

Financial assessments of Unitary Council proposals suggest savings but the figures should be treated with caution

The first financial assessments of the costs of the Boundary Committee's proposals for the reorganisation of local government in Devon have been made available. The information published by Devon County Council and Exeter City Council needs to be treated with some caution but indicates that savings from both proposals would exceed the costs of implementing change inside the Government's target of 5 years.

Assessment of the proposal for a Devon County Unitary

Devon County Council's financial assessment of the proposal to create the second largest council in the country suggests that it would take four years before the costs of change are outweighed by the projected savings. Only in 2015 would a gigantic Devon unitary council generate regular annual savings.

An analysis of the overall effect of the estimated annual savings is that they will achieve a net saving of some £19 million over a gross combined revenue budget of £517 million. In effect, this equates to slightly more than a 3% saving which is suspiciously similar to the Gershon efficiency target which the County Council would have to face. It is, therefore, concerning to conclude that the abolition of the eight district councils within Devon is providing this opportunity to achieve an efficiency saving for the County Council in a way that is unlikely to challenge its organisational ethos and ability to address the particular challenges of being a unitary council.

To put this sum into further context, it would take 32 years for the projected annual savings to pay off Devon County Council's current debt of £614 million.

The affordability proposals include a 'policy aim' to reduce the level of Council Tax to that of the lowest in Devon, currently Exeter City Council. If this proves to be achievable then in the context of the residents of East Devon District Council it means in effect that the only tangible benefit they will see from all the change that will result from implementation of the draft proposal is the financial equivalent of £3.00 per calendar year (based on a Band D property). Should it be a proud boast of Devon County Council or the Boundary Committee that it has recommended a saving of a penny a day for the 62,000 households within the current administrative boundary of East Devon?

Resource implications of the forecast savings

The County Council's financial assessment "assumes that a unitary authority for Devon will require 415 less Full Time Equivalent (FTEs) to run services than are currently employed in local authorities in two-tier Devon". This number equates to 4% of the combined workforce of a unitary County.

Whilst all public sector organisations need to ensure that they operate in a businesslike and cost effective manner we query the resolve and commitment of a future unitary authority to deliver this level of redundancy. This is particularly so bearing in mind that because of the centralising nature of the unitary proposal on Exeter itself it will likely mean that the redundancies will take place in the more disadvantaged rural remote areas of Devon rather than the relatively prosperous and affluent county centre.

The County Council states that: “Restructuring would also lead to a reduction in staff. Management would need to be rationalised and refocused across the new authority, and reductions in senior and middle management posts would be expected.”

The County Council also states that “the Council has needed to identify a structure that a new Unitary Council could adopt that incorporates all of the services currently provided by all Devon’s District Councils and the County Council. A new Unitary Council would:

- Pull together expertise in Trading Standards, Environmental Health, Licensing and other related regulatory services
- Combine all of the existing waste collection management teams from each of the District, City and Borough Councils into a single unit
- Merge waste collection and disposal management teams
- Standardise existing structures within the different Housing Services
- Create a single management structure for Streetscene Management and streamlining contract administration
- Move to common systems and standards within ICT.”

Simple assumptions of this nature show limited understanding of the complexities of District Council services and the varied ways in which 8 separate district councils go about delivering them. This is further evidence that the unitary review process in Devon is fundamentally flawed.

Affordability proposals also rely heavily on achieving information technology based savings of some £16 million. Whilst no doubt laudable, the majority of recent experience suggests that such assumptions should be treated with a heavy degree of scepticism and concern.

Can the figures and assumptions on which this financial assessment is based be trusted? As County employees have been advised: “It is important to remember that the financial case being put forward represents an initial view and is based on indicative figures only, with much more detailed work to be done”. Evidence from Cornwall, where the unitary experiment is already under way, shows that alleged cost-saving and efficiency-promoting moves are already costing half a million pounds in re-branding and local elections are under threat of delays.

Assessment of the alternative idea

The Boundary Committee’s alternative idea of two unitary councils, one based on Exeter, Exmouth and surrounding parishes and the other for the rest of Devon has also been assessed financially. Exeter City Council’s financial assessment of an Exeter and Exmouth unitary council suggests that savings of £100,000 would be achieved just within the 5 year pay back target, with annual savings thereafter of around £3.0 million. Unsurprisingly, Devon County Council disputes Exeter’s assessment and asserts that a unitary for the rest of Devon would achieve savings of £1.2 million just within the 5 year pay back target, with annual savings thereafter of £10.1 million.

A long way to go

There is still a long way to go before the Secretary of State makes a decision on the Boundary Committee’s final proposal. The final proposal which is due to be

announced around Christmas, is not binding and the Secretary of State has the option of postponing a decision or deciding to retain the current two-tier system.

East Devon District Council's campaign for the status quo will continue alongside those of a similar view, notably the district councils of West Devon, South Hams, North Devon and Torridge.

Should some form of unitary local government for Devon be approved, the earliest that it will be implemented is April 2010, at which time the work of the districts and county will start to be merged together.