

CARLISLE CITY COUNCIL

Report to:- Council (Special)

Date of Meeting:- 18 June 2007
Agenda Item No:-

Public	Policy	Delegated: No
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Accompanying Comments and Statements	Required	Included
Environmental Impact Statement:		No
Corporate Management Team Comments:		No
Financial Comments:		Yes
Legal Comments:		Yes
Personnel Comments:		Yes
Impact on Customers:		Yes

Title:-	LOCAL GOVERNMENT WHITE PAPER, SAFER AND STRONGER COMMUNITIES – PROPOSED RESPONSE ON BEHALF OF CARLISLE CITY COUNCIL TO CUMBRIA COUNTY COUNCIL’S BID FOR A UNITARY AUTHORITY
Report of:-	Town Clerk and Chief Executive
Report reference:-	PPP50/07

Summary:

The report presents a substantive extract from the final report of the Better Government for Cumbria Group that was considered by a special meeting of the Council’s Executive Committee on 14 June 2007 and sets out:

- i) A critique of Cumbria County Council’s bid for a Unitary Council for Cumbria (appendix 1)
- ii) A developed framework model - for illustrative purposes - only that presents alternative governance arrangements for enhanced two tier working in Cumbria based on four Most Purpose Authorities (appendix 2)
- iii) Additional financial analysis (appendix 3)

- iv) Analysis of a potential six Most Purpose Authority model, in response to Council resolution C.73/07, 27 March (appendix 4)

A copy of the report to the Special Executive meeting is also attached.

Recommendations:

The Executive Committee, at its Special Meeting of the 14 June, will be recommended to commend Full Council to:

1. Oppose the Cumbria County Council Unitary bid on the basis of the supporting evidence drawn together by the Better Government for Cumbria Group and evidenced in this report.
2. Delegate authority to the Leader, in consultation with the Town Clerk and Chief Executive and other Group Leaders, to prepare a formal response to Ruth Kelly MP, Secretary of State for Communities and Local Government, that presents the case for Carlisle City Council's opposition to Cumbria County Council's Unitary bid, and that this letter forms part of the collective response made by the 6 District Councils.
3. Note that the alternative proposals for local government in Cumbria are part of the argument against the Cumbria County Council Unitary bid and are not a blue print for change. The alternative proposals simply illustrate how another model based on enhanced two-tier working may work. The proposals do not commit the City Council in any way, to any course of action should the County's unitary bid fail.
4. Following any announcement by Government on the future of local government in Cumbria, Carlisle City Council should determine the appropriate way forward.
5. That the now established Member / Officer Group be delegated to progress the opposition to the County's bid and the City Council's future work, whichever decision is made by Government.

Contact Officer: Maggie Mooney

Ext: 7114



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REPORT TO EXECUTIVE (SPECIAL)

PORTFOLIO AREA: CROSS CUTTING

Date of Meeting: 14th June 2007

Public

Key Decision: Yes

Recorded in Forward Plan:

No

Inside Policy Framework

Title: LOCAL GOVERNMENT WHITE PAPER, SAFER AND STRONGER COMMUNITIES – PROPOSED RESPONSE ON BEHALF OF CARLISLE CITY COUNCIL TO CUMBRIA COUNTY COUNCIL'S BID FOR A UNITARY AUTHORITY

Report of: Town Clerk and Chief Executive

Report reference: PPP47/07

Summary:

The report presents a substantive extract from the final report of the Better Government for Cumbria Group that sets out:

- i) A critique of Cumbria County Council's bid for a Unitary Council for Cumbria (appendix 1)
- ii) A developed framework model - for illustrative purposes - only that presents alternative governance arrangements for enhanced two tier working in Cumbria based on four Most Purpose Authorities (appendix 2)
- iii) Additional financial analysis (appendix 3)
- iv) Analysis of a potential six Most Purpose Authority model, in response to Council resolution C.73/07, 27 March (appendix 4)

Recommendations:

To recommend to the full Council at its Special Meeting on the 18th June to:

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

1. Oppose the Cumbria County Council Unitary bid on the basis of the supporting evidence drawn together by the Better Government for Cumbria Group and evidenced in this report.
2. Delegate authority to the Leader, in consultation with the Town Clerk and Chief Executive and other Group Leaders, to prepare a formal response to Ruth Kelly MP, Secretary of State for Communities and Local Government, that presents the case for Carlisle City Council's opposition to Cumbria County Council's Unitary bid, and that this letter forms part of the collective response made by the 6 District Councils.
3. Note that the alternative proposals for local government in Cumbria are part of the argument against the Cumbria County Council Unitary bid and are not a blue print for change. The alternative proposals simply illustrate how another model based on enhanced two-tier working may work. The proposals do not commit the City Council in any way, to any course of action should the County's unitary bid fail.
4. Following any announcement by Government on the future of local government in Cumbria, Carlisle City Council should determine the appropriate way forward.
5. That the now established Member / Officer Group be delegated to progress the opposition to the County's bid and the City Council's future work, whichever decision is made by Government.

Contact Officer: Carolyn Curr

Ext: 7017

1. INTRODUCTION AND BACKGROUND

The City Council, at a special meeting of 27th March 2007, considered a report prepared by the Better Government for Cumbria Working Group that set out an alternative approach to local government in Cumbria, in response to the Cumbria County Council's Unitary bid, and which provided a sound basis for opposition to the bid.

The motion, C.73/07 was agreed as follows:

"Carlisle City Council supports the outline approach in principle.

Notes that a fully worked up version of the model will be considered at a future meeting of the full Council that will include financial information and further detail in relation to the function and roles of the various elements of the model.

Requests that a worked up version of six Most Purpose Authorities should also be considered.

Will contribute to the model through a Member / Officer Working Group with representation from each of the political groups."

In response to the Council resolution, the fully worked up version of the four Most Purpose Authorities (MPA) model is attached to the report (appendices 2 and 3) and includes financial information and more detail about the functions and roles of a four MPA model. Also attached is some additional analysis of a six MPA model (appendix 4).

It is important to make Members aware that the process of engagement with government has been ongoing since March and that meetings with Politicians and Ministers have provided a useful context for developing our response to the County Unitary bid. Since March 2007, emphasis of the work of the Better Government for Cumbria Group has shifted in response to feedback from Ministers and Officials in Central Government during the consultation period.

Early indications were that the Department for Communities and Local Government would be minded to consider alternative governance models. However, this is no longer the case; there is a clear message from Government that it is consulting on one proposal only for Cumbria, the County Council's unitary bid and the Chief Executives from the District Councils have been directed by Senior Civil Servants and Ministers to provide robust evidence in opposing the County's bid. The Better Government for Cumbria Group therefore turned its emphasis towards a more vigorous critique of the County's bid. The

purpose of the alternative model is to support the robust challenge of the County's bid and to illustrate that there is more than one option for local government in Cumbria. The alternative model does not bind the City Council in any way to any course of action or proposals. All future work will need to be submitted to Council for approval and will be part of the work of the Member / Officers' Group over the next few months.

2. CRITIQUE OF CUMBRIA COUNTY COUNCIL'S UNITARY BID

As a consequence of the feedback from Government and the shifting emphasis, the focus of the report is targeted on providing a commentary on the five key criteria set out in the White Paper against which the County Council's bid is to be evaluated. The criteria are;

- Affordability
- A broad cross section of support
- Strategic leadership
- Neighbourhood empowerment
- Value for money services

Carlisle City Council, and the other district councils, can exert maximum influence on the process if we present clear evidence to explain how the Cumbria County Council's Unitary bid fails to meet these key criteria. It has emerged in discussions with the Department for Communities and Local Government, that to be successful, a bid for unitary status must satisfy each of the criteria in full. The assessment to be undertaken by Government during July, following the consultation period, will start from a clean sheet. It will *not* take account of the interim conclusions reached as part of the initial assessment process by the department in March. In addition, the outcome of the consultation with stakeholders will be used as part of the Department for Communities and Local Government's deliberations.

The appendices to the report present an assessment of the County Council's bid against these criteria. They contain evidence to support the points being made and use the illustrative model developed by the Better Government for Cumbria Group to present potential, alternative local governance arrangements for Cumbria that further support the case against a County unitary authority. Full copies of the supporting documentation will be given to the members of the Member / Officer Working Group, will be on the Council's website, and additional copies placed in the Member's rooms.

3. CONSULTATION

The range and results of stakeholder consultation is presented in the final report and include Carlisle's Citizen's Panel (February 2007):

- On preferences for decisions to be made which affect local areas:
 - around a fifth said they preferred decision making bodies at town level
 - just under a fifth said they preferred decision making bodies at district and neighbourhood level
 - 14% said 'village level' and 13% said 'through Parish councils'
 - only 9% said they preferred decision making bodies at county level

- If Panel members had to choose one way to be represented:
 - 41% would prefer decision-making bodies at town or Parish level
 - 26% said ward level
 - 25% said district level
 - only 9% said at a county level

The district councils in addition, recently commissioned a Cumbria wide MORI poll whereby 1009 residents were contacted during the period 15-28 May. Results of the poll will be tabled at the meeting and incorporated into the final response to Government.

4. MEMBER / OFFICER WORKING GROUP

In response to Council resolution C.73/07, a working group with representation from each of the political groups was convened. Membership of the group is: the Leader and Deputy Leader and front line councillors of the Conservative and Labour Groups; the Leader, Portfolio Holder for Learning and Development and frontline councillor of the Liberal Democrat Group, the Town Clerk and Chief Executive, Deputy Chief Executive, and other senior officers. The group has contributed to additional analysis of a potential six Most Purpose Authority Model, to the critique of the County's Unitary bid, and to the Communications Plan for Carlisle City Council during the consultation period. It is proposed that this Group is delegated to progress the opposition to the bid and the City Council's future work, whichever decision is made by Government.

5. TIMETABLE

The consultation period ends on 22nd June 2007. The Secretary of State has indicated that she will make her decision before the parliamentary recess on or around the 26th of July. There have been suggestions that should there be a delay in this timetable a decision could be announced in October. Indications from the Government are that if this were the case, the delay would likely be until October, the start of the next parliamentary session.

Failure of the County's unitary bid will mean a vigorous debate about the shape of local government in Cumbria and the enhanced working relationship that must develop amongst all the local authorities within the County. The work undertaken by the Better Government for Cumbria Group will be able to inform that debate. The Group has made it very clear that its proposed framework model represents a description of the issues to be tackled and the nature of some of the solutions which may be feasible; it is not a blue print for change.

Involvement of Eden District Council and Cumbria County Council in any future discussions is likely to raise other issues and lead to different proposals and solutions. Failure of the County's Unitary bid will not mean the "status quo". There will remain strong drivers for change, not least the future financial and political climate in which all local authorities are likely to operate that will require increasing efficiencies and significant changes which are only likely to be met through greater co-ordination and particularly, shared services.

If the Cumbria County Council's Unitary bid is successful, then their proposals will require the dissolution of the districts and a re-shaping of local government structures which will be managed by the County Council.

Carlisle City Council should determine its approach following any announcement by the Government.

6. IMPLICATIONS

- Staffing: The response to the White Paper and the invitation to councils to make proposals for future unitary structures has to date, been absorbed within existing workloads of senior officers. Resourcing an appropriate response to any announcement by Government on the future of local government in Cumbria will be an issue for the Council to consider.
- Finance: The revenue costs of the response to the White Paper have been met within budget from the resources approved by Full Council, 7th November 2006 (ref. C.187/06)
- Legal: Council must respond within the consultation period set by Government which ends 22nd June 2007. Far reaching legal implications should the County's bid succeed, which will be addressed in due course.
- Corporate: The report is not directly in response to the key priorities of the City Council as presented in the draft Corporate Improvement Plan and Community Plan for

Carlisle. However, there are obviously far reaching implications if the County Unitary bid were to be successful and local priorities were subsequently determined by a new Cumbria wide authority.

- Risk management: The City Council, in working with other district councils in Cumbria to present the strongest possible case against the County's Unitary bid, aims to mitigate the risks of any future, single Unitary authority for Cumbria and all that that would entail for Carlisle.
- Equality & diversity: None at this stage
- Environment:: None at this stage
- Crime and disorder: None at this stage
- Impact on customers: Consultation with local people commissioned by the Better Government for Cumbria Group has shown little support for a single local authority in Cumbria The views of local people provide further, substantive evidence that Carlisle City Council should oppose Cumbria County Council's Unitary bid.

Appendix 1

Analysis of the Cumbria County Council Unitary bid against the five evaluation criteria set out by Department of Communities and Local Government, incorporating the framework model as evidence of an alternative course

1. In developing its response, the Better Government for Cumbria Group considered many sources and stakeholder groups in order to develop views on the Cumbria County Council proposals for a Unitary council, and to inform development of alternatives.
2. With the advice of external experts, the Group followed a clear methodology to inform its approach. The main characteristics of this approach were:

Method	Approach	Outcomes
Literature review	The Group's experts reviewed a wide range of relevant literature, from Cumbrian reports, national government reports, and academic materials. This has helped understand national best practice and the Cumbria context.	<ul style="list-style-type: none">▪ Evidence-based scene setting for Cumbria local authority landscape▪ Evidence of national best practice to enable comparisons and lessons learned
Service analysis	Every service provided by both County and Districts was analysed in terms of key issues for the service, from their degree of visibility and sensitivity, to the accountability dynamics in which the services operate – from local expectations to national targets. Those services that were currently under performing with respect of national targets were highlighted and comparisons with best practice in four star and beacon authorities were made to learn from them. This, together with stakeholder feedback, was used to score services according to the most appropriate geographical and institutional level of accountability and service organisation.	<ul style="list-style-type: none">▪ A solution to help 'reshape public services around the citizens and communities that use them'¹▪ Clarity about the radical devolution proposed service by service and about the range of services that could be delivered at localised level▪ Clarity about the services that should be integrated and delivered at County level▪ Transparent analysis of where services could be shared, not just for traditional back office functions, but in other innovative ways▪ Distinction between sovereign local control and accountability over service delivery and the use of shared integrated processes

¹ Strong and Prosperous Communities, Department of Communities and Local Government, October 2006, p. 7

		<ul style="list-style-type: none"> ▪ Identification of a range of sharable processes far beyond those hitherto identified in Cumbria
Workshops	<p>Workshops held with frontline staff, with leading members and with parish and town councils</p> <p>Future sessions being considered with businesses and voluntary sector</p>	<ul style="list-style-type: none"> ▪ Structured feedback factored into proposals
Stakeholder and community engagement	<p>Commissioned focus groups with service users and with hard-to-reach groups.</p> <p>Council Chief Executives ensured that briefings with and feedback from local groups, business, LSPs and other bodies took place</p> <p>Conducted Carlisle Citizens' Panel survey</p> <p>Communicated with a wide range of stakeholders</p> <p>Established a website to provide information and canvass comments</p> <p>Held workshops with key interests from frontline staff to parish councils and the voluntary sector</p>	<ul style="list-style-type: none"> ▪ Collection of good practical suggestions to help improve model ▪ Engagement and buy-in to proposals from key stakeholders ▪ Challenge to enable model to be improved ▪ Proposals have been refined to reflect the views of stakeholders ▪

3. The most novel element of the approach was the service analysis. This was a principled assessment, made without prejudice and with reference to best practice, as to what institutional tier was the best location for the organisation of or decision-making on each service. This analysis showed the scale of potential "downward" devolution possible (and desirable) in service delivery and control, as well as the vast potential of service sharing. Indeed, in demonstrating that for certain categories of service, operational integration could occur alongside highly devolved decision-making structures, the analytical methodology constituted a sophisticated mode of response to the twin challenges of the White Paper, of service personalisation and devolution on the one hand, and efficient integration of services on the other.
4. The service analysis, set out in the full document, concluded that around 150 services of the 500 shared between both tiers have an opportunity to be delivered more effectively at a Federal level.

Chapter one: Affordability

The Department for Communities and Local Government's invitation for unitary bids stated that:

Restructuring must deliver value for money and be self-financing so that:

- i) Transitional costs overall must be more than offset over a period ("the payback period") by savings;
- ii) The "payback period" must be no more than 5 years;
- iii) in each year, capital transitional costs incurred are to be financed through revenue resources, or the normal process of prudential borrowing or the use of capital receipts;
- iv) in each year, other (i.e. revenue) transitional costs incurred are to be financed through a combination of the following—
 - in year revenue savings arising as a result of restructuring;
 - other in year specified revenue savings that are additional to annual efficiencies (e.g. Gershon savings) which local authorities are expected to make;
 - drawing on available revenue reserves, subject to ensuring that satisfactory amounts remain to meet unforeseen pressures or other potential calls on reserves. Use of revenue reserves should be the final option considered, both because of the need to preserve a contingency to meet future pressures and because use of reserves adversely affects the fiscal aggregates in a given year, increasing spending but not receipts and so placing further pressure on the Government's fiscal rules;
- v) the use of capital resources to meet revenue costs will not be permitted.

Any council making a proposal should ensure that all costs incurred as a result of re-organisation are met locally without increasing council tax. Central Government will accept no liability for any miscalculation or cost overrun in the final outturn. The Government will not accept that any additional, unforeseen costs of restructuring should be recovered from council tax payers and that, therefore, any unforeseen costs will need to be financed from other sources.²

The County Unitary Bid - claims and critique

Cumbria County Council claimed that:

'A unitary Cumbria will provide ongoing efficiencies of £22.2m a year once the unitary is fully established. Transition costs are estimated at £21.3m, with £6.9m likely to be incurred in the year prior to establishment of the unitary council and the bulk of the remaining transition costs occurring in 2009/10.'³

² Invitation to Councils in England, p. 10

³ 4.1 One council, one vision, one voice. The case for a unitary Cumbria January 2007, p. 45

The financial case is a conspicuously weak element. The Better Government for Cumbria Group has frequently requested that the County Council disclose the full set of assumptions that underlie its financial case. To date, the County has been exceedingly coy in its release of relevant material. In some respects this is not surprising. In developing its alternative, the Better Government for Cumbria Group discovered just how limited the high-level budgetary information is at the disposal of those seeking to undertake structural reform of local government in Cumbria. Of course, the difference between the County exercise and the Districts work is that the former is committed to a tight timetable of implementation by 2009. The Districts' illustration of an alternative is not committed to any explicit timetable. As such, its initial financial analysis – exceedingly robust given the available information – can nevertheless be subject to the rigour of a specially commissioned study bypassing the inadequacies of Cumbrian local authority budgetary data prior to embarking on implementation. However, in the case of the County bid, unless the Audit Commission calls attention to the inadequacies of this data, and requires the County to commission a similar study, its conclusions have uncertain foundations which will not be challenged until well into the implementation timetable. By then, it will probably be too late to reverse the process.

Professor Michael Chisholm in his report, *A critique of the INLOGOV document: "An independent review of the case for unitary status"* shows that the creation of unitaries in the 1990s tended to be based on significantly understated cost assumptions and that invariably unitaries failed to deliver promised financial benefits. With this in mind, it is plainly incumbent on government to err on the side of caution in assessing bids. The Districts have highlighted a number of areas that should cause the Government to exercise the extreme caution of not inviting the County to proceed to implementation. These include:

Transition cost assumptions and affordability: These were initially estimated in the County's first published draft as £19.6m. In the final draft the figure has risen to £21.3m. These costs seem to exclude a number of factors that make them seem ambitiously low. For example, the bid does not make significant reference to the likely timescales and associated costs of severance of existing contractual arrangements, for service provision, property management, leases and so forth. Further, the bid's financial case takes the 2006-07 budgetary position as its starting point and makes no reference to significant forthcoming budgetary pressures, not least the impact of equal pay claims on both the County and the Districts. Accordingly, there is no reason to suppose that they will not follow the pattern of the London Olympics and be subject to further upward revision.

Yet even despite these limitations, **the bid is not affordable on its own terms**. The proposals, on the County's own cost assumptions, require some £13m to be drawn from reserves in 2008/09 and 2009/10. Our understanding is that the level of County reserves at 1st April 2008 is estimated at £6.3m. This will mean that District Council reserves would need to be used to cover the remainder. However, these are committed to cover local service priorities and the impact of equal pay claims. Moreover, Government guidance to

unitary bidders makes clear that prudential levels of reserves should be maintained by new unitaries to cover unforeseen eventualities and ensure that they are viable. In short, even by flouting Communities and Local Government guidance on using reserves, the County Council would need additional resources to make its bid work.

Sensitivity analysis: The headline payback period for the transitional costs is 2.5 years. A major feature of the proposals, however, is to harmonise council tax levels and cap future increases. (One may question the credibility of claims made to pass on lower council tax to residents by a body which has failed to control tax rises: the County's council tax is the 2nd highest of its neighbouring comparator authorities.) When the costs of these proposals are taken into account the overall payback period increases to 4.2 years. Indeed, given the sensitivity of the County's own modelling, even slight errors in assumptions would cause significant cost overrun. For example, the County's case appears to assume that almost 50% of the identified savings are to be delivered from 1 April 2009. Sensitivity analysis on these numbers and assumptions suggests that an overall payback period of up to 6 years (rather than 4.2) may not be unrealistic.

Redundancies: The primary means identified by the County Council for delivering savings is through removal of the strategic tier of the District Councils. The bid then adds:

'Cumbria Council will deliver further efficiencies, from the reduced number of members across Cumbria and from rationalising back office support functions – the costs of 'being in business'. Efficiencies in 'doing business' will come from integration of six district council activities such as revenues and benefits where one pan Cumbria operation will replace the current six separate operations. Longer-term synergies will come from integration of county and district functions in areas such as waste management, better working between housing and adult social care, leisure and cultural activities, and planning arrangements.'⁴

However, the bid also states that "As a result of the proposals we have outlined to achieve integration, efficiencies and economies of scale, we realise that, inevitably, numbers of staff will not be transferred or appointed to posts following the initial processes." (p. 57).

As we shall see in assessing the County's claims for improvements in service delivery, the bid fails to trace a critical path to the sort of process efficiencies that would deliver the savings it mentions above. It simply asserts that they will emerge. Further, the identification of the reduction of numbers of members with major savings is shallow populism. Member costs are by no means the most significant in local government. What the passage on p.57 of the bid makes clear is that the County Council is aware that in order to reach its efficiency targets, it will need substantial redundancies. These could be in

⁴ One Council, One Vision, One Voice, The case for a unitary council for Cumbria, Cumbria County Council, March 2007

the order of 800 -1000 posts. As this redundancy picture unfolds, it will be reasonable to assume that transitional costs will rise.

The people of Cumbria, and indeed the Government, should expect that the County be more explicit on these matters.

Council tax commitments: The County Council undertakes to divide its hypothetical savings, committing half to a reduction in council tax and half to increased frontline expenditure. This is simply rhetoric. Committing the fiscal plans of a 2009 -10 administration ahead of its formation is absurd. That administration would be in no way bound by such commitments. Indeed, Cumbria people may judge the soundness of this commitment given the County Council's relentless tendency to put up tax. A tax commitment made two years ahead of time without the full possession of the fiscal information is any case imprudent. This is especially so when indications are that the position, as will be disclosed when the Comprehensive Spending Review 2007 is published, is unlikely to be buoyant.

No consideration of the County's own costs: It is worth pointing out that the County's Unitary bid lacks serious ambition on savings in one area. The bid is predicated on the removal of the Districts and the absorption of their responsibilities by the County unitary. No attention is paid to what savings could be made by rigorously scrutinising the structure and organisation of County services. The 2006 Audit Commission Annual Letter to the County states that "Overall comparisons suggest that the council is higher cost than other authorities" (p. 19). Since the County Council is the largest provider of local authority services in Cumbria, its failure to address its own cost base is a major omission. This omission also limits some of the savings the County does propose in the bid. The £1.5m to be realised from integrating environmental services could probably be increased if the council assessed its own high cost base in this area. Yet, as with the cost identified from contract integration (£0.5m), the modesty of the figures reflects the lack of rigour in modelling streamlined service delivery and failure fully to engage fully with best practice in areas such as shared services, where new innovations can drive down costs.

The overall weaknesses of the County bid in this category make the Government's high probability categorisation extremely questionable.

The Better Government for Cumbria Alternative

In developing the financial analysis of its alternative, the Better Government for Cumbria Group is conscious that the same limitations on the quality of data apply in its case as apply to the County's bid. Moreover, the degree to which this is an academic exercise, given the imminence of Comprehensive Spending Review, 2007, applies also. However, there are a number of key differences in the analysis that make it a more compelling and ultimately more "honest" piece of work than the County's. First, the Better Government for Cumbria alternative approach is not a bid. Accordingly, it is not tied to a bid timetable of implementation by April 2009. Therefore, unlike the County's bid

which the Government must determine whether or not to progress on the basis of its questionable use of very high-level financial data, and not a service-specific disaggregation of that data, if the alternative were to find favour with ministers, a service-specific analysis could be commissioned to substantiate or challenge the broad claims made here. Indeed, this could be timetabled to take place after the publication of the Comprehensive Spending Review 2007, so that the people of Cumbria could be honestly advised of what the implications of the model would be in the context of the likely constraints of the Spending Review, without recourse to bogus and possibly irresponsible “promises” on tax.

Nevertheless, despite these constraints, the combination of the service and financial analysis is confidently put forward as matching, and in some cases exceeding, the robustness of the analysis of the County (not least in the caution of the underlying assumptions). The analysis reveals that savings could be made that might match and potentially exceed those set out by the County through a principled reorganisation of services. This approach ensures that service models are strengthened in ways that do not compromise local democratic accountability. It contrasts markedly with the County’s blunt, centralist approach.

The analysis

The Better Government for Cumbria Group undertook a unique and comprehensive service analysis. Broadly, the analysis determined, on the basis of the needs of citizens, best practice, and the realities of service delivery, the institutional level at which services should be organised and decisions made. Significantly, through service sharing service delivery and service decision-making can be located at different institutional tiers.

The Group then commissioned financial analysts and shared services expertise to develop a financial analysis. This consisted of three distinct stages:

1. Mapping services to Most Purpose Authorities and the Federal level, as well as to Local Service Forums, based on the service analysis conducted previously
2. Establishing the additional costs associated with Most Purpose Authorities
3. Establishing where savings should come from

Stages 1 and 3 are intimately connected, as the bulk of savings would derive from the development of federal level shared services capabilities. The project took steers from experts on shared services on the extent of savings that could be anticipated from sharing. Given the constraints on data available, we have taken the most cautious of their estimates as the basis of calculations.

The broad headlines are as follows:

- Over 40% of the services provided across Cumbria in the model would be provided at the Federal/shared level
- This scale of sharing illustrates the uncommon radicalism of the sharing envisaged in the service analysis
- Applying cautious assumptions about the savings dividend to be derived from sharing, the potential savings identified are just under £29m gross; applying a tolerance of 10%, a spectrum of £26m+ to £31m+ is a reasonable error range
- Most Purpose Authority costs, primarily associated with the new directors of children's and adult services, total around £4m
- The projected net saving of the model, at the cautious end of assumptions, is £25m, with the 10% tolerance giving a range from c.£22m to £27m

The figures underpinning these conclusions are set out at Appendix 2.

Carlisle City Council members requested that the implications of a six Most Purpose Authority model should be considered. At least a further £2m would be required to cover director costs. While the service-sharing model would mitigate any other costs significantly, there would be some additional costs associated with having two extra sets of premises.

As indicated, the alternative approach being developed by the Districts is not subject to the timescale limitations that any unitary bid is subject to. Indeed, given that its further development would depend on engagement with significant external stakeholders (not least the Boundary Committee), it is difficult to set an authoritative timetable. There are significant advantages to this. First, as indicated, the analysis above can be developed and its implications fully assessed in the light of Comprehensive Spending Review, 2007. Secondly, the precise headcount savings can be established. Given that the bulk of savings fall in the areas of support services and strategic functions, there will be headcount reductions in those areas.

By modelling a number of timescales for implementation, the Group can determine whether costs of headcount reductions can be reduced through natural wastage. Furthermore, and more importantly, decisions can be taken in the light of Comprehensive Spending Review, 2007 as to what purpose any savings can be put to. Unlike the County Council, the Districts have nothing to hide on Council Tax, where their records are reasonable. Accordingly, there is no need to make rhetorical commitments about the taxation levels that would apply under the alternative arrangements, especially since the timescales for its implementation cannot be certain. Accordingly, the Districts can make a rational assessment of the impact of Comprehensive Spending Review, 2007 and thus determine what proportion of its savings package would need to be devoted to mitigating that impact and what proportion could be devoted to other purposes. These purposes could obviously include offsetting the reductions in support and strategic roles by increasing capacity and employment in other areas, such as frontline services run by Local Service Forums. Options would, of course, be consulted on with local people.

By undertaking this approach, the alternative would help guarantee realism, value for money for taxpayers and improved service delivery.

Chapter 2: Strategic leadership

The Department for Communities and Local Government's unitary bid invitation stated that:

New governance arrangements should provide strong, effective and accountable strategic leadership. This leadership should work with their local community, business community, voluntary sector and other stakeholders to create a vision for the future of the place and go on to deliver it. Community leadership is one of the most important features of future local governance. All proposed leadership models should provide:

- i) Strong, stable mandates, consistent with enabling local authorities to take a long-term, strategic view of the needs of their area and take tough decisions if necessary – particularly challenging for the third of local authorities under no overall control;
- ii) A more outward-orientation, consistent with a growing need to represent the community in discussions and debates with organisations and parts of government at local, regional and national level e.g. through Local Area Agreements;
- iii) Clear and direct accountability, consistent with making powerful local leaders more responsive and responsible, and tackling disengagement and powerlessness by shortening the distance between governors and governed; and
- iv) Personal visibility, consistent with the need to bring coherence to an increasingly complex landscape of local actors and partnerships.⁵

The County Bid - claims and critique

According to the county bid, the proposed governance arrangements “will provide clarity and simplicity of responsibility and accountability” (p.25), “strong and stable political leadership for Cumbria” (p.6) and “will reinvigorate democracy by empowering frontline councillors to get things done” (p.2).

The bid also claims that, “The new model will bring a clear strategic direction and shared priorities across the public sector – as one council works alongside a growing number of partners sharing the same boundary. Already these include a Cumbria Primary Care Trust, the Cumbria Constabulary and other key strategic providers such as the Lake District National Park Authority and Cumbria Vision, working together to shape Cumbria and the quality of life enjoyed by its citizens” (p.5). Further, it states that the new unitary, “will work alongside key strategic partners, including the new Cumbria Primary Care Trust, the North West Regional Development Agency, the Learning and Skills Council, Chamber of Commerce, County Constabulary, and others to provide a solid platform to deliver the county's agenda and improve the quality of life for our citizens” (p.7). Finally, it notes that, “Cumbria needs to be influential

⁵ Invitations to Councils in England , p. 10

and speak with one voice regionally, nationally and globally. Working with the North West Regional Development Agency (NWRDA) and the private sector, the County Council has worked to create Cumbria Vision, a private sector company to lead economic regeneration. A single, powerful and influential council will champion Cumbria's interests in partnership with Cumbria Vision" (p.9).

In reality, the governance arrangements proposed are at once conservative and confused. Further, the superficial attractions of strategic consolidation are outweighed by the fact that the County's assumptions about those strategic interests are founded on a basic misconception of the nature of Cumbria. This misconception, that Cumbria has any compelling and essential homogeneity, also fundamentally undermines the County's ability to deliver on neighbourhood engagement and cross section of support. Furthermore, the County's argumentative style – assertion without substantiation – means that these claims are never elaborated in practice and no tangible benefits to partners (other than that of dealing with one council for countywide organisations) are described. It is possible to deliver a unified engagement with countywide bodies without creating a countywide unitary. It is also possible to list a range of strategic benefits that Cumbrian bodies have reason to expect from governance reform on which the bid is silent. It is also possible to devise leadership models for Cumbria that address issues of strategic co-ordination, while responding subtly to the complex demands of Cumbrian diversity. In these areas, however, the County bid fails to come up to the mark.

Taking the political leadership model first, its conservatism inheres in the fact that the County offloads most of the pain of reorganisation onto others, while not taking a close look at its existing arrangements. In the "new" model, the number of councillors equates to those currently sitting on the County Council, 84, potentially rising to 100 following a Boundary Committee review. District members and executive teams are to be swept away. The resulting level of representation is very low. While the Local Government White Paper suggests that there are a high number of councillors for the population of Cumbria, a reduction from current representation to initially less than 100 flies in the face of the Boundary Committee guidance on representation in the context of sparsity. Cumbria may not be populous, but it is extremely large. Serving its diverse communities and contending with their geographical spread would be nearly impossible with such a small number of councillors.

In effect, of course, the County Council is not attempting to define a suitable number of councillors or a suitable level of representation for Cumbria. What they are defining is essentially a steady state political governance model: the County Council stays, maintains its current level of representation and absorbs the responsibilities of the Districts. This is in effect to meet the challenge of defective Cumbrian governance by maintaining and strengthening one of those very defects – the County Council. The steady state condition applies to the leader and cabinet model adopted. The bid proposes an indirectly elected leader and cabinet. This is the existing arrangement and is the government's least favoured option for political

governance. Where this model is retained the government will be looking for councils to show how they will make it work more robustly. The bid barely addresses this point. The required four-year term of office for the indirectly elected leader is mentioned briefly in the executive summary but not at all in the body of the report. The government is particularly concerned about strong stable leadership in councils where the strengths of the political parties are finely balanced and will be looking for innovative agreements between the parties to ensure this. There is no indication in the County bid that any preliminary discussions have taken place on a protocol to ensure strong and stable leadership for a four-year term. Given the condition of no overall control in the County Council, this is a serious omission.

Similarly the new political leadership models set out in the White Paper are intended to vest all executive powers in the hands of the leader who will then be responsible for devising the delegated powers scheme both to cabinet members and officers. That this is not highlighted in the bid makes it seem that the County has not appreciated the profound differences from the current system. Indeed, while there are no clear indications given about the arrangements for removing an indirectly elected leader before the end of the four year term, the bid makes the unusual suggestion that executive members can be removed from office by a council “no confidence” vote. This presumably can be called by any group of members, irrespective of the wishes of the leader. This is an inherently unstable and weak leadership model, especially in finely balanced political contexts like Cumbria, and undermines the government’s clear intentions. Where the indirectly elected leader model is in play, the government clearly wishes that leader to be strong, taking responsibility for cabinets they select and dismiss.

The bid similarly undermines executive authority in its proposals for scrutiny. It states that scrutiny members will be able to involve the full Council in the consideration of (all) scrutiny outcomes *before* matters are considered by the executive. This could easily be interpreted as an abrogation of the government’s policy for an executive/scrutiny split and an attempt to recreate the role of full Council that existed prior to the 2000 Local Government Act. What it would certainly do is undermine executive authority. It is a recipe for weak leadership, slow decision-making and constant bickering.

While making scrutiny strong in that one constitutional respect, the overview and scrutiny proposals generally do not meet the thrust of the White Paper. The White Paper’s suggestion that scrutiny should seek to develop an area structure is not picked up. Councils are also encouraged to review overview and scrutiny resources. Again this seems to have been ignored.

The county has, in effect, proposed the current system and called it “strong and stable” (p.6). The failure to go for a radical model to connect the proposed unitary’s decision making executive to the people of the County is particularly problematic given that a Cumbrian executive will struggle to overcome the sense that it is remote from popular control.

This remoteness will compound a key misjudgement in strategic leadership the County makes. As will be drawn out in later sections, the notion of a

County unitary falls foul of the importance of creating a clear link between decision-making and sense of place. Whereas Cornwall has a clear countywide identity that could be said to link the destinies of St Ives and Boscastle, Cumbria is a coalition of identities, artificially banded together by an unpopular local government reorganisation in the 1970s. While there are certain areas of Cumbria-wide interest, these are not best served by pretending that all major Cumbrian issues can be easily compressed within a single set of Cumbria priorities, or indeed that it is even desirable to do so. Nowhere is this more true than in the areas of business and economic regeneration. Cumbria is not a single economy, but a coalition of economies, with divergent and not necessarily reconcilable characteristics. Carlisle is a service economy. Barrow has interests in shipbuilding. The Lakeland and North Pennine elements are a mix of largely pastoral rural communities set within an internationally renowned tourist destination. The West Coast has major interests in the nuclear industry. The notion that these interests can or should be reconciled at County level is deeply questionable.

Indeed, the County cites Professor Phil Thomas who led the Democracy Commission as stating that the County is “over-governed and under-led”. The Districts agree, but note that the remark’s critical force applies as much to the County Council, the largest sovereign local authority, conspicuous in its failure to ensure that Cumbria punches above its weight in Whitehall. The County has failed to ensure that major Whitehall initiatives – for instance the Lyons relocation programme – have had a significant impact in Cumbria.

However, in the County’s defence, part of the problem is the necessarily incoherent picture that it must contend with, as indicated by the divergent interests described. However, ensuring a greater strategic lead can be taken on genuinely Cumbria-wide interests is not achieved by bringing a range of matters where there is no Cumbrian interest within the control of a countywide body.

The County attempts to counter this point by suggesting devolution to Area Committees and Community Boards. While the rather lukewarm nature of this devolution is examined in detail in later chapters, devolution even of a degree of spending power is virtually worthless if the entities devolved to do not have independent sovereignty. This may be illustrated in relation to energy. The Planning and Energy White Papers, published in May 2007, make clear that while ultimate responsibility for progressing matters relating to nuclear new build will pass to a new Infrastructure Planning Commission, the support of a local authority for the development of new build will be a major consideration. While Copeland Borough Council has already indicated its support for such plans, reflecting clearly the attitudes of its local community, it is questionable whether majorities could be mustered countywide. This would give a remote sovereign body the right to veto the wishes of a specific community. This is totally at variance with the spirit of the White Paper.

What is true for the nuclear industry is true for other economic issues. Why should Kendal elected Members make decisions affecting Carlisle Renaissance? It is also true for engagement with many key stakeholders, not least individual businesses and the voluntary sector. While countywide umbrella bodies would have the benefit of streamlined engagement with a

County unitary, this does not mean that the sectors they represent will necessarily benefit. The performance of business in particular parts of Cumbria will partly be a function of local planning decisions (including Development Plans), leadership on regeneration and funding. For these decisions to be responsive to local business need, sovereignty must be local, with local authorities corresponding to real places able to raise taxes, spend money and set frameworks accordingly. Nothing in the county bid guarantees this. The same is true for the voluntary sector. While the Cumbria Community and Voluntary Sector will engage with one body, the loss of local sovereign entities will mean that funding decisions in respect of small local voluntary sector bodies will be taken by a remote executive. Even if decisions on such matters are devolved to Area Committees, their budgetary levels will be centrally determined, limiting their freedom of action. This is quite a different set of dynamics from a local sovereign structure levying taxes and spending according to local priorities, thereby determining whether additional resources should go to the voluntary sector or not.

Here of course, the County bid is especially vulnerable to the charge that it failed to consider alternatives allowing strategic co-ordination to be balanced properly against the challenges of subsidiarity, a balance so important in a context like Cumbria, where a legitimate over-arching “identity” is missing. For example, the County could have helped kick-start a challenge to the unhelpful distribution of service and strategic responsibilities between the governance tiers in Cumbria if it had followed the example of Suffolk County Council and submitted a radical enhanced two-tier proposal. The Suffolk bid shows how ambitious and flexible such arrangements can be. In it, service responsibilities and decision-making are devolved to the lower tier, with the County acting as a strategic body, jointly administering an integrated Local Area Agreement through decision-making structures which actively involve the districts.

Finally, there are a number of major national agendas relevant to economic development for which there are significant balances to be struck between local and sub-regional perspectives and where a countywide dimension would probably be relevant. These include the post-Barker planning agenda, Eddington on transport, Leitch on skills, and the Hampton agenda for reducing regulatory burdens. Yet the County bid makes one passing reference to Barker and has nothing to say on the other agendas explicitly. In no case does it demonstrate knowledge of the subtleties of these agendas – even though they are matters on which countywide perspectives are relevant. As elsewhere, the County makes sweeping claims about how a unitary will improve strategic leadership, but in its conspicuous failure to trace a detailed critical path from current reality to the future, it shows scant understanding of current government thinking or of best practice examples.

The Better Government for Cumbria Alternative

The federated model proposed by the Group clearly provides more robust responses to the imperatives of strategic leadership on a variety of fronts. These include:

Leadership and sovereignty: The Most Purpose Authorities, the primary governance unit of the alternative model, would be bounded to reflect not just natural communities, but also natural areas of economic activity. Strategic support to those interests would thus be clearly linked with sovereignty in ways that no model of County unitary permissible under the existing legal framework would allow. Most Purpose Authorities would be wholly responsible, for instance, for planning decisions on matters solely within their boundaries. Each Most Purpose Authority would have a Local Strategic Partnership and manage its own Local Area Agreement. However, the recognition of inter-Most Purpose Authorities interests, including certain Cumbria-wide concerns (of which the main service-delivery ones will be addressed later) would cause the Most Purpose Authorities to federate. This would allow for a clear focus to develop on genuine – as opposed to artificial – cross-Cumbrian concerns. The Federal tier would also provide the sole point of strategic engagement for Cumbria-wide bodies. This would mean that the benefits of unitary in simplified engagement processes for those bodies would emerge without drastically reducing local sovereignty.

The model would also allow for the development of a Multi-Area Agreement by the Federation to draw together the Local Area Agreements into a coherent whole. Subject to post-Barker and Eddington developments moving in this direction (and the Better Government for Cumbria Group will monitor the progress of the Planning White Paper and subsequent legislation very closely) the Federation will sustain a strategic planning committee for inter-Most Purpose Authority infrastructure.

Political leadership: Each Most Purpose Authority would have around 35 councillors, giving Cumbria an initial total of community representatives substantially less than the status quo, but significantly more than the drastic Cumbrian unitary reduction. At Most Purpose Authority level, directly elected executives would be in place. Public reaction to this concept has been interesting and has counterbalanced some political nervousness about implementing them. Initially, in controlled focus groups, people were indifferent to the idea, viewing them as an additional piece of governance bureaucracy, and attitudes reflected a jaundiced view of the functioning of the local election system. However, when the concept was explained as an opportunity for voters to hire and fire their decision-makers, rather than for voters to choose them indirectly and have their preferences filtered through the machinations of ruling groups in councils, they became enthusiastic. The model would provide clear community leadership at a level where of service delivery responsibility is aligned with community and economic identity.

Furthermore, the Better Government for Cumbria model trumps the political leadership model of the County unitary bid at Cumbria level. The Federation would be run by a Cumbria executive comprising the leader and deputy leader of each of the Most Purpose Authorities and chaired by a directly elected Cumbria Mayor. The roles and responsibilities of this executive, together with relevant scrutiny arrangements, are set out in the full report. However, a political leadership with direct popular mandates will be considerably more powerful than the dilute, indirect and unstable leadership model set out in the County proposal. The Mayor would chair pan-Cumbrian partnerships and interface with Cumbria-wide bodies, simplifying still further their interactions

with local government. The Mayor will also, in carrying forward the collective perspectives of the federal executive, provide a high-profile advocate for Cumbria perspectives in dealing with external agencies and in particular with Whitehall.

Innovations relating to key government reports: Through the developments emanating from the service analysis, the alternative model would offer streamlined regulatory arrangements for business in line with Hampton, and would provide a vehicle through which we would seek to pilot a Countywide strategy on the Leitch skills agenda.

Chapter 3: Neighbourhood engagement

The Department for Communities and Local Government's unitary bid invitation stated that:

To improve the quality of life for citizens the Government believes that all communities should have the power and resources to influence the decisions that affect them in their localities. To enable genuine empowerment there needs to be devolution of power down to local communities.

Proposals should therefore:

- i) Establish a strong citizen focus, including how the authority will discharge the duty, proposed in the White Paper, to inform, consult, involve and devolve
- ii) Empower local people so that they have the power to influence the decisions that affect their lives including the ability to shape service provision;
- iii) Engage all sections of the community and increase the attractiveness of engagement to widen participation to all. For example Local Charters allow for greater transparency in service provision, enabling service providers and communities to reach a shared understanding about their respective roles, responsibilities and expectations; and
- iv) Deliver clear and accountable community (i.e. neighbourhood /parish) governance arrangements which empower the frontline councillor to champion their community.⁶

The County Bid - claims and critique

As with strategic leadership criterion, the capacity of the County unitary to rise to the challenges associated with delivering neighbourhood engagement are significantly undermined by its fundamental misunderstandings of Cumbria as an entity. This undermines the robustness of its devolutionary package, not least because the entity of Cumbria is the least profitable place to start from in order to understand the communities it comprises. Since the bid unifies executive responsibility within administrative boundaries coterminous with a relatively meaningless place – Cumbria – and devolves down from that point to more meaningful geographies, it necessarily fails to understand that Cumbria derives its limited legitimacy from the places within it, not vice versa.

⁶ Invitations to councils in England, p. 11

Cumbria, created in the local government reorganisation of 1974, is not a homogenous entity and is certainly not an example, as Cornwall is, of the County Council tier corresponding to a traditionally meaningful geography. Cumbria has a series of quite distinct communities. Barrow in the south, with its proximity to Lancashire is profoundly different from Lakeland, with its spectacular topography, while places like Kendal and Carlisle have a distinctive sense of place in their own right. Its population is sparse in some parts and highly concentrated in others. It is a mix of rural and urban, with agricultural and industrial centres, pockets of affluence and deprivation. There does not appear to be a clear Cumbrian identity, and indeed networks are loose. Just as Barrow to some degree gravitates towards Lancashire, so Carlisle has links with Scotland and the North East.

It is unsurprising therefore that the claims made for a Cumbria as a coherent place that should manage its own affairs lack the conviction of other bids based around more meaningful and resonant geographies. Cornwall's bid refers to its unique and independent identity. By contrast, the County is forced to resort to obfuscation, bordering on untruth. On p.68 of its bid, it cites Mori polling to support the notion that people identify strongly with Cumbria. The Boundary Committee, who commissioned the Mori research, interpreted the figures differently. Their report concludes "residents of the County do not generally feel a strong affinity with the county area...[identification] stands at 37%" (p.30, Boundary Committee Recommendations for Unitary Local Government in Cumbria and Lancashire.)

There can be no doubt that this independent report is nearer to the mark and that any impartial review of people's sense of place in Cumbria would show the County to be an artifice, contributing in only a limited way to people's identity.

Indeed, this sense that Cumbria is an artifice is borne out in popular preferences in relation to service delivery. From 27 February to 5 March 2007, CN Research carried out a telephone survey with Carlisle City Council's Citizens' Panel. The survey asked panel members' views on preferred providers of public service provision. Two conclusions are striking:

Carlisle Citizens Panel

- On preferences for decisions to be made which affect local areas, around a fifth said they preferred decision making bodies at town level and just under a fifth said they preferred decision making bodies at district and neighbourhood level. 14% said 'village level' and 13% said 'through Parish councils'. 9% said they preferred 'decision making bodies at county level'.
- If Panel members had to choose one way to be represented, 41% would prefer decision-making bodies at town or Parish level. 26% said ward level. 25% said district level and only 9% said at a county level.

By placing all executive responsibility in the administrative tier that is most remote from people of the area, on the questionable assumption that the County is an inherently valued identity, the bid ignores popular preferences and parodies the Secretary of State's observation that a council should lead "in defining the vision for its place". (Speech, 14 September 2006). Further, the bid recognises that significant and longstanding communities exist within Cumbria, citing the identities of Carlisle and Barrow as examples (p.27). However it fails to set out "the pattern of the most local level of government in the urban areas of Carlisle and Barrow", on which it intends to consult. Instead it merely makes some rather superficial points (relating to ceremonial mayors and firework displays) as to how this identity can be robustly maintained in the context of wholly lost administrative authority.

The White Paper includes significant challenges on subsidiarity and building services around end users. In a webchat in May 2006, Phil Woolas MP, local government minister observed that "the purpose of the debate on local government reform is to understand what decisions are best made at what level and what powers relate to those different levels". In effect, what is needed is a bottom-up approach. Local services should be analysed and categorised sensitively. From this analysis a proper balance can be struck between the need to ensure that where possible provision can vary from place to place in line with residents' demands and individual requirements, and the need to secure economies of scale from service integration. Then in turn paradigms for service design and governance can be developed (with governance arrangements responding to the subsidiarity principle, not limiting it).

In an attempt to address the criticism that its bid is merely a simplification of the status quo, the County sets out an elaborate system of local governance, with apparently devolutionary intent. Four Area Committees will be established and around twenty Community Boards. These will be created in addition to the existing parish and town councils.

However, the systemic interactions between these elements are imperfectly traced. This seems to reflect a lukewarm and ill-considered conception of devolution. The White Paper states that, "People want to be treated as individuals, and to receive a service tailored to their personal situation...Local authorities know that involving citizens and communities results in better services to meet the needs of different localities." (Paras 2.2 to 2.4) What we get instead is confusion, which can be illustrated by the example of Community Boards. Supposedly "at the heart" of the governance proposals (p.25) their remits are merely sketched. They are sandwiched between the Area Committees and the town and parish councils. Further, the bid states that parishes, perhaps through groupings, *could* have significant functions delegated to them (p.28). So what will Community Boards do?

The bid explains that functions will be devolved to them over time, though it does not dwell on possibly confusing interfaces between what is devolved to them and what might be devolved to parish and town councils. Further,

whatever the Community Boards end up doing will be on terms set by the unitary executive. Their role appears, at least initially, to be consultative and one of oversight. The Boards will have “locally delegated budgets”, though the size and scope of these are not disclosed, but tellingly these will be “within a policy framework” (p.23). In other words the scope for local variation, so crucial in the Cumbrian context, where communities do not see themselves as part of a Cumbria-wide whole, will be limited from the outset by a powerful executive. Community Boards will be engaged in “overseeing delivery of local public services”, an ambiguous phrase, but will have budgets devolved “once they meet the required quality standards” (p.26). In other words, devolution will occur once the Unitary authority chooses to allow it.

This vagueness and half-heartedness applies also to parish and town councils. Although the bid indicates that they could have services and functions devolved to them, subject to cost effectiveness, it is not clear how the particular suite of potential responsibilities has been arrived at. As with the Community Boards, we may assume that devolution would take place on the County’s terms.

The responsibilities of the Area Committees are especially confused. They are referred to variously as having a “transitional” role, as not being “an intermediate structure” and as being “light touch” (p.29). Insofar as they are not intermediate structures, they are presumably not envisaged as sovereign entities with real powers to take decisions autonomous of the unitary executive, but rather as delivery arms. Moreover, it is not clear whether the Area Committees gradual devolution of functions to Community Boards will be so limited that the Committees will continue to exist or so substantial that they will wither away. Indeed, confusingly, despite their light touch quality, the Area Committees are given huge responsibilities. These range from place shaping (where we have noted the confused relation of place shaping to real responsibility in the County’s singling out of Barrow and Carlisle) to housing and highways. The lack of clarity here appears to result from the political compromises that plainly disfigure the bid. Bodies with substantial responsibilities but no significant establishment, which are at once not intermediate but plainly perform intermediate functions, which are responsible for place-shaping but only have power within centrally defined limits, may exist on paper, but they will be highly confusing in reality.

The County will point to the late inclusion in its thinking of the Community Governance Review Board (not in the first published draft on 10 January 2007) as the means of solving these various dilemmas and navigating through the governance complexity. There are four references to this body in the report. They relate to its responsibility to “overseeing” the transition and its ability to “hold the council to account” on devolution. They will give “advice” on the location of Community Boards (p.26) and will be “critical” in the process of devolving services from Area Committees to Community Boards (p.29). While this is in some ways a welcome late addition, the role of the Board as described is one of advice and scrutiny, not binding authority and control. As we have indicated, devolution is essentially on the executive’s terms. Just as

it will set the policy framework within which the more local bodies will work, so doubtless it will have the final say in determining how devolution from Area Committees to Community Boards progresses over time. Indeed, this is strongly implied earlier in the text. On p.7, the bid's authors observe, "The Executive will work with the Area Committees to ensure delegation of a considerable proportion of council functions to Community Boards". No mention of Community Governance Review Boards is made at that point, from which we may again infer that their later stated "critical" role will be advisory, not binding.

Throughout, the County fails to achieve coherence because its understanding of subsidiarity is top-down not bottom-up. All devolution is on its terms and follows its convenience. It is not based on clear principles of where decisions affecting local services should be located given the realities of Cumbrian communities. In producing such a muddled picture, the bid fails to rise to the subtle challenge set out in the recent Cumbria Democracy Commission. The Commission gives some support to the notion that a unitary could provide strategic co-ordination. But it states that "the important Government decision – and important decision for Cumbria – is not about the detail of the local structures but about the division of responsibility between the strategic 'unitary authority' and whatever structures – districts, towns, parishes or 'neighbourhoods' that might be created." (Democracy Commission, p.136). The bid does not address this in a form that is coherent and compelling.

It is worth noting that the governance and devolution features and terminology are extremely similar to those in other bids. This appears to be because the County's chosen consultants have worked on a number of other bids. We are sceptical that a "cut-and-paste" approach to devolution and governance could ever provide workable answers to the problems of Cumbria's unique geography and community mix. However, we also note that other bidders appear to have made better use of the templates provided by their consultants, being more explicit in relating them to local challenges, more far-reaching in devolution and more imaginative.

For example, some bids do not propose a middle tier along the lines of Area Committees. Buckinghamshire's proposed middle tier would only have a regulatory role. In the Northumberland bid, efforts appear to have been made to tailor each of the tiers to realities of place and community. Intriguingly, Cornwall does not have a middle tier at all. This allows its bid to concentrate in much more detail on the scale of devolution to their community structures. Cornwall's Community Networks will not merely oversee service delivery, as with the equivalent Cumbrian structure, but will manage a delegated budget covering highways maintenance, open spaces and community safety. Elsewhere, there are innovations in community involvement. Ipswich, for instance, will create a new Youth Council with a supporting budget. Moreover, devolution of service responsibility to town and parish councils is more developed in other bids. Cornwall lists a more extensive array of possible devolved functions and goes into far greater detail on service standards, payment schedules and support.

The bid's references to Frontline Councillors are incoherent. They are promised small devolved budgets (considerably smaller than those proposed in the Somerset unitary bid, for instance). However, the uses of these budgets are not made explicit. The bid is imprecise on the role of frontline councillors in relation to community boards, areas and parishes. The appended job description is unspecific on responsibilities, with no mention of the delegated budgets. The job description also makes no mention of the Community Call for Action, the centrepiece of the White Paper in empowering frontline councillors. Indeed, where this is referred to in the bid, it is local development staff, not councillors, who appear to have the dominant role: "support officers will also ensure that the Community Call for Action works well in Cumbria, ensuring issues are raised and channelled through the council to key partners...." (p.25). The bid's authors have plainly misunderstood the political nuances of the Community Call for Action.

While statements are made about improving the diversity of councillors, nothing is said about the skills required for the new roles, the member development and training implications, or the proposed councillor allowances scheme. Further, there is a tension between the diversity issue and the geographic and transportation difficulties presented by a Cumbrian Unitary. To drive from one end of the county to the other takes two to three hours. Even a precisely centrally located HQ for the Council would place great demands on members from outlying areas. This would almost certainly reinforce the tendency for councillors to be drawn not from a representative cross-section of the community, but from retired people and people with private means. The bid is silent on this question. We have already noted the challenges that will be associated with the drastic reduction proposed in councillor numbers.

We may summarise the forgoing by again quoting from Professor Steve Leach:

One of the first acts of the 1997-2001 Labour government was to adopt and ratify the European Charter of Local Self-Government, which enshrines the principle of subsidiarity. One wonders how this principle is remotely compatible with (for example) the proposal for a unitary Cumbria in which

- a reduction in the total number of councillors of well over 50% will be involved
- places like Barrow – a highly individual town with a long history of isolation, a community identity and difference from the rest of Cumbria – would cease to exist as a local government unit (same is true of Carlisle). The best it could hope for is to become an area committee of the new authority with very limited devolved powers within countywide policies, or to gain 'town council' status. Neither is remotely an adequate substitute for being a directly-elected empowered multi-purpose authority
- there would be no democratic identity for other very diverse parts of the county (e.g. the west coast ex-mining towns, the Lake District tourism area)

- assuming the County Council offices remain in Carlisle, a round trip of 4 hours (public or private transport) for anyone from the south west corner of the county wishing to visit the council offices

The Better Government for Cumbria Alternative

As indicated in preceding sections, the basic units of governance in the federal model are the four Most Purpose Authorities. These would broadly correspond to the four main communities of Cumbria:

- Greater Carlisle (including North Allerdale and North Eden)
- West Cumbria (including North Copeland and South Allerdale)
- Barrow & Furness (including Barrow, South Copeland and West S. Lakeland)
- Lakeland (including remainder of S. Lakeland and Eden)

Focus groups with residents and with hard to reach groups revealed a good measure of support for this four authority approach (as well as a good deal of hostility to the County unitary). This strong connection of recognisable place with the primary governance unit, that would most of the key decisions and ultimately responsible for the bulk of service delivery, save that which is integrated at federal level or devolved to Local Service Forums, is a sensible response to the White Paper. It challenges both the arbitrary natures of some of the current District boundaries and the administrative primacy of a remote County Council whose legitimacy as a function of identity is weak. *It is for this reason that the Group has assessed but rejected the 6 Most Purpose Authority model, which Carlisle City Council members asked it to consider. A 6 Most Purpose Authority model dilutes the resonant sense of place and simplicity of the 4 Most Purpose Authority model, and would be predicated on less meaningful boundaries.*

In addition to devolving upwards to the Federal level those responsibilities best discharged countywide on the basis of clear principles, and those services where efficiencies can be gained through sharing, the Most Purpose Authorities would devolve downwards to Local Service Forums a significant proportion of local service delivery. The Forums would be groupings of parish and town councils. Additionally, where parish or town councils wish to discharge the responsibilities of a Service Forum directly and pass certain quality assurance criteria, they would have responsibilities devolved directly to them. To that end, Cumbria would be 100% parished. The details of this are set out in the Appendices. However, the key differences from the County unitary model are as follows:

- *Scale of devolution.* The financial analysis reveals that in common with the substantial amount of resourcing that can be shared, the amount of resources the model that would be devolved is very significant at

around 12% of Cumbrian resources. This is substantially in excess of anything envisaged in the Cumbrian bid.

- *Basis for devolution: principled approach and bottom-up consultation.* The service analysis, rather than any arbitrary decisions about the scale of devolution, provides the underpinning principles for devolution. Best practice in the involvement and invigoration of the parish tier in the delivery of public services indicates that substantial devolution to parishes or flexible groupings thereof makes sense. Further, for certain key environmental services, the devolution of decision-making and “owned” service delivery promotes the possibility of ensuring “right-first-time” delivery of services. Finally, the Group’s ambitions in devolving services to Local Service Forums and directly to parishes were greatly enhanced by direct engagement with the parish and town council movement itself. In structured workshops, parish/town councillors requested more direct involvement in the delivery of public services and extensive service responsibilities.
- *Cumbria Charter: a devolution commitment from day one.* The roles and responsibilities of each of the governance tiers will be set out from day one in a Cumbria Charter. In contrast to the County model, where devolution is potentially a slow and managed process conducted on the County’s terms and vulnerable to the possibility of being reneged on by a centralising Cumbrian executive, the Better Government for Cumbria model will thus set out a framework for devolution in writing that would make it impossible for participating Most Purpose Authorities to back out of arrangements. This would set in train a near irreversible devolutionary momentum from the outset.

Chapter 4: Cross-section of support

The Department for Communities and Local Government’s unitary bid invitation stated that:

‘The Government recognises that any proposal may not carry consensus from or within all sectors. While no single council or body, or group of councils or bodies will have a veto, it will be necessary for any proposal to have support from a range of key partners, stakeholders and service users/citizens. The Government will consult on proposals that it is minded to implement prior to taking any final decisions.’⁷

The County bid’s claims and critique

In terms of demonstrating a substantial cross-section of support, the County Council’s bid is at once partial and unpersuasive.

In trying to demonstrate that it would command substantial public support, the County Council, as we have seen, attempts to draw rather questionable conclusions from a Mori survey that had been used by the Boundary

⁷ Invitations to councils in England, p. 10

Committee to illustrate poor identification with Cumbria by citizens. Yet even here its own narrative is inconclusive:

'We know from previous research that people in Cumbria have a strong affinity with their own town and village and with the county area. The Cumbrian Attitude Survey (2004) found that 61% of respondents felt a sense of belonging to their county and 65% to their own neighbourhood or village. Fewer people felt an affinity to areas of governance like county council or district council areas – with which only 48% felt any sense of belonging. These findings confirmed similar results from earlier research by MORI on behalf of the Boundary Commission (February 2004). This showed 45% of people strongly identifying with Cumbria as an area as opposed to 23% strongly identifying with their district area.⁸

The County Council struggles to show that its unitary bid would resonate as an idea with the general public. It held focus groups on the general principle of a unitary. However they were inconclusive (pp.69-70). Regenerate Cumbria ran an online survey on the issue. As recent events have shown, such surveys are open to manipulation by motivated people. Despite this fact, the survey was consistent with previous findings, showing only a small minority favouring the idea of a County unitary, despite relentless coverage in the media.

Indeed, monitoring of the media coverage across Cumbria, which the Better Government for Cumbria Group has been undertaking since the publication of the County's bid, reveals a huge weight of hostility to the bid, easily outweighing any support. The County has attempted to belie this reality by claiming significant stakeholder support. County news releases have attempted to show that there is an unstoppable momentum behind its unitary model, with more and more bodies falling into line. The bulk of the support it is able to cite is from countywide organisations – in effect the ones with the most to gain from the proposal. Even here, however, evidence is patchy.

More disturbingly, however, the County appears to be attempting to claim the support of bodies who commend unitary government in principle, but who do not necessarily commend the Cumbria bid. The Northwest Regional Development Agency has written to the County to make that point, but is still used as evidence of support in the bid (p.68). The Cumbria Association of Local Councils again supports the unitary principle, but falls short of endorsing the specific bid (p.67), while the letter from the Chief Constable (pp.96-97) raises some seriously and constructively worded concerns. The government may draw its own conclusions as to the suitability of including statements of support from the Cumbria County Council's ICT partners (p.94).

In a significant, recent development, the Lake District National Park Authority has determined to write to the Government to express concerns about the

⁸ One Council, One Vision, One Voice, p. 68

unitary proposal. Plans for the governance of Cumbria are fundamentally unworkable without the active support and participation of the National Park, especially given its role as a statutory planning authority. For this reason, the National Park has been kept fully abreast of the Better Government for Cumbria work. (It should be noted that this work has clearly ruled out changes to the status of the Park. Under the proposals, local engagement between the National Park and those Most Purpose Authorities whose boundaries embrace the Park – at least three of them – would be complemented by countywide engagement at federal level for strategic matters. In common with other Cumbria strategic bodies, the National Park would also be offered the opportunity to participate in shared service initiatives.)

Indeed, the process of the County bid's development illustrates some of the cultural failings one could expect from a County unitary. The subsidiarity principle is governed by the imperative of building services around individual needs. Clearly, the best way to do this is to involve people in the design of policies and services. A recent Audit Commission report on the County states that "the Council does not involve users in service design and delivery as part of a consistent approach"⁹. It is perhaps unsurprising that the County shows no evidence of involving citizens in the development of its proposals. (Its inconclusive focus groups are an opportunity missed to seek citizens' help in *designing* a service and governance model.) Further, the lack of involvement of key stakeholders, beyond a technocratic engagement with the Cumbria-wide bodies, in developing the bid is evident in how sketchily they are referred to in it. For example, there are relatively few mentions of business (none at all of Small and Medium sized Enterprises) and very few references to the voluntary sector. Hence, while Cumbria-wide bodies have provided some support, the County cannot point to legions of small enterprises and voluntary groups applauding its efforts.

The weight of stakeholder opposition to the bid, which in addition to all of the District Councils includes all the local MPs, will emerge at the end of the stakeholder consultation phase. Ministers can expect to see a torrent of opposition and a trickle of support. The Better Government for Cumbria Group has commissioned a Mori survey. If this is consistent with other surveys, it will doubtless show a depth of public opposition to the concept of a Cumbrian unitary. Any steps towards unitary would thus be taken in the teeth of public opposition.

The Better Government for Cumbria Alternative

A critical element highlighted within the Department of Communities and Local Government's unitary invitation was that:

It will be necessary for any proposal to have support from a range of key partners, stakeholders and service users/citizens¹⁰

⁹ Audit Commission: Cumbria County Council Corporate Assessment, December 2006, p. 6

¹⁰ Invitations to councils in England, p. 10

The Better Government for Cumbria Group recognised the importance of this. They have striven in their work to engage with stakeholders and ensure their views are properly reflected in the development of proposals.

Therefore, a wide range of methods have been used to achieve this aim.

- Focus groups with 'ordinary' residents
- Consultation with 'hard to reach' groups
- Carlisle Citizen's Panel Survey
- Dedicated website to both provide information and elicit views and comments
- District Councils inviting letters and comments
- Briefings to local partners through LSPs
- A workshop with parish councillors
- Workshop with frontline staff

As we have seen, the focus groups and citizens panel showed considerable unease at the idea of a County unitary and some support for a four council solution in Cumbria. The unease is amply underpinned by letters to the Better Government for Cumbria Group and to individual councils. Citizens are echoing the various thrusts of the Group's critique, citing concerns about reduced local accountability, the possibility of a County unitary being extremely remote, geographic challenges, and questioning the viability of savings being made by the County without compromising service levels.

We have seen also how the workshop with parish and town councillors led to developments in thinking on the role of their councils in the Better Government for Cumbria alternative. A workshop with frontline staff also helped to develop further the service model for the Most Purpose Authorities. Regrettably, it was not possible before the publication of the March 2007 report to hold workshops with business and voluntary sector groups. However, local and Cumbrian umbrella bodies have been kept abreast of developments in the model. Should the County bid fail, the Group will convene a series of workshops with these sectors to develop its plans further.

Throughout, the spirit in which feedback has been captured has been an open and "bottom-up" one. In contrast to the County Council, the Group has not simply developed proposals and then asked people what they think of them. Rather, it has asked people about their needs and concerns as service users and stakeholders. These points have then been fed into the alternative to make it better.

Since the Districts have employed, and continue to employ, an approach whose very dynamics mirror the service and governance philosophies that they are trying to promote, they can be confident that they are developing ideas that will command public and stakeholder confidence to a far greater degree than those that the County has developed in a comparatively closed fashion.

Chapter 5: Improved service delivery

The Department for Communities and Local Government's unitary invitation stated that:

'Restructuring allows councils to challenge current procedures and review their service provision across the board, typically known as 'business process improvement'. Services should be delivered effectively, efficiently and in an integrated and coherent way, ultimately driving up 'customer satisfaction'. Councils should work with local partners to utilise the capacities and skills of the best service providers in the public, private and third sectors.

Restructuring proposals must enable:

- i) Value for money service delivery, offering efficient, effective and joined up public services, maximising collaboration and technology;
- ii) Effective, responsive services that are best suited to meet the needs and preferences of local and business communities; ultimately '...services which people use because they value them, not because they have no alternative' Authorities should also take into consideration demand and communications in the area including for example, areas of deprivation, transport links and travel-to work, shopping/leisure patterns; and
- iii) Communities to play an active role in influencing and shaping both planning and delivery of services.¹¹

The County bid - claims and critique

The primary purpose of local authorities is to provide services. Changes to the machinery of government are supposed to enhance its capacity to deliver benefits to the citizen. Accordingly, the worth of any unitary proposal should very substantially be assessed in relation to what it says about service improvement.

The County's unitary bid, however, is extremely unpersuasive on this question. Instead, it presents a circular argument. Unitary authorities are essentially good. Things are suboptimal in Cumbrian service delivery. Unitary government for Cumbria would improve matters. While this argument might provide a starting point for considering a *variety* of unitary approaches, it is not an adequate basis to justify a *countywide* unitary. Indeed, the County seems to have ignored the second nuance of the White Paper's challenge – that Sheffield and Cumbria are different and warrant different approaches. At no point does the County trace a critical path from the service realities of Cumbria, including full and frank consideration of its own record, and from the first principles set out in the White Paper, to its proposed countywide unitary solution. This is a problem, since the burden of proof is on the County to demonstrate why it, a mediocre authority, currently incapable of discharging

¹¹ Invitations to councils in England, p.11

its existing service obligations to high standards, should be the chosen unitary vehicle.

The bid is inherently conservative and does not elaborate a radical and reforming model for service delivery. Indeed, beyond the bid's proposal of a rather old-fashioned directorate structure for services and few well intentioned but unambitious sentiments on shared services, the County is scarcely explicit about its service model at all. It makes no clear link between its thinking on services and its governance and devolution narratives (which as we have seen are convoluted and ambiguous). It fails to show how either unitary status or this directorate structure will improve the prospects of services in Cumbria meeting the service personalisation challenges of the White Paper.

Instead, it adopts another circular rhetorical pattern. A current service problem is identified. Two-tier status and particularly the weaknesses of the districts are blamed for this problem. Unitary status, it is then argued, would lead to improvements. In other words, many of the benefits of the proposal are merely asserted, not proven, and do not have associated timescales, being merely uncostered and unprogrammed aspirations. This is a particularly absurd line of argument for those services over which the County currently has sole control. Examples of this style of argument abound within the bid and include:

- P.4 the Unitary will improve under performing tourism. How?
- P.17 shared priorities for the Local Area Agreement will emerge owing to strong leadership from the Unitary. How?
- P.18 the Unitary will strengthen the role of schools. But the County Council already controls these services and its record is poor. Not only are a number of schools in but also 87 schools in the County are in deficit.¹² Similar claims are made for the County's under performing social services, which will somehow get better with Unitary status. (The Audit Commission stated that in the Supporting People programme the County is, "failing to meet the needs of some vulnerable people in the County".)
- P.36 lists the benefits to highways management that will result from unitary status, with no description of how any of this will be achieved. Again this is an area where the County Council has historically under performed and has experienced adverse press coverage relating to the effectiveness of its Highways Hotline.
- PP. 41-42 highlights benefits of unitary status in central services, front office, Human Resources and Information and Communications Technology. At no point is the bid explicit on how these will be delivered.
- P.61 suggests that common customer care standards will result of unitary status. This does not address how the unitary would work to embed these and create a common culture of customer responsiveness. Again unitary status is waved like a magic wand.

Failure to explain how a County unitary will improve services might not be such a problem were it not for the County's own record in service provision.

¹² Audit Commission Annual Audit Letter, January 2007, p. 15

The most recent Audit Commission assessment indicates that Cumbria County Council is improving, and has gone up from a low base as a poor one-star authority to a two-star, this still places it among the bottom 21% of councils. The Commission is critical of council performance in a number of key areas. In particular it notes that: “there is still work to do to ensure a consistent approach to assessing value for money and to ensuring considerations of quality and the service results that users will experience. Improvements also need to be made in 2005/06 to quality assurance arrangements for ensuring the validity and accuracy of performance information.” This echoes the immediately previous Audit Commission report: “The Council's approach to user focus is not yet fully developed...the Council does not involve users in service design and delivery as part of a consistent approach”.¹³ Giving the County Council more responsibility is thus a suspect route to service improvements.

It should be observed however that this is not a comment on the calibre of the officers at the County. The record of poor service delivery is at least partly the function of the geographical challenges (and some might argue sheer impossibility) of the job. Tailoring service provision to the needs of such a variegated community, dispersed thinly over a wide area, is difficult. Providing the right mechanisms to communities and individuals to influence service design is especially challenging in such a context. As the Boundary Committee report, 2004 states, “We consider that, due to the large geographic area involved, a county-wide unitary authority may have difficulties in effectively representing its diverse population...”¹⁴ (p.31 Boundary Commission report). Indeed, these difficulties persuaded the County to oppose moves for unitary status in 1994, when they argued that Cumbria was simply too large to be administered by a single entity.

The Better Government for Cumbria Alternative

The detail of the Better Government for Cumbria alternative is set out in the appendices. However, as an imaginative response to the challenges of the White Paper, it is a significant improvement on the Cumbrian unitary bid in a variety of key respects. These include:

Service delivery drives governance, not vice versa. The service analysis carried out by the Group has determined the governance model chosen.

Principled service analysis. The needs of service users, the examination of best practice and service reality have governed a fundamental review of service organisation across the County. Particular attention has been given in the review to where services are failing. The review also sought to respond radically to the twin challenges of the White Paper around service personalisation and subsidiarity on the one hand and the need for service

¹³ Audit Commission Corporate Assessment Report 2006, p. 6

¹⁴ Boundary Committee Report, Final Recommendations for Unitary Cumbria, 2004, p.31

efficiency on the other. As such, it developed innovative, shared services plans which are nevertheless underpinned by local decision-making.

Subsidiarity and personalisation enhances services. The work was founded on the belief that service personalisation and localised decision-making improve service delivery. This belief informed the scale of devolution to Local Service Forums set out in the model.

A 21st Century shared service model. While the County Unitary bid deploys the terms “shared services” as a fashionable buzzword, the Better Government for Cumbria alternative sets out a radical model for sharing over 40% of Most Purpose Authority service capacity and takes service sharing beyond back office and support integration and into generic service process.

Better Government for Cumbria Alternative

This is a version adapted from the March Committee report on the Better Government for Cumbria Federal model. It has been developed to act as a summary of the model as it now stands in the light of further work on governance, Local Service Forums, and the financial case.

Alternative approach for Cumbrian Governance

Summary of the model

The Better Government for Cumbria Group of District Councils' outline model:

- A wide-ranging review of local government boundaries and democratic arrangements
- 4 new "Most Purpose Authorities" with one-member wards and directly elected cabinets
- Single member wards with an average of 35 councillors per MPA, including executives
- Highly devolved service delivery arrangements, with service responsibility given to new Local Service Forums, comprising flexible groupings of parish and town councils and other community interests; or, wherever possible service delivery devolved direct to parish and town councils
- Shared services giving the potential to deliver savings of in the order of £25m
- New forums in each of the Most Purpose Authorities for older people, young people and an advocacy forum for vulnerable people
- Cumbria to be 100% parished
- A Cumbria Federation to provide cross-Cumbria shared services, Cumbria-wide service delivery where appropriate and to co-ordinate relationships with Cumbria-wide bodies, with an executive consisting of two representatives from each MPA plus a directly elected Mayor
- A new Cumbrian Charter setting out the roles and responsibilities of each governance component, in particular spelling the powers and controls devolved to Local Service Forums and parishes from day one

An enhanced two-tier approach. Most sovereign local government responsibility will be retained at local level and not transferred to a remote executive. Power will be devolved to local communities from day one. But the benefits of unified approaches, on shared services, Cumbria-wide issues and in dealings with government will be achieved through the creation of a new Cumbria Federation.

A unified approach. The model delivers benefits of unitary government, while recognising differences between communities and respecting their right to full independent decision-making, sovereignty and leadership.

Methodology

With the advice of external experts, the Better Government for Cumbria Working Group set out a clear methodology to inform its approach. The main characteristics of this approach are to date:

Literature review. The Group's experts reviewed a wide range of relevant literature, from Cumbrian reports, national government reports, and academic materials. This has helped build up a picture of national best practice and also has helped the experts to understand the nature of Cumbria as a diverse agglomeration of places, an understanding supplemented by their engagement with a wide range of stakeholders. The issue of Cumbria as *places*, rather than *a place*, has been central to their thinking about governance and service structures.

Service analysis. The experts advised that given the complex imperatives of the White Paper (service personalisation and civic leadership on the one hand, shared services and efficiency on the other), a rational starting point would be to disaggregate the array of the services delivered by both the County Council and the Districts into component parts. Initial assessments were then made of key issues for the service, from their degree of visibility and sensitivity, to the accountability dynamics in which the services operate – from local expectations to national targets. By reference to Audit Commission reports and other performance data, the Group then highlighted those services and service elements where performance is currently poor at both County and District level. Comparison was then made

with the service organisation and best practice in four star and beacon authorities. Also armed with feedback from communities and stakeholders, the Group was then able to score the service elements in terms of the most appropriate geographical and institutional level of accountability and service organisation.

This analysis has allowed the Group to be considerably clearer about the radical devolution it proposes from day one. It has allowed the Group to be explicit about the range of services that *will* be delivered at localised level, rather than, as in the County bid, what *might* happen on a County unitary executive's terms. It has also allowed for clarity about the scale of services that should be integrated and delivered at County level.

The Group has been particularly keen to assess where services could be shared, not just for traditional back office functions, but in other innovative ways. Indeed, its analysis has allowed a distinction to be drawn between sovereign local control and accountability over service delivery and the use of shared integrated processes. The analysis reveals indeed a range of sharable processes far beyond those hitherto identified in Cumbria. The efficiency implications are considerable.

The Group understands that the County considered undertaking a similar analysis itself as part of its bid, but did not do so. Indeed, such a fundamental analysis is not to be found in any of the published bids, although the pathfinder proposals show some evidence of it. As such, the Group has been genuinely innovative.

Stakeholder and community engagement. The Group has commissioned focus groups with service users and with hard-to-reach groups. A Carlisle Citizens' Panel survey has been conducted. Contacts have been made with a wide range of stakeholders and they have been kept abreast of developments, have received presentations and had their views canvassed. A website on which people can post their comments, www.bettergovernmentforcumbria.org.uk, has been established.

Furthermore, workshops with key interests have been held or are planned. Workshops with the town and parish council movement across Cumbria and with frontline staff have already been held. Future events include a workshop with business representatives from across the County and a similar event with the voluntary sector. Further community consultation will also take place on the proposal.

The sincerity of the engagement with stakeholders is reflected in its bottom-up dynamic. Workshops have not merely been asked what they think of the Group's ideas, but have been asked for their own views. Significantly, the thrust of certain early elements in the Group's thinking have shifted as a result of these sessions. The precise relationship of Local Service Forums to parishes now reflects parish contributions, while the views of frontline staff have informed our determination to reduce the "distance" between strategy and operations in the new Most Purpose Authorities.

Financial analysis. The service model has been subject to a financial analysis. This has consisted of allocating the services disaggregated in the analysis to the appropriate tier together with their headline budgets. The potential for realising savings through shared services approaches was then assessed and a range of savings postulated. The analysis is summarised in the full report.

Detailed work on governance and Local Service Forums. Potential scenarios and options for governance and Local Service Forums have been explored in order to develop the work further and start to illustrate how the model would work in practice.

Cumbrian Local Government Review and Cumbrian Charter

The Boundary Committee, together with an advisory group comprising local people, politicians, the parish and town council movement, community and voluntary sector bodies and the business community, will be invited to conduct a Cumbrian Local Government Review. This will determine the exact boundaries of the proposed new governance structures. A set of criteria will be agreed,

illustrations of which are set out in part in the following sections, such as endeavouring to ensure that wards or ward groupings align with natural communities. The Review will determine on:

- the exact boundaries for the Most Purpose Authorities
- ward boundaries for the new reduced number of wards (all single member)
- the boundaries of Local Service Forums
- the possible composition of other forums (older people's, young people, vulnerable persons' advocacy forum)
- the boundaries of any new parishes and town councils required to achieve 100% parishing across Cumbria

If parishes and town councils affected request it, the Review might also look at their boundaries where they are felt to be outdated.

The Review's advisory group will also consider relations between the governance components and assess whether the proposals set out by the Better Government for Cumbria Working Group's model are sufficiently radical. The Group has set out an ambitious programme of devolution to Local Service Forums from day one, and, unlike the County bid, will not muddy this by engaging in an incremental approach that occurs on the terms of a remote executive. However, there may be scope for even further devolution and the Review's advisory group will look at these matters.

Following the review, a Cumbrian Charter will be published. The Charter will set out not merely the new boundaries. It will state the subsidiarity and devolutionary principles on which the new system for Cumbria will operate, specifying the responsibilities of each governance element and their interrelations. This will ensure that any devolution of responsibility to parishes/town councils and Local Service Forums occurs **on day one** of the new arrangements. It will also make it difficult for future Most Purpose Authority administrations to renege on these arrangements. The Charter will also set out the purposes for which the MPAs will federate into the Cumbria Federation and on what terms they will do this. In line with the White Paper's vision of local charters, the Charter will also set out some of the key customer care standards that people should expect from the new arrangements.

Most Purpose Authorities

In the model, four Most Purpose Authorities (MPAs) would be established. These would be established broadly along the following geographies, reflecting the four main broad Cumbrian geographies and groupings of interests:

- Greater Carlisle (including North Allerdale and North Eden)
- West Cumbria (including North Copeland and South Allerdale)
- Barrow & Furness (including Barrow, South Copeland and West S. Lakeland)
- Lakeland (including remainder of S. Lakeland and Eden)

The establishment of MPAs with these boundaries reflects the view of the Better Government for Cumbria Group that these are the four main strategic geographies in Cumbria. Carlisle City Council members on receipt of the report requested that consideration should be given to a 6 MPA model. The Group has looked at this issue. It has ruled it out. First, it considers that on grounds of cost, as each MPA would cost at least £1m extra in staffing, the arrangement could not be justified. Secondly, since the boundaries of the 6 MPAs would be closely aligned with the existing district boundaries, there would be no opportunity afforded to align boundaries with coherent considerations of place, economic character, and overcome the arbitrary nature of the existing boundaries and associated nomenclature.

With the Boundary Committee, as part of the Cumbrian Local Government Review, criteria for determining the precise boundaries of the MPAs would be determined. These might include a weighted mix of the seven suggested criteria set out below.

1. The boundaries as far as possible should bound a coherent place or set of clearly linked places. In line with Boundary Committee guidance, exiting local boundaries (natural, historic, conventional, customary etc) and local ties should be borne in mind. As well as residential and community ties, boundaries should relate at least in part to work and leisure catchments.
2. Population. While no likely scenarios for the size of MPAs would make them the smaller than the smallest unitary authority in population, they would still be comparatively small. A target minimum could be set, say of 105 000.
3. Geography. Challenges of unmanageable geographic size, difficult topography, travel times should be mitigated as far as possible, in line with Boundary Committee guidance.
4. The boundaries should help promote strong local leadership and place-shaping by the MPAs.
5. Disruption and inconvenience should be minimised.
6. Relationships with the organisation of other public bodies (command units, devolved and local structures) need to be considered
7. The relationship of any new boundaries to constituency boundaries needs to be considered

Weightings could be attached to each of these elements to derive an index. This could then be used to determine how a set of boundary proposals stacked up against a basket of considerations.

MPAs would have all out elections every four years for single member wards. At those elections, direct elections of MPA Cabinets would take place. This will mean that the people and not politicians will hire and fire local decision-makers. (Should this approach find favour with Government, the Group will explore with them ways of making the approach of having Cabinet slates simpler and more flexible so that the bureaucracy associated with bye-elections can be avoided.) Each MPA will have around 35 members, including the Cabinet members. Later in this section, ways of mitigating the impact on members are set out.

As the name Most Purpose Authority implies, they would be the main sovereign local government bodies in Cumbria.

The MPAs would have primary roles in:

- Children's services
- Adult Social Care
- Housing
- Transport
- Culture
- Local strategy and place shaping

In line with the last bulletpoint, the MPAs will be the primary planning authority for their area.¹ The West Cumbria MPA would grant consents relating to the nuclear industry. The Greater Carlisle MPA would grant consents relating to the Carlisle Renaissance programme. In line with the thrust of the Barker Review of planning, some disputed domestic cases could be devolved to Local Service Forums and parish/town councils, to take the burden off MPA planning committees. Likewise, again in line

¹ Note: there are no plans in this model to change the planning powers of the National Park. The relationship of the National Park to the four MPAs for planning issues would be the same as its current relationship to the districts. For strategic issues and matters of inter-MPA infrastructure and spatial planning, the National Park will interface with the Cumbria Federation.

with Barker, for strategic issues relating to cross-Cumbrian, inter-MPA infrastructure, there will be a Federal-level strategic planning function.²

What would distinguish them from traditional unitaries would be their collective “federation” together for the delivery of shared services and for services best delivered Cumbria-wide, as well as the high degree of devolution to Local Service Forums and parish/town councils. A range of generic processes will be shared by MPAs at Federal level, without compromising MPA decision-making responsibility. So for planning, while planning sovereignty will sit almost entirely with the MPA, the processes (application forms, online applications, preliminary assessments) as well as scarce officer resources will be shared and pooled. Likewise, a range of service components, associated budgets and decision-making responsibilities will be devolved to Local Service Forums and Parish/Town Councils.

The establishment of new organisations offers the chance to develop new paradigms for strategy and operations. In line with best practice, the MPAs will have the opportunity to develop “flat” and dynamic structures, which reduce the distance between strategy and frontline operations. They will be able to reduce radically the numbers of local targets and focus on priority goals. They will be able to introduce multi-functional operating patterns and teams, especially at Local Service Forum level. The MPAs will also be able to share processes, functions, and also certain categories of expertise, from scarce professional resources to strategic capabilities. In line with these objectives the MPAs will fundamentally assess job descriptions, working patterns, training needs and address recruitment and retention issues.

As the primary sovereign authorities in Cumbria, the MPAs will be tax raising. In March 2007, members, especially in Barrow asked for clarification on whether there was a possibility of this being problematic for more deprived authorities, owing to their low tax bases. For example, Barrow and Furness and the West Cumbria MPA are likely to have the highest levels of deprivation. At present, they thus receive a large share of countywide social care expenditure. In the future, owing to their housing profile, their tax-raising powers might prove restricted.

Approaches to Rita Hale Associates, experts in this area, have confirmed that the broad counter argument that was put in the March report has weight. Broadly, spending assessments for adult and children's service are based on a needs formula. Grant allocations to needy areas are geared both to the need and the inevitable concomitant of that need, namely the low tax base. The funding formula thus should factor in and compensate for low tax bases. However, absolute certainty on this point would be predicated on conducting an extensive (and expensive) analysis. Accordingly, we are recommending that for the purposes of the further report, we should leave open the options set out in the earlier report. If the Districts' proposal meets with the favour of the Secretary of State, work can then be commissioned to establish whether the funding mechanism would allow the MPAs to be the sole tax-raising authorities, without penalising those with a low tax base but high need, or whether it is necessary to seek suitable powers for the Federal tier, which would then be responsible for redistributing spend on adult and children's services on the basis of need.

Each MPA will devise their own Local Area Agreements and maintain their own Local Strategic Partnerships, over time developing linked Local Service Partnership Boards.

² Note that both these recommendations are subject to any changes in the law following on from the May 2007 Planning White Paper. As many domestic matters are to be taken out of scope of planning regimes, it will be essential to establish that there is a meaningful role for Local Service Forums.

Parish and town councils, Local Service Forums and other forums

As part of the Cumbrian Local Government Review, all of Cumbria will be parished. This will ensure that highly localised representation and access to influencing services will be available across the County.

From day one of the new arrangements, in line with the principles set out in the Cumbria Charter, certain categories of decision-making and service responsibilities, as well as the resources and support teams to discharge them, will be devolved from the MPAs. Devolution will be either to willing and able parish and town councils directly or, where parishes do not wish to take on direct responsibility for more services, but want to influence how services carried out in their parishes are shaped, to groupings of parishes in Local Service Forums. The boundaries of the Forums will reflect distinctive communities, but will also be flexible: there is no reason why the Forum boundaries that might predominate for local environmental issues could not be changed for matters relating to education catchments.

The precise delineation of Local Service Forum boundaries will be a matter for the Cumbrian Local Government Review, especially since they will be critically impacted by any changes to ward boundaries, new parishing and any voluntary changes to parish boundaries that arise.

Local Service Forums (LSFs) will have parish representatives, frontline councilors, potential to co-opt community representatives, as well as business and voluntary sector representatives. They will have a board chaired by a frontline councillor and a wider plenary. They will meet in public. They will hold the MPA executive to account by exercising a geographically based scrutiny function, with powers to call executive members to hearings.

Parishes and town councils wishing to discharge the direct service functions carried out predominately by Local Service Forums will need to meet certain quality standards. LSFs may have a role in supporting and monitoring parishes and town councils in meeting these standards over time. Where a parish within an LSF area has some devolved service responsibilities, it will nevertheless be represented on the LSF for purposes of collective decision-making. Moreover, their attendance will be vital as LSFs will be the primary conduit for Community Calls for Action.

LSFs and able parish and town councils will:

- Work with local groups on location of cultural and community facilities, running them or acting as client
- With parishes and other MPA forums act as a conduit for intelligence about needs of vulnerable communities and individuals
- Have budgets for car-parks, street furniture, signage, local environmental services, some local transport services, war memorials, toilets, local parks and community green spaces
- Oversee roll out of parish lengthsman scheme and service access pilot
- Oversee work of multi-functional highways maintenance teams
- Influence the shape of any local transport services over which they do not have direct control
- Ensure that waste prevention, collection and recycling strategies are locally tailored
- Subject to addressing statutory considerations, to be investigated with CLG, act as regulatory committees for limited categories of licensing decision
- Subject to legislation flowing from the Planning White Paper, with Parishes, provide alternative dispute resolution on contested domestic planning issues and, if permissible as above, act as planning committee for very limited categories of domestic planning decisions to take pressure off MPA committees, in line with the findings of the Barker Review
- Coordinate local partnership working
- Hold prime responsibility with other forums for the duty to “involve citizens in the design and delivery of services”

All parishes, whether they provide this range of services themselves or through LSFs, will provide local intelligence on service provision. Relevant parishes will participate in a service access pilot. This pilot, similar to work being carried out in Lincolnshire, will provide resources to ensure that parish facilities in remote areas can be used to access all MPA and Federal services and act as an accessible conduit for enquiries and complaints. MPA-wide lengthsman schemes will particularly target remote parishes without the capacity to carry out services for themselves, and will build on best practice from other authorities (Devon, Lancashire, Herefordshire, for instance).

Forums for youth, older people will be established in each MPA, together with an advocacy forum, bringing together the representatives of vulnerable and hard-to-reach groups. These forums will have budgets and, where appropriate, directly manage facilities. Most importantly, they will champion the role of the people they represent in the design of local services.

The precise responsibilities of the Forums, the parish and town councils, their interactions and relationship to the MPA, together with an account of the service and decision-making responsibilities to be devolved to them, will all be set out in the Cumbria Charter.

The scale of devolution envisaged here is illustrated by the financial analysis, built up from the service analysis. Around 12% of Cumbrian service budgets would be devolved to LSF level.

Cumbria Federation

To secure the benefits of shared services, to deliver service Cumbria-wide where logic and efficiency suggest, and to engage with Cumbria-wide bodies and Whitehall, the MPAs will “federate”. The Cumbria Federation will have an appropriate secretariat to develop policy and manage contractor relationships. The Federal Executive will be composed of the leaders and deputy leaders of each of the MPAs. Chairing the Executive will be a directly elected Mayor of Cumbria (or similarly titled figure). The Federation will:

- Sustain service and area specific scrutiny functions, with committees of frontline councillors from MPAs
- Act as a cross-Cumbria strategic planning authority, with a planning committee also drawn from MPA members, looking at issues of inter-MPA infrastructure (in line with the thrust of the Barker Review)
- Hold a twice-yearly all Cumbrian Assembly for MPA councillors and the general public to hold the Executive to account

The Mayor will chair the Cumbrian Executive. They will have no separate powers from the Cumbrian Executive and will draw their authority from its collective decision-making. However, in order to ensure that occasional disputes between MPAs are resolved, they will have a persuading, influencing and networking role, focused on seeking collective agreements where they are needed for more effective concerted action. The Mayor will chair relevant Cumbrian partnership bodies, act as an advocate for Cumbria with Government and have a key role in attracting new investment and initiatives to the County.

The Federation will:

- Interface with Cumbria-wide bodies, including appropriate strategic relationships with the National Park, and help coordinate MPA inputs into Cumbria-wide strategies (for instance relating to strategic approaches to tackling crime)
- Provide a range of “next generation” shared services allowing generic support processes or common service elements to be efficiently and collectively delivered, without compromising local decision-making or service tailoring.

- Shared services include integrated back office and service processes for social services, planning, licensing, transport, most support services inc. ICT, HR, finance, revenues and benefits, and for procurement and commissioning
- Pool sharable expertise and information
- Provide integrated regulatory and enforcement service, in line with the ambitions of the Hampton Review
- Take over the responsibilities for the Fire and Rescue Service from the County Council
- Operate Cumbria-wide standards and service procurement vehicle for children's services to help support MPAs in their ambition to drive up standards in Cumbrian schools
- Coordinate Cumbria's response to the Leitch agenda, aiming to pilot the business-led Employment and Skills Boards and encourage training "pledges"
- Support the Cumbria Strategic Partnership and Cumbria Multi Area Agreement
- Provide an integrated waste management service
- Act as a cross-Cumbria strategic planning authority with a planning committee of members drawn from MPA frontline councillors for relevant inter-MPA infrastructure (in line with Barker and Eddington)
- Seek new powers to support MPA aspirations on transport in line with Eddington

The Federation will lead a Cumbria Strategic Partnership, bringing together Cumbria-wide bodies. It will oversee a Multi-Area Agreement, comprising the Local Area Agreements developed by the MPAs, together with any relevant cross-Cumbria considerations (for instance related to strategic transport infrastructure).

Enquiries and complaints handling

Customer access to information and advice will be integrated across the Federation through a shared services model. In effect the aim will be to ensure that wherever you are in Cumbria you can access information about a service delivered by any of the LSFs, parishes and town councils, MPAs or the Federation.

Features would include:

- Local service access points (parish, LSF, library, housing office) providing access to all service information across the county, including links to issues in other MPAs
- Issues and complaints raised in any MPA geography referred to correct MPA, LSF, parish/town council or to the Federation
- Integrated complaints management system, escalation and, where needed, arbitration hierarchy, from LSF/parish level, through to MPA and, where appropriate, federal level
- Single telephone number for complaints handling and service access across MPAs (with enquiries referred to relevant MPA or contractor)
- Client/contractor responsibilities in handling complaints clarified, with confusions caused by branding and image removed (partly through integrated procurement processes, and where appropriate, common branding)

Shared services and efficiency

The service analysis has addressed one of the key challenges of the Local Government White Paper, namely how to ensure that the principles of subsidiarity, real place-shaping and service personalisation on the one hand are reconciled with the need for efficiency on the other. The analysis shows how far not only a range of support services can be shared and integrated, and how certain services (such as waste management) benefit from strategic integration. It also shows how far certain generic service processes can be integrated and expertise pooled while decision-making remains local. For example, a shared process for planning applications and pooled planning expertise can be put in place across the Cumbria. However, such a process would in no way compromise the

sovereign decision-making of the MPAs as planning authorities. There is thus very little need in terms of service efficiency to take the drastic steps contemplated in the County unitary bid of removing local tiers of governance in order to centralise service delivery and secure economies. Those economies can be realised without drastically undermining local representation.

The service analysis shows the potential to share over 40% of Cumbria expenditure at federal level. This has considerable implications for savings. Allowing for considerable limitations in the available budgetary data, and accordingly applying the most cautious of estimates of savings potential, the Better Government for Cumbria Group estimates that savings could be around a mean of £25m.

Member issues

Concern has been expressed that under the proposed Cumbria Federation, the burden on members might increase. Further, members are keen to ensure that the new arrangements promote diversification of members.

The first issue has been partly addressed by increasing the guideline number of members to 140. However, there remain further issues to be addressed. This discussion paper raises some of the issues and proposes some possible solutions.

Rationalising the burden on members

- Review and reduction of number of partnership bodies on which members sit at MPA and federal level. Strict “gateway” procedures for the introduction of new bodies
- Opportunity cost review of current meetings patterns. Do all the existing meetings members attend in the course of their duties contribute to real outcomes?
- Reviews of the effectiveness of meeting conduct, including training for meeting chairs, to avoid excessive time being devoted to minutes and housekeeping matters.
- Separation of responsibilities. As far as possible, frontline councillors chairing LSFs should not also chair planning or licensing committees. Neither should they be involved in federal level scrutiny responsibilities. As far as possible, federal level scrutiny should be the responsibility of frontline councillors who are not LSF chairs and do not have chairing roles in LSFs or other committees. Likewise, the strategic planning committee at the federal level should comprise neither LSF chairs, nor anyone involved in an MPA planning or licensing committee.
- Using the shared services support functions, coordinated meeting rosters. This will help ensure that as far as possible where members are travelling significant distances to meetings, they do so to attend more than one.
- Shared, cross-MPA approach to handling member casework. Standardised online casework forms to be centrally processed and diverted to the relevant function/tier
- Frontline councillors to have a dedicated member of staff to act as their “first port of call” for information and conduit for casework. This will be particularly important in ensuring that they can respond quickly and effectively to Community Calls for Action
- Use of new mobile technologies to ensure that members’ contact with the general public can be rapidly translated into action and that members can access information readily

Diversifying membership

The Mayor, together with the dual executive members (MPA leader and deputy leader acting in MPA and federation executives), will almost inevitably be well paid full-time roles. For the other MPA executive members, there will be a case for full-time responsibility, but both a degree of flexibility and a differential between dual executive members and themselves. With frontline councillors, even those chairing LSFs or sitting on regulatory committees or carrying out Federal Scrutiny functions, the case will be more finely balanced. A presumption in favour of full-time and appropriately remunerated

councillors could lead to the exclusion of certain groups (professionals, carers, single parents), while also potentially encouraging some under-represented groups to get involved. It could also dilute the necessary executive/frontline differential, which reflects not just the huge time demands placed on all executive members, but also their responsibilities.

Furthermore, even if their reintroduction were permissible, attendance allowances, while superficially reflecting the respective workloads of members, tend to have perverse consequences by encouraging serial, and not necessarily productive, meeting attendance, as opposed to valuable community activity.

The following steps might help to resolve these issues:

- Establishing a Cumbria-wide independent member remuneration advisory panel
- Extensive public consultation should be undertaken to establish what patterns of remuneration would suit them, given the demands of the various councillor roles
- The impacts and opportunity costs of particular remuneration scenarios should be modelled
- Time and motion studies should be conducted early in life of new arrangements, including assessment of impacts of new variables, such as the Community Call for Action
- Sabbatical and secondment arrangements could be piloted for those choosing to leave jobs and become councillors
- Political parties could be encouraged to sign “pledges” about diversifying candidate recruitment

Financial Analysis

Introduction

In March 2007, the participating District Councils in the Better Government for Cumbria project considered a report outlining an approach to Cumbrian governance as an alternative to the County Council's unitary bid.

The report indicated that further work would be done on finances, looking at two areas: potential costs and savings associated with the model; and issues associated with the tax raising powers of the Most Purpose Authorities (MPAs) versus the current tax raising power of the County Council in relation to adult social care and children's services.

Costs and savings

All work on finances is constrained by the quality of the data available. This applies both to the County's analysis and the Districts. Budget information is at a very high level.

Working within that constraint however the project has conducted an analysis in three stages:

- Mapping services to MPAs and the Federal level, as well as to Local Service Forums, based on the service analysis conducted previously
- Establishing the additional costs associated with MPAs
- Establishing where savings should come from

The first and third stages were intimately connected, as the bulk of savings would derive from the development of federal level shared services capabilities. The project took steers from experts on shared services on the extent of savings that could be anticipated from sharing. Given the constraints on data available, we have taken the most cautious of their estimates as the basis of calculations.

The detail of the analysis will be included in the final report. However, the broad headlines are as follows:

- Over 40% of the services provided across Cumbria in the model would be provided at the Federal/shared level
- This scale of sharing illustrates the uncommon radicalism of the sharing envisaged in the service analysis
- Applying cautious assumptions about the savings dividend to be derived from sharing, the potential savings identified are just under £29m gross; applying a tolerance of 10%, a spectrum of £26m+ to £31m+ is a reasonable error range.
- MPA costs, primarily associated with the new directors of children's and adult services, total around £4m
- The projected net saving of the model, at the cautious end of assumptions, is £25m, with the 10% tolerance giving a range from c.£22m to £27m

These figures are constrained by the very high level of the financial information available. However, this is less of a constraint for the Districts than for the County for the simple reason that the Districts are not working up a bid. Rather, as with other aspects of the Districts' work, the financial analysis illustrates how an objective of the White Paper, in this case efficiency, can be achieved without recourse to the blunt instrument of a County Unitary. Moreover, what the analysis undoubtedly points to is the radical scale of service re-organisation that the service analysis points to and the depth of shared service potential that can be exploited.

As indicated, the alternative approach being developed by the Districts is not subject to the timescale limitations that any unitary bid is subject to. Indeed, given that its further development would depend on engagement with significant external stakeholders (not least the Boundary Committee), it is difficult to set an authoritative timetable. There are significant advantages to this. First, as indicated, the analysis above can be developed and its implications fully assessed in the light of CSR07. Secondly, the precise headcount savings can be established. Given that the bulk of savings fall in the areas of support services and strategic functions, there will be headcount reductions in those areas. By modelling a number of timescales for implementation, the Group can determine whether costs of headcount reductions can be reduced through natural wastage. Furthermore, and more importantly, decisions can be taken in the light of CSR07 as to what purpose any savings can be put to. Unlike the County Council, the Districts have nothing to hide on Council Tax, where their records are reasonable. Accordingly, there is no need to make rhetorical commitments about the taxation levels that would apply under the alternative arrangements, especially since the timescales for its implementation cannot be certain. Accordingly, the Districts can make a rational assessment of the impact of CSR07 and thus determine what proportion of its savings package would need to be devoted to mitigating that impact, and what proportion could be devoted to other purposes. These purposes could obviously include offsetting the reductions in support and strategic roles by increasing capacity and employment in other areas, such as frontline services run by Local Service Forums. Options would, of course, be consulted on with local people. By undertaking this approach, the alternative would help guarantee realism, value for money for taxpayers and improved service delivery.

Taxation and adult and children's services

Concern was raised by Barrow members that a new Greater Barrow MPA might have difficulties in raising sufficient funds for adult and children's services, owing to its low tax base. The project undertook to provide some reassurance on this point. Approaches to Rita Hale Associates, experts in this area, have confirmed that the broad counter argument that was put in the March report has weight. Broadly, spending assessments for adult and children's service are based on a needs formula. Grant allocations to needy areas are geared both to the need and the inevitable concomitant of that need, namely the low tax base. The funding formula thus should factor in and compensate for low tax bases. However, absolute certainty on this point would be predicated on conducting an extensive (and expensive) analysis.

Accordingly, we are recommending that for the purposes of the further report, we should leave open the options set out in the earlier report. If the Districts' proposal meets with the favour of the Secretary of State, work can then be commissioned to establish whether the funding mechanism would allow the MPAs to be the sole tax-raising authorities, without penalising those with a low tax base but high need, or whether it is necessary to seek suitable powers for the Federal tier, which would then be responsible for redistributing spend on adult and children's services on the basis of need.

Evaluation Of Six Most Purpose Authorities

Carlisle City Council Member / Officer Working Group

1. Introduction

Full Council requested an evaluation of six, in addition to four, Most Purpose Authorities as the building blocks for a federal Cumbria (Council resolution C.73/07). The paper outlines the findings and conclusions of such an evaluation as undertaken by the Better Government for Cumbria Group and Carlisle City Council officers.

It is essential that Members are clear that the proposed federal model is a theoretical evaluation of an alternative to the Cumbria County Council's Unitary bid. It is not an alternative bid. The Government has made it clear that it is currently consulting on one proposal for Cumbria, the County's Unitary bid. Should the Cumbria local authorities be required to undertake any structural change, a far more detailed analysis would be required and a range of options explored. The Boundary Committee would determine the appropriate size and ward boundaries within Most Purpose Authorities, and involvement of Eden District Council and Cumbria County Council would inevitably raise different issues and potential solutions.

2. Criteria

In its invitation to councils in England¹, Government requested that any proposals for governance change should address a number of criteria:

- Strategic leadership / neighbourhood empowerment
- A broad cross-section of support
- Affordability

2.1 Neighbourhood engagement

The proposed four Most Purpose Authority model broadly correspond to the four main communities of Cumbria:

- Greater Carlisle (including North Allerdale and North Eden)
- West Cumbria (including North Copeland and South Allerdale)
- Barrow & Furness (including Barrow, South Copeland and West South Lakeland)
- Lakeland (including remainder of South Lakeland and Eden)

Focus groups with residents and with hard to reach groups [part of the consultation undertaken by the Better Government for Cumbria Group]

¹ Invitations to councils in England, to make proposals for future unitary structures / to pioneer as pathfinders, new two-tier models, Department of Communities and Local Government, October, 2006, p.6

identified some support for four Most Purpose Authorities which provide strong connections to recognisable places and which address the arbitrary nature of some of the current district boundaries. A six Most Purpose Authority model or any other proposal for local government in Cumbria would require further, detailed engagement with local communities.

2.2 Cross-section of support

A critical element highlighted within the Government's unitary invitation was....

It will be necessary for any proposal to have support from a range of key partners, stakeholders and service users/citizens²

The Better Government for Cumbria Group recognised the importance of this and has engaged with stakeholders to ensure their views are properly reflected in the district council's opposition to the County's Unitary bid and the development of the four Most Purpose Authority model.

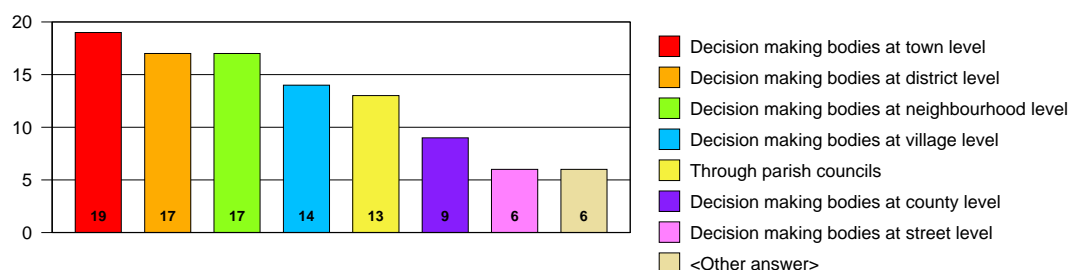
A wide range of methods have been used during the consultation:

- Focus groups with 'ordinary' residents
- Consultation with 'hard to reach' groups
- Carlisle Citizen's Panel Survey
- Dedicated website to both provide information and encourage views and comments
- District councils inviting letters and comments
- Briefings to local partners through Local Strategic Partnerships
- A workshop with parish councillors
- Workshop with frontline staff

A MORI poll is currently being conducted Cumbria wide, the results of which will be incorporated in the final report.

Chart 1 shows little support from Carlisle residents for County level decision making.

How would you prefer decisions to be made?



² Invitations to councils in England, p. 10

Chart 1: 366 telephone interviews with Carlisle residents, 27 Feb – 5 Mar 2007

Unfortunately, the programme of consultation was prior to the City Council resolution requesting further work on a potential six Most Purpose Authority model. It was therefore primarily concerned with opposition to the County's Unitary bid and the alternative proposal for four Most Purpose Authorities. A six Most Purpose Authority model, or any other proposal for local government in Cumbria, would require further, detailed consultation with local communities and significant stakeholder support.

2.3 Affordability³

The original work on developing an alternative model to a Cumbria Unitary identified four Most Purpose Authorities as a good balance of organisational size, tax base, corporate capacity and sense of place. The broad financial headlines based on the four Most Purpose Authority model are as follows:

- Over 40% of the services provided across Cumbria in the model would be provided at the Federal / shared level
- This scale of sharing illustrates the uncommon radicalism of the sharing envisaged in the service analysis
- Applying cautious assumptions about the savings dividend to be derived from sharing, the potential savings identified are just under £29m gross; applying a tolerance of 10%, a spectrum of £26m+ to £31m+ is a reasonable error range
- The projected net saving of the model, at the cautious end of assumptions, is £25m, with the 10% tolerance giving a range from c.£22m to £27m
- However, Most Purpose Authority costs, primarily associated with the new directors of children's and adult services, total around £4m

Chart 2 illustrates additional costs of running four Most Purpose Authorities when compared to a single County Unitary authority. Numbers of elected Members are based on 35 per Most Purpose Authority, a total of 140; the Cumbria Unitary bid contains a proposal for 100 elected Members in total.

³ Extracted from the Better Government for Cumbria Group, final report, May 2007

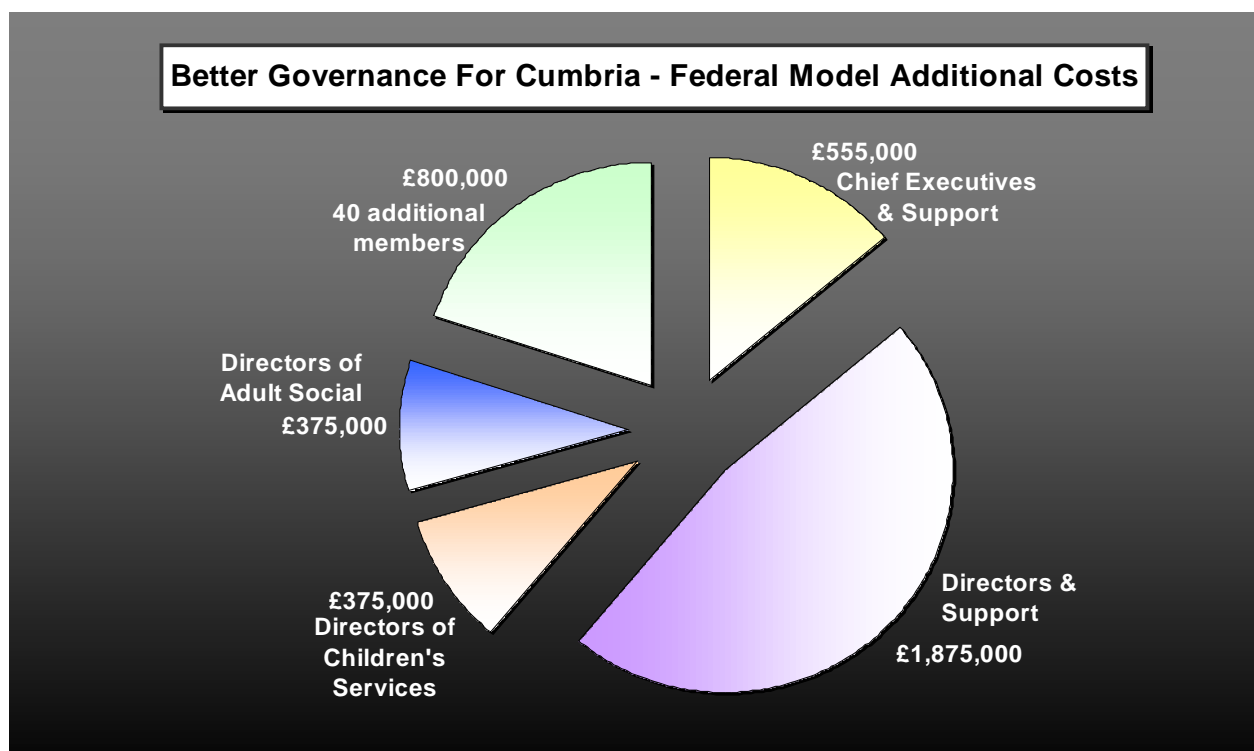


Chart 2: Additional costs of four Most Purpose Authority model compared to a County Unitary authority

A model based on six Most Purpose Authorities would require at least a further £2m per annum to cover director costs and would incur other extra costs associated with management and elected Members. There would inevitably be costs associated with “diseconomies of scale” although the

service-sharing model would help to mitigate these. There would be additional costs associated with having two extra sets of premises.

3. Six Most Purpose Authority model

There are potentially a number of advantages associated with the establishment of a federal model based on six Most Purpose Authorities including,

- Transition to a new structure would be simplified as six Most Purpose Authorities could be based upon existing district council boundaries
- Sovereignty would be at a closer level to communities than would be the case with four Most Purpose Authorities
- It would avoid some of the potential political disagreements that may arise from proposed new boundaries of four Most Purpose Authorities
- A model based on existing boundaries would negate the need for new, primary legislation although advice from the consultant engaged to work with the Better Government for Cumbria group was that this would not necessarily be the case.

However, there are a number of disadvantages are apparent including,

- Significant, increased costs would need to be balanced against any potential benefits of a greater number of Most Purpose Authorities
- A six Most Purpose Authority model does not have support from the other districts in Cumbria

The Secretary of State may use powers under the Local Government Bill to make boundary changes, in agreement with the Boundary Committee. There are also examples of local authorities voluntarily acting across boundaries, such as The Association of Greater Manchester Councils (AGMA).

Final decisions about any boundary changes would be for the Secretary of State and the Boundary Committee, and not the authors of any proposed model.

4. Conclusion

The proposal of four Most Purpose Authorities has been designed to strengthen the district councils' challenge of the Cumbria County Council's Unitary bid and is one illustration of how alternative, enhanced two-tier governance arrangements may work in Cumbria. It is not a bid; Government has made it clear that it is consulting on one proposal only for unitary government in Cumbria – Cumbria County Council's bid.

Agreement with the principles of the model by the local authority does not commit it to a future course of action to implement the model as described. Any future alternative structures will require much further analysis and ultimately, approval by Full Council. Potentially, there may be more

innovative, alternative proposals and involvement of local authorities not involved in the design of the four Most Purpose Authority model will offer different issues and solutions.

A major strength of the work of the Better Government for Cumbria Group has been its vociferous, unified opposition to the County's Unitary bid and support from all Cumbria district councils for an illustrative, alternative model.

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