in 1997, into South Bedfordshire. However, since these options have not been developed into proposals there has been appraisal or public consultation and thus they cannot be considered to be current viable options. The three unitary proposals are full of good intent but are aspirational rather than inspirational.

The UNISON branches in Bedfordshire do not support any of the unitary options because of the quality the specific proposals, the flaws in the options appraisal process such as the lack of other options and the narrow criteria used to assess the proposals. This report makes a number of recommendations including the need for major conditions to be imposed if any of the current proposals are approved.

Assessment of the proposals

UNISON believes that the DCLG assessment must be broadened to include:

- Democratic accountability
- Sustainability
- Infrastructure investment
- Ability to address social justice
- Subregional growth and regeneration
- Jobs and quality of employment
- Geographic/place identity

Democratic accountability

Bedfordshire County Council currently has 52 Elected Members and proposes 80 for the new unitary council, a 62% reduction from the 209 elected currently in the County Council, Bedford Borough and the two Mid and South Bedfordshire District Councils. The Bedford unitary proposes 37 councillors, a 49% reduction from the current total of 73 elected members in the Borough Council and County Council. The Central Bedfordshire unitary proposes between 49 – 66 councillors, a 64% - 51% decline from the combined total of 103 councillors in the two district councils plus 33 county council elected members.

All three bids contain proposals to extend local/neighbourhood engagement or empowerment, particularly extending the role of parish and town councils. Back bench Councillors are expected to act as 'champions' for their localities. Bedfordshire plans to encourage local charters, more parishes to work together and locally commissioned services. There is nothing new in these roles, only the descriptive language has changed. The vast majority of Councillors have always undertaken these activities. However, the workload of elected members will increase and they need empowerment with more resources and support. None of the proposals appear to fully address their needs. The Bedford and Central Bedfordshire proposals for

'empowered communities' are even more vague and insubstantive in terms of extending the role of elected members and giving them adequate resources.

Furthermore, communities are generally not 'empowered' by the activities of elected members, local government policies or providing council services but by community organising and campaigning. The vast majority of people want good quality directly delivered public services under democratic accountability and transparency. They do not expect nor want to have to spend their personal time and effort in pursuit of achieving them although many will be members of civil organisations and campaigns on particular issues. They do want to participate in key policy decisions. This must frame expectations of increased activity at parish and town council levels and the extension of this model across the whole county.

Only Bedfordshire carried out a residents survey in which 49% agreed with the view that a new single county-wide authority to provide all services, with 26% disagreeing and 19% neither agreeing or disagreeing. However, the survey was carried out in January 2006, a year before the unitary bid was published and respondents had no information about options or the costs and benefits.

All three unitary proposals plan the extension of trusts and arms length companies:

Bedfordshire

- An economic development 'local delivery vehicle' for the whole area (but possibly with two technical teams for north and south).
- An Adult Services Trust for libraries, leisure and youth services modelled on the Hounslow library/leisure trust.
- Potential transfer of South Bedfordshire council housing stock to an existing or new housing association but this will depend on a ballot of tenants.

Bedford and Central Bedfordshire

- A joint Families and Children's Trust supported by a joint arrangement between both unitary authorities.

Central Bedfordshire

- A joint Families and Children's Trust supported by a joint arrangement between both unitary authorities.
- Proposes a 'local delivery vehicle' for regeneration.
- Potential transfer of South Bedfordshire council housing stock to an existing or new housing association but this will depend on a ballot of tenants.

Capability and capacity

Assessing the performance of the current structure of local government must only be used as a guide given the limitations of performance frameworks and the longer term potential for authorities to increase or decrease their capability and competence, irrespective of organisational change. Research for the DCLG concluded that "*a universal size formula cannot be applied to decisions on reorganisation. Instead, the implications for performance, along with other considerations, should be evaluated in the context of the reforms proposed for each local area*" (DCLG, 2006).

Strategic leadership

Bedford has an elected Mayor whilst the other two unitary proposals will adopt the indirectly elected leader for a four-year term model. The absence of detail in the Central Bedfordshire proposal means that the comparison of corporate structures is limited to the other bids. Both propose a Cabinet member/directorate for corporate resources but there are substantial differences in the scope of the other positions/directorates. Bedford plans a director of human

resources at the same level as a deputy chief executive whilst Bedfordshire includes HR in corporate resources. Bedford plans to combine children, families and adult services in one directorate, whereas Bedfordshire plans a separate Cabinet post/directorate for children's services with social care, health and housing in another Cabinet post/directorate. Furthermore, economic growth is separated from planning and development in Bedford being the responsibility of a Cabinet member/directorate for Property, Culture and Economic Growth. Bedfordshire combines regeneration, planning and economic development.

Strategic commissioning may become a dominant activity which could divert the focus and some resources from strategic planning. Whether unitary government or the three proposals have more or adequate strategic leadership capability in these circumstances is questionable.

The unitary proposals, not surprisingly, concentrate on integrating services within Bedfordshire and do not address the broader shared services agenda which could involve being a participant/host in regional shared services projects. Only the Bedfordshire proposal sets out a detailed approach to scrutiny. The coherence of corporate structures and executive portfolios in the Bedford and Bedfordshire proposals should provide a driver to facilitate strategic planning

The quality of risk assessment varied with only Central Bedfordshire undertaking a credible assessment. Bedfordshire's sensitivity analysis is not a substitute for risk assessment and all but two of the 110 risks in Bedford's assessment were considered 'low'.

Sustainability

All three unitary proposals have used sustainable development in a descriptive sense, for example, sustainable growth, sustainable, communities, sustainable waste strategy, but there is very little evidence of new strategies or increased effort/resources being devoted to mainstreaming sustainability. Major questions arise concerning the sustainability of the planned cuts in council tax and proposals for neighbourhood engagement. The plans for 'local delivery vehicles' for economic development and regeneration appeared to be aligned to New Labour policy and not based on a detailed strategic analysis of local needs.

Affordability, financial benefits and infrastructure investment

The transitional costs for the Bedfordshire unitary proposal are estimated to be £16.9m compared to £27.0m for the two Bedford and Central Bedfordshire unitaries (apportioned £9.7m to Bedford BC and £17.3m to Central Bedfordshire).

The Bedfordshire Unitary transition costs are mid point between the low £23.27 per head cost estimated by the single Somerset and North Yorkshire bids and the highest county unitary cost of £58.59 per head for Northumberland. There is a much wider range of costs for district council unitaries which range from £43.46 per head for Chester City and West Cheshire to £142.63 for the Norwich bid. The Bedford/Central Bedfordshire cost of £67.89 per head is substantially lower than the Norwich and Ipswich proposals.

The cost of local organisation in the 1990s, adjusted to January 2002, averaged £86.5 per person in the newly created authorities. However, this figure excluded pension costs and certain IT and accommodation costs (Chisholm, 2006). The County Councils' Network produced two analyses of reorganisation costs of £87.5 and £113 per head but the lower figure is considered to include a degree of under-estimation (ibid).

Both the Bedfordshire and Bedford/Central Bedfordshire transition cost estimates are well below these estimates. If the real costs are within the £86.5 - £113 per head range then the unitary transitional costs have been under-estimated by between £17.9m and £28.0m in Bedfordshire and between £7.4m and £17.9m by Bedford/Central Bedfordshire. If the costs are at the higher end of this estimate, they are equivalent to losing one year's planned annual savings in each authority.

Both Bedford and Central Bedfordshire plan to fund transitional costs from reserves. The government is concerned that the wide use of reserves could impact on planned public expenditure totals. Bedfordshire plans to fund only £2.3m of the first two years transitional costs from reserves.

Bedfordshire County Unitary plans £26.6m recurrent annual savings whilst the Bedford and Central Bedfordshire project joint annual savings of £20.3m recurrent savings (“with potential to increase to £25m” but no data is provided about how these additional savings will be achieved).

There are some significant differences between the Bedfordshire and the Bedford/Central Bedfordshire savings plans. The latter are concentrated in education and highways services and in central/corporate services, which account for 63% of the planned savings. In contrast, Bedfordshire’s savings are spread across more services with central/corporate services accounting for 53% of planned savings. Social services savings are significantly higher in the Bedfordshire proposal whereas Bedford/Central Bedfordshire plans larger savings in education.

Both bids propose to reduce council tax. The Bedfordshire model plans to use the current Mid Bedfordshire level as the base figure which would lead to a reduction of 3.4% in Bedford BC and 4.1% in South Bedfordshire. The equalisation is intended to give £4.3m back to council tax payers each year. Bedford and Central Bedfordshire plan a larger reduction in all three authorities ranging from 10.3% to 15.3%.

The lack of information on infrastructure investment in all three bids is a major weakness given the likely infrastructure needs in the growth and regeneration areas and across Bedfordshire in general over the next two decades.

It is extremely difficult to determine whether the unitary proposals represent value for money, particularly given the uncertainty over transitional costs and the lack of content with regard to sustainability, social justice and the impact on jobs. The replies to DCLG questions often only repeat what has already been stated in the main bid documents or provide only a small amount of additional information. Value for money must be determined by taking all these issues into account and not merely the financial factors.

Social justice and equalities agenda

The main bid documents of the three proposals contained no references to social justice or inequalities with the Bedford and Central Bedfordshire proposals containing a mere 2 and 5 references to deprivation/social needs. This is astounding in 2007 that the core documents contained so few references to social justice, not even in terms of risk assessment. There was no assessment of the potential impact of local commissioning, council tax reductions or the impact of job losses and transfers.

Subregional growth and regeneration

The Bedford proposal makes a cogent case for unitary status but does not specify how this will increase its capability for regeneration and development. Central Bedfordshire’s case appears to rest on organisational simplification. Bedfordshire’s bid was weak on transport and economic development. All three proposals were weak in addressing growth and regeneration issues.

Implications for specific services

The unitary proposals make reference to the government’s transformation strategy for public services both in the language they use to describe their approach and with reference to specific policies. However, it is not clear whether there is a full understanding of New Labour’s transformation strategy and its implications for local government.

Employment

All the unitary bids include significant job losses which constitute a large part of the transitional costs and the post reorganisation savings which are expected to offset these costs. However, employment and the local economy impact of job losses are not included in the DCLG criteria.

The Bedfordshire Unitary proposal assumes almost twice the level of job losses compared to the Bedford proposal – 550 compared to 274. These are full time equivalents so the actual number of jobs losses will be significantly larger at 715 and 356 respectively. A third of the financial reduction in employee costs for the Bedfordshire bid are in Social Services, Environmental Services and Planning and Development which contrasts with zero reductions planned in the Bedford proposal. Job losses in Central and Corporate Services account for 76% and 56% respectively in the Bedford and Bedfordshire unitary bids. Additional jobs will be lost in the local economy, 179 and 89 jobs respectively.

Nearly two thirds (62.7%) of the planned job losses in the Bedfordshire bid are in the lower grades Scale 1 – 6 with an average basic salary of between £15,000 - £20,000.

The transfer of jobs to trusts and arms length companies, the potential sale/transfer of the South Bedfordshire council housing stock, the alignment of outsourced contracts and transitional costs overruns and/or pressure for increased savings will also impact on staff. The planned job losses are just one part of employment change. The Bedfordshire unitary proposal will affect about 1,615 FTE or 2,100 jobs whilst the combined Bedford/Central Bedfordshire two unitary option will initially affect between 1,174 and 1,299 FTE or between 1,525 and 1,690 jobs.

Appraisal of options

Criteria	Bedfordshire Unitary	Bedford Unitary	Central Bedfordshire
GOVERNMENT APPRAISAL CRITERIA			
Affordability, value for money and existing resources	Transitional costs funded mainly by efficiencies.	Use of reserves to fund transitional costs	Use of reserves to fund transitional costs
Supported by stakeholders	Resident's survey January 2006 but no options or costs and benefits presented.	No formal consultation of residents	No formal consultation of residents except in Mid Beds.
Provide strong, effective and accountable strategic leadership	Clear and accountable corporate and management structures and scrutiny arrangements.	Directly Elected Mayor. More concentrated corporate and management functions and separation of some functions.	Lack of detail does not permit full assessment. Implications of extensive commissioning on strategic leadership not considered.
Deliver genuine opportunities for neighbourhood flexibility and empowerment	No new proposals for role of elected members. Charters, joint working by parish councils and local commissioning likely to have limited effect.	Lack of detail. No new proposals for role of elected members.	Lack of detail and poor response.
Deliver value for money and equity on public services	Lack of evidence to determine whether value for money and/or equity achievable.	Lack of evidence to determine whether value for money and/or equity achievable.	Lack of evidence to determine whether value for money and/or equity achievable.
ADDITIONAL APPRAISAL CRITERIA			
Democratic accountability	Lack of proposals to extend direct accountability. Potential erosion through transfer to arms length companies and trusts. Trust for libraries, leisure and youth services. Local commissioning. Potential sale of South Beds council housing stock. Local delivery vehicle for economic development	Lack of proposals to extend direct accountability. Trust for family and children's services	Lack of proposals to extend direct accountability. Potential erosion through transfer to arms length companies and trusts. Trust for family and children's services. Potential sale of South Beds council housing stock. Local delivery vehicle for regeneration. "Extensive commissioning"
Sustainability	Sustainability used only in a descriptive sense	Sustainability used only in a descriptive sense	Sustainability used only in a descriptive sense
Infrastructure investment	No details - poor	Limited information - poor	No information – very poor
Ability to address social justice and inequalities	No reference	No reference	No reference
Subregional growth and regeneration	No details - poor	Potential increased capability for Bedford growth area	Little information or reference - poor
Jobs and quality of employment	550 FTE (715 job losses) No impact assessment. Total of about 2,100 jobs lost or transferred	274 FTE (356 job losses) No impact assessment. Total of about 1,525 jobs lost or transferred	274 FTE (356 job losses) No impact assessment. Total of about 1,655 jobs lost or transferred
Geographic/place identity	Existing County becomes unitary authority – maintains Bedfordshire identity	Strong - based on Bedford	Merger of two District Councils – need to develop new identity

Recommendations

The objectives of this study are to appraise the three unitary proposals but not to recommend any particular option. We have made recommendations about the options appraisal process and the content of the proposals should any of the proposals be approved.

Government

- 1) Additional appraisal criteria should be used by DCLG to carry out the assessment of bids before prioritising is undertaken by DCLG. The additional criteria are democratic accountability, sustainability, infrastructure investment, ability to address social justice, ability to undertake subregional growth and regeneration, jobs and the quality of employment and geographic/place identity.
- 2) An enhanced two-tier model should have been an integral part of the options appraisal. Instead of leaving the options to pass or fail, the government should have required each proposal to be accompanied by an enhanced two-tier model. It would have presented a genuine option to the public instead of the current crude 'contest' between unitary and two-tier, change or no change. An enhanced two-tier developmental approach towards unitary government must be considered as a viable option and an alternative to imposing a partially suitable unitary reorganisation.
- 3) Where unitary proposals are approved, local authorities should be required to fully engage staff and trade unions in the planning, design and implementation of unitary status.
- 4) Transitional costs of unitary proposals must be reassessed before any unitary bid is approved, irrespective of how these costs will be funded. Whilst the government has made it clear that any additional costs (miscalculation and/or cost overruns) will not be financed by the government or unforeseen costs financed council taxpayers, council staff and the quality of services must not bear the brunt of cuts.
- 5) The government should consider imposing conditions on unitary bid approvals which could cover: the redesign and allocation of additional resources for local/neighbourhood empowerment to support community organisations, not simply parish and town councils; infrastructure plans; increasing growth area capability; sustainability; social justice, and jobs and the quality of employment.

Local authorities

- 6) Local authorities should focus on developing effective good quality in-house services and minimise the development of competition and contestability regimes which will increase the marketisation and privatisation of public services.
- 7) Local authorities should abandon plans to transfer more services and functions to trusts and arms length companies. This will weaken democratic accountability and transparency and is unlikely to result in additional investment or improve service quality but is almost certain to have a negative impact on the quality of employment.
- 8) If reorganisation proceeds a register of public assets (land, buildings and equipment) should be compiled immediately as part of a strategic asset management for the new authority. The sale of assets should only be sanctioned where there is duplication and longer term needs have been taken fully into account.
- 9) The South Bedfordshire council housing stock must be retained to address housing needs and the tenants overwhelming vote for retention and improvement respected.
- 10) The concept of 'local delivery vehicles' for regeneration and economic development should examine all options including in-house and joint public sector organisations and should not assume that that more public private partnerships will be the most effective vehicle to achieve the objectives.

- 11) Local authorities should adopt the 18 principles of the Shared Services Strategic Framework which cover the scope and quality of services; democratic accountability, governance and participation; the shared services process and employment (ESSU, 2007).

Part 1

Introduction and context

The government originally invited 26 local authorities to submit proposals for Unitary structures in January 2007. In March 2007 sixteen councils were notified that their bids had been approved to go to the next stage of stakeholder consultation.

The Bedfordshire County, Bedford Borough Council, Mid Bedfordshire District Council and South Bedfordshire District Council UNISON branches commissioned the European Services Strategy Unit to assess the implications of the Unitary options submitted by local authorities in Bedfordshire. The project operated to a tight timescale dictated by the 22 June 2007 deadline for the conclusion of a 12-week stakeholder consultation set by the Department for Communities and Local Government (DCLG). The government expects to make a decision in July 2007.

The project has four key objectives:

- To assess the implications of unitary options on jobs and services.
- To assess the implications for the future role and function of local government.
- To assess the advantages and disadvantages of unitary options for a selected range of key issues.
- To prepare an analysis and report for submission to the stakeholder consultation process.

Options for Bedfordshire

The County Council originally identified four options for Bedfordshire:

Option 1: A unitary county based upon the existing Bedfordshire County Council boundaries.

Option 2: Two unitary councils – based upon the existing boundaries of (1) Bedford Borough and (2) Mid and South Beds District Councils combined (the Central Bedfordshire proposal).

Option 3: Two unitary councils – based upon the existing boundaries of (1) Luton and South Beds combined and (2) Bedford Borough and Mid Beds combined

Option 4: Enhanced two tier – retain the individual identities of the 4 councils in the existing two tier County area but with a very high degree of merged back office and frontline services.

In practice, there are proposals for only Options 1 and 2:

1. Bedfordshire County Unitary
2. Bedford Unitary and the Central Bedfordshire Unitary

The Central Bedfordshire proposal by Mid and South Bedfordshire District Councils was not favourably assessed by DCLG and was not put forward for consultation. However, it is unlikely that a Bedford Unitary bid could proceed, even on a short term basis, leaving an even smaller County Council and two district councils. It is apparent that the government belatedly realised the mistake in excluding Central Bedfordshire proposal will now be assessed as an integral part of the Bedford Unitary option.

Although no proposals have been submitted for option 4, this would, in effect, be a shared services model. It could be argued that this option could, in a longer time span, achieve the

same or similar economies of scale and savings whilst avoiding many of the transitional reorganisation costs of the unitary model. This might result in a County Unitary in all but name and district councils which might not have the same capability and effectiveness to address economic, social and environmental policies had they become unitary councils.

All the authorities are campaigning for their chosen option. Bedford is campaigning to 'Save the Borough', Bedfordshire is promoting its 'AllTogether Better'; Mid and South Bedfordshire are supporting the Bedford Unitary proposal in addition to their own Central Bedfordshire bid. South Bedfordshire DC is also campaigning against a Greater Luton option should this arise if the other options are rejected by the government. However, Greater Luton and Greater Bedford options would require boundary changes which are unlikely to be agreed within the current unitary reorganisation timetable.

The four Unison branches of Bedford Borough; Bedfordshire County Council; Mid Beds District Council; and South Bedfordshire District Council requested that the four local authorities agreed to the following principles to underpin negotiations on the possible transition to the new councils:

- 1) "services to customers should continue to be provided at the current high levels;
- 2) there should be no compulsory redundancies as part of the re-organisation process;
- 3) the transition to new authorities should uphold and promote equity;
- 4) reorganisation should mean no further privatisation or outsourcing of current local government services;
- 5) the recognition of Unison's continuing right to negotiate on behalf of the staff of the existing and any new councils; that existing and future management should meet with Unison and other unions as required to ensure proper dialogue and negotiations; and that those staff working on behalf of Unison during in these negotiations should be allowed appropriate time and resources to undertake this work in support of their members;
- 6) the conditions of service of all staff should be protected; and
- 7) that all staff seconded to work on transitional arrangements are able to return to their substantive posts when their work is done should they so wish" (Letter to Chief Executives of four local authorities, 2007).

Methodology

This report is based on the three unitary proposals and annexes submitted to (DCLG) in January 2007. It also included responses by the Bedfordshire local authorities to DCLG questions following submission of the bids and minutes of meetings with Government Office East. Proposals for unitary status by several other local authorities in England were also briefly examined. Key reorganisation issues were discussed at two joint meetings of UNISON local government branches in Bedfordshire in May and June 2007.

DCLG criteria

The Invitation to Councils in England established five criteria to assess proposals. The change to the future unitary local government structures must be:

- affordable, i.e. that the change itself both represents value for money and can be met from councils' existing resource envelope;
- supported by a broad cross section of partners and stakeholders; and

The future unitary local government structures must:

- provide strong, effective and accountable strategic leadership;
- deliver genuine opportunities for neighbourhood flexibility and empowerment;

- deliver value for money and equity on public services.

Local authority bids were assessed by DCLG. The Bedfordshire Unitary bid received three 'highs', Bedford unitary two and none for Central Bedfordshire – see Table 1. The two approved bids had an equal rating for 'strategic leadership' and the Bedfordshire Unitary bid had an advantage in affordability and service delivery. The Bedford bid had an advantage in neighbourhood engagement. The Central Bedfordshire bid received a 'reasonable likelihood' for cross section of support but received a 'little likelihood' rating in the other four criteria.

Table 1: **DCLG initial assessment of bids**

CRITERIA	Likelihood that proposal will achieve the outcomes specified by criteria		
	Bedfordshire Unitary	Bedford Unitary	Central Bedfordshire
Affordability	H	R	L
Cross section of support	R	R	R
Strategic Leadership	H	H	L
Neighbourhood Engagement	R	H	L
Service Delivery	H	R	L

Source: DCLG letters to Bedfordshire County Council, Bedford Borough Council and Mid and South Bedfordshire District Councils, 27 March 2007. The Central Bedfordshire bid was not approved and hence was not assessed.

where

H is the judgement having regard to the available information that there is a **high likelihood** that the proposal if implemented will achieve the outcomes specified by the criterion concerned.

R is the judgement having regard to the available information that there is a **reasonable likelihood** that the proposal if implemented will achieve the outcome specified by the criterion concerned.

L is the judgement having regard to the available information that there is **little likelihood** that the proposal if implemented will achieve the outcome specified by the criterion concerned.

The decision letter to each local authority approved to proceed to stakeholder consultation included five brief comments by the Secretary of State. The first two comments in both the Bedfordshire and Bedford bids were the same, that the payback period for the proposal is estimated to be less than 5 years and that the revenue costs of transition should be financed from reserves and other savings and the proposal has the support of some local stakeholders.

The additional comments on the Bedfordshire bid were:

- *The proposal has clearly defined and integrated roles for the executive, senior management and overview and scrutiny, which is likely to contribute to strong strategic leadership.*

- *The proposal's neighbourhood engagement ideas are not prescriptive - the proposed greater responsibility for frontline councillors with delegated budgets and the focus on parishes is likely to deliver neighbourhood empowerment.*
- *The proposed merging of adult social services and housing to enable joined-up service delivery, is likely to improve outcomes for service users. (DCLG, 2007)*

The additional comments on the Bedford bid were:

- *The proposed continuation of the directly elected mayoral model and a strategic management structure is likely to contribute to strong strategic leadership.*
- *The proposals to build on the broad consultation culture, roll out neighbourhood committees, extend parishes into all of the urban area, delegate budgets to ward councillors and establish a portfolio holder for neighbourhood engagement, should deliver strong neighbourhood engagement.*
- *The proposal outlines opportunities for improvements in service delivery through the integration of district and county services in the proposed unitary area. (DCLG, 2007)*

The relative strength of the Bedfordshire and Bedford bids can be judged by comparing the assessments of all 16 bids approved by the government for consultation. The Bedfordshire bid is in the third group of authorities with 3 High and 2 Reasonable assessments. Bedford is in group four with 2 High and 3 Reasonable assessments.

5 High – Cumbria, Durham and North Yorkshire

4 High and 1 Reasonable – Cheshire, Cornwall, Northumberland, Somerset,

3 High and 2 Reasonable – Bedfordshire, Shropshire and Wiltshire.

2 High and 3 Reasonable – Bedford, Chester, Exeter, Ipswich and Northumberland Districts (Rural).

1 High and 4 Reasonable – Norwich.

5 Reasonable – Northumberland Districts (South East).

Financial perspective

The DCLG required Unitary bids to deliver value for money and be self-financing so that:

- Transitional costs overall must be more than offset over a period (“the payback period”) by savings;
- The “payback period” must be no more than 5 years;
- Capital transitional costs incurred are to be financed through revenue resources, or the normal process of prudential borrowing or the use of capital receipts;
- Other (i.e. revenue) transitional costs incurred are to be financed through a combination of revenue savings from restructuring, other revenue savings additional to annual efficiencies, prudent use of reserves,
- The use of capital resources to meet revenue costs will not be permitted.
- All reorganisation costs must be met locally without increasing council tax.

“Central Government will accept no liability for any miscalculation or cost overrun in the final outturn. The Government will not accept that any additional, unforeseen costs of restructuring should be recovered from council tax payers and that, therefore, any unforeseen costs will need to be financed from other sources.” (DCLG, 2006)

The DCLG financial framework is designed to provide information to assess the change in the service cost for each service arising directly from restructuring, the proposed funding and

revenue impact of capital spending plans and the overall impact on costs and funding over the medium term as a result of the restructuring.

It is designed to be a medium term financial strategy, enabling the transition to a unitary to be understood in terms of the effect on the general fund, housing revenue account (HRA) and capital plans.

The framework is based on three parts:

Base Year	Lead-up Years	Years 1 - 4
2006/07	2007-09	2009-13

This provides a six-year framework, ignoring the base year, with four years of forecast income and expenditure for the new Unitary authority.

There are three important observations concerning the financial framework.

Firstly, the time period is relatively short and essentially covers the transition and bedding down period. It does not really provide a long-term strategy for local government, particularly given capital programmes, regeneration and other investment strategies have a two to three year procurement process, let alone the implementation and operational stages.

Secondly, there is a stark absence of impact analysis of the financial, capability and operational effect of the transfer of functions from the remaining local authorities to the new Unitaries. The process focuses on the acceptability, or otherwise, of bids by local authorities wishing to become Unitaries. The government appears to have become a victim of its own competitive and contestability rhetoric and lost sight of the potential consequences for council taxpayers, service users and staff in the transfer authorities.

Thirdly, the assessment is not a full options appraisal because only the Unitary bids are being assessed. There appears to be little concern about the absence of other options such as Bedfordshire and Bedford retaining their current structure but developing new strategies to integrate and share services. Nor has there been any attempt to assess the implications on the County Council if only the Bedford Unitary proceeded.

The case for unitary government

The case for unitary government is based on the following:

- Increases scope for better integration of services and functions.
- Clearer accountability and clarity over responsibilities thus reducing public confusion.
- Increased capability for regeneration, economic development and in planning growth and employment.
- Reduced duplication, merging of functions and increased efficiency should reduce administrative and operational costs.
- Stronger community identity is achieved with single tier government.

It is also claimed that a unitary government enables more strategic leadership and simplifies and strengthens partnership working. This seems to be based on the idea that the bigger the authority the more likely that 'strategic leaders' will emerge and increases the scope for 'partnerships' but appears to be based more on hope than evidence.

There is clearly a case for unitary government. However, there are also potential negative impacts such as the loss of economy of scale in moving from a county council to creating two unitaries and the potential loss of erosion of democratic accountability in having a county unitary. Service quality may remain static or even decline for a period as local authority are compelled to focus on reorganisation rather than service improvement strategies.

But the decision in 2007 is not about unitary government in principle but the specific proposals which have been drawn up in response to further piecemeal reorganisation of local government. These proposals must be assessed on their relative merits using a wide range of criteria to facilitate a comprehensive appraisal. Further reorganisation is in prospect if the City Region concept is approved which could result in more strategic subregional governance and increased joint service delivery between metropolitan local authorities.

In the absence of other options it is important to make the following observations.

First, it is important to state that there is no optimal model of local government. There are different economies of scale for different services and no single political structure can be described as ideal as they have different strengths and weaknesses. Social and economic needs, technological change and public management systems are never static.

Second, there are important clarifications in the definition of the key criteria. For example, the government will consider an authority to be 'strategic' if it is clearly committed to New Labour's competition, contestability, choice and personalisation agenda but it is almost certain to regard a local authority committed to in-house provision and ambivalent to the competition/choice agenda as lacking a 'strategic' vision and capability. So 'strategic' can mean little more than political allegiance and targeting resources to particular policy implementation. Empowerment is another criteria where there are widely different interpretations of what it means and how, or whether, 'communities' can be 'empowered' simply through government policy initiatives and organisational structures, particularly when community development support has been drastically reduced in the last two decades.

Third, there are often conflicts between aims and objectives. For example, increased capacity to implement subregional economic development and regeneration strategies may not be mirrored in the ability to develop local neighbourhood management policies in cooperation with service users.

The value of reorganisation of local government

Organisational change often dominates and reduces ability to change systems in the immediate period of transfer. Staff time is inevitably consumed by merging organisations and engagement in power struggles between competing organisations, directorates, departments and sections. The interests of service users and service integration frequently get marginalised. Unforeseen costs can arise which would put the transitional costs and the planned savings at risk.

DCLG appraisal criteria

The formal consultation process began in March 2007 and concludes on 22 June 2007. On 7 June 2007 the DCLG published a consultation paper proposing how they intend to assess the unitary proposals and consultation responses. Quite why there was nearly a three-month delay or time differential between commencing the formal consultation process and issuing the criteria for prioritisation remains to be seen. The consultation on the appraisal criteria closes on 18 July, a month after the unitary bid consultation closes.

The unitary proposals will first be assessed using the five criteria set out in the March 2007 public consultation document (see Table 19). If there are "more proposals that meet the criteria than we can afford to implement" a second set of criteria will be used to prioritise the proposals (see Appendix 1).

It is questionable whether the bids are of sufficient detail to assess some of the proposed criteria, for example, the 'provision of sufficient officer support' to the assess the 'viability of arrangements for neighbourhood empowerment'.

However, after examining both sets of DCLG criteria, UNISON believes that there are many key issues which should be assessed which are not currently included in the criteria. These

have been added to Table 19. They also constitute a formal submission to the DCLG consultation on the prioritizing criteria.

The additional criteria are:

- Democratic accountability
- Sustainability
- Infrastructure investment
- Ability to address social justice
- Subregional growth and regeneration
- Jobs and quality of employment
- Geographic/place identity

They are described in more detail below:

Democratic accountability: The DCLG appraisal criteria address the need for more accountable strategic leadership but does not include improving democratic accountability in general. The prioritising criteria also address more accountable strategic leadership and representative arrangements for 'neighbourhood empowerment' but also omit broader democratic criteria. For example, the prioritising criteria includes the capacity for joint arrangements of shared strategy/joint delivery and partnership arrangements but the democratic accountability and transparency of these arrangements is not a specific criteria.

Sustainability: Whilst the sustainability of the proposals is vitally important, it is equally relevant that the new unitary authorities have the ability and commitment to drive the sustainable development agenda. This could be assumed to be included under reference to 'strategic planning' but this policy requires a specific assessment.

Infrastructure investment: This will have a major role in the ability of local authorities to plan and accommodate the social and economic needs arising from the housing and employment growth forecast in the County to 2031.

Ability to address social justice: There is no reference in the criteria to the ability of the new unitary authorities to address social justice. The five main criteria include a reference to "equity on public services" but there is no such reference in the prioritising criteria. Addressing social justice would require the ability to address redistribution and improving life chances, the distribution of opportunities, reducing inequalities, eliminating discrimination and improving the quality of life and community well-being.

Subregional growth and regeneration: Increased ability to successfully implement development in the designated growth and regeneration areas could be an important advantage of unitary status. This is additional to the strategic planning of service delivery and developing strategic partnerships which are included in the prioritising criteria.

Jobs and quality of employment: There is no analysis of the potential effect of considerable job losses on the local/subregional economy which would certainly be carried out in other circumstances. Nor is there any scope for assessing, other than the financial implications, of changes in staffing levels as a result of savings despite the fact that reduced employment costs constitute the bulk of the planned savings.

Geographic/place identity: Although the extent to which overview and scrutiny arrangements focus on communities of 'place' and 'interest' will be assessed in the prioritising criteria, this is unsatisfactory because it is an important issue for unitary governance in general and is not specific to scrutiny.

An enhanced two-tier development option

A third option for Bedfordshire would be to retain the two-tier structure and to develop a shared services/joint working model which could develop towards unitary government. This would not be a status quo model but would focus on:

- Increasing capability to manage growth and economic development.
- Improve the quality and integration of services.
- Enhance democratic accountability at all levels.
- Increase investment in the infrastructure.

This would avoid having to approve any of the current flawed unitary proposals and a big-bang reorganisation which inevitably focuses resources on organisational issues.

Many of the transitional costs would still be relevant but over a longer time span and would be concentrated on improving capability and service quality rather than on financing rapid organisational change.

- It would develop a shared services/joint working strategy which embraces frontline services in addition to corporate and transactional services and adopt the 18 principles of shared services (ESSU, 2007).
- Increase public sector capability at county, district and neighbourhood levels.

However, no proposals have been drawn up for this option. It cannot be assessed and compared with the unitary organisation options. In these circumstances UNISON cannot support any of the options.

Geographic/place identity

Bedfordshire is the smallest English Shire County by area and the third smallest by population, however its population growth to 2031 is forecast to be the largest percentage increase – see Table 2.

Table 2: Population change forecasts

Authority	Current population	Growth forecast	Total by 2031
Bedfordshire County Unitary	397,700	78,700	476,400
Bedford Unitary	152,700	50,000	202,700
Central Bedfordshire	245,000	105,000	350,000

Source: Unitary bids and Milton Keynes/South Midlands Subregional Strategy.

There is a separate debate about geographic and place identity which is not connected with population size or spatial area but the degree to which people identify with a locality in terms of governance and how they live their lives. In this sense, the Bedford proposal has the strongest geographic/place identity because it is the largest town with the County Council headquarters. It is a strong political identity because it the centre of two-tier governance. The Bedfordshire proposal has the advantage of retaining the county identity, but as the unitary proposal admits, Bedfordshire “*is rated very weakly*” by East of England residents in terms of their knowledge of the County (Bedfordshire proposal, p11). The geographic identity of a merged Mid and South Bedfordshire is less apparent.

Part 2

Democratic accountability

Introduction

The three unitary bids in Bedfordshire propose a substantial reduction in the number of elected members but improved ‘neighbourhood empowerment’. This section examines the implications of this strategy, plans to increase the transfer of services and functions to more arms length companies and trusts and the views of the public on unitary government.

Maintaining and enhancing democratic accountability, governance and role of elected members

Bedfordshire County Council currently has 52 Elected Members and proposes 80 for the new unitary council, a 62% reduction from the 209 elected currently in the County Council, Bedford Borough and the two Mid and South Bedfordshire District Councils – see Table 3. The Bedford unitary proposes 37 councillors, a 49% reduction from the current total of 73 elected members in the Borough Council and County Council. The Central Bedfordshire unitary proposes between 49 – 66 councillors, a 64% - 51% decline from the combined total of 103 councillors in the two district councils plus 33 county council elected members.

Table 3: Proposed changes in number of Elected Members

Authority	Current Number of Elected Members	Planned No. of Elected Members Bedfordshire	Planned No. of Elected Members Bedford	Planned No. of Elected Members Central Beds	Change from current total of 209
Bedfordshire	52	80	-	-	-62%
Bedford	54 + 19	-	37	-	-49%
Central Bedfordshire	103 + 33	-	-	49 - 66	-64% - -51%
Total	209	80	37	49 - 66	-

Source: Unitary bids

Planned reductions in the cost of democracy

The Bedford/Central Bedfordshire proposals estimate that annual savings on the cost of democracy will be “at least £750,000 per annum” despite some additional costs of democracy in the transitional period. The creation of two new unitaries will incur the cost of elections to the shadow authorities (£400,000) plus additional Members’ allowances (£660,000). However, the significant reduction in the number of elected members will reduce overall costs.

Of course, this ‘cost of democracy’ is an unrealistic figure because it does not take into account the planned increased activity in parish and town councils and at neighbourhood level which will have a financial cost.

Proposals to extend local/neighbourhood accountability

The Bedfordshire bid includes a plan to extend the role of the 110 parish councils and 12 town councils with more partnerships such as in highways, parish paths, parish tree warden scheme and annual forums. Back bench Councillors are expected to act as ‘champions’ for their localities (surely this is not a new role) and will have £2,500 per annum to spend on local initiatives. This will be about 50p per annum per head with wards averaging just over 5,000

people – a tiny sum by any standards. The new unitary will also encourage local charters, more parishes to work together and locally commissioned services (see Part 8).

The ‘community leadership’ of elected members is described as becoming recognised as the ‘community champion’ for their area, being at the heart of multi-agency working and coordination, being the council’s interface with Parish and Town Councils, advocate the needs of an area where standards are not met, the link between the Council and the community is resolving issues locally or through ‘community calls for action’, keeping in touch with constituents and ‘speaking freely as an advocate for their area in order to influence council decision making’. There is nothing new in these roles, only the descriptive language has changed. The vast majority of Councillors have always undertaken these activities. However, the workload of elected members will increase and they need empowerment with more resources and support. None of the proposals appear to fully address their needs.

This concept of ‘community leadership’ is hollow for two reasons. Firstly, elected members need resources and support structures to facilitate their work. The response to the DCLG refers to ‘appropriate officer support’ being included in the capacity requirements but since this was not described or quantified in any detail it is assumed it is small-scale. The £2,500 annual budget for elected members is pitifully small and reflects the inadequacy of the so-called neighbourhood empowerment’ proposals.

The Bedfordshire response to DCLG said that they had ‘no wish to create bureaucratic ‘area structures’ in contrast to the Wiltshire unitary proposal which aims to create a single local decision-making forum in each community area – Community Area Boards – to form a point of contact for decision making and bringing together elected Members at all levels of governance together with area committees and community partnerships.

DCLG questioned Bedfordshire, Bedford and Central Bedfordshire about how the frontline councillor will become the local community champion and how the council leadership will be accountable to frontline councillors, the electorate and area committees. The County Council simply referred to the bid document and stated some principles. Bedford referred to opportunities in the 2006 White Paper and Central Bedfordshire made some general statements about councillors being “eyes and ears of Council”. The Bedford and Central Bedfordshire proposals for ‘empowered communities’ are even more vague and insubstantive in terms of extending the role of elected members and giving them adequate resources.

Furthermore, communities are generally not ‘empowered’ by the activities of elected members, local government policies or providing council services but by community organising and campaigning. The vast majority of people want good quality directly delivered public services under democratic accountability and transparency. They do not expect nor want to have to spend their personal time and effort in pursuit of achieving them although many will be members of civil organisations and campaigns on particular issues. They do want to participate in key policy decisions. This must frame expectations of increased activity at parish and town council levels and the extension of this model across the whole county.

Views of council taxpayers

Of the three unitary proposals only Bedfordshire carried out a residents survey in January 2006. An Ipsos-MORI telephone survey of 1,004 Bedfordshire residents were asked a series of questions about the provision of council services. It included one on unitary governance:

How strongly do you agree or disagree with the view that there is a need to change from the existing system with two local authorities (the District Council and County Council) to a system with a new single authority providing all local authority services across the whole of Bedfordshire?

The responses are summarised in Table 4. 49% agreed with the view that a new single county-wide authority to provide all services, with 26% disagreeing and 19% neither agreeing

or disagreeing. The percentage supporting the unitary concept increased to 60% when the same question was asked again towards the end of the survey.

Table 4: **Response to unitary proposal in Bedfordshire residents survey**

Response to question	%
Strongly agree	28
Tend to agree	21
Neither agree or disagree	19
Tend to disagree	13
Strongly disagree	13
Don't know	6

Source: Bedfordshire Unitary Proposal Annexe, 2007.

Whilst Bedfordshire County Council cite the survey as evidence of residents support for their unitary proposal, it is important to note that:

- The survey was carried out in January 2006, a year before the unitary bid was submitted to DCLG and available on the council's website.
- Respondents had no information about the costs and benefits of reorganising local government.
- The option of a two unitary model was not part of the survey. A substantially different response could be expected if a similar survey was carried out now with a Bedford and Central Bedfordshire option included. 39% of respondents of the January 2006 survey lived in Bedford and could be expected to respond in a different way now with the bid proposals in the public arena and the Bedford Council's 'Save the Borough' campaign.
- The value of surveys carried out in the absence of options and information on the relative costs and benefits is highly questionable.

The DCLG questioned the Bedford/Central Bedfordshire bid why it did not explain in detail whether the proposal has a broad cross section of support. They responded by citing a local government Commission consultation in the mid 1990s prior to Luton getting unitary status when 55% of those consulted preferred a three unitary option.

Bedford Borough Council, Mid Bedfordshire and South Bedfordshire District Councils are asking residents to support their bids via their web sites and petitions. Mid Beds DC has sent every resident a Horizon freepost leaflet asking them to vote for the Central Bedfordshire proposal. The Bedford/Central Bedfordshire proposal claims the support of some local organisations and companies.

LSPs and 'community planning'

Bedfordshire's proposal to abolish four Local Strategic Partnerships (LSPs) to focus on a County-wide LSP is questionable when many LSPs already struggle to be accountable and representative at a local level. However, there is no assessment of the potential disadvantages of having a county-wide LSP, particularly on the ability of community and voluntary organizations. Nor is there any recognition of the implications of creating County-wide Boards.

Tenants ballot in South Bedfordshire

The Bedfordshire bid claims that the transfer/sale of South Bedfordshire's housing stock is required "in order to support an integrated strategic housing function within the new County Unitary". Quite apart from ignoring the mandate given by tenants in the August 2000 ballot which had a 72% turnout with 72.4% of tenants decisively rejecting a Large Scale Voluntary Transfer, retention of the stock is perfectly compatible with a strategic housing function.

Limited accountability through arms length companies and trusts

Each unitary proposal contains proposals to increase the transfer of services to trusts and arms length companies:

Bedfordshire

- An economic development 'local delivery vehicle' for the whole area (but possibly with two technical teams for north and south).
- An Adult Services Trust for libraries, leisure and youth services modelled on the Hounslow library/leisure trust.
- Potential transfer of South Bedfordshire council housing stock to an existing or new housing association but this will depend on a ballot of tenants.

Bedford and Central Bedfordshire

- A joint Families and Children's Trust supported by a joint arrangement between both unitary authorities.

Central Bedfordshire

- A joint Families and Children's Trust supported by a joint arrangement between both unitary authorities.
- Proposes a 'local delivery vehicle' for regeneration.
- Potential transfer of South Bedfordshire council housing stock to an existing or new housing association but this will depend on a ballot of tenants.

'Regionalisation by stealth'

It has been argued elsewhere that the government's agenda is 'regionalisation by stealth' by replacing existing counties and boroughs with 'subregional hybrids' with powers transferred to unelected regional assemblies (Hugo Swire MP, East Devon and Shadow Secretary of State for Culture, Media and Sport). Whilst there are major concerns about the democratic accountability of regional and subregional bodies this equally applies the growth of trusts, arms length companies and partnerships within local authorities.

Part 3

Capability and capacity

Introduction

Increasing the capability of local government is a key part of the case for organisational change. This section briefly discusses the size/performance evidence, the ability of the proposed new unitary authorities to provide strong, effective and accountable strategic leadership and the degree to which the proposals have considered risk assessment.

Using performance of local authorities to predict future capability

Assessing the performance of the current structure of local government must only be used as a guide given the limitations of performance frameworks and the longer term potential for authorities to increase or decrease their capability and competence, irrespective of organisational change. The latter may increase or decrease a local authority's ability to improve performance but to claim that current performance of a district council is "fundamentally irrelevant" is clearly not the case (Chisholm, 2006). One of the Bedfordshire options requires a district council to become a unitary authority and two districts merging to form another unitary, then current performance is a material issue since TUPE will apply and existing staff will form the workforce of the new authority.

Size and performance of unitary authorities

A study by Cardiff University for DCLG examined the effect of population size on local authority performance (DCLG, 2006). It included a literature search and empirical research which found that:

- size has little impact on CPA scores;
- one half of the measures of service inspection show a size effect;
- a majority of the measures of consumer satisfaction are significantly influenced by size;
- population size makes a difference to over one third of the Best Value Performance Indicators;
- about three quarters of the value for money measures are influenced by local authority size;
- population size has an effect on two thirds of the measures of administrative overheads.

The study concluded:

"The big picture is that size makes a difference to corporate and service achievements in local government. Beneath this, however, lies a much more complex set of small pictures: the direction and form of size effects is highly variable. Our results are, therefore, consistent with prior research in this field: the relationship between population size and performance remains a complex mosaic of insignificant, positive, negative and non-linear effects. This is not surprising in multi-functional organisations that are judged on a variety of dimensions and measures of performance. Nevertheless, the balance of the evidence supports a working assumption that large authorities are likely to perform better than small authorities: we found over twice as many linear positive as linear negative size effects.

The most general policy implication of our findings is that size effects cannot be

ignored in decisions on local government reorganisation. A change in the population served is likely to make a small but significant difference to many aspects of local authority performance. However, the direction and strength of that difference is likely to vary across and within services, and to vary from place to place, depending on the size of the existing and new authorities. This suggests that a universal size formula cannot be applied to decisions on reorganisation. Instead, the implications for performance, along with other considerations, should be evaluated in the context of the reforms proposed for each local area.” (DCLG, 2006)

Comprehensive Performance Assessments

The Audit Commission’s Comprehensive Performance Assessments are a means of assessing the capability of local authorities. The three District Councils – Bedford, Mid Bedfordshire and South Bedfordshire were assessed under the District Councils CPA in 2004 and the results of which are summarised in Table 5. Bedford and South Bedfordshire were assessed as ‘good’ authorities with Mid Bedfordshire assessed as ‘fair’.

Table 5: District Council Comprehensive Performance Assessments Overview

Local authority	Weighted score	Corporate assessment category
Bedford BC	43	Good
Mid Bedfordshire DC	41	Fair
South Bedfordshire DC	43	Good

Source: Audit Commission, 2004.

The District Councils were assessed on ten themes using four categories of performance:

- 1 = Inadequate performance – below minimum requirements
- 2 = Adequate performance – only at minimum requirements
- 3 = Performing well – consistently above minimum requirements
- 4 = Performing strongly – well above minimum requirements

There was a relatively high degree of consistency in performance with Bedford scoring higher in the achievement of improvement but lower scores for ‘ambition’, ‘learning’ and ‘achievement of quality of service’ whilst Mid Bedfordshire scored 3 except for ‘performance management’ and achievement of improvement’ South Bedfordshire was rated high for ‘prioritisation’ but received a lower score for ‘achievement of quality of service’. Overall, the three authorities were weakest in the ‘achievement of quality of service’ theme – see Table 6.

Table 6: Comprehensive Performance Assessment of the three District Councils (2004)

Theme	Bedford	Mid Bedfordshire	South Bedfordshire
Ambition	2	3	3
Prioritisation	3	3	4
Focus	3	3	3
Capacity	3	3	3
Performance management	3	2	3
Achievement in quality of service	2	3	2
Achievement of improvement	4	2	3
Investment	3	3	3
Learning	2	3	3
Future plans	3	3	3

Source: Audit Commission, 2004

Table 7 compares the CPA scores for Bedfordshire CC and Luton BC in 2006. Again, very similar performance is evident with Bedfordshire assessed lower than Luton in ‘financial reporting’ and ‘children and young people’ but higher than Luton for ‘social care (adults)’.

Table 7: **Comprehensive Performance Assessment of Bedfordshire CC and Luton BC (2006)**

CPA component	Bedfordshire CC (2006)	Luton BC
Direction of travel	Improving well	Improving well
Use of Resources	2	2
Auditor judgements		
- financial reporting	1	3
- financial management	2	2
- financial standing	2	2
- internal control	2	2
- value for money	2	2
Service area		
Children and young people	2	3
Culture	2	2
Environment	3	3
Social care (Adults)	3	2
Benefits	n/a	3
Housing	n/a	4
Corporate assessment	2	3

Audit Commission 2004 and 2006.

Strategic leadership

The prioritisation criteria published by the DCLG in June 2007 provide a broader framework to assess the degree to which the proposals ‘provide strong, effective and accountable strategic leadership’. This has six elements which are described in more detail in Appendix 1:

- Nature of political management structures
- Nature of overview and scrutiny arrangements
- Corporate capacity and capability
- Partnership arrangements
- Capacity for joint appointments across public sector
- Corporate and strategic planning structures

Political management structures: Bedford has an elected Mayor whilst the other two unitary proposals will adopt the indirectly elected leader for a four-year term model. The assessment should give no advantage to Bedford simply because it has an elected mayor model favoured by the government.

Overview and scrutiny arrangements: The Central Bedfordshire proposal provides an indicative scrutiny diagram but no details as they regard a detailed prescription to be “*premature and presumptive*” (Central Bedfordshire bid, p 29). Bedfordshire’s overview and scrutiny arrangements are organised around the five Cabinet responsibilities/directorates (see below) plus one for the sustainable communities plan. The four roles described for scrutiny – internal and external focus, forward-looking, engaging with other public bodies, local people and organisations, and acting as advocates – meet the need to be proactive and participative but the documents do not explain how scrutiny will be resourced. Overall, only the Bedfordshire proposal sets out a detailed approach to scrutiny.

Corporate capacity and capability: The CPA element was discussed above. Bedfordshire plans a five member Cabinet and a matching management structure whilst Bedford plans a five member Cabinet/management structure but this includes commercial services, which effectively means that the bulk of responsibilities and services are organised in four responsibilities/directorates. Central Bedfordshire is ‘open minded’ about the precise number of positions on the Cabinet and gives example of a Cabinet member for innovation and another for strategic partnering as examples of an alternative approach.

The absence of detail in the Central Bedfordshire proposal means that the comparison of corporate structures is limited to the other bids. Both propose a Cabinet member/directorate for corporate resources but there are substantial differences in the scope of the other positions/directorates. Bedford plans a director of human resources at the same level as a deputy chief executive whilst Bedfordshire includes HR in corporate resources. Bedford plans to combine children, families and adult services in one directorate, whereas Bedfordshire plans a separate Cabinet post/directorate for childrens services with social care, health and housing in another Cabinet post/directorate. Furthermore, economic growth is separated from planning and development in Bedford being the responsibility of a Cabinet member/directorate for Property, Culture and Economic Growth. Bedfordshire combines regeneration, planning and economic development.

The County unitary bid also makes the assistant chief executive responsible for organisational development, improvement and efficiency, corporate strategy and performance and managing the transition process. The Bedfordshire Cabinet/corporate structure has more clarity because it is organised in five rather than four major directorates.

Partnership arrangements: There appears to be a contradiction between a “clear partnership structure linking strategic planning and delivery” and the planned transfer of services to trusts and the commissioning and outsourcing agenda promoted by the government. This will make strategic planning and leadership more difficult to achieve because of the fragmentation of delivery between trusts, arms length companies, private and voluntary sector contractors.

The continued marketisation of services and influence of market forces will almost certainly make a strategic approach more difficult. This will have few features traditionally associated with ‘partnership’ and will, in effect, increasingly be a ‘contracting’ structure with contracts and contractors. Strategy will be constrained by legal rights and regulatory frameworks rather than the more flexible partnership working which local authorities have developed. Strategic commissioning may become a dominant activity which could divert the focus and some resources from strategic planning. Whether unitary government or the three proposals have more or adequate strategic leadership capability in these circumstances is questionable.

The unitary proposals, not surprisingly, concentrate on integrating services within Bedfordshire and do not address the broader shared services agenda which could involve being a participant/host in regional shared services projects. This would have to be addressed during the transition process because it would be missed opportunity if a unitary perspective were to block out or stall opportunities for collaborative and joint provision with other local authorities and public bodies.

Capacity for joint appointments: Partnership working with the Primary Care Trust and the Police would be organisationally more straightforward with the Bedfordshire unitary because both operate with co-terminous boundaries.

Corporate and strategic planning: Lack of detail in the Central Bedfordshire proposal makes it difficult to comment on the degree of coherence between corporate structures, executive portfolios and strategic planning. The coherence of corporate structures and executive portfolios in the Bedford and Bedfordshire proposals should provide a driver to facilitate strategic planning, although the greater concentration/separation of certain functions in Bedford noted above may need amending if the proposal is approved.

Risk analysis

A risk assessment was included in the Bedford and Central Bedfordshire proposals whilst the Bedfordshire bid was subjected to a sensitivity analysis but not a risk assessment.

Bedfordshire Unitary: The main document contained a sensitivity analysis which examined the potential impact of variations in the salary multiplier on redundancy costs, the efficiency savings payback sensitivity and the timing of savings. It also undertook a scenario analysis

using base, optimistic, ambitious, pessimistic and doomsday scenarios to examine the effect on the percentage of current savings and current costs, payback periods, funding gaps and the annual savings forecast. The pessimistic scenario would still achieve annual savings of £22.9m (compared to the planned total of £26.6m) in a payback period of 3.5 years. The doomsday scenario assumes that savings are overestimated by 50% and costs are underestimated by 50% but payback is still achieved within 4 years. However, this approach is not a substitute for a full risk assessment.

Bedford Unitary: The bid was assessed by the Council's adviser, IPF Ltd, using the DCLG criteria of affordability, cross section of support, strategic leadership, neighbourhood empowerment, value for money services, strong, effective and accountable strategic leadership, public service value for money and equity, and the timing of benefits. A total of 110 risks were identified using these criteria as a framework.

However, one risk was identified as 'none' and another as medium ("it has been assumed that the current levels of Revenue Support Grant/Business Rate distribution to meet established needs in Bedfordshire (in aggregate) will be maintained and this assumption is critical to the forecast level of savings identified") and all remaining 108 risks were identified as 'low'.

Irrespective of the capability of Bedford BC and its consultants, the risks involved in creating a new unitary authority are significant and the assessment of this level of 'low' risk is not credible. The government has made it clear that:

"Central government will accept no liability for any miscalculation or cost over-run in the final outturn, the Government will not accept that any additional, unforeseen costs of restructuring should be recovered from Council Tax Payers and that, therefore, any unforeseen costs will need to be financed from other sources." (DCLG, 2006)

Questions about the scope of the risk criteria in addition to the assessment.

Central Bedfordshire Unitary: The supporting document contains a risk register using the five objectives set by the government and five levels of risk ranging from insignificant to catastrophic. Three options are assessed – the shire unitary (Bedfordshire Unitary), the two unitary model (Bedford and Central Bedfordshire) and a two tier option. A total of 19 risks are used to plot a risk matrix. This is a much more comprehensive risk assessment than those undertaken for the Bedfordshire and Bedford proposals.

Many of the risks were the same for both the single and two unitary models. The main difference identified are:

Transactional costs not met – very unlikely (significant impact) for single unitary to unlikely for two unitary model.

Payback period not met and revenue and capital transitional costs too high – very unlikely (all minor impact) for single unitary to unlikely for two unitary.

Lack of public support – likely for (major impact) for single authority but very unlikely for two unitaries.

Partnerships fail to work – likely (major impact) for single unitary but unlikely for two unitaries.

Inadequate empowerment and inconsistent empowerment – both considered likely (significant impact) in single unitary but both unlikely in two unitary model.

Services fail through IT incompatibility – considered likely (minor impact) for single unitary but unlikely for the two unitary option.

Eleven of the nineteen risks for the two tier model were in the 'almost impossible' category with another five considered 'very unlikely'. This model had the following risks:

Services too expensive – very likely (minor impact)

Partnerships fail to work – likely (major impact)

If the risks showing only a marginal difference between very unlikely and unlikely (and having the same impacts) are excluded, then the only significant difference between the single and two unitary models is the risk of lack of public support, the risk of partnerships failing to work and services fail through IT incompatibility (minor impact). Given the subjective nature of the process, the risk differences between the single and two unitary models is relatively small, bearing in mind it was commissioned by local authorities committed to the two unitary model.

Part 4

Sustainability of proposals and benefits

Introduction

There are three basic questions which are considered to be reasonable expectations of unitary bids:

1. Does the unitary proposal increase the ability of the local authority to address the government's and local/regional sustainability agenda?
2. Are the unitary proposals sustainable in the longer term?
3. To what extent does each proposal make reference to sustainability?

Ability to mainstream sustainability strategy

A unitary authority should, in theory, be in a stronger position to address the national/regional sustainability agenda. Clear indicators should be evident in procurement strategies (production and supply chains) and commitment to sustainable communities in the growth areas.

All three unitary proposals have used sustainable development in a descriptive sense, for example, sustainable growth, sustainable, communities, sustainable waste strategy, but there is very little evidence of new strategies or increased effort/resources being devoted to mainstreaming sustainability.

Capability to sustain economic and regeneration strategies

If unitary status genuinely increases capability and capacity then local authorities should be better equipped to directly implement economic development and regeneration strategies. These new authorities should have increase capability not only in strategic planning but also in delivery. Rather than refer to 'local delivery vehicles' to align with New Labour policy they could be developing in-house capability on the basis that a plethora of more partnerships and arms length companies is only one option. A unitary authority which limits its ability to establishing policy frameworks and monitoring contracts has a very high chance of failing to achieve its objectives.

Sustainability of the planned council tax cuts

We have already shown how these costs are relatively low compared to other local authorities and previous reorganisation costs. The promise of tax cuts now may help to attract support for a particular unitary proposal but whether such cuts can be sustained over a longer period which coincides with a period of rapid growth, and hence a high level of demand on council services, is highly questionable. These demands could lead to larger than anticipated council tax increases later in order to help finance increased demand for services and facilities in the growth areas.

Sustainability of neighbourhood empowerment

There is little indication that 'neighbourhood empowerment' is anything other than the encouragement of more participation and consultation. There is no indication that the County Council or the government is willing to reduce its power in the policy making process. This should not be confused with market power and the choice and personalisation agenda which

may provide some additional very localised service delivery but not involvement in the strategic policy making agenda.

Part 5

Affordability, financial benefits and infrastructure investment

Introduction

This section of the report examines the financial costs and benefits of the proposals. The costs of reorganisation are substantial and the first part identifies the estimated costs and how they will be funded. The planned savings and changes in council tax are then discussed followed by the impact of the three unitary proposals on public assets and infrastructure investment.

The transitional cost debate

The important points should be established at the outset.

Firstly, the debate about the relative costs of reorganisation, the transition costs, should not be carried out in isolation but as part of a much wider debate about costs and benefits. Transition costs are relatively large and there is always a case for alternative uses of this money. A focus on transition costs may be considered politically expedient in some instances but it is almost certain to debase and deflect from a genuine wider debate about the future shape and role of local government.

Secondly, the reliability of the transition costs must be challenged when there are such wide variations between local authorities. It is also prudent to compare these forecasts with the cost of previous reorganisation of local government. Redundancy costs form a significant part of the transitional costs.

Thirdly, planned savings potentially fund the transition costs within the five-year limit set by the government (the pay back period) and also reduce the overall cost of local government. These savings are also being used to fund reductions in council tax. The reliability and impact of planned savings must also be challenged because as labour costs account for a large part of the savings forecasts, any miscalculation could lead to further substantial job losses and/or cuts in services

Fourthly, good quality local government services, having an authority with the capability to plan, deliver and regulate economic growth and regeneration with the ability to develop the social and economic infrastructure must be paid for. There are no cheap solutions if these objectives are to be met.

Analysis of transitional costs

The transitional costs for the Bedfordshire unitary proposal are estimated to be £16.9m compared to £27.0m for the two Bedford and Central Bedfordshire unitaries (apportioned £9.7m to Bedford BC and £17.3m to Central Bedfordshire).

The Bedfordshire proposal has a contingency of only £0.8m (4.7%) which would appear to be a very low figure given the experience of previous local government reorganisation costs. No specific contingency is identified in the Bedford and Central Bedfordshire transitional costs although this may be included under the miscellaneous item of £1.1m.

Bedford believe that the County Council's transitional costs "are low" because "merging four councils into one would produce higher transitional costs" (Bedford response following meeting with GO-East, February 2007).

Appraisal of Unitary Options in Bedfordshire

There is a £10m difference in the transitional costs of the two options with the County Unitary costing £16.9m compared to £27.0m for the Bedford/Central Bedfordshire Unitaries. The presentation of the transitional costs does permit a full like for like comparison because they have been categorised in different ways.

There are several anomalies when the transitional costs are compared. Although Bedfordshire plans twice the level of job cuts, the cost of the workforce changes are only ten percent lower than the combined Bedford/Central Bedfordshire cost - £10.5m compared to £9.4m – see Table 8. There is no comparable IT cost in the Bedfordshire bid but this may simply reflect the categorisation of costs. The contingency sum is very low in both cases – 4.7% and 4.1% respectively in Bedfordshire and the Bedford/Central Bedfordshire proposals given the risks involved and likelihood of cost overruns and over-estimation of savings.

Table 8: Transitional costs analysis for Bedfordshire and Bedford/Central Bedfordshire

Cost item	Bedford and Central Bedfordshire Unitaries £m	Cost item	Bedfordshire Unitary
Planning for change	1.4	Four into one - management of transition and wind down of district councils	2.2
Closedown of old authorities	2.3		
Redundancy and pensions	10.5	Workforce changes – managed reduction in the total workforce	9.4
Information technology	7.3	Infrastructure – develop modern and improved ways of working	2.8
Other costs			
Training	0.7	New organisation – cultural and organisational development	1.7
Elections and Member expenses	1.1		
Accommodation	0.7		
Relocation	0.9		
Contracts	0.6		
Recruitment	0.5	Contingency – unforeseen circumstances	0.8
Miscellaneous	1.1		
Total	27.0	Total	16.9

Source: Annexes to Central Bedfordshire proposal and Bedfordshire bid.

Comparison of unitary transitional costs between local authorities

Transition costs of other unitary bids range from £23.27 per head in Somerset and North Yorkshire to £58.59 per head for Northumberland – see Table 9. The Bedfordshire transition costs are about mid-point in this range of county unitary costs. There is a much wider range of costs for district council unitaries which range from £43.46 per head for Chester City and West Cheshire to £142.63 for the Norwich bid. The Bedford/Central Bedfordshire cost of £67.89 per head is substantially lower than the Norwich and Ipswich proposals.

Table 9: Comparison of unitary transition costs

Authority	Current population	Transitional costs £m	Cost per head £
Bedfordshire County Unitary	397,700	16.9	42.49
Bedford Unitary	152,700	27.0	67.89
Central Bedfordshire	245,000		
Comparison with other unitary bids			
Cheshire CC	680,000	21.1	31.02
Cornwall CC	513,530	19.0	36.99
Cumbria CC	498,900	21.3	42.69
Durham CC	499,800	12.4	24.80
Northumberland CC	307,190	18.0	58.59
North Yorkshire CC	580,000	13.5	23.27
Shropshire CC	288,800	9.8	33.93
Somerset CC	515,600	12.0	23.27
Wiltshire CC	347,800	17.9	51.46
Chester City and West Cheshire	324,400	14.1	43.46
Exeter City	117,600	6.5	55.27
Norwich City Council	127,600	18.2	142.63
Ipswich BC	128,000	13.7	107.03

Source: Respective Unitary Bids and Financial Appendices from the named local authorities, 2007.

The cost of local organisation in the 1990s, adjusted to January 2002, averaged £86.5 per person in the newly created authorities. However, this figure excluded pension costs and certain IT and accommodation costs (Chisholm, 2006). The County Councils' Network produced two analyses of reorganisation costs of £87.5 and £113 per head but the lower figure is considered to include a degree of under-estimation (ibid).

Both the Bedfordshire and Bedford/Central Bedfordshire transition cost estimates are well below these estimates. If the real costs are within the £86.5 - £113 per head range then the unitary transitional costs have been under-estimated by between £17.9m and £28.0m in Bedfordshire and between £7.4m and £17.9m by Bedford/Central Bedfordshire. If the costs are at the higher end of this estimate, they are equivalent to losing one years planned annual savings in each authority.

Funding of transitional costs

Bedfordshire County Unitary plan to fund the first two years of transitional costs (2007/8 - 2008/09) from a variety of sources. Only £2.3m of these costs requires the use of reserves. However, this breakdown accounts for 73% of Bedfordshire's transitional costs and further use of reserves may be planned for the £4.6m of transitional costs.

In year revenue savings	£4.8m
Capital Balances allocated to capital costs	£1.5m
Assigned Transformation budget	£2.0m
In year Procurement savings	£1.5m
Selling assets - accommodation review	£0.2m
Cash from County reserves	£0.8m
Cash from District reserves	£1.5m
Total	£12.3m

In response to the additional DCLG questions the County Council replied:

"You might enquire why and how the County Council has made available such large sums from efficiency savings. Prior to putting in place the plans for a unitary authority,

the County Council was driving out efficiencies to invest in its own transformation and to address future funding gaps. The figures above are a diversion of those sums to deliver even greater efficiencies.”

Bedford BC plans to fund its £9.7m share of the joint Bedford/Central Bedfordshire transitional costs of £27m from its reserves. It replied to a Government Office East question that “the difference between the required sum to fund transitional costs and the estimated unallocated reserves ...is only £1.655m” (Proposals for Future Unitary Status – Further Evidence, 2007). It also stated that “the funding of the transitional costs is to be from existing reserves on the basis that they would be repaid from future, fortuitous income and one-off savings” (ibid).

Central Bedfordshire’s £17.3m share of transitional costs will be funded from reserves - £9.4m from the County Council’s reserves and the remaining £7.9m from Mid and South Bedfordshire District Council reserves. In response to further DCLG questions, the chief executive of Mid Bedfordshire reported that Central Bedfordshire would have £21.11m reserves which “would be sufficient to fund the transitional costs in full and still have sufficient reserves” (Letter to DCLG, 13 March 2007).

The government’s invitation to local authorities to submit unitary proposals made a number of financial stipulations such as transitional costs overall must be more than offset over a period by savings, the “payback period” must be no more than 5 years and should be financed by a combination of in year revenue savings arising as a result of restructuring, other in year specified revenue savings that are additional to annual efficiencies (e.g. Gershon savings) and drawing on available revenue reserves (DCLG, 2006).

The DCLG invitation concludes:

“Use of revenue reserves should be the final option considered, both because of the need to preserve a contingency to meet future pressures and because use of reserves adversely affects the fiscal aggregates in a given year, increasing spending but not receipts and so placing further pressure on the Government’s fiscal rules” (ibid).

The Consultation paper on the prioritising criteria restates the position that “*implementation of any proposals involving transitional costs financed by the use of reserves impacts on planned public expenditure totals. Any use of reserves must therefore in aggregate be within the limited envelope available*” (DCLG, 2007). If there are more proposals “*than we can afford to implement*” the government will prioritise the proposals.

The Secretary of State will:

“consider the aggregate amount of reserves that would be used to finance transition costs if all the proposals for which implementation had not been ruled out were to be implemented. If this aggregate amount is beyond the limited envelope available for the use of reserves, the Secretary of State will prioritise these proposals to decide which ones are to proceed to implementation. Lower priority proposals whose implementation cannot be accommodated with the available reserve use envelope will not proceed to implementation” (ibid).

In these circumstances the Bedfordshire proposal has a clear advantage because it plans to use a much lower level of reserves compared to the £27m of reserves proposed by the Bedford and Central Bedfordshire bids. The success of the latter, assuming they succeeded the first assessment, would also depend on the planned use of reserves in other approved bids.

Analysis of planned savings

Bedfordshire County Unitary plans £26.6m recurrent annual savings whilst the Bedford and Central Bedfordshire project joint annual savings of £20.3m recurrent savings (“with potential to increase to £25m” but no data is provided about how these additional savings will be achieved).

Appraisal of Unitary Options in Bedfordshire

The Bedfordshire County unitary proposal includes tables setting out in where and how the savings will be achieved. However, the Bedford and Central Bedfordshire proposals only include information on how the savings will be achieved but do not provide any information about which services will be affected.

Table 10 compares the planned savings based on the difference between base year and year 4 expenditure plans. Base figure differences in the data mean that the percentages vary. There are some significant differences between the Bedfordshire and the Bedford/Central Bedfordshire savings plans. The latter are concentrated in education and highways services and in central/corporate services, which account for 63% of the planned savings. In contrast, Bedfordshire's savings are spread across more services with central/corporate services accounting for 53% of planned savings. Social services savings are significantly higher in the Bedfordshire proposal whereas Bedford/Central Bedfordshire plans larger savings in education.

Table 10: Bedfordshire unitary planned savings

Service	Bedfordshire		Bedford/Central Bedfordshire	
	£m saving	% of budget	£m saving	% budget
Education	1.3	0.4	2.9	6.6
Highways, roads and transport	1.2	6.5	1.1	6.8
Social services	5.6	4.5	0.2	0.2
Housing services	0	2.3	0	0
Cultural and related services	1.2	7.1	0.4	2.0
Environmental services	2.6	7.3	0	0
Planning and development	0.7	12.2	0	0
Central services	3.4	33.5	1.2	16.1
Corporate Support Services	10.9	30.4	11.6	28.9
Trading income	-	-	2.0	
Total	26.9		20.3	

Source: Bedfordshire Unitary bid and Bedford/Central Bedfordshire DCLG spreadsheet.

The bulk of the financial savings arise from staff reductions and reduced employee costs of £22.5m (-14.2%) over the seven-year period, excluding transition costs. Premises and transport related expenditure is also reduced by a similar margin, 17% and 15.1% respectively, but the financial reduction is only £3.0m – see Table 11.

Table 11: Planned change in expenditure between base year and year 4 for Bedfordshire Unitary

Expenditure item	Base year	Year 4	£ change	% change
Employees	158,588	136,101	-22,487	-14.2
Premises related expenditure	14,827	12,311	-2,516	-17.0
Transport related expenditure	2,886	2,449	-437	-15.1
Supplies and Services	75,498	73,034	-2,464	-3.3
Third Party payments	159,913	160,188	+275	+0.2
Transfer payments	80,574	80,574	0.0	0.0
Restructuring	0	0	0.0	0.0
Income	245,690	245,690	0.0	0.0

Source: Annexes to the County Unitary Proposal for Bedfordshire, 2007.

Table 12: Bedford and Central Bedfordshire savings

Subjective	Saving (£m)	Driver
Employees	-9.65	Staff reductions – 274 from structures
Premises	-0.22	Rationalisation of property costs
Transport	-02	Re-engineering of corporate and overhead activity
Supplies and services	-4.90	Procurement savings and staff reduction efficiency savings
Third party payments	-17	Re-engineering of corporate overhead activity
Contingency	-3.33	Reduction in contribution to Contingency Fund
Total	-18.30	
Other income	-2.00	Trading income generated from external sources
Total Net expenditure	-20.30	

Source: Bedford and Bedfordshire unitary proposals, 2007.

Proposed changes in council tax

Both bids propose to reduce council tax. The Bedfordshire model plans to use the current Mid Bedfordshire level as the base figure which would lead to a reduction of 3.4% in Bedford BC and 4.1% in South Bedfordshire. The equalisation is intended to give £4.3m back to council tax payers each year.

However, the Bedford/Central Bedfordshire Unitaries would provide a larger reduction in all three authorities ranging from 10.3% to 15.3%. The Bedford bid makes reference to either “reducing Council Tax by around 12% across the county and/or increasing frontline service provision.” However, the financial overview section of the report sets out the effect of planned reduction in Council Tax but there is no alternative analysis of how these resources could be used to improve frontline services. So the ‘and/or’ is basically fraudulent because it seems apparent that the tax cutting strategy takes precedent.

Table 13: Planned changes in council tax

	Existing Council Tax	Revised Council Tax	Saving £	Saving %
Bedford and Central Bedfordshire Unitary proposals				
Bedford BC	£1,177.59	£1,056.66	£120.93	10.3%
Mid Bedfordshire	£1,137.25	£1,004.87	£132.38	11.6%
South Bedfordshire	£1,186.93	£1,004.87	£182.06	15.3%
Bedfordshire County Unitary proposal				
Bedford BC	£1,177.59	£1,137.25	£40.34	3.4%
Mid Bedfordshire	£1,137.25	£1,137.25	£0	0
South Bedfordshire	£1,186.25	£1,137.25	£49.00	4.1%

Source: Bedfordshire County Unitary bid and Central Bedfordshire Supporting Documents.

Value for money

It is extremely difficult to determine whether the unitary proposals represent value for money, particularly given the uncertainty over transitional costs and the lack of content with regard to sustainability, social justice and the impact on jobs. The replies to DCLG questions often only repeat what has already been stated in the main bid documents or provide only a small amount of additional information. Value for money must be determined by taking all these issues into account and not merely the financial factors.

Public assets

Some public assets, such as land, buildings and equipment, may be surplus to requirements as a result of duplication or no longer being required.

The Bedfordshire County Unitary proposal includes in year revenue savings of £0.2m from divesting assets as part of a review of accommodation requirements.

The bid also includes a reference to 'community ownership of trust assets' in the planned adult services trust for libraries, leisure and life-long learning.

The Bedford and Central Bedfordshire proposals report that rationalisation of office accommodation will produce a 'sizeable net saving' and will introduce more home working and hotdesking for those with mobile delivery roles. The Central Bedfordshire response to a DCLG question on asset base savings refer to "*existing sites could either be redeveloped or sold*" and "where the building work would require up-front funding, payback would occur quickly."

The Central Bedfordshire proposal also refers to "*Greater up-front capital expenditure than with a single unitary with less opportunity to divest of assets.*"

"Although there will be some up-front capital expenditure to house the new authority, there will also be the opportunity to divest of some assets. The transition plan must balance the two; there is sufficient latitude for the gap to be bridged through prudential borrowing."

Bedford unitary proposal states "*the Council recognises that as a Unitary Council it could not continue to be debt free if it was to deliver its share of the County Council's proposed Capital Programme. This submission is, therefore, based on the delivering of a Capital Programme at the same level as currently planned by both councils.*"

The Council would continue its existing policy of seeking to maximise capital receipts from the disposal of under utilised assets. Moreover, the revenue budget provided in this submission covers the cost of borrowing to meet the Capital Programme.

The total transitional capital cost will be financed by the sale of assets and topped up, where necessary, from existing reserves.

Preliminary indications are that by reducing the number of Councils from 4 to 2, capital spending could be maximised since the capital receipts generated locally from the sale of existing assets would be spent to meet two Councils investment priorities rather than four as at present. Additional capital expenditure needed would be funded through the sale of assets or prudential borrowing as necessary."

Infrastructure investment

Very limited information about the effect unitary status will have on infrastructure investment has been supplied in all three bids. It is not within the scope of this study to examine the detailed DCLG financial model submitted by each authority, and in any case, it is entirely reasonable to expect the bid documents and supplementary annexes to contain information on such a crucial issue.

An annex to the Bedford BC proposal contains a two-page section on capital investment including a table on the proposed profile of capital expenditure. The Gross Capital Cost for the base year and two transitional years are forecast to be £105.8m, £94.8m and £95.7m respectively which represents the aggregate of Bedford Borough and Bedfordshire County Council's capital current capital plans. The forecast gross capital cost for the first four years of the Bedford unitary would be £31.9m, £34.2m and £33.1m for each of the two remaining years. The programme would be funded by capital receipts (22%), specific grant funding (53%) and the remainder by prudential borrowing. Bedford state that "*there are no PFI commitments in existence or planned*" (Bedford bid, 2007).

The main Bedfordshire County unitary proposal did not include any information about the capital programme and it required one of the DCLG questions to "outline capital spending

plans and sources of funding". Bedfordshire responded with a six-line paragraph stating that the County Council's budget proposals contain a £358m capital expenditure over the five years from 2007/08. It referred to £4.2m allocated for the accommodation review and £6.6m for ICT related projects.

The Central Bedfordshire proposal contains the same document as the Bedford BC proposal.

The lack of information on infrastructure investment in all three bids is a major weakness given the likely infrastructure needs in the growth and regeneration areas and across Bedfordshire in general over the next two decades. Furthermore:

- The case for unitary government with respect to infrastructure investment is not addressed.
- There is significantly more information supplied in the proposals about planned council tax cuts than capital expenditure plans.
- There is no reference about the need for new investment or any reference to subregional infrastructure plans.
- There is no analysis of the potential consequences of adhering to a lower tax structure over a long period. Will the Unitary have the resources to fund the infrastructure to accommodate 80,000 additional houses and 50,000 jobs? Linked revenue budgets are also crucial because because of the need to finance the running of facilities once they are built.
- The potential impact of unitary bids on Building Schools for the Future or other service specific capital programmes is not mentioned.
- No details are supplied of how and when the accommodation needs of the new authorities will be integrated into the capital programme and what effect this might have on existing commitments. This could obscure new headquarters proposals with financial consequences which the local authorities concerned do not wish to have aired during the unitary debate.
- No details are provided of the source of £7m of capital receipts to be obtained annually in the Bedford proposal. The level or source of capital receipts is not provided in the other two proposals.

Part 6

Social justice and equalities agenda

Introduction

This section examines the approach and content of the unitary proposals in terms of the extent to which they address social justice issues.

Assessment

A very basic assessment of the three sets of unitary proposal documents was carried out by doing a word search for social justice, inequalities and deprivation/social needs to test the extent to which the proposals addressed these issues. Where references were found they were assessed on a scale of 1 to 5 based on the quality of the content, with 1 being minimal reference and 5 being a substantive reference.

However, the main documents of the three proposals contained no references to social justice or inequalities with the Bedford and Central Bedfordshire proposals containing a mere 2 and 5 references to deprivation/social needs. The quality assessment scored 1 and 4 respectively – see Table 14. This is astounding in 2007 that the core documents contained so few references to social justice, not even in terms of risk assessment.

Table 14: **Assessment of social justice content**

Unitary bid	Social justice		Inequalities		Deprivation/social needs	
	No.	Quality	No.	Quality	No.	Quality
Bedfordshire	0	N/a	0	N/a	0	N/a
Bedford	0	N/a	0	N/a	2	1
Central Beds	0	N/a	0	N/a	5	4

Source: Unitary bid document search.

A different approach was used in the Chester City and West Cheshire unitary bid which included a proposal for equality based community cohesion. “Creating cohesive communities based on equality and tackling extremism will be an integral part of providing better public services to the residents and the place-making role of the authorities” (Chester City, 2007). It produced a three-part plan to build confidence and sense of community belonging, anticipating and addressing social tensions and improving communication, information and monitoring. Only the Bedford proposal made a similar commitment.

Implications of local commissioning

The Bedfordshire proposal states that ‘one size does not fit all’ but the “need for an equitable distribution of public services across the County” must extend to the redistribution of resources to address existing inequalities and the uneven pattern of social needs.

Reducing council tax burden

The County unitary will give £4.3m back to council taxpayers annually and the Bedford/Central Bedfordshire proposal plans a 10% - 15% reduction in council tax across the County. However, this will have a very limited effect for the elderly, low paid and unemployed because most will be in receipt of housing/council tax benefit.

Use of savings and changes in key budgets

The unitary bids were examined to identify proposals for reducing/eliminating health and other inequalities and discrimination – race, gender, disability, age, sexual orientation, religion and belief. This issue was not addressed.

Cost of reorganisation

The £16.9m - £27.0m, and potentially larger, transition costs are relatively small compared to the planned annual savings to be achieved from unitary reorganisation. However, another perspective could consider this to be a diversion of resources into organisational change which could be used more effectively to address social justice issues in the County whilst also achieving savings via an enhanced two-tier model.

Impact of job losses and transfers

The employment section of this report shows that the number of jobs which will be affected by unitary reorganisation are far greater than the 274 – 550 full-time employee figures presented in the proposals. When the FTE figures are converted to actual jobs and the trust and arms length company proposals are taken into account, the total number of jobs affected will be between 1,500 and 2,100. The County unitary proposal shows that 62.7% of the planned job losses will be on scale 1 to 6 – in other words the bulk of the job losses will be borne by the lower paid employees. The proposed library and leisure trust is also likely to impact more heavily on lower paid staff. Yet there is no recognition of this in the proposals and hence no assessment of the potential impact of these employment changes on the people concerned or the local economy. The Bedford/Central Bedfordshire proposal does not even identify the different types/categories of jobs which will be affected.

Impact on particular equality groups

Unitary reorganisation presents an opportunity to make progress in reducing inequalities in health and social care, education, housing and transport. Similarly, neighbourhood empowerment or engagement is an opportunity to increase the participation of minority groups and thus build community capacity. However, this is another missed opportunity in so far as the unitary proposals are concerned.

Part 7

Subregional growth and regeneration

Introduction

Bedfordshire is part of the Milton Keynes South Midlands Growth Area. An additional 50,000 new jobs are planned for Bedfordshire and Luton by 2021 (27,000 for Bedford and Mid Bedfordshire and 23,000 for Luton and South Bedfordshire). This chapter examines the three unitary proposals for the content and approach to economic development, regeneration and growth.

New housing growth

The growth forecasts for Bedfordshire were summarised in Table 2.

The housing needs in Bedfordshire and Luton are estimated to be 66,000 new homes up to 2031, although government proposed amendments to the East of England Plan suggest provision of up to 91,100 new homes in 2006-31 period. The County Council believes the larger figure “is far in excess of the housing needs” of the population forecast.

Central Bedfordshire: New housing provision outside the growth area in Mid Bedfordshire was increased by the government from 8,270 to 11,000. Provision outside the growth in South Bedfordshire was reduced from 1,600 to 1,000.

Bedford: The rural areas outside of the Bedford/Kempston/northern Marston Vale were increased from 820 to 1,300.

The unitary proposals could reasonably have been expected to contain a more detailed case how unitary status would improve local authority:

- capability to plan and manage this growth.
- ability to plan the infrastructure including social provision.
- ability to generate job growth and quality employment

Unitary proposals

The DCLG were clearly surprised by the content of the Bedfordshire unitary proposal because one their questions to the County Council was “*what considerations have you given to ‘Transport’ and ‘Economic Development’ services (there is little reference in the bid)*” (DCLG, 2007). Bedfordshire’s reply was not very substantive. It referred to ‘clear direction in terms of leadership’, the release of adequate employment land, the advantage of a single point of entry for investors and a single strong delivery vehicle for the whole area. The answer ignored the question in terms of transport. There is reference to institutional fragmentation impeding the delivery of sustainable growth but little about whether unitary government would be better able to deliver 50,000 new jobs in the next 13 years.

Instead the emphasis is on cutting council tax – there is no reference to increased demands on the County (both revenue and capital) from the growth strategy – nor to how unitary status will increase the capacity of the council to plan and manage the growth strategy.

Bedford makes a cogent case for unitary status to support its growth and regeneration strategies but it is not specific in explaining how a unitary council will add to existing capabilities and progress in town centre renewal and other strategies. The rhetoric runs away

in places - "Bedford is a real place for real people who are an economic and physical actuality" (Bedford unitary bid, p33, 2007)

Central Bedfordshire argues that unitary status will "reduce the number and complexity of authorities and associated governance arrangements working across administrative boundaries" (Central Bedfordshire, p26, 2007). This is applicable to all three proposals. Clearly, the reduction in the number of organisations will 'simplify' matters for public bodies but the reduction in the number of Local Strategic Partnerships has other implications for community organisations which are not considered in any of the proposals.

Some key issues

The unitary documents leave a number of unanswered questions:

1. Does the growth strategy indicate that a holistic subregional strategy, in terms of an integrated approach combining the different needs of designated growth areas, green belt and other areas, will be an advantage over a dual unitary approach and a status quo situation? In other words would a Bedfordshire Unitary be more capable and effective in planning, negotiating and mediating the different interests?
2. Would the interests of the individual parts of the subregion, for example, the Bedford area, the growth area and green belt area of South Bedfordshire be better served by separate Unitary authorities which will focus on the specific interests of their areas?
3. Would there be a significant difference in the capability of the two unitary model compared to the County Unitary model?
4. How do the proposals affect the ability to fund infrastructure and the related consequences of growth? To this extent, a strategy of reducing Council Tax could have important consequences at a later stage, resulting in either larger increases later and/or service and infrastructure gaps as the demands from growth materialise. The planned 10% - 15% reduction of Council Tax in Bedford/Central Bedfordshire unitaries could be a distinct disadvantage compared to the lower reduction planned by the Bedfordshire County unitary.
5. The growth strategy will require joint/collaborative work between a range of public sector agencies plus close partnership working with the private and voluntary sectors. Is there a difference in terms of current practice and/or future capability/capacity between the unitary options in their ability to achieve joint work and partnership working?

Given the importance of growth strategies, particularly Bedfordshire's role in the Milton Keynes/South Midlands strategy, the case for unitary government must be more substantive than achieving organisational simplicity by reducing the number of public bodies.

Part 8

Implications for specific services

Context

The unitary proposals make reference to the government's transformation strategy for public services both in the language they use to describe their approach and with reference to specific policies. However, it is not clear whether there is a full understanding of New Labour's transformation strategy and the full implications for local government (Whitfield, 2006). Local authorities are obviously not going to question this strategy when they are seeking government approval for a major reorganisation. However, this strategy has fundamental implications for the future role and function of local authorities that should be reflected in proposals to create new unitary authorities.

Transformation strategy and implications for local government

The government's model for public service reform is claimed to be a 'self-improving system' with four key elements:

- Top down performance management.
- Introduction of greater competition and contestability in the provision of public services.
- Upward pressure from service users through increased choice and voice.
- Measures to strengthen the capability and capacity of civil servants and local government to deliver improved public services (Cabinet Office, 2006).

Recent legislation, for example in education and criminal justice, the local government White Paper and the Prime Ministers Policy Review seek to mainstream fundamental changes not only in the planning and delivery of public services but in the role and function of the state. They include:

Choice and voice – the aim is to increase individual voice in exercising choice in the marketplace. This is claimed to 'empower' citizens and service users but it does not increase organisational power.

Personalisation of services -

Contestability and competition in all services resulting in local authorities and public bodies commissioning services from a range of providers or contractors. This requires the mainstreaming of procurement and development of a contract culture.

The marketisation of services and functions – this is gaining pace through a five-part process of commodifying or commercialising public services and the welfare state infrastructure; reorganising labour; market mechanisms introduced to spur competition with services transferred to arms length companies and quangos; users are treated as consumers; and business interests have an increasing influence in the public policy making process (Whitfield, 2006).

The formation of 'local delivery vehicles' such as trusts, arms length companies, joint venture companies and quangos and to deliver services, particularly for regeneration and economic development.

Wider role of the third sector – voluntary organisations and social enterprises – in the provision of services. *Separation of core strategic functions from delivery* – this would drastically reduce the core of central and local government to a handful of strategic functions with delivery transferred to arms length commercialised organisations.

These policies are intended to radically transform the role and function of local government. Yet there is no real understanding in the unitary proposals of the impact of these changes and the type of unitary government which could emerge.

The debate is presented as being about one or two-tier government but this is a false argument if a longer-term perspective is taken. Recent legislation and policy frameworks are targeted at creating a small strategic core of local government, attempting to 'manage' and regulate marketised services, surrounded by a plurality provision consisting of private contractors, social entrepreneurs, voluntary sector contractors and a few remaining arms length organisations. Even commissioning may be outsourced further reducing the core functions.

The current unitary proposals may result in a few more single tier local authorities being created in the short term but much more substantive issues arise from New Labour's neoliberal vision of market driven local government (Whitfield, 2006). A key question is whether the unitary proposals for Bedfordshire are more or less likely to speed up this type of change? The Central Bedfordshire report refers to 'extensive commissioning' and the Bedfordshire bid contains a plan for 'local commissioning.'

Local commissioning

The Bedfordshire Unitary bid plans to enable 'local commissioning of services' but there are a number of limitations imposed on this concept. It will be restricted to areas of 20,000 population or more which effectively means it can only be implemented by a town council or a group of parish councils. The menu of services is limited covering grounds maintenance, highway maintenance and street cleaning, community safety and street wardens, minor housing repairs and youth services. These are services where economies of scale are not so significant. Furthermore, "local discretion over choice of provider wherever practical" through the use of framework agreements is likely to exclude or limit the choice of in-house service provision. 'Local commissioning', irrespective of its merits or otherwise, is bound to be limited in the context of a unitary proposal in which economies of scale are essential to finance transitional reorganisation costs and planned savings.

Trusts

The proposals for trusts were outlined in Part 2.

The Bedford, Mid and South Bedfordshire councils have been exploring the option of establishing a joint Families and Children's Trust (FACT) based on the Northumberland model. Children, young people and family services are organised in FACT which delivers planning, commissioning and provision of services for children, young people and their families. It has two parts: the Children's Services Directorate and the FACT Partnership. The Children's Services Directorate includes education, children and young people's social services together with elements of health care. It has integrated teams working through extended schools and children's centres.

The FACT Partnership includes a range of organisations working through existing networks and is not a representative body. The key roles of the partnership are to engage with stakeholders and local authorities, challenge service improvements, consult on the children's plans and scrutinise performance of the Children's Services Directorates.

Bedfordshire plans an Adult Services Trust for libraries, leisure and youth services based on the Hounslow model which potentially require staff to transfer to a new organisation. With school, leisure and care trusts already established and the government's strategy to expand the role of the third sector in the delivery of public services, the trust model is likely to be promoted for other public services.

Housing

Both the Bedfordshire and Central Bedfordshire proposals advocate the sale/transfer of the South Bedfordshire council housing stock. Although this will require another tenant's ballot it shows limited respect to the high turnout and overwhelming vote against transfer a few years ago. A unitary council could have an integrated housing strategy which is not dependent on the transfer/sale of council housing (Bedfordshire proposal, p73).

South Bedfordshire DC undertook a Stock Options Appraisal in 2005 which concluded that the Council has a financially sustainable Housing Revenue Account until 2021, it can achieve the Government's Decent Homes target by 2010 and could spend an additional £270,000 per annum year more on the Housing service until 2020. It would still have an appropriate balance level at the end of this period (South Bedfordshire DC, 2006).

The Central Bedfordshire unitary proposal refers to the previous options appraisal and tenants ballot – "we do not see this as a one-off exercise, and expect to return to this issue probably in 2010" (Summary response to invitation document, Annexe A services, Central Bedfordshire).

Shared services

A status quo option would be at a distinct disadvantage if it is assumed that the existing authorities would develop a shared services strategy for central and other services – this would be far easier and less costly to achieve with unitary status than being separately negotiated by the four local authorities and other public bodies.

Contract alignment

There are two potential aspects of contract alignment where services are outsourced to private contractors – consolidation of district council services if the county unitary is approved and partial consolidation in Mid and South Bedfordshire if the two unitary model proceeds or division of Bedfordshire County contracts if two unitaries are approved.

Bedfordshire County Council has six major long-term private sector contracts with contract terminations in the 2009-11 period. The largest is the highway works and services with Amey Infrastructure (£20m per annum), residential nursing and ancillary care services – BUPA (£10m per annum), school catering – Scholarest (£3.5m pa), estate management and maintenance – Mouchel Parkman (£1.5m pa) and building/window cleaning – Hi Spec (£0.5m pa) (Bedfordshire CC, 2006).

The County Council claims that the cost of aggregating district council services has included in the transitional costs – see Table 8 in Part 5. However, DCLG asked the County whether it had worked out the costs of aggregating services which responded by referring to the £1.6m allocation for integrating/migrating ICT systems and the overall £9.4m cost of workforce change. The reply made no reference to the cost or complexity of consolidating three district council services, some of which are outsourced. The reply gives the impression that the process and cost of consolidation have not been fully considered. Another DCLG question concerned how the County would 'raise the outcomes of services' currently provided by the districts. The reply contained little more than a commitment to "bringing together the best in class services" and "robust management" of the transition programme.

Mid and South Beds District Councils use the same refuse, recycling and street cleansing contractor and expect to generate economy of scale savings by amalgamation into a single contract in a Central Bedfordshire unitary (Response to DCLG questions, 2007). However, the merging of existing contracts is rarely straightforward and the contractor has vested interests and legal rights. The two authorities already share a common ICT platform.

Part 9

Employment

Introduction

This section assesses the three unitary proposals with respect to:

- Impact on jobs and the local economy
- The employment impact of the planned savings
- Single status and back pay commitments
- Employment impact of service delivery proposals

Importance of the staffing proposals

Redundancy costs constitute a large element of the transitional costs and the savings forecasts are based on large reductions in labour costs. Attempts to minimise transitional costs and/or to inflate savings forecasts usually have a negative knock on effect on jobs as a result of:

- Increased use of agency staff to try to maintain services.
- Reductions in the level and quality of services as budgets are cut.
- Short cuts are taken in the reorganisation of services and functions which later have a negative impact on the quality of service.
- Staff-user relations become strained as internal pressures increase.
- Additional jobs losses are imposed to fund additional transitional costs and/or additional savings.

DCLG criteria excludes employment

All the unitary bids include significant job losses which constitute a large part of the transitional costs and the post reorganisation savings which are expected to offset these costs. However, employment and the local economy impact of job losses are not included in the DCLG criteria.

Impact on jobs

The Bedfordshire Unitary proposal assumes almost twice the level of job losses compared to the Bedford proposal – 550 compared to 274. These are full time equivalents so the actual number of jobs losses will be significantly larger at 715 and 356 respectively.

No figures are available for the breakdown of job losses by service, although a good indication can be gleaned from the level of financial reduction in employee costs – see Table 15. A third of the financial reduction in employee costs for the Bedfordshire bid are in Social Services, Environmental Services and Planning and Development which contrasts with zero reductions planned in the Bedford proposal. Job losses in Central and Corporate Services account for 76% and 56% respectively in the Bedford and Bedfordshire unitary bids.

Impact on local economy

Given the profile of services and jobs a multiplier the use of multiplier of 1:1.25 will give a realistic assessment of the impact of local authority job losses in the local economy. A 715 job loss of the Bedfordshire Unitary proposal will lead to a further 179 job losses in the local/subregional economy giving a total job loss of **894 jobs**. The Bedford proposal will result in an additional loss of 89 jobs in the local economy giving a total job loss of **445 jobs**.

None of the proposals considered the impact of the job losses on the local economy.

The employment impact of planned savings

Table 15 examines the changes in employee costs (£m and % of budget) for each service in the Bedfordshire and Bedford/Central Bedfordshire proposals. Unfortunately none of the proposals identify where the job losses are concentrated but this analysis shows major changes will be in highways, social services, cultural services, environmental services, central and corporate support services in Bedfordshire and highways and corporate support services in Bedford/Central Bedfordshire.

Table 15: **Proposed changes to employee costs by service and job losses**

Service	Bedfordshire			Bedford/Central Bedfordshire		
	£m*	% budget	No. of jobs**	£m*	% budget	No. of jobs**
Education	0.25	0.75	N/a	0.83	2.3	N/a
Highways, roads and transport services	0.99	28.7	N/a	0.97	28.5	N/a
Social Services	4.49	10.5	N/a	0	0	N/a
Cultural services	0.95	10.7	N/a	0.35	4.5	N/a
Environmental	2.18	26.1	N/a	0	0	N/a
Planning and development	0.68	4.5	N/a	0	0	N/a
Central Services	2.88	24.3	N/a	0.39	5.5	N/a
Corporate Support	9.17	32.3	N/a	7.11	22.3	N/a
Total	21.59	-	550	9.65	-	274
Total jobs based on FTE x 1.3 to give actual number of people employed	-	-	715	-	-	356

Sources: Annexes to the County Unitary Proposal for Bedfordshire, 2007, and Financial Overview – DCLG Spreadsheet, Bedford Unitary proposal, 2007. Notes: * Based on employee costs in DCLG spreadsheet. ** Full Time Equivalents

Bedfordshire employment proposals

Nearly two thirds (62.7%) of the planned job losses in the Bedfordshire bid are in the lower grades Scale 1 – 6 with an average basic salary of between £15,000 - £20,000 – see Table 16).

Table 16: **Distribution of planned job losses in Bedfordshire Unitary proposal**

Job	No of potential redundancies	Average basic salary £	% of job losses
Chief executive	3	110,000	0.6
Director	14	90,000	2.5
Assistant Directors	4	70,000	0.7
Senior Managers	18	50,000	3.3
Professional staff	104	35,000	18.9
Senior staff	62	25,000	11.3
Scale 4 to 6	182	20,000	33.1
Scale 1 to 3	163	15,000	29.6
Total	550		100.0

Source: Annexe to the County Unitary Proposal for Bedfordshire, 2007.

Employment impact of service delivery proposals

There are additional threats to public sector employment in the County which are in addition to the planned job losses and redundancies.

- The transfer of jobs from local authorities to the planned trusts and arms length companies. Although these will almost certainly be TUPE transfers some job losses are likely and there could be longer-term changes to terms and conditions. A Bedfordshire Adult Services Trust is likely to transfer about 800 staff (250 in libraries) out of local authority employment. A Bedfordshire local delivery vehicle for economic development is likely to transfer approximately a further 50 staff. A similar number could transfer to a Central Bedfordshire regeneration local delivery vehicle. A Families and Childrens’ Trust initially may not directly employ staff but trust employment is forecast to grow. It will also increase as a result of Central Bedfordshire’s plan for extensive commissioning.
- The potential sale/transfer of South Bedfordshire council housing stock.
- The alignment of outsourced contracts. This will involve the integration of district council services by the Bedfordshire unitary and the separation and integration of County Council and district services in the Bedford and Central Bedfordshire bids.
- Transitional cost overruns and/or demands for additional savings will lead to cuts and/or further outsourcing of services. Any changes, miscalculation and/or unforeseen costs arising and pressure for additional savings will result in further job losses of an estimated 125 jobs for every £5m of additional costs/savings (based on labour costs accounting for 70% of budget and average £28,000 – wages and on-costs).

The potential impact these changes is summarised in Table 16. The planned job losses are just one part of employment change. The number of staff affected is almost certain to be between 1,525 and 2,100 once the total figures in Table 17 are converted from FTE to the actual number of jobs. In summary, the Bedfordshire unitary proposal will affect about 1,615 FTE or 2,100 jobs whilst the combined Bedford/Central Bedfordshire two unitary option will initially affect between 1,174 and 1,299 FTE or between 1,525 and 1,690 jobs.

Table 17: Potential employment change (FTE) in the unitaries

Authority	Proposed job losses	Estimated No of jobs to be transferred to Trusts and arms length companies	Estimated No of jobs to be transferred in South Beds LVST	Estimated No of job losses in outsourced contract alignment	Estimated additional job losses every £5m savings and transitional cost overruns	Total change – job losses and transfers
Bedfordshire	550	850	50	40	125	1,615
Bedford	274	750 – 800	N/a	25	125	1,174 – 1,299
Central Beds			50	25		

Source: Unitary bids, council budget documents and ESSU estimates.

Single status and back pay commitments

The financial implications of Single Status and back pay have been included in transitional costs. Mid Beds DC and South Beds DC implemented Single Status several years ago and hence costs are involved. The Bedford figures are based on a provisional evaluation of the impact of Single Status and do not include staff in the Commercial Services Department – see Table 18. Bedfordshire has not yet signed a Signal Status agreement for staff on grades up to SO1. The County has calculated a ‘worst scenario’ implementation cost of £9.65m based upon a year 1 pay bill increase of £2m and based on a total employee group of 2,534.

Table 18: **Back pay commitments (£m)**

Authority	2007/08	2008/09	2009/10	2010/11	2011/12	Total
Bedfordshire CC	2.0					9.65
Bedford BC	0.2	0.2	0.2	0.2	0.2	1.0
Mid Beds DC	-	-	-	-	-	-
South Beds DC	-	-	-	-	-	-

Source: Unitary bids.

Since the Bedford figures are provisional and are not inclusive of all eligible staff the final cost of back pay may be higher which may result in further adjustment to the transitional costs.

Part 10

Appraisal of the 3 options

Introduction

The appraisal of the three unitary options has been organised in two parts using the government's five criteria together with seven additional criteria which we consider are essential to fully assess the quality of the bids and the impact of approving any of them.

Option of enhanced two-tier model

As we noted in Part 1, DCLG did not require the bids to provide an alternative enhanced two-tier option which would have substantially improved the quality of the options appraisal and given the public an opportunity to debate alternative course of action. If none of the unitary options are accepted for Bedfordshire, local authorities will have to address the shared services agenda.

Table 19: **Appraisal of options**

Criteria	Bedfordshire Unitary	Bedford Unitary	Central Bedfordshire
GOVERNMENT APPRAISAL CRITERIA			
Affordability, value for money and existing resources	Transitional costs funded mainly by efficiencies.	Use of reserves to fund transitional costs	Use of reserves to fund transitional costs
Supported by stakeholders	Resident's survey January 2006 but no options or costs and benefits presented.	No formal consultation of residents	No formal consultation of residents except in Mid Beds.
Provide strong, effective and accountable strategic leadership	Clear and accountable corporate and management structures and scrutiny arrangements.	Directly Elected Mayor. More concentrated corporate and management functions and separation of some functions.	Lack of detail does not permit full assessment. Implications of extensive commissioning on strategic leadership not considered.
Deliver genuine opportunities for neighbourhood flexibility and empowerment	No new proposals for role of elected members. Charters, joint working by parish councils and local commissioning likely to have limited effect.	Lack of detail. No new proposals for role of elected members.	Lack of detail and poor response.
Deliver value for money and equity on public services	Lack of evidence to determine whether value for money and/or equity achievable.	Lack of evidence to determine whether value for money and/or equity achievable.	Lack of evidence to determine whether value for money and/or equity achievable.
ADDITIONAL APPRAISAL CRITERIA			
Democratic accountability	Lack of proposals to extend direct accountability. Potential erosion through transfer to	Lack of proposals to extend direct accountability. Trust for family and childrens services	Lack of proposals to extend direct accountability. Potential erosion through transfer to

Appraisal of Unitary Options in Bedfordshire

	<p>arms length companies and trusts. Trust for libraries, leisure and youth services. Local commissioning. Potential sale of South Beds council housing stock. Local delivery vehicle for economic development</p>		<p>arms length companies and trusts. Trust for family and childrens services. Potential sale of South Beds council housing stock. Local delivery vehicle for regeneration. “Extensive commissioning”</p>
Sustainability	Sustainability used only in a descriptive sense	Sustainability used only in a descriptive sense	Sustainability used only in a descriptive sense
Infrastructure investment	No details - poor	Limited information - poor	No information – very poor
Ability to address social justice and inequalities	No reference	No reference	No reference
Subregional growth and regeneration	No details - poor	Potential increased capability for Bedford growth area	Little information or reference - poor
Jobs and quality of employment	<p>550 FTE (715 job losses) No impact assessment. Total of about 2,100 jobs lost or transferred</p>	<p>274 FTE (356 job losses) No impact assessment Total of about 1,525 jobs lost or transferred</p>	<p>274 FTE (356 job losses) No impact assessment Total of about 1,655 jobs lost or transferred</p>
Geographic/place identity	Existing County becomes unitary authority – maintains Bedfordshire identity	Strong - based on Bedford	Merger of two District Councils – need to develop new identity

Source: Unitary proposals, 2007.

Part 11

Conclusions and recommendations

This section begins with a commentary on the appraisal matrix in Part 10 which identifies the strengths and weakness of the unitary options and concludes with a series of recommendations to the government and local authorities.

Assessment of options

The assessment of the unitary proposals using both the DCLG and additional appraisal criteria shows that all three proposals have major shortcomings. There are some significant differences between the proposals, for example:

- The Bedford and Central Bedfordshire model forecasts £20.3m recurrent savings compared to £26.6m for the Bedfordshire County Unitary proposal.
- The Bedford/Central Bedfordshire proposal has substantially higher transition costs (£27.0m compared to £16.9m) than the Bedfordshire County Unitary model.
- The Bedford/Central Bedfordshire planned job losses are only half the level (274 compared to 550) of the Bedfordshire County job losses.
- The Bedford/Central Bedfordshire proposal plans cuts of between 10.3% - 15.3% in council tax in all the existing authorities whereas the County Unitary proposal plans no reduction in Mid Bedfordshire and only 3.4% and 4.1% respectively in Bedford and South Bedfordshire. Irrespective of the merits of equalising council tax, reducing council tax and 'returning money to council taxpayers' is likely to have major economic and political repercussions given the vulnerability of the transitional costs and savings forecasts. Council tax funds services and any significant change impacts on service provision and jobs.

Some parts of the parts of the proposals are clear and sufficiently detailed, for example Bedfordshire's executive and scrutiny arrangements, however, many are not. No one proposal stands out above the others.

The UNISON branches in Bedfordshire do not support any of the unitary options because of the quality the specific proposals, the flaws in the options appraisal process such as the lack of other options and the narrow criteria used to assess the proposals.

Recommendations

The objectives of this study are to appraise the three unitary proposals but not to recommend any particular option. We have made recommendations about the options appraisal process and the content of the proposals should any of the proposals be approved.

Government

- Additional appraisal criteria should be used by DCLG to carry out the assessment of bids before prioritising is undertaken by DCLG. The additional criteria are democratic accountability, sustainability, infrastructure investment, ability to address social justice, ability to undertake subregional growth and regeneration, jobs and the quality of employment and geographic/place identity.
- An enhanced two-tier model should have been an integral part of the options appraisal. Instead of leaving the options to pass or fail, the government should have required each proposal to be accompanied by an enhanced two-tier model. It would have presented a genuine option to the public instead of the current crude 'contest'

between unitary and two-tier, change or no change. An enhanced two-tier developmental approach towards unitary government must be considered as a viable option and an alternative to imposing a partially suitable unitary reorganisation.

- Where unitary proposals are approved, local authorities should be required to fully engage staff and trade unions in the planning, design and implementation of unitary status.
- Transitional costs of unitary proposals must be reassessed before any unitary bid is approved, irrespective of how these costs will be funded. Whilst the government has made it clear that any additional costs (miscalculation and/or cost overruns) will not be financed by the government or unforeseen costs financed council taxpayers, council staff and the quality of services must not bear the brunt of cuts.
- The government should consider imposing conditions on unitary bid approvals which could cover: the redesign and allocation of additional resources for local/neighbourhood empowerment to support community organisations, not simply parish and town councils; infrastructure plans; increasing growth area capability; sustainability; social justice, and jobs and the quality of employment.

Local authorities

- Local authorities should focus on developing effective good quality in-house services and minimise the development of competition and contestability regimes which will increase the marketisation and privatisation of public services.
- Local authorities should abandon plans to transfer more services and functions to trusts and arms length companies. This will weaken democratic accountability and transparency and is unlikely to result in additional investment or improve service quality but is almost certain to have a negative impact on the quality of employment.
- If reorganisation proceeds a register of public assets (land, buildings and equipment) should be compiled immediately as part of a strategic asset management for the new authority. The sale of assets should only be sanctioned where there is duplication and longer term needs have been taken fully into account.
- The South Bedfordshire council housing stock must be retained to address housing needs and the tenants overwhelming vote for retention and improvement respected.
- The concept of 'local delivery vehicles' for regeneration and economic development should examine all options including in-house and joint public sector organisations and should not assume that that more public private partnerships will be the most effective vehicle to achieve the objectives.
- Local authorities should adopt the 18 principles of the Shared Services Strategic Framework which cover the scope and quality of services; democratic accountability, governance and participation; the shared services process and employment (ESSU, 2007).

Appendix 1: Proposed DCLG appraisal criteria

Judgement	Factors Informing Judgement	Basis of Judgement
Extent to which proposals deliver:-		
Strategic Leadership	Nature of Political Management Structures	<ul style="list-style-type: none"> i. Directly elected executive arrangements might be expected to deliver stronger leadership than indirectly-elected arrangements ii. Whole council elections provide stronger, more accountable leadership than elections by halves/thirds
	Nature of Overview and scrutiny arrangements	<ul style="list-style-type: none"> i. Capacity of arrangements to provide overview of strategic plans etc. ii. Extent to which arrangements enable focus on communities of “place” and “interest” iii. Extent to which arrangements avoid obvious duplication
	Corporate Capacity and Capability	<ul style="list-style-type: none"> i. Comprehensive Performance Assessment judgement of corporate capacity of existing counties and districts ii. Proposed corporate structure
	Partnership Arrangements	<ul style="list-style-type: none"> i. Extent to which there is a clear partnership structure linking strategic planning and delivery ii. Role of leader and executive members on strategic partnerships iii. Ability of communities of place and communities of interest to influence strategic decisions iv. Extent to which there is better integration and closer working with partner organisations
	Capacity for Joint Appointments across the Public Sector	<ul style="list-style-type: none"> i. Arrangements for joint arrangements for joint management of shared strategy/delivery
	Corporate & Strategic Planning Structures	<ul style="list-style-type: none"> i. The coherence between corporate structures, executive portfolios and strategic planning
Neighbourhood Empowerment	Role of Neighbourhood Structures	<ul style="list-style-type: none"> i. Ability of neighbourhoods to influence strategic planning ii. Ability of neighbourhoods to tailor service delivery to local needs iii. The degree of delegation to neighbourhood structures
	Representative Arrangements	<ul style="list-style-type: none"> i. The role of the unitary councillor ii. The involvement of local bodies/interest groups iii. The interaction of unitary councillors and other democratically elected representatives
	Viability of Arrangements	<ul style="list-style-type: none"> i. The provision of sufficient officer support
Value for Money Public Services	Extent to which proposals:-	<ul style="list-style-type: none"> i. ii. Integrate back office functions Provide single point of customer service

	Impact of proposals across all affected areas on outcomes on:-	<ul style="list-style-type: none">i. ii.iii.iv. Children's services Adult services Housing Land-v.vi. Use planning Economic regeneration Transportvii. Waste and Environmental services Culturalviii. services
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