

NOTES OF INFORMAL MEETING BETWEEN DCC CLLR ROBERT GOULD AND JIM BIGGIN OF ACRA

1. The meeting was held at DCC on Thursday 29th October 2015 with the objectives of updating the current DCC financial position as at the midpoint of the 2015-16 financial year and gaining an understanding of the current thinking on Local Government reorganisation and communicating all of that to ACRA members

The DCC Financial Situation

2. The year 2014-15 saw a DCC overspend of £3.1 million funded by a transfer from reserves. As at September 2015 DCC still need to find further estimated savings of £5.6 million in year 2015-16 (down from an estimated £15 million in April 2015) which means a need for a combined total further saving of £8.7 million. The option of further transfers from reserve is not viable as it would reduce the general reserve to an unacceptable level
3. The prime causes of the overspend are £2.9 million in Children's Services (mainly children in care) and £2.3 million in Adult and Community Services (mainly demand for residential care in an aging population)
4. Total savings made so far by the various programmes have largely been achieved by trimming overhead and changing some work methods. The scope for further such savings has not been exhausted but is approaching the point of diminishing returns. This means adopting rather more radical solutions and some external consultancy has been employed in order to utilise scarce skills that DCC do not have and do not need on a continuing basis. The outcome of these investigations is likely to be known by mid-December 2015
5. Schools continue to switch to Academy Status (22 in 2014-15 with a further 7 so far this year). The overall effect is to cause fragmentation of support services thereby reducing the effectiveness and productivity of the central overhead spend.
6. Looking further ahead, the projected budgetary overspends for 2016 to 2019 inclusive are £35 million (£13 million 2016-17, £11 million in each of the following two years). Causes for concern include a rise in employers National Insurance contributions of £2 million for non-school staff and the implementation of the National Living Wage. Hopefully offsetting that are such things as the business rare retention scheme and the new homes bonus scheme.
7. The pressure from Central Government for DCC to work with local Health Authorities has been maintained. A Department of Health consultation paper on formulae to be used in 2016-17 to allocate resources is currently being studied. Significant reductions in funding of up to 40% are foreseen phased over the three years 2016-2019.
8. The Local Authority Trading Company Tricuro, that involves DCC, Bournemouth and Poole, is projected to achieve net savings of £1.5 million in its first year. The Leader's Growth Board that also involves DCC, Bournemouth and Poole has been functioning satisfactorily.

Local Authority Reorganisation

9. Utilising the £755,000 grant obtained from Central government, the work needed to explore the possibility of a pan-Dorset Combined Authority has continued, albeit with varying levels of commitment from the various district authorities.

10. Each Authority is currently in the process of reviewing findings to date which clearly indicate that a Combined Authority offers Dorset the best chance of future growth and prosperity. Councils are also being asked to approve the submission of a case to Central Government under the relevant statutory provisions and to approve their joining of such an Authority once it has been established.
11. The unexpected public announcement in September 2015 by the leaders of Bournemouth, Poole, Christchurch and East Dorset Councils, following talks among themselves, that they were intent upon forming a new Unitary Authority has caused some disquiet in Christchurch, East Dorset, other district councils and at DCC itself.
12. Shortly before this announcement RG was informed that the announcement was imminent. No prior approach had been made to DCC Officers either to warn colleagues of what was transpiring or to obtain financial and other data needed to underpin their business case. The clear implication is that no business case has in fact been prepared.
13. This development raises concern under two headings. The first is the efficacy of the scheme itself and the second is the manner in which the four council leaders have conducted themselves.
14. Apart from not being underpinned by a business case the splitting of Dorset runs counter to the very clear direction that Central Government favours. Both Bournemouth (electorate 137,000) and Poole (electorate 114,000) are too small to justify their current unitary status and combining them with Christchurch (electorate 39,000) and East Dorset (electorate 70,000) only produces an electorate of 360,000 which still doesn't achieve critical mass. Equally the remaining rump of Dorset would not have critical mass. Thus two long term problems would be created. Only a combination of Dorset, Bournemouth and Poole comes close to producing an authority of an appropriate size. (Electorates as at 1st December 2014 from Government statistics)
15. A great many services are already functioning to a greater or lesser degree on a pan-Dorset basis and in particular: the provision of broadband; education; health; fire; and the police. To try to split such services would be a logistical nightmare. The potential unravelling of Tricuro and the creation of a competitor would only serve to damage Bournemouth, Poole and DCC.
16. As to conduct, both RG and JB expressed their strongly held views that building a trust based consensus with all colleagues and developing properly costed and risk assessed plans is the only sensible way forward.
17. JB was also concerned that what had happened would make working relationships between the councils that constitute DCC difficult and would potentially damage the credibility of Dorset as a whole in Whitehall
18. Our next meeting will be held in April 2016, or earlier if deemed sensible.

Jim Biggin

October 2015