

LGR Boundary Committee Review: Rural Suffolk excluding Lowestoft
Section 151 certification of Affordability Criteria

**REVIEW TO TEST WHETHER AFFORDABILITY CRITERIA
ARE MET**

Certification by S 151 officer

Title of Unitary Submission

Rural Suffolk & Unitary Suffolk

‘I have provided base data as required relating to my authority for the completion of the Ipswich and Felixstowe unitary data collection workbook, and I have checked the base data already included in that workbook, and I am satisfied that these have been properly incorporated.

I have been consulted on relevant issues in the calculation of the figures for the transitional plan shown in the data collection workbook where they affect my authority, and find the figures to be not unreasonable apart from the issues identified below.’

(If the figures were found to be unreasonable, then a comment as to which figures and why should be provided in the box below)

Reservations and risks associated with the savings and costs included in the workbooks and the affordability assessments are set out in the risk assessment that has been completed and agreed jointly by the Suffolk Section 151 officers (excluding Suffolk County Council).

As indicated in the risk assessment, there are some material areas where it is felt that the relative savings (and costs) shown for the Rural Suffolk option are understated (overstated) compared to the Single Unitary option. This has the overall effect of reducing the level of net savings, both on an ongoing basis and the over the 5-year payback period. The key areas in question are highlighted in the risk assessment and relate to savings on Corporate support/Shared services and the cost of dividing County services (which only appears in the Rural Suffolk option). There is also the issue of the overall net savings for Rural Suffolk including Lowestoft being double of those excluding Lowestoft. The rationale and assumptions behind this are questionable.

In addition, although not seen as material sign-off issues, there are some concerns on the approach and varying degrees of inconsistency that impact on the Rural Suffolk Business Case eg property and contract novation.

Although satisfied that the Securing the Future savings are rightly included, these have been accepted at face value, as it did not prove possible to question the details that had been presented.

It should be noted that some final changes to the savings and costs arose very late in the process and there has also been insufficient time to consider these in detail. The overall impact of the changes are, however, not considered material. It should finally be noted that no account has been taken of any savings/costs that fall to the HRA. These amounts are also not considered to be material.

Certification by: Barry Hunter

S151 Officer for: Babergh District Council

Email address: barry.hunter@babergh.gov.uk

Date: 18th September 2008



**BOUNDARY COMMITTEE REVIEW OF LOCAL GOVERNMENT
STRUCTURES IN
NORFOLK SUFFOLK AND DEVON**

**REVIEW TO TEST WHETHER AFFORDABILITY
CRITERIA
ARE MET**

CERTIFICATION BY S151 OFFICER

Title of Unitary Submission

Rural and Unitary Suffolk

'I have provided base data as required relating to Forest Heath District Council for the completion of the specified data collection workbook, and I am satisfied that these have been properly incorporated.

I have been consulted on relevant issues in the calculation of the figures for the transitional plan shown in the data collection workbook where they affect my authority, and find the figures to be not unreasonable apart from the issues identified below.'

1. The methodology determined by the Boundary Committee require that business cases are based on 2007/08 budgets and balances. There is an inherent risk that the conditions that will exist in April 2010 will be different from 2007/08 such that the business cases will be unreliable.
2. Reservations and risks associated with the savings and costs included in the workbook and the affordability assessments are set out in the attached risk assessment which has been completed and agreed jointly by the Section 151 Officers (Excluding Suffolk County Council). This is based on the risk assessment dated 12th September which has in some areas been overtaken by changes to costs and assumptions associated with the business cases.
3. As indicated in the risk assessment, there are material areas where it is felt that the relative savings (and costs) shown for the Rural Suffolk option are understated (or overstated) compared to the Single Unitary option. This has the overall effect of reducing the level of net savings, both on an ongoing basis and over the five year payback period for the Rural Suffolk option. The key areas in question are highlighted in the risk assessment and relate to savings on Corporate Support/Shared services, Efficiency Savings and the cost of dividing the County Services (which only appears in the Rural Suffolk option).
4. As also highlighted in the risk assessment there is doubt about the Waste Savings and whether they are overstated. Throughout the consultation period, Districts have raised their concerns about the reliability of the consultant's conclusions, on which the calculations have been based.
5. It should also be noted that some final changes to the savings and costs arose very late in the process and there has been insufficient time to

consider these in detail. The areas in question are savings to Corporate Support Services and Supporting Community Boards.

Please provide details here or cross reference to a supporting document

Risk Assessment Attached

Certification by

Name: Lynda Pope

S151 Officer : Forest Heath District Council

Email address Lynda.Pope@Forest-Heath.gov.uk

Date 18th September 2008

REVIEW TO TEST WHETHER AFFORDABILITY CRITERIA ARE MET

Certification by the S151 officer of Mid Suffolk District Council

Title of Unitary Submission	Suffolk Unitary (excluding Ipswich, Felixtowe & Lowestoft)
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1. I have provided base data as required relating to Mid Suffolk District Council for the completion of the Suffolk Unitary (excluding Ipswich, Felixtowe & Lowestoft) Pattern for Suffolk (hereafter “Rural Suffolk without Lowestoft”) data collection workbook, and I have checked the base data already included in that workbook, and I am satisfied that these have been properly incorporated.
2. I have been consulted on relevant issues in the calculation of the figures for the transitional plan shown in the data collection workbook where they affect my authority.
3. The methodology that Suffolk County Council, as lead authority, has been obliged to follow was determined by the Boundary Committee. Limitations with this methodology are such that I am unable to provide an unequivocal assurance that the figures produced are “not unreasonable”.
 - The Boundary Committee requires that business cases are based on 2007/08 budgets and balances as at 31 March 2007. It has not been demonstrated that this historical data is materially similar to current conditions and there is a risk that the conditions that will exist in April 2010 will be different again such that the business case is inherently unreliable.
 - The extremely tight timescale imposed by the Boundary Committee creates a risk that the business case is not based upon robust policy making and political direction and there is a risk that errors and weaknesses in the business case may not have been detected due to insufficient scrutiny.
 - There is an inherent risk that financial implications relating to the Housing Revenue Account (HRA) have not been identified as the Workbook excludes consideration of HRA and its interaction with the General Fund and Council Tax.
4. The seven Suffolk District Chief Financial Officers have completed a detailed risk assessment of the business cases. The following high risk issues have been identified relating to the Rural Suffolk without Lowestoft business case:
 - Savings relating to Corporate Support Services and Shared Services are felt to be disproportionately low when compared with similar savings in the North Haven and Unitary Suffolk business cases such that it is felt that there is a high risk that these savings have been understated.
 - Insufficient justification has been provided for the inclusion of costs within the business case relating to Dividing County Services such that it is felt that there is a high risk that costs have been overstated.
 - The business case includes £27m of efficiency savings relating to the existing Suffolk County Council Securing the Future (STF) programme. There is some doubt as to the admissibility of these savings (as STF pre-dates the Local Government Review process) and doubt over the capacity of the successor council to deliver the savings. These savings

are material to the affordability of the business case.

5. The business case contains assumptions relating to the future use of district council offices. A property strategy underpins such assumptions and the strategy is based on new ways of working in order to reduce the total requirement for traditional office accommodation. It will be for any successor council to determine whether it wishes to maximise the potential for savings in the context of its stated aims of providing access to services within communities. I am of the opinion that maximising the opportunities for locality working will reduce the potential level of savings assumed in the business case. The level of savings assumed is not material to the business case.
6. Suffolk County Council's Section 151 officer has determined through risk analysis that general unearmarked reserves equivalent to 5% of net expenditure will provide a sufficient contingency. I am not satisfied that this is an adequate level of contingency given the unavoidable reliance on estimation and the volatile circumstances that will doubtless be in existence in the early years of implementing the successor authority.
7. The final version of the Rural Suffolk without Lowestoft Workbook was issued by email on 17 September at 9.55am. There has not been sufficient opportunity prior to the issue of this certification to verify that the Workbook is consistent with the underlying financial assumptions and working papers.

Certification

8. "Subject to:

- the limitations with the Boundary Committee methodology described above;
- confirmation that the Workbook is consistent with the underlying business case, assumptions and working papers;
- a concern that some savings may have been understated and costs overstated such that there is less headroom in the Business Case than can reasonably be expected;
- a concern over the admissibility and deliverability of efficiency savings in the business case relating to the existing Suffolk County Council Securing The Future programme;
- a concern over the reasonableness of assumptions regarding closure of existing district council offices;
- a concern over the level of unearmarked contingency reserves provided for in the business case;

I find the figures within the Rural Suffolk without Lowestoft Business Case to be not unreasonable."

Certification by: _____

Name: Stephen Joyce

S151 Officer for Mid Suffolk District Council

Email address: stephen.joyce@midsuffolk.gov.uk

Date: 18th September 2008

**BOUNDARY COMMITTEE REVIEW OF LOCAL GOVERNMENT STRUCTURES
IN NORFOLK SUFFOLK AND DEVON**

**REVIEW TO TEST WHETHER AFFORDABILITY CRITERIA
ARE MET**

Certification by S 151 officer

Title of Unitary Submission

Rural ex Lowestoft

‘I have provided base data as required relating to my authority for the completion of the *specified* data collection workbook, and I have checked the base data already included in that workbook, and I am satisfied that these have been properly incorporated.

I have been consulted on relevant issues in the calculation of the figures for the transitional plan shown in the data collection workbook where they affect my authority.’

Subject to the points outlined below I find the figures to be not unreasonable.

(If the figures were found to be unreasonable, then a comment as to which figures and why should be provided in the box below)

Please provide details here or cross reference to a supporting document

Reservations and risks associated with the savings and costs included in the workbooks and the affordability assessments are set out in the risk assessment which has been completed and agreed jointly by the Borough and District Council Section 151 Officers. Attention is drawn to the highest scoring “key” risk areas.

A number of issues have arisen throughout the work of the 151 Officer Group:

- *The relative savings and costs in relation to the Rural and Single Unitary options with an impact on both the net savings and ongoing position.*
- *The inclusion of the Securing the Future programme both in terms of the Rural/Single Unitary split but also the assumption that the successor authority would wish to continue the programme or have the capacity to do so.*
- *The time frame and base date chosen by the Boundary Committee has constrained the political dimension of the business cases, reduced the scrutiny and weakened the financial imperative.*
- *There has been insufficient time to review the final version of the workbook issued on 17th September 2008 and in particular the changed figures for Corporate Support and Community Boards.*

Certification by...Trevor Brown.....

S151 Officer for ...Suffolk Coastal District Council.....

Email address.....Trevor.brown@suffolkcoastal.gov.uk.....

Date.....18/09/08.....

**BOUNDARY COMMITTEE REVIEW OF LOCAL GOVERNMENT
STRUCTURES IN
NORFOLK SUFFOLK AND DEVON**

**REVIEW TO TEST WHETHER AFFORDABILITY
CRITERIA
ARE MET
CERTIFICATION BY S151 OFFICER**

Title of Unitary Submission

**Rural Suffolk with and without
Lowestoft**

I have provided base data as required relating to St Edmundsbury Borough Council for the completion of the specified data collection workbook, and I am satisfied that this has been properly incorporated.

I have been consulted on relevant issues in the calculation of the figures for the transitional plan shown in the data collection workbook where they affect my authority, and find the figures to be not unreasonable apart from the issues identified below:

Reservations and risks associated with the savings and costs included in the workbook and the affordability assessments are set out in the attached **risk assessment** which has been completed and agreed jointly by the Section 151 Officers (excluding Suffolk County Council).

As indicated in the risk assessment, **there are material areas where it is felt that the relative savings shown for the Rural Suffolk option are understated and relative costs are overstated, compared to the Single Unitary option.** This has the overall effect of reducing the level of net savings, both on an ongoing basis and over the five year payback period for the Rural Suffolk option. The key areas in question are highlighted in the risk assessment and relate to savings on '**Corporate Support Services**' and '**Dividing County Services**'. I have also some concerns about the '**Waste**' savings and whether they are overstated. (Throughout the consultation period, Districts have raised their concerns about the reliability of the consultancy report on which the waste calculations have been based).

I am not in a position to comment on the robustness of the figure for **Efficiency Savings**, for the Rural case, given that this figure relates purely to county services.

In addition, I have some concerns on the **approach and varying degrees of inconsistency that impact on the Rural Suffolk Business Case e.g. costs of IT/systems changes, property and contract novation.**

The financial workbook figures continued to change up until the sign off meeting on 18th September, and I do not consider that I have had enough time to reflect on a final set of figures.

The above comments relate to both Rural cases (ie., with and without Lowestoft).

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Certification by

Name: **Liz Watts**

S151 Officer : **St Edmundsbury Borough Council**

Email address **liz.watts@stedsbc.gov.uk**

Date **18th September 2008**

**BOUNDARY COMMITTEE REVIEW OF LOCAL GOVERNMENT STRUCTURES
IN NORFOLK SUFFOLK AND DEVON**

**REVIEW TO TEST WHETHER AFFORDABILITY CRITERIA
ARE MET**

Certification by S 151 officer

Title of Unitary Submission

Rural and Unitary Suffolk

I have provided base data as required relating to my authority for the completion of the Suffolk Unitary data collection workbook, and I have checked the base data already included in that workbook, and I am satisfied that these have been properly incorporated.

I am unable to certify the reasonableness or otherwise of the figures for the transitional plan shown in the data collection workbook where they affect my authority and in the allocation of resources between the new authorities for all of the assumptions made in developing the workbooks. This assessment is based on the risk assessment dated 12 September 2008 which, in turn, has been overtaken by the subsequent changes to costs and assumptions associated with the business cases.

Certification by Alan McFarlane

S151 Officer for Waveney District Council

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Date 17 September 2008