

District Council Network - North Yorkshire

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The Rt Hon Ruth Kelly MP
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and

Department for Communities and Local Government
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25th January 2007

Dear Ms Kelly

This submission is being sent on behalf of the District Council Network in North Yorkshire to explain our support for enhanced two tier working and consequently our position on:

- Submitting any unitary proposal
- A proposal from North Yorkshire County Council for a new unitary authority based on the existing County boundary
- Pathfinder status

In summary Districts see enhanced two tier working as the strongly favoured option we should pursue. This is the only option that has been supported by all of Local Government in North Yorkshire. Districts would wish for the opportunity to develop the agreement that has already been achieved on enhanced two tier so that, with partners, we create the right solutions and delivery appropriate to the whole of the county area, building on the positive approach used to develop the Local Area Agreement. We feel that enhanced two tier working can be prioritised around key governance issues that support efficiencies and customer service.

Six Districts are opposed to any new unitary form of local government being based on the existing county boundary. We feel this would simply be too big to provide all of local government services across such a wide area that adequately reflects local choice and individuality of place, between the extremes of our urban and deeply rural communities. It would need to recreate many of the features of two tier working to deliver locally that would be no more efficient in such a large area. It is not a choice that the public have supported previously. The costs and disruption of change will not have an impact that can not be achieved from enhanced two tier working in the way we describe and are committed to.

Districts recognise that enhanced two tier working may lead to future unitary solutions but within the period of the invitation to submit proposals we have not had the time to develop these and the consensus required to command broad support. Restructuring is not widely seen as the way forward at this time.

ENHANCED TWO TIER WORKING

We believe that enhanced two tier working is the best way forward to develop governance arrangements in a county of diverse communities and interests reflected in the contrast between urban, rural and deeply rural areas. This approach can support efficiencies and improvements in customer services where necessary without disruption and meeting the costs of change – building on the positive and inclusive approach that has been taken in developing the Local Area Agreement. The white paper recognises that creating new unitary councils and enhancing existing two tier working can be equally valid but that the majority of reforms will be the development of new innovative models of two tier working.

Enhanced two tier working is the consensus choice amongst Districts and the County Council in North Yorkshire. This consensus arose in recognition that enhancing existing arrangements would be a potential option within the context of structural reform. Districts gave this detailed consideration ahead of the White Paper publication to develop further better working between the two tiers based on firm foundations of some good partnership working already - not least the influence that District Councils have brought to reformed North Yorkshire Strategic Partnership arrangements and the inclusive nature of partnership working that is now taking place. This is one example but an important one in how partners at all levels can work together to achieve community outcomes. Since the White Paper publication Districts have considered further the position reached on enhanced two tier working and that is still the collective and consensus view on the way forward at this time.

During 2006 we developed this debate with the County Council and jointly agreed a proposition that supported the right behaviours to make things work between the tiers of local government and to drive forward improvement in some key areas of common interest. A paper from our sub regional body (the Association of North Yorkshire Councils) is attached which describes this. This paper has been agreed by the County Council and all the seven District Councils in North Yorkshire and it is worth emphasising again that we are not working from a 'zero' joint working base but a very healthy one.

To support joint working all Councils have endorsed the following behaviours:

- Working strategically and acting locally
- Joint leadership and governance
- Good will and good faith
- Respect
- Sovereignty
- Compromise and trade off
- Inclusion and communication

We would now wish to develop a joint vision with the County Council and partners that will deliver the improvements we believe are necessary and will be valid in supporting enhanced two tier working. Districts equally recognise that enhanced two tier working may point to a variety of unitary solutions at some future time but what this might look like needs to be by agreement across the two tiers, not unilateral positions which will create conflict, disruption to necessary partnership working/service delivery and impact on the behaviours that the Districts and the County Council have unanimously supported as foundations for enhanced working. Equally the research findings from a comparison of any new unitaries that may be formed and pathfinders will be important as there is currently such a divergence of view on unitary status or not, and the possible configuration for any future unitary form of local government in North Yorkshire.

Ambition for the community

- Districts have a firm commitment to work to improve two tier working around a shared understanding of the following principles:

Working efficiently
Improvements in customer service
Planning strategically above the district unit when this is relevant
Delivering locally based on the districts and below
Joint leadership and governance on issue of common concern

- To exercise these principles Districts would wish to address:
 - The number of councillors representing the whole of North Yorkshire and the duplication that occurs in representing the same people. Whilst legislation prevents this Districts would want to pursue effective joint leadership/governance on identified issues of common concern.
 - Duplication that occurs between the tiers where the 'same' responsibilities are given to each authority. Duplication that can occur between districts having the same responsibilities e.g. council tax collection.
 - The public not being able to tell the difference or being confused between the two tiers at the point of local enquiry.
 - The joint working/number of officers needed to work efficiently across the tiers on issues like customer access, shared data management, business processes and procurement.
 - The assumption that two tier is inefficient needs constant challenge and development of business cases rather than implicit acceptance to find the right balance. There is a point when too big is equally inefficient.
 - What would better be planned for strategically from existing District services above districts at sub county, county or sub regional level. What should be strategically planned for at District level from existing district and county services. What would be delivered locally based on the districts. What would be delivered based on the county. Our emerging thinking is attached.
 - Cultural symbols of inclusivity and 'one' local government i.e. stop references to upper and lower tier and refer to local government
 - Development of the LAA/LSP processes around the positive clarification of the role of District Councils in the White Paper to ensure the agreement is embedded and delivering locally.

Prioritisation

- As part of the approach Districts and the County Council agreed to develop collaboration, as an initial phase of enhanced two tier working, on:
 - Waste Management – principally the governance issues in a two tier area
 - Customer Access – to create a network of joint customer access points
 - Transport – to develop efficiencies in the 'people' related aspects of public transport with a first phase looking at community transport provision.
- The idea behind the approach is a progressive one that supports customer focus and efficiency/cost effectiveness through collaborative gains. The initial areas of collaboration were derived from a long list of joint priorities of the Districts and County Council to develop joint working more strategically. The proposition is progressive in the sense of building trust and making progress in priority areas, reviewing progress and then using the learning and experience to move into other areas. The emphasis is not exclusive to pursuing other opportunities within individual Districts or groups when it is right and logical to do so. The agreed behaviours are designed to keep partnership working on course at whatever level it might take place from the smaller scale difference that can be made at an operational level to new strategic thinking.

Capacity

- It is impossible to deal with all concerns and opportunities for joint working at once unless there is the capacity to fund significant costs of change and deal with service disruptions at the same time. Nor is it necessary to attempt to do so for everything. Both Districts and County Council have prioritised those areas to enhance joint working as a first phase relative to the capacity of each organisation and the ability to maintain and enhance services. Our ambitions and priorities are therefore realistic as we move forward.
- To strengthen partnership working, the Districts formed a network of the seven Leaders and Chief Executives some time ago which meets on a regular cycle with formalised business. This Network enables us to discuss issues of common concern and enhance our capacity by any one District understanding the interest and perspective of the others which can then be articulated in partnership and other settings through one voice. Through the network, by working together and understanding differences Districts are represented by one or

two District leads in all the strategic partnership fora. Equally for example all Districts have a place on the county based strategic partnership for Community Safety, Economic Development and the Local Area Agreement Management Group because it is right to do so in these areas. This has not created additional burdens on Districts or partners and is welcomed by all.

- District Councils recognise that some partners also have a capacity problem in dealing with seven District Councils or that it is simply more efficient for them and the Districts to have a dialogue with one audience of similar interests. The Network is accessible and used by partners in this way. Again a welcomed development.

Achievements

- Districts have contributed positively to the development of the Local Area Agreement, are all engaged in the Management Group and see the development of the agreement as such and its governance as a way of continuing to enhance two tier working. Government Office have recently commented on the approach:

'Our overall response is that the LAA Management Group and the North Yorkshire Strategic Partnership have achieved a significant task in reaching this stage of development of the LAA. ...the December draft of the North Yorkshire LAA represents a significant achievement by a large number of organisations and individuals within the county area. We are very close to the finish-line now, and I am confident that the final agreement will materially improve conditions for the communities of North Yorkshire by efficient partnership working.'

- There has been progress in each of the priority areas. Joint governance arrangements have been agreed for Waste Management (also likely to be a model for strategic housing at the sub regional level) with significant progress on recycling initiatives. Opportunities for joint neighbourhood access points have been identified on an opportunity basis from the existing infrastructure of the District and County Councils and the potential to maximise the efficiencies of a joint approach to the various community transport schemes is being analysed. We hope to develop our thinking with our partners once we know what the position is on the County Council bid.
- The main inhibitor at the present time to faster progress is the seemingly constant cycle of the review debate and within that the long held desire by the County Council to achieve unitary status on its existing boundary. There is considerable potential for this to undermine the trust and confidence needed to enter into collaborative ventures against the commitment to enhance two tier working that all councils have agreed to.
- There are already a number of existing examples of shared service provision between Districts and the County Council by mutual agreement. For example highway maintenance, collaboration on audit services, building control and ICT, shared posts in specialist areas, service provision by one authority for another (payroll, economic development, legal, etc), customer access points and concessionary fares partnership. There are also significant examples of cooperation, for example in the development of the Local Area Agreement and the way Districts have responded to the Children's Service agenda (recently recognised in the Joint Area Review). Districts firmly believe these less disruptive arrangements will continue to develop as the most successful collaborations tend to be those that have grown 'organically' i.e. where there is a viable business case, where there are genuine needs and problems to address and genuinely shared aims and objectives. There is an appetite for further collaboration in the right circumstances informed by due diligence testing but not super sizing in all respects or 'one size fits all solutions' which are a significant factors in our opposition to a new unitary council at the scale of the existing county.
- Districts are positively engaged in the North Yorkshire and Sub Regional partnership arrangements. We have an effective voice in the Regional Assembly, Local Government Yorkshire and the Humber (the regional local government body), Leeds City Region and the Local Government Association.

UNITARY STATUS

As will be appreciated Local Government in North Yorkshire was subject to a recent review under the Regional Assemblies Act when recommendations were made by the Boundary Committee for new forms of unitary government. These proposals were not advanced when the referendum on regional assemblies was cancelled in the Yorkshire and Humber region.

Significant effort was put into that exercise particularly the collaboration required from the District Councils to pull together a county based solution that had the highest degree of consensus possible. That work involved us in developing six options including a single unitary based on the existing county boundary. The County Council developed a single option based on their existing boundary. The review process resulted in different views on the

'right' structural solution which inevitably led to tensions and relationship issues between the partners in Local Government and beyond at the time. When the referendum was cancelled the Districts and the County Council moved forward quickly to ensure there was no legacy from this work – not least a new set of strategic partnership arrangements in the County and sub region that were significantly more inclusive and purposeful than the former arrangements. These have become the cornerstone of establishing an efficient and inclusive partnership approach for developing the Local Area Agreement without many of the perceived difficulties that can be highlighted for two tier areas. The sense of strong partnership arrangements is evident and the only thing that is holding these back is the further question of review which most regard as coming too quickly from the last review process.

In the last review the Districts never sought to argue that any new unitary authorities should be based solely on existing Districts. That would still be the case. However the criteria under which any new unitary authorities might be created is different to those under the Regional Assemblies Act and retention of two tier in an enhanced form is also an option. This does now lead to some differences of view about unitary local government within the district community - from those who support it, those who support it but not now and those who see enhanced joint working as a positive option for better working that avoids the cost and disruption of change.

The District Councils in North Yorkshire do have a track record of working collaboratively and in partnership. The District Council Network gives us the opportunity to debate issues of common concern so that we each understand our respective positions and can articulate them individually and collectively whether in common or as more than one position.

Prior to the publication of the White Paper there were very positive discussions and agreement reached between the Districts and County Council on enhancing the existing arrangements. When the White Paper was published – against the background of the small number of new unitaries likely to be created and agreement reached on enhancing two tier – the clear view from District Councils was that restructuring was not widely seen as the way forward. That is still the position (except in Richmondshire pending a Council debate on all the issues).

With the knowledge that the County Council might make a bid we have also debated a possible unitary submission from the District Councils. We have revisited our previous submission to the Boundary Committee and feel that there would be significant work and cost involved to develop a new consensus which meets the criteria in the invitation document which we have not had the time to do coherently during the invitation period. Further, as mentioned above, restructuring is not widely seen as the way forward at this time. This is not against any self preservation criteria as we readily recognise that any unitary solution would see the abolition of existing Districts in North Yorkshire but we do feel strongly that this should be developed as a consensus - which would include the County Council - not through any unilateral positions, so that we are able to say there is a broad cross section of support. This is not the case now.

A UNITARY COUNCIL BASED ON THE EXISTING COUNTY BOUNDARY

A single unitary based on the existing county was one of the options considered by Districts in the last review. As such we have an informed base on which to view this. From this the Districts (with the exception of Richmondshire who still have to debate the issue) can not offer their broad support to such a proposal and remain opposed to it as the 'right' structure for a unitary council as it fails in our view to deliver a vision for local government in North Yorkshire as envisaged by the White Paper. This is not a position of opposition to the County Council or what the County Council in its current form achieves but a passion amongst the District community to keep the 'local' in local government. We feel this would be lost in a council more 'remote' physically and democratically when it comes to the key place shaping role and providing day to day local services to meet local priorities which affect quality of life – a view also supported in the Crime and Disorder Act review which recognised that in large geographical counties a single CDRP, whilst 'bureaucratically tidy' would make them 'too remote from the communities they service and be out of step with, for example, the Governments localism agenda'. The 'logistical difficulties' of engaging with bodies at various levels through a single CRPP were recognised as a barrier to effective engagement.

At this stage we have not had any time to review in detail the bid from the County Council on such far reaching change – (a draft having been provided to us for information on 17th January). They have developed that unilaterally without consultation with Districts as key partners or with the public and we believe with a superficial consideration of other possible options. We respect its right to do this in the terms of the invitation document but are concerned that unilateral positions will create conflict and disruption to necessary partnership working/service delivery. We would have welcomed fuller discussion on unitary options to determine if any consensus was possible. We would prefer for any future move to a unitary solution to be achieved by such consensus between local government, partners and the public. This does not exist at present. However based on our previous work

we are in a position to illustrate our concerns which we would develop in the consultation phase if any bid progresses that far. These concerns are:

Strategic leadership

- The County is the largest geographical administrative area in the country with a population of 580,000 covering 3103 square miles. There are sharp contrasts between urban, rural and deeply rural areas and the influence that the Leeds City Region and Tees Valley City Region brings to only part of the county area. East to West is approximately 90 miles (the equivalent of travelling from Bristol to London) and takes up to 5 hours to cross by road without an integrated transport network that will reach most communities. Strategic north/south links only run through the centre of the area. East/West links are poor. It is assumed that any new authority would be based around Northallerton as the administrative centre. Whilst reasonably central to the east and west on a map and on good north/south links, it is around two hours drive from the furthest eastern and western towns. Northallerton does not have the 'city' focus of some other unitary areas as the centre of economic growth or higher education. It is not a place to which all communities have affinity as a central hub for social, shopping or educational needs. The County town does not create a strong natural identity for local government on this scale. Most communities apart from those in the immediate vicinity would link elsewhere for these needs including out of county. In the Districts view a unitary council at this level would simply be too big for convenient and effective delivery of all local government services that reflect community identities with common interests. It would be difficult to assert the 'local' in local government with this geography. In principle, it is this vast geography that illustrates the District Council's concern.
- Whilst Districts accept that certain strategic local government services can be successful at this level - generally they are the services that do not necessarily relate to community identity and interest as compared to personal services, or where the services are effectively devolved around schools, social care centres etc. Where services do operate at a county level, sub structures based on the existing districts are either in place or being developed to assist delivery. We recognise that a number of unitary authorities are in effect creating two tier structures within a single tier authority to assist local delivery and to work closer at the neighbourhood level. The two tier area already has the benefit of this type of working. We recognise the singular difference is working to a single political administration but Districts firmly believe that effective joint governance arrangements can be developed on these few matters that are important to the public where there are joint responsibilities. This does not require joint governance to be developed for everything but on defined key interests that are important to the public and where there are clear efficiencies and customer improvements that can be achieved such as in waste, access to services and the crucial area of community planning. Creation of a single unitary is not necessary with the inherent disruption and cost to achieve this. We also believe there is sufficient political consensus from our work on enhancing two tier to move forward positively to address this.
- Districts have lead and the creation of LSPs and CDRPs based on their existing boundaries and significantly resourced the development of community planning at district and area (neighbourhood) level. Attempts by the North Yorkshire Strategic Partnership to fulfil a role of strategically coordinating the community plans at a county level through an overarching plan have so far been less successful but the new partnership arrangements and commitment are now in place to address this when the current priority of the Local Area Agreement is dealt with. We do not believe that a single unitary council will bring anything to these arrangements that can not be achieved otherwise and would severely disrupt the community partnerships that exist and are continually developing to bring together needs and local delivery.
- Reflecting the publics' view on local identity and interests is a key difference between communities in North Yorkshire between urban and deeply rural. This requires often different responses to what might be seen as similar issues which all Districts have responded to in a purposeful way politically and organisationally. Four of the Districts have 4th option political structures and three executive arrangements which in part reflects these contrasts. There are widely differing political settlements even within majority controlled councils. It will take more than a unitary structure to create a single authority at such a large scale that can work together politically and without unnecessary tensions in amalgamating organisational styles, cultures and community needs whilst avoiding service disruption and impact on performance.
- Any authority of this scale will need to be able to work in partnership. A single unitary authority is not necessary to realise strategic partnership interests and needs in the North Yorkshire context. It would need to recreate or continue with all of the partnership arrangements that exist to act strategically and deliver locally, with no tangible difference to what can be achieved through enhanced two tier working:
 - The PCT and Police are currently configured at a sub regional level as are Probation, the Fire and Rescue Authority and Pensions Authority. These services would not be coterminous with a single unitary council. None of these arrangements would be reconfigured if there was a single unitary authority and the issue of

a Police Command Unit covering the City of York and the Selby area in North Yorkshire would be most likely to remain as this sub regional configuration could not readily be addressed when considering options for potential CDRP mergers.

- Looking 'outside' of a single unitary authority the partnership arrangements to achieve a Local Area Agreement and an overarching plan based on the distinct needs of communities would be similar - partnerships currently involving the County Council, District Councils or both.
 - Whilst some of the perceived partnership challenges of working with seven district councils may be overcome to some extent, it is our contention that the necessary 'internal' partnership arrangements that would need to be created to overcome an authority working at this scale would be more that outweighed by new arrangements that would need to be put in place to deliver locally. Development of the existing successful strategic partnerships, with local input that would need to be recreated to replace the voice and delivery through District Councils, would still need to operate at a county level.
 - At the present time Districts chair two of the six strategic partnerships and are becoming increasingly influential in delivering on partnership commitments for example in the area of economic development, children's services and community safety.
 - Districts have worked positively in contributing local needs into the Local Area Agreement and working together within the LAA Management Group. Working with Districts on the LAA has not imposed a 'burden' that would not otherwise be there to achieve a bottom up process.
 - Districts working together and with partners in the existing county based strategic partnership arrangements and the City Region are sufficient to ensure that the District voice is heard at sub regional and regional level.
 - Maintaining relationships from the centre with some 731 parishes and the voluntary and community sector without creating sub structures and at the same time delivering equitable arrangements in the major urban non parished areas would be impossible, as would maintaining any sense of equitable decision making and service delivery with the devolved structures that would be necessary. We are of the view that these would be inherently inefficient.
- We do not see how an authority operating at this scale will be able to have a 'leader' who is visible and known across such a wide area as to command the support necessary to bring coherence to the vast array of local interests/partnerships. No one person could physically, let alone against any other criteria, fulfil this task to provide the visible and strong centralised leadership that is inherent with this model. Devolved structures could potentially work against the necessity to have strong strategic leadership at the centre. The worst of all settlements is that with the need to understand and prioritise community needs over such a large area, that tailoring services to a majority need would fail the most vulnerable communities and meaningful public consultation on choice would not be distinct.
 - A single unitary would by design have fewer elected members. The Districts recognise this and see in enhancing two tier arrangements that political representation and governance are key issues and are keen to pursue innovatory improvements. However we do not feel that democratic arrangements in a single unitary would be enhanced by, say, having some 150 elected members to cover the area (a rough doubling of existing county Members). The democratic deficit and the ability of members to fulfil a purposeful and visible role in communities would be severely limited at this scale. Picking up the representation provided by District Members in some other way would be an expensive way of providing an alternative and add to bureaucracy. The European 'Principle of Subsidiarity' argues that local government should exist closest to people to facilitate democracy and transparency. Democratic deficit, decision making and providing services at the most local level would not be picked up by parish/town councils whose members have consistently argued that they do not have the capacity to undertake these responsibilities nor wish to see the additional costs in working with local communities in this way passed on to tax payers. The level of officer delegation necessary to make extensive devolved arrangements work in a large area is unlikely to be acceptable.

Neighbourhood empowerment

- Democratic accountability and local involvement is more than "engagement points or mechanisms" however devolved. The test is whether local citizens and communities can influence priorities and decision making which depends on:
 - The level and effectiveness of representation at ward level and the role of the councillor
 - The "distance between governors and governed" - both in relation to individuals, but also community organisations and local parish councils
 - The capacity of the local authority to recognise and engage with diverse and conflicting prioritiesA single unitary authority is unlikely to be able to fulfil these requirements with significantly reduced numbers of Councillors covering large areas or through a number of area committees over which the span of control would be too great for any consistency and equity in decision making such that the key issues of resource

allocation and priorities would be made in the centre. This would most starkly be contrasted by the inability to deal with major planning applications at local level in this type of structure and for any area based regulatory decision making to hold the level of consistency required for any Local Development Framework for the whole authority to be effective. The “community call for action” and ability to create bylaws as a localised response would be unmanageable and ineffective in an authority of this size. We are concerned about communities and individuals particularly the “hard to reach” and more vulnerable facing the prospect of cross country journeys of up to 3 hours to challenge a strategic decision or participate.

- Effective support to the existing 29 community area planning groups and the 731 parishes (plus those that would need creating) would require the same networks as those already established by District Councils. Coordinating this level of activity, including referrals from the Standards Board, would be inefficient and bureaucratic if administered centrally and no more effective or economic if handled through an area based structure, again with the inherent problems of coordination, consistency and equity. The same inherent issues would apply to further devolution to Parishes, the support needed to gain Quality Parish status, and the possibility of transfer of community assets. The likely influence of parish councils to a unitary county on this scale is bound to be much diminished compared to their significance currently with the decision making at District level.

Affordability, value for money and the costs of change

- We are not convinced of the economy of scale arguments that says bigger must be cheaper. Research suggests that the diversity and complexity of factors influencing efficiency in local government is such that the identification of economies of scale is far from certain and their achievement even less so. There comes a point where too big creates its own inefficiencies in attempting any level of control. We have a recent example with a Revenues and Benefits Partnership between the two Districts of Ryedale and Hambleton. The feasibility clearly stated that to achieve economies this type of partnership needs a proven solution at small scale (the two councils) and then could operate at the level of 4 or 5 Districts at which point the economies are reduced again. What this demonstrates is that simply joining up services does not equal efficiencies without a separate business case being made. Efficiency gains are an issue for the whole of local government and not unique to two tier areas and will be a ‘mixed economy’ response rather than a presumption of savings by simply amalgamating services.
- Superficially amalgamating different organisations suggests financial savings because of economies of scale e.g. at its most obvious one Chief Executive not the existing 8 in North Yorkshire. Similar points can be made in relation to many posts not providing direct services to the public. Equally the Districts would argue that there are potentially greater efficiencies in the County Council as an organisation of 20,000+ compared to the economies in joining up with a few hundred employees from the Districts. Simple financial and organisational models focus on economies of scale and will demonstrate some savings. The empirical evidence of what actually happens in costs between different sizes of authority suggests a rather different picture. The CIPFA Statistics 2006 for Council Tax Collection do not demonstrate that large scale leads to lower costs either in Metropolitan Districts or the new Unitary Councils with for example Liverpool, Manchester and Newcastle having the highest unit collection costs within their County areas despite being much larger than the other adjacent Districts. This argument is not developed further because it is a national issue but needs to be taken account of and possibly analysed in further detail before any restructuring decisions are taken. Full weight needs to be given to the concept of diseconomies of scale, not so easily quantifiable but equally important.
- Very large organisations can often only slowly adapt to change (the oil tanker scenario) and can become ineffective and inefficient due to, for example, fragmented and remote management for geographic and other reasons. Whilst any new authority based on the existing county might be regarded statutorily as new it will be based on the existing County Council infrastructure and culture. It will not have the benefit of creating a new council in every respect. In North Yorkshire’s context the abolition of Districts would require creation of an equivalent decentralised management structure but without the same direct local accountability and ultimate responsibility. This would not be as effective in providing good quality responsive services as existing arrangements and consequently would limit the potential for staff savings.
- At a practical level many new facilities are now part funded by grants with payback clauses, Leisure Trusts exist in some Districts and some have transferred their housing stock. Economies of scale and rationalisation arguments will be frustrated by these operational and partnership realities.
- Districts would argue that improvements in governance in defined key areas and the increased use of technology combined with greater collaboration will make seamless transactions easier without the need for a costly re-organisation.

- District Councils offer a broader range of discretionary services compared to the more 'statutory' base of the County Council. Discretionary services mean that choices have to be made about what services to deliver and to what levels. Standards and priorities have to be set relative to funding and resourcing of agreed priorities. Statistics show extreme differences in spending per head across the County in the following areas: culture, recreation, open space, tourism and economic development. There are also big differences in grant received per head and total service expenditure per head. The existence of such differences between separately elected and accountable bodies with different policy priorities is quite natural but could not be sustained in the same way in a single unitary authority (for example the high level of floral displays in Harrogate to compliment its business tourism trade which might not be seen as a priority in the context of grounds maintenance costs at a different level of administration). Addressing these differences to ensure consistency rather than uniformity would cause serious disruption to customers and involve significant costs in service rationalisation of buildings and staff. Details are as follows:

	Highest	Lowest
	£	£
Culture	18.38	1.20
Recreation	17.86	6.85
Open Space	17.53	0.70
Tourism	7.08	0.19
Economic Development	9.10	1.89
Different tax levels – Council Tax Band D	1335	1233

- Convergence of standards simply from a work stream point of view will have significant ramifications on place shaping and choice. To increase standards to the highest point will have consequences on budgets and Council Tax levels. Reducing standards in some areas will result in lower levels of service than those currently supported locally. The stark reality for some citizens in the County could be a choice between paying more for the same or the same for less.
- The most obvious outcome from this is reflected in differing levels of Council Tax and the whole issue of Council Tax convergence (see below). The need to achieve convergence on priorities and service levels (inevitably reduced in some areas) and the difficulties involved in attempting this cannot be overlooked. Inevitably some citizens will experience a drop in service levels whilst others will see priority given to services they do not consider to be relevant locally.
- The potential redundancy and early retirement costs resulting from establishing a single unitary council are extremely difficult to estimate accurately. Costing models will not reveal the full picture as costs/savings depend on how jobs in the new organisation related to those in the former organisations employment contracts, age profile and whether staff wished to accept different jobs or the same job in a significantly different location by choice etc. It seems certain that in North Yorkshire redundancy costs would be very high for the following reasons:
 1. The age profile of staff, especially senior staff, most of whom will be over 50 by 1 April 2009. In the largest District for example this would apply to 90% of senior staff.
 2. The degree of centralisation of support and professional services which would be necessary to secure long term rationalisation and economies.
 3. The huge travel distances for many support and other staff between the main population centres in Harrogate and Scarborough to a main office centre in Northallerton. It is likely that many middle and lower paid staff would opt for redundancy where possible and then look for new jobs due to the buoyancy of the labour market.
 4. Whether the County Council would be a continuing authority or whether any new unitary would be an entirely new authority which would create potential redundancies at the County as well as the District Authorities.
 5. The amount of redundancy payment granted under re-organisation rules (previously 66 weeks pay) and the cost of ongoing payments to the under funded pension fund.

Based on a detailed review of senior posts in the largest District which suggests a potential redundancy and early retirement cost of £6m, it is likely that the overall redundancy and early retirement cost for the County area could be between £18m and £36m. This is likely to be disproportionately high because the pattern of

jobs in a new authority which would have to be established on a decentralised basis would differ from the former authorities i.e. the posts deleted (as potentially redundant) would be much higher than the net job reductions because new posts would be needed to run a decentralisation structure e.g. area managers.

- An important issue is the loss of key staff unwilling to accept jobs with any new authority. This could apply at all levels and many categories of staff are in short supply and difficult to recruit. The process of deciding and then appointing into new structures would itself be time consuming and expensive in terms of staff time, advertising and interview costs. Other important factors include the need for building rationalisation, IT rationalisation and travel costs to new places of employment. Previous investigations have shown that rationalisation of IT while seeming deliverable and efficient is anything but due to existing contractual commitments, the attitude of the IT supplier etc. The upfront costs of bringing together the revenues and benefits functions of two of the smaller Districts were almost £1m and was only viable due to large grants from the Department of Work and Pensions and the Regional Centre of Excellence. Once IT facilities are centralised, operating complex systems on a decentralised basis can be problematic and costly in terms of licence fees, data communications and system effectiveness and reliability. A key issue with a single unitary council covering such a wide area with two main population centres at opposite ends of the county is that the buildings and staff are not located to facilitate rationalisation and centralisation. Without this, achieving economies is prejudiced. This is particularly true for certain key services such as refuse collection. It is difficult to see how any service rationalisation can be achieved due to the nature of the service and large geographic area. Other economies in such as procurement can be achieved now without structural change.
- Districts do not underestimate the scale and cost of harmonising terms and conditions of employment. In effect this would mean a further 'single status' type review on top of those already completed or in progress. Local Government has not found it simple to implement single status at no cost and we are concerned about the impact of this on the cost of change.
- As a minimum, the £325,000 grant to each district for 'being in business' would be lost and taken out of the RSG Settlement. This would represent an immediate cost of £2.275m to the residents of the county or £10.10 per band D property. This could be more dependent on the continuation of the existing 'damping' regime.
- Convergence of Council Tax levels in less than 3 years would be difficult and particularly inequitable in some District areas without breaching current capping criteria and avoiding excessive increases or drastic reductions in service. The difference in Council tax levels of the lowest and highest Districts in North Yorkshire is £117.77 or 254%. Convergence on this scale is unlikely over a reasonable period of time. Convergence to the level of the lowest charging district would be impossible. Apart from the costs of transition and loss of grant etc the loss of council tax revenue would be in excess of £18m. If this were even considered conceivable it would need near permanently funded transitional arrangements which is not within the spirit of the invitation document in terms of cuts in services/increase in council tax to pay for the cost of change. Whilst an approach (albeit unacceptable) that ignores the lowest charging district because of this, and, say, using the next lowest charge for convergence, would still mean a loss of council tax revenue of £4.7m. Within this net figure tax payers in the lowest charging district would have to pay £2m per year more for a similar level of service.
- Districts estimate that savings of at least £17m will need to be made per annum before the cost of change can be met. This equates to a minimum loss of grant of £2.275m, potential loss of council tax income of £4.7m (more dependent on convergence proposals) and efficiency gains of £10m that local authorities must achieve anyway (based on net budget requirements). Taking a mid range figure of £5.4m per annum (over 5 years) for staff redundancies and retirement and similarly £3.3m for IT major systems rationalisation (and not accounting for any other costs of change such as the costs of the shadow authority and the hidden costs of disruption etc) gives a savings figure of £25.7m per annum to stand still. We have been informed that in the creation of the East Riding Council budget cuts of £23m had to be made in the first year of operation including the cost of supplementary credit approval to pay for redundancies. East Ridings current Council tax of £1,302 as a unitary council also compares favourably to the North Yorkshire figure of £1,290 (the figure assumes an average parish council tax of £21 and that delivery of services is achievable having converged to the second lowest district tax). Our own mid range figures for the costs of change for redundancies and IT alone amount to some £43.5m. Previous reviews have been known to underestimate transitional costs. Therefore, for all these reasons we would wish to scrutinise any figures in a single unitary bid to assess their validity, robustness and deliverability.
- The costs of change and ongoing savings projections need to be credible. Equally the means of paying for the cost of change needs to be credible without impact on service levels or improvement, Council Tax levels or depleting necessary reserves. We are concerned that the criteria laid down in the invitation document on these issues can be met from our analysis to date. We are also concerned if any earmarked balances would

be used to finance the cost of change as this could leave future liabilities unfunded which would represent a longer term hidden cost to the taxpayer.

- There are 731 parishes in North Yorkshire, some have parish meetings, some are grouped and some are Town Councils. Consequently, the services provided by Parishes varies widely with band D Council Tax levies as low as a few pounds and as high as £ 60. To ensure consistency in service provision and equity in charging would be an extremely difficult task. Not to address this issue could result in problems throughout the County as Parishes constantly petition for equity or even worse withdraw services to force equal treatment.

Commanding Broad Support

- For reasons already covered Districts do not feel that a single unitary solution covering such a large area is workable, would enhance strategic leadership or working at the neighbourhood level. Only 10% of customer access enquiries/transactions are dealt with by the County Council, the larger 90% are at District level. Other partners at this stage are neutral in their view on what the right structures might be.
- MORI research conducted in 2004 for the Boundary Committee when considering options under the Regional Assemblies Act revealed that the public's least favoured preference for the structure of any new unitary council was one based on the existing county area. It was the least preferred option of 53% of residents with only 23% in support. The most preferred option was a sub county configuration. This top option was a preference of 33% with only 17% expressing this as their least preferred choice. Overall 56% preferred a sub county based option in some form. The main reason for a county based solution being the least preferred option (77%) was that such a council would cover too large an area. 47% said it would not reflect local people's views and 39% said it would not reflect community identity. In contrast 72% stated the reason for their preferred sub county option was to have a smaller council, with 49% saying this would better reflect local views. None of the reasons where people expressed a single unitary option as a preference scored over a half. The public's least preferred option clearly indicates a public preference for any new unitary authorities to be formed on structures smaller than the existing county area. Even though not a choice at the time 9% indicated no change as their preferred option. Community sense of belonging to the county area is not with local government structures whereas community interests and affinities for local government are clearly at a sub county level. We firmly believe the public's view that if any new unitary councils are to be created that options developed at a sub county level should be respected (accepting what has already been said about developing the right unitary options). Although the MORI survey was conducted in 2004, a recent ICM poll conducted in Northumberland suggests that the relative balance of opinion would remain the same.

PATHFINDER STATUS

Districts have reviewed a possible pathfinder bid however there is not unanimity on bidding for this status. In the main this is because those not in support do not see the equivalent or better added value that we can not achieve by our existing approach to enhancing two tier working (see above), nor wish to see a pathfinder as a driver for a possible future structural arrangement Districts remain opposed to. Further the Districts have reviewed a draft paper prepared by the County Council as background to a possible pathfinder bid and some did not find this acceptable in terms the levels of responsibility envisaged at a County and District level nor the underlying assumptions supporting these which tended to centralise rather than devolve in the spirit of the White Paper. However all the Councils would wish to follow the learning from pathfinders and be early adopters of best practice that emerges.

In the context of enhanced two tier arrangements Districts have in principal agreed to pursue a discrete pathfinder based specifically on waste. At the time of drafting this letter the County Councils position on collaborating with such a pathfinder bid is unclear and therefore no further work has been done in developing this – which would principally relate to the governance arrangements necessary to secure joined up arrangements at a sub regional level.

IN CONCLUSION

We wish to reiterate that enhanced two tier working has the support of all the Councils in North Yorkshire. We are committed to enhanced arrangements that support efficiency, improvements in customer services and which develop the Local Area Agreement with all partners to achieve excellence in public service delivery.

We are opposed to a new unitary authority based on the existing county area (with the exception of Richmondshire who still have to determine on this point). It is too big to deliver all local services that reflect local choice and place shaping. It is not a choice that was supported by the public in the regional referendum debate.

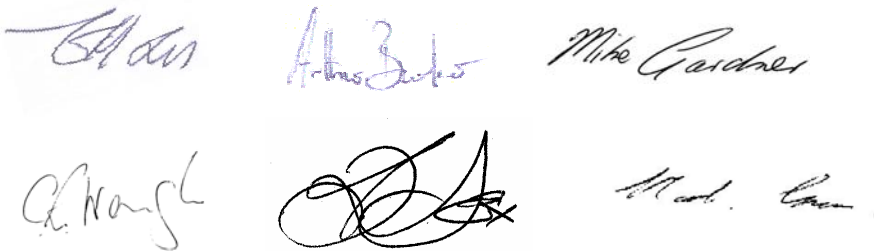
Equivalent improvements, with the same impact and local connections, that would in effect recreate two tier working in the North Yorkshire context can be achieved without the cost of change and disruption from enhanced arrangements.

We remain committed, together with North Yorkshire County Council and partners to find solutions at the right level for delivery of public services across the whole of the county area.

As Professor Chisholm concludes in his report of September 2006 'it would be a pity if the public debate ... were to focus on the wishes of individual councils to become a unitary authority in an otherwise unchanged structural context. If that were to happen, many would think that it amounted to little more than re-arranging the deckchairs on the Titanic: much more important to consider where the Titanic is heading.

We hope this response is helpful and constructive in understanding the District Council position. If you need any further information please get in touch and we would welcome any dialogue to clarify or develop any of the points we have made.

Yours sincerely



Cllr Carl Lis, Leader – Craven District Council
Cllr Arthur Barker, Leader - Hambleton District Council
Cllr Michael Gardner, Leader – Harrogate Borough Council
Cllr Robert Wainwright, Chair of Policy and Resources Committee – Ryedale District Council
Cllr Tom Fox, Leader – Scarborough Borough council
Cllr Mark Crane, Leader – Selby District Council

cc: Local Government Association
GOYH – Kersten England
LGYH – Carole Hassan

To: North Yorkshire County Council and District Councils

From: Association of North Yorkshire Councils

Subject: Local Government White Paper and Improved Two Tier Working

Background

1. District and County Leaders and Chief Executives have had two meetings to discuss improved two tier working as an option against anticipated content in a Local Government White Paper on further reorganisation. Subject to the eventual publication of a white paper there is a shared willingness to develop some aspects of two tier working further based on activity that supports customer focus and efficiency/cost effectiveness.
2. Having initiated the discussions Districts would wish them to continue. The County Council have responded likewise and this paper attempts to take the debate forward having been endorsed by the Association of North Yorkshire Councils on 10th July 2006.

White Paper

3. We were expecting a White Paper to be published in June. The latest position seems to be that a White Paper may be published in the autumn.
4. Whilst the constituent Councils had hoped for the Lyons inquiry to have reported before a white paper is published - quite how the two pieces of work may finally dovetail is left to speculation as this point. However it will inevitably be the case that the Comprehensive Spending Review to be undertaken in 2007 is also seen as key to what may eventually be possible.
5. Whilst there are different opinions between authorities on the strength of unitary government versus two tier and what the options might be, the best insight yet as to what might be in store is in Ruth Kelly's speech to the recent Local Government Association conference. In that speech she said

'Now I know some people think that local government would work better for citizens and taxpayers if we had full unitary government everywhere. I also know that there are some areas where there is a widely held view that this is the right way to move. In such cases, where there is a broad cross section of support for change and where our criteria are met, I won't stand in their way. But let me assure you I am more interested in outcomes for citizens than lines on maps. So we will have a short window of opportunity for that small number of councils who are keen for change and who meet our criteria to seek unitary status. But I have no desire whatsoever to create a great distraction of activity on the restructuring issue. In the clear majority of county areas two tiers will remain and in all these areas we will need better joint working. The status quo is not an option. I'm also clear that there is huge potential to make efficiencies and improve outcomes through councils working more effectively together and with other public services.'

6. This background does then put the spotlight for the time being on improving two tier working. As an option we may have to consider this further when the white paper is eventually published. Dependent on that it could be the only option if considerations about disruption, effect on performance, the cost of change, Political ideal and the realism of achieving this are stronger than the benefits of more fundamental change.

Where are we now?

7. There are a number of existing areas of joint working on matters of common interest e.g. emergency planning, affordable homes through the second homes discount. Some of these or others e.g. procurement may need extra support. Recently the NYSP structures were altered following representations from Districts (amongst others) and what is evolving are more inclusive strategic partnership arrangements that Districts feel a part of. There are other examples but the point is that we are not starting from scratch as enhanced working is an expectation where it is efficient and therefore we expect these partnership arrangements to continue to develop based on mutual trust and defined partnership contributions.
8. However we recognise that there are some priority areas where we can do better. Also that establishing some jointly owned partnership principles should help steer existing and new partnership arrangements more generally. In simple terms we are talking about collaborative gains or win/win.

Principles to underpin partnership working

9. Districts and County have set out those behaviours or principles that are felt important to partnership or collaborative working. A combined list that emphasis trust and understanding presents the following:
- Good will and good faith – a clear commitment to deliver shared objectives by joint working and to improve the quality of life for our communities
 - Respect – by all partners for all partners, large and small, together with arrangements to secure appropriate engagement
 - Sovereignty – recognising that partners are ultimately responsible for their own decisions and can not be obliged by others to act in ways they judge to be inappropriate
 - Compromise and trade off – so far as possible, win-win solutions will be sought but partners need to recognise that they may have to give a little in some areas in order to gain in others
 - Inclusion and communication – to ensure that partners are confident that they have opportunities to influence developments as they need to, that their voice will be heard and attended to even where their views do not prevail and that they know what they need to know about developments that affect them.
 - Working strategically and acting locally – having strategic goals but recognising local delivery may vary to achieve these. Recognition when county, sub county and district based working is right.
 - Joint leadership and governance – where it matters in defined areas of joint responsibility to ensure partners are recognised as having equal worth and voting rights, are able to make commitments to a partnership agreement and avoid duplication.

Areas for improved two tier working

10. District and County Leaders and Chief Executives have jointly discussed possible areas for enhanced two tier working. This is against the background of existing examples of two tier working in an attempt to define those areas where extra effort or stretch may be necessary to satisfy the principles outlined of customer focus and improved efficiency. It has also been recognised that any list on this basis needs to be realistic as to what can be achieved relating to capacity and as the foundations for future collaborative projects are developed.

11. The topic areas where there is consensus are:

- Waste management – recognising the existing partnership arrangements that are in place but to improve better dovetailing of collection and disposal responsibilities that respect those individual responsibilities by improving the leadership and governance of the partnership. The issue is not about collecting and disposal of refuse as such but the joint governance required to make sure we are working in a partnership of equals, with commitment that joins up collection and disposal without anyone feeling their sovereignty is at risk. This would involve a more formalised partnership arrangement where joint decision making at the partnership meetings can be a positive feature to support all partners with their individual responsibilities and improve the pace of change. A model of a joint board/committee with a jointly funded executive body may be an option to progress this that is evolutionary from the existing arrangements.
- Customer access – this is not to try and reinvent the North Yorkshire ICT Partnership but to recognise that Districts and County need to move to dedicated joint front facing offices to the public which might have different ways (technology or otherwise) of connecting to respective back office functions. There will also be different needs that reflect priorities between District areas which should in turn relate to the type of presence that is appropriate - for example if homelessness is more of an issue in one area compared to another you would expect the front office provision to reflect that.
- Transport – both Districts and County have involvement with the people side of public transport. Although this is a wide remit when taking in schools and social care transport both tiers put subsidies into public transport in the form of bus subsidies, concessionary fares and community transport schemes. As a starting point a joint project would be to get the best efficiency from the total of this public spend and determine the potential for this to develop later into a wider partnership relating to the LAA/NYSP.

12. Whilst these topic areas are principally about the way Districts and County work together it is also appreciated that the two National Parks have an interest in the topics and that they should be invited to be part of these joint initiatives.
13. The list put forward is not an exclusive list. As mentioned it is to recognise a small number of priority areas where some stretch would enhance both tiers responsibilities. This paper is principally about County and District working but is not to the exclusion of some practical joint local responses where there are achievable gains for both the District and the County Council concerned, joint District working or with parish councils etc. These additional responses will be developed separately.

Recommendations

14. That each constituent council endorses the approach outlined in this paper on how two tier working could be enhanced ahead of any white paper publication.
15. That the North Yorkshire Chief Executives Group put together more detailed proposals and timed actions for further consideration.
16. That the National Parks be involved in the initiatives.

Association of North Yorkshire Councils
10th July 2006

Enhanced two tier working – coordination of roles and responsibilities

	Sub regional role	County level role	Sub County role	District level role	Sub District level role
Children’s Services					
Children’s Services	Specialist services	Strategic planning and coordination. Service delivery. Specialist services		Area planning and delivery through LSP	Extended schools
Children’s Social services	Specialist services	Strategic planning and coordination. Service delivery. Specialist services	Co-ordination and delivery with partners	District Council contribution to Safeguarding. Service delivery	
Highways, Roads and Transport					
Transport plans and major investments	Strategic planning and coordination				Area planning
Maintenance		Budget coordination	Possible shared services	Service delivery	
Parking				Area planning and delivery	
Buses		Strategic planning and coordination. Service delivery		Service delivery	
Adult Social Care		Strategic planning and coordination		Area planning and delivery through LSP	
Housing					
Affordable housing	Strategic coordination			Strategic planning through LSP. Service delivery	Neighbourhood engagement on needs and supply
Housing benefits			Possible shared services	Service delivery	
Homelessness/Housing advice	Strategic coordination		Possible collaboration on joint strategy	Area planning and service delivery	
Culture					
Cultural services	Strategic planning and coordination		Coordination and delivery with partners	Service delivery	
Leisure Services				Area planning and service delivery	Service delivery
Arts				Area planning and service delivery	Service delivery
Libraries		Coordination		Service delivery	Service delivery
Environmental Services					
Street Cleaning				Area planning and service delivery	Service delivery

Waste	Strategic planning and coordination. Area planning for disposal	Disposal service delivery	Disposal service delivery	Area planning on collection/recycling and service delivery	Service delivery
Env Health			Possible shared services	Area planning and service delivery	
Trading standards			Possible shared services	Area planning and service delivery	
Planning					
Land use planning		Coordination and relationship with RSS		Strategic planning (LDF, minerals/waste) through LSP	Area planning Parish Plans
DC				Service delivery	
Community planning		Strategic coordination	Coordination	LSP planning and service delivery	Area planning, neighbourhood engagement and service delivery
Community safety		Strategic coordination	Coordination Possible shared services	LSP planning and service delivery	Area planning, neighbourhood engagement and service delivery
Fire Services	Strategic planning and coordination			Service delivery	Service delivery
Economic development/tourism	Strategic planning and co-ordination		Co-ordination and delivery with partners	Area planning and service delivery through LSP	Neighbourhood projects. Service delivery
Corporate Support Services					
General		Coordination	Shared services	Local support services	Local support services
Customer access/ services (first point of contact)		Strategic planning and coordination		Service delivery	Neighbourhood access Service delivery
Central services					
Council tax/NNDR			Possible shared services	Service delivery	
Electoral registration				Service delivery	