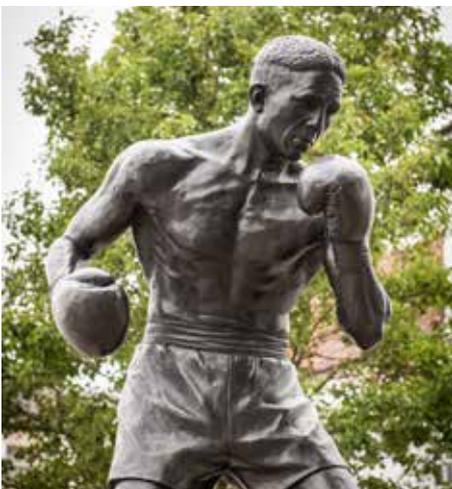


Proposal to create a South Warwickshire Council



Working *Together*





Why we are proposing changes now?

Both Stratford-on-Avon and Warwick District Councils face a very uncertain financial future, although for slightly different reasons. Government funding for all councils has reduced in recent years, and at Stratford-on-Avon yet further significant reductions are expected due to changes to the New Homes Bonus scheme this autumn, for example. Whereas at Warwick District the cost of delivering services, including refuse and recycling, is expected to increase significantly.

It is estimated that both Councils will have a shortfall of around £4-6m each year by 2025/26. Across the two Councils this means that £10m of annual savings are needed over the next five years to address this shortfall and help preserve services. This level of annual reduction is about one-third of the combined costs of the Councils.

Whilst some financial reserves are held by both Councils, these have already been reduced by the impact of COVID and are largely ear-marked for essential future expenditure. It would not be sensible or sustainable to use these reserves to supplement annual running costs. It is also illegal for the Council to set an annual budget which is not balanced.

Faced with this financial pressure, and not wanting to see reductions in the current level of services, both Stratford-on-Avon and Warwick District Councils have been exploring a number of ways to work together to tackle this shortfall and reduce the impact on residents and service users. Both Councils have agreed the ambition earlier this year to create a South Warwickshire Council, and for this Council to be financially sustainable. This consultation will help us understand whether you support this proposal.

Without the level of savings that could be expected through the creation of a South Warwickshire Council, there would be serious consequences on the capacity to deliver services in the future.

Current Local Government Structure in Warwickshire

In Warwickshire there is currently a three-tier structure of local government. Warwickshire County Council provides county-wide services such as education, highways and social care; the district and borough Councils provide more local services in each area such as refuse and recycling collections, environmental health, planning and development, parks and open spaces, and leisure. In addition, the Town and Parish Councils across Stratford-on-Avon and Warwick provide services which vary slightly between the two areas, but include services such as events, litter, parks, cemeteries, community centres etc. Both Stratford-on-Avon and Warwick District Councils were formed in 1974 and have well respected reputations for the delivery of local services to residents and businesses.

The two Councils have similar sized annual budgets of approximately £17m. They serve similar sized populations, with a broadly similar net General Fund cost per head of population. They both serve a combination of urban and rural areas, with many challenges in common. Both Councils have outsourced many of their services, including waste collection, grounds maintenance, street cleansing and leisure.

There is a consistent geography already established for the South Warwickshire Community Safety Partnership, the Shakespeare's England Destination Management Organisation and the South Warwickshire Health Partnership. Residents of both have consistent needs and concerns around areas such as rural transport, traffic and congestion and affordable housing.

During the last year both Councils have worked closely together on responding to the challenges from COVID. The pandemic has identified a lack of resilience in some service areas due to size of both authorities being relatively small. However, Stratford-on-Avon and Warwick have already started sharing services to address these resilience issues and from August this year the vast majority of Senior Management Team posts have been shared.

There is a clear housing market across the Southern area of Warwickshire covering the geographical areas of Stratford-on-Avon and Warwick District including Kenilworth, Leamington Spa and Alcester areas. Within this market, poor housing affordability is a major issue in some areas, with people on middle and low incomes struggling to afford any market housing, whether through ownership or private rented.

There is currently a noticeable difference between the two Councils in relation to housing. Stratford-on-Avon sold its council houses in 1996 to create South Warwickshire Housing Association, whereas Warwick retains its council housing. It is envisaged that if created, the South Warwickshire Council would once more seek to provide council housing across the whole of the area, including the current Stratford-on-Avon area.

What the situation might be like in the future

The Councils believe that merely sharing some services does not make sufficient financial savings and still leaves considerable duplication. Stratford-on-Avon and Warwick District Councils are, therefore, considering a proposal to fully merge, in which case a new District Council would be established covering the whole of South Warwickshire [the areas currently covered by Stratford-on-Avon and Warwick District Councils].



Review of Options

In considering how best to address the financial challenges that the Councils are facing a number of options have been considered as follows:

1. Do nothing – make no changes to existing Council positions

Under this option the Councils would continue to share a Senior Management Team. This was implemented in August this year, but no further changes would be made. Under this option the Councils would need to hope that government will not further reduce funding and hope that costs will not increase. This approach would be extremely risky and highly unlikely. The government is expected to make significant reductions in funding in coming years, following the impact of the COVID pandemic. Unfortunately, instead of telling us the level of financial support we will receive over the next four years, we are likely to be informed of the available government funding one year at a time, which does not allow sufficient financial planning;

2. Revert to working as two separate Councils

This option is similar to option 1, but would actually involve undoing the arrangements that have already been put in place. These arrangements are expected to save over £200,000 in the current year and will increase to over £400,000 per year by 2023/24. Therefore, on top of all of the challenges described in option 1, further savings of £400,000 per year would need to be identified to support both Council's budgets. If both Councils were required to reduce costs in isolation, the scale of the reductions would be significant and discretionary services which our public enjoy such as leisure centres, CCTV, toilets, parks, and open spaces would be most affected. We are not allowed to cease statutory services such as planning, environmental health and licensing;

3. Expand partnership working to work with other partner Councils

There are tangible links which already exist between the communities of Stratford-on-Avon and Warwick. If at this stage other partners were approached, such strong links would not exist. It is already challenging in operating across two local authority areas. Whilst there may be more opportunities to deliver savings, the proposal would become more complex and would involve greater risk of failure;

4. Continue to expand sharing services between Stratford-on-Avon and Warwick District Council, but do not merge politically

As explained under option 1, this approach has already started and we already have a joint Management Team. Under this option though, all services and teams from across the two Councils will come together. It is anticipated that over the next three years there will be a need to save significant costs and the approach will also increase resilience. However, this option falls short of creating a merged authority and would result in both Councils remaining with two sets of accounts, two auditors and two sets of Councillors who will have all of their own committee meetings to service. Whilst this approach will make significant financial savings, it will still leave considerable duplication of functions across the two Councils;

5. Create a new single District Council for South Warwickshire (Preferred Option)

Under this option both Councils would be abolished and a new District Council covering the whole of South Warwickshire established covering the area. There would be one set of Councillors who would set the vision and direction for the newly formed Council. This is an option that we can directly ask the Government to consider at this stage, as it only relates to both Stratford-on-Avon and Warwick District Councils. It is not considered as full “Local Government Reorganisation” which would require an invitation from Central Government;

6. Create a Unitary Council for South Warwickshire

This option would involve abolishing Stratford-on-Avon and Warwick District Councils, and transferring County Council responsibilities to this area. This approach would create a new unitary council which would be responsible for the delivery all services. This approach would be considered as formal “Local Government Reorganisation”. This approach is not being considered at this stage as Central Government is responsible for launching this type of review. It would also not be possible to consider this approach for South Warwickshire in isolation, as it would have significant implications for the rest of the county area of Warwickshire. Earlier reports have identified that this option may provide greater savings and it is possible that this approach may be considered in the future;

7. Create a Unitary Council for South Warwickshire and join the WMCA

This option is fundamentally the same as option 6, and if formed then seek full membership of the West Midlands Combined Authority (WMCA). The WMCA was formed in 2016 and includes the whole of Warwickshire. However, neither the districts or county council are full members. The WMCA has key roles in relation to transport projects, building new homes, the economy and further education. This approach may be desirable in the longer term, but again would not be deliverable without wider “Local Government Reorganisation”;

8. Create a Unitary Council for the whole of Warwickshire

In essence this option is the same as option 6. However, instead of creating a unitary authority for South Warwickshire, one is formed for the whole of the County Council area of around 600,000 residents. There would be issues involving differing levels of Council Tax across the County that would need to be resolved under this option and there is a risk that the organisation would feel too remote from residents. As with options 6 & 7, this approach would require “Local Government Reorganisation” and, therefore, we would have to wait for an invitation from Government in order to progress this option;

9. Create a Unitary Council for the whole of Warwickshire and join the WMCA

This approach is the same as option 8. However, if and when formed again seeks full membership of the West Midlands Combined Authority, the merits of which are discussed in option 7. However, this approach is discounted at this stage as it would also require wider “Local Government Review”;in option 7. However, this approach is discounted at this stage as it would also require wider “Local Government Review”;

10. Set up Private Sector Company to deliver all local services on behalf of Stratford-on-Avon and Warwick District Councils

This option would involve the coming together of teams across the two district authorities which would then lead to the establishment of a private sector company into which staff would be transferred. This approach has been used across the country when looking at specific service areas such as Housing Companies and has also been used in Waste Partnerships. However, it has not been used for all Council services. There are concerns that such an approach has not been tested to the full and also could commercialise the approach to residents and businesses creating a gap in local democracy. This approach has also, therefore, been discounted at this stage.

In considering each of these options we looked at the impact of each possible solution across a range of criteria that the Government uses when considering changes in local council structures:

- Impact on local public services
- Cost savings
- Value for money
- Stronger and more accountable local leadership
- Medium/long term sustainability of services



Proposed Preferred Option

It is not viable to stay as we are as this puts services at risk and does not help us reduce our medium to long term financial pressures. Of the options that have been considered the one that gave the highest benefits and is in the control of the two Councils is to consider a full merger, to create a South Warwickshire Council (Option 5).

We seek your views on our preferred option for a full merger of the two authorities – creating a single legal entity and leading to the scenario of a single unified workforce.

It has not yet been decided if the Councils should ask Government to agree on the merger and how any future resulting restructuring would be organised. Any subsequent substantive changes would be subject to future consultation.

Facts and Figures

The Councils believe that there are a number of savings that a full merger would deliver which will be used to meet our funding shortfall and hopefully prevent the need to reduce service provision.

In other areas such as East and West Suffolk that have gone through recent mergers (2019), there have been savings achieved through reductions in the number of Councillors, reducing offices and public buildings, reducing the cost of managing the finances, and having a single set of priorities across a wider area. In relation to the number of Councillors for instance, when East Suffolk Council was formed in 2019, the number across that area reduced from a total of 90 to 55.

To help support the consideration of the option to merge Stratford-on-Avon and Warwick, Deloitte were commissioned earlier this year to identify what benefits could reasonably be achieved through such an approach. The full report can be found on the dedicated consultation website www.southwarwickshire.org.uk. However, the main findings were as follows:

- Annual efficiencies in excess of £4.5m per year (to support the shortfall) could be expected by bringing the two Councils together. These savings could be achieved by
 - » Reducing areas of duplication and crossover between the two Councils, creating economies of scale
 - » Jointly commissioning contracts, resulting in economies of scale
 - » Rationalising property floor space based on removing duplication and the increased desire to work from home as a result of the COVID pandemic
- The report also stated *“a full merger provides a greater likelihood of more savings being achieved from service optimisation. It creates a greater cultural shift by creating one organisation, removing some of the politics around identifying who benefits from savings under a shared service arrangement. The vision for the future can be simpler and more joined up, allowing greater delivery of savings”*

- It would be expected that the number of Councillors would reduce from the current 80 across Stratford-on-Avon and Warwick. There is a process that has to be followed to confirm what that figure will be and we will know this exact number at a later date.
- There were a number of non-financial benefits which were identified including:
 - » The South Warwickshire area as a whole would better reflect the local economy
 - » In representing a larger area with an increased population a South Warwickshire Council would have a stronger voice to represent communities both regionally and nationally
 - » More consistent approach across the area, especially in areas such as planning.

The impacts of our preferred option

As well as the financial benefits, there are other areas where it is thought bringing the two Councils together will benefit residents and businesses:

- It would provide a consistent political position across a larger but still local area, with a single set of priorities. We have already followed this approach in developing our new joint refuse and recycling service, developing a new joint Local Plan for South Warwickshire and tackling the climate emergency locally through a joint Climate Emergency Action programme
- By working together we are already transforming the way in which we are delivering services. An example of this is the new joint refuse and recycling service across the two Districts where we expect to start collecting food waste as an enhancement. It is expected that in such ways we will be able to better serve our residents, businesses and communities
- A new South Warwickshire District Council would have a louder voice with regional partners on themes such as the economy, education, and highways issues
- A consistent approach over a larger but still local area would be easier for businesses. This would be important in areas such as planning, building control, licensing and environmental health
- A new council would have increased strength and resilience. The new Council would have a larger pool of staff than either Stratford-on-Avon or Warwick in isolation which in turn would ensure that it could better respond to challenges such as the recent COVID pandemic
- There could also be benefits for staff who, through working for a larger council, would have more opportunities for development and progression. However, it is recognised there will be an unsettling period for staff as we move forward.
- Improved working in existing South Warwickshire Partnerships, for example, on community safety and on health and well-being
- The ambition would be to strengthen local government and transform the way in which we operate to better meet the needs of our residents

- Without the efficiencies that are expected to be delivered there would be significant risk to the affordability of services which are valued by the public such as leisure, public toilets, CCTV, parks and open spaces.

In considering the benefits of a full merger, there are also some **CHALLENGES** which would need to be considered to ensure high quality provision of all services:

- It is expected that there would be fewer District Councillors than at present. Currently there are 36 Councillors at Stratford-on-Avon and 44 at Warwick, a total of 80 across the area. The assumption at this stage based on similar examples across the country would see this number reduce. There is a process that has to be followed to confirm what that figure will be and we will know this exact number at a later date. In making such a reduction we would, therefore, have to ensure that residents do not have any problems in contacting them, when needed;
- A larger council could be seen as being more remote to our communities. Both Councils currently have strong links with our Town and Parish Councils. It would be important to further build on these links;
- A careful balance would need to be struck to ensure that there would not be any diseconomies of scale, i.e., to avoid the Council becoming so large that it needed extra tiers of management or additional Committee meetings;
- The plan would be to ensure that there is a consistent level of service provided to residents across the whole of the South Warwickshire area. This would mean in time there would be some changes to specific services. An issue that would also need to be addressed relates to Council tax where there is a difference of around £27 per year between the rates that the two Councils charge (at band D). From other examples, especially in Suffolk, there was a period of up to 7 years in which to bring these charges into line following the merger.
- The process of full merger would be complex and could involve a level of disruption before the full benefits could be achieved.



Consultation timeline and methods of how you can make your views known

We ask you to complete the questionnaire which is available on the dedicated consultation website www.southwarwickshire.org.uk by **Sunday 24 October**. Please go to this website to view other supporting documentation on the proposals. Questionnaires for completion on paper, as well as in different languages and formats can be requested by emailing: swconsultation@stratford-dc.gov.uk or calling Stratford-on-Avon District Council **01789 267575**. The paper questionnaires are returned using a FREEPOST address.

Statement on Equalities

An initial equality impact assessment has been produced and is published on the dedicated website. It will be updated by your feedback and equalities impacts will be considered during the decision-making process.

Who do we want to hear from?

We are particularly interested in hearing from the people who live, work or study in the area, as well as local businesses and community groups. We invite views from all impacted stakeholders including council staff, parish/town Councils and elected members.

Next steps and decision making after the consultation has ended

The Councils have appointed Opinion Research Services (ORS), an independent social research company, to manage the consultation and objectively report the outcomes.

The findings from the consultation will be considered, along with any other evidence, at a meeting of the Councils on Monday 13 December, 2021. A decision will be taken as to whether they want to formally ask government to allow the Councils to merge. There is no guarantee that government would support any such a merger, and it is likely to take a year for them to reach a decision.

Thank you for taking the time to consider this issue and we look forward to hearing your views.



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