



PORTFOLIO AREA: CROSS CUTTING ALL PORTFOLIO AREAS

Date of Meeting: 5th February 2004

Public

Key Decision: Yes

Recorded in Forward Plan:

Yes

Inside Policy Framework

**Title: REGIONAL GOVERNMENT AND LOCAL GOVERNMENT
REVIEW**

Report of: Town Clerk and Chief Executive

Report reference: SP.02/04

Summary:

This report requests the Executive to propose a recommendation to the full Council on the 20th February 2004 on regional government. The criteria from the Boundary Committee's Draft Recommendations and Overview Reports are summarised and form the basis against which the Council's stage 3 response to the Boundary Committee should be considered. The report also updates the Executive on the timetable for the production of the report on the joint work undertaken by the northern district councils.

Recommendations:

Members are recommended to:

1 Note the criteria outlined in the report against which the stage 3 response should be considered

2 Note that the report of the joint with the northern district councils will be available at the meeting; and

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

3 To refer this report and the joint work when received to the Overview and Scrutiny Committees together with the recommendations from the Executive.

To note that the recommendation of the Executive; and views of Overview and Scrutiny will be considered at Full Council on the 20th February and a response made to the Boundary Committee.

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1. BACKGROUND INFORMATION AND OPTIONS

At the last meeting the Executive received the results of consultation on the Boundary Committee's draft recommendations, as far as they were available. In addition, a public debate on Regional Government is to be held on Tuesday 17 February at 6.00pm at the Crown and Mitre Hotel to widen the debate.

Response of the City Council

It is now necessary for the Executive to propose a response to the Boundary Committee's draft recommendations which, as Members will be aware, are:

Either a Countywide unitary.

Or, two unitaries (North Cumbria consisting of Allerdale, Copeland, Carlisle & Eden District Councils and a South Cumbria and Lancaster Unitary comprising Barrow, South Lakes & Lancaster Councils).

Members will also be aware that the Council's preferred option of 3 unitary authorities in Cumbria (Carlisle & Eden, Allerdale & Copeland and Barrow & South Lakes) has not been included as an option by the Boundary Committee in the latest consultation arrangement although they have stressed that no option has been ruled out at this stage.

At the request of the Executive, further work is being undertaken collaboratively with the Northern Cumbrian Districts to further support the Council's preferred option and answer the concerns of the Boundary Committee, specifically the ability of pairings of districts to provide the statutory services of Education and Social Services.

Members are reminded that the Boundary Committee will be looking for evidence, not previously put forward, that the district councils are aware of the issues in relation to the provision of strategic services and have proposals for how these might be addressed. In addition, members will need to make a judgement of whether the evidence within the draft stage 3 submission meets the concerns identified in the Boundary Committee's draft recommendations report and the criteria explained in the Boundary Committee's Overview Report which accompanied the draft recommendations.

Issues identified in the Boundary Committee report "Draft Recommendations For Unitary Local Government in Lancashire and Cumbria"

Chapter 4 of this report contains an analysis of the proposal submitted during stage 1 of the review. It sets out the strengths and weaknesses of each of the proposals as the Boundary Committee sees them. The strengths and weaknesses of the **"three unitary option"** are summarised below, because the stage 3 submission should address these. In addition the text from the report itself is attached at Appendix 1.

Advantages:

- The proposal received some degree of local support;
- The proposed pairings of districts share a common identity and issues;
- Each proposed pairing is reasonably well linked in terms of transport and communications;
- There is some evidence of joint working between Allerdale and Copeland and Carlisle and Eden; and
- The MORI public opinion research offers some support to the contention that the proposed pairings generally reflect local community identities and interests.

Disadvantages:

- Concern about the ability of these proposed unitary authorities to deliver services effectively and efficiently to their local communities;
- Particular emphasis on the ability of proposed West Cumbria unitary authority to effectively perform all local government functions, without numerous joint arrangements;
- Major obstacles for the West Cumbria authority in seeking to become high performing particularly given the challenging socio-economic conditions in the area; and
- The resource base of this authority would be severely tested.

Local Government Review Overview Report

The objective of the overview report is to set out the "(...) coherence of our (the Boundary Committee's) approach (...)" to the review. In essence it helps understand how the Boundary Committee have interpreted the ODPM guidance. It emphasises:

"(...) that there is no single test that can be applied to determine whether or not a particular pattern of unitary local government is the right one for a given area. Instead we need to look at a fairly complex array of considerations and to exercise our judgement."

Chapter 4 of the report is attached at Appendix 2, to enable Members to use this in their judgements about the draft stage 3 response. A summary of the considerations used by the Boundary Committee is summarised below.

- Geographical size, population and capacity.

The Boundary Committee recognises that successful councils have strong corporate capacity and there are a number of factors at play here – finance, systems/processes, people, skills, knowledge and behaviour. In terms of the geography of an area, the ODPM guidance required the Boundary Committee to consider the wider patterns of community within an area and the economic links between communities. So that in their recommendations the proposals should strike a balance between size and capacity to deliver services effectively and reflect the geography and socio-economic links between communities.

- Community identity.

The ODPM guidance stresses the link between community leadership and the ability of councils to ensure the identities and interests of local communities are reflected in the decisions which authorities make about service provision. The MORI research completed recently for the Boundary Committee highlights that people most immediately identify with their immediate locality. The Boundary Committee states that this is not a basis for building new local government structures.

- Community leadership and engagement.

In using this term the Boundary Committee alludes to the sense in which local government represents the needs and aspirations of communities at more than one level, ie. at local, sub-regional, regional or national level. It is linked to the confidence that citizens have that their elected representatives understand the needs of communities. Consequently, the Boundary Committee is looking for evidence about local decision making and how these might be enhanced under unitary local government.

- Partnerships.

This is a significant aspect of community leadership and the Boundary Committee is concerned to ensure that new patterns of unitary local government allow councils to work effectively with partner organisations.

- High performing local authorities.

The ODPM guidance lists a number of factors which high performing councils have in common: high quality political leadership, good managerial skills, adequate corporate capacity, a willingness to innovate and good external relationships.

In addition, effective political and managerial leadership seem to have been a factor behind the success of those councils judged to be excellent in recent CPA scores.

The City Council's Stage 3 Response

Joint work to complete the draft response should be completed by the 30th January 2004 and the report of this will be available before the Executive meets. The outcomes of this work be reported to the three Overview and Scrutiny Committees jointly at a special meeting to be arranged before the Full Council meets to consider the matter on the 20th February 2004.

2. CONSULTATION

2.1 Consultation to Date.

See previous reports.

2.2 Consultation proposed.

See previous report.

3. RECOMMENDATIONS

Members are recommended to:

- 1 Note the criteria outlined in the report against which the stage 3 response should be considered
- 2 Note that the report of the joint with the northern district councils will be available at the meeting; and
- 3 To refer this report and the joint work when received to the Overview and Scrutiny Committees together with the recommendations from the Executive.

To note that the recommendation of the Executive; and views of Overview and Scrutiny will be considered at Full Council on the 20th February and a response made to the Boundary Committee.

4. REASONS FOR RECOMMENDATIONS

To ensure that the Council is in a position to respond to the Boundary Committee by the 23rd February 2004.

5. IMPLICATIONS

- Staffing/Resources – too early to establish the staffing and resource implications.
- Financial – too early to establish.
- Legal – none
- Corporate – appropriate briefings to be given to all staff.
- Risk Management – the proposals have a fundamental impact for the future of the Council, which will need to be planned strategically as part of any transitional arrangements.
- Equality Issues – none
- Environmental – none
- Crime and Disorder – none
- Impact on Customers –none at this stage.

Three unitary authorities

Table 11: Three unitary authorities

Unitary authority	Constituent parts	Population (2001)
West Cumbria	Allerdale and Copeland	162,800
East Cumbria	Carlisle and Eden	150,500
South Cumbria	Barrow-in-Furness and South Lakeland	174,300

76 Allerdale, Carlisle, Copeland, Eden and South Lakeland district councils jointly proposed three unitary authorities for Cumbria.

77 This proposal received some degree of local support, particularly from parish and town councils. Of the 13 parish and town councils that wrote in support of the proposal, 11 expressed a preference for their local pairing of districts without commenting on the other areas. The Cumbria Police Authority, Eden Valley PCT, one Member of Parliament and the national Conservative Party also supported the proposal. We also note that a significant degree of consensus among the district councils for this proposal, notwithstanding Barrow-in-Furness Borough Council's alternative preference.

78 We have given careful consideration to the submissions received and have identified a number of advantages with this proposal. Allerdale and Copeland, situated to the west of the Cumbria Mountains, are linked by, and share concerns about, the A595. Carlisle and Eden are linked via the M6. Barrow-in-Furness and South Lakeland are linked by the A590 and appear to share a common 'South Cumbria' identity that distinguishes them from other areas in the county. Both districts also share similar interests in the Morecambe Bay area, particularly regarding environmental issues.

79 The geography of the county to a large extent dictates the transport and communication links. In the context of Cumbria each proposed pair of districts are reasonably well linked, although it should be noted that road links in Cumbria in general are quite poor on the minor roads. Carlisle and Eden are linked by the M6 Motorway and also by the Settle-Carlisle railway and the West Coast Main Line. The A590, A5902 and the A595 roads link Barrow-in-Furness and South Lakeland. They are also linked by rail. Allerdale and Copeland are linked by the A595 road and by rail.

80 We note that there is already a history of joint district working between Allerdale and Copeland, and between Carlisle and Eden, although Barrow and South Lakeland appear to have limited partnerships in comparison with the other two pairs of districts.

81 We have also considered the common industrial heritage that is shared by Allerdale and Copeland. Several submissions noted that they both have an extensive shared industrial history founded on coal extraction, iron and steel engineering and the nuclear industry, with manufacturing being a main employer in these areas, including the British Nuclear Fuels Plc (BNFL) centre in Sellafield. The close connection between the two districts is reinforced by the travel-to-work patterns in Allerdale and Copeland, which indicates significant commuting between the districts.

82 We note that the MORI public opinion research also offers some support to the contention that these three proposed unitary authorities would generally reflect local community identities and interests. For example, it found that in Eden, Carlisle is a focal point for services and shopping in particular. South Lakeland was found to have affinity with south Cumbria. In west Cumbria, some residents in Copeland look to Workington (in Allerdale) as well as Whitehaven in Copeland borough for services such as shopping.

83 However, we have a number of concerns about this proposal. In our guidance we stressed the point that proposals, particularly those for smaller authorities, should address the issue of how it is envisaged that services that are currently being carried out by the County Council would be delivered, particularly in relation to larger services such as education and social services.

84 We have some concerns about the ability of these proposed unitary authorities to deliver services effectively and efficiently to their local communities. In particular we are concerned about the ability of the proposed West Cumbria unitary authority to effectively perform all local government functions, without resorting to large numbers of joint arrangements. Based on the evidence received we consider that such an authority would face major obstacles in seeking to become high performing, particularly given the challenging socio-economic conditions of the area, with a heavy reliance on what may be a declining nuclear industry. The resource base capacity available to this authority in confronting significant economic restructuring requirements would be severely tested.

85 We note that the proposed South Cumbria unitary authority would not reflect existing partnerships in the area. If established, new partnership arrangements would need to be established for the south Cumbria area. Furthermore, the MORI research indicates few links between the residents of the two districts, although it should be noted that a general affinity for 'south Cumbria' is felt, particularly in the southern Lakes area. Some Barrow-in-Furness residents who were interviewed stated that their affinity stretched further afield, towards Lancaster, and felt a notable affinity with Lancashire, probably stemming from the fact that Barrow-in-Furness was formerly

part of that county. Residents in South Lakeland tended to associate most with the areas within the district. There are also socio-economic differences between the two districts, with the economy of Barrow-in-Furness being dominated by industry, and South Lakeland a more varied economy including agriculture and tourism. While the diversity of the economies is not seen as a major obstacle in combining these two districts within the same authority, it may be that an alternative configuration for the districts in southern Cumbria could provide more effective synergies for local government services to be delivered.

4 Specific considerations

4.1 Our guidance emphasises that we will give weight to well-evidenced, consensus-based submissions from interested parties, particularly the relevant two-tier authorities in the areas being reviewed. We are pleased that a fair degree of consensus was achieved in some county areas during Stage One, although in all cases preferred options from stakeholders tended to polarise around on the one hand a unitary county-based solution or, on the other, a sub-county authority or a combined district solution. We received very few proposals for the creation of unitary authorities based on the boundaries of a single district council. Nor did we receive many proposals which did not build upon existing local authority boundaries.

4.2 The submissions we received provided us with a helpful source of information and evidence. Where we felt there to be evidence gaps in the proposals submitted, further details have been sought. In large part the county councils and district councils have experienced different challenges in the development of their proposals to us. The challenge for county councils was how, as county unitary authorities, they would engage with and adequately represent the interests of residents at a local level. That for district councils was how their proposed unitary structures would deliver large-scale services such as education and personal social services without recourse to increased numbers of joint arrangements.

4.3 Legislation limits the considerations we can take into account in this review. We are required by the 2003 Act to come forward with at least two options for wholly unitary patterns of local government in the six county areas concerned. Retaining the existing two-tier structure is not an option we can recommend. Nor can we recommend against the establishment of elected regional assemblies. We received representations in relation to both these matters.

4.4 The number and diversity, in terms of their geography and population, of the areas under review raise particular challenges for us (Table 2). Our objective in this document is to set out the coherence of our approach, albeit resulting in different conclusions in different settings. The latter is inevitable given the nature of the county areas being reviewed – what may be an appropriate size or pattern of unitary authorities in Northumberland may not be appropriate in the context of Lancashire.

4.5 Accordingly, there is no single test that can be applied to determine whether or not a particular pattern of unitary local government is the right one for a given area. Instead we need to look at a fairly complex array of considerations and to exercise our judgement.

4.6 We have noted that, irrespective of the current review, there seems to be some support for the move to unitary structures of local government, and that the resulting unitary authorities need to have the capacity to 'punch their weight' within the regional dimension. This may, in part, be a consequence of the challenges arising from the Government's agenda for modernising local government and in particular the developing community leadership role of local authorities which we refer to in more detail later in this chapter.

4.7 In addition to the introduction of new political management structures, local authorities under the new 'power of well-being' are required to develop their community leadership and engagement role including an assessment of community needs and aspirations which can be reflected in a 'Community Strategy' and its achievement monitored through a 'Local Strategic Partnership' that includes key stakeholders and interests.

4.8 There is also an increasing emphasis on authorities' ability to make best use of resources and deliver high performing and improving services. During the last year this included a CPA of all single-tier and county councils undertaken by the Audit Commission. Results were published in December 2002 and the programme has now been extended to district councils.

4.9 The ODPM guidance to us refers to these and a range of other factors we are required to take into account in considering which wholly unitary patterns of local government are likely to provide for high performing unitary authorities. We recognise however, that a current high-performing authority will not necessarily lead to a high-performing successor.

Geographical size, population and capacity

4.10 In its guidance to us the ODPM makes a number of points about the size of an authority and its impact upon capacity. Before we comment on our consideration it is relevant to explain our understanding of 'capacity'. Recent research commissioned by ODPM defines capacity as 'the right organisation, systems, partnerships, people and processes to deliver against a particular agenda or plan'.

4.11 A number of factors are involved:

- **Finance** – having the funding available now and in the future to achieve the improvements required.
- **Systems and processes** – that make best use of individual capability to facilitate continuous improvement.
- **People** – sufficient staff to deliver or the ability to 'call-in' additional resources when required.
- **Skills** – appropriate technical ability among existing staff and partners.
- **Knowledge** – sufficient understanding of how to manage change and improve services.
- **Behaviour** – a style of working that facilitates and enables improvement.

Source: Capacity building in local government – research on capacity building needs (ODPM June 2003).

4.12 Overall capacity appears to be more than the sum of its parts and studies on improvement in local government have recognised that successful councils have strong corporate capacity. However, there is no conclusive evidence of a simple and overriding relationship between size, whether expressed in a geographical sense or in terms of overall population, and capacity.

4.13 The ODPM guidance makes no comment about the geographical size of unitary structures to recommend, although we are asked to give greater weight to the wider patterns of community within an area and the economic links between communities so that the 'geographical reach' of the new authorities can allow communities of place and interest effective involvement. Geography and population density also seem to us to be a factor in some of the areas under review as local government has often expressed a concern about the added cost of delivering services in rural and sparsely populated areas.

4.14 We also took account, where appropriate, of any geographical features that define the natural boundaries of communities.

Table 2: existing authorities – population, area and population density

Local authority (by region and county)		Population	Area (hectares)	Population per hectare
North East				
	Durham CC	493,470	222,609	2.2
1	Chester-le-Street DC	53,692	6,758	7.9
2	Derwentside DC	85,074	27,079	3.1
3	Durham City	87,709	18,668	4.7
4	Easington DC	93,993	14,456	6.5
5	Sedgefield BC	87,206	21,737	4.0
6	Teesdale DC	24,457	83,616	0.3
7	Wear Valley DC	61,339	50,295	1.2
	Northumberland CC	307,190	501,306	0.6
8	Alnwick DC	31,029	107,951	0.3
9	Berwick upon Tweed BC	25,949	97,181	0.3
10	Blyth Valley BC	81,265	7,036	11.5
11	Castle Morpeth BC	49,001	61,823	0.8
12	Tynedale DC	58,808	220,639	0.3
13	Wansbeck DC	61,138	6,676	9.2
North West				
	Cheshire CC	673,788	208,301	3.2
14	Chester City	118,210	44,804	2.6
15	Congleton BC	90,655	21,099	4.3
16	Crewe & Nantwich BC	111,007	43,041	2.6
17	Ellesmere Port & Neston BC	81,672	8,841	9.2
18	Macclesfield BC	150,155	52,497	2.9
19	Vale Royal BC	122,089	38,019	3.2

North West (continued)

	Cumbria CC	487,607	676,780	0.7
20	Allerdale BC	93,492	124,166	0.8
21	Barrow-in-Furness BC	71,980	7,796	9.2
22	Carlisle City	100,739	103,997	1.0
23	Copeland BC	69,318	73,176	1.0
24	Eden DC	49,777	214,241	0.2
25	South Lakeland DC	102,301	153,404	0.7
	Lancashire CC	1,134,974	290,305	3.9
26	Burnley BC	89,542	11,070	8.0
27	Chorley BC	100,449	20,280	5.0
28	Fylde BC	73,217	16,553	4.4
29	Hyndburn BC	81,496	7,299	11.1
30	Lancaster City	133,914	57,586	2.3
31	Pendle BC	89,248	16,936	5.3
32	Preston City	129,633	14,229	9.1
33	Ribble Valley BC	53,960	58,316	0.9
34	Rossendale BC	65,652	13,805	4.8
35	South Ribble BC	103,867	11,296	9.2
36	West Lancashire DC	108,378	34,679	3.1
37	Wyre BC	105,618	28,256	3.7

Yorkshire & Humber

	North Yorkshire CC	569,660	804,011	0.7
38	Craven DC	53,620	117,739	0.5
39	Hambleton DC	84,111	131,117	0.6
40	Harrogate BC	151,336	130,794	1.2
41	Richmondshire DC	47,010	131,867	0.4
42	Ryedale DC	50,872	150,659	0.3
43	Scarborough BC	106,243	81,654	1.3
44	Selby DC	76,468	59,926	1.3

Source: Office for National Statistics (2001 census).

Note: CC= county council, DC = district council, BC = borough council.

4.15 The ODPM guidance asks us to consider the extent to which the structure, geography and size of an authority might influence its ability to exercise community leadership, engage with the local community and work effectively with partner organisations. We received many examples of partnership arrangements but, again, we found there is no simple formula for success.

4.16 Our proposals are intended to strike a balance between, on the one hand, unitary authorities of an appropriate size and capacity to deliver services effectively and, on the other, recommending unitary solutions that to some extent reflect geography and the socio-economic links between communities in an area. In this context the strengths and weaknesses of different options vary and we seek to set out these considerations for the purposes of consultation.

4.17 As with geographic size there is no specific population recommended by ODPM for new unitary structures, although this was an issue frequently raised with us by authorities during Stage One of the review. Lack of guidance is unsurprising in this case as population numbers are only a numeric reflection of communities. We have looked at the evidence available on population size and effectiveness of service delivery and conclude that it is mixed. There are smaller authorities working effectively, as evidenced by inspection and CPA results, and larger ones working less well, and vice versa. We looked for evidence as to whether there was any relationship between authorities of smaller size and the increasing use of joint arrangements. Such evidence as we identified was inconclusive, although the submissions we received for smaller unitary options appeared to incorporate a greater range of inter-authority working. However, as many of the review areas are predominantly rural we have looked for evidence that related specifically to authorities with smaller population sizes covering large geographic areas but found no definitive evidence.

Community identity

4.18 Within any area there will be many different and overlapping communities. There are 'affective' communities or communities of 'place' and there are 'effective' communities or communities of 'interest'. The former relate to affinity to a particular town, village or area; the latter to shared identities and activities such as work, or shopping or parents for local schooling for their children.

4.19 The ODPM guidance stresses the link between community leadership and the ability of councils to ensure the identities and interests of local communities are properly reflected in the decisions authorities make about service provision.

4.20 The evidence from the MORI research carried out on our behalf in each of the review areas tends to bear out the ODPM assertion that people most frequently identify with their immediate locality, village or town. Given the emphasis of the guidance to us, this is clearly not a basis upon which to build new local government structures.

4.21 The opinion research also identifies a slightly stronger identity with the district in most areas of each county although this tended to be less marked within the districts in which the county council sited its main administrative offices. However, the differences were not great. We noted some attachment to traditional county areas, although not necessarily to the county council, and attachment to coming from that county area or region. In some areas there was also a desire, often among the older

age groups interviewed, for a return to a former historic county area where boundaries may have altered in the past.

4.22 The pattern of evidence relating to effective communities is more mixed reflecting the different economic and social factors that apply in each county area. Neighbouring metropolitan areas such as Manchester and Newcastle can exert a significant pull in terms of employment, leisure and shopping and in some cases this influence spreads to counties in neighbouring regions. On the other hand there are geographical barriers within the review areas that also exert a considerable influence.

4.23 In general terms the patterns of unitary local government on which we are consulting recognise current community identities. We acknowledge, however, that not all levels of community identity can be reflected in all our recommendations given the balance we need to strike between reflecting community identities and providing options for effective unitary authorities.

4.24 So far as possible we have sought to apply the ODPM guidance by proposing names for new authorities that reflect local people's feelings about historic and county connections. We would particularly welcome views on names for new unitary authorities in the next stage of consultation.

Community leadership and engagement

4.25 The ODPM guidance makes a number of references to the key role councils play in leading their communities and the factors that we may wish to consider when proposing new unitary structures. Indeed, this is an area where councils have begun to develop many new initiatives in response to the 2000 Act. Central to the Government's agenda is the need for strong and accountable local democratic leadership leading and empowering local communities.

4.26 Community leadership in the sense that it represents the needs and aspirations of communities can operate at more than one level. It can be concerned with the local (district) level, sub-regional (county) level, regional, national and European levels. It is linked to community identity and the confidence that citizens have that their democratic representatives understand the needs of communities. Our opinion research has suggested that for citizens there is a preference for decision-making at its most local level. However, this tends to be based on a preference for local government units that in many cases are smaller than existing districts.

4.27 The ODPM guidance, while acknowledging that smaller units may have advantages in terms of responsiveness and public confidence, states that this underestimates the potential for larger authorities to deliver effective democratic scrutiny through devolved arrangements, effective working with parish and town councils and improved democratic representation. The development of community strategies is seen as the primary way in which community views can be represented in the decision making process and issues of competing priorities resolved.

4.28 Consequently, we have invited evidence of ways in which councils had responded to the 2000 Act and developed effective arrangements for community leadership through new decision-making arrangements including effective scrutiny, and the production of community strategies through a process involving communities. We also asked for evidence of local decision-making arrangements and how these might be enhanced under larger unitary options so that effective local community involvement could be maintained.

4.29 Where proposals were for larger units, the submissions to us appear to address the issues concerned with maintaining community involvement at the local level. In many cases county council submissions have proposed the establishment of new or extended Area Committees, Boards, or in one case Cabinets based on local communities and linked to Local Strategic Partnerships. Councils have proposed that these would operate with a range of delegations to enhance local decision-making, and include a broad spectrum of local interests. A number of submissions also aimed to complete local representation in their area by encouraging the establishment of new parish or town councils in currently un-parished areas. We would welcome further evidence from county councils as to how the area arrangements they propose would actually work in practice and achieve local community engagement.

4.30 While the majority of proposals acknowledged that a reduced number of local elected representatives was likely, many also stressed the future role of parish and town councils in representing their local communities within devolved arrangements and encouraging 'high performing' parish councils through support for achievement of 'Quality Parish' status. We endorse this ultimate objective as properly complementary to the creation of larger unitary local authorities. In particular we would see a place for the creation of town councils in market towns and other appropriate urban areas where they do not currently exist, provided, of course, they have local support. However, we are cautious about entertaining too great an expectation as to how much or how quickly reliance can be placed on the widespread achievement of Quality Parish status. Many parish councils will not wish to develop the service provider role envisaged under the Quality Parish initiative, at least in the short term, and may indeed prefer to maintain their existing limited remit. Consequently, while the approaches favoured by principal authorities have considerable potential, they are more likely to have an impact in the medium to long term. This is an issue on which we would particularly welcome the views of parish and town councils.

Partnerships

4.31 Partnerships are a significant aspect of community leadership as they can be an effective way to deliver community objectives. Effective partnership working to deliver key objectives was also felt to be a success factor in the recent CPAs of single-tier authorities and county councils.

4.32 We are mindful of factors relating to partnership working referred to in the guidance. In particular, the point that while partnerships can be an effective way of delivering priorities where more than one organisation has a role to play in achievement, there is a risk that a multiplicity of partnerships can impose additional costs and take a disproportionate amount of senior management and councillor time. We are concerned to ensure that our recommendations for patterns of unitary authorities will allow the new councils to work effectively with partner organisations.

4.33 The submissions from authorities identify the extent to which they have already established partnerships, both between individual authorities and with external partners, in areas such as health, education and crime reduction. In addition, a number of partnerships exist with strategic planning and delivery bodies, and the business, voluntary and community sectors. Some are statutory, others operate on a voluntary basis, and not all partnerships have coterminous boundaries.

4.34 Most authorities said that they either have in place a community strategy and a Local Strategic Partnership (LSP) to monitor its delivery or are in the process of doing so. LSPs are non-statutory and non-executive bodies but are seen by

Government as a way of involving a wide range of partners in the achievement of agreed community objectives at the same time rationalising existing partnerships and answering the ODPM comment concerning 'partnership fatigue'.

4.35 There is evidence of partnership working at both county and district levels within review areas. Many submissions from authorities commented on how they would restructure their current partnership arrangements to reflect their preferred option for unitary local government. Our proposals seek to strike a balance between arrangements that can build upon the developing LSPs while at the same time reflecting the needs of the key strategic partnerships that may operate over a significant geographical area. Where possible our proposals for new unitary authorities have attempted to bring about a level of coterminosity with the boundaries of key strategic partners. While this may not always be the case it is in part a reflection of the multiplicity of these partnerships within the region and the areas under review. However, the establishment of new unitary authorities may in itself have a beneficial effect in bringing about the rationalisation of existing partnerships. We would very much welcome views on our proposals from voluntary, community and other organisations, and the business sector, that may already participate in partnerships with local authorities in the review areas.

High performing local authorities

4.36 The ODPM guidance mentions a number of factors that high performing councils appear to have in common. These include high quality political leadership, good managerial skills, adequate corporate capacity, a willingness to innovate and good relationships with external organisations. While not directly affecting the ability to be high performing, size and geography may have an impact upon the ability of a council to recruit and retain specialist staff, develop the 'corporate centre' or have the capacity to develop specialist services or community leadership and partnership working.

4.37 Councils have introduced new arrangements for democratic decision-making and we received evidence of these, which in the main, were forms of the 'Leader and Cabinet' model although some smaller councils in review areas operate a modified committee system incorporating scrutiny arrangements. We are aware that in all cases these arrangements are a recent introduction and there is limited evidence for single-tier and county councils only from the 2002 CPA results as to how well they appear to operate. Nevertheless, we are aware that effective political and managerial leadership seem to have been a factor behind the success of councils judged 'excellent' in the first round of CPA results in December 2002.

4.38 It is apparent to us that many factors affect the performance of local authorities and it would be difficult to isolate these and even more so to recreate them with certainty in any new structures. Nevertheless, we are aware from submissions, published independent inspection results and most recently the CPAs, of single-tier and county councils of the current range of performance across the review areas. At present there are few published CPA results for district councils in the review areas although, as and when they are, we will take them into account. We are also aware that current performance is not necessarily any guide to future performance. Even the CPA results, which are probably the most thorough review yet of local authority performance, are only a 'snapshot in time' and one that reflects a combination of current circumstances that would necessarily be difficult to capture and reproduce in new structures with certainty.

4.39 We also note that in relation to the financial returns from authorities in the review areas the Audit Commission have stated:

The Audit Commission cannot predict and therefore comment upon, the full range of possible impacts on the future economy, efficiency and effectiveness of the services which local government bodies will provide in future following the local government review and any reorganisation which may follow the review. It is not possible to extrapolate from the current and past performance and quality of services to form a view on what the impact on performance and quality may be under new structures with new governance, leadership and management arrangements.

4.40 However, we feel there are certain judgements we can make which, while not with any certainty providing for high performing councils, would not place the proposed new councils at a disadvantage in resource or capacity terms. While there are no absolute parameters relating to size of authority we acknowledge there is potentially a capacity issue with very small authorities. This was highlighted to us by a number of government departments in the ODPM guidance.

4.41 We also note that as a group, county councils performed well in the recent CPA results for single-tier and county councils. At the time of writing few CPA results have been published relating to district councils in the review areas. County councils also represent an important element of continuity in already providing the two most significant services in financial terms in the county area – education and social services. But, of course, county councils do not have the full panoply of local government functions that are exercised by unitary authorities. Whether unitary counties, with responsibility for local delivery of a wide range of services, would continue to be among the higher performers is a matter for conjecture – it certainly cannot be guaranteed. We also take the view that some county council submissions may have underestimated the complexity of some of the services currently provided by district councils in review areas. We certainly consider they would fundamentally alter the current customer contact arrangements operated by county councils and would therefore welcome further information on how these and other aspects of local service delivery would operate.

4.42 A further area where we have taken account of current performance concerns proposals from currently weak or poor unitary councils (as evidenced by CPA scores) for a significant increase in their area into an adjoining two-tier area, especially where there may be evidence of limited performance in the neighbouring council. It is our view that in these circumstances, unless there is a structural issue affecting a county area as a whole involved, these authorities should be permitted the opportunity to respond to their CPA or other judgements unencumbered by the transition to a new structure.

Financial costs

4.43 The ODPM guidance recognises that any rearrangement of boundaries and functions will necessarily have an impact upon the resources available to authorities through alterations to council tax bases, national non-domestic rate income (NNDR) and Revenue Support Grant received from the Government. Similarly the costs that authorities incur will be affected by the move to unitary status and the re-configuration of services.

4.44 We acknowledge, as does the ODPM, that the costs and savings arising from structural reviews are very difficult to quantify. The ODPM provided a 'Financial

