

GENERAL PURPOSES COMMITTEE AGENDA



Wednesday 26th October, 2005

at 2:00 p.m.

in Committee Room 'C'

MEMBERS: GENERAL PURPOSES COMMITTEE:

Councillors Belcher, Flintoff, Hall, Henery, J Marshall, Shaw, Wallace, Wistow, Young.

1. **APOLOGIES FOR ABSENCE**
2. **TO RECEIVE ANY DECLARATIONS OF INTEREST BY MEMBERS**
3. **MINUTES**
 - 3.1 To confirm the minutes of the meeting held on 17th August, 2005 (attached)
4. **ITEMS FOR DISCUSSION**
 - 4.1 Periodic Electoral Reviews – Consultation Paper – *Chief Solicitor*
5. **ITEMS FOR DECISION**
 - 5.1 2004/2005 Statement of Accounts – Completion Of Audit Review – *Chief Financial Officer*
6. **ANY OTHER ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT**

7. LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

CONFIDENTIAL ITEMS

Under Section 100(A)(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information as defined in the paragraphs referred to below of Part 1 of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) Act 1985

8. ITEMS REQUIRING DECISION

8.1 None

9. ANY OTHER CONFIDENTIAL ITEMS WHICH THE CHAIRMAN CONSIDERS ARE URGENT

9.1 None

GENERAL PURPOSES COMMITTEE

MINUTES AND DECISION RECORD

17th August 2005

Present:

Councillor: D Young (In the Chair)

Councillors: Flintoff, Hall, Henery and Wistow,

Councillors Cambridge and Griffin were also in attendance as substitutes for Councillors J Marshall and Shaw respectively.

Council S Fortune, Finance Portfolio Holder, was also in attendance at the invitation of the Chairman.

Officers: M Ward, Chief Financial Officer
Sandra Shears, Chief Accountant
Pat Watson, Democratic Services Officer

11. Apologies for Absence

Apologies for absence were submitted on behalf of The Mayor and Councillors J Marshall, J Shaw and S Wallace.

12. Declarations of interest by members

There were no declarations of interest.

13. Confirmation of the minutes of the meeting held on 20th July 2004

Confirmed subject to the following agreed additions/amendments:

On page 3 in (i) in the final sentence following the dash, it should read "it was considered that full and accurate information had not been given to the Council". Also on page 3 at the bottom under The Collection Fund - the minutes indicate that "Reference was madeetc". Members asked for the minutes to indicate that they were told that Officers consistently under-estimated the surplus on the collection fund. On the year 2004/05 it had been £300,000.

14. **Issues arising from the approval of 2004/05 Statement of Accounts** *(Chief Financial Officer)*

The Chairman expressed his disappointment that the Mayor had been unable to attend and advised that Councillor Fortune, the Finance Portfolio Holder, was in attendance to answer questions and give responses where appropriate. The Portfolio Holder circulated a Timing of Events schedule indicating the dates (from March 2004 to June 2005) and reports that had been presented to Executive, Scrutiny and Council meetings.

Purpose of report

To address the issues arising from the approval of the 2004/05 Statement of Accounts at the meeting of General Purposes Committee held on 20th July 2005.

Issue(s) considered by the Committee

The report of the Chief Financial Officer detailed the issues raised by Members at the meeting on 20th July, 2005, and gave responses, as follows:

Committee Observation/Question

The extent of Member involvement in making choices – the Committee had asked for a report on Member involvement in spending the underspend. Discussion had also resulted in concerns being expressed in the way the Council had been informed in relation to the financial position.

Response

The report indicated that detailed procedures for managing the approved budget were set out in the Constitution. In accordance with the procedures, specific limits are set on the value of budget changes (known as virements) which can be made by various bodies, including those decisions which must be referred to Full Council, as follows:

Virement

Steps taken by committees or individuals discharging executive functions to implement Council policy shall not exceed those budgets allocated to each budget head. However, such bodies or individuals should be entitled to vire across budget heads on the following basis:

- Revenue Budget – up to £80,000 of a budget head or 5%, whichever is the lesser.
- Capital Budget – up to £5,000 for schemes up to £50,000 and for schemes over £50,000, up to 10% or £50,000, whichever is the lesser.

- Use of contingencies by the Cabinet – no more than £10,000 per budget head per annum to a maximum of £100,000 per annum.

Beyond these limits any virement across budget heads shall require the approval of Full Council.

The Committee were advised that the Constitution also details the procedures to be followed for preparing and approving the annual Budget and Policy Framework proposals.

The Chief Financial Officer indicated that, as indicated at the last meeting, the components of the 2004/2005 “surplus” of £6.372m had been approved in accordance with the above requirements. This process had commenced with the development of the draft Budget and Policy Framework proposals before Christmas, 2004. These proposals had been brought together in the final Budget and Policy Framework 2005/2006 report submitted to Council on 17th February, 2005 and the final Outturn Strategy report submitted to Council on 23rd June, 2005. Further details of when the main components of the 2004/2005 “surplus” had been reported were set out in the report, as follows:

i) Underspend on Corporate Costs

Details of the initial forecast underspend on corporate costs were reported by Cabinet to Council on 16th December, 2004, together with proposals for the commitments to be funded from these resources. These forecasts were updated as the budget process for 2005/2006 progressed. Final details of the forecast outturns were included in the Budget and Policy Framework proposals for 2005/2006, which were submitted to Council on 17th February, 2005.

Following the end of the 2004/2005 financial year details of the final outturns were completed and reported to Council on 23rd June, 2005. This report advised Members of changes which had occurred since February.

ii) Income from Sale of former Council Houses

As detailed in the report to the last meeting this income will be received over a number of years, although the timing is uncertain. Proposals for using these resources were set out in the draft Budget and Policy Framework proposals for 2005/2006 referred by Cabinet for formal Scrutiny before Christmas, 2004. These proposals were then included in the final 2005/2006 Budget and Policy Framework proposals referred to Council on 17th February, 2005, which included the following specific recommendation.

“3.5 (a) (ii) – Approve the establishment of a RTB income from the sale of former Council Houses reserves and the release of £1m per annum from 2005/2006 to support the revenue budget.”

The above reports had not advised Members of the forecast level of income to be received from the sale of former Council Houses in 2004/2005, as this had been uncertain. The report had therefore concentrated on informing Members of the overall level of income that would be receivable and the development of a strategy for using these monies. This was the appropriate strategic action at that stage of the budget process.

lii) Contribution from HRA (Housing Revenue Account) Reserves

A detailed review of reserves had also been included in the final 2005/2006 Budget and Policy Framework proposals referred to Council on 17th February, 2005. As reported to the last meeting, this strategy identified that following the successful Housing transfer the Council was no longer required to maintain an HRA reserve. Therefore, £1m of the resources had been earmarked as a Stock Transfer Warranties reserves and £0.69m transferred to the Fundamental Budget Review Reserve (FBR Reserve). The FBR Reserve was earmarked to support the budget at the rate of £1m per annum for four years commencing 2005/2006. This was in addition to the support provided from the income from the sale of former Council Houses.

Committee Observation/Question

The level at which the Council Tax had been set – The Committee had indicated that if Members had known the correct budgetary position, the Council Tax would not have been set at the level which had been agreed by Council – it was the view of Members that a decision would have been made to give the surplus back to residents of Hartlepool in terms of a lower Council Tax level. It was suggested that the Finance Portfolio Holder could not have been aware of the situation or he would not have voted for the higher Council Tax. It was concluded that Members of the Council had not been given full and up to date financial information when the budget had been set. It had appeared that the financial position was much worse than it actually was.

Response

Members were advised that, as indicated at the last meeting and in the comments above, a significant element of the 2004/2005 “surplus” was committed to supporting the Council’s budget over the next three years. These resources supplement the monies released from the Balance Sheet review and provide temporary support for the budget of around £2m per annum for the next three years. This temporary support enabled the increase in Council Tax to be limited to 4.9% for 2005/06. If these resources had not been available the 2005/06 budget would need to have been balanced by either:

- increasing Council Tax by 11.9%;

- implementing cuts of £2.1m;
- or a combination of a Council Tax increase greater than 4.9% and cuts in services.

The earlier receipt of income from the sale of Council Houses could in theory have been used to reduce the Council Tax increase for 2005/2006. But, this would have permanently reduced the Authority's Council Tax base income. This would therefore have made future years budgets more difficult and would require either higher Council Tax increase's in future years, or greater cuts. Adopting such a strategy would also significantly increase the risk of capping in future years. Therefore, Cabinet had determined to adopt a medium term strategy for the use of balances and the level of Council Tax increase for 2005/2006.

Committee Observation/Question

Members had requested details of the value of debt written off in 2004/2005.

Response

Details of the debt written off in 2004/2005 were set out below.

Category of Debt	Value of debt written off in 2004/2005 £'000
Sundry Debt (Note 1)	67
Council Tax (Note 2)	173
Business Rates (Note 3)	230

Notes

1) Sundry Debt had been written off against the General Fund Bad Debt provision. The Sundry Debt Bad Debt provision had been reviewed at 31st March, 2005 and no additional contributions to this provision had been required.

2) Council Tax had been written off against the Collection Fund Bad Debt provision. This provision was also reviewed at 31st March, 2005 and had been reduced by £85,000 owing to improved collective performance. The amount written off equated to 0.6% of the net collectable debt, which was the average for all authorities identified in CIPFA's Benchmarking Club.

3) Business Rates are written off against the National Non-Domestic Rates Pool, therefore these write off did not have a direct financial impact on the Council. However, the Council still has a responsibility to actively pursue these debts and takes appropriate action to maximise collection

rates. Collection rates for Business Rates were above 99% and this placed the Council in the top quartile for recovery of Business Rates.

Committee Observation/Question

Details of Council Tax levels of new build houses compared to those applicable to houses that were being demolished had been requested.

Response

The houses being demolished are generally in Council Tax Band A and new builds are in Bands C and above. The change in the make-up of the Council Tax base had a beneficial impact on the Council's financial position. For 2005/2006 this change increased the Council's income by £0.32m. This income had been reflected in the 2005/2006 budget proposals.

Committee Observation/Question

Details of the amount paid to employees, which is funded from Council Tax had been requested.

Response

The report indicated that, as advised at the last meeting, the funding arrangements for the Council's gross expenditure are extremely complex. For 2004/2005 the gross budget had been £189,184m, which had been funded as follows:

	<u>£'m</u>	
Income from specific grants/fees and charges	74,064	39%
Revenue Support Grant and NNDR	84,418	45%
Council Tax and Collection Fund Surplus	<u>30,702</u>	<u>16%</u>
	<u>189,184</u>	<u>100%</u>

In view of this complexity the detailed arrangements for preparing and managing budgets are designed to ensure compliance with the accounting requirements of various grant regimes and to ensure total expenditure is managed effectively. Details of the specific value of employee costs funded from Council Tax are not needed to achieve these objectives. Therefore, it was not possible to provide this information without undertaking a specific detailed exercise. In view of the existing staffing shortfalls within the Accountancy Section and other priorities the Chief Financial Officer suggested that this should not be undertaken.

During and at the end of the presentation of the report, as detailed above, pauses for questions and/or discussion occurred. Below are some of the comments/questions and responses:

- Issues of concern/question had been (1) the role of Members in determining whether the Council had an underspend and (2) the decision about how the underspend is used would be more helpful if Members were given options, ie more available for Scrutiny etc. Members asked how do we get to a position of options for members to decide. The Portfolio Holder responded in relation to Rossmere Pool and the Chief Financial Officer advised that Officers work to the Constitution on any underspends and virement rules identify the extent of the authority given to Cabinet under the legislation and the Constitution. Where virement rules are exceeded Council's approval is required and has been obtained in all necessary cases. The Chief Financial Officer indicated that the chronological Schedule provided explained the process undertaken.
- A Member asked, in chronology when did Council (1) Receive Audit letter and (2) receive the report you subsequently drew up?. The CFO replied to (1) the Audit Letter is normally circulated in late Autumn before Christmas 2004 - it had been through Scrutiny first, and in reply to (2) December 04 - Cabinet considered the reserves then in January 2005 Scrutiny and in February Council.
- The Portfolio Holder read out Audit's comments which commented that the Council should adopt a strategy for the use of its high level of Balances.
- A Member commented that in relation to Reserves, Council had been told recently by the Chief Executive that we have healthy balances - he asked why this was not said a year ago. The CFO advised that we have constantly said we have healthy balances. Our problem has always been a shortage of a sustained flow of resources and the ability to fund the current level of services on a sustained basis. The balance sheet has strengthened over the past 5 years significantly through fortuitous events which will not recur eg Stock Transfer. The Council had increasingly adopted a strategy of using reserves to underpin the Revenue budget on a medium term basis from 2004/5 three year strategy (prior to the District Auditor letter) and in relation to the 2005/6 three year strategy had increased that useage of reserves up to £2m per annum for each of the year years through to March 2008 following the anticipated strengthening in the balance sheet which was formally reported in the Accounts for 2004/5. This committted some £6.7m of balances.

- Had Council chosen to use all the money in one rather than phase over 3 years was also discussed and the CFO circulated a graph which illustrated the impact of higher useage of balances on future service levels through the perverse operation of the capping rules which resulted in a significantly reduced permanent ability to provide services. If the Council was in a position of no capping rules then say the Council could consider a reduction. The CFO illustrated that if Council Tax levels were £1000 and a 20% reduction to £800 was implemented then the following year to regain the income base a 25% increase would be required. A capping environment does operate and the level for 2005/6 had been 5% in this circumstance To use all balances in one go would give the Council no choice but to permanently cut services to reduce budget as maximum increase allowed would be 5%. Executive did not wish to consider that option because destroys the Council's ability to deliver services in the long term.
- Cllr Fortune considered this to be wize strategy. He went on to express a personal view on impact of electoral situation in Hartlepool and the benefits of stability .
- Members accepted the explanation given by the Portfolio Holder and CFO but commented that the issue was the extent of information Members had been given and at what stage, ie Members said the briefing given recently to Labour Group was not given last year and Members had no recollection of being told there were reserves of £25M or £35M during that process. The CFO said, in practice at the end of 05 we have £35M in reserves - We cannot spend it all as much is reserved for existing commitments, indeed a significant proportion related to Schools Balances and is in remit of schools. He indicated that briefing arrangements have been in place for a number of years, there is a formal and an informal process; normally with two briefings to each of the political groups, one in Autumn then usually one in December/January when the Settlement Figure is known. Members Seminars are also arranged.
- The Chairman commented that the problem that seems to have come to the forefront is how and when information is presented - he said we feel we are not getting the basic information as and when it is available. The Portfolio Holder asked if Members felt the information was presented on too high a professional level. The Chairman agreed that he felt it had to come down a level. The CFO reminded Members that consultation with Neighbourhood Forums takes place and Officers try to tailor information to suit. Through the work of the Scrutiny Committee much more information is being reported to members and the format was being addressed to put reports in clearer terms.
- Discussion took place in relation to public relations / press articles and it was accepted that articles are sensationalised to sell newspapers.
- The new arrangements of cross-party "Sounding Boards" would help get wider understanding and act as conduit to others.
- Discussion took place on staffing costs. The CFO indicated that they are controlled through departmental budgets and reported through the

Budget Monitoring Process.

- A Member commented that he wondered whether there is a role for this Committee to look at asking the Constitution Committee and Scrutiny
- Co-ordinating Committee whether they are adequately resourced to carry out the responsibilities put to them. He said this question had been dismissed last year by the Mayor.
- The Chairman closed by commenting that he felt the Committee had done their job, so far as the Audit Commission is concerned. We did agree the Accounts but we wanted some further answers and the CFO and Portfolio Holder have given them.

Decision

- (a) That the responses be noted.
- (b) That the further comments of the Committee be noted by the Portfolio Holder and Chief Financial Officer.

D YOUNG

CHAIRMAN

GENERAL PURPOSES COMMITTEE

26th October 2005



Report of: Chief Solicitor

Subject: PERIODIC ELECTORAL REVIEWS -
CONSULTATION PAPER

1. PURPOSE OF REPORT

To seek members views on the Council's response to the Electoral Commission consultation paper - "Periodic Electoral Reviews"

2. BACKGROUND

2.1 The consultation paper has been issued with responses to be submitted by 25th November 2005

2.2 The purpose of the paper is, in the light of the outcome of the latest round of reviews of electoral arrangements (such as took place in Hartlepool in 2003/4), to examine the way in which the Electoral Commission interprets the law, how its approach might be improved and what it might do to enhance the way in which it works with people interested in the outcome of a review.

2.3 In particular, the commission is interested to hear views on-

- how the statutory criteria for electoral reviews have been applied and how they might be improved
- possible improvements to the review processes with particular reference to the relevant evidence, and
- issues surrounding the timing and scheduling of reviews.

2.4 Appendix 1 is a compendium of the questions specifically posed in the consultation paper which itself follows as Appendix 2.

3. FINANCIAL IMPLICATIONS

None

4. RECOMMENDATIONS

That members express their views on the issues raised in the consultation paper

Periodic Electoral Reviews - Consultation Paper
Questions Posed

Q1 Are the three criteria: 1. having regard to identities and interests of communities, 2. effective and convenient local government, and 3. having a duty to achieve equality of representation, the most appropriate factors for determining electoral boundaries?

- Should all of the criteria be given equal weight?
- Is it appropriate to start, as the Commission does, with electoral equality or should there be a different approach?
- If a greater weight were given to community identity, would a higher level of electoral inequality be acceptable?

Q2 What evidence can the Commission use to understand community identity?

- Can community identity be recognised through the location of public facilities to identify the cores of communities?
- Should the Commission adopt this approach in its consideration of community identity?
- If it did, are there other public facilities that could be used and easily provided as evidence?

Q3 How far is it reasonable for the Commission to depart from electoral equality in reaching its decisions?

- Should this figure be higher or lower than the measure used of no more than 10% greater or lesser than the average number of electors per councillor for the whole area?
- Should the figure vary between different areas?

Q4 What evidence can the Commission use to indicate effective and convenient local government?

- How far do you agree with how we interpret effective and convenient local government for the purpose of defining electoral areas?
- Are there benefits in seeking a high degree of matching between boundaries (co-terminosity), especially in two-tier areas?
- Should the Commission set such a target for co-terminosity?
- Should the Commission set such a target for parish boundaries in district wards?

Q5 Are the criteria the Commission uses to decide when to undertake FERs – 30% of wards with a variance in excess of 10%, or one ward with a variance of over 30% – appropriate?

- Should the Commission invite requests from councils for a FER?
- What justification should the Commission require for reviews undertaken on grounds other than electoral equality?

Q6 Should the Commission make plans for another programme of PERs?

- What approach should the Commission take to the timing of another PER and the scheduling of reviews within it?
- What factors should be taken into account when scheduling reviews?

Q7 Should the Commission aim to review two-tier areas – districts and counties – simultaneously or overlap the county review with that of the districts?

Q8 Should the Commission maintain its current approach to determine council size or give more specific guidance, such as a formula or banding scheme, linked to councils' electorate size and functions?

- What evidence should be expected from respondents to argue the case for council size?
- Would comparative information, such as indicators of the broad council size norms linked to electorate size, provide councils as well as the Commission with some guidance in considering proposals?

Q9 Should the Commission continue to expect all local authorities to provide five-year electorate forecasts?

- Can the Commission support local authorities to provide better electorate forecasts with some guidance? If so, what form should any guidance take?

Q10 Should the Commission be prescriptive about the number of councillors per ward or division throughout an area, such as having one councillor per ward or division?

- Should the number of councillors for wards in metropolitan districts be as flexible as in other areas and should the Commission seek to change the legislation?
- Should the Commission continue to set a maximum of three councillors for all electoral areas?

Q11 Should the Commission make any changes to the length and nature of the stages of a PER?

- Would there be value in considering council size ahead of Stage One?

Q12 What can the Commission do to make people more aware of, and get involved in, electoral reviews and the proposals being made?

- Would more proactive local publicity stimulate more interest at appropriate stages and more informed responses?

Q13 Should the name of a ward be open to change without the need for a review by The Boundary Committee for England?

Q14 Are there any other changes that the Commission could make to enhance the process for conducting electoral reviews?

Periodic electoral reviews

Consultation paper

2 September 2005



Translations and other formats

For information on obtaining this publication in another language or in a large-print or Braille version please contact The Electoral Commission:

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Email: publications@electoralcommission.org.uk

We are an independent body that was set up by the UK Parliament. Our mission is to foster public confidence and participation by promoting integrity, involvement and effectiveness in the democratic process.

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Foreword

Electoral reviews may have significant implications. They can, and do, affect the level of representation voters have in an area, the number of councillors on a local authority, the size of wards, the boundaries drawn between them and the communities who make up an electoral area, as well as the administration of all elections.

Electoral reviews of all local authorities are not expected to happen very often. For most councils, it has been 20–25 years between the previous electoral review and the latest one. In that time there has been a significant worsening in electoral equality.

The latest review of all local authorities was completed last year. While this is fresh in people's minds, The Electoral Commission is examining how it interprets the law, how its approach might be improved and what it might do to enhance the way it works with people interested in the outcome. It is possible that the review might lead the Commission to recommend changes to the current legislation.

The Commission is also keen to ensure that its approach to electoral reviews can, as far as it is possible within the law, encourage participation and engagement in democracy.

We urge you to respond to this consultation paper. We value your opinion.

The consultation paper addresses a wide range of electoral review issues. In particular, we are keen to hear your views on:

- how the statutory criteria for electoral reviews – community identity, electoral equality, and effective and convenient local government – have been applied and if they can be improved;
- possible changes to the review processes, including the evidence taken into consideration by the Commission; and
- issues surrounding the timing and scheduling of reviews.

The Commission would appreciate any comments on these and the other issues discussed in the consultation paper. Please feel free to respond to some or all of the questions.

Sam Younger
Chairman of The
Electoral Commission

Pamela Gordon
Chair of The Boundary
Committee for England

1 Introduction

- 1.1 The Electoral Commission is an independent public body, established on 30 November 2000 under the Political Parties, Elections and Referendums Act 2000 (PPERA). Its functions include the review of electoral arrangements of local authorities in England, taking decisions on these and making orders to implement changes.
- 1.2 The Boundary Committee for England is a statutory committee of the Commission and undertakes the reviews of electoral arrangements. Under the Local Government Act 1992, it is required to review periodically the electoral arrangements of every local authority in England. These are generally described as periodic electoral reviews (PERs).
- 1.3 An eight-year programme of PERs concluded in October 2004, with the completion of 386 electoral reviews – 35 county councils and 351 district councils. The Boundary Committee for England has begun to monitor the electoral inequalities that have arisen in those local authorities where reviews began between 1996 and 2000. Where significant imbalances have arisen and are likely to remain, the Commission has directed the Committee to undertake further electoral reviews (FERs).

Why are we conducting this consultation?

- 1.4 With the end of the PER programme, the Commission has begun a comprehensive evaluation of the policies and processes used to guide PERs in England, taking stock of the lessons it has learnt from undertaking the PER programme. The evaluation includes:
 - examining how the statutory criteria and rules have been applied;
 - considering the approach taken by the Commission and the Committee on such matters as numbers of councillors, consultation with interested parties in PERs, timetabling reviews and warding;
 - considering when PERs should take place and how frequently;
 - considering the evidence required to support proposals and decisions;
 - commissioning some research and analysis to inform the Commission's examination; and
 - seeking the views of a wide range of stakeholders between September and November 2005. This consultation paper is part of that process.
- 1.5 The Commission intends to:
 - develop fresh guidance to The Boundary Committee for England on the way such reviews should be carried out; and
 - consider whether or not any changes to the law ought to be recommended to the Government.

Who is this consultation paper aimed at?

- 1.6 This consultation paper will be of interest to all voters and community groups with an interest in democratic arrangements in their area; elected representatives in local authorities and parish and town councils; political parties; and staff administering elections.
- 1.7 PERs can affect the number of councillors in a local authority, the level of representation people have (the number of electors per councillor) and the number of councillors representing each electoral area, as well as the boundaries of electoral areas and the names of electoral areas. The boundaries for district council wards can in turn be used as the building blocks for Parliamentary constituencies.
- 1.8 The process for conducting PERs requires cooperation from local authorities (to provide information and publicise reviews, for example); proposals for dividing up a district into electoral areas to be made by any interested parties for consideration by The Boundary Committee for England; and evidence from interested parties to support their proposals.

How to respond

Please send your responses to this consultation paper by **Friday 25 November 2005** to:

The Electoral Commission
Attention: PER evaluation
Planning and Development Team
Trevelyan House
Great Peter Street
London SW1P 2HW

Telephone: 020 7271 0500
Fax: 020 7271 0505
Email: perevaluation@electoralcommission.org.uk

Responses can also be submitted via the Commission's website:
www.electoralcommission.org.uk/your-say/ecconsultations.cfm

2 Background

The periodic electoral reviews (PER) programme

- 2.1 The programme of PERs started in 1996. For most local authorities whose boundaries had not changed significantly, this was their first electoral review in over 20 years. During the eight-year programme nearly 400 separate reviews were completed.
- 2.2 Broadly, as a consequence of the electoral reviews:
- Electoral inequalities within local authorities were reduced significantly. In around one-third of local authorities, the variance in electoral equality¹ has been reduced to no more than 5%. No local authorities had this level of equality before the PER programme. Overall, the variance has fallen by nine percentage points.
 - The proportion of two and three councillor electoral areas increased from 54% to over 60%. Consequently, the average electorate of wards and divisions has risen, though there continues to be a mix of wards with one, two and three councillors in shire districts, and most county electoral areas have one councillor (89%).
 - There has been little overall change to the number of councillors on councils. Following an electoral review, around 125 councils had no change and a similar number changed by only one or two councillors. Over 70 councils had reductions of three or more, while 30 local authorities had increases of three or more.

Further electoral reviews (FERs)

- 2.3 Further electoral reviews are ad-hoc or interim reviews that take place outside of a regular programme of electoral reviews. The PER programme was completed in October 2004. Since June 2004, The Electoral Commission has directed that 22 FERs be undertaken. To date these directions have been for reviews in areas with unacceptably high levels of electoral inequality. That is, where levels of representation have worsened significantly since the PER.

The statutory framework for PERs

- 2.4 The Commission is required to follow the legislation set out principally in the Local Government Act 1992.² Section 13(4) places a duty on the Commission to direct The Boundary Committee for England to undertake electoral reviews periodically of each local authority area in England.

¹ This is measured by a weighted ward average variance (WWAV) which is the average for all the wards of the difference from the elector-to-councillor ratio for the whole area.

² More details can be found in the Commission's current *Guidance and procedural advice to The Boundary Committee for England* on www.boundarycommittee.org.uk.

Under Section 13(5) of the 1992 Act, the Committee has to take account of:

- the need to reflect the identities and interests of local communities;
- the need to secure effective and convenient local government; and
- the need to secure equality of representation.

These criteria are in no order of priority.³

2.5 In considering electoral arrangements, Section 27(2) of the 1992 Act requires the Committee to have regard, so far as is reasonably practicable, to the rules that are set out in Schedule 11 to the Local Government Act 1972.

2.6 In broad terms, this is all taken to mean that the objective of an electoral review is to ensure that, within the local authority area, the number of electors represented by each councillor is, as nearly as is possible, the same. In moving away from electoral equality the Committee must then take into account:

- local circumstances, including the need to secure convenient and effective local government;
- the identities and interests of local communities; and
- the need to achieve easily identifiable electoral boundaries.

2.7 This is all described in more detail in the Commission's current *Guidance and procedural advice to The Boundary Committee for England*.

The Office of the Deputy Prime Minister (ODPM) Select Committee enquiry

2.8 Earlier this year, the Select Committee held an enquiry into the statutory criteria used to determine ward boundaries.⁴ It concluded that the written evidence suggested the need to secure electoral equality within local authority areas, but that 'too much weight is given to the criterion of equality of representation' and 'not enough is paid to the interests and identities of local communities'. The Committee also asked for simultaneous county and shire district reviews, in order to achieve a closer match of boundaries in these areas, and for the Commission to be given a clearer steer to the consideration of council size. Some of these proposals would require changes to the law.

2.9 As part of this consultation, the Commission is seeking views on a range of questions about the process and policies affecting electoral reviews.

³ The Committee must also take account of the cycle of elections in the area under review where the Secretary of State has made an order to specify a scheme for elections under Section 86 of the Local Government Act 2000. To date, there have been orders affecting seven local authorities.

⁴ The ODPM Select Committee's report (*HC315 Ninth report of Session 2004–5*) can be found at www.parliament.uk/parliamentary_committees/odpm.cfm.

These should allow comments on all of the issues raised in the Select Committee's report and the written evidence it took.

The Government's 10 year vision for local government

2.10 The Office of the Deputy Prime Minister (ODPM) is in the process of seeking feedback on a range of issues to shape the future role of councils and their elected representatives. The Government has indicated that a White Paper may be issued early in 2006. To date, consultation papers on local leadership and neighbourhoods have been published.⁵ These contain proposals that could have implications for the Commission's approach to electoral reviews if they were to become law.

2.11 The Government's proposals include:

- Being 'minded to accept' that whole council elections every four years, as recommended by the Commission, should be introduced for all councils in England.⁶ This would mean elections for all councillors every four years, not by halves every two years or thirds three years in four, which is the pattern in many councils at present.
- The suggestion that elected ward councillors should have a larger role in representing their neighbourhoods and querying whether or not the current workload might have to be reduced to achieve this in some places. This could have implications for the number of councillors in an area if councillors had a larger role to perform.
- The suggestion that elected ward councillors might better represent a defined geographical area if there were one councillor from each ward. This could affect the ability to recognise community ties in drawing up the boundaries of electoral areas.

2.12 The Commission will consider any developments in the Government's thinking in these areas and will take account of the implications if proposals for legislation are made. For the time being, however, the Commission can only conduct reviews on the basis of the law as it stands.

⁵ These can be found at www.odpm.gov.uk/localvision.

⁶ Refer to The Electoral Commission's report – *The cycle of local government elections in England* – www.electoralcommission.org.uk/templates/search/document.cfm/9056.

3 What issues are we seeking your views on?

The statutory criteria

Balancing the statutory criteria

- 3.1 The statutory criteria – having regard to identities and interests of communities, effective and convenient local government, and having a duty to achieve equality of representation – are not given any weighting in the 1992 Act or elsewhere. The decision in the Enfield case⁷ made it clear that electoral equality was not a simple mathematical test to be applied when the other criteria had to be considered as well. Other legal advice over the years on the interpretation of the criteria and the rules has supported the view that the Commission has to reconcile conflicting factors when considering proposals and making its recommendations.
- 3.2 It is regarded as a fundamental democratic principle in legislation on voting and the franchise that each vote has equal value. In these circumstances, it ought to be reasonable to expect there to be equality of representation across the whole of a local authority area as a first principle in electoral reviews. Of the three criteria, only electoral equality can be measured and any changes observed over time.
- 3.3 To date, the Commission has taken the view that if electoral inequalities are to be kept to a minimum in formulating electoral schemes, all interested parties should start from the standpoint of trying to achieve absolute electoral equality, then making adjustments for the other factors. In practice:
 - The Commission has generally allowed a higher degree of inequality, for example, where there is a strong case to reflect community identity, the pattern of communities, the configuration of parish boundaries and district wards, and the existence of natural physical boundaries.
 - The Commission has to take an authority-wide view. What might be a more appropriate boundary to reflect community identity in one part of an area might mean unacceptably higher or lower councillor-to-elector ratios elsewhere in the area.
 - The Commission sometimes decides to go against the weight of respondents' views, which are generally in favour of recognising community identity ahead of electoral equality, if there are reasonable alternatives on the evidence available that provide better levels of electoral equality.
- 3.4 An alternative would be to give greater emphasis to community identity. This would be easier to apply in areas where boundaries can be drawn around discrete communities. Significantly greater electoral inequalities

⁷ In *London Borough of Enfield v Local Government Boundary Commission for England* (1979) 1 A11 ER 950,953 (upheld in the House of Lords [1979] 3 A11 ER 717).

would then occur, particularly in rural areas where these would not necessarily closely match the area's councillor-to-electors ratio.

Q1 Are the three criteria: 1. having regard to identities and interests of communities, 2. effective and convenient local government, and 3. having a duty to achieve equality of representation, the most appropriate factors for determining electoral boundaries?

- Should all of the criteria be given equal weight?
- Is it appropriate to start, as the Commission does, with electoral equality or should there be a different approach?
- If a greater weight were given to community identity, would a higher level of electoral inequality be acceptable?

Community identity

3.5 The Commission looks for evidence that shows how community identity manifests itself, such as the presence of services and active community groups, and the extent of the area using them (see Box A). Some respondents have also said that the social make-up of an area, such as the electorate's housing tenure or ethnicity, is an indicator of community identity. The Commission relies on local submissions and respondents' proposals to provide information that can substantiate community ties.

Box A: Evidence of community identity supporting recommendations

In the Suffolk County Council review (Waveney district in particular), the Committee agreed to include the parish of Wisset in a division with Halesworth town and not with Bungay town, as originally proposed, on the grounds of the following community identity argumentation provided by Wisset Parish Council:

- Halesworth provided the market town for residents of Wisset;
- the primary and middle education for Wisset students is provided by schools in Halesworth;
- Wisset residents use the Waveney District Council offices (situated in Halesworth), in addition to the town's library, hospital, doctor's surgery, arts centre, sports facilities, cafes, restaurants and pubs;
- Wisset residents have links to social organisations in Halesworth, such as the British Legion, and places of worship.

In the review of Alnwick District (Rothbury area in particular), the Committee agreed to include Whitton & Tosson parish with Rothbury parish, in a rural three member Rothbury & South Rural ward, instead of a separate two member (Rothbury) and single member (Whitton) wards, on

the grounds of the following community identity argumentation provided by the district council and the Whitton & Tosson Parish Council:

- Whitton & Tosson residents used Rothbury for their local services;
- the majority of Whitton & Tosson residents live on Jubilee Crescent Estate, half of which lies in Rothbury parish;
- there are already established links between the two parish councils, as one councillor from Whitton & Tosson parish also attends the Rothbury parish council, in order to work through matters of joint interest.

3.6 In practice, the Commission generally receives conflicting information about community identity. Many respondents only make assertions that there are community ties, backed up by write-in campaigns and petitions. Indeed, community identity means different things to different people. It is not unknown for responses from different interested parties to claim very different community ties for the same area, in support of their different proposals. The challenge for the Commission is to try to reconcile these.

3.7 The Commission has sponsored research to identify possible alternative approaches, especially to see if a range of behaviours or measures of people's sense of belonging would more effectively define community ties and interests.⁸ It concluded that:

- It is difficult to generalise when wards can have anything from 700 to 6,000 electors per councillor and have one, two or three councillors.
- There is no such thing as an easily delineated community; people's behaviours that might define a community are not easily isolated and extremely difficult to collect on any large scale to be mapped.
- Data suggesting socio-economic homogeneity in any area whether based on income, household characteristics or ethnicity, is no marker of a community existing.
- The location and distribution of specific public facilities, particularly shopping centres at various scales, primary schools, health centres and places of worship can point to the cores of communities and the existence of community ties.
- The location of such facilities is objective information that is readily available, while usage to show catchment areas can be sought from respondents in evidence.
- Once identified, the Commission should ensure that it does not split the cores of communities when drawing boundaries.

⁸ Research carried out by Professor Michael Chisholm of the University of Cambridge and Professor Geoffrey Dench of the Institute of Community Studies, *Community identity: literature review and analysis for periodic electoral reviews*. This paper can be accessed at www.electoralcommission.org.uk/your-say/ecconsultation.cfm.

Q2 What evidence can the Commission use to understand community identity?

- Can community identity be recognised through the location of public facilities to identify the cores of communities?
- Should the Commission adopt this approach in its consideration of community identity?
- If it did, are there other public facilities that could be used and easily provided as evidence?

Electoral equality/equality of representation

3.8 The Boundary Committee for England aims to make recommendations that minimise electoral imbalances and that will reduce electoral inequality. To measure this, it seeks to keep the elector-to-councillor ratio for individual wards no more than 10% greater or lesser than the average for the whole council area. This is not a hard and fast rule: greater levels have been recommended where, for example, community ties would clearly be broken or where five year forecasts of the electorate indicate a reduction in imbalances in the near future.

3.9 Because there is less difficulty in achieving greater electoral equality in built-up areas with a higher density of housing and few parish boundaries, the Commission expects to achieve a higher level of electoral equality in the most urban local authorities, though it has never set a lower figure for these areas. As Tables 1 and 2 show, much better levels of equality were achieved as a result of a periodic electoral review (PER). The improvements were more significant in London boroughs and other districts with largely urban electorates than in areas where other factors, such as parish boundaries, co-terminosity⁹ and community ties had a greater influence.

⁹ Co-terminosity is a term used to describe following existing electoral or administrative boundaries when drawing boundaries, such as drawing an electoral boundary to coincide with a parish boundary or to make the boundaries of district wards and county divisions coincide.

Table 1: Variance before the PER (number of authorities)¹⁰

Weighted ward average variance	District	Metropolitan	Unitary	London borough	County	Total
0–4	0	0	0	0	0	0
5–9	20	10	15	25	0	70
10–14	89	16	21	4	21	151
15–19	71	7	3	3	11	95
20–24	34	3	2	0	2	41
25–29	12	0	2	0	1	15
30+	12	0	2	0	0	14
Total	238	36	45	32	35	386

Table 2: Variance after PER (number of authorities)

Weighted ward average variance	District	Metropolitan	Unitary	London borough	County	Total
0–4	57	22	13	28	0	120
5–9	173	14	32	4	29	252
10–14	8	0	0	0	6	14
15+	0	0	0	0	0	0
Total	238	36	45	32	35	386

Q3 How far is it reasonable for the Commission to depart from electoral equality in reaching its decisions?

- Should this figure be higher or lower than the measure used of no more than 10% greater or lesser than the average number of electors per councillor for the whole area?
- Should the figure vary between different areas?

Effective and convenient local government

3.10 For electoral reviews, the Commission has taken the view that warding has little or no effect on service delivery, the use of wards for funding allocations and statistical purposes is not relevant, and that consideration should be given to the ease of voting, the efficiency of electoral administration, the effectiveness of representation, and the workload of councillors in its proposals for council size and ward boundaries.

¹⁰ The data in this and all the other tables are drawn from reports produced for The Boundary Committee for England.

3.11 Respondents tend to interpret effective and convenient local government as access to services and suggest that warding changes could affect service delivery and resource allocations. This would be important in a review of local government organisation where administrative boundary changes could affect how people's services are delivered and their costs.

3.12 In balancing these considerations, the Commission observes the statutory rules on aligning electoral and administrative boundaries. These are to contain county divisions within district council boundaries and parish wards or un-warded parishes within a single district ward and county division. It uses parish boundaries as building blocks in areas that are parished and considers the effect of splitting and dividing parishes on the administration of elections and effective representation of electors. In two-tier areas (areas with a district and county council), it considers the effects of splitting district wards to draw boundaries for county divisions on the effective representation of electors. For these, the Commission has set a 'co-terminosity' target of 60–80% of county divisions containing only whole district wards.

3.13 In practice:

- The Commission generally seeks to avoid dividing parishes into wards if alternatives are available. However, it uses its flexibility to split parishes between district wards by creating wards or changing wards in parishes, to achieve better electoral equality or to take account of community ties.
- Because of the different councillor-to-electors ratios among districts in the same county areas, there is no simple way of matching the allocation of county councillors to each district council area to district ward boundaries. See the example in Box B below. In spite of this, the Commission has generally been able to meet its co-terminosity target in county reviews.
- There is potentially little to confuse electors at elections where district wards are split, since county and district elections will not take place simultaneously.¹¹ It is recognised that splitting can mean a parish has two or more district councillors, or a district ward councillor may have more than one county councillor to liaise with, which can add to councillors' workloads.

¹¹ Under current arrangements. Further information about electoral cycles can be found in *The cycle of local government elections in England* – www.electoralcommission.org.uk/templates/search/document.cfm/9056.

Box B: Drawing-up county divisions in Oxfordshire

With a proposed council size of 74 councillors, Oxfordshire's allocation of councillors had the following effects:

District	Number of district councillors per ward			Allocation of county councillors	Divisions created	Non-co-terminous divisions
	1	2	3			
Cherwell	12	10	6	16	12	4
Oxford	0	24	0	16	8	0
South Oxon	11	17	1	16	14	6
Vale of White Horse	11	14	4	14	12	4
West Oxon	9	14	4	12	11	5

To achieve high levels of electoral equality in Oxfordshire, each division needed to have a councillor-to-electors ratio of as near to 6,508 as possible. Oxford city contains 24 wards, which on average contained 4,328 electors. If these had to be single councillor county divisions, it would have been impossible to achieve any co-terminosity between the divisions and wards covering Oxford city, as each division would have needed to comprise a ward and a half to achieve electoral equality. With two-councillor divisions, three two-councillor wards could be combined to create divisions of approximately 12,984 to be represented by two councillors. This gave a councillor-to-electors ratio of 6,492, providing an excellent level of electoral equality and 100% co-terminosity between divisions and wards. With the same allocation and the same number of district councillors, this was not possible in South Oxfordshire because of the pattern of wards. In none of the other districts was it possible to closely match wards with the number of county councillors allocated. As a consequence, there are 19 non-co-terminous divisions and, except in Oxford city, relatively high levels of electoral inequality.

- 3.14 The benefits of co-terminosity can be short-lived if there are subsequent FERs of districts in two-tier areas or parish boundary reviews. FERs can change district ward boundaries that have been used as the building blocks for county divisions. Parish reviews can alter parish ward boundaries that may have been used as the building blocks for district wards.

Q4 What evidence can the Commission use to indicate effective and convenient local government?

- How far do you agree with how we interpret effective and

convenient local government for the purpose of defining electoral areas?

- Are there benefits in seeking a high degree of matching between boundaries (co-terminosity), especially in two-tier areas?
- Should the Commission set such a target for co-terminosity?
- Should the Commission set such a target for parish boundaries in district wards?

The timing and scheduling of reviews

3.15 PERs, such as the one between 1996 and 2004, include all local authorities in a review of all their electoral boundaries. A programme of reviews can be drawn up in advance so that councils are aware of the likely timing of the review of their area with good notice. Such a programme of reviews should not be required very frequently. In between, FERs can be undertaken where there are poor levels of electoral equality, which show no sign of improving over time.

Further electoral reviews (FERs)

3.16 At present, the decision to do a FER is triggered by significant electoral imbalances in a high proportion of electoral areas (30% of wards with a variance in excess of 10%, or one ward with a variance of over 30%). The Commission goes ahead if electorate forecasts suggest no improvement being likely and a review fits with the timing of elections. When deciding on the outcomes of a FER in two-tier areas, no account is taken of the effect of changes on the level of co-terminosity with county divisions. The Commission could seek to improve co-terminosity by subsequently doing a partial review of a county.

3.17 Continuing to undertake FERs should delay the need to undertake a PER and ensure that electoral equality is maintained within local authority areas. The Commission has been asked by councils to consider other criteria for deciding whether or not to undertake a FER, such as a wish by a local authority to change council size.

Another PER programme?

3.18 The Commission has to decide the interval between programmes of PERs of all local authorities. It recognises that reviews are resource intensive and can be disruptive, and that unless there are significant changes to electorates requiring a FER, warding arrangements ought to be in place for several cycles of elections. At present, the Commission has no immediate plans for another PER programme, but expects deteriorating levels of electoral variance to be a determining factor about the timing of such a programme, as well as the timing of Parliamentary

boundary reviews, because wards are the building blocks used to draw constituencies.¹²

- 3.19 Electoral inequality appears to increase significantly in relatively few local authorities. Before the last PER programme, the average ward variance had risen above 20% in 70 councils (18%). The change in variance since the PERs suggests that the deterioration is, on average, relatively low. In local authorities whose PER was over five years ago, three quarters have a variance within one percentage point of the variance when the PER was completed.
- 3.20 A sixth general review of Parliamentary boundaries will have to be completed sometime between 2014 and 2018.¹³ This suggests that the next PER ought to fall between the sixth and seventh reviews and that, in the meantime, the Commission should focus on FERs where acceptable levels of electoral equality have not been maintained and there is a strong case for an interim review. If the Commission were to undertake a PER before the conclusion of a sixth review, then the review would have to be started around 2008. This might be considered too soon for most local authorities.
- 3.21 If the Commission planned to repeat the PER after the sixth general review of Parliamentary boundaries, it would be undertaken around 20 years after the last PER for most councils. The PER would include all local authorities, whether or not a FER had been carried out. Alternatively, the PER could be a rolling programme over a longer period in which the earliest reviews are of areas with the worst levels of electoral equality, but at some point all the areas not reviewed are then programmed for a review. It would require the law to be changed for a rolling programme of FERs to replace the need for a PER of all councils.

Q5 Are the criteria the Commission uses to decide when to undertake FERs – 30% of wards with a variance in excess of 10%, or one ward with a variance of over 30% – appropriate?

- Should the Commission invite requests from councils for a FER?
- What justification should the Commission require for reviews undertaken on grounds other than electoral equality?

¹² Under the Political Parties, Elections and Referendums Act 2000 (PPERA), the Commission will become the body responsible for undertaking these boundary reviews in the future. Plans are being made to take on the function once the fifth general review is completed.

¹³ In England, the fifth general review should be completed by autumn 2006. With a review required every 8–12 years, the next review would have to be completed by 2018.

Q6 Should the Commission make plans for another programme of PERs?

- What approach should the Commission take to the timing of another PER and the scheduling of reviews within it?
- What factors should be taken into account when scheduling reviews?

Sequencing of reviews in a PER

3.22 The Commission has always scheduled two-tier shire district reviews to be completed before county reviews are undertaken because, as far as is practicable, the Commission is expected to take account of the boundaries of district wards in county reviews. The programming of other districts' and London boroughs' reviews was fitted around these.¹⁴ All reviews were timed, as far as possible, to reflect when the new boundaries could be implemented at an election.

3.23 There is a case for scheduling county reviews much harder on the heels of shire district reviews in the county's area, or for them to be carried out virtually concurrently. The law currently requires a county review's final recommendations to be published after the districts' reviews have been agreed by the Commission. Carrying them out concurrently would allow the same electorate forecast data to be used, for co-terminosity to be considered when drawing up district wards and for the Commission to use the knowledge of the area gained during the district review in the county review. Implementation dates, however, would vary as councils at present have different electoral cycles.

Q7 Should the Commission aim to review two-tier areas – districts and counties – simultaneously or overlap the county review with that of the districts?

Issues and information considered during a review

Council size: the number of councillors on a local authority

3.24 Council size is the starting point in any electoral review, since it determines the optimum councillor-to-electors ratio and leads to conclusions on warding patterns. Though the Commission has to determine the number of councillors on a local authority, there is

¹⁴ Also to fit around the timetable for conducting the fifth general review of Parliamentary constituencies.

nothing in the statutory framework that provides any guidance to setting council size. The current pattern, with considerable disparities in size and councillor-to-elector ratios, largely results from the sizes agreed following the reorganisations of local government in 1963 and 1974. At no time has the Government set down exact sizes for councils in England linked to the electorate or other variables.¹⁵ The Commission's predecessor, the Local Government Commission for England, established broad size bands for different types of council. In 1999, however, it withdrew these and focused on expecting respondents to explain their proposed council size in terms of their functions, population, democratic arrangements and pattern of work for councillors.

3.25 The Commission has indicated in its current guidance that it:

- has a neutral view on the need for change in any direction;
- accepts that councils have different traditions in their level and pattern of representation, and have adopted different new democratic arrangements and approaches to community engagement, so that it is appropriate to have diversity; and
- expects councils (and other respondents) to make a case for change and provide evidence in support of this as well as the status quo.

3.26 As a consequence of PERs, there has been little overall change to the number of councillors across all local authorities in England. Table 3 provides a breakdown of the changes in council size, by type of council.

Table 3: Changes in numbers of councillors on local authorities

Type of area	-5 or more	-4	-3	-2	-1	0	1	2	3	4	5 or more	Total number
District/unitary	27	8	16	17	28	94	45	29	11	6	11	292 ¹⁶
County	1	1	0	1	1	9	5	2	5	5	5	35
London borough	4	3	3	4	3	8	3	1	3	0	0	32
Met. district	3	0	7	0	0	23	0	0	3	0	0	36
Total	35	12	26	22	32	134	53	32	22	11	16	395
% of total	9	3	7	6	8	34	13	8	6	3	4	

3.27 A number of issues around council size suggest that this approach might benefit from revision. There are considerable differences between councils, which on the face of it seem to have very similar

¹⁵ Sizes were set in Scotland and Wales at the last re-organisation of local government and the Local Government Boundary Commission for Scotland established a formula for its subsequent review (see Appendix B of the *Third Statutory Review of Electoral Arrangements report for Aberdeen City Council*). For elections to new 'shadow' authorities in England in 1973, the Home Office decided that the number of councillors should be within the following ranges: counties 60–100; metropolitan districts 50–80; and other districts 30–60.

¹⁶ Includes nine directed electoral reviews, in addition to the 386 PERs.

characteristics, in the total number of councillors they have and their councillor-to-electors ratios. This is illustrated in Table 4 and Box C. As a consequence voters in many council areas have very different levels of representation to those in their neighbouring councils. It also means that the Commission is very dependent on the quality of the evidence put forward in submissions. Most respondents find it very difficult to support their case, either for the status quo or for change in relation to the statutory criteria, and do not provide evidence of consultation and consensus to provide a firm basis for the Commission's decision.

Table 4: Electors per councillor in local authorities¹⁷

Electors per councillor	Percentage of local authorities (by type)			
	District	London borough	Met.	Unitary
4,000 +	0	0	14	2
2,500–3,999	3	59	75	47
2,000–2,499	13	38	8	29
1,500–1,999	52	3	3	15
1,000–1,499	29	0	0	7
under 1,000	3	0	0	0
Councillor-to-electors ratios				
Mean	1,361	2,691	3,252	2,553
Highest	3,009	3,732	6,020	4,168
Lowest	615	1,877	1,751	1,003

Box C: Differences in electors per councillor

- across all councils, the range is from 615 (Teesdale) to 6,020 (Birmingham);
- the lower quartile for the unitary authorities is significantly higher than the upper quartile for districts;
- over 75% of districts have fewer than 2,000 electors per councillor; only 10% of single-tier councils do;
- metropolitan districts tend to have higher ratios than the other single-tier councils;
- while the inter-quartile range accounting for half of councils is small (for districts, about 400 electors), the other half have ratios much greater or lesser, reflecting a very wide distribution; this is particularly so among unitary councils;
- as a consequence there is a difference of x2 between the highest and lowest in London, x3 in the metropolitan districts, x4 in the unitaries and x5 in the districts.

3.28 As a consequence, the Commission sponsored research and carried out some analysis to see if it could be more prescriptive about what council

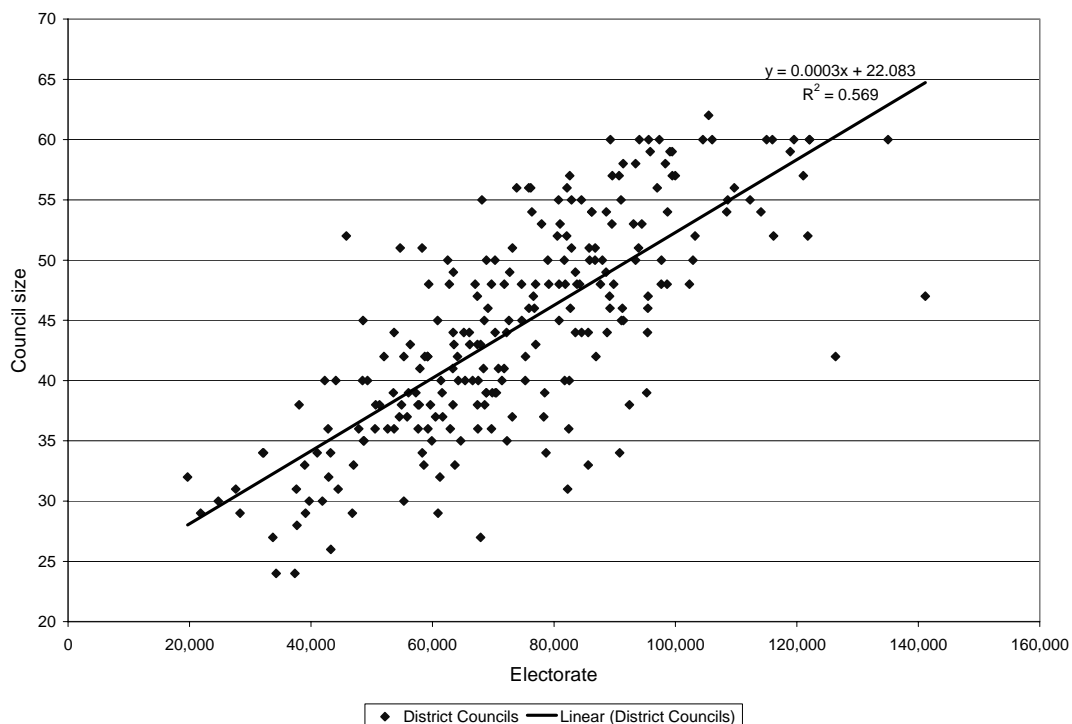
¹⁷ Excluding the 35 county councils.

size would be appropriate for particular local authority areas and what evidence is needed to support council size proposals.¹⁸

3.29 The research and analysis suggest that:

- There is no strong evidence to support either increases or decreases across the board.
- Councillors' workload is generally greater where there are more electors per councillor; reductions in numbers of councillors might be difficult to justify in some, though not all, circumstances; increases might be more justifiable in others to keep down workload and maintain contact with electors.
- Some diversity in size ought to be permitted because of the complexity of factors that have to be taken into account and the local circumstances that affect them.
- There is a reasonably strong correlation between the number of councillors and the size of the electorate.¹⁹ Even so, as the graph in Figure 1 shows for district councils, there are considerable differences reflected in the outliers.

Figure 1: Electors per councillor by district council



¹⁸ Research was carried out by Dr Colin Copus and Dr Alison Crow of INLOGOV – *Council size: literature review and analysis*. The report can be accessed at www.electoralcommission.org.uk/your-say/ecconsultation.cfm.

¹⁹ The strong positive relationship between the size of the electorate and the number of councillors is reflected in correlations (measured by r squared) of 0.38 (unitaries), 0.8 (metropolitan districts), 0.54 (London boroughs), 0.57 (districts) and 0.39 (counties).

Q8 Should the Commission maintain its current approach to determine council size or give more specific guidance, such as a formula or banding scheme, linked to councils' electorate size and functions?

- What evidence should be expected from respondents to argue the case for council size?
- Would comparative information, such as indicators of the broad council size norms linked to electorate size, provide councils as well as the Commission with some guidance in considering proposals?

Electorate forecasts

3.30 The Commission is required to take five-year electorate forecasts into account when undertaking electoral reviews. It uses the forecasts in considering electoral equality. Unfortunately, the estimates provided by councils, as illustrated in Table 5, are not very accurate and tend to overestimate growth in the electorate significantly.

Table 5: Extent of error in five-year forecasts (216 councils)

% difference (forecast electorate minus actual electorate)	Number of councils	%
-5 or more	5	2
-2 to -4	13	6
-1	20	9
0	22	10
1	26	12
2 to 4	81	38
5 or more	49	23
Mean average	2.4%	

3.31 Forecasting is inherently difficult, and any lack of accuracy and overestimation may arise from some of the following practices:

- not taking account of trends in the size of the electorate;
- not checking against the Office for National Statistics' (ONS) mid-year estimates for the population aged over 18;
- not taking account of falling household sizes (with current electors moving to new dwellings in the area);
- assuming all new developments with planning permission will be completed within five years and will contain a standard number of electors per household; and
- adding in outline planning permissions and other sites where development might be expected when, in practice, many of these will not lead to new housing.

3.32 If the Commission had used the base year electorates instead of the five-year forecasts, the difference with the actual electorate after five years would have been no greater in many cases. Better forecasts though, should ensure that high levels of electoral equality can be maintained. It would be to the benefit of all parties – voters, representatives and the Commission – if more accurate forecasts were produced.

Q9 Should the Commission continue to expect all local authorities to provide five-year electorate forecasts?

- Can the Commission support local authorities to provide better electorate forecasts with some guidance? If so, what form should any guidance take?

Single and multi-member wards and divisions²⁰

3.33 Except in metropolitan districts, where the law requires the number of councillors for each electoral area to be divisible by three, the Commission has considerable flexibility over deciding how many councillors electoral areas should have. Table 6 shows the changes arising from the PER programme. The Commission has used this flexibility to maintain relatively low levels of electoral variance, avoid breaking community ties and maintain co-terminosity. Because of these benefits, it has not prescribed in its guidance uniform patterns across local authority areas. For example, all wards with single or two councillors; or prescribed a specific pattern for different types of local authority, such as wards with three councillors in all unitary authorities. It has indicated though, that electoral areas should have no more than three councillors, because this is believed to dilute the accountability of individual councillors to their electors.

²⁰ Electoral areas in counties are divisions; ward is occasionally used to describe all electoral areas in the text for the sake of brevity.

Table 6: Councillors per ward before and after the PER programme

Type of area	% of wards before PER			% of wards after PER		
	Single	Two	Three or more	Single	Two	Three
District	42	29	29	32	42	26
County	100	0	0	93	7	0.2
London borough	2	44	55	0.2	1	98
Met. district	0	0	100	0	0	100
Unitary	19	37	43	18	36	46
Total	46	23	32	39	28	33

3.34 There is no empirical evidence to suggest that one pattern of representation is better than another, from the point of view of either voters or councillors. Even so, the Commission has pointed out elsewhere that in districts with elections by thirds, voters in single and two member wards effectively have fewer chances of voting than electors in three member wards in the same authority.²¹ The Commission recognises that its decisions with regard to counties to move away from single-councillor divisions and to recommend some two- and three-councillor electoral areas have not been without controversy. Also that changes in some areas, such as London boroughs, for three-councillor wards reflected the Government's intentions at the time to move to elections by thirds in all unitary authority areas.

3.35 In the metropolitan districts, the inflexibility can mean less than perfect proposals. Accepting arguments on grounds of community ties has meant accepting degrees of ward variance in excess of 10% in some cases, as well as grouping rural communities with the fringes of urban areas with which they have few ties in others.

Q10 Should the Commission be prescriptive about the number of councillors per ward or division throughout an area, such as having one councillor per ward or division?

- Should the number of councillors for wards in metropolitan districts be as flexible as in other areas and should the Commission seek to change the legislation?
- Should the Commission continue to set a maximum of three councillors for all electoral areas?

²¹ Refer to the Commission's report – *The cycle of local government elections in England* – www.electoralcommission.org.uk/templates/search/document.cfm/9056. If the Commission's recommendations for all out elections every four years were implemented, the inequity would disappear.

Review processes

Stages of an electoral review

3.36 The basic stages of a review are set out in the law. The Commission has to consult on a draft proposal and it has to consider representations before it produces such proposals. The Commission has typically allowed 8–12 weeks for each of these stages, adjusting them for local circumstances. Table 7 sets the stages out in more detail. Experience in the PERs suggests that the intervals allowed for each stage are, by and large, practical though reviews of counties and metropolitan districts often need to take longer.

Table 7: The stages of an electoral review

Stage	Period	Description
Preliminary Stage	Typically 12 weeks	The Committee advises the date for the review, and briefs local authority officers and council members. The local authority provides preliminary information (maps, statistics, forecasts etc.).
Stage One	Typically 12–15 weeks	Commencement of review and submission of proposals to the Committee for future electoral arrangements.
Stage Two	Typically 12–16 weeks	The Committee considers proposals, determines draft recommendations and prepares the draft recommendations report.
Stage Three	Typically 8 weeks	The Committee publishes the draft recommendations report and invites representations.
Stage Four	Typically 12–16 weeks	The Committee considers representations, reaches conclusions on final recommendations and submits a final report to The Electoral Commission.
Post-recommendation Stage	Typically 8–10 weeks	The Commission considers the final recommendations and further representations received, and reaches a decision.

3.37 Before Stage One, however, there could be some merit in having proposals from interested parties on council size and an indication of The Boundary Committee for England's view. This would enable all interested parties to submit warding proposals on a similar basis (the

same number of councillors and councillor-to-electors ratios), enabling a much more informed comparison of proposals to be made. It might also stimulate more interest in the review, at an early stage in the process. This could be carried out alongside the Preliminary Stage of information gathering.

Q11 Should the Commission make any changes to the length and nature of the stages of a PER?

- Would there be value in considering council size ahead of Stage One?

Communication and consultation

3.38 The Commission goes beyond the communication and consultation required by law. Proposals are made available on the Commission's website and information is circulated to interested parties at each stage, to raise awareness of the review. It is the Commission's intention to follow the Government's good practice guidelines on consultation and to increase from eight to 12 weeks the period allowed for responses.

3.39 Box D describes some of the problems that arise in consultation. The Commission would like to enhance its communication and consultation processes, the quantity, quality and timeliness of information it receives; and the recommendations it makes. It is recognised that there are not likely to be high levels of public interest in electoral reviews, compared with local authority boundary reviews and with lots of other matters affecting public services. In most reviews, there is little interest from many people until there is a proposal on the table that is widely publicised.

Box D: What appears to happen at different stages

At the initial stage, when the Commission is seeking proposals to be submitted, the proposals are not always based on the statutory framework or are not sufficiently well-evidenced; they generally come from local authorities and other groups, such as political parties, with a direct interest in the review.

At the stage of responding to the Commission's draft proposals, there are responses from individuals and a wider variety of community groups, as might be expected when there is something to comment upon. Much depends on the local authority's effectiveness in community engagement and the ability of people to access information about the proposals. Alternatives are not necessarily well argued by respondents.

At the last stage, new respondents often complain they have not heard of the review and provide information that cannot be taken into account because it would change the basis of the proposal too radically, without a

further round of consultation. On occasions, however, evidence can come forward that can justify a change to the proposals.

3.40 The Commission would like to encourage a wider range of informed submissions, ideally based on local consultation before they are presented. The Commission is considering whether or not its staff should be available in the area, for a short period, to provide any guidance to councils and other interested parties during Stage One, and to request councils to make available locally the responses to consultation on their own proposals. The Commission is considering how it can more actively publicise the review proposals, and assist interested parties and individuals, especially parish councils, to make comments on them.

Q12 What can the Commission do to make people more aware of, and get involved in, electoral reviews and the proposals being made?

- Would more proactive local publicity stimulate more interest at appropriate stages and more informed responses?

Naming wards

3.41 A ward name is generally proposed by respondents. The Commission often has to choose between different proposals. It generally looks for names that describe the communities in a ward or division and will assist voters to identify with the electoral area. At present, wards can only be named or re-named as part of an electoral review. There are often requests from parish and district councils to alter names.

Q13 Should the name of a ward be open to change without the need for a review by The Boundary Committee for England?

Other considerations

Q14 Are there any other changes that the Commission could make to enhance the process for conducting electoral reviews?

4 Responding to the consultation paper

How do I make a response?

- 4.1 There are a number of ways that you can express your views on the questions asked in the paper, or any other matters to do with periodic electoral reviews. You can write to the Commission at the address below, covering any or all of the questions asked. Responses can also be submitted via the Commission's website: www.electoralcommission.org.uk/your-say/econsultations.cfm. The response form lists all the questions and has space to complete your response. If you only have views on some of the questions, we still want to hear from you.
- 4.2 It would help if you could give your name and address, or the name and address of the organisation, on whose behalf you are responding, so that we can provide you with a copy of the Commission's final report.

What is the time frame for consultation?

- 4.3 There is a consultation period of 12 weeks, commencing 2 September 2005. The deadline for receipt of submissions is 12pm, 25 November 2005. All submissions will be acknowledged either by email or letter within five working days.

What will happen after the consultation period?

- 4.4 The Commission expects to assess the feedback, and consider what policies and processes it wishes to change. By summer 2006, the Commission intends to provide respondents with an indication of its proposals and its consideration of feedback. Soon afterwards the Commission intends to issue The Boundary Committee for England with new guidance for carrying out electoral reviews.

What if I have a question about the consultation paper?

If you have any specific questions in relation to this document or making a submission, please contact us by one of the following methods:

Telephone: 020 7271 0500
Fax: 020 7271 0505

Email: perevaluation@electoralcommission.org.uk

Or write to the address overleaf.

The Electoral Commission
Attention: PER evaluation
Planning and Development Team
Trevelyan House
Great Peter Street
London
SW1P 2HW

GENERAL PURPOSES COMMITTEE

26th October, 2005



Report of: Chief Financial Officer

Subject: 2004/2005 STATEMENT OF ACCOUNTS –
COMPLETION OF AUDIT REVIEW

1. PURPOSE OF REPORT

To enable Members to approve the Council's revised 2004/2005 Statement on Internal Control (SIC) to reflect amendments agreed with the Council's External Auditors.

2. BACKGROUND

At your meeting on 20th July, 2005, Members approved the draft 2004/2005 Statement of Accounts. Members were advised at this meeting that it would be necessary to report back to Members any changes agreed with the Council's External Auditors.

In order to finalise the audit of the 2004/2005 Statement of Accounts Members need to approve a revised SIC. Following this approval the Auditor will issue the final Audit report, which will finalise the Audit and enable the Council to publish the Audited Accounts by 31st October, 2005, deadline.

3. FINANCIAL IMPLICATIONS

None.

4. RECOMMENDATIONS

It is recommended that Members approve the revised 2004/2005 Statement on Internal Control.

Report of: Chief Financial Officer

Subject: 2004/2005 STATEMENT OF ACCOUNTS -
COMPLETION OF AUDIT REVIEW

1. PURPOSE OF REPORT

1.1 To enable Members to approve the revised 2004/2005 Statement on Internal Control (SIC) to reflect amendments agreed with the Council's External Auditors.

2. CONSIDERATION OF ISSUES

2.1 The Council's External Auditors have indicated that they are close to finalising the audit of the draft 2004/2005 Statement of Accounts, which were approved by your Committee on 20th July, 2005. As a result of this review the Auditors have indicated that there are no major amendments required to the Statement of Accounts other than to the SIC.

2.2 It has been agreed with the Audit Commission to amend the section of the SIC which highlights 'Significant Internal Control Issues' to include two additional points not previously identified. In addition, it has been agreed with the Auditor to remove the issues we included in the draft SIC as the Auditor has agreed that these issues are not material and therefore do not require disclosure.

2.3 A revised SIC is attached for your approval. Following this approval the Auditor will issue the Final Audit Report for inclusion in the Statement of Accounts, which the Council will then publish.

3. AUDITOR STATEMENT OF AUDITS STANDARD (SAS) 610 LETTER

3.1 Following the completion of audit of the Statement of Accounts the Auditor is required to issue a specific SAS 610 report. This report either identifies areas of concern identified by the Auditor, or confirms that there are no matters to raise.

3.2 The Council's Auditors have indicated there are no matters to raise and they will have issued the required SAS 610 report before your meeting of the 26th October, 2005. A copy of the letter will be circulated at your meeting.

4. RECOMMENDATIONS

4.1 It is recommended that Members: -

- i) Note the report.
- ii) Approve the revised 2004/2005 Statement on Internal Control.

STATEMENT ON INTERNAL CONTROL

1. SCOPE OF RESPONSIBILITY

Hartlepool Borough Council is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards,
- public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging these overall responsibilities, Hartlepool Borough Council is also responsible for ensuring that there is a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

2. THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically.

3. THE INTERNAL CONTROL ENVIRONMENT

The key elements of the Council's internal control environment are as follows:

Hartlepool Borough Council has adopted a constitution, which sets out how the Council operates, how decisions are made, the procedures which are followed to ensure that these decisions are efficient and transparent, and sets out the terms of reference for the Portfolio and Committee structure. The constitution was developed in accordance with the Local Government Act 2000 and it sets out the delegated responsibilities to Key Officers such as the Monitoring Officer and Section 151 Officer.

Portfolio and Committee terms of reference are included in the constitution. A procedure is in place to ensure that all Portfolio and Committee agendas, minutes and supporting material is available to all staff on the Council's intranet, and to the public on the Council's internet site.

The constitution contains financial and contract procedure rules and codes of conduct for Members, which have been formally approved. The Authority has adopted the CIPFA code on Treasury Management and complies with the Prudential Code. The constitution is available to all employees on the Intranet and hard copy and to the public on the Internet. A register of gifts and hospitality is maintained for Members and Officers.

The full Cabinet and a range of Member committees regularly meet to review specific policy areas, to consider plans, reports and progress of the Authority.

The Human Resources Department has drawn up policies to ensure suitably qualified employees are employed in key areas, and supporting terms and conditions of employment for all employees cover all aspects of good employment.

The Authority has adopted the Community Strategy aims as its own corporate objectives. The development of the Community Strategy followed an extensive consultation process. Public priorities were established and these are a key element of the budget setting process.

All departments produce departmental and service plans using a corporate framework to ensure that they reflect the corporate objectives. Departments also complete extensive consultation with service users, forums, partners and Viewpoint 1000 surveys. The feedback from these exercises is used to link service and departmental objectives to both the planning process for service delivery and to the corporate objectives. Progress against Departmental Service Plans is reported to Corporate Management group (CMG), Cabinet and the Portfolio Holders.

A corporate performance management framework approved by CMG and the Cabinet is operating across the Council. It sets out the process and timetable for reporting on performance. Key performance indicators are identified in the corporate and departmental plans. Regular reports are presented to members on the delivery of performance targets.

Key policies such as Health and Safety, Corporate Complaints Procedure, Proceeds of Crime (Money Laundering), Whistleblowing Policy and Counter Fraud and Corruption Policy have been developed and approved for use across the whole Authority. The policies are available to employees via the Intranet. Reports are made to portfolio holders every six months summarising, for example, the complaints dealt with and the outcome. The Authority is a member of the National Anti Fraud Network and also takes part in regular National Fraud Initiative reviews.

The Council has agreed a Risk Management Strategy, which has been approved by Members. The strategy is available to employees over the Intranet. Training has been provided to Key Officers and the departmental risk champions are leading on communicating the strategy to all relevant employees in their department.

All Departments endorse and support the risk management process and contribute to Departmental Risk Registers, which feed into a Corporate and Strategic Risk Register. Regular monitoring reports are used to assess the progress on the delivery of the action plans identified for each Department.

A database has been established to hold the departmental, corporate and strategic risk registers. The database automatically notifies responsible officers of risks that need to be reviewed and progress is monitored on a quarterly basis by the Corporate Risk Management Group, who then report to CMG and Cabinet. A central funding pot for Risk Management may be used by departments to assist in the financing of risk mitigation.

A process is in place to enable Internal Audit to report on a regular basis to the Resources and Scrutiny Committee (adopting the role of an audit committee, pending commencement of the audit committee in 2005/2006) on the effectiveness of the organisation's system of internal control. Recommendations for improvement are also made and reported on. Internal Audit performance is measured against standards agreed by management and Members. These indicators were met for 2004/2005.

Other review bodies, external to the Authority also make regular reports on efficiency, effectiveness and compliance with regulations. These reviews include major inspections by the Commission for Social Care, Department for Further Education and Skills, Ofsted and the Planning Inspectorate of the relevant section of the Authority. A Comprehensive

Council has been assessed as 'excellent', the highest possible ranking. The results of these reviews are reflected in the Council's own development and improvement plans. Some services within the Authority have been accredited by Investors in People and Chartermark.

4. REVIEW OF EFFECTIVENESS

The Council has the responsibility for conducting, at least annually, a review of the system of internal control. The review of the effectiveness of internal control is informed by the work of Internal Audit and Senior Managers who have responsibility for the development and maintenance of the internal control environment. The review is also informed by the reports issued by external audit and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- Internal Audit – the Council has the responsibility for maintaining and reviewing the system of internal control. In practice, the Council, and its External Auditors, takes assurance from the work of Internal Audit. In fulfilling this responsibility:
 - Internal Audit operates to CIPFA's Code of Internal Audit Practice and the Institute of Internal Auditors' Guidance and Code of Ethics.
 - Internal Audit reports to the Section 151 Officer and Resources Scrutiny Committee (acting in the role of audit committee).
 - The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal financial control.
 - Internal audit plans are formulated from an approved risk assessment package.
- External Audit – in their annual audit letter, comment on financial aspects of corporate governance and performance management. External audit also expresses an opinion on the adequacy of Internal Audit work.
- Other review and assurance mechanisms: for example, Department for Further Education and Skills, Commission for Social Care, Investors in People, Chartermark, Planning Inspectorate.
- In the Comprehensive Performance Assessment by the Audit Commission, the overall report placed the Council in the 'excellent' corporate assessment category.

5. SIGNIFICANT INTERNAL CONTROL ISSUES

The following significant internal control issues have been identified:

No.	Issue	Action
1	The Council has recognised the need to develop its business continuity planning and disaster recovery arrangements particularly in the light of the Civil Contingencies Act duty as a category 1 responder.	Some pump priming finance has been set aside to move this process on and to build capacity within the Council. A detailed action plan has been prepared with the objective of developing business continuity planning and disaster recovery arrangements by March 2006. The Director of Neighbourhood Services is the member of Corporate Management Team responsible for this.

2	Security and access controls to various systems could be improved to provide greater assure that access to systems is restricted to authorised users and there is appropriate segregation of duties.	As soon as these issues were identified some action was immediately taken to implement improvements to the existing security and access controls. Further improvements will be rolled out during the remainder of the year. In addition, appropriate security and access arrangements will be incorporated within the projects for replacing the Councils financial management system and implementing a corporate document management system.
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Walk
13/10/05

CHIEF EXECUTIVE:
DATE:

Sumner
13/10/05

MAYOR:
DATE:

Michael B...
13.10.05
Michael B...

MONITORING OFFICER:
DATE:

CHIEF FINANCIAL OFFICER (SECTION 151 OFFICER):
DATE: 10.10.05.