

The Future of Local Government in Somerset: “One Somerset” Business Case for a single unitary council

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Purpose of the Report

The report updates Members on the debate on the Future of Local Government in Somerset and the development of a business case for a single unitary council for Somerset being developed by Somerset County Council. The report asks District Executive to recommend to Full Council this Council’s response to the “One Somerset” single unitary business case, to be submitted to Somerset County Council.

Forward Plan

This report appeared on the District Executive Forward Plan with an anticipated Committee date of July 2020.

Public Interest

The report sets out potential changes to the way local government is organised. This has possible implications for service delivery, financial sustainability, what is delivered for and with communities and for local democracy in the whole of Somerset, including South Somerset. Changes have not yet been agreed, however the “One Somerset” business case sets out proposals for change that Somerset County Council hope the government’s Secretary of State for Housing and Communities will consider and agree.

Recommendations

District Executive is recommended to recommend to Full Council this Council’s response to the “One Somerset” proposals to be submitted to Somerset County Council.

Background

1. The debate about the best form of local government in Somerset has been ongoing for a number of years. In the past 30 years, forms of Unitary Government have twice been proposed, most recently in 2006 when an initiative to create one unitary Council for the whole of Somerset did not win the backing of the local community, (being overwhelmingly rejected in a referendum) or of the Government.
2. The issues that drove that debate, however, have not gone away. Over the past two years, work has been taking place to look at the best form of local government for Somerset. For the first 18 months this involved the five Councils (Somerset County Council and the four district councils) committing to work together to explore the various options with a view to agreeing the best way to address the challenges Somerset, its communities and its public



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services face. The five councils commissioned research into the options for the future. The aim of the research was not only to look at how financial savings could be generated, but also, to identify how through the better use of our resources, vital services could be sustained into the future whilst also dealing with some of the big challenges Somerset and its communities face. A summary of the options examined is attached at Appendix A and the full report is on the Council's website.

3. In examining the evidence, all five councils agreed change needs to happen to deal with the financial challenges now and in the future, the growing demand pressures for services likely to stem from a growing and aging population and other societal changes, and the opportunities inherent in a relatively low level of collaboration and sharing in the past. The biggest area of debate however is what form those changes should take to serve Somerset in the best way now and in to the future.
4. Prior to the 2019 District Council elections, a way forward based on deeper collaboration and integration rather than reorganisation had been preferred by the all the Council Leaders from the districts and the County Council. The outcome of those elections which saw a change in political control of two councils, slowed progress. In addition, the councils felt it was necessary to do some further feasibility research and validation of the deliverability of the collaboration option, prior to the Options Report being accepted and signed off as complete. An internal consultancy team consisting of officers from all five councils undertook this work.
5. Following work to bring the new administrations in Mendip District Council and Somerset West & Taunton Council up to date, the Leaders of the five councils met in October 2019 to confirm the Options Research Report findings and accept the report as well as agree the way forward and next steps on Collaboration and Integration. As a result, work commenced on a Programme Plan and pulling together a programme team and it was planned to take a report to each Council in December 2019 together with the finalised research reports. Unfortunately, the General Election of December 2019 meant this was not possible and also took resources away from the collaboration project temporarily.
6. In January 2020, Somerset County Council announced it no longer would be pursuing "Option 2 – Collaboration and Integration" but would instead be seeking an invitation from the Secretary of State for Housing and Communities to submit a business case for a single unitary council for Somerset. It is that business case that is the subject of this report.
7. Also in January, the leaders of the four district councils in Somerset stated their commitment to work together on collaboration and integration of local government in Somerset. This was affirmed by each council through their democratic decision making processes in February 2020, including by this Council, where it was agreed to develop a business case for changes in local government in Somerset.

The need for Change in Somerset: Challenges and Opportunities

8. In determining the best way forward for Local Government in Somerset it is important to understand the nature and scale of the challenge. As part of the internal consultancy work the five councils in Somerset commissioned research into the main challenges that any changes to local government should consider and seek to address. These challenges were set out in the February 2020 report to each of the district councils and are summarised in Appendix A of this report and cover:
 - a. Children in Poverty, Social Mobility and Struggling Families
 - b. Young People
 - c. The Ageing Population



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- d. The Environment
 - e. The Economy
9. Whilst at this stage there is no detailed financial modelling of the overall impact of these trends, it can be seen that the cumulative costs of i) a growing and ageing population, ii) the potential additional costs of supporting more troubled families, iii) helping more people who cannot access affordable housing, iv) dealing with more young people leaving the County v) trying to create the necessary investment in trying to meet environmental targets and achieve net zero carbon and climate change resilience, vi) investing in digital technologies and in creating the connectivity infrastructure, means that the scale of the challenge is high. This challenge comes on top of a local government system already under financial pressure. The shared work by the five councils concluded that simply changing the structure of local government would not be enough to meet the gap in finances going forward as a result of the increased demand. It is likely that the issues and the financial challenges of the system will have got worse as a result of the impacts of the Coronavirus on Somerset's communities and economy.
 10. Whilst undoubtedly the largest financial impact of these challenges on Somerset councils will fall on the County Council due to its social care responsibilities, it is important to recognise that the five councils (together with other service providers) form one large interdependent system and are all here to serve the same communities. All councils exist to serve their communities and therefore should consider whether the system is best placed to serve the interests of those communities.

The Process of Changing Local Government and the current Government's Position

11. The process for making changes to local government depends on the nature of change being proposed. Changes that involve collaboration, integration and sharing by councils but no change to the structures or legal entities that form the local councils of an area, can be decided on locally by the participating authorities. Powers enable legal structures to be able to be put in place to govern this such as legal partnerships and joint committees. There is no need for reference to the government to secure agreements and powers to bring about change.
12. The procedures for creating a change of structure to a unitary system in two tier areas come under the Local Government and Public Involvement in Health Act 2007. No local authority has the power to make the changes and is not able to simply submit proposals for changes. Instead, the Secretary of State for Housing and Communities must invite a proposal or proposals to be submitted. At the date of writing this report, no such invitation had been issued by the Secretary of State in regard to Somerset.
13. Following submission of a proposal or proposals the Secretary of State may then make an order to implement a proposal (or decide which proposal to implement if there is more than one) or may reject a proposal (or reject all proposals). The order must be agreed by both Houses of Parliament before it comes in to effect.
14. Government's and Secretaries of State have had varying attitudes to local government restructuring in the past decade with some issuing forthright direction not to bring forward proposals and others stating that proposals will only be considered where there was consensus amongst the local authorities on the need for and the form of the change.
15. The government has previously published guidance on criteria for changes to unitary structures. The last time guidance was issued was in July 2019 by the then Secretary of State, James Brokenshire MP. Whilst only a year ago, the extent to which the guidance still reflects government thinking is unclear. The Government is currently working on



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proposals for further devolution in England with a view to advancing the “Levelling Up” agenda and ambitions and also now, ensuring the framework and tools are in place to advance the recovery from the economic impacts of the Coronavirus. Ministers have stated they plan to publish the White Paper in Autumn 2020.

16. It is clear that the inclusion of potential for reorganisation of local government in two tier areas will likely feature in the White Paper together with further development and formation of Combined Authorities with Elected Mayors. Discussions with Ministers and Civil Servants indicate there are still a range of views on local government reorganisation within government. It is therefore not clear what proposals or guidance on local government reorganisation will make it in to the White Paper and how this might affect both the timing and the nature of any potential change to local government in Somerset. However, the current government was elected on a manifesto that included a commitment to substantial change in the system of government at all levels, including local, and the current crisis could strengthen the arguments for and impetus towards change across England and including Somerset.
17. In response to a written question regarding the creation of new unitary councils, Simon Clarke MP, Minister for Local Government, replied on 29 June 2020:
“The Devolution White Paper to be published this Autumn will set out our transformative plans for economic recovery and renewal, and for levelling up opportunity, prosperity, and well-being across the country. These plans will include restructuring our local institutions to deliver these outcomes, establishing more mayors and more unitary councils the populations of which will depend on local circumstances but as a rule of thumb are expected to be substantially in excess of 300k-400k. Under current legislation it is open to the Secretary of State, subject to consultation and Parliamentary approval, to implement if he thinks fit any unitary proposal submitted by a council in response to an invitation which any council may request. In considering a unitary proposal the Secretary of State expects to have regard to the extent it is likely to support the delivery of the outcomes sought in the White Paper.”
18. However, in an address to the LGA Annual Conference on 3 July 2020 the same Minister emphasised that the focus of any changes to local government within an area would be on how it will support the “Levelling up” agenda. As regards potential size of unitary councils, he stated that this matter was being looked at again both in terms of ensuring sustainable local government but also that local government remains close to people and the local voice can be heard. The Minister also emphasised the importance of town and parish councils in the government’s eyes and the need to support the development of this tier of council.

“One Somerset” single unitary council business case

19. Attached at Appendix C is the “One Somerset” business case for a single unitary council for the area of Somerset covered by Somerset County Council and the four districts (i.e. not including North Somerset Council area or Bath & North East Somerset Council area). The Business Case sets out a plan to replace all five councils of Somerset (Somerset County Council, Mendip District Council, Sedgemoor District Council, Somerset West & Taunton Council and South Somerset District Council) with a single unitary council by April 2022, which would encompass the responsibility and resources of the current five councils.
20. The Business Case aims to set out both financial and non-financial benefits of changing the structure of local government in Somerset. In terms of non-financial benefits, the business case aims to generate benefits around:
 - a. Service performance (integrated, whole system design, e.g. Adult Social Care and housing; Public Health and Environmental Health)



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- b. Democratic leadership & accountability (single member divisions, fewer members, clear lines of communication for both the public and officers)
 - c. Local engagement and decision making (local community networks with real power and influence)
 - d. Economic growth (integrated across the system, aligned to education attainment, skills and business need, alongside local specialities and strengths)
 - e. Improve skills and capacity to enable high value employment and economic growth
 - f. Engagement and integration of supply chains (economies of scale and negotiating power and regional / national influence)
 - g. Coterminous with our public sector partners (including Police, Local Resilience Forum, Clinical Commissioning Group, etc.)
 - h. Closer working with all neighbouring South West authorities, including the West of England Combined Authority (WECA)
21. In terms of financial benefits, the business case aims to generate ongoing annual financial savings of £18.7 million per year from the restructure but with further savings thereafter from transformation of services. It states the changes to local government will cost £16.5 million to implement giving a payback period of 1 year. This does not reflect the cost of any transformation following the setting up of the new council.
22. The government expects that in putting forward a business case for change in local government structures, a range of options are examined. Therefore, whilst this is a business case for a single unitary council for Somerset, it examines four options those being:
1. Remain 'as is'
 2. The existing county and four district councils (Somerset CC, Mendip DC, Sedgemoor DC, Somerset West & Taunton DC, South Somerset DC) working more closely through greater collaboration
 3. Creation of a new single-tier unitary council (incl. parishing Taunton)
 4. Creation of two new unitary councils (incl. parishing Taunton)

Progress with Development of the District's Business Case

23. Members will recall that in February 2020, this Council agreed to develop a business case based on the work the five councils of Somerset had done to date, looking at collaboration and integration. Similarly, Mendip District Council, Sedgemoor District Council and Somerset West and Taunton Council also agreed to develop a business case. The four councils agreed to continue to take this work forward together.
24. Shortly after starting the work on the business case, the impact of the Coronavirus was felt on our communities, economies and organisations. All four districts agreed that the priority was for the councils to support their communities and businesses during this time. Members will be aware of the efforts of this council to ensure its supports its communities and businesses the necessity to divert resources to these efforts, including the redeployment of almost a quarter of our staff. As a result, whilst it was originally envisaged that a business case would be brought back to this Council in July 2020, the business case process has been slowed and is not yet complete.
25. Crucial to the district councils' approach is engaging the community and stakeholders in shaping the business case and the proposals for change within local government in



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Somerset. This is challenging under the current circumstances given the restrictions on meetings and gatherings and the focus of our communities, stakeholders and partners on the Coronavirus and its impact on communities and the local economy. At this stage a revised timetable has not been set for completing the business case. However, whilst maintaining that the priority remains supporting Somerset communities and businesses through the crisis and recovery, all four council leaders have recently reaffirmed their commitment to work together to complete a business case and that now is the right time to redirect some resources to this.

Responding to the “One Somerset” single unitary business case

26. Somerset County Council has invited partners and stakeholders, including South Somerset District Council, to submit a response to the business case, ahead of its consideration by the Somerset County Council. Due to the delays set out above in the district business case, it is not possible to compare the two business cases at this stage. The response to the business case is a matter for the Full Council and as such, officers have not offered any review, commentary or critique of the business case.
27. The Council could choose to:
 - a. Provide no response
 - b. Agree to support the business case overall with commentary on the aspects positively supported and the elements not supported or where further development of clarification is required.
 - c. Agree that it does not support the business case overall with supporting commentary on the reasons why it does not support the business case, where it feels more work or clarification is required and any aspects of the business case it does support.
 - d. Agree not to determine whether it supports the business case or not and offer commentary on the aspects of the business case it does support, the aspects it does not support and the areas where this council feels more work or clarification is required.

Financial Implications

There are no direct financial implications for this council arising from this report.

Council Plan Implications

There are no direct implications for the Council Plan arising from the report.

Carbon Emissions and Climate Change Implications

There are no direct climate change implications arising from this report.

Equality and Diversity Implications

There are no equality and diversity issues arising from the report.

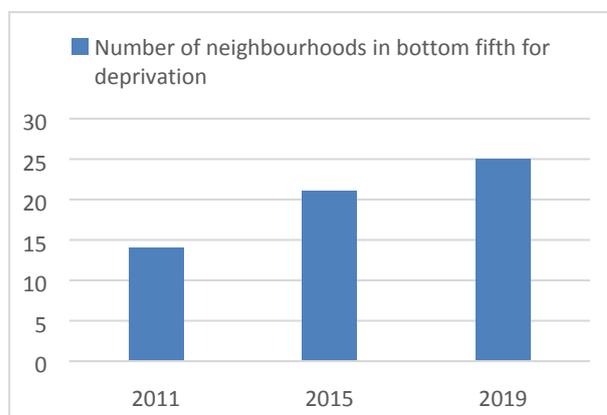
Background Papers

- Full Council – February 2020 – The Future of Local Government in Somerset

Somerset Issues and Challenges

Disadvantaged Children

28. Social Mobility is a measure which identifies the chances that a child born into a disadvantaged background will do well at school and get a good job and thus be able to get out of disadvantage.
29. Somerset has a poor track record on social mobility: The four Somerset district authorities are ranked between 206th and 324th out of a total of 324 authorities for social mobility, with West Somerset being the worst in the country. For children born into disadvantage in Somerset, their prospects are worse than the majority of areas in the country.



30. The impact of this track record is made all the more concerning by the fact that the chances a child in Somerset will be born into a deprived area is increasing. The bottom fifth of neighbourhoods, when ranked on deprivation (Indices of Multiple Deprivation) now includes 29 Somerset neighbourhoods (2019). In 2015 this was 21 and, in 2011, only 14.

31. Poverty is the strongest predictor of a child's future life chances. The

highest early achievers from poorer backgrounds are overtaken by lower achieving children from advantaged backgrounds by age seven.¹ 25% of children in Somerset are living in poverty, with this rising to as much as 38% within some of our most deprived neighbourhoods. Further, children from poorer families in Somerset have an educational attainment two years behind that of the national average, when they leave school.

32. It is clear that unless poor social mobility and childhood poverty are tackled, the life opportunities of many children in Somerset will not improve and disadvantage will carry over into their youth and adulthood. In short, if you are born in to a poor family in Somerset, your chances of escaping poverty in your life time are low. The impact on children's lives is significant, but Somerset Councils are also carrying a financial burden which results from additional need for social care, education and housing services and the costs associated with poor physical and mental health. In 2015/16, the Troubled Families project identified Somerset as having 2790 families with three or more of the eligible areas of need. These families were estimated to cost the tax-payer approximately £26,700 per family (approx. £74m per year) across all public services and this is set to increase.

Young People (16-24 years)

33. The number of young people aged 15 years, who are eligible for free school meals, who then go on to enter Higher Education in Somerset is well below the national average. Only 39% of our 16-18 year olds go on to higher education compared to 48% nationally and this has an obvious impact on the skill and salary levels that our young people can expect to attain.
34. The ratio of house prices to earnings is higher than the national average across Somerset. The affordability gap is also widening, average private rental costs in Somerset account for

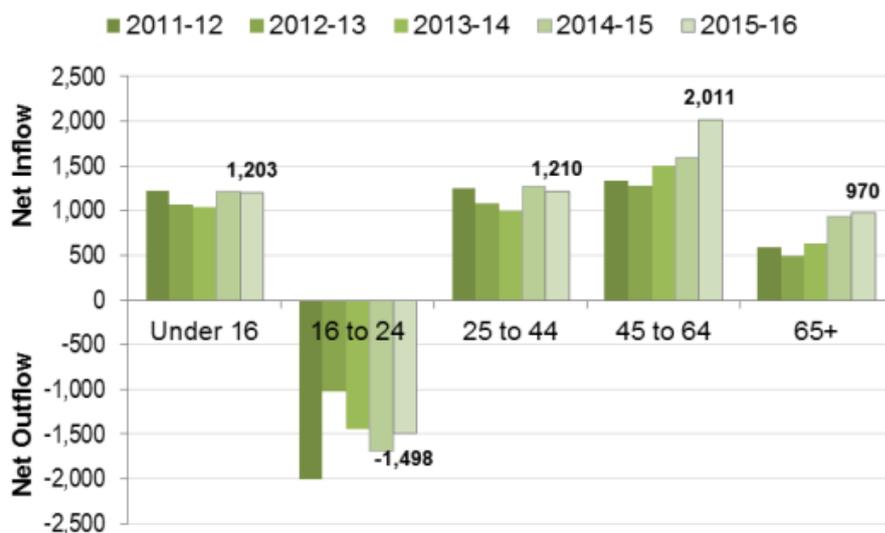


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36% of the median gross monthly pay compared to 28% in 2015. The upward trend in single-person households, coupled with private rental values at an all-time high, may increase the number of households applying for assistance with their housing costs or with access to housing.

35. The combination of these factors, low wages, high house prices means that we consistently see net external migration in the 16-24 years group, as they leave Somerset for education or employment elsewhere in the country. Somerset is a net exporter of young people.

36. Chart 1: Net internal migration by Age, Somerset



Economy

37. For those young people who stay in Somerset as they move into their working years, they will enter a workforce of low waged and low skilled workers. The average salary of a full-time worker in Somerset is £26,532, compared to £28,758 nationally. Even allowing for the presence of London earnings in a small proportion of the national figures, our wages are well below average. Within our Local Enterprise Partnership, 94% of our apprenticeships are at intermediate or advanced level and only 6% at higher level. Instead of investing in the skills of local residents, niche employers are often recruiting highly skilled employees from outside the county. If we do not grow a more highly skilled workforce, it will continue to prove difficult to attract the right types of businesses into the county and we perpetuate our current reality.

38. Productivity is low and expected to remain so: between 2014 and 2030 it is expected that GVA growth will be 44.9% compared with 51.6% across the UK as a whole. Compared with many areas, our digital connectivity is poor: 13% of Somerset households do not have access to 'Superfast' broadband and 93% do not have access to 'Ultrafast' (South Somerset Economic Development Strategy 2018)

39. As well as a bleak picture for our young people, the way in which local government is funded is changing, and Councils will be more and more expected to balance the books from the proceeds of council taxes and business rates. The ongoing drain of people and the prevalence of relatively low value business activity, makes this harder.

40. These factors also impact the need for housing; rurality makes Somerset a desirable location for inward migration, fuelling local property prices. Lack of affordable housing contributes to the challenge of retaining younger people, and their skills, within Somerset.



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48. The Strategic Housing Market Assessment (SHMA) states that;

- There is a need for 2,355 dwellings per annum, this includes a need for 955 Affordable homes per annum
- The focus of need is for 2 & 3 bedroom market housing and 1 or 2 bedroom dwellings in the social/affordable rental sector
- There is demand for medium sized properties from newly forming households and those seeking to 'downsize'

Environment

41. Rurality is both a blessing and a burden for Somerset. We have a dispersed population by virtue of being spread across a geographically large area and, because of this sparsity, providing an effective transport system is a challenge. This in turn has a huge impact on the ability of our residents to access education, employment, healthcare and social events. For those of us living in Somerset, it takes us significantly longer to travel to access key services, such as education, employment and health services (25 minutes compared to 18 minutes nationally), and the use of cars is has increased as a result.

42. All the Councils in Somerset have declared a climate emergency. The release of greenhouse gases into the atmosphere is changing the world's climate and the planet is warming up.

43. Rising global temperatures will create more extreme weather events, rising sea levels and severe flooding. The best estimate of total economic damages for the winter 2013 to 2014 floods was £1,300 million in England and Wales (Defra). Much of Somerset is at high risk of flooding, as shown below:

44. Map 1: Flooding Risk, Somerset



Flood risk



High



Medium



Low



Very low

45. More extensive flooding in the future could lead to the large-scale displacement of communities, with associated social and economic costs. In the shorter-term, there will be increasing financial demands on Councils to mitigate flooding and reduce emissions.

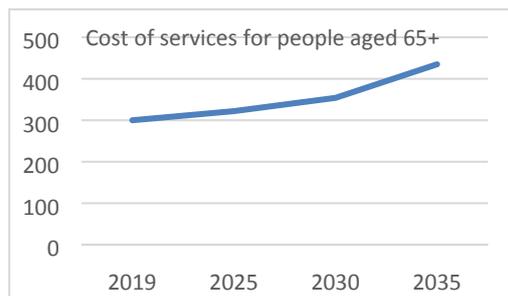
46. Our current tree canopy covers 2.6% of the county and is capable of offsetting the carbon emissions from domestic consumption only for one District Council area only. There is clearly much to be done if we are to bring our emissions down and increase our capacity for offset.



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47. There is a need for the county to reorient itself economically to focus on clean growth, with a significant impact on land use and the farming and manufacturing industries.
48. The Somerset Councils have come together to develop a county-wide strategy for tackling the Climate Emergency. Each of us has pledged to bring our own operations and estate to carbon neutrality by 2030. The costs of doing so, whilst also working to address the factors which contribute to climate change across our geographical county, will be considerable.

Older People, aged 65+ years



49. Almost all of the growth in Somerset's population between now and 2035 will occur amongst those aged 65 years and older and, by 2035, there will be 53,200 more in this age group. Those aged 85+ will increase by 88%. However, although we are living longer, we are not living well for longer into older age and it's more likely that later years will be spent in ill health or with disabilities. Older people, 65 years and older, in

Somerset, cost the health and social care system in the order of £300m per year but, by 2035, and based on the increased numbers alone, this may be £424m.

50. In addition, there will be 15,915 older people living with dementia, 26,880 older people providing unpaid care for a relative, 57,406 needing help with self-care and 58,197 needing help with domestic chores.
51. Older people are also living with the same constraints as the rest of the population; i.e. poor access to transport and digital connectivity. By 2035, 63,635 older people will be living alone (an increase of 30% on today). Using guidance produced by Age UK via The Campaign to End Loneliness, it is estimated that 19,270 are experiencing chronic loneliness and data from Somerset's Adult Social Care service reports that 58% of their users do not have as much social contact as they would like. Because of the very rural nature of our county and poor access to transport (especially for this group) it is likely that we will increasingly be dealing with the mental health issues which stem from isolation and loneliness.

The 7 options in the FoLGis report

Option 1 – ‘As Is’

52. It should be noted that this is not a “no change option.” Improvements and savings would continue to be delivered in individual Councils however this option does mean that there would be a continuation of the current arrangements across Somerset (no specific changes to the way we work, the way we deliver services collectively across Somerset, or the way we are structured). We would continue to have the existing County, 4 Districts, and the Town and Parish Councils,
53. The savings delivered would be the sum of those currently being pursued by the individual Councils through their independent change and transformation plans which differ in nature and focus.
54. The collective view, based on the predicted pressures on services and budgets into the future, is that this is not an adequate option for Somerset as a whole. The challenges for communities and services (set out in part 1 of this report), are too great, and the opportunities, too good to miss. If we want to improve the outcomes for our communities then we need to change, it is just a matter of how and when.

Option 2 – The Collaboration & Integration option, referred to as ‘Get Fit + Sharing’ –

55. This means that each of the 4 District Councils, and Somerset County Council would remain as sovereign and independent legal authorities. They would at first work to deliver efficiencies individually, but in a co-ordinated way, with the aim of joining together services, strategic outcomes and initiatives to deliver efficiencies as quickly as possible. Individual savings plans would be pursued, based on a set of principles and standards which are agreed across all Councils. Joint work would then be pursued in the following areas:
56. A single strategy – aligning and joining up our strategies and action plans across the Councils. This could, for example, be things like one Local Plan for the whole of Somerset, one Economic Development Strategy, one commercial strategy, one procurement strategy, one approach to working with older people across the County, or with troubled families, or joining together local preventative services with better ways of working with people with high needs.
57. Shared support services; this could mean joining together all the back-office functions of the Councils, such as HR, ICT and finance functions, for example, to maximise use of back office and internal support resources across organisations. Different councils might lead on the provision of a particular service. To maximise savings and for this option to be competitive with other Unitary options, Councils would have to make a commitment to share these services extensively and for a significant period of time.
58. Joint locality working; a joined-up approach to dealing with our customers, service users and residents. An example of this would be one aligned way of delivering Customer Hubs/Customer Contact Points that deliver services on behalf of all Councils in one place as well as integrated teams at a local level working with communities and groups to get better outcomes and reduce demand.
59. This would lead to financial savings and therefore would free up much needed money for frontline services and for changing the way we work.
60. This option is predicted to save up to £32m per annum (pa) in the first phase with a further £16m pa to follow



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61. Savings could start to be realised within a year and continue over a three-year period

Option 3a – One new Council for Somerset

62. This option would mean that one new (unitary) Council across the whole of Somerset would replace all the Districts and the existing County Council. Town and Parish Councils would remain. It would mean a reduction in the number of elected Members across the County. (from 266 to circa 100-125). The FOLGIS report envisages that working at a local level would take place under newly constituted Area Boards, who would have powers and responsibilities, to be determined, delegated to them.

63. This option is estimated to deliver savings of up to £47m pa.

64. It would take longer to pay back the investment necessary compared to option 2 and savings would realistically start to be realised within 3 to 5 years as typically, the journey to Unitary government takes 2 to 3 years to achieve from the point an area decides to embark upon it.

Option 3b – Two new Councils for Somerset (North/South)

65. This option would follow the same path as option 3a above and the same features - abolishing the existing County Council and the 4 Districts, and creating two new councils; one being the amalgamation of Bath & North East Somerset Council (B&NES) and North Somerset Councils, and the other, a new Council for the existing County Council area. It would mean a reduction in the number of elected Members too as in option 3a above. Town and parish councils would remain under this option and Area Boards may also feature.

66. The time taken to get to benefit would be the same as option 3a above with savings taking 3 to 5 years to start to be realised.

67. This option is estimated to save up to £80m pa (a big increase over option 3a but based on an extended geography with two other, existing Unitary Councils combining together)

Option 3c – Two new Councils for Somerset (East/West)

68. In this option two new councils for Somerset replace the existing County Council, all the District Councils and two unitaries to the north of the current County Council area. The two Councils would therefore be:

To the east, B&NES, Mendip and South Somerset and

To the west, North Somerset, Sedgemoor, and Somerset West and Taunton.

Town and parish councils would remain.

69. This option is also estimated to deliver the same savings of up to £80m pa, in the same time frame as option 3b beginning in 3-5 years

Option 3d – Three new Councils for Somerset

70. This option creates three new councils replacing the County, Districts and two existing unitaries. The areas are proposed as incorporating all the Councils in the what is referred to as the ceremonial or geographic County, Hence :

Council 1 – B&NES and Mendip

Council 2 – North Somerset & Sedgemoor

Council 3 – South Somerset, Somerset West & Taunton



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71. Member numbers would reduce across Somerset from 381 to lower levels than options 3a-c above. The three new councils would delegate authority to Area Boards to support locality-based working and the benefits are estimated to be the same as those for the two council options, up to £80m pa beginning in 3-5 years.

The report also identifies a fourth option, Option 4 - A New Way of Working –

72. This option is not described in great detail and it is not seen as being achievable immediately. One of the options above would need to be delivered first to pave the way for the kind of work underway in Greater Manchester and potentially involving the creation of new organisations at 3 levels:

- a. Pan-Somerset entity (similar to that of a Combined Authority (with or without a mayor).
- b. “Super locality” councils; (based on the current four District Council boundaries)
- c. Town and parish councils.

73. In this option the County council would no longer exist and the “Super localities” would run scaled services at a local level. The Pan Somerset entity would run and coordinate services at a larger scale such as Transport, Planning, integrated services with the NHS.

74. For ease, the table below shows the potential financial costs and benefits from each option.

Number	Option	Savings (up to)	Implementation costs	Payback start	Payback duration
1	As is	As individual targets	As individual plans	Now	As individual per MTFS
2 & 4	Get fit + share then new approach	£32m +£16m	£80m	1 year 3 years	In 2 years In 4 years
3a	1 Unitary	£47m	£82m	3-5 years	In 3 years
3b or c	2 Unitary	£80m	£111m	3-5 years	In 3 years
3d	3 Unitary	£80m	£111m	3-5 years	In 3 years

75. It is important to recognise that these potential savings are estimates derived from ‘typical’ savings levels as a percentage of current spend, and the cost of change has similarly been estimated based on estimates and experience from elsewhere.

76. Finance officers from the Councils have reviewed the estimates and indicated their satisfaction with this methodology as far as it goes. However, these estimates do not represent a business case and were not intended to do so. The options research was



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intended to inform a discussion and enable selection of a preferred option to be investigated in more detail.

77. It is essential that before commitment is made to any one option that the figures are explored more fully through the development of a detailed business case. The next part of this work could be to fully explore the preferred option and to build a business case for the change, that better reflects the specific elements of the chosen option and therefore the potential savings.
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