

REVIEW TO TEST WHETHER AFFORDABILITY CRITERIA ARE MET

Certification by the S151 officer of Mid Suffolk District Council

Title of Unitary Submission	Ipswich & Felixstowe Unitary (North Haven)
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1. I have provided base data as required relating to Mid Suffolk District Council for the completion of the Ipswich and Felixstowe unitary data collection workbook, and I have checked the base data already included in that workbook, and I am satisfied that these have been properly incorporated.
2. I have been consulted on relevant issues in the calculation of the figures for the transitional plan shown in the data collection workbook where they affect my authority.
3. The methodology that Ipswich Borough Council, as lead authority, has been obliged to follow was determined by the Boundary Committee. Limitations with this methodology are such that I am unable to provide an unequivocal assurance that the figures produced are “not unreasonable”.
 - The Boundary Committee requires that business cases are based on 2007/08 budgets and balances as at 31 March 2007. It has not been demonstrated that this historical data is materially similar to current conditions and there is a risk that the conditions that will exist in April 2010 will be different again such that the business case is inherently unreliable.
 - The extremely tight timescale imposed by the Boundary Committee creates a risk that the business case is not based upon robust policy making and political direction and there is a risk that errors and weaknesses in the business case may not have been detected due to insufficient scrutiny.
 - There is an inherent risk that financial implications relating to the Housing Revenue Account (HRA) have not been identified as the Workbook excludes consideration of HRA and its interaction with the General Fund and Council Tax.
4. The seven Suffolk District Chief Financial Officers have completed a detailed risk assessment of the business cases. The only high risk identified within the North Haven Business Case is the inclusion of £15.2m of efficiency savings relating to the existing Suffolk County Council Securing the Future (STF) programme. There is some doubt as to the admissibility of these savings (as STF pre-dates the Local Government Review process) and doubt over the capacity of the successor council to deliver the savings. These savings are not material to the affordability of the North Haven business case, although excluding them would significantly reduce the remaining margin for error before the business case becomes unviable.
5. Ipswich Borough Council’s Section 151 officer has determined through risk analysis that general unearmarked reserves equivalent to 5% of net expenditure will provide a sufficient contingency. I am not satisfied that this is an adequate level of contingency given the unavoidable reliance on estimation and the volatile circumstances that will doubtless be in existence in the early years of implementing the successor authority.

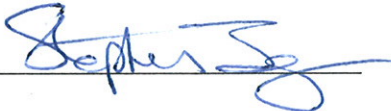
6. The final version of the North Haven Workbook was issued by email on 17 September at 10.04am. The companion Workbook (reflecting the inclusion of Lowestoft in Suffolk) was issued on 18 September at 10.27am. There has not been sufficient opportunity prior to the issue of this certification to verify that the Workbooks are consistent with the underlying financial assumptions and working papers.

Certification

7. "Subject to:

- the limitations with the Boundary Committee methodology described above;
- confirmation that the North Haven Workbooks are consistent with the underlying business case, assumptions and working papers;
- a concern over the admissibility and deliverability of efficiency savings in the North Haven business case relating to the existing Suffolk County Council Securing The Future programme;
- a concern over the level of unearmarked contingency reserves provided for in the business case;

I find the figures within the North Haven Business Case to be not unreasonable."

Certification by: 

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S151 Officer for Mid Suffolk District Council

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Date: 18th September 2008