



APPENDICES

Appendix 1

Delegation, Devolution and Decision Making

Appendix 2

Example: Community Network Forum Agenda

Appendix 3

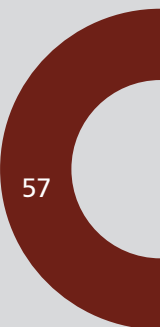
Organisational concept

Appendix 4

Finance and Value for Money

Appendix 5

Glossary of terms



APPENDIX 1

Delegation, Devolution and Decision Making

Below is a summary of how Council functions and activities may be delegated and devolved to a local level and gives an indication of where decisions may be made.

Local Member

Listed below are the areas where Members will play a key local role, supported by a shared Community Development Officer, administration and other public sector professionals.

Local Representation and Influence

Member's primary role will be representing their electoral division and the people who live in it. Key activities for members will include:

- Representing their communities and bringing their views into the Council's decision making process at the local, community network and county-wide level;
- Dealing with individual casework and acting as an advocate for constituents or brokering agreements between different interests to resolve concerns or grievances;
- Engaging, involving and consulting with all sections of their communities enabling them to voice their concerns, using a variety of techniques including public meetings, surgeries, and public surveys;
- Providing a key link between Town and Parish

Councils, Community Networks and the Council;

- Representing the Council on local boards, partnerships, committees and local bodies;
- Representing the Council and their Community Network Area on other bodies;
- Encouraging effective local collaboration with public, voluntary, community and private sector partners;
- Identifying any areas of particular need / inequality and maintaining a link between users and the providers of services;
- Acting as a consultee for proposals for changes in local services and on reports/site visits undertaken relating to the local division (in particular relation to planning matters);
- Supporting local partnerships and organisations; and
- Offering vision and direction to local groups and assisting in the development of Parish and other locally important plans.



Accountability and Decision Making

Members have a key part to play in making decisions that impact on their Division and wider Community. Members will be involved in decision-making in their own Division in their own right and in their wider Community through the Community Networks as detailed below. Members will be accountable for and have control over the following activities:

- Managing their Community Fund and where appropriate, pooling of funds with other members in their Community Network;
- Setting local priorities and influencing local service delivery in their Division and in the wider Community Network including:
 - Highway maintenance – within delegated budgets, local highway schemes, minor maintenance works, licensing and enforcement, and parking.
 - Environment and Heritage – parks, open spaces, public rights of way, amenity trails
 - Community Safety projects and initiatives
 - Opening Hours – libraries (inc mobile libraries), museums, galleries, sports and leisure facilities, civic amenity sites, registration, youth services
- Overseeing delivery of key projects for local communities e.g. regeneration schemes;
- Input into local Regulation and Licensing decisions;
- Considering “Community Calls for Action”; and
- Challenging discrimination and promoting community cohesion.

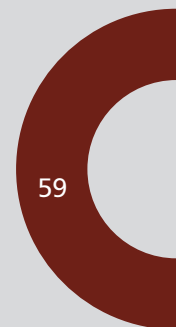
Co-ordination and Influence

Community Networks will have a key role in co-ordinating public sector activity in the area, including that of Town and Parish Councils and have influence over:

- Proposals for changes in service delivery e.g. public transport, health facilities;
- Planning e.g. major developments;
- Co-ordinating partnership activity economic development;
- Encourage effective local collaboration with and between the public, voluntary, community and private sectors; and
- Encourage and provide opportunities for residents to engage and participate.

Town and Parish Councils

Listed below are the key activities, including delegated service delivery that the Town / Parish Council may wish to take on from the Council under a “Compact for Services”. The Compact will set out the service standards and a schedule of payment which will include full costs plus a management on-cost, which will help develop local capacity and be assisted by the Community Development Officer.



Accountability and Control

Preparing, monitoring and reviewing the Parish Plan, and overseeing the delivery of the “Compact for Services” including:

- Provision of facilities including:
 - Playgrounds, bus shelters, amenity lighting, seats, litter bins
- Services including:
 - Maintenance of footpaths, grass cutting, vegetation control, amenity lighting, parks, open spaces, playgrounds, footpaths, amenity trails, cemeteries and graveyards, memorials
 - Litter collection, street cleaning (inc. signs), graffiti removal, recycling schemes, fly-tipping, beach cleaning, pest Control, dog control
 - Voluntary School Crossing Patrols
 - Emergency response – sandbag storage
 - Beach Safety
- Operating facilities including:
 - Libraries, Tourist Information, car parks, community facilities, allotments, galleries, museums, local archives, adult education, public toilets, Public Service Points of Contact (PSPOCs)

In addition to this Town and Parish Councils would continue to play a lead role in activities such as:

- Identifying important local issues, organising community events (carnivals, concerts, festivals etc), Twinning, local markets

Influence

Parish and Town Councils will have major influence over

- Input into local planning; and
- Proposals for changes to public transport, local health and community facilities, environmental projects, local developments



APPENDIX 2

Example Community Network Forum Agenda

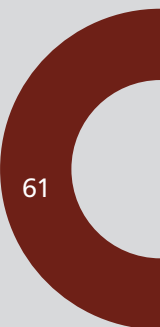
CORNWALL COUNCIL HELSTON/LIZARD COMMUNITY NETWORK

Date and Time of Meeting: **Monday 23 February 2009 – 7.00 pm**

Venue: **Mullion Youth and Community Centre**

AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST**
3. **PUBLIC QUESTIONS – The meeting will commence with an informal session of questions from the public lasting up to 45 minutes**
4. **ITEMS FOR DECISION**
 - 4.1 Minutes of the Meeting held on 24 November 2008 (attached)
 - 4.2 Helston Library – Proposed Changes of Opening Hours (Library Manager) (P1-P5)
 - 4.3 Highway Maintenance – Prioritisation of Local Surface/Surface Dressing Schemes (Divisional Surveyor)
 - 4.4 Community Area Agreement – Revision of ‘Strong and Sustainable Community’ Targets 2009-10 (Chief Inspector) (P6-P10)
 - 4.5 St Keverne Parish Plan (Chairman of St Keverne Parish Council/ Community Development Officer) (P11-P20)
 - 4.6 Changes to Co-Responder Scheme (WAST/Fire Commander) (P21-P25)
5. **ITEMS FOR DISCUSSION**
 - 5.1 Proposed Changes to T19 Bus-Route (West Cornwall Rural Transport Partnership)
 - 5.2 Feedback from Local Involvement Network – Ward Closure Helston Community Hospital (Cornwall Primary Care Trust)





Part One: **Our proposal for a single Council for Cornwall**

6. INFORMATION ITEMS

6.1 Community Network Quarterly Performance Report September 2008 – December 2008 (Community Development Officer) (Community Development Officer) (P26-P30)

6.2 Increased Sports Facilities Mullion Secondary School (Headteacher – Mullion School)

7. UPDATE REPORTS

7.1 Feedback from Cornwall Council Meeting 23 January 2009

7.2 Feedback from Cornwall Strategic Partnership Meeting 2 February 2009

7.3 Feedback from Executive Member – Cornwall Affordable Housing Strategy

7.4 New Issues from Forum Members (maximum 5 minutes)

(Please note Forum Members to provide written report 5 days prior to the meeting, no more than 500 words)

8. COMMUNITY EVENTS

8.1 Helston Faith Network Meeting 24 February 2009 at 7.00 pm

8.2 'Lizards Alive' Economic Forum Meeting 6 March 2009 at 2.00 pm

9. ANY OTHER BUSINESS RAISED BY COUNTY COUNCILLORS WHICH THE CHAIRMAN CONSIDERS TO BE OF URGENCY

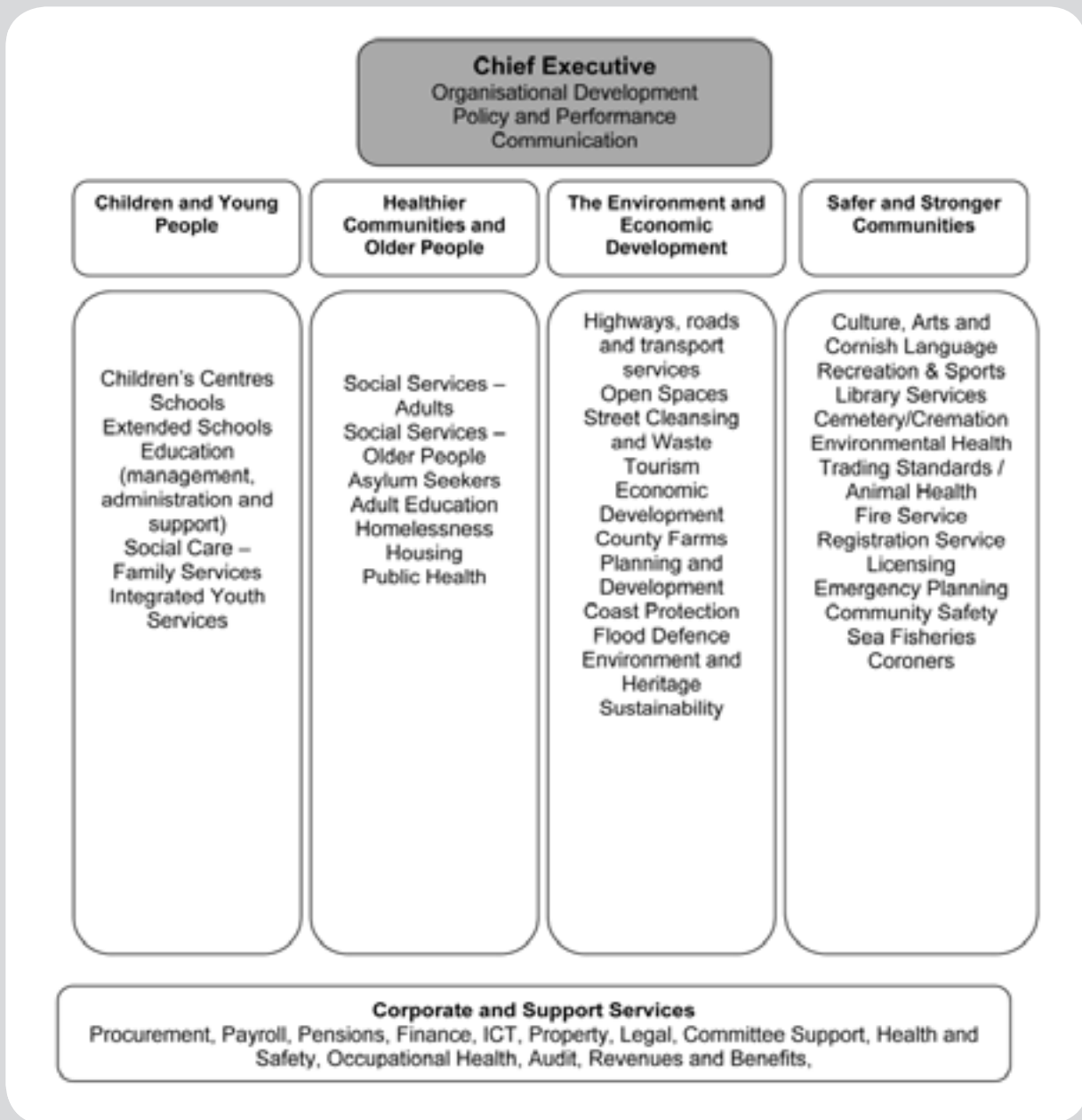
ALAN LEGAL
Cornwall Council Solicitor

NB: The meeting will be preceded by an information networks session commencing at 6.00 pm.

Enquiries on this agenda to Anne Agenda on (01872) 322137 or at anneagenda@cornwallcouncil.gov.uk

APPENDIX 3

Organisational Concept



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APPENDIX 4

Finance and Value for Money

Financial Summary

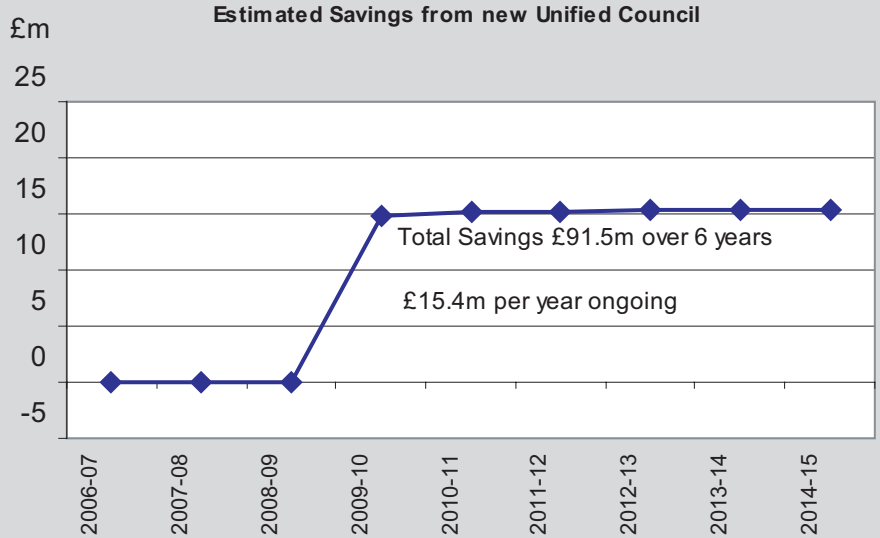
There is a sound financial business case for the creation of a unified council for Cornwall. Ongoing savings will be created that will equate to almost a quarter of the current district councils' net spend, in effect saving the equivalent of over one district council's net expenditure. This will have a major benefit to the citizens of Cornwall in better public services and the holding down of council tax.

Table 1 Financial Summary

FINANCIAL PROJECTIONS	£m
Ongoing Annual Savings (upon full unification at year 4)	£17.7m
Ongoing Annual Costs	£2.3m
Net Annual Ongoing Savings	£15.4m
Transitional Costs around	£19.3m
Payback Period	2 years
Potential Sources of Funding for transition	
Temporary Borrowing from Reserves (replenished from savings) Surplus on council tax base and collection fund	
Ongoing Savings will be used to hold down council tax and improve services	
Council Tax Equalisation	£3.4m
Reinvestment in Services	£12.0m
	£15.4m

Potential Savings

Graph - 1 Potential Savings

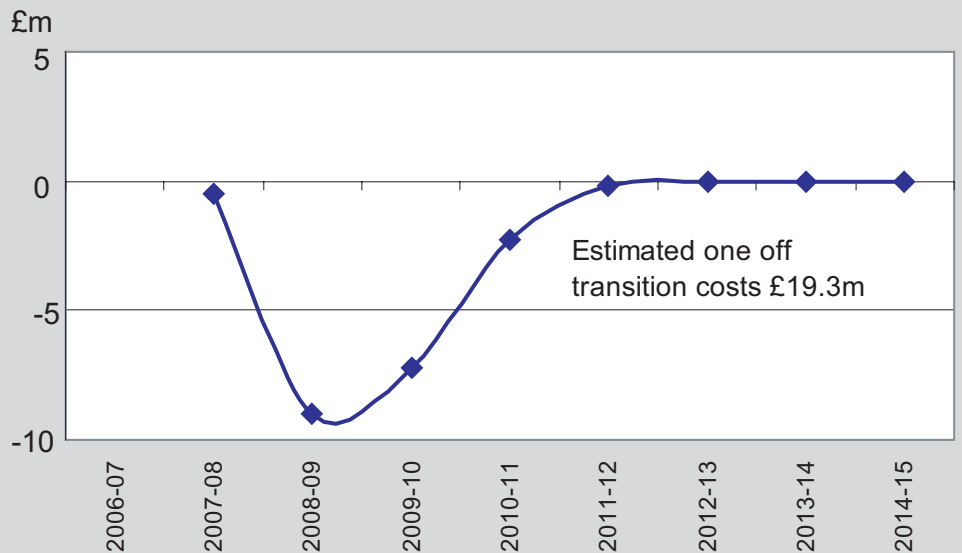


The above graph shows that annual net savings (savings less the ongoing costs of localism) of around £15m will be achieved following re-organisation to a unified council. Over the six year period shown above this will equate to £91.5m savings for reinvestment into services and to hold council tax down.

Estimated Transition Costs

Graph 2 - Estimated Transition Costs

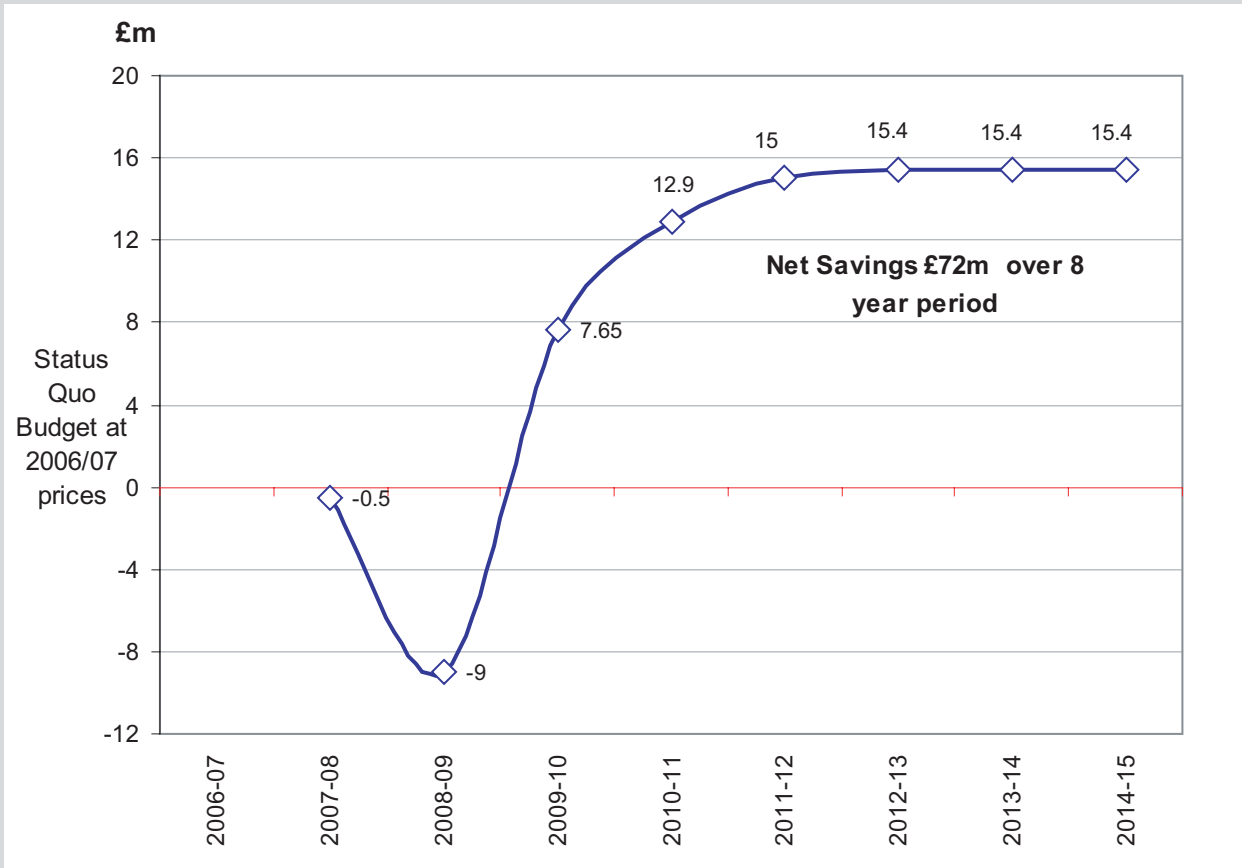
This graph maps the estimated costs of transition of £19.3m and its expected cashflows. Some savings may materialise within 2008/09 to mitigate some of these transition costs but it is too early to precisely quantify timing.



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Estimated Cashflows of new Unified Council

Graph 3 - Estimated cashflows of costs and savings of new Council



The above graph plots the estimated timing of transition costs and savings arising from re-organisation to a new unified council for Cornwall. It shows that there will be costs in the first two years leading up to the new Council which will be funded by initially borrowing from reserves and then repaying from savings. It is expected that savings will be achieved which will fund part of the costs of

transition. And by 2011-12 lead to annual ongoing net savings of £15m which will be re-invested in services or used to hold down council tax.

Over the eight year period shown above savings of £72m will be achieved after meeting the costs of transition.

The Financial Case in Detail.

Future outlook for Government funding in Cornwall

We will not know until July 2007 the outlook for public sector spending in 2008/2009 to 2010/2011. What we do know now is that the current comprehensive spending review is being undertaken within tight fiscal constraints and is likely to be the tightest review for local government since 1997.

It is likely that :-

- Scarce resources will be earmarked for key Government priorities particularly Education and Health
- There will be a real terms funding freeze
- There will be increased efficiency targets – the Government has identified scope to deliver savings of at least 2.5% pa and talked of local authorities securing far greater cashable efficiencies over the next Comprehensive Spending Review period.
- Pay settlements across the public sector will be based upon the achievement of the Government's inflation target of 2 %.

Therefore, for the next three years and into the foreseeable future, local government in Cornwall will be faced with significant additional costs, but with very limited funding from central government in order to fund them. Significant extra costs of a growing population and investment in renewing infrastructure may not be recognised as grant allocations are "damped" to protect those losing grant.

Key challenges for Cornwall will be :-

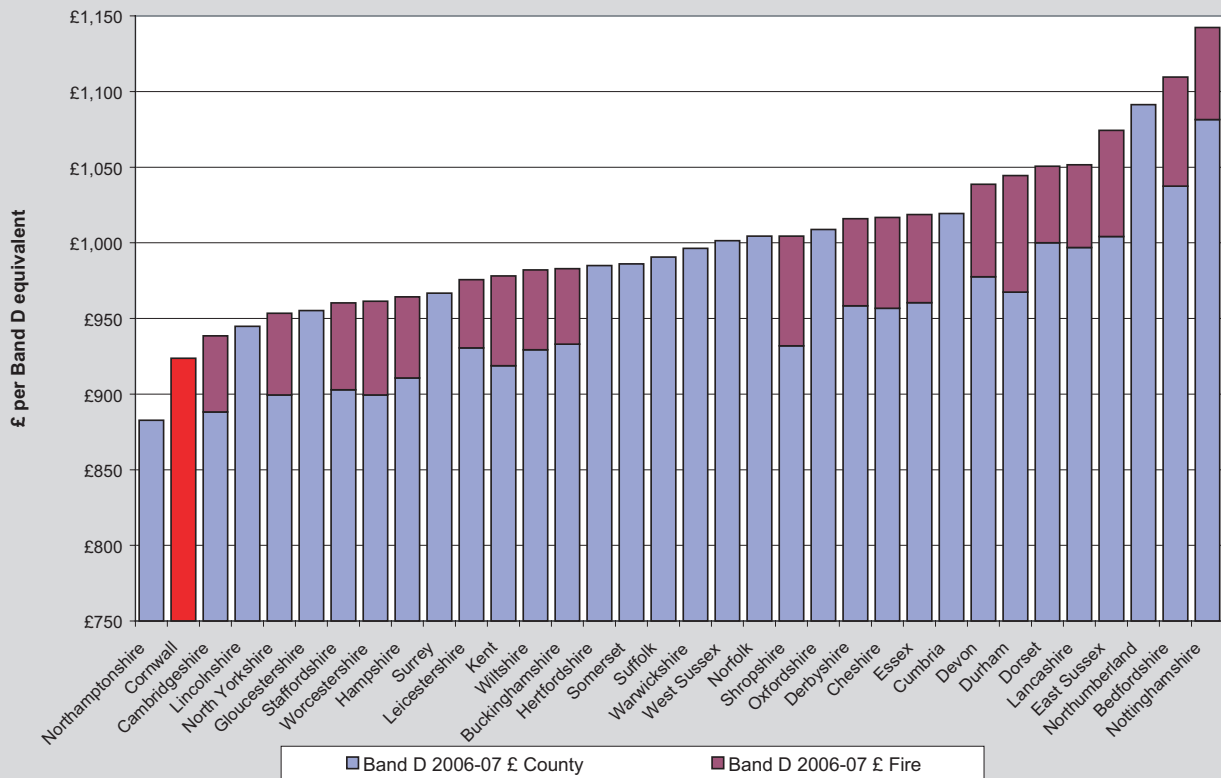
- The additional costs arising from our increasing population
- More demand for services for older adults due to our elderly population which is increasing at a faster rate than the national average. It is predicted that between 2001 and 2021 Cornwall will experience the third highest rate of growth of people aged 80 and older of all County Councils
- More expensive energy
- Additional costs arising from climate change
- Increasing waste/recycling collection and disposal costs
- And in particular local authorities in Cornwall will need to find matched funding for economic regeneration projects in order to maximise the opportunities available under Convergence Funding post Objective 1.

Under the current structure of local government, this will create real financial difficulties for Cornwall, in particular the District Councils. Due to their size they do not have the flexibility to raise sufficient funds through council tax. By raising the council tax by 1% our Districts can raise between £30,000 and £50,000. By comparison the County Council, by increasing Council Tax by 1% can raise £1.7m. Therefore there is much more capacity at this level to deal with demographic pressures, change and emergency demands. Unified status would pool capacity.

However, increasing council tax is only one way to address cost pressures and improving services to the public. Cornwall is a low wage economy, and as a County Council we have traditionally recognised this by setting the second to lowest council tax precept amongst all Shire Counties.

Graph 5 - Council Tax

Shire Counties - Council tax at Band D averages 2006-07



Some of our Districts also set precepts amongst the lowest in the country. This means that Cornwall has effectively a low spending base which limits council tax as a solution to high spending demands.

A unified council for Cornwall will deliver the means to meet these additional costs, provide better services for the public, allow for greater efficiencies, and enhance capacity whilst maintaining low council tax precepts. An especially important factor in a rural county with a

high population of pensioners and low income groups who pay council tax.

Our emphasis for reorganisation to a unified council is to improve efficiency in delivering services by rationalising the delivery of support services and front office functions, cutting overheads and duplication by reducing the number of management posts across Cornwall, reducing the costs of democracy across the county, and up scaling and improving commissioning and procurement practices.

Population and current spending levels

Not only will this reduce the cost of local government within Cornwall, but will have efficiency advantages for our partners within both the public and voluntary sector. Fewer and smaller meetings, less transaction costs and a more strategic clearer focus are some of the advantages that will arise for stakeholders.

The proposal for a unified authority for Cornwall would provide significantly more scope for delivering cost savings and efficiencies than the current two tier model of local government. There will be major costs associated with reorganisation both transitional and also some longer term ongoing costs to enhance local engagement under our proposal. However, the case set out in the following paragraphs show that there will be long term overall benefit to service users and citizens of Cornwall and that savings will payback the transitional costs within 2 years.

Cornwall has a population of approximately 523,900 (2006) some 1.47 persons per hectare.

The table below sets out the current net budget requirement for each of the councils within Cornwall, their share of formula grant and the amount raised by council tax each year. The current net budget requirement for the County and Districts in 2006/2007 totals £377m. Of this county total, the County Council spends about 79% and Districts 21%.

Within the net spend of £377m, some costs are duplicated across councils. For example one common cost element amongst all of the councils in Cornwall is that they all incur the costs of being in business. That is the costs of the corporate centre ie Chief Executives and policy development staff, support services and the costs of running a democratically elected body. We have identified this as a key area which should yield significant savings, whilst still allocating funding to strengthen local democracy, service access and responsiveness.

Table 2 – Gross and Net Budget Positions by Councils

Councils: Sources of Funding 2006/2007

	Caradon £'000	Carrick £'000	Kerrier £'000	North Cornwall £'000	Penwith £'000	Restormel £'000	Cornwall County	County Total
Gross Budget Requirement (nearest million)	36,000	47,000	46,000	47,000	45,000	42,000	852,000	1,115,000
Net Budget Requirement	12,344	14,140	15,501	14,060	9,694	14,175	297,109	377,023
Less:								
RSG	-991	-1,150	-1,399	-1,167	-943	-1,380	-19,768	-26,798
NNDR	-5,135	-5,959	-7,246	-6,045	-4,884	-7,148	-102,409	-138,826
Collection Fund								
General GLA Grant & Other Items	-12	-13	-190	-108	23	-42		-342
Council Tax Requirement	6,206	7,018	6,666	6,740	3,890	5,605	174,932	211,057
% Government funded	49.7%	50.4%	57.0%	52.1%	59.9%	60.5%	41.1%	44.0%
% locally funded	50.3%	49.6%	43.0%	47.9%	40.1%	39.5%	58.9%	56.0%

The Potential For Making Savings

Unified Council for Cornwall Financial Templates

County Council Service Managers and Service Accountants have worked together to determine a forecast budget for the unified council of Cornwall (on a 2006/07 price base). Whilst these provide a more detailed analysis than initial financial modelling

and are based on the 2006/07 budgets for both the County and District Councils of Cornwall, these figures can still only be guidelines to the savings achievable for a unified council. District costs have been supplied by the Districts.

Detailed planning of services will be undertaken during the transition period to a unified council which may alter these costings to a limited extent. Political priorities will need to be refined on standards and structures for service delivery at the strategic, community network and parish level which may also affect budgets.

Table 3 - Summary of Financial Templates for new Unified Council

Service Area	Potential Annual Savings £m	Explanation of Savings
Chief Executive and Policy Development	£3.1m	Reduction in number of Chief Executives and senior policy advisors across the County. This can be achieved by removing the duplication of work around strategic planning and policy. For example the reduction in the number of council plans, best value performance plans, community strategies etc from 7 to 1.
Finance and Audit	£2.8m	Reduction in number of Treasurer's and Accountants. Removal of duplication around budget processes, budget monitoring and the publication of accounts.
Personnel	£0.3m	Removal of duplication especially around the area of staffing policies and personnel strategies.
Payroll	£0.2m	Savings around payroll systems and through economies of scale.
ICT	£1.2m	Through consolidation of systems and reduction in number of ICT managers.
Legal	£0.5m	Increased capacity by pooling of legal teams resulting in savings in purchasing expensive external legal advice. Also some savings on administration.
Property and Estates Management	£0.2m	Savings on management of corporate property functions by unifying the service and by removal of duplication and reducing overheads.
Committee Support	£1.0m	Reduction in number of meetings.

Part One: **Our proposal for a single Council for Cornwall**

Pensions	£0.1m	Removal of duplication.
Printing Reprographics	£0.4m	Reduction in number of printing sections as duplication in present system.
Consumer Protection	£0.5m	Combining of inspection services for the County providing enhanced service to businesses. Reduction in management and administrative costs.
Other Environmental Services	£0.1m	Savings will be achieved in reducing overhead costs and economies of scale.
CCTV and Community Alarms	£0.1m	Procurement savings and sharing of services as per consultants report into service.
Waste and Street Cleansing Services	£0.3m	Savings will be achieved through combining council's direct service organisations resulting in economies of scale and reduced overheads.
Highway Maintenance, Street Lighting and Parking Services	£0.2m	Savings will be achieved through combining council's direct service organisations resulting in economies of scale and reduced overheads.
Public Transport	£0.1m	Reduction in administration and removal of duplication.
Housing	£0.3m	Reduction in number of Housing Strategies required, management and administration.
Open Spaces, Culture and Heritage	£0.5m	Creation of one service covering the county, resulting in more effective utilisation of staff, economies of scale and reduced overheads.
Planning	£0.3m	Savings on duplication of strategic plans and consultation, IT systems, management and administration.
Economic Development	£0.3m	Reduction in number of staff – currently effort is duplicated at County and District level.
Elections	£0.3m	Saving on costs of District Council elections
Member Allowances	£0.8m	Net saving on members allowances.
Other Services	£0.2m	Savings created by increased capacity, reduced management, economies of scale and administrative costs.
Insurance Premiums	£1.4m	Based upon the advice of our Insurers of estimated future premiums compared to the costs incurred currently across the county.
Procurement	£1.0m	Larger contracts across the county will mean that better prices can be achieved.
Treasury Management	£1.0m	Potential additional income that would arise in the average district council's balances were invested at the rate achieved by the County Council.
Total Potential Annual Ongoing Savings	£17.2m	

These savings increase to £17.7m by Year 4 of the new unified council as can be seen in the detailed financial templates required with this submission.

Other Benefits

Under a unified council it will be possible to rationalise the public sector property holdings within Cornwall. Based upon the savings above it is estimated that around 3,180m² of office space may be released upon re-organisation. This could result in a reduction in the need to lease expensive property and may result in further ongoing revenue savings of £0.8m a year.

This reduction in office space requirements and the potential rationalisation of property holdings will almost certainly create opportunities for capital receipts which in turn may be used to reduce revenue costs by decreasing capital borrowing requirements or by reducing running costs by creating more energy efficient and sustainable low maintenance building stock.

The analysis of property needs will be completed during the detailed transition phase and consideration will also be given to community use of any properties which are surplus to the new council's requirements.

Contracts

Currently District Councils have contracted out a number of their services. As these contracts are renewed it will be possible to either consider these services for provision by the in-house Direct Service Organisation or to let larger county wide contracts leading to further potentially significant savings. It is expected that this will provide better value for money and require less contract management costs but these savings will not materialise for a number of years

and have therefore not been included in the saving calculations above.

Caution Based Approach

The above level of savings has been cautiously assessed based upon a risk averse approach. For some services no savings have been assumed for example leisure services. This approach has been undertaken to ensure that the level of savings is not overestimated. A realistic approach has also been taken on transition costs. It is hoped that a higher level of savings will be achievable.

Corroborating Financial Calculations

The above figures and the detailed financial templates are based on assumptions on the level of staffing needed to run a unified council for Cornwall and assumptions of the economies of scale and efficiencies that can be achieved through the removal of duplication between the levels of local government.

A level of confidence in the figures can be obtained from the initial financial modelling that was completed on the possible costs and savings that may arise with a unified council. There are a number of ways to analyse the potential savings that may arise from local government reorganisation in Cornwall. Four main methods for analysing and estimating the potential savings and efficiencies which may arise were used.

The four methodologies were:-

- Method 1 - an examination of the results from the mid nineties costings produced for a unified council for Cornwall for the Local Government Commission, updated by indices.
- Method 2 – work undertaken by PWC for the Department of Communities and Local Government. This case study took the County Council’s data and average district data and examined the savings arising in support services, strategy and democratic costs.
- Method 3 – a review of benchmarking costs using Cornwall County Council data and average Shire District Council data from information provided for performance benchmarking evaluations. This was essentially an estimate of savings arising mainly from economies of scale. Plus a review

of the County’s and District’s corporate and democratic core costs using the annual CIPFA statistics produced by local authorities.

- Method 4 – a review of statistical information available on services for the Districts of Cornwall. This analysis examined what cost savings may be achieved if under a unified council, performance for district services could be improved to either the average or the highest performance currently being achieved within Cornwall (performance being judged by cost per head).

Even though some of these methodologies focussed on only part of the savings available, it can be seen from the figures below that this initial modelling resulted in similar savings to those of the more detailed analysis. This indicates that a high level of confidence can be exercised that the savings **will** be achieved.

Table 4 - Summary of Savings Predictions arising from modelling

Methodology	Potential Savings
Support Services and Corporate Costs	
Method 1 - the results from the updated mid nineties costings	Around £9m to £10m
Method 2 – analysis completed by PWC undertaken for CLG on the savings that might arise through unified councils.	Around £12m
Method 3 – a review of benchmarking costs and the County’s and District’s corporate and democratic core costs using the annual CIPFA statistics.	Around £12m
Service Delivery (in addition to methods 1,2 and 3)	
Method 4 – a review of statistical information available on service costs for the Districts of Cornwall.	Between £6m to £11m

Use of Savings

Council Tax Equalisation

A factor to be taken into account in the single body solution for Cornwall is that under a new unified council, council tax payers would quite reasonably, expect to pay one council tax across the whole county area. This, necessarily, means that the new unified authority will need to quickly move to a uniform

council tax. Under the regime of council tax capping we are likely to be restrained by the lowest council tax precept being able to increase by the capping limit each year.

There is a considerable variation in current council tax amounts raised by our districts, Band D varies from £128.38 in Penwith to £172.57 in Kerrier, this can be seen from the following graph:

Graph 8 - Council Tax precepts for District Councils

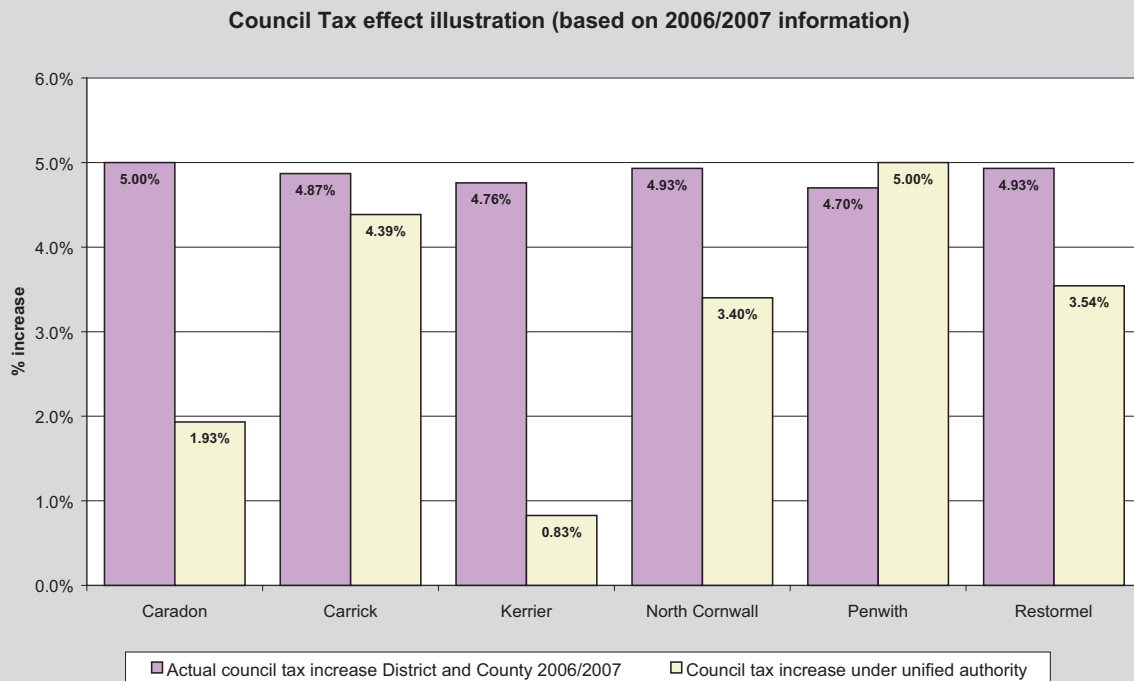
2006-07 local Band D council tax - Cornwall Districts



Our analysis shows that within one financial year we could equalise the council tax across the county. Each former District area would have an increase of between 0.83% and 5% (assuming a 5% council tax capping level). The following graph shows a

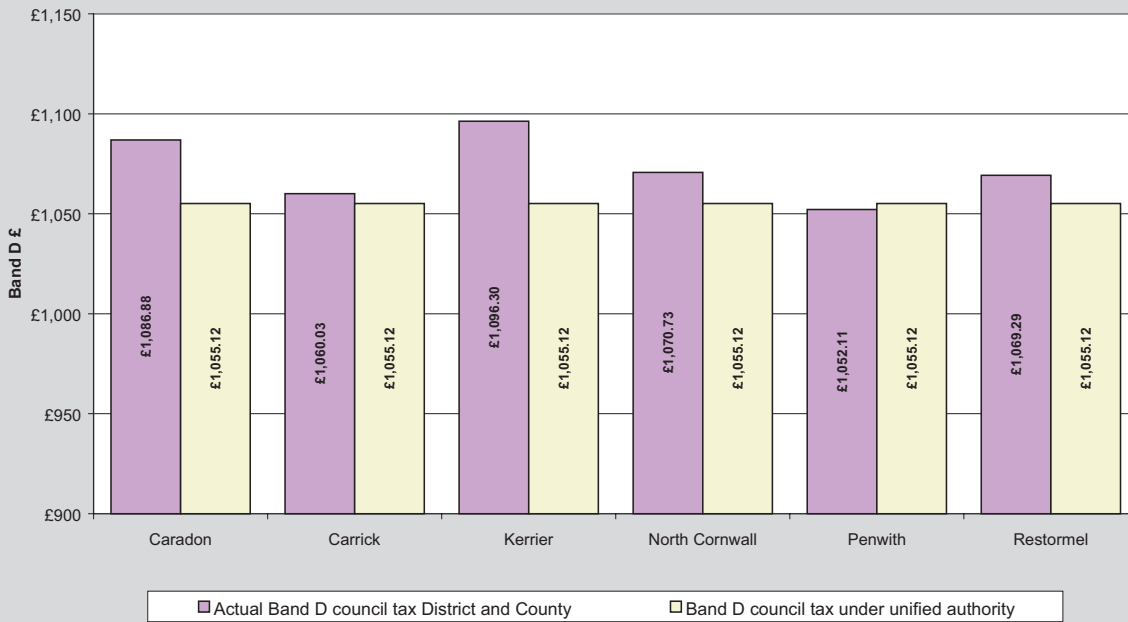
comparison of what each area of council tax payers pay under the current system and what increase on council tax they would pay in the year of a new unified council.

Graph 9 - Comparison of current council tax increases and after unification (%'s)



Graph 10 - Comparison of current council tax increases and after unification (£'s)

Council Tax effect illustration (based on 2006/2007 information)



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Under this proposal, most council tax bills would increase less than under an unchanged system of local government within Cornwall. Unification would mean that the council tax payers of Cornwall collectively benefit by £3.4m per annum which would partly offset the ongoing savings achieved by re-organisation.

Service Improvements

The majority of the savings will be available either to maintain and improve services to the citizens of Cornwall or to reduce council tax increases. The balance of these objectives will require a political decision by the new council. However, services to

vulnerable people, addressing climate change and economic development are all high on the agenda of the current councils within Cornwall.

Transitional Costs

Estimated potential redundancy and pensions costs

Redundancy, voluntary early retirement costs, job evaluation costs and some compulsory redundancy costs will be incurred in reorganising into a unified council for Cornwall. These costs will be mitigated wherever possible. The majority of staff who directly

provide services to the public to the new unified council will be transferred to the new council without making substantial changes to their terms and conditions. Achieving part of the staff reductions by natural turnover and redeployment, ring fencing posts for staff not employed in the new structure it is planned to keep compulsory redundancies to a minimum.

The new council will follow best practice personnel procedures and ensure staff from all the previous councils are treated fairly and equitably.

Based on the assumptions in table 3 above it is possible to calculate some broad estimates of the costs of redundancy and pension costs. These have to be very broad estimates as actual costs will depend on the person's age, gender, and length of service. It is estimated that the new unified council will require around 265 less staff than currently employed in the county and district councils. Conversely around 40 new posts will be required to support the Community Networks and the work of local members.

Using broad assumptions based on average salaries, ages, and length of service for staff from the county council and two districts (as actual data for other districts was not forthcoming) it is estimated that the potential redundancy and capitalised pensions costs that would have to be funded by any savings would be around £13m.

Other Transitional Costs

The ICT case study attached at part 3 sets out the need for investment in IT infrastructure and systems in order to deliver effective support for the new council. It is estimated to cost £3.84m to consolidate systems and increase capacity of the ICT infrastructure to the necessary level.

Another area of transitional cost is within the Finance Function. It is estimated that £1.3m will be needed to maintain financial control over the transition period, to financially closedown the seven councils and to create sound budgetary control systems within the new unified council.

£0.5m for three years has also been included in the transition costs to fund a transition team with a full time project manager with administrative support, and communication costs.

It is assumed that most of the planning for the new unified council will be undertaken by Service Managers as part of their normal role in improving service delivery. This will be undertaken by staff from all seven councils and backfilling will only occur where there is a lack of capacity.

Table 5 - ICT Transition Costs

Transition Expenditure	Capital £m	Revenue £m
Consolidating Enterprise applications	1.272	0.173
Consolidating departmental applications	0.853	0.082
Establishing capacity in the infrastructure	1.081	0.382
TOTAL	3.206	0.637

Other Issues

The formula grant from central government takes into account “the costs of being in business” and awards each council regardless of its function £325,000 a year for meeting these costs.

A unified council for Cornwall would only be entitled to receive one allocation of this grant funding ie £325,000. This may result in a reduction in formula grant of £1,950,000 to Cornwall. However, the case on formula grant is not clear, this potential loss may be eradicated by the damping adjustment which currently results in a reduction in grant for Cornwall County Council. It could also be lost within the overall readjustment of formula grant following the comprehensive spending review. Any adjustment may also be phased in.

Member Allowances

The current local government structure in Cornwall has 249 district councillors and 82 county councillors. These are all paid at varying basic allowances dependent on the council they serve upon, with key roles being paid additional special responsibility allowances.

Based on information provided by District Councils the total allowances paid for District and County Councillors was around £2.5m (2005/06 prices).

Our proposed new structure will provide 82 Local Members from within which a strategic executive will be elected. The local member role under our proposed new structure will be greatly enhanced with councillors required to fulfil the roles currently being completed by district and county councillors plus play a critical role in the new community networks. The

financial model uses the assumption that the basic allowance for members will therefore increase to £18,000. It also uses assumptions for increases to the allowances paid to the strategic executive members which will equate to a salary for what will be demanding full time positions. These rates will need to be the subject of a Remuneration Panel Review (an independent review body) and approval by members.

Based on these proposed new allowances, it is estimated to cost around £0.8m less than the current level of allowances paid within the county (both district and county councillors).

Additional Costs of Localism

Meetings

A new area of cost would be the Community Network meetings to enhance community engagement and deliver the localism agenda. We propose 16 community networks that will hold meetings up to 14 times a year. The cost for these meetings is estimated at around £130,000 pa. This would include advertising, printing costs and the attendance of support staff.

Community Fund

An increase will be made to the discretionary budgets that Councillors will have to spend within their local area to £10,000 per annum. This is on top of the current £10,000 County Council budget for local highways schemes which have been in successful operation for several years.

Community Development Officers

We recognise that councillors are going to need significant support in their communities. Therefore we

are proposing to appoint 16 Community Development Officers supported by administrative officers who will work with the Community Networks supporting councillors, parish councillors and community groups to develop community plans. These staff will be managed by 4 Area Managers who will liaise with the strategic council in order to provide information on performance and service delivery.

We estimate that the total ongoing expenditure on localism will be around £2.3m.

Housing Revenue Accounts and the Equalisation of Council Rents across Cornwall.

The proposal for the management of housing under the new single authority will not have a major financial impact on the current arrangements for the three authorities that have retained their stock. Two authorities manage their stock directly, with one district managing their houses through an Arms Length Management Organisation. The districts with remaining stock are all well advanced with the national rent restructuring programme that seeks to align rents for all properties across all social landlords. These target rents need to be achieved by the end of 2010, so this minimises the impact on equalising rents for a single authority.

The national formula for rents includes a local element for earnings but as this is a county wide earnings figure this will not differ between the district areas. In the same way, valuations of properties are currently done at a district level but with strict rules for valuation base these will also already be aligned.

There are no assumed savings for the formation of a single Housing Authority and the actual management of housing stock. Upon unification a review of the appropriate charges for support services to the HRA account will be made. Any savings that occur within the HRA will be used firstly to meet any transitional costs such as the standardisation of tenancy agreements; tenant's compacts etc and then for reinvestment into the housing stock following a need based assessment. They will not affect the allowable inflation increases in rents.

These changes will need to be widely communicated and consulted upon with tenants.

Payback Period

Given the figures contained in the report for savings, we are comfortable that a two year payback can be achieved. Depending on staff turnover, how quickly property can be released and contracts renegotiated then this payback period may well be shorter.

Notes to Financial Templates (basis of financial summary figures)

The financial templates have been completed following the guidance from government. Therefore:

- they are based upon 2006/07 prices,
- they do not take into account demographic changes and
- they do not take into account future service demands or changes.

The base year has been completed by the County Council and data received from each of the District Councils of Cornwall.

The forecast budgets for the new unified council are based upon the best information available at the time of the bid process. During the transition period structures and service delivery proposals will continue to be refined and therefore budgets may change accordingly.

Budgets for services have been based upon new structures for services and employee costs priced at a comparable rate to the county wide service. This should broadly allow for pay harmonisation issues. Figures cannot be absolutely precise on this issue as the District Councils are currently in various stages of single status pay reviews. Some traditionally provided District Council services have been included in the new structure with no change to budgets. It is likely that savings will arise in these areas that will mitigate additional pay costs.

It is assumed that there will be no change to the current proportion of expenditure which is currently funded by central government.

Capital Financing Costs, the unified council option proposal does not include any borrowing to fund capital costs arising upon unification to a new authority. It is intended that any capital expenditure will be treated as transition costs funded from reserves. The reserves will be subsequently replenished from savings in later years. Over say, five years, the cashflow impacts of unification are positive and so there is a benefit rather than a loss.

At this stage reserves information and capital programme data has not been available from all District Councils.

Severance calculations have been based upon average pension's data from the County Council, North Cornwall District Council and Restormel Borough Council (that is the average salary, average age and average length of service analysed by payband). Since the template has been completed the model has been run again including data from Kerrier District Council and the figures were not significantly different.

Severance calculations have been calculated on a risk based approach with costs being frontloaded and no savings assumed for natural turnover of staff which is likely to occur.

The financial template has been completed on the basis that transition costs will be funded temporarily from reserves, and that the reserves will be replenished from savings within two years of the formation of the new council. However, this will be subject to the approval of the new council who may wish to repay reserves over a longer period of time. If necessary the predicted transitional costs can be met from existing County Council Reserves.

No savings have been assumed for the re-letting of external contracts at this point in time. However it is likely in the longer term that savings will be achieved

through the letting of larger county wide contracts or by extending the role of the internal Direct Service Organisation.

Likewise, no savings have been assumed for property. A review and rationalisation of the whole property estate will be completed following unification and it is expected that this will produce significant capital receipts from the sale of assets, and revenue savings through a reduction in leased property. Any costs of review will be met from the savings.

External Audit fees and bank charges are also likely to reduce but have not been currently included within the savings total due to a lack of information on current costs.

List of Further Available Evidence

1. Detailed spreadsheets showing current County Council and District Council budgets at a detailed service analysis level including staffing numbers per service.
2. Redundancy and Pensions Model showing costs of redundancy and strain on the Pensions Fund. Includes analysis of average salary, average age and average length of service per payband (rising by £10,000) for County and three Districts.
3. Initial Financial Modelling
 - Updated costings from early 1990's
 - PWC Case study completed for DCLG
 - Statistical Analysis and Support Service Benchmarking Comparisons
4. Evidence and Assumptions behind the bottom up approach including new structures and assumption behind efficiency calculations.
5. Cost of Localism - detailed breakdown of staffing and other costs.
6. Assumptions on Members Allowances within the new unified council.

APPENDIX 5

Glossary of Terms

ADP	Approved Development Programme	CLG	Central Local Government
AIM	Computer Programme	CPU	Corporate Procurement Unit
ALMO	Arms Length Management Organisation	CRM	Customer Relationship Management
APP	Computer Programme	CSA	Children's Services Authority
AQMA	Air Quality Management Area	CSP	Cornwall Strategic Partnership
AQMP	Air Quality Management Plans	CUC	Combined University in Cornwall
AQU	Air Quality Unit	CYP	Children and Young People
ASBO	Anti-Social Behaviour Order	CYPP	Children and Young People's Partnership
AUTOCAD	Computer Programme	DAAT	Drug and Alcohol Action Team
BVPI	Best Value Performance Indicator	DASC	Department of Adult Social Care
CAMS	Computer Programme	DCLG	Department for Communities and Local Government
CAPS	Computer Programme	DFG	Disabilities Facilities Grant
CAQF	Cornwall Air Quality Forum	DfT	Department of Transport
CAQS	Cornwall Air Quality Strategy	DMO	Computer System
CCC	Cornwall County Council	DPD	Development Plan Document
CDRP	Crime and Disorder Reduction Partnership	DTI	Department of Trade and Industry
CE	Cornwall Enterprise	ED	Electoral Division
CEU	Commissioning and Efficiency Unit	EDRMS	Electronic Document and Records Management System
CIOSPCT	Cornwall and Isles of Scilly Primary Care Trust	EH	Environmental Health
CIPFA	The Chartered Institute of Public Finance and Accountancy	EMS	Computer System
CLAC	Community Legal Advice Centre	EXOR	Computer System
CLAN	Community Legal Advice Network	EPA	Environmental Protection Act

ERDF	European Regional Development Fund	ITIL	Information Technology Infrastructure Library
ESF	European Social Fund	JCT	Joint Consultancy Team
ESRI	Computer System	KPI	Key Performance Indicator
FE	Foreign Education	LA	Local Area
FTE	Full Time Employment	LAA	Local Area Agreement
GDP	Gross Domestic Product	LDD	Local Development Document
GIS	Geographical Information Systems	LDF	Local Development Framework
GLPC	Greater London Provincial Council	LDS	Local Development Scheme
GOSS	Management Solutions Company	'LINK'	Local Intelligence Network
AQUA system	Computer System	LSC	Learning Skills Council
GOSW	Government Office for the South West	LSC	Legal Service Commissions
GVA	Gross Value Added	LSCB	Local Safeguarding Children Boards
HECA	Home Energy Conservation Act	LTP	Local Transport Plan
HER	Historic and Environment Record	MCTA	Market and Coastal Towns Association
HLF	Heritage Lottery Fund	MCTI	Market and Coastal Town Initiative
HMOs	House(s) in Multiple Occupation	MCTi	Market and Coastal Towns Initiative groups
HR	Housing Resources	MDF	Minerals Development Framework
HR	Human Resources	Microsoft SQL	Computer Programme
HRA	Housing Revenue Accounts	MOU	Memorandum of Understanding
HSE	Health and Safety Executive	MPA	Mineral Planning Authority
IAP	Integrated Area Plan	MWPA	Minerals and Waste Planning Authority
ICT	Information and Communication Technology	NEET	Not in Education, Employment or Training
IMD	Index of Multiple Deprivation	NSF	National Service Framework
IPA	Independent Performance Assessment	NSPs	Notice Seeking Possession
IPF	Institute of Public Finance	ODPM	Office of the Deputy Prime Minister
ISB	Invest to Save Budget	OEU	Outcome and Effectiveness Unit
ISG	Information Services Group		

Part One: Our proposal for a single Council for Cornwall

OT	Occupational Therapists	SIU	Support and Intervention Unit
PAROW	Penwith Access and Rights of Way	SLA	School Library Association
PCT	Primary Care Trust	SLA	Service Level Agreement
PDSC	Policy and Development Scrutiny Committee	SOA	Super Output Area
PFI	Private Finance Initiative	SOCITM	Society of Information Technology Management
PHA	Port Health Authorities	SoS	Secretary of State
POCA	Proceeds of Crime Act	SPD	Supplementary Planning Document
PROW	Public Right of Way	SSSI	Site of Special Scientific Interest
PSPOP	Public Service Points of Contact	SWRA	South West Regional Assembly
PWC	Price Waterhouse Coopers	SWRDA	South West Regional Development Agency
R/KYV	Computer System		
EDRMS	Computer System	TIC	Tourist Information Centres
RON	Computer System	TPO	Tree Preservation Orders
RPI	Retail Price Index	TS	Trading Standards
RSLs	Registered Social Landlord	URC	Urban Regeneration Company
RSS	Regional Spatial Strategy	VCS	Voluntary and Community Sector
SA	Sustainability Appraisal	VPN	Virtual Personal Network
SCI	Statement of Community Involvement	WDF	Waste Development Framework
SDUs	Service Delivery Units	WPA	Waste Planning Authority
SFC	Sea Fisheries Committee	YOT	Youth Offending Team

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a strong sustainable community for one and all