

Stronger Somerset

**Our case for reform and
re-organisation to better deliver
for people, places and
productivity across Somerset**

Final draft v1.3 19



Stronger Somerset



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Foreword

Stronger Somerset

We are committed to the best possible future for Somerset, its people and its communities. This commitment transcends political and organisational allegiances as we strive to ensure the system of local government is fit for purpose and focussed wholly on the needs of the residents and communities of Somerset.

The current system does not work well enough and as a result, Somerset lags behind the UK in a number of areas and some of the services are unsustainable. But simply reorganising is not enough. Instead, a deeper reform is required to improve the places and quality of life in Somerset and to give residents the excellent services they deserve.

Our vision is for a Stronger Somerset with:

A stronger economy – delivering on “Levelling Up” with increased productivity, higher skills, better wage levels that everyone feels they benefit from.

Great places to live and work with enough homes that are genuinely affordable to local people and the community infrastructure to support them.



A Green Somerset achieving net zero carbon, more green businesses and jobs and sustainable transport



to connect our places and communities.

Stronger communities with greater power and control devolved to local people over the things that matter to them and the challenges of child poverty, deprivation and isolation dealt with.

To achieve this we propose a programme of reform to local government and public services to ensure modern and responsive services that are efficient, are close to people and have the ability to act strategically. Our proposals will ensure collaboration and integration across the system so that organisations and services are “joined up” and focussed on the different needs of the people, communities and places of Somerset. Crucial in this is the reform of care services to ensure we deal with the reasons why people need the services and help people to have happy, healthy and independent lives. Our reforms will ensure services are financially sustainable where currently they are not.

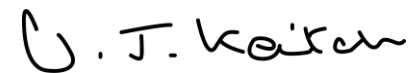


As part of this, we propose the creation of two new councils for Somerset, to replace the four districts and the county council. Our proposals demonstrate these are the right building blocks to ensure in a county of our size, local government remains close, accessible and accountable to the people it serves, and can shape the places it is responsible for. A

Somerset West Council and a Somerset East Council will ensure a focus on the differing challenges, community identities and functional economic areas that exist in what is a large county. They will work together and integrate with others to ensure efficiency and to tackle the strategic issues that the wider region faces, including by being part of a wider Combined Authority with the powers and resources needed to Level Up in Somerset, drive our economy forward and improve quality of life.

Our proposals offer a once in a generation opportunity for genuine reform that will ensure sustainable services that are focussed on the needs of the people and communities of Somerset and improved quality of life for all.

This is our proposal for a Stronger Somerset.



Stronger Somerset

**Our case for re-organisation and
reform to better deliver for people,
places and productivity across
Somerset**

Executive Summary



Executive Summary

Councils In Somerset recognise the need for change

Somerset is a great place to live with historic towns and villages, an unrivalled natural environment and strong communities with unique identities. But Somerset, its places and communities face many challenges as well. Our system of local government is not doing enough to tackle the challenges we face in Somerset.

People, places and partners in Somerset deserve better. We have an ambition for reform but are being held back by an inward looking system, overly focused on the short term.

The complexity and challenges facing public services today require more than re-organisation – they demand **reform**. Through this business case we set out our preferred approach as the basis for engagement with partners, the public and government.

Stronger Somerset is about how best to organise councils to secure better outcomes that mean every child starts well, every young person lives well, our older population ages well, our economy levels up and we deal with the climate emergency.

The failure of the current system is hampering progress. People deserve better from a Stronger Somerset – councils with the ambition to drive whole system change, to work collaboratively and integrate with others and catalyse revitalised services, well-being and prosperity.

Ambition - drive meaningful change in the local system, to ensure:

Every child starts well - 25% of children in Somerset live in poverty and more communities are becoming deprived. This must be tackled.

Every young person believes they can live well – some parts of Somerset have the lowest levels of social mobility in the country. Many young people feel the need to move out of Somerset to gain the education/employment to succeed. This must be tackled.

Our older population ages well – there is a growing older population and to ensure they stay healthy and have connectivity and suitable housing. Change is needed.

Our economy levels up and contributes nationally – we need a system where Somerset works across the sub-region to close the 15%+ productivity gap and improves skills, wages and opportunities in a clean and inclusive future economy. We need to ensure that our residents have a decent and affordable home.

Our transition to net zero – we need to turn our pledges on climate emergency into action in achieving a zero-carbon economy, reduce flooding and deliver sustainable transport.

The five main challenges are not felt in isolation. They reinforce each other, meaning citizens in Somerset generally experience lower levels of prosperity, have poorer life chances and experience a lower quality of life than elsewhere.

Executive Summary

We need reform to drive long term benefits for the people, places and productivity of Somerset

There are also national policy issues which shape the context in which our reform and re-organisation case needs to be considered. These include the unprecedented impact of Covid-19 and its longer term consequences.

Covid-19 has caused a public health crisis that is on-going and continuing to challenge public authorities across the world but it is evident that the economic and social implications are only just starting to be fully felt.

The government has announced that it will be publishing a white paper on devolution and local recovery in the autumn. This will connect local recovery with levelling up through:

Place based strategies to boost regional economic performance

A call for more unitary councils and for more elected mayors building on the experience of recent unitary developments which have adopted different models

Enhanced role for towns and parish councils in supporting their communities

We anticipate a White Paper on Planning reforms and our proposals assume that Plan for and deliver new homes in line with the White Paper; building on the districts' strong track record of delivery over and above the objectively assessed housing need.

Options assessment

We have assessed options using the HM Treasury Five Case Model, including tests for strategic fit, value for money, affordability and achievability. Under these headings we developed critical success factors which relate to the local context, national expectations for local government re-organisation and wider public spending guidance.

We considered a long list and identified four short listed options for consideration:

- **Option A: Status quo** - keeping the current councils
- **Option B: Do minimum** - build more collaboration between current councils
- **Option C: Stronger Somerset** - reform around two new councils working in collaboration with others
- **Option D: County unitary** - re-organise to create a single county unitary

These have been analysed for their suitability for Somerset: **Option C is the option that best delivers the Critical Success Factors.**

Executive Summary

Latest thinking on public service reform

Previous work by all Somerset councils before 2020 evidenced the need for new thinking and approaches. The County Council and the Districts fundamentally differ in our view of why we need to re-organise. The One Somerset case is only about delivering direct transition savings to the councils but that is dwarfed by the growing costs; it does not provide for a reform agenda that will tackle the big challenges facing our communities and stem growing costs. It is traditional and lacking in vision for better, modernised services and an improved quality of life for Somerset's communities.

Stronger Somerset would see those issues addressed through two completely new councils which adopt the latest thinking on public service reform, working in collaboration and combination integrating with others to drive change. This is unlike the One Somerset approach that simply creates a larger entity to do broadly what existing councils do today.

Traditional public service

approaches where organisations work alone to deliver services are ill suited to today's society.



Stronger Somerset represents a new approach, adopting leading practices around reform to make a tangible difference to services and quality of life by collaborating as part of an ecosystem – councils, communities, other service providers.

Our approach is designed to enable **flexible and adaptive service delivery** that is fit for this new age of public services with a different culture and ethos:

- From directingto enabling
- From centralising..... to sharing power
- From assessing.....to understanding
- From doing toto doing with
- From complianceto learning
- From silos.....to systems

Executive Summary

Why two new unitary councils?

Stronger Democratic Representation

The number of Elected Members proposed in total for the two Unitary Authorities compares favourably with that in the One Somerset proposal. It is more realistic in recognising Member workloads, capacity and resilience. It also guards against a democratic deficit and ensures adequate representation across our geography.

Our large geography and poor connectivity will lead to a greater risk of democratic deficit if the right structure is not in place.

Stronger Place Leadership

Our County is very large – 1,331 square miles – and has a very dispersed population, with 48% of residents living in a rural area (compared to 18% for England at the last census). It takes two hours to drive from the furthest reaches of the county from West to East.

Added to this, it takes people in Somerset 50% longer to access key services than the average for England. It would be impossible for a single unitary to do justice to the unique characteristics across our people and place.

The two areas comprising West and East are distinct from one another. West is characterised by towns and coastal villages and has reasonably good strategic road links to Bristol in the North and Exeter in the South. East, by contrast, relies upon a network of A-roads and minor roads. There are few alternatives, so disruption within this network causes significant delays and diversions.

People

The whole of Somerset is characterised by poor social mobility, but this is perhaps most felt in Somerset West. The former West Somerset authority area ranks 324th out of 324 Lower Super Output Areas (LSOA) for social mobility.

Business and Economy

The West and the East are characterised by distinct functional economic areas, travel to work areas and housing markets. Therefore, whilst there are some issues that cut across the county there are many features of the economy that are distinct in the East and in the West.

In the West businesses focus on nuclear and clean energy, tourism, construction, farming, food, retail, photonics, microelectronics and digital data. The East is different, with a concentration of aerospace, construction, manufacturing, food and drink, retail, tourism and agri-tech.

The West is home to Hinkley Point C, Europe's largest construction project and Bridgwater, the home of carnival. The East has the Glastonbury Festival, thought to be the biggest green field festival in the world and a large number of SMEs and start-ups.

With its heritage in alternative energy, and its coastline, Somerset West is well placed to explore further opportunities for alternative energy production. In the East, there are opportunities in agri-tech, advanced manufacturing, aerospace, retail and hospitality, manufacturing and food and drink.

Executive Summary

At the heart of the reform approach of Stronger Somerset are four priorities: reforming care, enabling communities, working together and collectively driving growth through two radically different councils within an ecosystem

Care

Social Care services provided by the County are struggling and are illustrative of the culture and behaviour that needs to change. The [SEND review](#) found significant weaknesses in identifying and meeting needs. Children's services provided by County have struggled for years - rated as *inadequate* and *requiring improvement* since 2015.

The new approach would introduce:

- Whole system commissioning - an alliance agreement
- Leading practice solutions to improve independence, restore preventative services and enable multi-disciplinary teams working in localities
- A fresh start for Children's Services, establishing a new Children's Trust **These proposals have been developed and tested with the Social Care Institute for Excellence (SCIE)**

We will create a new relationship with communities at the scale and on the issues that matter to them. Working with localities on geographies and identities that make sense to how people really live their lives.

Key features to include:

- Working with localities, based on geographies that make sense to people
- Developing Locality Agreements, helping communities define their wants and needs
- A flexible, charter-based approach to support local ownership, governance, presence and to build trust and joint working

We recognise the need to establish a Town Council for Taunton and commit to delivering this as part of our ongoing relationship with communities.

Connected

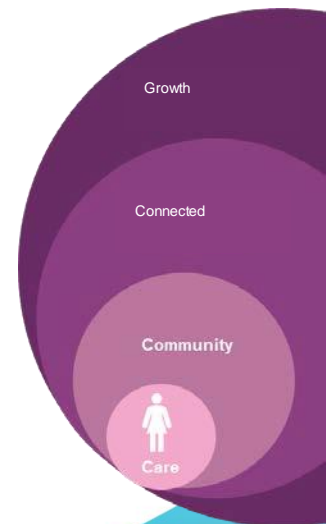
Collaboration between the two new councils will be assisted through creating new enabling services - to support Councils, Partners, Town and Parish Councils as well as Local Businesses and Residents.

- Integrated services delivery between councils and others where it makes sense – to ensure efficiency and share expertise
- New strategic capabilities, such as supporting the strategic commissioning capability in the Integrated Care System (ICS) and investing in modernising data and analytics to provide intelligence that enable better, data-driven decision making

Growth

We are committed to driving economic growth to "Level Up" and improve quality of life. This includes raising productivity across Somerset to the national average and working in combination with other authorities in the South West. Our offer is to work to create a Combined Authority – including a mayor - in return for powers and resources that results in Somerset becoming:

- a community of talent
- a great place to do business
- a great place in which to invest
- an imaginative place with a distinctive, proud identity



Executive Summary

Affordable. Deliverable. Sustainable

Stronger Somerset

Implementation costs repaid in less than three years

Our analysis illustrates that there is a clear benefit from change.

The County Council Network (CCN) said 'we should not just be looking at savings, rather which scenarios deliver the most appropriate platform for change, savings and improvements, now and in the future, so that we develop a sustainable sector for the future'.

Whilst the two unitary and single unitary options within a 5 year period achieve comparable overall NPV (between £52.75-£55.3m), it should be noted that **the reform agenda set out by two unitaries delivers greater long term benefits**. The reliance on direct financial benefits in a single unitary results in a lower long term financial benefit of £170.1m (option D). This is compared to the two unitary reform proposal (option C) which **delivers financial benefit of £203.7m**.

Our analysis has been predominantly focused on the combined revenue general fund budgets using available Medium Term Financial Planning information to assess costs and benefits that could be achieved by re-organisation and reform. Consideration will need to be given to factors such as reserves, business rates retention, council tax harmonisation, pay harmonisation, pensions, redundancies and potential receipts from property portfolio rationalisation. The financial analysis will need updating once the government plans for local government funding and finance are announced.

Summary of cost and benefits over five years	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Value of five years (£m)				
Cost to implement These are costs such as the programme team, support and advice, recruitment and redundancy, contingency and investment in better capabilities in areas like analytics				
Total implementation costs	-	2.22	13.81	12.81
Direct benefits These are costs and benefits from organisational changes to the structure resulting from integration and alignment such as leadership, management, support services and assets				
Total direct benefits	-	19.03	74.36	83.99
Total direct costs	-	3.22	22.84	22.18
Indirect benefits These are the indirect costs and benefits to the cost of service provision as a result of doing things differently in the new option, such as adopting leading practices in social care and in working with communities				
Total indirect benefits	-	-	39.29	16.57
Total indirect costs	-	-	12.48	4.75
Net costs / benefits	-	13.59	64.52	60.82
Net Present Value (£m)	-	11.54	54.56	51.94
Repayment period	-	Year 3	Year 3	Year 2

01

Introduction and Purpose



1. Introduction and purpose

This business case sets out our ambitious proposal for reform and re-organisation of councils within Somerset to create a sustainable model capable of delivering desperately needed improved outcomes

Introduction

Councils in Somerset recognise the current arrangements of local government need to change.

- We believe that the need to change is as much to do with culture and behaviours of current organisations as it is to do with their structures
- We have set out our desire to create a clear purpose and ambition for local government, which informed consideration of potential alternatives
- We not believe the County approach provides the strategic leadership or commitment needed to work better with partners and communities
- In light of the County Council's decision to withdraw from shared discussions and pursue a proposal for a single county unitary we have considered alternatives
- Our desire is to create closer collaboration and integration that improves outcomes relevant to all areas of Somerset. We recognise this may need re-organisation of council structures to go further on the reforms we need to deliver
- Any change to local government structures needs to be agreed with government and approved by Parliament. Usually this follows an invitation to all councils to develop a proposal which has not yet been issued

Purpose

This Business Case sets out ambitious proposals for reform and re-organisation of local government in Somerset.

- We started by considering our objectives for reform. We then considered whether re-organisation would better enable the achievement of those objectives
- We considered the options most likely to deliver the greatest benefits against critical success factors which draw on national objectives and our local context
- We then developed our preferred option and how it would improve outcomes through how councils operate in the future
- This process has helped develop our preferred approach and we now want to take time to properly engage partners, stakeholders and the public on our reform objectives and re-organisation proposals
- We are committed to listening and engaging widely to ensure reform objectives to address the challenges of Somerset are behind any proposal requiring re-organisation

Approach

We have used the HM Treasury 'five case model' for business cases.

- This is an approved methodology that underpins all major government business case decisions and helps ensure that key, relevant criteria and options are considered
- It also permits criteria such as the ability to affect the public service outcomes in Somerset to be considered and factored into the option appraisal and engagement process
- The five cases are:
 - **Case for change** – This strategic case sets out the legislative and strategic context, and critical success factors
 - **Options** – This economic case appraises the options (including the 'Status Quo' model), against the critical success factors to identify a preferred option
- The implications of implementing the preferred option are then set out in the remaining three cases:
 - **Commercial Case** – sets out the implications and key features of the preferred option
 - **Financial Case** – reflects the financial benefits and costs to the Somerset system
 - **Management Case** – outlines how the preferred option can be delivered, including our next steps



02

Case for Change

2. Case for change

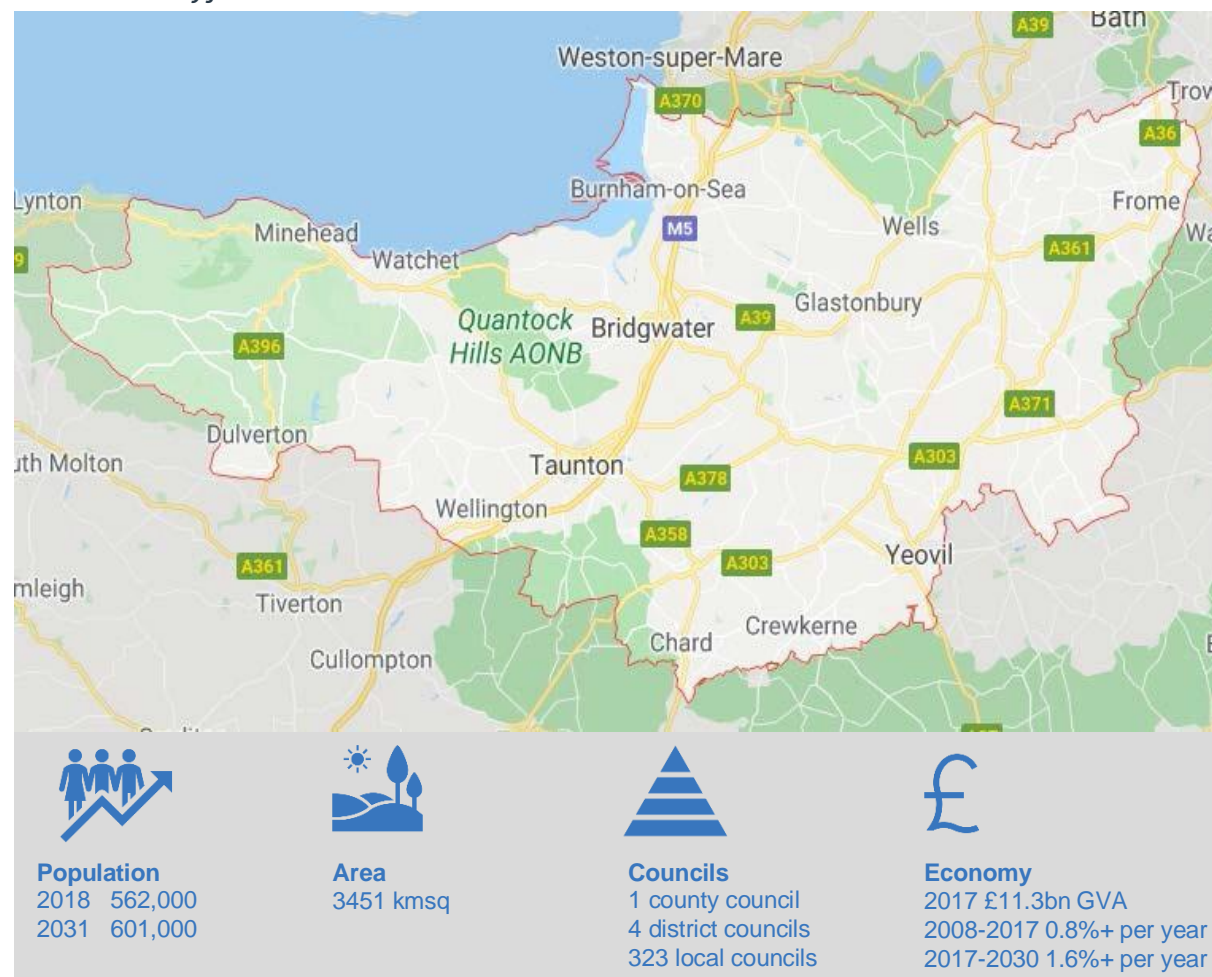
This section corresponds to the strategic case and sets out the legislative and strategic context, and the critical success factors for any reform of local government in Somerset

Summary

The case for change sets out the legislative and strategic context for considering reform of local government in Somerset, setting out drivers for change and summarising the key opportunities and strategic risks.

- This provides the context and critical success factors for appraising the options. It does not assess the re-organisation options but provides information that is material to that assessment in the options assessment. The strategic case does not recommend a particular option.
- It is set out in four main sections:
 - **About Somerset** – this provides the strategic context for change setting out key facts about Somerset and local government
 - **Drivers for change** - this details the drivers for change at a national and local level. It looks at national policy direction, sector reviews and research evidence into the role and form of local government and public service challenges. It also considers continuing financial pressures and public perceptions about local councils
 - **Reform objectives** – this considers the local case for change for any alternative model. It considers the local performance, financial considerations, demand and objectives which any future model will need to address
 - **Project objectives** – this sets out what we are trying to achieve through reform

Somerset and key facts



2.1 About Somerset

There is more than one Somerset – we have distinct rural and coastal identities, spread over 1,331 square miles - across many towns and will be home to more than 600,000 people by 2031 but overall we are underperforming

Somerset place

Somerset is a large area representing around 2.6% of England's land area across diverse landscapes and many different towns.

- There are at least seven distinct landscape areas ranging from the Mendip Hills, Exmoor and Quantocks to the Somerset Levels and Moors
- The Levels and Moors are UK's largest wetlands area at 650km², much of which lies below the level of the high spring tides. Susceptible to flooding, as experienced in 2013-14 which led to the pioneering Somerset Rivers Authority
- All towns are medium and small (under 75k population) but growing with diverse spread of employment growth. Taunton has garden town status and plans 13,000 new homes by 2028

Somerset people

Somerset has a significant and growing, but unbalanced population which will reach more than 600,000 by 2031.

- The Somerset population is projected to rise by around 12% between 2016 and 2041 period, to 624,800
- Projected growth amongst the 65+ age group is even greater, at around 35%, and the number of people aged 75 or more is projected to close to double, to almost 117,500. By 2033 the population in their 80s will be equivalent to those in their 20s
- The 'working age' population is projected to witness a slight (-0.5%) decline. There are already fewer working age people (57.5%) than both the South West (60.1%) and England (62.4%)

Somerset performance

Somerset has significant potential but currently underperforms both regionally and nationally. It also compares less well to other county areas who are members of the County Council Network.

- Somerset GVA growth 2008-2017 was 60% of that of England - equivalent to £3.3bn in 2017 and is forecast to continue widening
- Productivity is 82% of the national average
- Skills at NVQ Level 4+ are below the national average
- Net business births were less than half the national average
- Somerset West was a distant worst performer in the national Social Mobility Index



Measure	Somerset	CCN	England
Employment growth annual (2008-2017)	0.5%	0.8%	0.8%
Productivity level (£ks/job) (2017)	40.7	46.0	49.7
NVQ Level 4+ (16-64) (2016)	34.5%	36.5%	37.9%
Net business births per 1000 pop. (2015)	1	1.6	2.1

2.1 About Somerset

No single organisation is responsible for public services outcomes across Somerset. Partnerships and collaboration are essential as councils need to work not just with each other but with others to tackle complex issues

Economic recovery and growth

Somerset is part of the Heart of the South West Local Economic Partnership (HotSW), which covers Devon, Plymouth, Torbay and Somerset.

- There are 38 Local Economic Partnerships (LEPs) across the country established in 2011 which are business led partnerships between business, councils, universities and colleges. The LEP identifies common priorities and seeks to attract resources and investment
- HotSW has led development of the Productivity Plan and Local Industrial Strategy and agreed Growth Deals with the Government of over £240m in three tranches (the 16th highest total of all LEPs). The first two rounds of growth deals saw investment of nearly half a billion pounds in strategic and local transport infrastructure
- There is also a Somerset Growth Board involving the councils and representatives from the LEP, local business and the further education colleges which was established in 2014. This has developed the Somerset Growth Plan, and now recovery plan
- As districts we have been developing some of the most innovative initiatives delivered at this level
- Despite successive change in initiatives for local growth (50+ since 1978), partnerships are and will continue to be vital for growth and productivity going forward. We need to work together better locally and regionally

Skills

Skills and employment funding streams are centrally managed in many instances, with departments and agencies responsible for spending more than £10bn a year.

- In Somerset we need a focus on skills across all ages and to address the low skill and low wage economy we current experience. We have fewer people qualified to NVQ Level 4+ than elsewhere and research shows
- Much has been made of the lack of a university within Somerset, and we are a higher education cold spot, however, we are also blessed with numerous excellent universities in our wider region. Our local further education institutes were both successful as part of the first wave of 12 Institute of Technology collaborations which involve employer led organisations offering higher level technical education to help close skills gaps in key STEM areas such as education, digital, advanced manufacturing and construction
- Yeovil College is part of the initiative led by Weston College and while Bridgwater and Taunton College is part of the initiative led by the University of Exeter
- With the UK ranked 28th of 33 countries in the latest OECD ratings of intermediate and higher level professional and technical skills, action to improve our skills base has local and national benefits

Climate and environment

All councils in Somerset declared climate emergencies over the last year and are committed to Carbon Neutrality by 2030. This is a real challenge for an area at high risk from flooding, sea level rises and coastal erosion which threaten large areas of the Somerset Levels and Moors and towns like Bridgwater.

- There is a shared Climate Emergency Framework across local councils and a Climate Emergency Strategy is imminent
- Friends of the Earth produced a league table of performance on climate change by local authority area in 2019 which ranked Somerset West and Taunton joint second in the country
- The flooding in 2013/14, which caused a loss of £147m, directly led to the creation of the Somerset Rivers Authority, a joint partnership which is overseeing a 30 year management plan
- The source of emissions vary across Somerset, so that where 46.5% of emission are from the transport sector in Somerset overall it is 52.2% in Sedgemoor and 36.8% in Mendip
- On environmental issues such as recycling household waste Somerset is ranked in the top 10% across the country. The well regarded Somerset Waste Partnership, established in 2007, has enabled co-ordinated and joint action to deliver improved performance
- We need to deliver sustainable transport solutions, including walking and cycling infrastructure

2.1 About Somerset

Although no one organisation is responsible for public service outcomes, Somerset County Council has lead responsibility on some of the key issues where we urgently need fundamental reform to improve outcomes

Relationships with the NHS

Somerset is covered by a single Clinical Commissioning Group and two NHS Foundation Trusts, which is a relatively simple local health system compared to many areas.

- It is in the process of transitioning to an Integrated Care System (ICS), which is where NHS organisations work in partnership with local councils and others to take collective responsibility for managing resources, delivering NHS standards and improving the health of the population they serve
- By working together, including with local charities and community groups, the ICS will help people live healthier lives for longer and stay out of hospital. Around half the country are now covered by an ICS and it is expected that Somerset will gain approval later this year. This will see the development of an Integrated Care Partnership (ICP) of providers and a Strategic Commissioning Function (SC)
- 13 Primary Care Networks went live in Somerset in 2019 and bring together general practices to work together serving patient populations of 30- 50,000
- While the County Council has been primarily involved, the Districts, communities and local charities all have key responsibilities for good work, housing, physical environments and social connections – the social determinants of health - which will make a success of the approach

Vulnerable people and social care

The County Council is responsible for Adult Social Care services in Somerset and services for vulnerable people. The impact of their decisions affects vulnerable people and demand for other services.

- Many families in Somerset are 'stuck' in a cycle of low income and low prospects and a growing ageing population are issues which are putting services under pressures, have been exacerbated by COVID-19
- The County's Adult Social Care department for example is understood to have experienced increased costs of at least £16.5m during the pandemic
- However, it was already a service under pressure with cuts agreed in 2018 to help address the County's financial position adversely impacting vulnerable people, including £1.75m of cuts in services for disabled people and £2.75m in services for adults in receipt of adult social care
- The Health and Well-being Board in Somerset brings together all council and care system leaders to consider people's health and social care needs. This recognises the need for partners to work together to help maintain healthy lives for longer and should be based on robust data and insight which is not considered strong in Somerset

Children and young people

Services for children and young people in Somerset are primarily the responsibility of the County Council and are not performing well.

- Somerset children's services were rated as inadequate by Ofsted in 2015, and in 2017 when judged as requiring improvement to be good. The 2019 review recognised improvements in leadership but still found too much variation in the quality of services that children received across the County and the need for continued improvements
- The Ofsted and Care Quality Commission joint inspection of SEND services (special educational needs and/or disabilities) determined that a Written Statement of Action is required because of significant areas of weakness in the local area's practice. They found that fundamentally area leaders have started to implement SEND reforms too late and that leaders from education, health and care services have been distracted by their individual challenges. Despite the Somerset Safeguarding Children's Partnership, joint working is underdeveloped and there is not effective and consistent joint working across the area – indicating that children, young people and their families are not at the centre of leaders' thinking
- Whilst recognising these are complex and challenging services but, with 25% of children living in poverty and 14,000 troubled families, it suggests that existing arrangements need improvement and for reform to be central to leadership thinking

2.1 About Somerset - Somerset West



Our Place

Somerset West features Somerset West and Taunton and Sedgemoor District Councils, a combined area of 676 square miles.

The population is mainly distributed within the larger settlements of Taunton, Bridgwater and Wellington and across a number of smaller market towns. There are also a number of coastal and rural communities in the North of the district. Coastal areas and urban towns attract tourists to Somerset West.

The area is home to the protected landscapes of the Blackdown Hills, Quantock Hills and parts of Exmoor National Park. Parts of Somerset West are recognised as Special Protection Areas, Special Areas of Conservation and Sites of Special Scientific Interest and these attract visitors.

The M5 motorway runs through Somerset West, which provides excellent road linkages to Bristol, Exeter and more generally the North and South of the UK for commuting and tourist purposes.

Key railway stations in Taunton, Bridgwater and Highbridge provide excellent links to London, Exeter, Bristol and Weymouth, although the main rail links suffer reliability issues which need to be addressed.

Over the past 6 years, Somerset West has Delivered 6968 houses. Against the Government's own Housing Delivery Test, the area has delivered 131% of its requirement, placing our area amongst the highest performing in the Country and fully playing its part in responding to the national housing crisis.

Key towns, aside from Taunton, Bridgwater and Wellington, and coastal communities have poor road networks and are remote from main centres of employment, education, public services and leisure opportunities.

Digital connectivity – areas of Somerset West are within the bottom third of rankings for broadband provision nationally.

Our People

Somerset West is projected to have a population of 301,840 by 2028. The population density for Somerset West is 158 people per square kilometre, lower than the South West average of 236 people per square kilometre.

Somerset West has low social mobility, with Sedgemoor ranked at 258th and Taunton Deane ranked at 206th out of 324 Local Authorities. The former West Somerset district ranked at 324th.

Our Businesses

Somerset West businesses focus on nuclear and clean energy, tourism, construction, farming, food, retail, creative and culture, photonics, microelectronics and digital data.

There are two functional economic market areas (FEMA) in Somerset West, the M5 corridor, which follows a ribbon of development in and around the M5 motorway, and the Coast FEMA, which is characterised by a smaller number of large employers and greater reliance on the tourism sector.

Hinkley Point C, Europe's largest construction project, will be the first new nuclear power station to be built in the UK in over 20 years. It is based in Somerset West and will provide low-carbon electricity for around 6 million homes, create thousands of jobs and bring lasting benefits to the UK economy.

With its heritage in alternative energy, and its coastline, Somerset West is well placed to explore further opportunities for alternative energy production.

Close working with Bridgwater and Taunton College, using legacy derived from Hinkley C, has resulted in the National College for Nuclear at Cannington. We are keen to replicate this success in other parts of the county.

2.1 About Somerset - Somerset East



Our Place

Somerset East comprises the current areas of Mendip and South Somerset District Councils, a combined area of 655 square miles.

Somerset East is mainly rural with its population distributed across villages, hamlets and number of distinctive market towns each with its own unique identity, culture and heritage. These market towns are bustling with events, activities and weekly markets which drive tourism across Somerset East.

Somerset East is wonderfully picturesque and encompasses some of Somerset's most attractive and varied landscapes, such as the Mendip Hills, Somerset Levels and Moors, Cranborne Chase, Chard Reservoir. A large area of Somerset East has been recognised as an Area of Outstanding National Beauty (AONB). The complex geology, topography and history of the area has resulted in a great variety of habitats, landscapes and cultural heritage which are of international value.

The natural beauty of Somerset East makes it an outstanding tourist destination, tourists also visit the area in great numbers to attend Glastonbury Festival, thought to be the biggest green field festival in the world which generates at least £100 million a year.

Towards the north of Somerset East there are good road linkages to Bristol and Bath. There are excellent railway links to London, Exeter and Bristol. There is a rail link to Weymouth, but this is beset by reliability issues.

The ratio of lower quartile house price to lower quartile earnings in 2016 in Somerset East was 8.25, compared to 7.16 nationally.

Transport infrastructure within Somerset East requires improvement, relying upon a network of A-roads and minor roads. There are few alternatives, so disruption within this network causes significant delays and diversions. Sustainable travel options - public transport, walking and cycling, will need to be considered.

There is poor public transport provision within Somerset East. Evening and weekend services are extremely limited and residents of rural villages are forced to opt for private vehicles over public transport.

Our People

Somerset East will reach a projected population of 300,293 by 2028. The population density in Somerset East is 166 people per square mile, Significantly lower than the national average of 432 people per square kilometre.

Our Businesses

Somerset East businesses focus on Aerospace, Construction, Manufacturing, Food and Drink and Retail, Tourism and Agri-Tech.

The economy of Somerset East is founded upon business and enterprise, as the area is home to a number of big businesses, a wealth of SMEs and many start-ups.

Tourism also plays a key role in the Somerset East economy, building on the unique identity of each of its market towns and the historic significance of the area.

Aerospace also plays a key role in the economy of the East, especially Advanced Engineering and Manufacturing (AEM) and rotorcraft with Leonardo Helicopters producing high performance helicopters for commercial and military operators worldwide.

Somerset East is home to two key functional economic market areas of the A361 Corridor and the A303 Corridor.

There are growth sector opportunities in agri-tech, advanced manufacturing, aerospace, retail and hospitality, manufacturing, as well as our food and drink sectors, which are world class. However, we need physical and digital infrastructure investment to become a better place for business.

Notable numbers of commuters are based within the Bath to Bristol corridor. Street, Wells and Yeovil are the three key travel to work areas in Somerset East, where over 75% of the people who work in the area also live.

2.2 Drivers for change

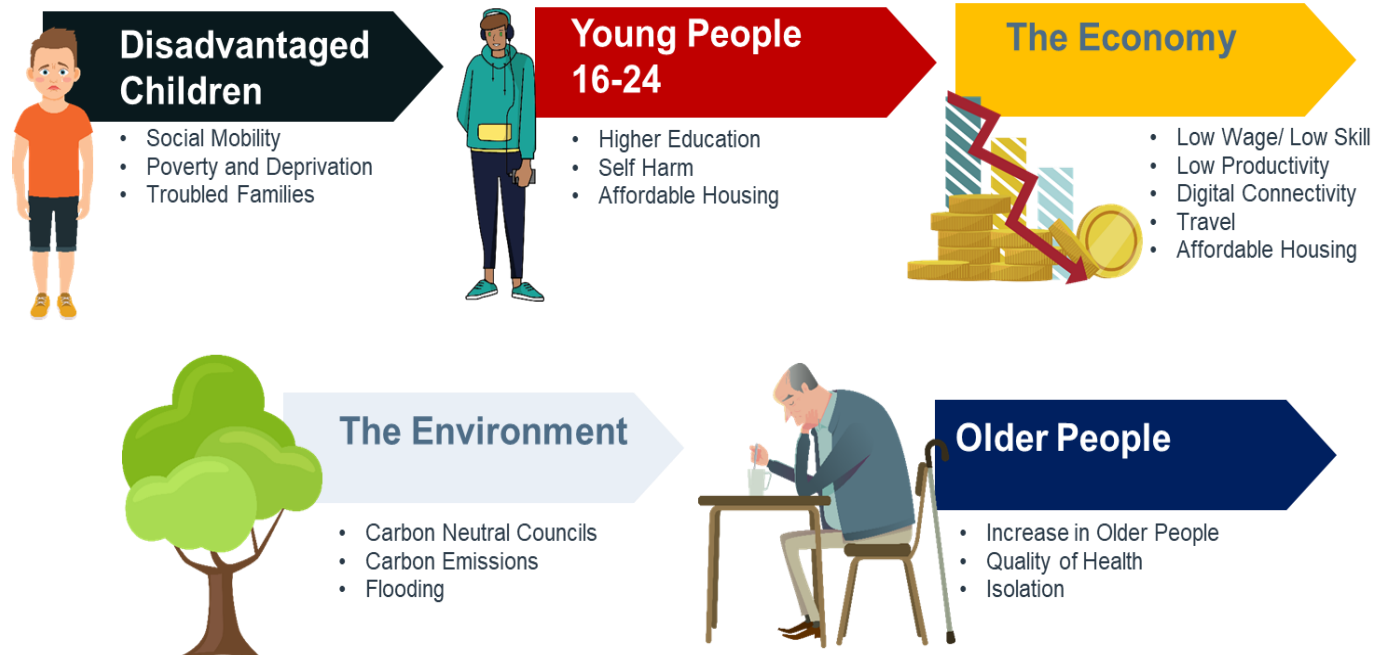
This section details the drivers for change at a national and local level. It looks at national policy direction, sector reviews and research evidence into the role and form of local government, as well as the challenges facing councils.

Summary

During the joint work by all councils before 2020 we agreed there were five main challenges for securing better outcomes.

- Many of the issues are inter-related and connected and they require a joined up response. Their complexity require councils and communities to work together to create sustainable and effective solutions
- The development of these key facts and trends highlighted the issues that many people and organisations are concerned about in Somerset
- They showed the importance of data and analytics in bringing together individual organisational knowledge and understanding with others to create awareness of the system wide issues
- In this section we cover these and associated issues at the local level and the emerging national policy direction which will shape any consideration of re-organisation proposals

Five main challenges for Somerset



The Somerset Authorities face a significant financial challenge resulting from a very low comparative council tax base. A 1% increase on the council tax in Somerset raises just over £2million. In other Counties a 1% levy would deliver £7million, or even more in places like Surrey. Somerset will never catch up from the six years of council tax freeze, in addition to housing stock is of lower value than average.

2.2 Drivers for change

The five main challenges are not felt in isolation. They reinforce each other, meaning citizens in Somerset generally experience lower levels of prosperity, have poorer life chances and experience a lower quality of life than elsewhere.

The impact of these challenges are disproportionately felt by those in those in lower social-economic groups. They have lower chances of improving their lives and require support and services from public bodies.

The emerging evidence from the pandemic is that it is these same people who will experience the most impact. Building on the five main challenges ten local drivers for change have been identified:



2.2 Drivers for change

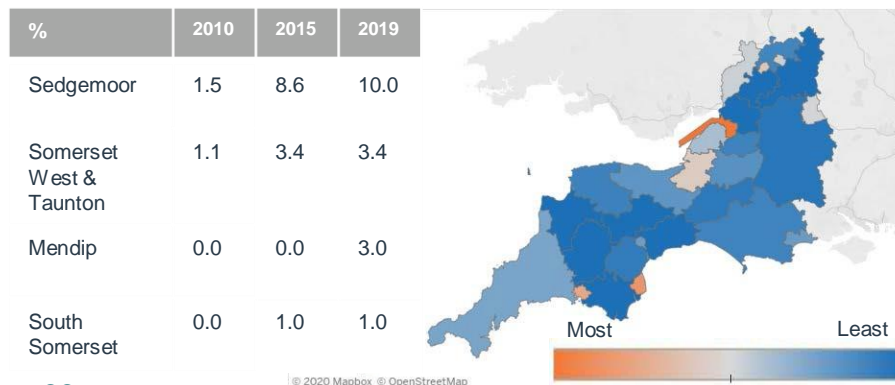
Too many people – particularly children – in Somerset are experiencing deprivation which is slowly getting more concentrated and challenging over time.

Starting well

Poor life chances at birth in Somerset are reinforced by poor social mobility, repeating a cycle of poor life chances.

- Being born into a disadvantaged background in Somerset, the chances of getting a good qualification and a good job are poor. The Social Mobility Index published in 2017 showed that Somerset West was the lowest ranked area in the country. It was selected by the Department for Education as an opportunity area to address specific challenges. Generally it is recognised that coastal areas are real social mobility cold spots
- The Income Deprivation Affecting Children Index measures the proportion of children aged 0 to 15 living in income deprived families and shows that between 2015 and 2019 an increasing number of areas in Somerset became more deprived and the area ranks 103rd out of 151 upper tier areas. A quarter of children in Somerset live in poverty, with up to two fifths in some localities
- There are 14,000+ 'Troubled Families' in the county. Troubled Families can cost the system up to 11 times more than an 'average' family and Somerset has benefited from government funding to try and tackle the issue, with national evaluation showing £1 spent on the programme has £1.51 of fiscal benefits - namely the budgetary impact on services

IDACI Proportion of LSOAs in most deprived 10% nationally

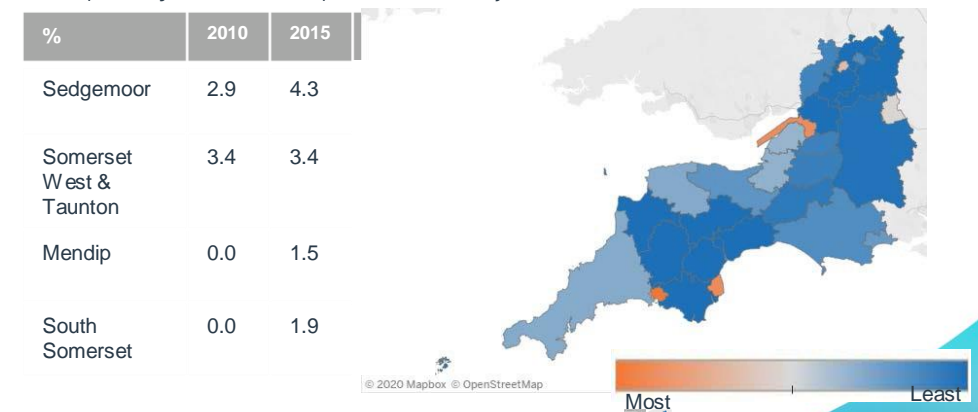


Deprivation

Increasing levels of deprivation with an increasing number of Somerset neighbourhoods ranked within the top 20% and top 10% most deprived areas.

- Deprivation in Somerset is slowly increasing although the area overall is generally better than the national average. Although not generally perceived of as a deprived area, in a rank of the 151 upper tier authorities by average IMD score Somerset ranks 92nd
- Although nationally 88% of LSOAs that were in the most deprived decile in 2019 were also in the 2015 index of multiple deprivation, 29% of Lower Super Output Areas (LSOAs) in Somerset moved down the scale. There are now 29 neighbourhoods in Somerset in the 20% most deprived in the country, up from 25 in 2015. The greatest increase was in the 30-40% most deprived LSOAs
- The most deprived area of Somerset is Highbridge South West in Sedgemoor, with the urban areas and rural areas in the west continuing to have the greatest proportions of deprived neighbourhoods
- Barriers to housing and services is a key driver of deprivation scores in Somerset but the quality of living environment is also a growing issue

IMD Proportion of LSOAs in most deprived 10% nationally



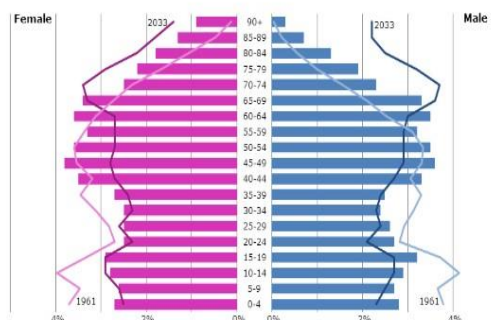
2.2 Drivers for change

The population of Somerset is changing and becoming older as people of working age move out, older people live longer and others move in. This has significant implications for what and how public services are delivered.

Demographics

The population of Somerset is growing but on an unequal basis. There is a higher proportion of older residents versus the national average and a declining working age population.

- The Office for National Statistics (ONS) has forecast that Somerset's population will reach 625,000 by 2041 - a 12% increase over 2016
- The projected growth amongst the 65+ age group is even greater at around 35%, while the population of those over 75 is projected to more than double
- In contrast the population of under 16s is forecast to grow by 3% while the working age population is expected to experience a decline of 0.5%
- As illustrated below our population pyramid will have inverted since 1961 with a greater dependency ratio on working age people today



Live well

Children and young people growing up in Somerset experience limitations to achieving their aspirations locally and many move away to progress.

- There are around 116,000 children and young people under 18 in Somerset, 48% living in rural areas and 13,000 young people under 18 living in poverty
- In a recent health and wellbeing survey 77% of 8- 11 year olds and 78% of 12-16 year olds say they worry 'quite a lot' or 'a lot'. Only 29% of primary school leavers report high self-esteem compared to 38% nationally
- Self harming rates resulting in a stay in hospital are twice the national average
- There is a 22% performance gap in English and Maths between the disadvantaged learners and their peers
- In the JSNA research 60% of young people expressed a desire to stay in Somerset but recognised that this would be self-limiting

"I would love to be able to make a difference here and stay with my family – but I know I might not be able to"

www.youngsomerset.org.uk

Age well

Challenges to ageing well that are common across the country are amplified in Somerset by the context, age profile, isolation and poor connectivity – both physical and digital.

- Not only is the proportion of our population over 65 growing but there are more people living later years in ill health or with long term conditions
- Older people in Somerset with two or more long term health conditions cost the health and social care system c£300m per annum
- The rural and coastal nature of many areas also contributes to health inequalities, one factor of which is social exclusion and isolation. Research suggests that loneliness can increase the risk of premature death by 30%
- Other factors include access to and awareness of health and other community services, financial difficulties including fuel poverty and housing issues, a lack of transport and distance from services and low levels of physical activity
- The ageing population and low density of Somerset increases the challenges of delivering services. These include workforce, accessibility and equity issues. It reinforces why service delivery needs to reflect the local context and requires more localised and variable models of delivery

2.2 Drivers for change

The environment provides both natural capital and challenges in Somerset with a need for strong place-based leadership and appropriate service delivery models to adapt and reduce reliance on competitive grant programmes

Rurality

The rural and coastal nature of the region has an impact on cost and connectivity of services and can raise issues of exclusion and isolation.

- Low population density of 1.5 people per hectare in Somerset (compared to 4.1 England average) presents service delivery challenges
- Many villages and towns lack frequent and reliable public transport and high-speed internet, but attract in-migration that fuels house prices – with more than 3,000 second homes in the county
- Previous government research on service delivery identified sparsity as increasing costs in 15 service areas from public transport, street lighting and libraries to adults under 65 with learning disabilities, other children and family services and development control
- Various government funding initiatives recognise the specific challenges of rural and coastal areas such as the Coastal Communities Fund, Coastal Revival Fund, Coastal Community Teams, Stronger High Streets Fund and Towns Fund and Tourism Zones. However each programme requires significant effort and investment to bid for funding with uncertain outcomes
- Various places in Somerset, like Watchet and Glastonbury, have been successful in applying for and securing funding through these programmes. Community organisations like the Onion Collective work hard to attract additional investment for innovative community led projects

Climate change

Somerset is particularly exposed to climate change impacts with significant coastal area and the Somerset Levels, large parts of which are at or below sea level.

- The flooding of 2013/14 cost of £147m locally and led to the creation of the Somerset Rivers Authority
- The geography of Somerset is vulnerable to increases in sea level and from flooding. Projects like the Bridgwater Tidal Barrier are intended to reduce the risk and are being taken forward in partnership
- We are working on a Somerset Climate Emergency Strategy to take further action and transition to net zero
- We need sustainable transport solutions, including walking and cycling infrastructure

Flood risk in Somerset



Affordability

There is a growing affordability gap with house prices more than 9 times wage levels across Somerset, compounded by a peak in accommodation demand due to construction of Hinkley Point C.

- Housing availability and affordability is a major barrier for communities in Somerset, and a significant contributor to deprivation
- As with other measures there is variation across the region with the ratio in 2016 of lower quartile house prices to lower quartile earnings ranging from more than 10 in West Somerset to 7.65 in Sedgemoor, against 8.1 for Somerset as a whole and 7 in England
- Housing delivery is a national priority and the local housing strategy has been agreed by all councils. Supply is an issue particularly for one bedroom properties and meeting the needs of single person households
- All the net need for new housing in the next twenty years will be for households over 65's necessitating the need for more flexible models of supported housing and independent living
- There are particular concerns for the under 35's who often struggle to access housing due to the changes in benefits and the high cost of open market housing

2.2 Drivers for change

Productivity and connectivity in Somerset both need attention to realise our economic and social ambition, with challenges to the local economy from the pandemic and to infrastructure improvement through slow delivery.

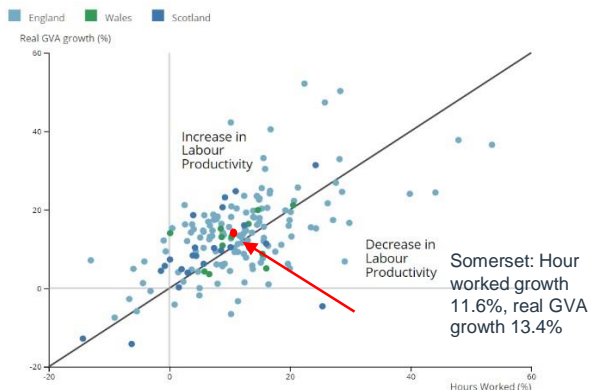
Productivity

Low wage, skill and productivity with high cost of connectivity and housing all act as barriers to prosperity. The Somerset economy is less productive than comparable areas and at risk of the economic impact of COVID-19.

- The University of Exeter forecasts that Somerset's economic output could fall by 37% during Q2 2020, slightly more than the national and HotSW averages (35%). RSA research on the localised impact on employment of the pandemic shows that between 26% and 28% of all jobs in each of the Districts are at risk
- The Somerset Recovery and Growth Plan recognises that there are underlying challenges for the economy that need to be tackled to stimulate growth which include:
 - Infrastructure and connectivity challenges, including broadband, road, rail, public transport
 - Low productivity and wages
 - Labour market pressures in the longer term linked to an ageing population
 - Poor housing affordability
 - Rurality and low population density
 - Deprived communities lacking opportunities, and not benefiting from the economic growth that has taken place

Real labour productivity increases are middle of the pack in Somerset

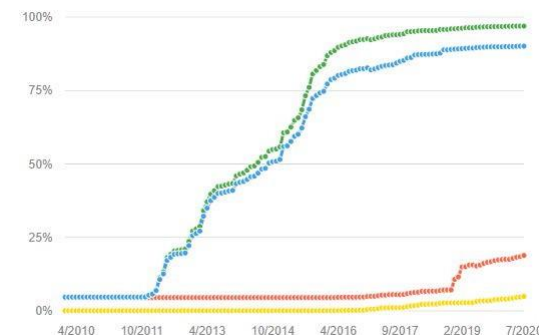
Scatter plot of real GVA growth versus hours worked growth for NUTS3 subregions, 2010 to 2018



Connectivity

Poor physical and digital connectivity is creating challenges in both accessing services and in supporting growth with slow progress on addressing both.

- Digital connectivity is a major concern across Somerset. Only 90.1% of Somerset has Superfast broadband (≥ 30 Mbps) compared to 95.3% for the South West region and 97% for England. Speeds vary across Districts with Mendip at 87.3%, South Somerset 90.7%, Somerset West & Taunton 89.7% and Sedgemoor 92.4%. CCN research in 2017 showed Somerset had the second slowest average download speeds of all its members
- Digital connectivity is an economic driver and essential to modern economies. Ofcom research into the link between broadband and economic growth showed that an increase in broadband adoption over a 15 year period (2002-16) increased GDP by 0.37% per annum – a cumulative increase of 5.3%. The UK Broadband impact study projected a £20 net economic impact for every £1 of public investment
- Connecting Devon and Somerset (CDS) is a partnership vehicle with government, EU and LEP funding to improve access which has sought to improve connections since 2013. Delivery contracts were terminated between CDS and Gigaclear in September 2019 and a new procurement for Gigabit-capable broadband is underway and expected to start in 2021



- Fibre
- Superfast
- Ultrafast (100+ Mbps)
- Full Fibre
- Gigabit

2.3 System drivers for change

The complication for Somerset is that, as a system, we have lacked strategic leadership and collaboration to work effectively together to address our underperformance, resorting instead to arguing about responsibilities and roles

Summary

The public service challenges in Somerset are amplified by a system which has failed over a sustained period to adapt to a more collaborative model. With some key exceptions there is limited co-operation across responsibilities. Key players seek to command and control activities in a way that works against joint working

Limited trust

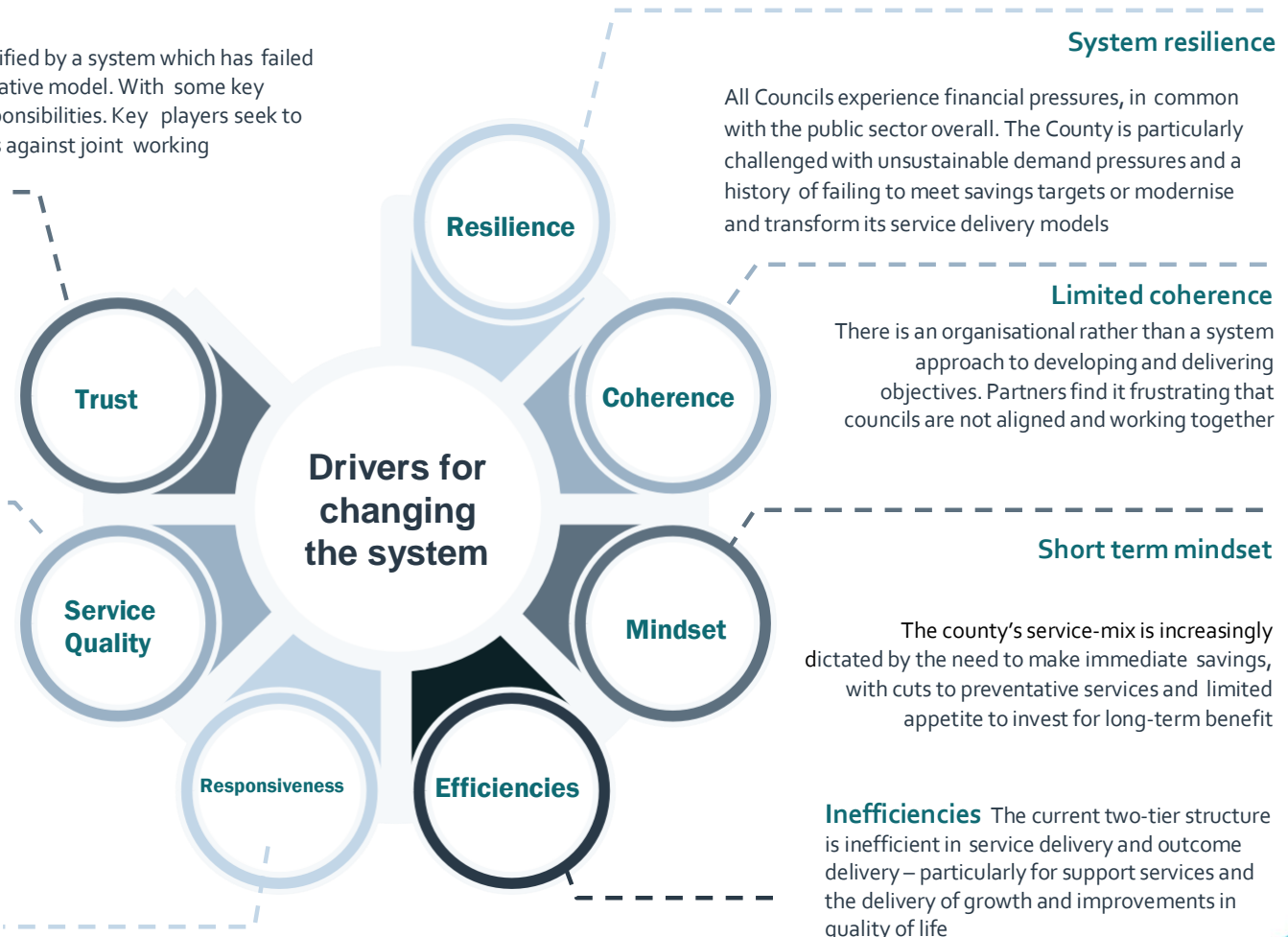
Organisations across Somerset lack a history of deep collaboration and trust required for strategic leadership and don't currently work effectively in partnership to deal with the strategic issues and challenges

Poor service quality

There are long standing concerns about the standard of public services in key areas of County responsibility (such as in SEND and children's services). This means vulnerable people can lack the support they need

Lack of local responsiveness

County services are not designed and delivered in partnership with local communities and are perceived as distant, centralised, bureaucratic and unresponsive to local needs



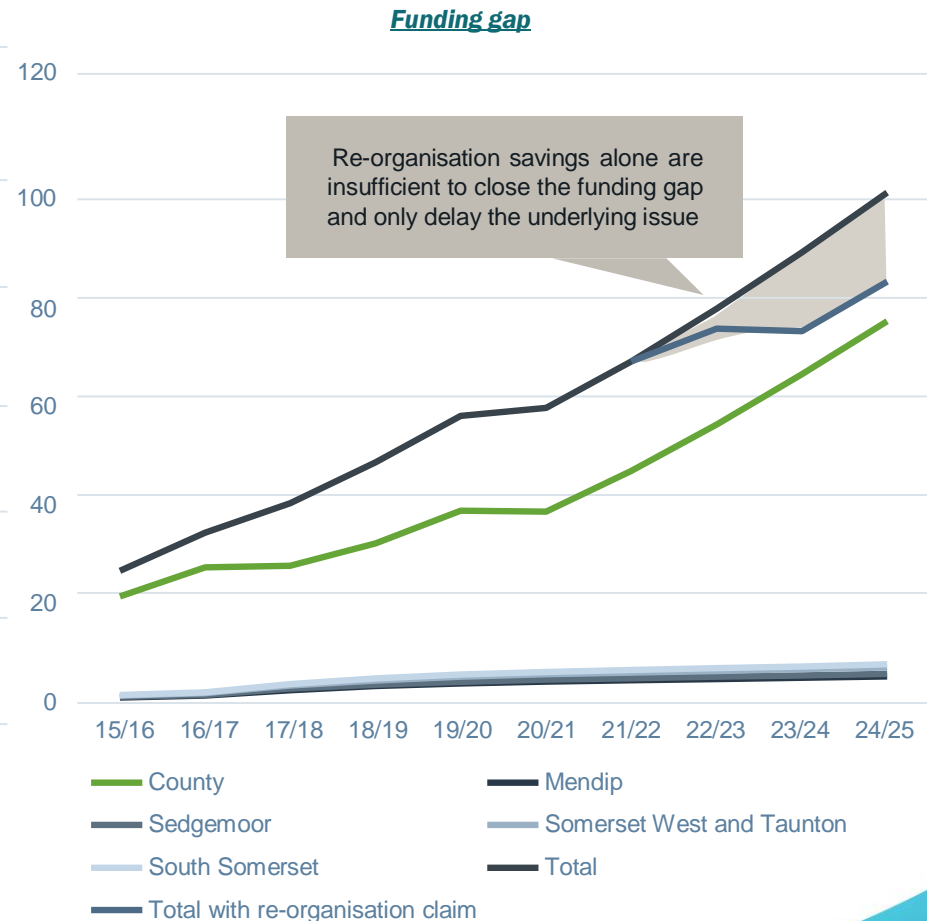
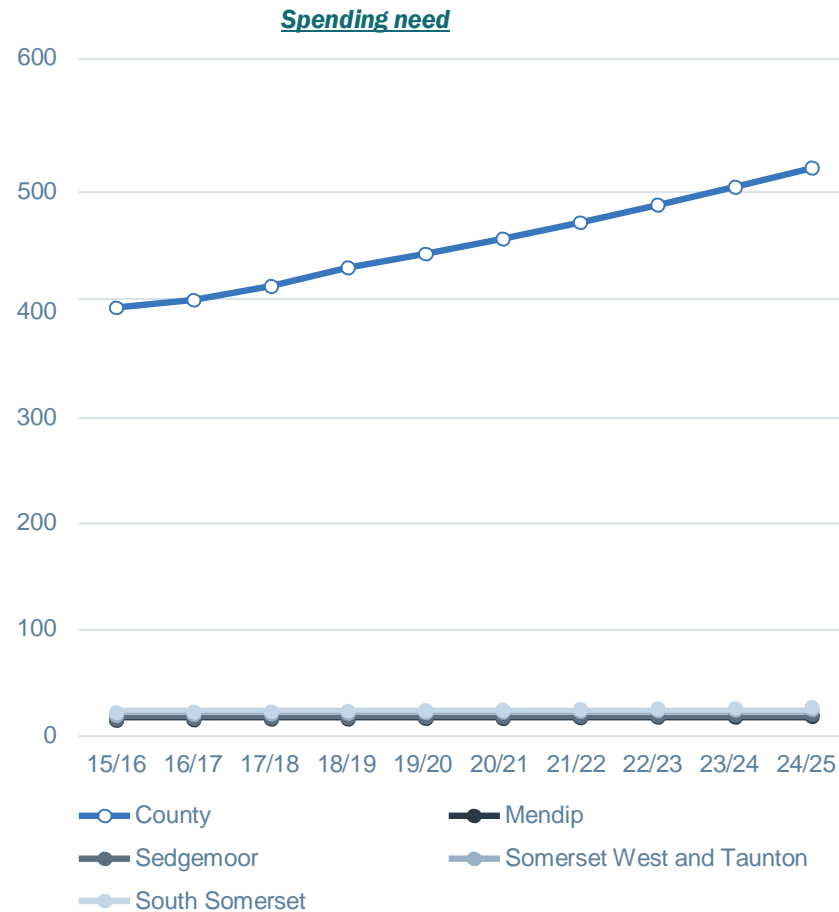
2.3 System drivers for change

All councils in Somerset have had to make financial savings to address increasing funding gaps and are experiencing increased uncertainty due to the pandemic. The major driver of our growing funding gap is in County run services.

Stronger Somerset

The pandemic has added to the uncertainty of council finances which were already strained with national reforms such as the Fair Funding Review and Business Rates reform further postponed.

Based on work completed for the County Council Network and adjusted to Somerset population forecasts, the charts below show how efficiency from re-organisation alone will not be enough for Somerset.



2.3 System drivers for change

There are also national policy issues which shape the context in which our reform and re-organisation case needs to be considered. These include the unprecedented impact of Covid-19 and its longer term consequences.

Building back better

Covid-19 has caused a public health crisis that is on-going and continuing to challenge public authorities across the world but it is evident that the economic and social implications are only just starting to be fully felt.

- As we move to the next phase of the pandemic there is a real desire across communities and councils to ensure a durable and resilient economic recovery and not just a return to normal
- Councils have experienced a testing period and continue to face uncertainties outside of their control. This is both on what services they can and need to provide to safely support people and how they can influence the shape and speed of the recovery
- The Somerset Growth and Recovery Plan is part of this agenda but the implications will go much further and be felt much longer in our communities
- Overall government decisions on council funding and local plans in Somerset will make a significant impact on foundations and starting position from which any reform agenda and re-organisation proposal is considered
- This is an opportunity for the government to consider long term viability by applying criteria for re-organisation that offers the best chance of building place-based leadership in tune with the needs of the local economy, communities and the environment

Recovery and Devolution white paper

The government has announced that it will be publishing a white paper on devolution and local recovery in the autumn. This will connect local recovery with levelling up.

- The indications are that the white paper will provide for:
 - **Places based strategies to boost regional economic performance** – this will build on initiatives such as the Northern Powerhouse, Midlands Engine and the Western Gateway. It will therefore be an opportunity to push forward with local plans around the Great South West
 - **Strengthening local institutions** – including an expected call for more unitary councils and for more elected mayors building on the experience of Dorset, Buckinghamshire and Northamptonshire. These recent unitary developments have adopted different models which reflect their specific local context and all involved a period for all councils to develop and consult on their proposals
 - **Making space for towns and parish councils** – this is expected to enhance the powers and potential duties of local councils to support their communities.
- The government has indicated that it is open for ideas on shaping and taking forward the ambitions of the white paper and will be led by evidence

Other key policies

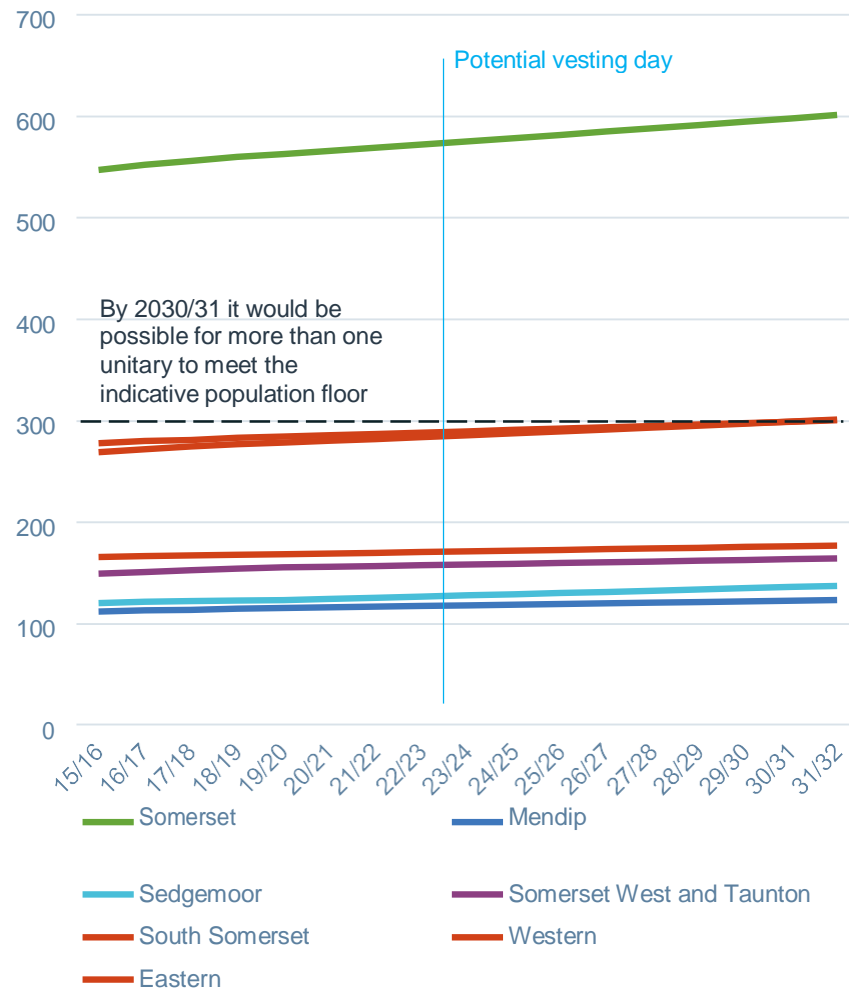
There are other key policy issues beyond the recovery agenda that have significant implications for the consideration of any new council, particularly around the funding and finance regimes.

- The government recognises that COVID-19 has brought a perfect storm of increased costs and reduced revenues and has made various funding packages available
- The government had intended to implement the Fair Funding Review in April 2021 but this has been delayed. The review will change the funding formula used to assess relative needs of local authorities, introduce 75% business rate retention and abolish the revenue support grant
- The government had also indicated in February 2020 it might implement another multi-year settlement for local government finance as part of the multi-year Comprehensive Spending Review. This would build on the previous four year settlement between 2015-2019 that helped provide a level of certainty for councils in their longer term planning
- These three factors will impact on the medium term financial planning considered in this business case and the context for any re-organisation proposal

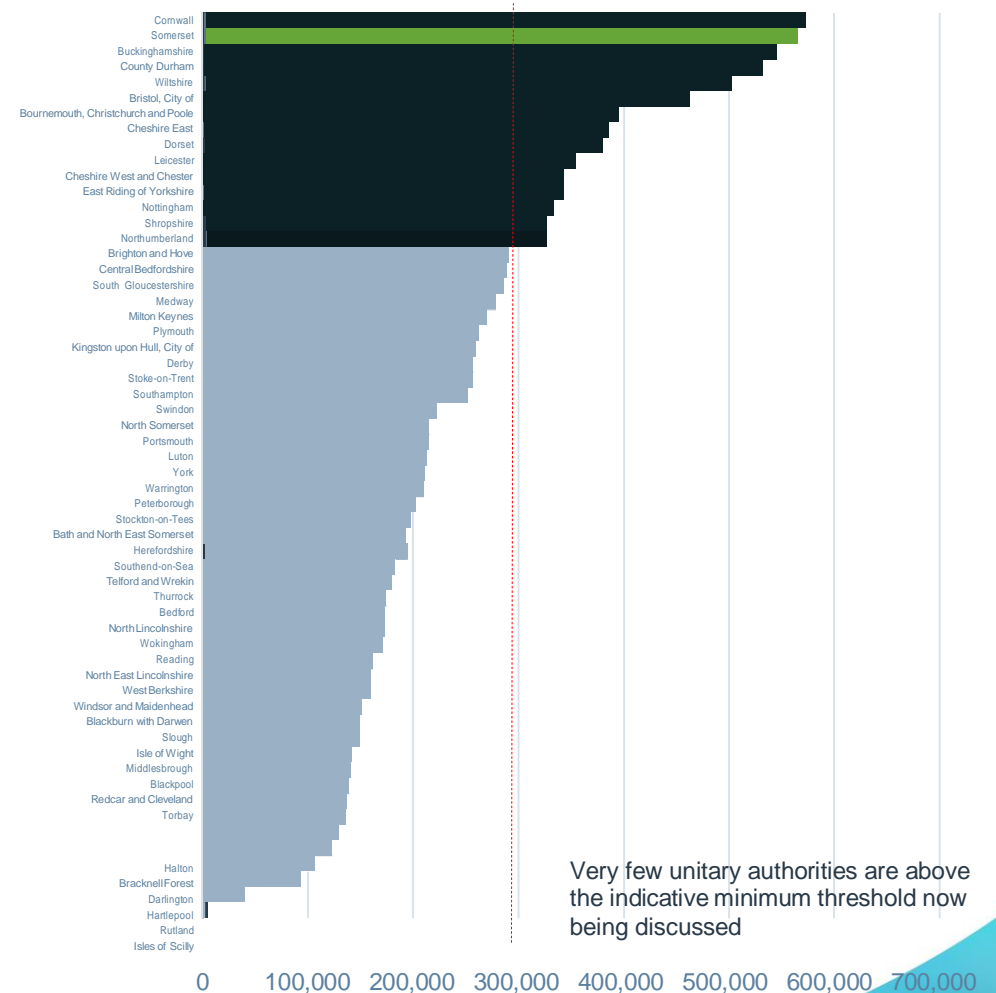
2.3 System drivers for change

The population of Somerset is growing and will be more than 600,000 by 2031 (not accounting for growth through housing delivery), making it possible for more than one authority above the indicative floor being possible, even though very few existing unitary councils are at this scale.

Population forecast



Unitary authorities by 2019 population estimate



2.3 System drivers for change

Re-organisation of councils requires the agreement of government and approval from Parliament and has followed a broadly consistent process whereby all existing local authorities are invited to develop proposals for consideration.

Approach

There is an established legislative process through which local government re-organisations are considered set out in the Local Government and Public Involvement in Health Act 2007.

- This processes can be amended but usually follows an invitation from the Secretary of State to all councils to develop re-organisation proposals
- There has typically been a period of three months after an invitation for the submission of those proposals which are then considered on their relative merits
- Proposals can be agreed with or without modification

Types of structural change for unitaries

Proposals can be of four different types:

- TYPE A: a single tier of local government for the area which is the county concerned
- TYPE B: a single tier of local government for an area which is currently a district, or 2+ districts in the county concerned
- TYPE C: a single tier of local government for an area which currently consists of the county or one or more districts in the county concerned, and one or more relevant adjoining areas; or
- TYPE D: a combined proposal that consists multiple Type B, Type C, or combination of Type C proposals

Criteria

The criteria used for assessing local government re-organisation proposals are subject to review. Government has previously said proposals should be likely to:

- improve the area's local government
- command a good deal of local support across the area
- cover an area that provides a credible geography for the proposed new structures, including that any new unitary council's population would be expected to be in excess of 300,000



Stronger Somerset



Summer 2020

Engagement on initial proposals with partners and the public



Autumn 2020

Development of formal proposals following an invitation from the Secretary of State for Housing Communities and Local Government



Early 2021

Secretary of State decision on a preferred option and commencement of Parliamentary procedure aiming for Shadow Authorities by April 2021



Early 2022

Agreement of detailed proposals and budgets for new councils



April 2022

Vesting Day for the new councils which would formally go-live and be operational



May 2022

Elections to the new councils

2.4 Reform objectives

Our reform objectives are needed to ensure any new system can address these drivers to create positive outcomes for the people, places and performance of Somerset.

People in Somerset deserve a local government system that better address challenges at every life stage so we can start well, live well and age well, can access housing and good work and have community connections.

Make it essential – objectives for reform:

Make it ready...things the system needs to do:

Starting well		Support system change to build social mobility, rather than tackling issues in silos	Interventions to support children and young people to have a good start in life
Living well		Support people to live well by improving quality of life factors within localities, rather than needing to travel to facilities	Interventions that enable people to live a good life closer to home
Ageing well		Support people to age well, staying healthy and active for longer at home, rather than reliance on medical institutions or being placed in care settings	Interventions that enable people to live healthy lives for longer and to deliver care closer to home
Housing		Deliver housing of the right type, where it is needed, with associated infrastructure	Interventions to ensure people can access appropriate housing in quality places
Connect communities		Prioritise connecting communities online as our infrastructure priority as an enabler for all other objectives	Interventions that facilitate social interactions
Close the productivity gap		Be proactive in driving up skill levels and productivity to drive clean economic growth that is inclusive and levels up incomes	Interventions that encourage good work and continuous learning

2.4 Reform objectives

The reform objectives also have a place based and system impact that needs to be considered in the re-organisation proposals.

	Make it essential – objectives for reform:	Make it ready...things the system needs to do:
Urban centres 	Supporting towns and cities to ensure they build on their role as vibrant economic and community centres	Interventions that create and maintain quality local environments
Rurality 	Treat our natural capital as an asset while developing delivery models that work for dispersed communities. Enable connecting infrastructure and increase productivity in rural and coastal communities as a driver for increased prosperity	Interventions that respect our natural environment
Decarbonisation and adaption 	Support the local economy and residents to reduce climate impacts. Work to mitigate the impacts of climate change that we can't avoid	Interventions that recognise and act on the climate emergency
Community-led 	Build and nurture community strengths and assets, rather than a deficit model	Interventions that facilitate participation and involvement
Systems-led 	Build relationships and partnerships to operate across a system, rather than individual organisations	Interventions that strengthen working together
Agreed priorities 	Create a shared strategic intent that transcends organisations, rather than distinct organisational priorities	Interventions that avoid duplication and align effort
Improve quality and sustainability 	Improve the quality of local government services across Somerset, while ensuring financial sustainability for public services	Interventions the improve public services and future sustainability

2.5 Project objectives

Critical success factors (CSFs) are the attributes essential for the successful delivery of reorganising local councils, against which options have been appraised. They answer the question ‘what does good look like?’

Summary

These are the factors which are considered critical by local leaders for the development of a re-organisation proposal to government. They are structured in line with the HM Treasury’s Five Case Model.

This is an approved methodology that underpins all major government business case decisions and helps ensure that key, relevant criteria and options are considered. It also permits criteria such as the ability to affect the public service outcomes in Somerset to be considered and factors into the option appraisal and engagement process.

This goes beyond the Ministry of Housing, Communities and Local Government published criteria for re-organisation which have previously said proposals should be likely to:

- improve the area’s local government
- command a good deal of local support across the area
- cover an area that provides a credible geography for the proposed new structures, including that any new unitary council’s population would be expected to be in excess of 300,000

The rationale for the CSFs is that government have announced they will publish a white paper on devolution and local recovery in the autumn. This is expected to set out an updated approach for this Government with further detail on devolution and re-organisation. Our CSFs anticipate this agenda will be more focused on reform and productivity.

#	CSF (link to HMT)	Purpose
1	Enables Somerset to deliver public service reform, improving the quality of public services (HMT: Strategic fit and business needs)	The option provides a viable platform for long-term service reform, allowing Somerset to meet our reform objectives through: <ul style="list-style-type: none"> a. Enabling collective and co-ordinated leadership b. Strengthening the democratic voice within Somerset by recognising the diversity of communities and needs and building on meaningful locality identities c. Effectively involving communities in designing and delivering services that are tailored to local needs, harnessing local strengths and assets d. Providing a platform for a modern culture and service excellence rooted in preventative and whole systems working removing silo cultures and working, that are in the way of better community and economic outcomes e. Providing an effective platform for a strong sub-regional agenda to drive regional productivity and harness opportunities for devolution to enable Somerset to level up and become a net contributor to national GDP
2	Enables Somerset to deliver value for money for public expenditure (HMT: Value for money)	<ul style="list-style-type: none"> a. Reducing the delivery cost of public services balancing flexibility and scalability b. Tackling the causes of demand c. Enabling a medium-term transition to an invest to save model reinvesting savings in a cycle of continuous improvement and better economic and community outcomes
3	Investment attractiveness	<ul style="list-style-type: none"> a. Levering additional investment in reform and services to deliver improved infrastructure, housing and economic prosperity
4	Financial sustainability	<ul style="list-style-type: none"> a. Being achievable within the identified budget and repayable through savings b. Delivering long-term financial sustainability for local government in Somerset
5	Achievability / deliverability	<ul style="list-style-type: none"> a. Ensuring transformation can be implemented successfully, mitigating key strategic risks

2.6 Case for change – conclusion

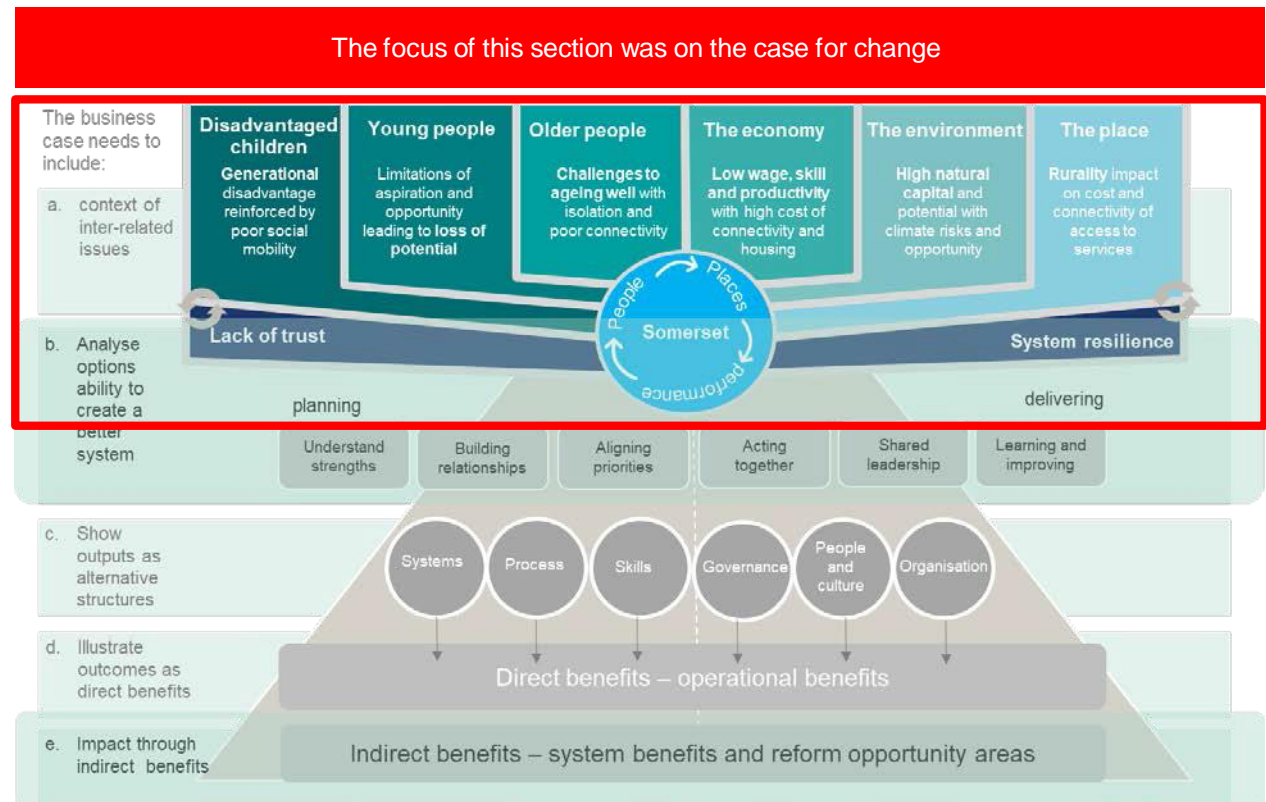
There is recognition that local government in Somerset needs to change. While one argument focuses on efficiency, this case for change includes a reform agenda that enables better connections and partnering to improve Somerset.

Summary

There is agreement that local government in Somerset needs to change amongst all councils and consensus within the districts on how to achieve it. Nationally there is also an emerging call for re-organisation of local government.

- Local government in Somerset has been under review for many years with a previous single unitary council bid led by Somerset County Council being rejected by local people 2007
- Pioneer Somerset was developed afterwards to attempt to enable all six councils to work together seamlessly by 2013. This arrangement failed in 2009 following slow progress and a decision by the County not to step-up support
- Over the last two years renewed efforts have been made on how to reform through work on the Stronger Local Government in Somerset. This initiative forms the basis of the current cases being developed and we have a shared understanding of the five main challenges. Local consensus ended when the County decided to return to proposals for a single county unitary proposal
- A focus on re-organisation must not distract from addressing the drivers for change facing the area that generally mean people, places and performance experience less good outcomes than they should
- Our reform objectives are an opportunity to create a proposal for a sustainable future system that recognises and acts on the challenges we face

Figure 1: The drivers for change considered in this section inform the next stage in analysing options



ART
GALLERY

03

Options Appraisal

The
Old Bake
House

Lovington's

AMICA
GIFTS

HUNTING
RAVEN
BOOKS

3 The options

This section addresses the economic case. It sets out the options that have been considered and assesses a shortlist (including the 'Do Nothing' option), against critical success factors to identify a preferred option.

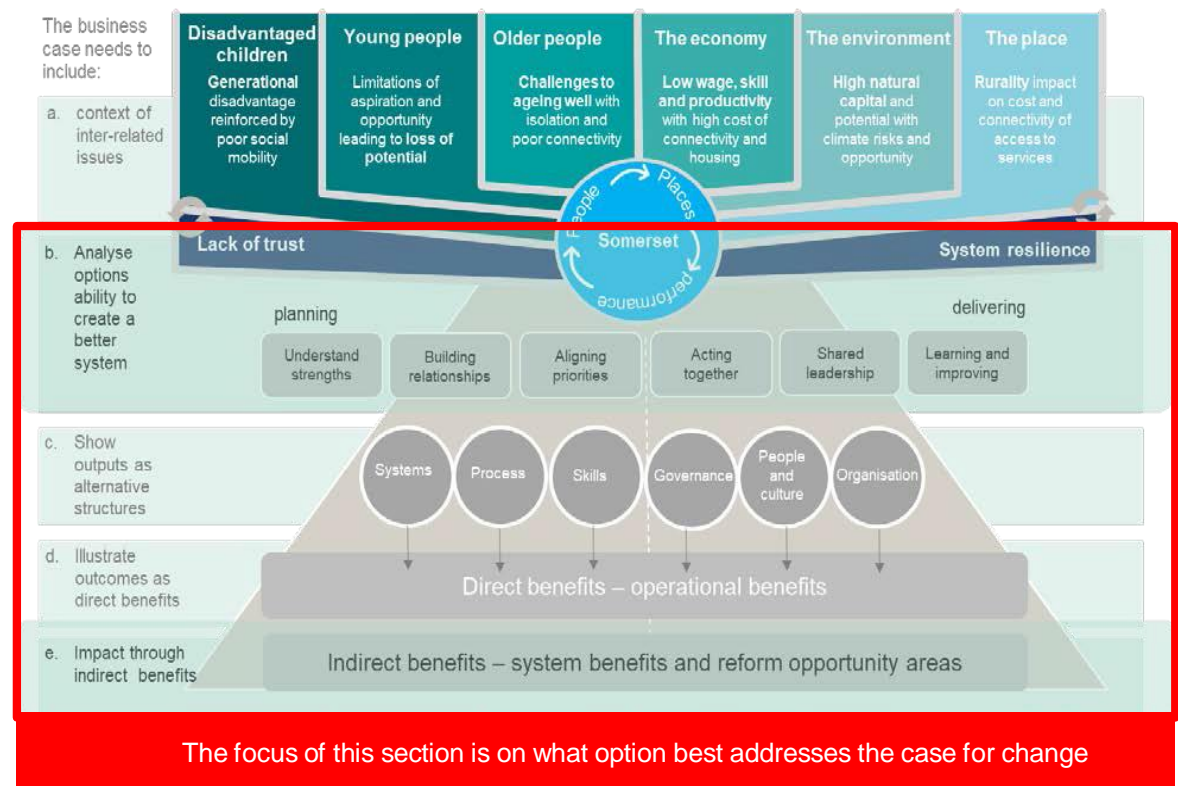
Introduction

The drivers and context described in the previous section describe the situation in which reform options have been considered. In this section options have been analysed to determine their likelihood to improve the system of local government. The analysis has been based against critical success factors for any re-organisation process.

- The process involved consideration of a long list of potential options and development of a short list. Work by all councils before 2020 identified seven potential options for consideration but as this work also included North Somerset and Bath and North East Somerset some options were discounted
- Our previous work provided useful framing but is not directly transferable to the current context. Instead a framework was developed considering:
 - the **degree of council consolidation** within the administrative area of Somerset (from the current five, to four, two and one council); and
 - the **degree of change to ways of working** (from do nothing, transform and reform)
- This resulted in a shortlist of four options covering the status quo, do minimum, a 'Stronger Somerset' 2-Unitary option and a single county unitary along the lines of 'One Somerset'

and our reform objectives

Figure 2: Options Analysis



- These have been assessed against project objectives as described as critical success factors. These take into account government guidance on re-organisation

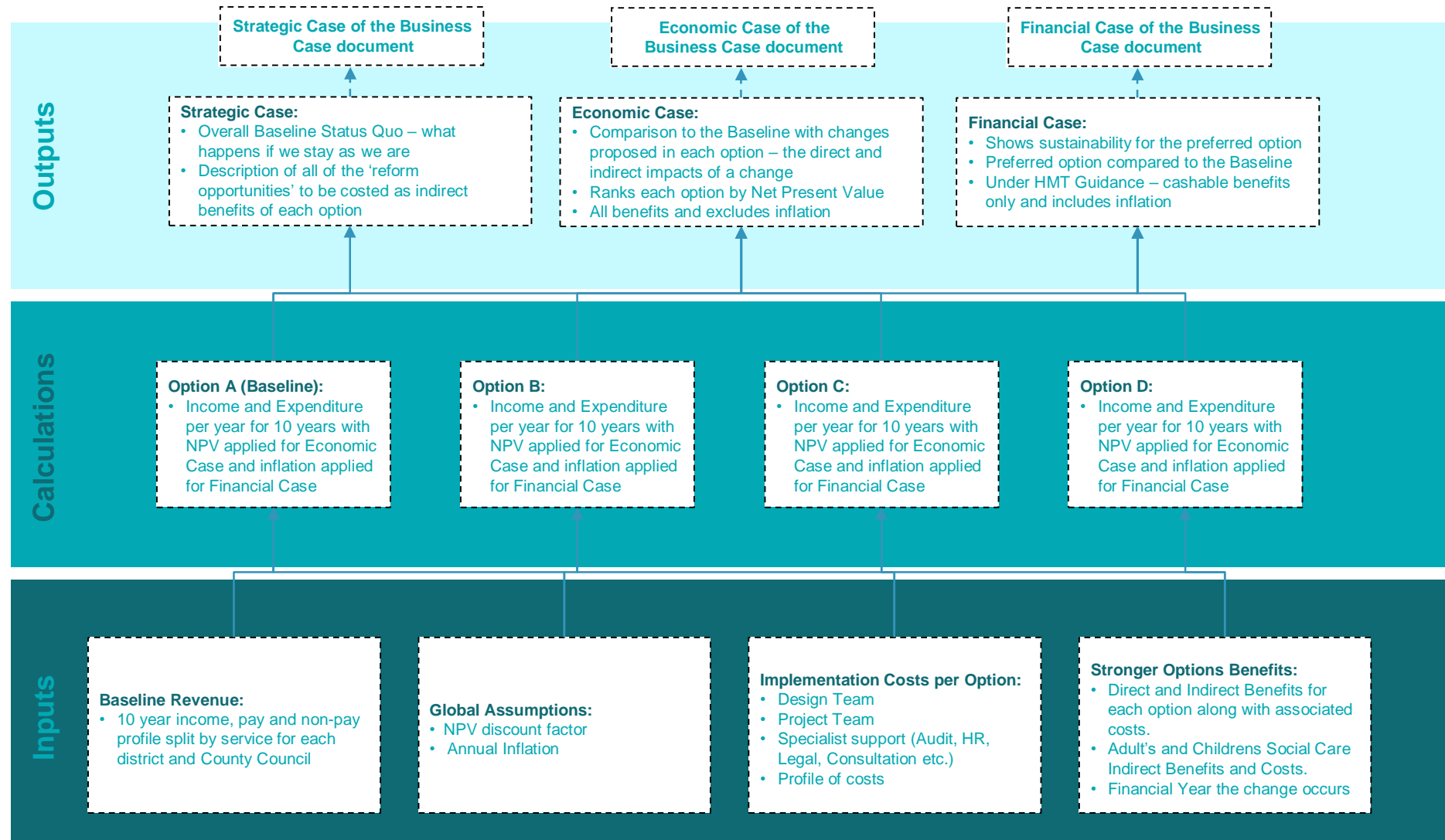
3.1 Approach to assessing options

Each shortlisted option is assessed against the critical success factors to test whether they meet the ambition for *‘what does good look like?’*

#	CSF	Purpose
1	Enables Somerset to deliver public service reform, improving the quality of public services (HMT: Strategic fit and business needs)	<p>The option provides a viable platform for long-term service reform, allowing Somerset to meet our reform objectives through:</p> <ul style="list-style-type: none"> a. Enabling collective and co-ordinated leadership b. Strengthening the democratic voice within Somerset by recognising the diversity of communities and needs and building on meaningful locality identities c. Effectively involving communities in designing and delivering services that are tailored to local needs, harnessing local strengths and assets d. Providing a platform for a modern culture and service excellence rooted in preventative and whole systems working removing silo cultures and working, that are in the way of better community and economic outcomes e. Providing an effective platform for a strong sub-regional agenda to drive regional productivity and harness opportunities for devolution to enable Somerset to level up and become a net contributor to national GDP
2	Enables Somerset to deliver value for money for public expenditure (HMT: Value for money)	<ul style="list-style-type: none"> a. Reducing the delivery cost of public services balancing flexibility and scalability b. Tackling the causes of demand c. Enabling a medium-term transition to an invest to save model reinvesting savings in a cycle of continuous improvement and better economic and community outcomes
3	Investment attractiveness	<ul style="list-style-type: none"> a. Levering additional investment in reform and services to deliver improved infrastructure, housing and economic prosperity
4	Financial sustainability	<ul style="list-style-type: none"> a. Being achievable within the identified budget and repayable through savings b. Delivering long-term financial sustainability for local government in Somerset
5	Achievability / deliverability	<ul style="list-style-type: none"> a. Ensuring transformation can be implemented successfully, mitigating key strategic risks

3.1 Approach to assessing options

The quantitative assessment includes considering implementation costs, as well specific costs and benefits modelled based on each options characteristics.



3.2 Shortlisting the options

The assessment of a long list of options considered the degree of council consolidation and change to ways of working, resulting in four short listed options covering the status quo and two unitary options.

	Consolidation of authorities	Five authorities within Somerset County boundaries		Unitary authorities within Somerset County boundaries			Single unitary authority for Somerset
Way of working	Possible options	Current state <i>Four Districts and County Council</i>	Transform in current state <i>Four Districts and County Council</i>	Four Unitary <i>Four unitary on district boundaries</i>	North-South <i>Two new unitary</i>	West / East <i>Two new unitary</i>	One Council <i>Single County Unitary</i>
	Do nothing	Not possible to 'do nothing' as organisations are already transforming	Not possible to 'do nothing' as organisations are already transforming	Localised service model, running county services as-is in parallel with district services	Localised service model based on an North-South split and a single reform programme	Localised service model based on a West / East split and a single reform programme	Centralised service model and a single reform programme
	Rationale	Reflects a backwards step	Reflects a backwards step	Too small to be viable	Too unbalanced	Reflects a backwards step	Reflects a backwards step
	Transform	No structural change; five distinct transformation programmes	No structural change; five distinct transformation programmes	Disaggregate county services and run four distinct transformation programmes	Disaggregate county services and run two distinct transformation programmes	Disaggregate county services and run two distinct transformation programmes	Aggregate district services and run a single transformation programme
	Rationale	Must include – Status Quo option	No different from status quo	Too small to be viable	Too unbalanced	Won't achieve reform outcomes sought	Won't achieve reform outcomes sought
	Reform	No structural change; five distinct reform programmes	Strategic alliance model with some structures and reform but mainly distinct reform programmes	Disaggregate county services and run four distinct reform programmes	Disaggregate county services and run two distinct reform programmes	Disaggregate county services and run two distinct reform programmes	Aggregate district services and run a single reform programme
	Rationale	Cannot take place w/o structural change	A degree of structural form on specific scope areas	Too small to be viable	Appropriate structures but unbalanced size northern authority may be too small	Appropriate structures to achieve level of reform required	Appropriate structures to achieve level of reform required
	Shortlisted options	Option A: Current State <ul style="list-style-type: none">Transform: No structural change; five distinct transformation programmesMust include – Status Quo		Option B: Transform current state <ul style="list-style-type: none">Reform: Strategic alliance model with some structures and reform but mainly distinct reform programmesMust include – Do Minimum		Option C: Stronger Somerset <ul style="list-style-type: none">Reform: Localised service model based on an West / East split and a single reform programmeOption for consideration	Option D: One Somerset <ul style="list-style-type: none">Reform: Centralised service model and a single reform programmeOption for consideration

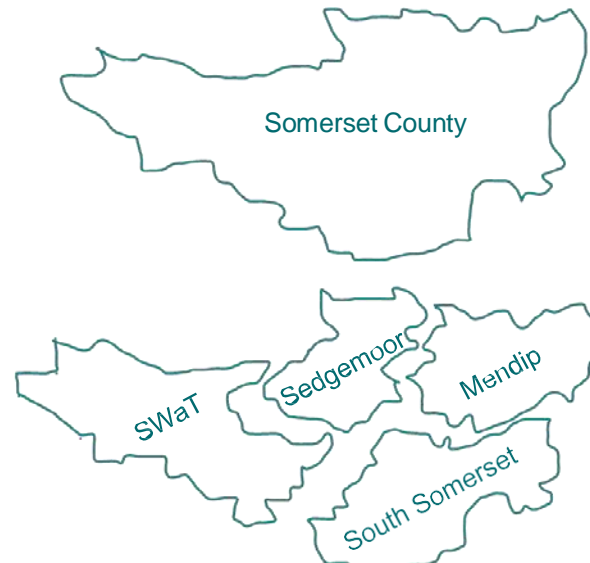
3.3 Shortlisted options summary descriptions

Option A – Current State – would see the continuation of the current two-tier structure of local councils in Somerset delivering existing transformation plans. This represents the status quo option.

Summary

This approach reflects the current state and status quo. It would see the continuation of all five existing councils who would continue to operate their existing transformation plans.

- There would be no changes to the democratic structures with retention of all existing councillors
- There would continue to be local elections for every two years – for the County Council in 2021 and the Districts in 2023
- The relationship with Town and Parish Councils under this approach would remain as today
- As this option would continue on the basis of existing plans it has been considered as the baseline position and no benefits or costs of re-organisation have been included in the assessment



Option A	Population	
	2021	2031
Sedgemoor	127,000	137,000
Somerset West & Taunton	155,000	164,000
Mendip	117,000	123,000
South Somerset	170,000	177,000

Option A: Current state Four Districts and County Council

Transform: No structural change; five distinct transformation programmes

- Existing Districts and County remain
- Towns and Parishes remain with no choice on additional responsibilities supported by area working for local areas
- No change to democratic structures with 269 councillors across Somerset
- No changes to leadership team with five management teams
- Transformation programmes currently planned continue separately within each district council and county council
- Existing service split between County and Unitaries continue
- Existing collaboration such as current joint delivery arrangements such as the Waste Partnership continue on a case by case basis
- Each council continues to operate separate enabling functions, systems and processes
- Each council retains its operating culture
- Current trends and trajectory in service delivery
- Unlikely to justify a combined authority within Somerset or beyond
- No change to regional voice / influence

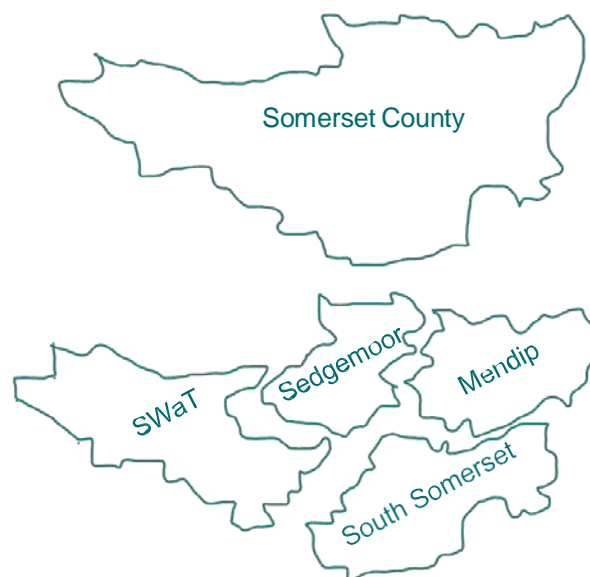
3.3 Shortlisted options summary descriptions

Option B – Transforming the current state - would see all five councils continue but pursue an ever closer collaboration between authorities. This represents the do-minimum change.

Summary

This approach reflects the do minimum option as it maintains the current structures but pursues ever closer relationships.

- There would be no changes to the democratic structures with retention of all existing councillors
- There would continue to be local elections for every two years – for the County Council in 2021 and the Districts in 2023
- The relationship with Town and Parish Councils under this approach would remain as today but options could be explored for closer joint working aligned to existing areas
- This option is similar to the approach previous tried through Pioneer Somerset in 2007-2009. It would represent an incremental change process
- There would be no requirement for Secretary of State approval for this option to proceed and due to the lack of Parliamentary process could commence immediately



Option B	Population	
	2021	2031
Sedgemoor	127,000	137,000
Somerset West & Taunton	155,000	164,000
Mendip	117,000	123,000
South Somerset	170,000	177,000

Option B: Transforming in the current state Four Districts and County Council

Reform: Strategic alliance model with some structures and reform but mainly distinct reform programmes

- Existing Districts and County remain
- Towns and Parishes remain with options for additional responsibilities supported by area working for local areas
- No change to democratic structures with 269 councillors across Somerset
- Some changes to leadership team with five management teams but potential for shared roles
- Transformation programmes are enhanced to encourage shared services but continue separately within each district council and county council
- Existing service split accountability between County and Unitaries continue
- Existing collaboration such as current joint delivery arrangements such as the Waste Partnership continue and more sharing is prioritised
- Each council commits to convergence of enabling functions, systems and processes
- Greater integration of enabling services over time, with a range of separate integrated services in the medium term (e.g. legal shared service)
- Each council retains its operating culture
- Incremental change to trends and trajectory in service delivery
- Unlikely to justify a combined authority within Somerset or beyond
- Limited change to regional voice / influence

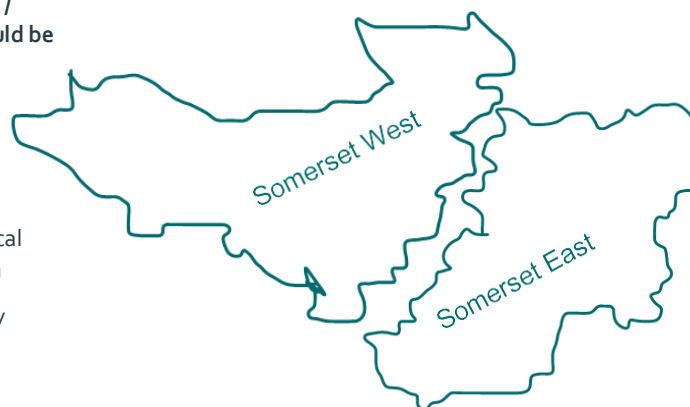
3.3 Shortlisted options summary descriptions

Option C – Stronger Somerset - would see two new unitary authorities created in Somerset based on the combination of the areas of Sedgemoor and Somerset West & Taunton (West) and Mendip and South Somerset (East).

Summary

This approach reflects a move to unitary councils in Somerset based on a West / East axis. All five current councils would be abolished and replaced with two new authorities.

- There would be changes to the democratic structures with new councillors and councillor numbers determined on the advice of the Local Government Boundary Commission
- There would be local elections every four years starting in the year the councils went live
- The relationship with Town and Parish Councils under this approach could be transformed with opportunities to design a new approach
- This option is similar to the approach currently being undertaken in Northamptonshire where the current two tier arrangements are being replaced by two new unitaries
- There would be a requirement for Secretary of State agreement for this option to proceed and Parliamentary approval



Option C	Population	
	2021	2031
Somerset West	282,000	301,000
Somerset East	287,000	300,000

Option C: Stronger Somerset

Two new unitaries based on West and East alignment

Reform: Localised service model based on a West / East split and a single reform programme

- Existing Districts and County abolished and replaced with two Unitary Authorities based on a West / East split
- Towns and Parishes remain with options for additional responsibilities supported by area working for local areas
- Changes to democratic structures with a maximum of up to 100 councillors per unitary. (based on LGBCE guidance)
- Changes to leadership team with two management teams
- Two new transformation programmes to create new councils
- Existing service split between County and Districts removed with opportunities to design new service models at three levels: Somerset-wide level in collaboration, at the unitary level and in localities
- Existing collaboration such as current joint delivery arrangements such as the Waste Partnership continue and new merged services across two councils
- Each council creates new enabling functions, systems and processes
- Each council creates a new operating culture
- Potential for new services to change trends and trajectory in service delivery
- Will justify a combined authority and stronger sub-regional involvement with HotSW, or potentially WECA.
- Will strengthen regional voice / influence

3.3 Shortlisted options summary descriptions

Option C – Stronger Somerset – Involves a Western and Eastern alignment of councils, creating balanced future authorities that meet minimum size criteria but which have distinct characteristics.

Stronger Somerset



94% 
2019 population level against 300k threshold

100% 
2031 population level against 300k threshold

96% 
2019 population level against 300k threshold

100% 
2031 population level against 300k threshold



Option C: Stronger Somerset Two new unitaries based on West and East alignment

Somerset West

- **Place** - Somerset West would comprise the current areas of Somerset West & Taunton and Sedgemoor District Councils. This area comprises some areas of deep rurality, combined with coastal areas to the North and West along with the towns around Taunton, Bridgwater and Burnham-on-Sea
- **People** - Provides a balanced split of population. The Somerset West area has a population around 5,000 smaller than the Somerset East area, although it is set to grow rapidly with new developments around Taunton garden town, for example. The rurality of the west means there is a lower population density of 158 people per Km² over a large geography of 1752 km²
- **Community** - both areas have pockets of deprivation. Seven LSOAs in the Somerset West area are in the 10% most deprived nationally. Care needs are roughly balanced with Somerset East- in April 2018 there were 252 Looked After Children in the Somerset West area and 9,333 adults receiving social care services in 2017
- **Economy** - three travel to work areas around Taunton, Bridgwater and Minehead where most people who live in the area also work and two main functional economic areas linked to the M5 corridor and Somerset West coast. There are growth sector opportunities such as clean energy including nuclear linked to Hinkley C and climate and environmental sciences including the UK Hydrographic Office in Taunton and connectivity through the M5 spine

Somerset East

- **Place** - Somerset East would comprise the current areas of Mendip and South Somerset District Councils. This area is mainly rural with main towns Frome and Yeovil
- **People** - Provides a balanced split of population although currently slightly larger than the west but also growing through new developments and longer lives.
- **Community** - Two LSOAs in the Somerset West area are in the 10% most deprived nationally. Care needs are roughly balanced - in April 2018 there were 232 Looked After Children in the Somerset East area and 9,356 adults receiving social care services in 2017
- **Economy** - Two travel to work areas around Street & Wells and Yeovil where most people who live in the area work and two main functional economic areas linked to the A361 corridor and A303 corridor. The growth sector opportunities include agri-tech and advanced manufacturing and aerospace core including rotorcraft around Yeovil.

3.3 Shortlisted options summary descriptions

Option D would see a single new unitary authority created in Somerset covering the entire administrative area of the existing five councils. This option is what the County Council is proposing through its One Somerset proposal.

Summary

This approach also reflects a move to unitary councils but with a single council cover the entire county. All five current councils would be abolished and centralised into a single county wide unitary.

- There would be changes to the democratic structures with new councillors and councillor numbers determined on the advice of the Local Government Boundary Commission
- There would be local elections every four years starting in the year the council went live
- The relationship with Town and Parish Councils under this approach could be transformed with opportunities to design a new approach
- This option is similar to the approach currently being undertaken in Northamptonshire where the current two tier arrangements are being replaced by two new unitaries
- There would be a requirement for Secretary of State agreement for this option to proceed and Parliamentary approval



Option D	Population	
	2021	2031
One Somerset	569,000	601,000

Option D: One Somerset Single County Unitary (as per the County PID)

Reform: Centralised service model and a single reform programme

- Existing Districts and County abolished and replaced with one Unitary Authority
- Towns and Parishes remain with options for additional responsibilities supported by area working for local areas
- Changes to democratic structures with a maximum of up to 100 councillors across Somerset (based on LGBCE guidance)
- Changes to leadership team with single management team
- One new transformation programme to create the new council
- Existing service split between County and Districts removed with opportunities to design new service models at two levels: Somerset-wide level (unitary), and local basis
- Existing collaboration such as current joint delivery arrangements such as the Waste Partnership are extended with merged services in one council
- Council creates new enabling functions, systems and processes
- Council creates a new operating culture
- Potential for new services to change trends and trajectory in service delivery
- Can't justify a combined authority within Somerset but may strengthen case for involvement beyond Somerset – either joining WECA or HotSW
- May strengthen regional voice / influence

3.4 Assessing options against critical success factors

Improving public services - enabling improvements to the delivery of public services is central to the purpose of any proposed re-organisation, which requires collective and co-ordinated leadership.

Stronger Somerset

Critical success factor	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
1.a How well does the option enable collective and co-ordinated leadership?	M	M	H	M
1.b To what extent does the option enable a strong democratic voice within Somerset which recognises the diversity of communities and needs and builds on meaningful locality identities?	L	L	H	M
1.c How well does the option effectively involve communities in designing and delivering services that are tailored to local needs, harnessing local strengths and assets?	M	M	H	M
1.d To what extent does the option provide a platform for a modern culture and service excellence rooted in preventative and whole systems working removing silo cultures?	L	L	H	M
1.e To what extent does the option provide an effective platform for a strong sub-regional agenda to drive regional productivity and harness opportunities for devolution to enable Somerset to “level up” and become a net contributor to national GDP?	L	M	H	H

Summary Rationale	
Option A: Current State	<ul style="list-style-type: none"> a. The five political and officer leadership groups need to manage priorities and find time for co-operation and collaboration with a poor track record b. Concern about duplication and fragmentation of representative roles across the 269 councillors in Somerset but also closer to community concerns c. District area working enables a close community understanding with pockets of good practice but concern on centralised / standardised delivery d. Current organisations maintain existing cultures and behaviours and no stimulus to adapt with limited incentive or motivation for cultural reform e. The two tier system is perceived by partners as complicated despite current supporting growth deals and additional funding
Option B: Transform the current state	<ul style="list-style-type: none"> a. As above - maintains challenges of the current state and difficult to sustain b. As above - retains fragmentation of roles c. As above - but potential for more closely involving communities d. As above but with a focus on cultural reform embedded in the option will give some impetus but is entirely based on the voluntary participation e. As above but with potential to prioritise action on the economic agenda
Option C: Stronger Somerset	<ul style="list-style-type: none"> a. Two new leaderships providing a fresh start with aligned but distinct leadership prioritising distinct needs whilst encouraging joint working. b. Balance of clear councillor role with less reduction in councillors overall keeping manageable (less than 100 per unitary) c. Working with localities and alternative service delivery of care are envisaged which emphasise preventative and asset based approaches d. By creating entirely new councils on new geographies there is a strong incentive and potential to create a robust platform for change e. Arrangements provide clear accountability with critical mass to engage and influence sub-regional partnerships and respond to area needs
Option D: One Somerset	<ul style="list-style-type: none"> a. One new leadership team with potential for a strong co-ordinated structure to speak with one voice to partners but risk of maintaining current culture b. More limited potential to retain a balance of councillor number and manageable council size, so likely to be a maximum of 100 councillors c. Envisages a large area locality model called Local Community Networks loosely aligned to Primary Care Networks but option to model d. Potential to create a new culture but it would be operating on the same footprint and basis for many existing services so less impetus for change e. Scale provides opportunities for helping drive the sub-regional agenda, although it could jeopardise the balance of the existing LEP

3.4 Assessing options against critical success factors

Value for money - the approach should reduce delivery costs, enabling resources to be redeployed and provide a platform for redesigning services to tackle demand upstream and alleviate the causes of cost pressures.

Critical success factor	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset		Option D: One Somerset	Primary Rationale	
						A: Invest	B: Reform current
2.a Reduces the delivery cost of public services balancing flexibility and scalability	L	L	H		H	a. No fundamental changes to delivery with incremental improvements from existing transformation programmes and limited short-term savings b. SCC track record of cuts in preventative services continue, increasing medium term demand and shunting pressures elsewhere in the system c. SCC not expected to undertake invest to save on core services, based on previous track record so limited potential for change	
2.b How well does the option enable local government to tackle the causes of demand?	L	L	H		M	a. Only incremental changes but more potential for additional activity to target areas of cross-over between councils and encourage shared approaches b. Limited short-term savings, with no available resource for additional preventative work c. Ability to target specific programmes and joint initiatives but with higher barriers to entry from managerial effort needed to agree case by case	
2.c How effectively does the option enable local government in Somerset to transition to an invest to save model reinvesting savings in a cycle of continuous improvement and better economic and community outcomes?	L	L	H		M		
						C: Stronger Somerset	a. High potential to redesign services and make a fresh start, including high cost areas like care services and in areas of overlap between councils b. Reform objectives bring strong focus on preventative agenda and a platform for designing to tackle the upstream causes of cost pressures and collaboration and integration alleviates short term budgetary pressure and reinvestment designed to strengthen capabilities for further savings, such as data and analytics capabilities to enable data driven decision making c. Ambitious service- reform agenda following an invest to save model
						Option D: One Somerset	a. Potential but less incentive to redesign services, including high cost areas such as social care services, with focus limited to 'back office' b. Integration savings provide initial financial breathing space but reinvestment opportunity is used to address existing services not their reform c. Invest to save not expected to be undertaken, based on previous track record

3.4 Assessing options against critical success factors

Investment attractiveness - the approach position the councils to attract and secure additional investment that enables improvements to infrastructure, housing and economic prosperity

Critical success factor	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
3.a How effective are the options likely to be leveraging additional investment in reform and services to deliver improved infrastructure, housing and economic prosperity?	L	L	H	M

Summary Rationale	
Option A: Current State	<ul style="list-style-type: none"> Does not provide platform to secure additional investment through devolution / further mechanism
Option B: Transform the current state	<ul style="list-style-type: none"> Does not provide platform to secure additional investment through devolution / further mechanism apart from specific grant programmes where co-operation could improve conversion rates and enhance capabilities
Option C: Stronger Somerset	<ul style="list-style-type: none"> Reform and transition provides a unique moment in time to negotiate for additional investment to enable improvements in the economic and social infrastructure Creation of the new councils established a more coherent basis for partner engagement Councils have the ability to invest in capabilities to further stimulate economic growth and development, building on a track record of commercial investment
Option D: One Somerset	<ul style="list-style-type: none"> Reform and transition provides a unique moment in time to negotiate for additional investment to enable improvements in the economic and social infrastructure Creation of the new councils established a more coherent basis for partner engagement but track record suggests a more isolated approach

3.4 Assessing options against critical success factors

Achievability / deliverability - the approach should provide be capable of being delivered successfully and of managing strategic risks.

Critical success factor	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
5.a Transformation can be implemented successfully, mitigating key strategic risks	L	M	H	H
<i>Structural reform is not treated as a platform for service reform</i>	L	M	H	M
<i>Organisations lack the capacity, capability and staff morale to successfully implement change</i>	L	L	H	H
<i>Damage to key stakeholder links: Health, Police, Fire, Education</i>	L	L	M	H
<i>No effective platform to engage in devolution discussions</i>	M	M	H	H

Summary Rationale	
Option A: Current State	<ul style="list-style-type: none"> Fragmentation persists with lack of scale, stimulus or drive for reform increasing frustration amongst partner organisations and no compelling rationale or offer for devolution
Option B: Transform the current state	<ul style="list-style-type: none"> Fragmentation persists with lack of scale, stimulus or drive for reform increasing frustration amongst partner organisations and no compelling rationale or offer for devolution, requiring greater creativity to secure additional capacity and change Staff morale will suffer due to feeling of stagnation and frustration if ambition is not realised
Option C: Stronger Somerset	<ul style="list-style-type: none"> Significant reform agenda based on invest to save model provides scale, stimulus and incentive for resetting relationships and driving through reform Greater potential engagement with stakeholders in governance structure Sufficient scale but with additional flex for each unitary
Option D: One Somerset	<ul style="list-style-type: none"> Change creates a platform for improvement Current One Somerset documentation doesn't include reform agenda and previous track record is not strong Significant scale of unitary improves platform

3.5 The options – qualitative assessment summary

The assessment identified that Stronger Somerset – creating two new unitaries on a West and East axis across the area, would provide the best fit against the qualitative critical success factors.

Critical success factor (Low =3, Medium = 5, High = 10)	Option A: Status Quo		Option B: Do minimum		Option C: Stronger Somerset		Option D: One Somerset	
Improving public services								
1.a Enables collective and co-ordinated leadership	M	3	M	3	H	5	H	5
1.b Strengthens the democratic voice within Somerset by recognising the diversity of communities and needs and building on meaningful locality identities	M	3	M	3	H	5	M	3
1.c Effectively involves communities in designing and delivering services that are tailored to local needs, harnessing local strengths and assets	M	3	M	3	H	5	M	3
1.d Provides a platform for a modern culture and service excellence rooted in preventative and whole systems working removing silo cultures and working, that are in the way of better community and economic outcomes	L	1	L	1	H	5	M	3
1.e Provides an effective platform for a strong sub-regional agenda to drive regional productivity and harness opportunities for devolution to enable Somerset to level up and become a net contributor to national GDP	L	1	M	3	M	3	M	3
Value for money								
2.a Reduces the delivery cost of public services balancing flexibility and scalability	L	1	M	3	H	5	M	3
2.b Tackles the causes of demand	L	1	M	3	H	5	M	3
2.c Enables a medium-term transition to an invest to save model reinvesting savings in a cycle of continuous improvement and better economic and community outcomes	L	1	M	3	H	5	M	3
Investment attractiveness								
3.a Can lever additional investment in reform and services to deliver improved infrastructure, housing and economic prosperity	L	1	M	3	M	3	M	3
Deliverability								
5.a Transformation can be implemented successfully, mitigating key strategic risks	L	1	M	3	H	5	H	5
QUALITATIVE TOTAL (%)	32%		56%		92%		68%	

The two remaining Critical Success Factors were assessed under the financial assessment:

- 4.a Achievable within the identified budget [budget TBC] and repayable through savings
- 4.b Delivers long-term financial sustainability for local government in Somerset

3.5 The options – quantitative assessment summary

We have followed HMT guidance in analysing the financial benefits of each of our shortlisted options.

Like much of the sector, Somerset councils face significant financial challenges. The medium term financial plans for SCC and the Districts show that by 2025/26, there will be a £22.7m annual budget gap. This was before the current pandemic, which has increased costs and depressed income levels for all councils.

This reform will enable Local Government to get onto a financially sustainable path; one that provides an effective platform for improving services and driving economic prosperity. Achieving sustainability requires finding more efficient ways to operate – reducing replication in, and modernising enabling services for example. But just as importantly, it requires service reform that can start to reduce demand for complex services over the longer term. Without this second strand of work, any savings will only postpone a financial crisis.

While the structure and culture of local government can't deliver service reform on its own – it is a critical enabler to the success of those efforts. As a result, in evaluating the economic impact of each of the shortlisted options, we have considered three categories of costs and benefits:

1. **One-off implementation costs** associated with the transition to a new structure. This excludes one-off implementation costs associated with each direct / indirect opportunity area.
2. **Direct costs and benefits** which flow directly from structural change presented in each option. These are recurrent, based on changes to leadership and management positions, enabling services and governance and democratic services.
3. **Indirect costs and benefits.** Those that arise from key areas of service reform – in this case Adults and Childrens social care.

In line with HMT guidance, a net present value (NPV) has been used for each option. We have calculated this for five years from 21/22 – 25/26, and for 10- years.

Only financial benefits and costs that impact the councils in scope have been included in the NPV calculation – we have not attempted to model the significant wider economic value of interventions at this stage. The NPV must therefore be viewed alongside the non-financial benefits of a change in governance.

In terms of reform around localism and levelling up, reforms have incorporated minimal costs at this stage, and benefits are included qualitatively/quantitatively in the wider Economic Case. We have modelled costs and benefits of reform in social care – thorough analysing the key planks of a reform agenda for these services. It should be noted that all individual opportunity areas are subject to more detailed analysis in individual business cases.

This quantitative analysis draws on PA Consulting analysis and data, publicly available data for SCC including MTFP and budget documents, financial data and assumptions from the four Somerset District Councils, previous publicly available work and analysis by Pixel, as well as a wide range of published evidence on social care.

3.5 The options – quantitative assessment summary

The assessment of costs and benefits shows that the two new unitaries would cost marginally more to create but would establish the foundations and confidence to deliver greater benefits and a more sustainable future in the long run.

Summary

- In terms of Direct benefits – intelligent design of a Option C, using integrated services across both organisations means the option achieves the large majority of savings achieved by Option D
- Option C incurs greater levels of indirect cost reflecting a larger focus on investment into service reform
- Over a five year period, Options C and D achieve a comparable overall net present value (NPV). Over a ten year period, the more successful achievement of a reform agenda set out by Option C would result in overall greater long term benefits
- In our analysis, Indirect benefits are based on likely generation of benefits through service improvement and control of long-term complex demand in social care

	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Investment period	5 year (£m)			10 year (£m)		
Cost to implement						
These are costs such as the programme team, support and advice, recruitment and redundancy, contingency and investment in better capabilities in areas like analytics						
Total implementation costs	(£2.2)	(£13.8)	(£12.8)	(£2.2)	(£13.8)	(£12.8)
Direct benefits						
These are the costs and benefits from organisational changes to the structure resulting from integration and alignment such as leadership, management, support services and assets						
Total direct benefits	£19.03	£74.4	£84	£50.7	£187.7	£211.6
Total direct costs	(£3.2)	(£22.8)	(£22.2)	(£5.2)	(£33.8)	(£32.2)
Indirect benefits						
These are the indirect costs and benefits to the cost of service provision as a result of doing things differently in the new option, such as adopting leading practices in social care and in working with communities						
Total indirect benefits	-	£39.3	£16.6	-	£139.9	£56.7
Total indirect costs	-	(£12.48)	(£4.8)	-	(£20.80)	(£8.9)
Net costs / benefits (£m)	£13.6	£64.5	£60.8	£43.2	£259	£214.5
Net Present Value NPV (£m)	£11.5	£54.6	£51.9	£34.1	£202.4	£168.7

3.6 Sensitivity Analysis

We have conducted a range of sensitivity analysis on the options. In one sensitivity scenario, Option D's achievement of indirect benefits has been updated to reflect SCC's social care reform agenda, published in their most recent MTFP.

The comparison between Options C and D is sensitive to changes in the level of indirect costs and benefits ascribed. It should be noted that, in our analysis for Option D, a single unitary, the anticipated indirect costs and benefits (those applying to reform of social care) are based on assumptions of what is likely to be achieved, given SCC's lack of successful track record of investment and reform – particularly in childrens social care. Over the last 5 years:

- Somerset's childrens services have been judged inadequate (2015) and requires improvement (2017) by Ofsted
- Recent SEND performance as reported by Ofsted "raised significant concerns about the local area" and reported that "in many respects, their (sic families) experience at this point is getting worse"
- Whilst SCC has often set ambitious budgets, the outturn for childrens services has been consistently in excess of budget, sometimes significantly so (between 15/16 – 18/19, the spend was between four percent and 14 per cent greater than budget for the year)

By way of comparison, we have also modelled an amended option D, which replaces our assumptions around social care with transformation plan data taken directly from SCC's most recent MTFP – using the predicted costs and benefits around SCC's social care transformation plans in place of our assumptions. The results are shown below:

Option	5 Year NPV	Difference compared to Original Option C	10 year NPV	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
				Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
Original Option C	£54.6m	-	£202.4	(£11.9m)	(£0.97m)	£18.07m	£20.17m	£29.23m
Original Option D	£51.94m	(£2.62m) (-4.8%)	£168.7	(£8.78m)	£0.53m	£17.63m	£18.41m	£24.15m
Option D MTFP	£55.66m	£1.10m (2.0%)	£167.95	(£8.47m)	£0.42m	£18.73m	£20.28m	£24.70m

This does not have a material impact on the overall analysis. While the 5 year NPV for the options rises marginally for Option D MTFP, over ten years, the gap with Option C is similarly pronounced.

3.6 Sensitivity Analysis

We have conducted additional sensitivity analysis on Option C as the preferred option, in line with HMT guidance.

Three Sensitivities were performed on Option C, listed below, and compared against the original Option C and Option D.

1. If only achieve 50% of all benefits and incur all costs
2. If only achieve direct benefits and incur all costs
3. If implementation costs are 50% higher (e.g. the programme delays, or incurs more costs)

Changing the benefits has the biggest sensitivity to Option C with achieving 50% of benefits reducing the NPV by 90% and only achieving direct benefits reducing the NPV by 62%. Changes to implementation costs are less sensitive as a 50% increase reduces the NPV by only 12%.

Option	5 Year NPV	Difference compared to Original Option C	FY 21/22 Y1 (£m)	FY 22/23 Y2 (£m)	FY 23/24 Y3 (£m)	FY 24/25 Y4 (£m)	FY 25/26 Y5 (£m)
Original Option C	£54.56m	-	(£11.94m)	(£0.97m)	£18.07m	£20.17m	£29.23m
Original Option D	£51.94m	(£2.62m) (-4.8%)	(£8.78m)	£0.53m	£17.63m	£18.41m	£24.15m
Option C Sensitivity 1	£4.83m	(£49.73m) (-91.1%)	(£11.94m)	(£5.73m)	£4.29m	£5.50m	£12.71m
Option C Sensitivity 2	£20.37m	(£34.19m) (-62.7%)	(£11.94m)	(£3.73m)	£10.61m	£10.34m	£15.09m
Option C Sensitivity 3	£47.96m	(£6.60m) (-12.1%)	(£16.42m)	(£3.09m)	£18.07m	£20.17m	£29.23m

Please note that Option D will also change due to the three sensitivities above. Option D has more direct benefits than Option C so is more sensitive to scenario 1, less sensitive to scenario 2 due to fewer indirect benefits than Option C and similar implementation costs to Option C so will have a similar sensitivity.

More specific sensitivities will be conducted in later stages of this business case process.

3.7 Our preferred option for Stronger Somerset

Following the overall assessment the option for Stronger Somerset, involving two new unitaries on a Somerset West- Somerset East axis, offers the greatest potential for achieving the critical success factors and offers greater long-term financial benefits.

Options assessment – four viable options were reviewed – maintaining the status quo, do minimum by transforming joint working or restructuring to create either one or two unitaries on both a qualitative and quantitative basis with **Option C – Stronger Somerset** scoring highest on both aspects through tackling the reform outcome for Somerset's people, places and productivity, not simply finding organisational efficiencies.

Critical success factor (Low =3, Medium = 5, High = 10)	Option A: Status Quo		Option B: Do minimum		Option C: Stronger Somerset		Option D: One Somerset	
	Current councils		Current councils and collaboration		Two unitaries, Somerset West & Somerset East		One unitary across Somerset	
1.a Enables collective and co-ordinated leadership	M	3	M	3	H	5	H	5
1.b Strengthens the democratic voice within Somerset by recognising the diversity of communities and needs and building on meaningful locality identities	M	3	M	3	H	5	M	3
1.c Effectively involves communities in designing and delivering services that are tailored to local needs, harnessing local strengths and assets	M	3	M	3	H	5	M	3
1.d Provides a platform for a modern culture and service excellence rooted in preventative and whole systems working removing silo cultures and working, that are in the way of better community and economic outcomes	L	1	L	1	H	5	M	3
1.e Provides an effective platform for a strong sub-regional agenda to drive regional productivity and harness opportunities for devolution to enable Somerset to level up and become a net contributor to national GDP	L	1	M	3	M	3	M	3
2.a Reduces the delivery cost of public services balancing flexibility and scalability	L	1	M	3	H	5	M	3
2.b Tackles the causes of demand	L	1	M	3	H	5	M	3
2.c Enables a medium-term transition to an invest to save model reinvesting savings in a cycle of continuous improvement and better economic and community outcomes	L	1	M	3	H	5	M	3
3.a Can lever additional investment in reform and services to deliver improved infrastructure, housing and economic prosperity	L	1	M	3	M	3	M	3
5.a Transformation can be implemented successfully, mitigating key strategic risks	L	1	M	3	H	5	H	5
QUALITATIVE TOTAL (%)		32%	56%		92%		68%	
Five year Net Present Value (£m)		0	11.5		54.6		51.9	
QUANTITATIVE TOTAL (% , highest NPV = 100%, others are NPV/highest NPV as %)		0	21%		100%		95%	
COMBINED TOTAL (% , weighted 50:50 qualitative and quantitative)		16%	38.5%		96%		81.5%	

04

**Stronger
Somerset**



Stronger Somerset

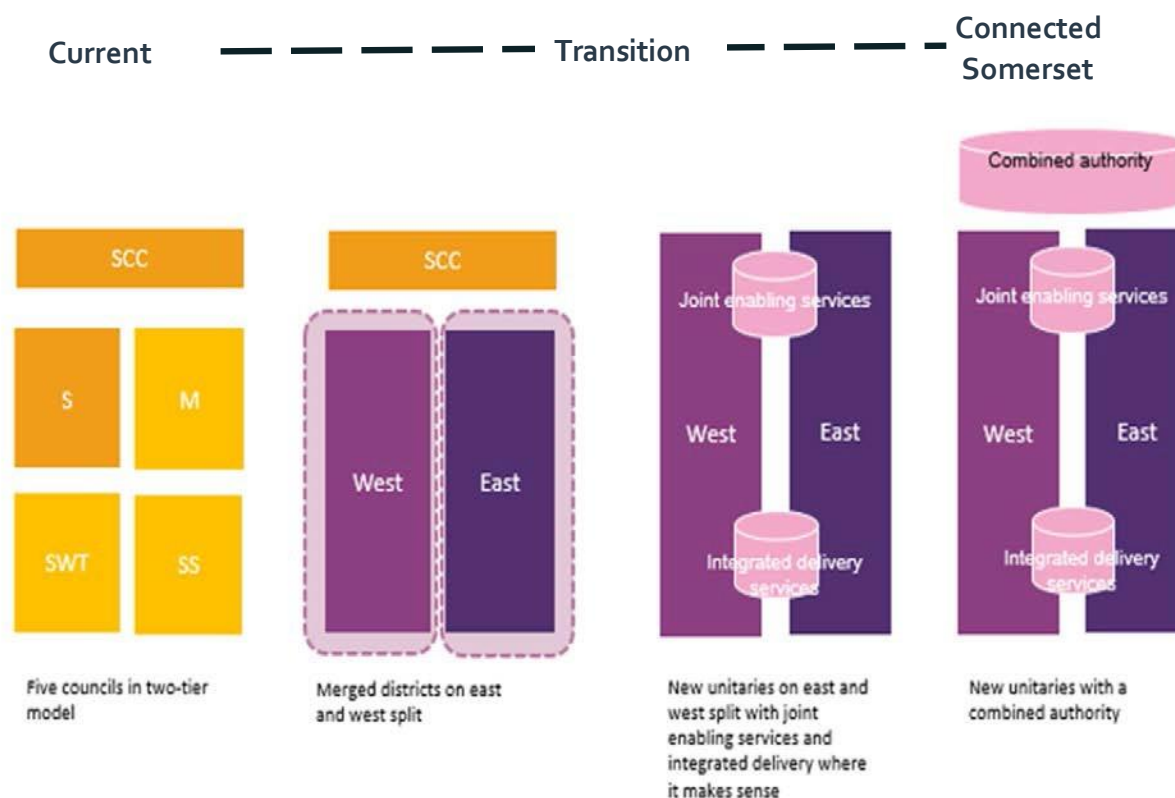
4. Stronger Somerset

This section describes the preferred option, Stronger Somerset, and the implications of moving to a new model with two new unitary councils replacing the five current authorities as part of a system for driving reform and productivity.

Summary

The preferred option involves the creation of two new unitary Councils which will drive reform and productivity. It will deliver more diversity, resilience and better represent the residents of Somerset.

- This option will also see joint enabling services (such as legal and other support services)
- This option will deliver against the critical success factors we have defined whilst delivering comparable financial benefits to a single county unitary over a five year period
- The diagram shows the current structure and how it is proposed to transition to two unitaries, with a combined authority
- The combined authority will enable us to request delegation of powers and responsibilities down from central Government and will enable significant, local decisions to be taken on things such as transport, business investment, skills and infrastructure. A Combined Authority will mean that we are able to make decisions that support growth locally
- A new Combined Authority will at least comprise the two new unitaries, but we are also open to alternative options, such as extending the reach to the North of our county, or to neighbouring authorities



Stronger Somerset

4. Stronger Somerset

This section describes the preferred option, Stronger Somerset, and the implications of moving to a new model with two new unitary councils replacing the five current authorities as part of a system for driving reform and productivity.

Summary

Although this case involves creating two new unitaries it is their role in offering a clean break and driving reform and productivity which provides the greatest benefit.

This approach will deliver against the critical success factors we have defined whilst delivering comparable financial benefits to a single county unitary of five years.

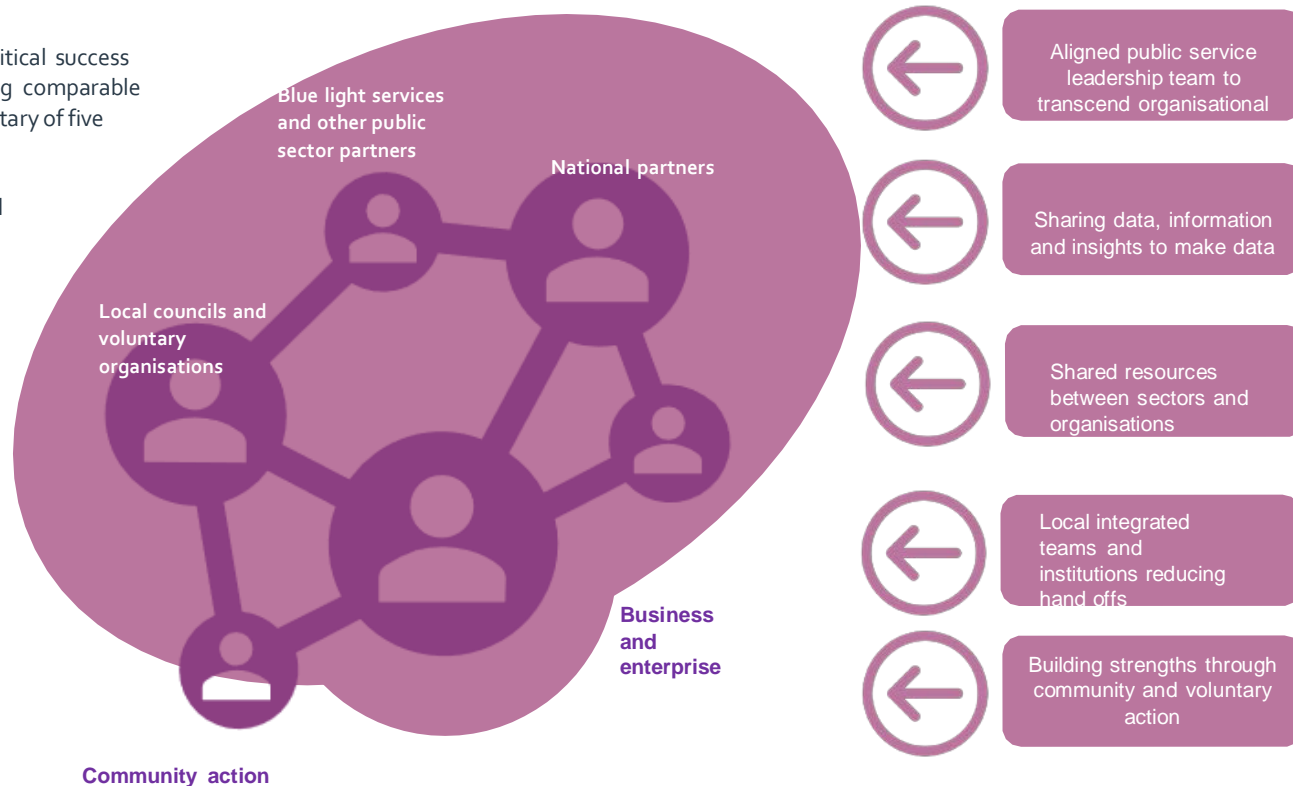
Crucially, it is not just about the Council but about the connections

to the wider ecosystem that needs to work together to achieve better outcomes.

This section describes the approach in more detail through a focus on four areas of differentiation from local government today:

- Reforming how we deliver care
- Reforming relationships with communities
- Enabling efficient and modern operations
- Driving productivity by combining authorities potentials

Figure 3: Stronger Somerset puts new councils at the heart of an ecosystem for driving public service reform and productivity across Somerset. It is more than re-organisation.



4.1 Stronger Somerset is different at every level

At the heart of the reform approach of Stronger Somerset are four priorities: reforming care, enabling communities, working together and collectively driving growth through two radically different councils within an ecosystem.

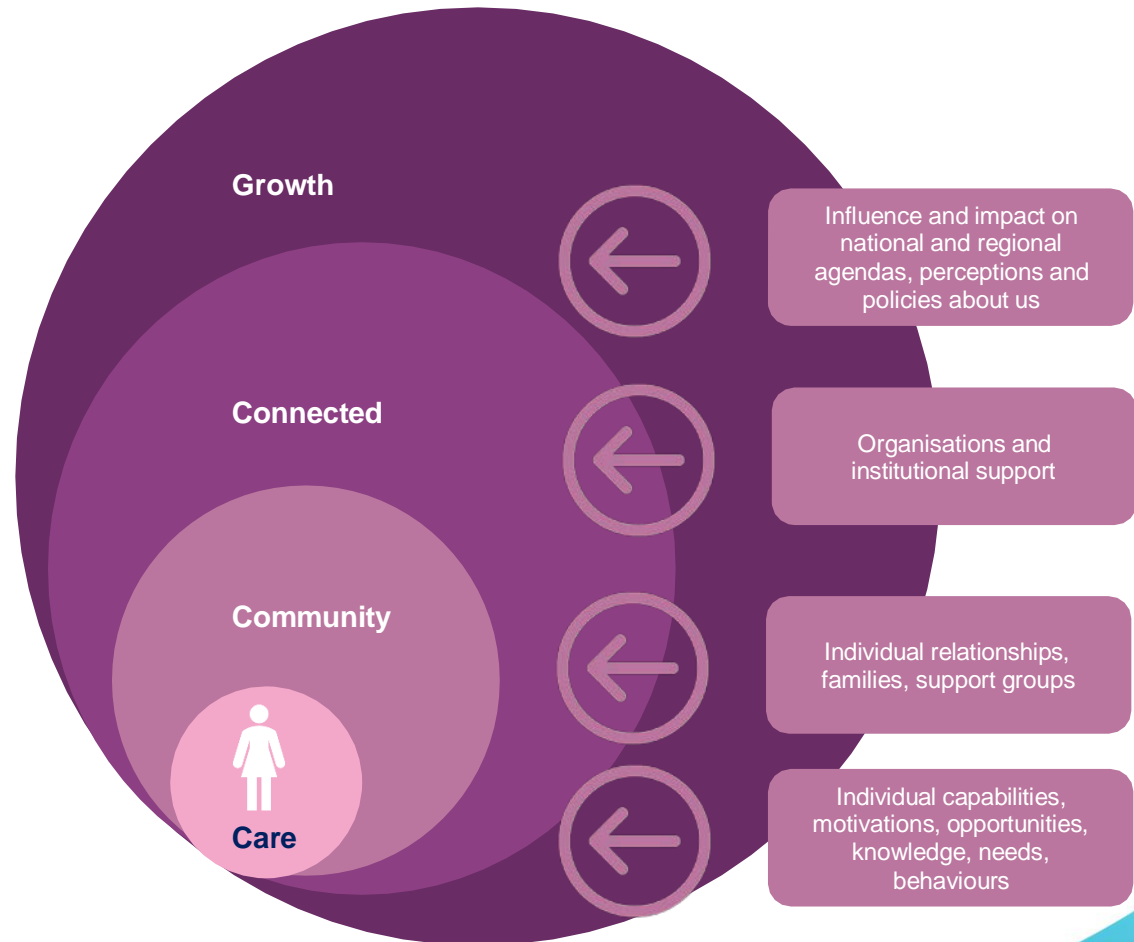
Reform of local government will happen at every level and be enabled by the approach envisaged in this case.

Crucially, Stronger Somerset is not just about the councils but about the connections to the wider eco- system that need to work together to achieve outcomes.

Building on our previous work with leading public service reform advocates such as Collaborate, we welcome and endorse the principles established in their Manifesto for the Collaborative Society. We also believe in the power of what can be achieved when we stand together and act together. As advocates of collaborative public services and servants we will create an era of collaborative services based on a series of shifts:

- From directingto enabling
- From centralising..... to sharing power
- From assessing.....to understanding
- From doing toto doing with
- From complianceto learning
- From silos.....to systems

Our approach is designed to enable flexible and adaptive service delivery that is fit for this new age of public services.



4.1 Stronger Somerset is different at every level

Key differences on a page – transforming care, enabling communities, integrating services by working together and collectively driving growth through devolution.

Care – key differences

Addressing the fragility of our care services will be central to the work of the new councils. We will help people in Somerset start, live and age well through:

- Locality deal social care components including Local Area Co-ordination, Living Well, Compassionate Frome and a Stabilise and Make Safe Scheme
- Pathways to independence maximising the independence of children and adults with disabilities
- Improving childrens social care practice and commissioning implementing family safeguarding, behavioural change and multi-disciplinary teams
- Children's Trust to help the system make a fresh start
- Whole systems commissioning including an Alliance Agreement
- Technology enabled care

deliver this as part of our new relationship with communities.

Community – key differences

We will create a new relationship with communities at the scale and on the issues that matter to them. Working with localities on geographies and identities that make sense to how people really live their lives.

We will engage with towns and parishes to create:

- A Charter for localism in Somerset
- Help to build the capacity of City, Town and Parish Councils
- Local agreements between Unitary Councils and localities to devolve assets and services in return for improved outcomes
- Local governance arrangements to ensure genuine participation and partnership
- Integrated working for service delivery at a local level
- Practical help for parishes from enabling services, helping parishes to work together

There is a need to establish a Town Council for Taunton and we will work to

Care

Community

Connected – key differences

Collaboration between the councils will be established through creation of new enabling services. There are opportunities we are already exploring to join up our enabling functions and we will go further through:

- Joint enabling services with pooled effort and access through an alternative service delivery model to support the councils, our partners and Town and Parish Councils
- Integrated external services delivery between councils and others where it makes sense
- New strategic capabilities, such as supporting the strategic commission capability in the ICS and investing in modern data and analytics to enable intelligence and data driven decisions

Growth – key differences

We are committed to increasing productivity across Somerset to the national average and working in combination with other authorities across the sub-region to do so. Our offer is to work to create a mayoral combined authority in return for a devolution deal that provides the powers and resources that results in Somerset becoming:

- a community of talent
- a great place to do business
- a great place in which to invest
- an imaginative place with a distinctive proud identity

Connected

Growth

**Stronger
Somerset**

4.2 Stronger Somerset Cares

Children's social care services in Somerset have been weak for many years and continue to need improvement. Stronger Somerset is an opportunity for a fresh start and to build more independence, control and sustainable solutions.

Overall Vision

We want social care in Somerset to support people of all ages to live in a place they call home, with people and things that they love, in communities where we look out for one another, and doing the things that matter to them. We are proposing a radical and ambitious plan for social care; a plan that will greatly improve people's outcomes and experiences whilst building services which are financially sustainable.

In Somerset we want to build a social care system which is:

Impact on communities

This far-sighted, thoroughgoing plan for social care will bring about a step- change in outcomes and experiences for people in Somerset.

We expect to see seven benefits:

1. Increasingly continuity of care for children, families and adults
2. The closing of the gap in outcomes for vulnerable

children to match those of all children in Somerset

3. Greater independence and higher quality of life for young adults with disabilities
4. Greater independence and wellbeing for older adults (living where they choose)
5. Financial sustainability for council services which are able to invest in new services
6. Anticipated and planned for demand

Reduced inequalities based on protected characteristics.

Place based	Preventative	Local and integrated	Asset based	High Quality
People work, live and socialise in local places – places they call home. We need to lead, commission, co-ordinate and deliver social care in local places which people identify with in different parts of Somerset. We want to see local statutory agencies, political leaders, and local citizens working together within places to identify and fund the things that most matter to local people and will support those in most need.	With increasing demand for both childrens and adults social care, we know that we cannot afford to continue to support people in the way we currently do. We will invest in place-based preventative services, which are adept at anticipating and responding to needs before they escalate. We will deploy predictive analytics to ensure that we understand the needs of our population, and how we can best intervene to support people to maintain their independence.	We will create multi-agency, multi-disciplinary hubs which provide seamless, person-centred care and support to children, families and adults close to their homes. In the future, people will only have to tell their story once, accessing the services they need locally that are coordinated and personalised. The hubs will be community-facing – enabling people not just to access formal statutory services, but also the rich range of local community resource and networks.	All our interactions with local people will start with what is strong about someone – their skills, relationships, experience and aspirations – rather than what is wrong. Whilst we will always provide more intensive support to those who need it, we will seek to connect, and build on the rich assets of the people and communities of Somerset. Every social worker in Somerset will be trained in strengths-based conversations, which ensure that they are always looking for opportunities to identify and build on people's strengths, and where appropriate, find them forms of non-statutory support within local communities.	We will develop a rich and varied market of local providers. Those which are regulated, will consistently be rated good or outstanding. We will grow a range of housing with care options, including extra care, retirement villages, shared lives schemes and home share opportunities. We will build on some of the best local practices in Somerset, such as village agents and micro enterprises. We will find ways to encourage local innovative social enterprises and charities which provide support to grow. The care workforce in Somerset will be well trained, well paid, and supported to grow their careers and stay in Somerset.

4.2 Stronger Somerset Cares

**The fresh start for care services will involve a range of proven interventions and leading practice
Include a locality focus, greater independences and a new delivery model through a Children's Trust.**

Locality Deal (social care/wellbeing component)

Part of any locality deal will be the ability to draw down resources to support the connections and relationships of people who need support, particularly older adults. There are 25k older adults with two or more LTCs in Somerset and resources will be targeted at helping this population reduce isolation, strengthen community connections and regain/retain independence. The model of support can be tailored to local context, but draws on a variety of national and local evidence, including:

- Local Area Coordination - a strengths-based, localised approach to providing support to people who may be on the edge of requiring formal care, and leads to reductions in social isolation, GP visits and referrals to Adult Social Care
- Living Well scheme, which improves prevention and resilience amongst older people with multiple long-term conditions by providing low-level support to day-to-day living and utilising asset-based resources to promote empowerment and wellbeing
- The Compassionate Frome model which combines primary care with community wellbeing approaches (local and national evidence)
- A Stabilise and Make Safe scheme will be introduced to improve Somerset's rehabilitation and reablement performance
- Depending on how the package of support is drawn down locally, we estimate the Somerset-wide package of support to cost £1m per annum. In each locality paid coordinators would be appointed, each working with a network of local volunteers

Pathways to independence

A new strategy is needed to maximise the development and independence of children and adults with disabilities. We anticipate this strategy will contain the following strands:

- Rapid reversal of the poor performance of SEND services as set out by Ofsted in 2020 via stronger leadership and local collaboration with schools and other partners
- The investment of £250k per annum in a pathway and services for adults with learning disabilities which increases people's ability to live independently and find employment (cut by SCC in 2019/20)
- The expansion of the Shared Lives Programme by at least 75 places, with an additional cost of £250,000 per annum based on 50 people with LD and 25 with MH and will give Somerset £1.3m net savings per annum

Living Well

The evidence from Cornwall suggests that if delivering Living Well to 2000 people it will cost £800k per annum and deliver £2.4m savings per annum for the local authority, and £3.2 savings to the NHS per annum. For prudence we suggest an annual budget of £1m.

A Children's Trust

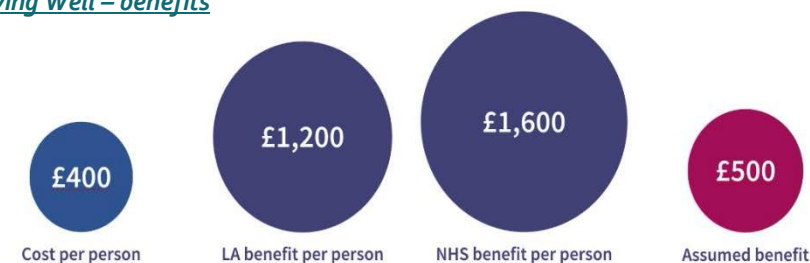
Children's services will be transferred to a newly created organisation that will deliver services for both new councils. Children's Trusts have been used since 2014 by Local Authorities and the DfE as a vehicle to help address poor performance and are part of the DfE's 2016 strategy, Putting Children First. Benefits include providing a means to reset culture and practice, promote greater innovation and flexibility as well as allowing greater partner involvement. Importantly, the structure also allows multiple authorities to manage services through one organisation, as happens in Northamptonshire, as well as Richmond, Kingston, Windsor and Maidenhead.

Specific details around ownership, governance and legal form will be developed further but the new councils would retain control over services.

In Somerset, where performance has been continuously weak over the past six years, a Trust will help create a fresh start with new leadership, governance, partner engagement and strategic direction. The Trust will be Somerset-wide mirroring the recent Northamptonshire model, where a failing county council has been abolished, two new unitary authorities created, but a Children's Trust also created for the County area.

Using information from a variety of published sources in relation to other Trust projects including Doncaster, Slough, Sandwell, we suggest a one-off transition budget of up to £3m.

Living Well – benefits



4.2 Stronger Somerset Cares

The fresh start for care services will improve the commissioning and practice of social care across the whole system.

Improvement in childrens social care practice and commissioning

The new councils will transform childrens social care practice and commissioning with the following package of interventions:

- funding to ensure effective implementation of the proposed Family Safeguarding practice model
- a new approach to social work that creates sustainable behavioural change in parents so children can remain safely at home
- multi-disciplinary teams working together to support children and parents experiencing domestic abuse, parental mental health and substance misuse
- a family safeguarding workbook – simplified processes to share and record information means that practitioners can spend more time with families

Family safeguarding benefits will outweigh costs over the medium term but require a one off budget expenditure of £1.2m in the first year, followed by £820k per annum investment for the subsequent 5 years (total £5.3m), based on 'adopter' budgets from other local authorities.*

Benefits will be financial (reduced child protection and placement cost), and non-financial (school attendance, reduced domestic violence, reduced A&E admissions, reduced child protection plans).

- Commissioning for Looked After Children will be focused on the prevention of escalation of need (supported by Family Safeguarding) and the localisation of placements to the Somerset geography. This will require reform of processes and policies, leading to progressive reduction of the current 20% of placements outside Somerset. A new sufficiency strategy will set out how gaps in local capacity will be bridged. The transformation effort required to de-escalate and localise LAC provision is significant, and we suggest would require external support at a cost of £1m each year for the first two years of the strategy.

Whole systems working

Somerset partners in health, social care and the voluntary sector will form an Alliance Agreement (based on the evidence from Croydon) which will enable commissioning on a genuinely whole system basis. This agreement will ensure that Locality Deals are funded jointly, with outcomes and benefits shared by the system, according to local need.

This approach involves creating an outcomes based alliance contract for older people, an agreed model of care and a health and care partnership, similar to the one developed by the One Croydon Alliance.

The agreement would set out clearly shared principles and an approach to decision making; risk-sharing; commercial strategy; termination and exit and contract management. Patients and service users are a central partner in the development of the approach, with boards to set up and oversee system commissioning arrangements.

Evidence from Croydon demonstrates that if this approach to system wide commissioning is adopted, there will be significant year-on-year savings for the council. In its first year, One Croydon secured cash savings of £12m for the health and care system. We estimate a local authority contribution to legal and other set-up costs to be in the region of £0.5m.

Other targets requiring whole system priority action, in addition to those summarised in this document, include:

- A rapid review of informal carer support and a new strategy
- A new plan to address child mental health
- Reduction in the numbers of NEETs within the county
- An increase in the current low levels of social mobility, tied to economic/levelling up plans
- The creation of a Somerset-wide Intelligence and Analytics capability to improve population health and social care insight for the system
- A care workforce strategy designed to reduce turnover, support economic development and bridge capacity gaps

The Somerset approach to tackling these issues will be developed in the new collaborative arrangements we are setting out.

* We note Somerset County Council's plans regarding a family safeguarding model in their latest Medium Term Financial Plan. We have costed this work separately, based on sector benchmarking.

4.3 Stronger Somerset communities

Stronger Somerset will enable the two radically different councils to establish strong working relationships with localities and to respond to the ambitions of town and parish councils.

Why it matters

Towns and Parishes are the scale at which much of community life takes place, our experience through the Covid 19 lockdown showed this to be truer than ever. There are many examples of places that have developed a sense of active community, where people feel they are part of the place they live, they take pride in it, have a say over what happens there, feel connected to one another, able to look out for each other and create the future they want.

These places work to ensure that people are not lonely or isolated, but active and included, and harness the contribution of all the people that live there, their generosity, ingenuity and enterprise. In such places we see different forms of capital: 'service capital' (the services available in a local area) is only part of it, these places are rich also human, social, financial, political and infrastructure capital as well. The benefits are clear to see, places like these are more prosperous, more equal and their citizens need formal services less in their lives, or later in their lives, than places that have yet to develop these things. We want to work with people at a local level to build this sense of community across all of Somerset. Our costings show the importance we attach to this work, investing in staff to make this a reality.

We are aware also of places across the where parish councils have stepped beyond their traditional role and the National Association of Local Councils "Points of Light" publication shows the contribution they are making in areas as diverse as arts and culture, canals and rivers, community safety, economic development, flood management, health and wellbeing, sports and leisure, and transport on demand. Many of these schemes harness the contribution of local people to make their places better, and in some areas this activity is even having an impact on services that are usually provided by County the NHS. We want to enable more of this activity.

In looking for national exemplars of this we are lucky in Somerset to have to have many within our own borders. Many places in Somerset have led the way in showing that this can be done. In Frome for example, isolated people who have health problems are supported by community groups and volunteers. The number of emergency admissions to hospital has fallen significantly. In a three-year study it was shown that while across the whole of Somerset emergency hospital admissions rose by 29%, in Frome they fell by 17%.

We want to create the conditions for there to be many more places that choose to step up and take greater action, whilst making sure that nowhere gets left behind.

Working with localities

There are some issues, such as championing the cause of greater digital connectivity across the County, or seeking investment in better housing, where it is right that Somerset speaks with one voice, but we know that it is just as important that the new Unitary councils are set up to listen to the many voices, of the multiple towns, parishes, villages and neighbourhoods, whose identity is rooted in their own history, geography, demography, culture and priorities.

Our intention is to reverse the creeping centralisation that disempowers local people and communities. We believe that many people who would be willing to play a far more active part do not do so because resources are centralised, and decision making is so remote. We have seen over many years, care services become increasingly distant from the communities they serve, economic strategies become less and less relevant to what actually drives increased prosperity.

As a reaction to austerity, we have seen the drawbridge pulled up and administration become separated from the people it serves, cutting off the work that prevents avoidable demand for services.

We want to create a localism approach that provides people with the flexibility to participate at the level and in the way that they choose, to create a framework of support that inspires participation but doesn't require it. We want to make it easier for a positive choice to be made, and we want the approach to work with the grain of existing neighbourhoods and identities, rather than impose a new area structure that no one locally will recognise.

We wish to ensure that we avoid tokenism, with no powers or remit, where trifling amounts of money are gifted to Unitary councillors to bestow on local areas that can be taken away as quickly as they are given, when the going gets tough, entirely missing the point of the potential of real local working.

In preparing our business case, we have been grateful for the contribution made by SALC. Acknowledging that this is not based on a comprehensive picture of all the local Councils in Somerset, nevertheless a significant number contributed to the formation of their report. We want to work with all these recommendations as they capture the spirit and high-level practical detail on which we wish to build.

We agree with the view that the keystone of a new relationship with Towns and parishes, should be captured in a Charter and we commit to doing this. We propose to involve parishes plus other interested parties, in the detailed design of the Locality Agreement approach, through participation in 'design sprints' to flesh out the proposed approach, methodology and geographies by which it would work.

4.3 Stronger Somerset communities

Stronger Somerset will see the creation of a ‘Locality Deals’ developed and designed with localities and communities in Somerset to provide a basis for a strong and stable relationship.

Create Community Networks and a Community and Devolution Team to support them

To support our work in this area, and embracing recommendations 4 and 5 of the SALC report, we would establish community networks, based on CCG ‘neighbourhood areas’ to cluster towns and parishes to create better locality working. It is important however to recognise that some towns and parishes may co-operate across these boundaries depending on the focus of their work. These networks would be supported by a community and devolution team, emulating the work of Cornwall Council, it would be focussed on five key areas of activity:

- Community governance and engagement – allowing Council members and local communities to be more involved in local decision-making processes and having greater influence and control
- Locally led development – using new and existing mechanisms to give communities the tools they need to deliver local social, environmental and economic improvements
- Local solutions – ensuring Council services and partners within an area work closely together to make maximum use of the resources available
- Devolution of assets and service – devolving assets and services to local communities via their town or parish council and/or community group to maintain local services and assets, and assist Somerset East and West Councils to achieve budget savings where possible

Far from being talking shops, we see from this activity the development of locality agreements with individual local Councils or groups of Councils.

Locality Agreements

Devolution is a serious business that should not rely on the grace and favour of the Unitary Councils but rather on a set of clear and objective criteria.

Stronger Somerset proposes to create a Locality Agreements framework that provides a consistent process for facilitating tailored, place-based solutions that bring together local partners to address local priorities within each area, to build on recommendations 2 and 3 of the SALC report.

- A Locality Agreement would be an arrangement between the unitary and the locality as equal partners confirming the vision and ambition of the area and what each party agrees to do to achieve this. It would specify powers and responsibilities to be devolved in return for agreements about outcomes to be achieved
- It is the intention that the Town and Parish Councils will be at the heart of co-ordinating local partners to developing these agreements. Each town and parish council would be invited, in an open-ended call, to work with the unitary in developing their proposals
- Depending on the focus of the agreement, local council would need to demonstrate the involvement and engagement of other local partners and institutions, such as schools, businesses and voluntary and community sector organisations, in shaping the proposals
- Where the agreement involves the devolution of assets and budgets and the achievement of service standards or outcomes, the convening town or parish would need to demonstrate their ability to be able to take on and sustain the additional powers and responsibilities, through the attainment of the Quality Award under the Local Council Award Scheme

The new Unitary councils would, through the Community and Devolution Team, facilitate the development of towns and parishes to be able to achieve this award.

It is important that these agreements are not just made available to the most well-developed places, potentially increasing inequality. In all places the approach to service provision would be to create locally present and integrated provision. In all places the new Unitary Councils would make available, through the proposed support services arrangement, access to favourable procurement frameworks and the provision of services, such as financial and HR advice, as well as software, ‘as a service,’ and practical help to develop local democratic institutions.

There are 323 Town and Parish councils across Somerset and the intention is that each would be able to choose to either decline to develop a proposal, work on their own proposal or to develop a joint proposal with towns and parishes of their own choosing.

There will be no timetable for developing a proposal – it is an open ended offer – but if many places wish to participate at the same time then there will need to be some phasing, or cycles to ensure each area gets the support it needs from the relevant unitary, and that the Unitary council can manage the volume and complexity of applications.

This will require the unitaries to organise themselves to support area-based working for co-ordination and liaison with town and parish councils in the area. We will not impose a ‘top down’ working arrangement that fails to reflect way that communities operate and interact. We will instead, work with communities to design any future arrangements to properly recognise the complexity and assets of place.

4.3 Stronger Somerset communities

We will use the experience of Locality Agreements to invest, develop and learn from new ways of working that will have benefits locally and be of interest nationally.

Partnership and inclusion

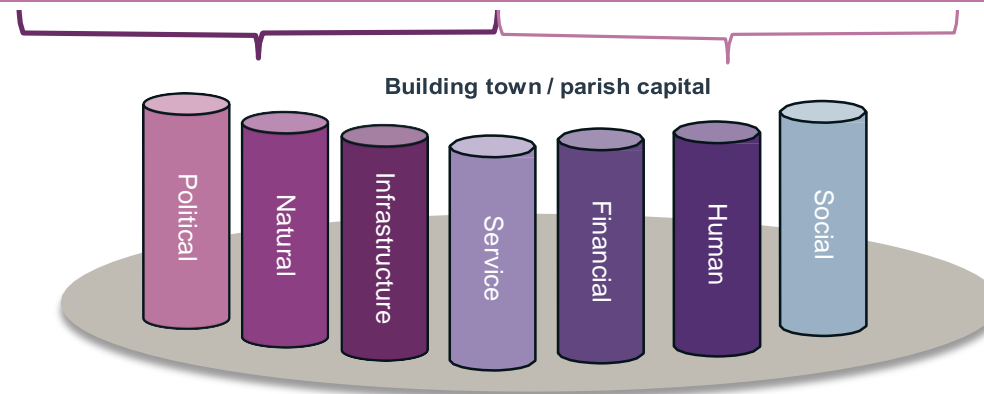
- Locality agreements are designed to ensure that each place benefits regardless of size and current level of development. We are open to the possibility that the agreement could be with a community group or voluntary organisations, as well as a town or parish council. They can be relatively small scale or encompass a significant range of powers, assets and services. The key criteria is improved outcomes. The development areas and the potential outcomes are described opposite. The Community and Devolution Team would work with the locality to develop the agreement in a spirit of genuine partnership and within the joint governance arrangements, work to help the partnership to succeed.

Learning

- There will also be a commitment to create a continuous, learning system through which lessons are shared across Towns, Parishes and neighbourhoods to create an on-going approach to supporting and developing capacity, capability and appetite. It is envisaged that a programme of training and development will be designed to build trust between partners, reinforce the Asset Based Community Development approach and strengthen relationships. It is proposed that this would be formalised and embedded through a formative and summative evaluation programme over five years. (SALC recommendation 6).

Development areas (one or more)	Potential outcomes - achieved in partnership
Organisational investment in services to grow the local Councils capacity and capability	Greater engagement by local councils with all sections of their communities, better organisational capability evidenced by the LCAS quality award
Specific service/asset devolution; e.g. car parks, libraries, spaces,	Better quality/lower cost services Shared commercial return
Community group investment; in priority groups such as older people, troubled families	Better quality of life and outcomes, more prevention and early intervention, lowered demand for services
Infrastructure investment; in digital connectivity, buildings or housing	Affordable housing, carbon reduction, channel shift to digital, greater self help
Specific sustainable growth initiatives and innovations	Increased inclusive prosperity, lessening in equality gap, increased shared business rate revenue

Enabled through joint investments with a forecast payback period Governed with joint accountability



4.4 Stronger Somerset – Connected

Stronger Somerset councils will create shared services, service patterns and a collaborative platform supporting leading practice integrated working, both with each other and with local partners, to improve public services and system working.

Our vision

Existing councils within the two tiered system have already started to deliver their transformational agenda, including through joint working with other councils both within and beyond Somerset. Long standing partnerships, including the Somerset Waste Partnership which was established in 2007, show what can be done.

We have also commenced operational initiatives to support further shared working arrangements between the councils, in areas such as Legal Shared Services, Building Control and Adaptions, across all councils and in other one to one relationships. This is a continuation of our long held belief in the value of closer integration.

Benefits delivered from these arrangements provide a foundation and lessons from which to go further. We want to build a common collaborative platform for improving public services and system working.

Our approach has multiple dimensions that adopts foundational practices on shared services and creates new ways of working. We will develop:

- **Shared services**, which traditionally are pooled to identify savings and retain access to specialist resources, often with a long term objective of commercial returns from trading
- **Service patterns** for new councils building on the emerging learning from the Local Government Digital Service Standard and experience of GDS, Essex and others to make integrated services and standardised elements easier.

Collaborative support platform

The approach to collaboration services supports the requirements of:

- both new councils by adopting a common platform and processes to deliver best in class support. This will be resilient and adaptive, allowing support to be flexed between departments based on need and make good use of digital and AI technologies to augment staff
- Town and Parish Councils, making it easier for them to take on additional responsibilities and still access and integrate with systems to share data, payments and human resources
- partners including local community organisations, Housing Associations, Citizens Advice Bureau, Credit Unions etc, particularly where they can act upstream in helping prevent failure demand
- local businesses, specifically start-up companies that need reliable core support services at a reasonable price

We are ambitious and want to develop the collaborative platforms that underpin system working across organisations not just councils.

Our design will also enable a much more mature data ecosystem with closer integration and shared insight to support our goal of better data driven decision making. We want to create a world-class approach for Somerset ideally co-owned and developed with our police, health, town and parish and other partners.

Shared management and shareholdings

Each council will retain the strategic oversight and direction of core functions and remain sovereign organisations as some activities can not be shared.

There are some other areas where we will consider shared leadership and management posts working across the footprint where it makes sense to do so to secure integration (for example through a Chief Data Officer).

Both councils will also be shareholders in Stronger Somerset services designed and created to support improved public service delivery.

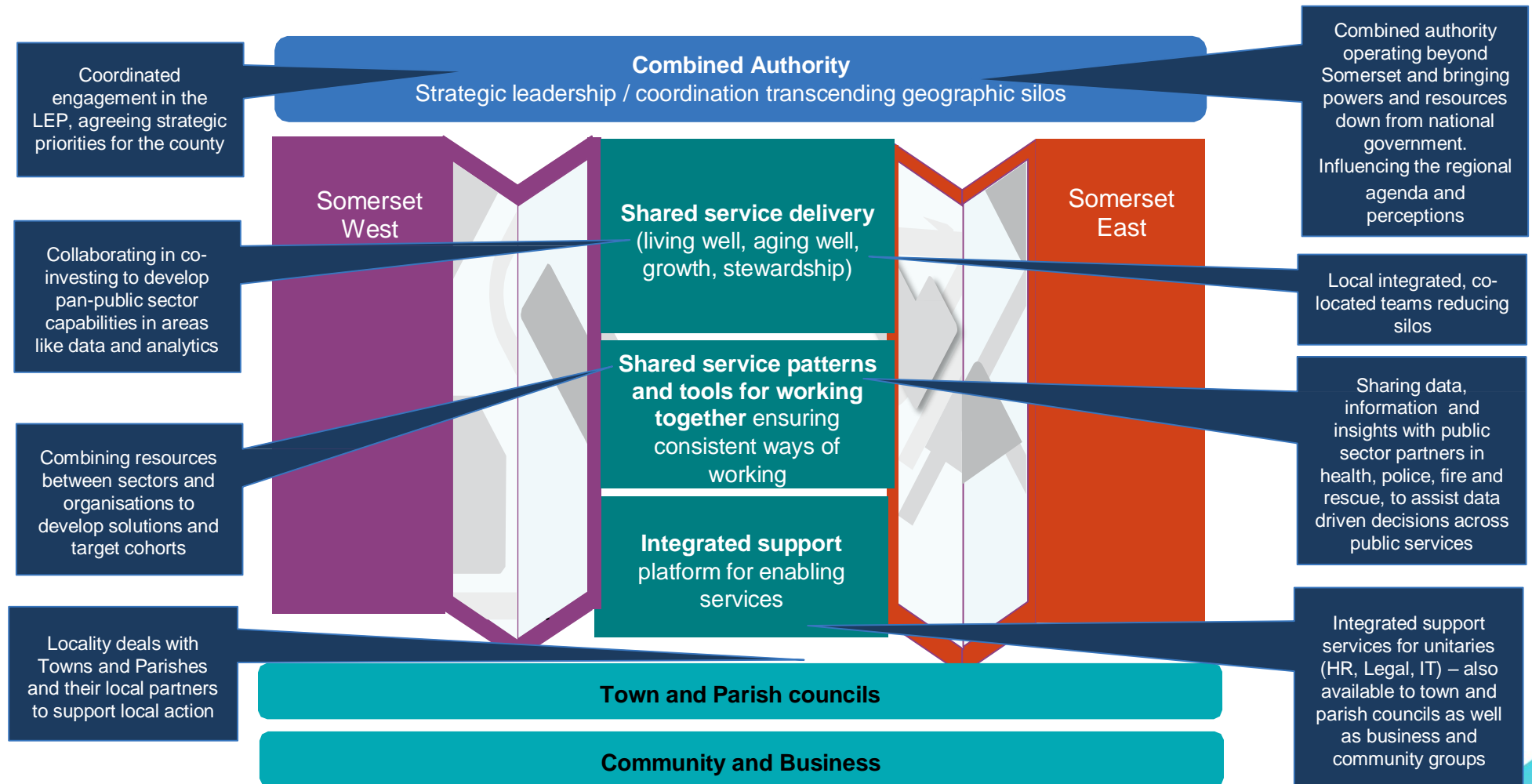
We will explore which ownership structure and legal form can best enable us to meaningfully collaborate with local businesses and services that improve public services in our area – and share the benefits of doing so with them.

We want to explore shareholder models with the Town and Parish Councils, and potentially other public bodies, that align incentives and share the gains from working together.

We want the collaborative support platform to be a genuine system enabler - not just a service we provide to others. This approach will benefit participating the authorities allowing them to retain control whilst providing flexibility over the model to suit any future needs in Somerset.

4.4 Stronger Somerset – Connected

Stronger Somerset collaboration will not be constrained by organisational boundaries but will enable a wider ecosystem of partners, parishes and town councils to work with their communities in delivering our reform ambition.



4.5 Stronger Somerset – Growth

Somerset epitomises the UK's so called 'productivity puzzle' – It has consistently lagged behind the UK economy and the South West and is generally a low productivity, low skills and low wage economy. We can and should do better.

Why it matters

Somerset's economy lags behind many other parts of the country and is particularly vulnerable to economic shocks such as the Covid-19 Pandemic. Around 90% of our businesses employ fewer than 10 people and there are high levels of self employment. As a rural county, Somerset has a higher proportion of businesses in agriculture as well as the retail, manufacturing and tourism and leisure sectors than the national average, all of which have been disproportionately affected by the Covid-19 Pandemic.

Our economy is characterised by the following challenges:

- Infrastructure and connectivity challenges (including digital, road, rail and public transport)
- Low productivity and wages
- Labour market pressures in the long term linked to an ageing population
- Poor housing affordability
- Rurality and low population density
- Deprived communities lacking opportunities and where the benefits of economic growth have not always been felt locally

Importantly we also recognise the opportunities and have identified our key growth sectors as Clean Growth/Energy, Aerospace & Advanced Engineering, Digital & Data and Agri-Tech. There are also significant opportunities associated with planned housing and regeneration.

We need to perform better

Historically Somerset has not been able to clearly articulate its ask of Government or indeed its offer.

A combined authority which is able to set out clearly how Somerset can respond to the levelling up agenda with a devolution deal to unlock growth supported by two unitary councils with the capacity and commitment to deliver can help us to level up for our communities.

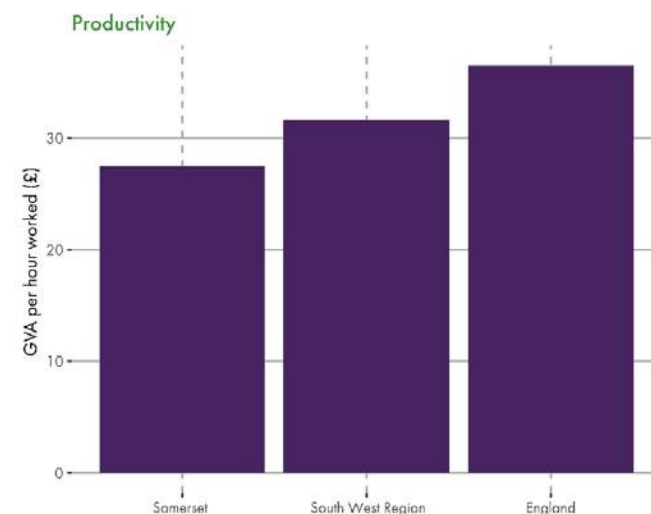
Our reform agenda recognises that poverty and inequality is bad for growth. It has huge costs for individuals and services, low paid work creates a cycle of poverty and can mean communities feel left behind and don't feel benefit of growth. It also comes at a high cost to the tax payer. Our response is to design Stronger Somerset to deliver inclusive growth which:

Raises productivity, skills and wages to regional and national levels

Addresses the affordability of housing by enabling and where appropriate delivering the housing to meet the needs of our communities

Connects our communities with better quality digital infrastructure as well as improved transport solutions, including investment in lower carbon forms of Transportation

Creates opportunity and reduces isolation, particularly for our most deprived communities



Source: ONS Subregional Productivity data
Note: Somerset data is for full ceremonial county (NUTS3)

4.5 Stronger Somerset – Growth

Stronger Somerset will see councils with a distinctive ambition working in partnership to lead our recovery and build forward to a clean and inclusive economy.

Stronger Somerset will see two new unitary councils established with a combined authority covering the administrative county of Somerset as a minimum. We are also open to alternative options, such as extending the reach to the North of our county, or to neighbouring authorities.

The combined authority would:

Articulate our ask of and offer to Government; identifying the package of powers and delegated authority as well as funding. In return it would identify the new homes, jobs and increased prosperity this investment would unlock.

Take responsibility for sub-regional planning, including the identification of key strategic housing and employment sites and supporting infrastructure. Establish a revolving infrastructure fund to forward fund the delivery of infrastructure associated with new development. Set Economic Development Strategy and deliver programmes that are administered across Somerset's geography.

The unitary authorities would:

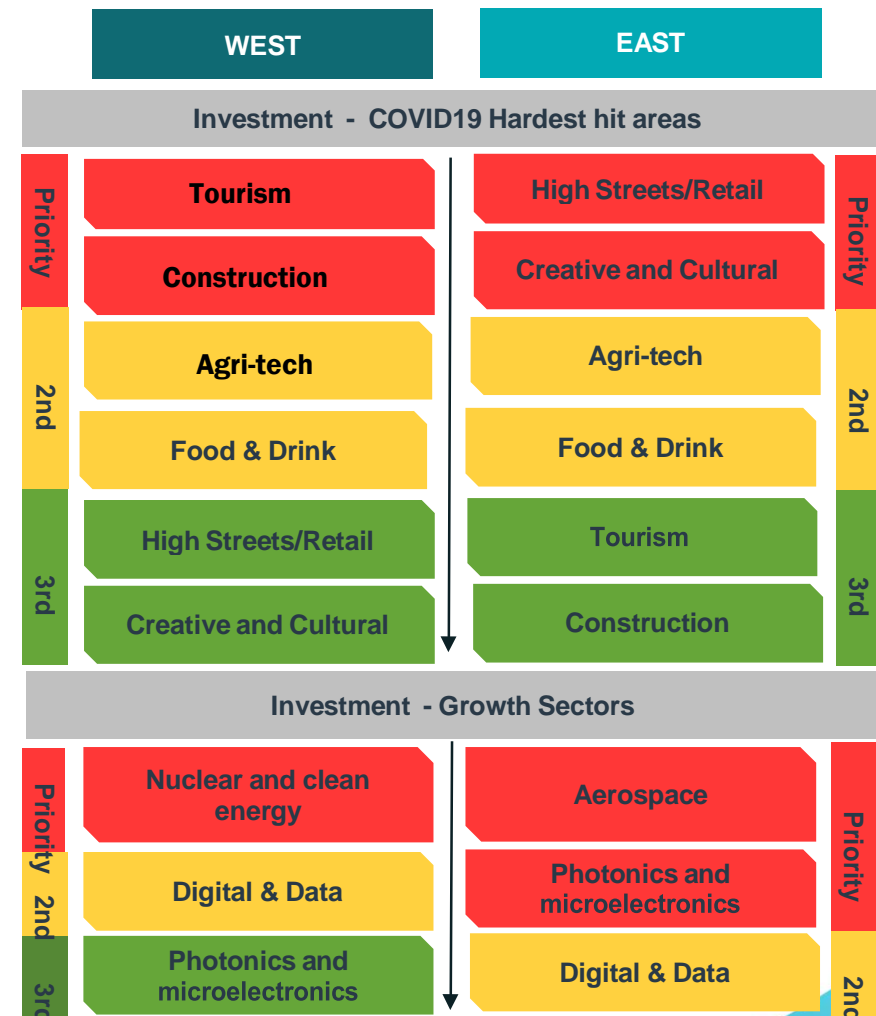
Provide enabling services, prepare Development (Local) Plans to provide the statutory framework for planning decisions, directly deliver key projects including where appropriate local authority-led regeneration and Housing Revenue Account schemes.

Our ambitious plans will transform our future prosperity and contribute towards levelling up the economy. We want to deliver growth that is:

People-based - We will reverse the trend of outward migration of the young and economically active by supporting better opportunities to stay and thrive through up-skilling, developing our employment offer and embracing digital opportunities.

Business-based - Creating sector based approaches which strengthen our assets and re-shape our economy. We will adapt our bedrock industries to the digital age and grow sectors that use new technologies to shape the future.

Place-based - Delivering investment to enable our towns and villages to realise the true potential of their distinctive cultural, heritage and retail offer. We will plan for and deliver new infrastructure to unlock homes and jobs, maximising the opportunities for investment in clean growth, digital, agri-Tech and in our world class food and drink sectors, tourism and manufacturing industries. We will ensure that our small and mediums sized enterprises secure



the investment needed to thrive and grow.

**Stronger
Somerset**

4.5 Stronger Somerset – Growth

Stronger Somerset has the distinctive ambition to reduce reliance on central government funding and become a positive net contributor to the exchequer.

People

Deliver investment to nurture, develop and retain talent

Business

Deliver investment in the hardest hit sectors and those building a better future

Place

Deliver investment in the hardest hit places

Employment and Skills

Provide urgent support for those who have lost/are at risk of losing their jobs

Maximise local employment opportunities and support local people into work and away from in-work poverty

Support and encourage employers to create apprenticeship and traineeship opportunities

Raise awareness of apprenticeships, traineeships and T levels

Enhance post-16 education, including retraining for the unemployed and up-skilling across the adult population

Improve the built assets within our training provider network

Extend access to the Learning and Employment Grant currently confined to the Somerset West Opportunity Area

Digital infrastructure

Upgrades to digital infrastructure have been made central to both the levelling up agenda in a broad sense and, in a more immediate sense, to provide an economic stimulus

There is a need, now and for the foreseeable future, to enter into commercial partnerships to ensure wider coverage and faster speeds

In rural areas in particular the levelling up agenda and attached funding could help us to do more to encourage local innovation in the delivery of digital infrastructure.

Productivity

Safeguard and create jobs in the Bedrock Sectors:

Through a Somerset Enterprise Fund.

Support affected tourism businesses through a targeted Tourism Fund.

Enhance and expand Growth Hub support

Increase social capital and social innovation by supporting such projects.

Deliver new enterprise centres and work hub space

Supporting growth and productivity in the Growth Sectors

Deliver infrastructure projects associated with existing innovation centres at iAero Innovation Centre and the Somerset Energy Innovation Centre

Deliver new innovation zones facilitating Clean Growth, Aero, Digital and Agri-Tech
Secure additional inward investment to the County through enhanced promotional and support activity

Strategic Infrastructure

Identify and cost key infrastructure projects required to unlock future housing and jobs growth

Develop and implement a revolving infrastructure fund; borrowing the capital upfront to bring forward key sites

Directly deliver projects that will unlock growth

Plan for and deliver new homes in line with the Planning White Paper; building on the districts' strong track record of delivery and planning for over and above the objectively assessed housing need

Identify strategic sites and infrastructure at Combined Authority level, supplemented by new Local Plans for Somerset West and East, supported by a strong commitment to low carbon and quality design

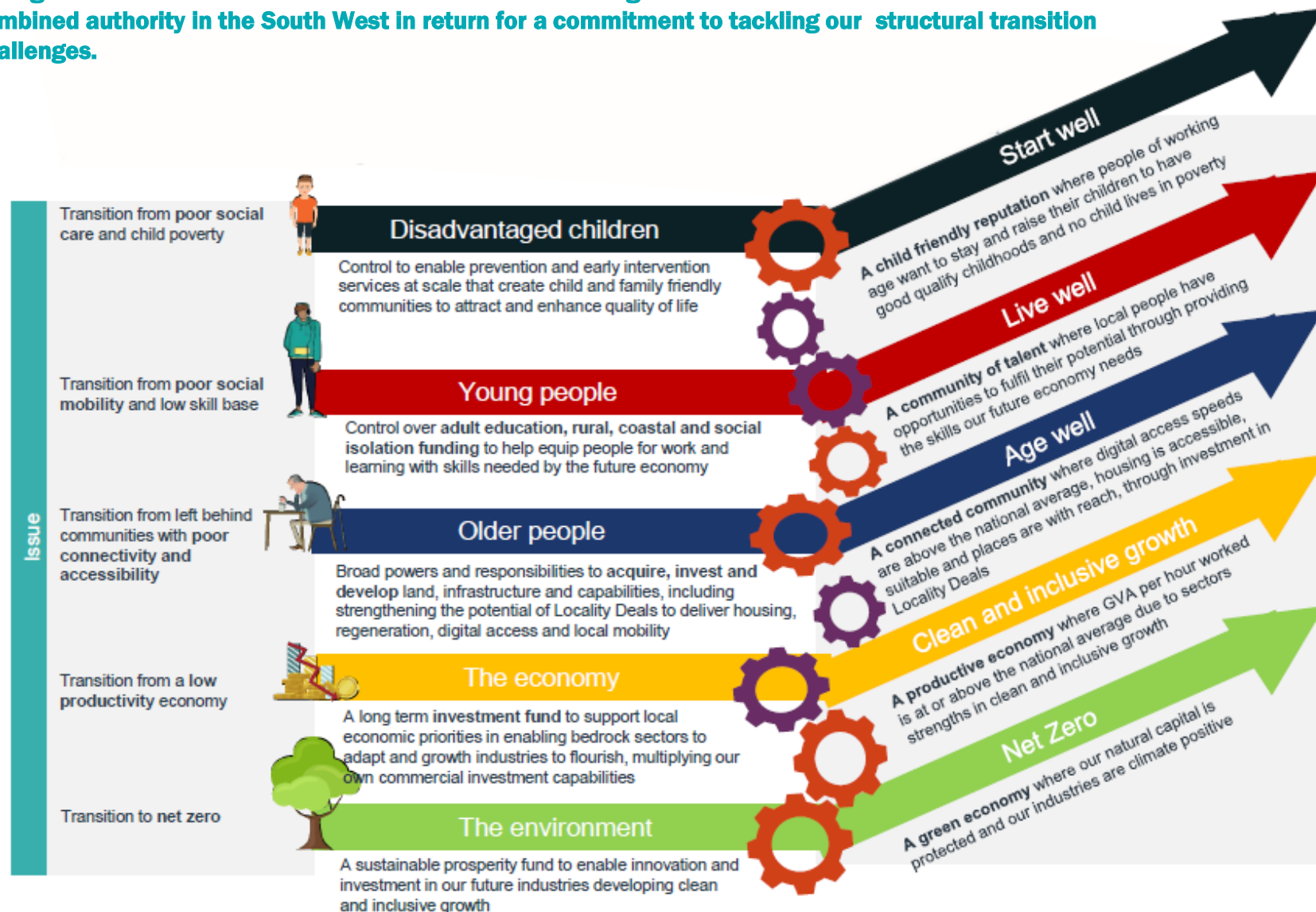
Contribute directly towards delivery where housing stock is held in Somerset West.

Deliver integrated programmes of regeneration in the towns of Taunton, Bridgwater, Glastonbury and Yeovil and support the regeneration of market towns across Somerset

Stronger Somerset

4.5 Stronger Somerset - Growth

Stronger Somerset will work with other authorities and the government to seek a devolution deal and combined authority in the South West in return for a commitment to tackling our structural transition challenges.



A large-scale construction site under a clear blue sky. In the foreground, a white lattice boom crane is positioned on a platform, overlooking a large circular structure being built. The structure's interior is filled with a dense grid of rebar. Several workers in high-visibility vests are visible on the construction platform. In the background, other cranes and construction equipment are scattered across the site, which appears to be a major infrastructure project.

05

Finance and Affordability

5. Finance and affordability

The table below shows the overall impact of costs of change and direct costs/benefits, for the preferred Option only. Analysis indicates that this change would result in a net cost to the Somerset system until Year 3.

Introduction

The figures quoted in the Financial Case differ from those in the Economic Case because they include inflation and redundancy costs. Figures in the Economic Case are presented at current prices (excluding inflation). Those including inflation should be used for the purposes of informing affordability and funding. Redundancy costs are considered to be a transfer payment within the public sector, and therefore HM Treasury guidance advises that they are not used to inform the options appraisal in the Economic Case.

Note that VAT is also typically included in the Financial Case, but is not included here as it is assumed that Councils can recover VAT.

In line with HM Treasury guidance, only cashable benefits should be shown in the Financial Case. Indirect benefits in this case can be considered cashable, however they are not achieved as a direct impact of the structural change being proposed in this case. For completeness, total overall direct and indirect benefits are shown here, with a sensitivity showing the overall financial position if indirect benefits are not achieved.

It should be noted that all individual opportunity areas are subject to more detailed analysis in individual business cases. More detailed work would be required on aspects of the financial case before submission of a business case to Ministry for Housing Communities and Local Government (MHCLG) including consideration of any pension issues, impact on budgets of each organisation and any changes to shared staff roles.

Summary table (All costs and benefits)

5 Year Value (£m)	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
	Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
£68.01	(£14.06)	(£2.56)	£21.26	£25.05	£38.32

Refining and updating our business case

Additional analysis around the financial case will be conducted when compiling the Final Business Case (FBC) accompanying our proposal. This would include:

1. Updates in light of government announcement on future funding for local government this autumn
2. Incorporation of additional detail and analysis of reform options based on feedback
3. Attribution of project costs to participating authorities (capital and revenue)
4. Analysis of further likely sources of funding
5. Analysis of the impact on participating authorities' income and expenditure accounts and balance sheet, duly confirmed by an external auditor
6. Overall affordability and funding arrangements, including (written) confirmation from the organisation's Members and other key stakeholders and any contingency arrangements for overspends

5.1 Financial case output – Option C

Implementation costs

The table below shows the implementation costs for option C. Implementation costs are split over a two year period, with the majority of expenditure taking place in 2021/22.

Sub-Category	5 Year Costs (£m)	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
		Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
Programme Team, Org Design and Change Programme	(£4.18)	(£2.07)	(£2.11)	£ -	£ -	£ -
Accommodation	(£1.03)	(£0.51)	(£0.52)	£ -	£ -	£ -
Audit / Finance one-off support	(£1.22)	(£1.22)	£ -	£ -	£ -	£ -
HR one-off support	(£1.22)	(£1.22)	£ -	£ -	£ -	£ -
Recruitment costs	£ -	£ -	£ -	£ -	£ -	£ -
Skills / learning costs	(£1.03)	(£0.51)	(£0.52)	£ -	£ -	£ -
Legal one-off support	(£0.77)	(£0.77)	£ -	£ -	£ -	£ -
Other specialist advice	(£0.26)	(£0.26)	£ -	£ -	£ -	£ -
Consultation, communications and rebranding	(£1.23)	(£0.61)	(£0.62)	£ -	£ -	£ -
Consultation of development of localism	(£0.41)	(£0.41)	£ -	£ -	£ -	£ -
Contingency	(£2.83)	(£1.89)	(£0.94)	£ -	£ -	£ -
Redundancy Costs	(£2.95)	(£1.46)	(£1.49)	£ -	£ -	£ -
Total:	(£17.13)	(£10.93)	(£6.20)	£ -	£ -	£ -

5.1 Financial case output – Option C, Direct costs and benefits

The table below shows the Direct costs and benefits for option C.

Type (Cost, Direct Benefit)	Opportunity	5 Year Value (£m)	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
			Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
Direct Benefit	Leadership and management integration	£8.79	£ -	£ 2.13	£2.18	£2.22	£2.26
Direct Cost	Leadership and management integration	(£0.24)	(£0.12)	(£0.12)	£ -	£ -	£ -
Direct Benefit	Shared Enabling Services	£21.00	£ -	£ -	£6.77	£7.01	£7.22
Direct Cost	Shared Enabling Services	(£24.18)	£ -	(£4.16)	(£8.71)	(£8.88)	(£2.43)
Direct Benefit	Joined up commissioning & procurement	£24.45	£ -	£ -	£7.99	£8.15	£8.31
Direct Benefit	Governance change	£2.11	£ -	£ -	£0.69	£0.70	£0.72
Direct Benefit	Single commercial strategy	£22.22	£ -	£5.39	£5.50	£5.61	£5.72
Direct Benefit	Focused asset strategy & portfolio management	£ 1.62	£ -	£ -	£0.53	£ 0.54	£0.55
Direct and Benefits & Costs Total		£55.77	(£0.12)	£3.24	£14.95	£15.35	£22.35

5.1 Financial case output – Option C Indirect costs and benefits

The table below shows the overall indirect costs/benefits only, for Option C, which results in a £30m overall increase in net benefit over 5 years. Indirect costs exceed benefits in 21/22 by approximately £3m. However, a positive return begins to build from 2023/24 onwards.

Type (Cost, Direct Benefit, Indirect Benefit)	Opportunity	5 Year Value (£m)	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26
			Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
Indirect Benefit	Social care - Adults and Health	£10.72	£ -	£ -	£2.53	£2.64	£5.53
Indirect Benefit	Looked After Children (cost of packages)	£31.90	£ -	£3.07	£6.25	£9.57	£13.01
Indirect Cost	Family Safeguarding (practice improvement)	(£4.74)	(£1.22)	(£0.85)	(£0.87)	(£0.89)	(£0.91)
Indirect Cost	Transition to Children's trust	(£3.09)	(£1.53)	(£1.56)	£ -	£ -	£ -
Indirect Cost	Pathways to employment - recurring	(£0.82)	£ -	£ -	(£0.27)	(£0.27)	(£0.28)
Indirect Cost	Croydon-like alliance commissioning model	(£0.52)	(£0.26)	(£0.26)	£ -	£ -	£ -
Indirect Cost	Locality model	(£3.24)	£ -	£ -	(£1.06)	(£1.08)	(£1.10)
Indirect Cost	Expansion of the shared lives programme	(£0.82)	£ -	£ -	(£0.27)	(£0.27)	(£0.28)
Indirect Cost	Technology Enabled Care Service	£ -	£ -	£ -	£ -	£ -	£ -
Direct and Indirect Benefits & Costs Total		£29.37	(£3.01)	£0.40	£6.31	£9.70	£15.97

06

Implementation approach

University
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6. Implementation approach

This section addresses the management case and approach to ensuring that the benefits and opportunities for a new sustainable model for local government are achieved through driving and releasing change.

Introduction

This section sets out the proposed implementation approach which will be used in order to ensure delivery of sustainable benefits and opportunities from the new reform minded councils.

- Such change is complicated and complex. Complicated because it requires effective preparation and planning to both support the abolition of existing councils, transition to new arrangements and to ensure the safe continuity of services. Complex because it involves relations and dependencies that go beyond the councils and into wider local system change
- It is not a rapid process and will include a period of transition during which Shadow Councils would be established. However, there is also an opportunity for co-ordination and collaboration in advance of government and parliamentary approval to lay the foundations and facilitate the future position and subsequent implementation. We can and will start now on the path to integration and closer collaboration
- In establishing the programme we will drive and release change through application of recognised good practice by:
 - establishing a co-ordinated Reform Programme Management Office (PMO) to support the programme across the two new councils
 - building two distinct new councils whilst using a common underlying 'pattern'
 - ensuring effective partner, business, service and public involvement and engagement to co-create the model
 - ensuring a safely phased transition that balances convergence, continuity and creation of reform interventions to realise identified benefits and opportunities

Plans will be refined and developed through an active engagement process with opportunities for formal and informal participation to maximise the alignment and capability needed to deliver local system change.



6. Implementation approach

We will drive change through engaging on our case, establishing the reform programme and designing the councils together with our system partners.

Building and maintaining a case for change

This business case lays the foundations for change and compelling reasons for why we need system change in Somerset.

- We have identified the drivers and benefits of change and created a reform vision to enable a distinctively better future for Somerset
- We will communicate plans to engage with staff, users, partners and the public as we further refine and develop our approach
- The identified benefits will become a baseline for a benefit realisation process to guide the programme. We will track and report on those benefits to demonstrate the value of change
- The new councils we establish will ultimately bring together and reform all existing services and responsibilities for all predecessor councils
- The approach will ensure:
 - safe transition to better ways of working
 - prioritisation of early wins to realise value to staff, service users and partners
 - continuous improvement beyond initial transition
 - open and transparent communication and engagement

Driving the programme

In advance of any formal changes being agreed by government, we will undertake comprehensive preparatory work, coordinated across all predecessor councils to establish the scope, phasing and governance.

- Our detailed programme planning will support:
 - interim plans pursuing ever closer collaboration and integration to take forward what we can, and will, do now to focus on realising these benefits and opportunities
 - securing government agreement to drive reform in key areas of County responsibility where re-organisation agreement is needed
 - for these areas our focus will be on safe but speedy change as new Councils are formed so that services can transition to a new business as usual as soon as possible
- Comprehensive preparation will be essential for success so we will establish a Programme Management Office (PMO) involving all predecessor councils and expertise who will:
 - develop detailed delivery plans to deliver the benefits and realise opportunities
 - establish milestones and risk management approaches to keep the programme on track
 - report to an interim executive and political leadership group providing the governance and assurance

Designing the councils together

The vision and initial plans set out in this case will be refined and developed through active listening and engagement across the local system and with the public.

- We have defined proposed changes to our future business model which will improve the ability of councils to provide strong leadership and improve public services
- We will develop during the planning phase the detailed operating model changes through a co-ordinated programme of service design so that people, structures, processes and systems work effectively to deliver change
- This includes working with Town and Parish Councils to develop the Locality Deals framework through the design sprints
- We will also be engaging and shaping plans with our partner organisations on areas such as our data and analytics ambition
- During the delivery phase we will deliver changes that reform not simply reorganise council activities so that the new way of working is business as usual as soon as possible
- We will then focus on ensuring the new councils and their services continue to work with partners to continuously improve outcomes. We will hold ourselves to account through outcome measures across benefits for people, places and productivity

6. Implementation approach

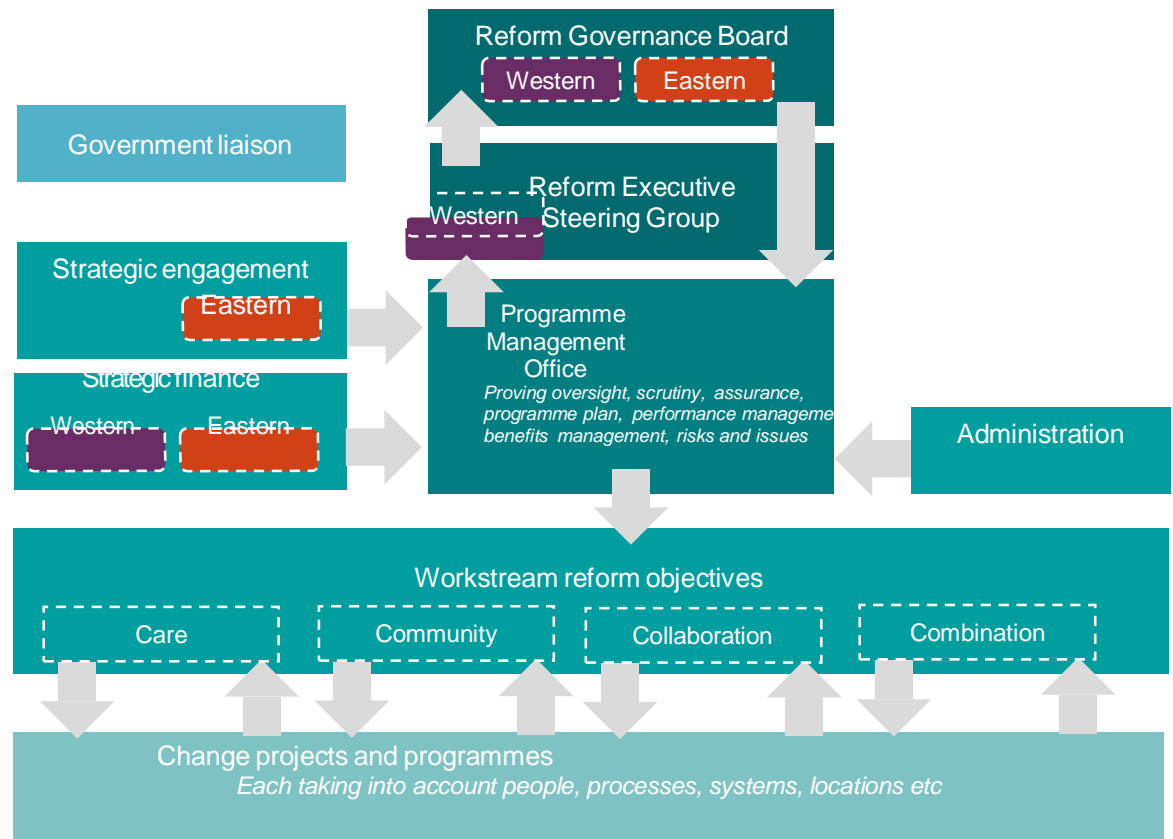
The Programme Management Office will provide the engine room for driving change across the local system overseen and steered by a governance board involving the predecessor councils and engagement with communities and partners.

Reform management and governance

A Programme Management Office, building on our existing programme structure, is being established to co-ordinate reform across predecessor and future councils, partner relations and with local communities, including liaison with government.

- The PMO will act as the implementation team and have multiple functions in supporting effective change through:
 - provide independent assurance to the councils, as well as to government
 - consistent oversight of the reform programme objectives
 - providing scrutiny, review and reporting on performance and progress against delivery plans
- challenging risks, issues and change across the programme
- It will provide a coherent framework for enabling reporting and oversight but flexibility to allow for the right programme and project methodologies across changes at each level of the future system
- It will enable both councils to develop from a common platform but to allow distinctive approaches and emphasis to evolve in the West and East unitaries
- The PMO will draw on dedicated officers from across all preceding councils who will co-operate in development of the right approaches for the new arrangements. The will engage Towns and Parish Councils, partners in Somerset and across the sub-region to plan improvements to advance and accelerate reform and benefit realisation together

Figure 4: Illustrative reform portfolio, programmes and projects structure



6. Implementation approach

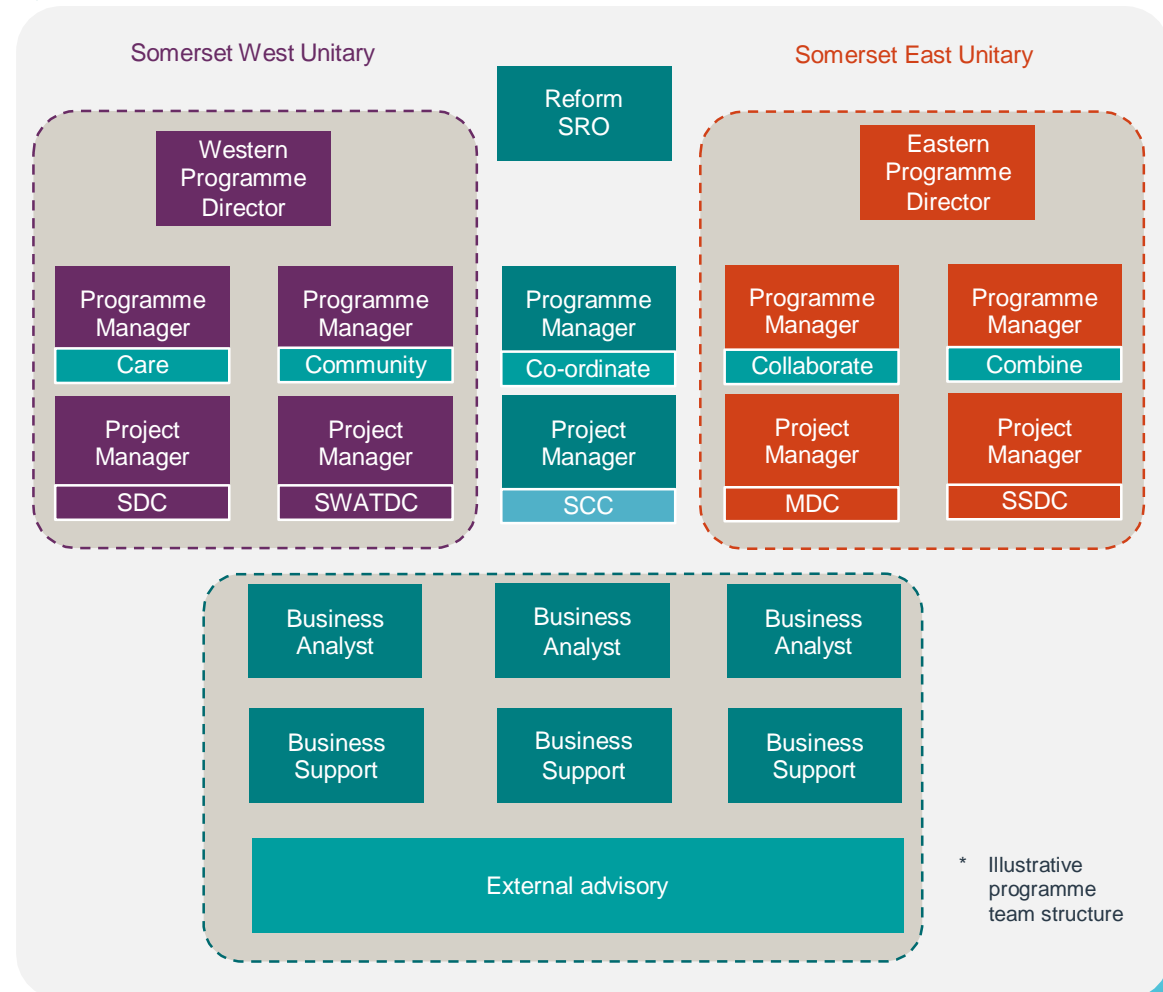
The Reform Management Office will be the engine room for the development and implementation of the reform agenda and creation of the Somerset West and East Unitaries from existing councils.

Working together on implementation

Establishment of all options incur implementation costs which are greater for the unitary options as they require more significant upfront investment in change to unlock the potential benefits and reform opportunities.

- The Reform SRO will oversee a one team, two council programme resource that manages the RMO. The role requires strong leadership and management skills, and a strong knowledge of reform and programme management
- There will be a Programme Director for the Somerset West and East Unitaries responsible for Connected on the transfer of responsibilities and the detailed design linked to each council
- A programme manager and project manager for each predecessor council, with manager having a matrix role to also pick up key workstreams in the reform programme
- There will also be a pooled resource of analysts and supports working across all councils and a shared external advisory resource to provide specialist input and advice
- Beyond the RMO there will be involvement of business and service owners and functional leads in areas such as communications

Figure 5: One Team, Two Councils



6. Implementation approach

Releasing change by enabling the reform leadership to communicate the ambition and to engage and enable people across the system in collaborating on the design so as to embed new behaviours and ways of working from day one.

Enable reform leadership

We will build a sense of shared purpose and commitment amongst leaders through the reform programme governance, including the Shadow Authority and Executive.

Build leadership capability to lead employees through the reform.

- In the initial phases our reform leadership team will build on existing good relations developed between council leaders and officers during the previous work by all councils and this case
- Once our proposal is agreed Shadow Authority and Executive arrangements, subject to any legislation requirements, will be put into place
- This will involve officers and members from the preceding councils co-operating as reform leaders and being supported to think, engage and role model:
 - Breaking with the past and present – abandoning mindsets grounded in the past and anchoring all activity to the desired future
 - Focusing on genuine commitment – investing emotional and intellectual energy and committing whole-heartedly to making the future a reality
 - Incorporating people in the change – leaders investing sufficient time and energy to build collective enthusiasm for the future and creating the employee participation and involvement essential to success

Engage and enable people

The reform programme will need to identify stakeholders both internal to the councils and involved in the wider system to understand needs and motivation and engage them in reform agenda.

- This will involve overcoming resistance to change, and creating an environment that encourages the willing participation of people in the change process by helping people understand why they should change, and maintaining the focus on this rationale so there is a compelling and sustained reason to become involved and be part of the solution
- We will equip people both inside and outside of the councils with the skills, behaviours and mindsets for reform
- We will also create emotional connections with reform supporting people's need to respond positively with both heart and mind to the future vision and the benefits of the change
- As we would expect all existing councils to cease to exist to be replaced by two new councils staff transfer and engagement will be a key factor – both on a technical level (i.e. TUPE regulations / continuity and equality of employment opportunity for most, with open competition for key leadership roles) but also emotionally to the new councils and way of working

Embedding new behaviours

The reform programme presents a unique opportunity to redefine the desired beliefs, behaviours and ways of working in the new councils and represent a fresh start.

- Embedding new behaviours involves clarifying and defining the desired future culture and ways of working, assessing the current cultural alignment and responsiveness to reform, and working with people to shift the organisational energy, focus and ways of working to the desired future
- This case presents a much stronger opportunity to avoid a single 'preparing' council culture to dominate the new arrangement. The new arrangements are an opportunity to shape councils in the spirit of a modern and progressive council

6. Implementation approach

Local government reform is complex, whilst re-organisation is complicated. This case tackles both and will actively manage risks throughout the lifecycle of the reform programme to deliver a sustainable and effective local system.

Managing risks

Local government re-organisation is complicated but local government reform is complex.

- Local government re-organisation is a complicated problem. It is hard and requires careful and considered planning but essentially there are rules, processes and systems that if followed will deliver change
- Local government reform is complex. There are more unknowns and more interrelated issues that require collaboration and understanding of the local system beyond the boundaries of the local councils
- This case is focused on reform through re-organisation and is both complex and complicated. It means it will be challenging but the prize of getting it right is a more sustainable and more effective system of local government in Somerset that actually tackles the underlying drivers of underachievement
- To simply reorganise would be the greatest risk of all, with every possibility of a future council would be created that was unable to reform and continued to be financially unstable.



Summer 2020

Key risk:

- IF** there is not consideration of alternatives
- THEN** it may be assumed SCC's One Somerset is the only way forward
- RESULTING** in re-organisation that perpetuates existing behaviours and approaches that work against collaboration and system change
- MITIGATED** by seeking assurance on all councils being invited to submit proposals on an equal basis



Autumn 2020

Key risk:

- IF** government policy (i.e. the devolution and local recovery white paper) radically changes and sets an accelerated timetable
- THEN** it may be necessary to rework proposals at pace
- RESULTING** in reduced opportunities for partner and public engagement
- MITIGATED** by engagement and early action planning during Summer 2020



Early 2021

Key risk/opportunity:

- IF** there is not a decision on re-organisation proposals
- THEN** new councils may be delayed
- RESULTING** in potential tensions and positioning during a period of uncertainty
- MITIGATED** by taking forward integration and collaboration opportunities that do not need government approval and being transparent and open to SCC involvement



Early 2022

Key risk:

- IF** the programme has not been actively managed
- THEN** some services may be behind schedule on transition plans
- RESULTING** in delays to realising benefits – although this will be managed to ensure safe and stable transfer
- MITIGATED** by care planning and preparation and establishment of a robust programme office and use of recognised good change management practices

6. Implementation approach

This case represents our case for change and sets out a reform journey that will improve outcomes for people, places and productivity across Somerset. We look forward to working with partners on the next steps in making it happen.

Next steps

Throughout this case we have made clear that public service reform not re- organisation is our primary motivation. There is much that we can and must do to progress our agenda in advance of the Government agreeing to any proposal for re- organisation. We will continue to build the case for change through discussions with partners and engagement with the public whilst putting into practice the foundations of a new approach.

Our analysis has identified a direction of travel we can progress towards. It also highlighted that there is a real desire for reform and we need to work with each other, with partners and with communities to develop and refine proposals for a sustainable and viable long term solution.

We will establish a programme of engagement over the next few months based on four reform themes:

- **Care** – engaging with service users to give people a real voice and opportunity to influence the thinking and shaping of our leading practice proposals
- **Community** – working with Town and Parish and community groups to co-design the mechanics of our proposed Locality Deals through a flexible framework that works for all
- **Connected** – working together as existing councils to step up our partnership working between the districts and start putting in place the foundations for future councils through joint teams, services and structures
- **Growth** – continue to develop and lead plans for recovery and growth, working across the sub-region on immediate growth opportunities, and with the wider sub-region to respond to and make full use of the potential of Devolution and Growth White Paper to secure our reform objectives

We welcome active involvement of partners and people interested in the future of Somerset in working with us on this journey to building a robust foundation for reform and eventual re-organisation.

We welcome the government commitment to taking into account ideas and reflections from councils so look forward to further developing and discussing our case as it develops.



Annexes

a. Further assessment detail

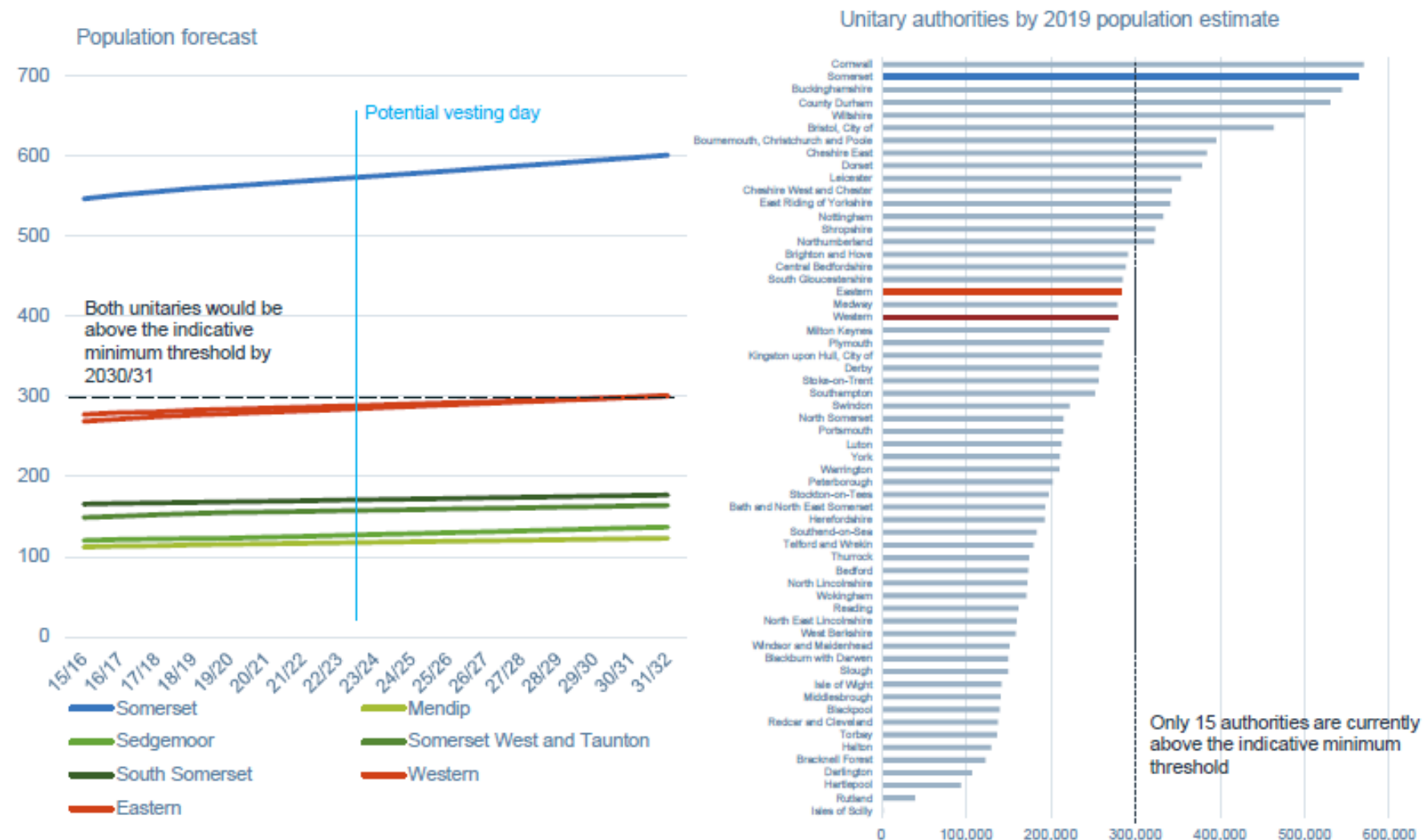
b. Council spending profile and funding gap



Stronger Somerset

a. Somerset profile – council size

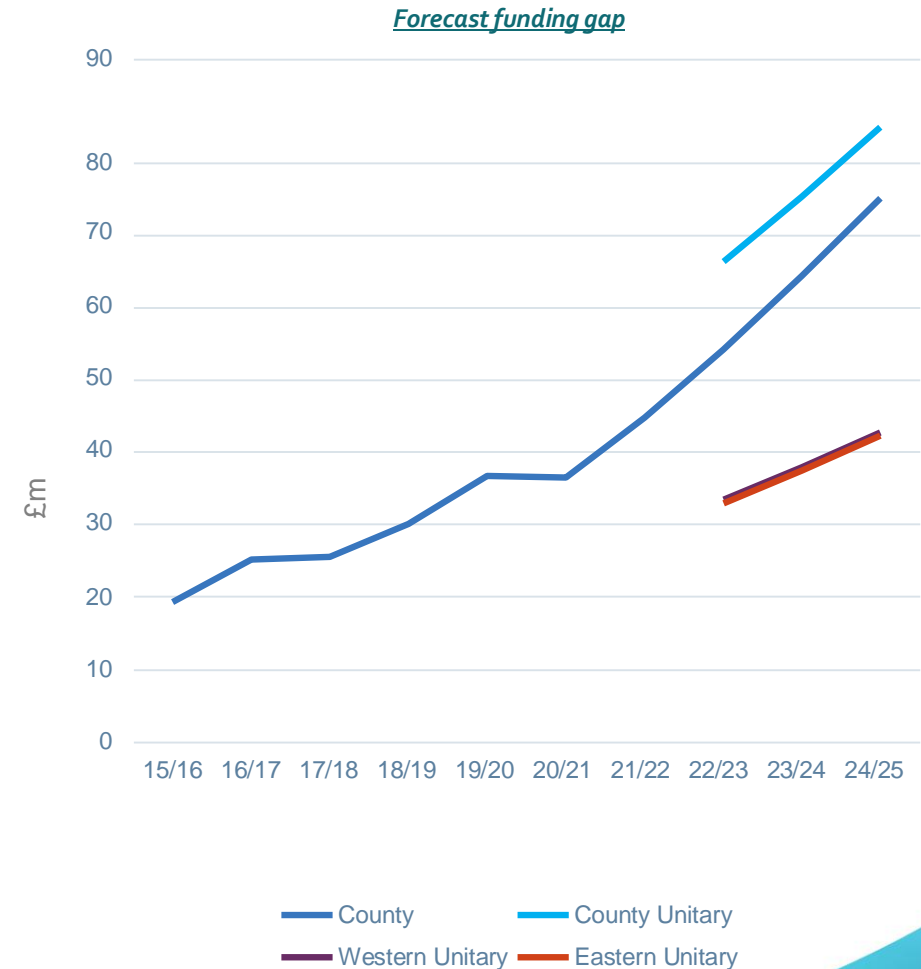
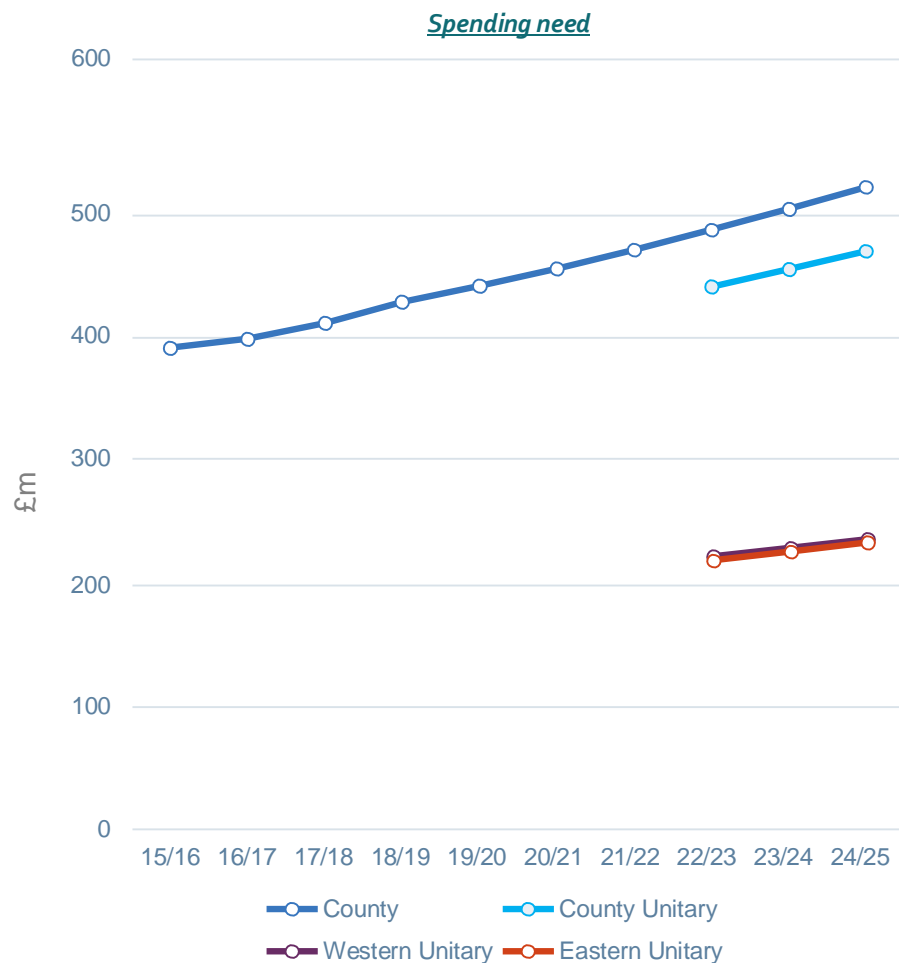
The population of Somerset is growing and within ten years the proposed unitaries will be over the Indicative 300,000 threshold. Based on current populations they would already be the 19th and 21st largest unitaries in the country.



a. Council spending needs and funding gaps

All councils in Somerset have had to make financial savings to address increasing funding gaps and are experiencing increased uncertainty due to the pandemic. The major driver of need and funding gaps is in services run by the County.

Given the uncertainty of council finances both due to the pandemic and the Spending Review it is difficult to predict future funding gaps. These forecasts are based on work completed for the County Council Network and adjusted to Somerset population forecasts.



a. Further assessment detail

Improving public services - enabling improvements to the delivery of public services is central to the purpose of any proposed re-organisation, which requires collective and co-ordinated leadership.

Strategic fit

Public service leadership requires more than heroic leadership that solves a crisis and advocates simple solutions. The complexity of societal challenges and productivity an recover requires a much more collaborative approach.

- Increasingly public service models that are successful recognise the need for collaborative leadership
- Leadership does not seek to centralise and own decision making but mobilises an ecosystem of leaders across partner organisations and in communities
- This type of leadership recognises the need to do more than manage an organisation and plays an active part in stewardship of systems and collective leadership
- The need for this type of approach is recognised in the Cabinet Office led National Leadership Centre established by the government to 'support cross sector leadership, facilitating and supporting people to collaborate on the toughest challenges the country faces'

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
1.a How well does the option enable collective and co-ordinated leadership?	M	M	H	M
Rationale				
Option A: Current State	<ul style="list-style-type: none"> • The continuation of the current state would maintain five separate political and officer leadership groups needing to manage their priorities and find time for co-operation and collaboration • This is possible but all councils have recognised it can be time consuming and challenging • There is also poor track record and partner perception of current arrangements 			
Option B: Transform the current state	<ul style="list-style-type: none"> • As with the option above this maintains the challenges of the current state and would rely on voluntary commitments to greater collaboration and co-operation • There are examples of this commitment in practice, such as through the Climate Emergency Strategy and Recovery work, and transformation could embed further examples such as the Somerset Waste Partnership and Somerset Rivers Authority • But it can be difficult to sustain, particularly if agendas change as was experienced during the Pioneer Somerset process so would place a heavy reliance on transformative leadership across all organisations 			
Option C: Stronger Somerset	<ul style="list-style-type: none"> • This option would see five leadership teams replaced by two new leaderships and would represent an opportunity for a fresh start • There would be an opportunity to create aligned but distinct leadership approaches that prioritised the needs for different areas whilst encouraging joint working from the outset where this added value 			
Option D: One Somerset	<ul style="list-style-type: none"> • One member group and leadership team would be created which provides potential for a strong co-ordinated structure internal to the council and if well managed an ability to speak with one voice to partners • The risk however is that concentrating power would focus on existing leadership and maintain a culture of seeking to control and direct actions with limited engagement with wider partners 			

a. Further assessment detail

Improving public services - the approach should enable a strong democratic voice that recognises the diversity of Somerset's communities.

Strategic fit

Councils different from many other public service organisations by account of their democratic voice and representative role. A strong democratic voice relies not simple on more representation but effective engagement.

- Increasingly, public service models that are successful recognise the need for collaborative leadership
- Leadership does not seek to centralise and own decision making but mobilises an ecosystem of leaders across partner organisations and in communities
- This type of leadership recognises the need to do more than manage an organisation and plays an active part in stewardship of systems and collective leadership
- The need for this type of approach is recognised in the Cabinet Office led National Leadership Centre established by the government to 'support cross sector leadership, facilitating and supporting people to collaborate on the toughest challenges the country faces'

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
1.b To what extent does the option enable a strong democratic voice within Somerset which recognises the diversity of communities and needs and builds on meaningful locality identities?	<i>L</i>	<i>L</i>	<i>H</i>	<i>M</i>

Rationale	
Option A: Current State	<ul style="list-style-type: none"> There is current concern about the duplication and fragmentation of representative roles between those representing their communities across the 269 councillors in Somerset Conversely it is argued that the larger number of councillors and engagement structures means councils can be closer to community issues and concerns
Option B: Transform the current state	<ul style="list-style-type: none"> As above there are potential benefits in the increased number of councillors meaning they represent fewer residents and will have a more manageable workload. But this is traded off against the fragmentation of roles and responsibilities
Option C: Stronger Somerset	<ul style="list-style-type: none"> In moving to a unitary structure there would be greater clarity on roles and responsibilities It would be possible to retain more councillors overall whilst still keep the number of councillors per authority manageable (less than 100 per unitary) This provides potentially the best balance between clarity of role and management of workload and proximity to resident needs.
Option D: One Somerset	<ul style="list-style-type: none"> This unitary structure would have more limited potential to retain councillors and balance with a manageable council size, so likely to be a maximum of 100 councillors Whilst this addresses the fragmentation of voice and is a comparable ratio of councillors to electors to other councillors it has less scope for change with potential for large caseloads across large footprints

a. Further assessment detail

Improving public services – there is a desire to involve communities more directly in the services and issues that affect them, building the conditions for participation and sharing power with local people and communities.

Strategic fit

There has been a renewed public interest in participation and engagement in local service delivery during the pandemic. This highlighted and made more visible examples around the country of more participative approaches to public service design and delivery.

- Across public services there are examples of the benefits of more direct involvement of the people they are designed to support
- Government policies and programmes such as personalised budgets and social prescribing recognise the value of community and social action
- The Localism Act introduced new powers and rights for communities across a range of issues which have had variable take up
- Current discussion on enhancing the role of Town, Parish and Community Councils is an extension of this policy direction
- The New Local Government Network (NLGN) has advocated this approach through its work on a 'community paradigm' which has shone a light on emerging practice across the country

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
1.c How well does the option effectively involve communities in designing and delivering services that are tailored to local needs, harnessing local strengths and assets?	M	M	H	M

Rationale	
Option A: Current State	<ul style="list-style-type: none"> • The current District structure and area working enables a close understanding of community needs and there are pockets of good practice across the districts although practice is varied • There are good examples of community action and community led service design and delivery, most famously in Frome, but this is despite not due to current structures • There are concerns that County services can be centralised and top down, not designed with communities or flexing to their requirements
Option B: Transform the current state	<ul style="list-style-type: none"> • As above but with potential for concerted effort to more closely involve communities in the design and delivery of services
Option C: Stronger Somerset	<ul style="list-style-type: none"> • The proposed approach includes a specific focus on working with localities at a parish scale on a strengths based approach to developing the conditions for community involvement in the design and delivery of services • New models of adult and childrens social care are envisaged which emphasise preventative and asset based approaches
Option D: One Somerset	<ul style="list-style-type: none"> • The proposed approach envisages a large area based locality model called Local Community Networks loosely aligned to the Primary Care Networks in the health services which were designed around 30-50000 populations • There is a weak track record of SCC working with communities to design and deliver service a constraint

a. Further assessment detail

Improving public services - the culture and behaviours of organisations affects how they operate and exercise their role, with the intention of reform based re-organisation being to create a preventative and whole system based approach.

Strategic fit

Organisational cultures and behaviours are powerful influences on how well systems and services operate. Modern organisations have purpose and are moving away from hierarchy and command and control based approaches.

- In seeking to address deep seated complex problems diverse teams have been shown to be more effective
- These organisations are willing to test and learn, trying new approaches and continuously learning and adapting
- Such organisations make use of new technologies and the possibilities of data and insight to inform continuous learning
- The current arrangements are considered challenging in this regard with too much emphasis on roles and responsibilities and relatively immature approaches to data and analytics

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
1.d To what extent does the option provide a platform for a modern culture and service excellence rooted in preventative and whole systems working removing silo cultures?	L	L	H	M

Rationale	
Option A: Current State	<ul style="list-style-type: none"> • All five current organisations would remain with their existing cultures and behaviours and no stimulus to adapt. This provides limited incentive or motivation for cultural reform
Option B: Transform the current state	<ul style="list-style-type: none"> • As above but with a focus on cultural reform embedded in the option • Greater collaboration and leadership will give progressive cultural change some impetus but is entirely based on the voluntary participation
Option C: Stronger Somerset	<ul style="list-style-type: none"> • By creating entirely new councils on new geographies there is a strong incentive and potential to create a fresh start • The option provides a robust platform for taking the best of predecessor councils into the new ways of working and operating • The reform agenda embedded in this option plans to re-invest savings in prevention and whole system working to reduce long term demand
Option D: One Somerset	<ul style="list-style-type: none"> • By creating a new organisation there is potential to create a new culture but it would be operating on the same footprint and basis for many services as the current County so would have less impetus for change • If the SCC culture is inherited and becomes the dominant culture it risks losing the progressive ideas and ambition of the best of the districts work • The current SCC is not geared towards preventative working and constrains change, as evidenced in the Ofsted SEND inspection, reduction in preventative services and lack of investment. It also has a strong organisational rather than system emphasis so risk continued siloed working

a. Further assessment detail

Improving public services – there is a need to level up across the country and create powerful regional economic strategies operating at a level above Somerset.

Strategic fit

Productivity and regional economic growth has taken on even more importance in light of the pandemic and the fact that Somerset's economy is particularly exposed.

- The recovery planning across the nation is an opportunity to 'build back better' and create a strong progressive national economy
- For Somerset to play its part it needs to have a clear purpose of place and focus on the drivers of its future economy and the partnerships to make it happen. Clean and inclusive growth is at the heart of this agenda
- This involves working strategically – not just across Somerset but across the wider region
- Somerset's wider region means it bounds a sub-region to the north which impacts its economy – the 'Western Gateway' – and is part of Great South West peninsula
- Reform is an opportunity to step up and play a leadership role at this level

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
1.e To what extent does the option provide an effective platform for a strong sub-regional agenda to drive regional productivity and harness opportunities for devolution to enable Somerset to "level up" and become a net contributor to national GDP?	<i>L</i>	<i>M</i>	<i>H</i>	<i>H</i>

Rationale	
Option A: Current State	<ul style="list-style-type: none"> • The two tier system is perceived by partners and business as complicating and stymieing the regional economic agenda and ability to level up the economy • The current arrangements have supported growth deals and helped secure additional funding but Somerset is perceived as actively engaged in the devolution agenda or particularly relevant to others
Option B: Transform the current state	<ul style="list-style-type: none"> • As above but with the potential to prioritise action on the economic and productivity agenda
Option C: Stronger Somerset	<ul style="list-style-type: none"> • The unitaries provide clear accountability and critical mass to build additional capacity and capability to do more on existing engagement in the sub-regional partnerships. The unitaries would both be in the top twenty unitaries by population • They would also have flexibility to respond to the distinctive characteristics and priorities of the Western and Eastern regions of Somerset and develop distinctive flexible economic strategies – for example on agri-tech and advanced manufacturing in the West and big data, clean energy and coastal tourism in the East.
Option D: One Somerset	<ul style="list-style-type: none"> • The scale of unitary provides opportunities for investment in the economic development and growth capabilities to help drive the sub-regional agenda, although it will also jeopardise the integrity of the existing LEP • A unitary across Somerset will not display the flexibility to support distinct economic growth drivers in different parts of the county and adopt a one-size fits all policy

a. Further assessment detail

Value for money - the approach should reduce the delivery cost of public services balancing flexibility and scale, enabling resources to be redeployed through service redesign.

Value for money

The creation of entirely new councils provides the opportunity to embed public service reform in their design from the outset. The potential of reform will be greater where there is cross-agency and community involvement beyond the boundaries of local government.

- Service transformation is on-going in all councils as part of existing programmes of activity
- The creation of new councils provides a stronger incentive – and requirement – to redesign services as they are assimilated into new organisations
- This provides the opportunity to adopt organisational design principles and undertake fundamental changes to the ways of working based on coherent design principles
- The experience of Northamptonshire and creation of two new unitaries shows the councils can start with a common design and evolve and flex their approach to address specific local priorities and democratic choices
- It also highlights how re-organisation alone is insufficient to achieve significant recurring reductions in delivery cost.

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
2.a Reduces the delivery cost of public services balancing flexibility and scalability	L	L	H	H

Rationale	
Option A: Current State	<ul style="list-style-type: none"> No fundamental changes to the delivery of public services with incremental improvements from existing transformation programmes
Option B: Transform the current state	<ul style="list-style-type: none"> No fundamental changes to the delivery of public services with incremental improvements from existing transformation programmes Potential for additional programmes of activity to target areas of existing cross-over between councils and to encourage shared approaches and efficiencies in collaborative service delivery
Option C: Stronger Somerset	<ul style="list-style-type: none"> High potential to redesign services and make a fresh start in existing County services, including high cost areas such as social care services Opportunity to redesign services in areas of overlap between different council responsibilities Large scale opportunity to consolidate existing approaches to strategic leadership and collaboration service delivery through a co-ordinated programme of activity
Option D: One Somerset	<ul style="list-style-type: none"> Potential but less incentive to redesign services County services, including high cost areas such as social care services is seen as not requiring change Opportunity to redesign services in areas of overlap between different council responsibilities Large scale opportunity to consolidate existing approaches to strategic leadership and collaboration service delivery through a co-ordinated programme of activity

a. Further assessment detail

Value for money - the approach should provide a platform for redesigning services to tackle demand upstream and alleviate the causes of cost pressures.

Value for money

Re-organisation options can, if well designed, enable consideration of a new operating model for councils and for the services that they deliver.

- It provides an opportunity for consideration about the purpose of the service and function. It can stimulate discussions on the relationship between citizens and councils, and between community organisations and local councils
- It also offers an opportunity to work as part of a network and ecosystem of public service organisations in creating better interventions
- Alternatives to traditional service delivery models can take many forms, from radically restructuring the role of the frontline to facilitating and enabling peer-to-peer support networks and digital innovations. Programmes like Local Area Co-ordinators show how early engagement can improve outcomes and reduce costs
- The need for this type of approach is recognised in the work of Nesta's Upstream Collaborative programme which brings together pioneering councils to share experiences and learn from each other

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
2.b How well does the option enable local government to tackle the causes of demand?	<i>L</i>	<i>L</i>	<i>H</i>	<i>M</i>

Rationale	
Option A: Current State	<ul style="list-style-type: none"> • Limited short-term savings mean immediate budgetary pressure continues, with no available resource for additional preventative work • SCC track record of cuts in preventative services continue, increasing medium term demand and shunting pressures elsewhere in the system
Option B: Transform the current state	<ul style="list-style-type: none"> • Limited short-term savings means immediate budgetary pressure continues, with no available resource for additional preventative work • SCC track record of cuts in preventative services continue, increasing medium term demand and shunting pressures elsewhere in the system • Bespoke programmes of activity and initiative offer potential for targeted action to tackle demand
Option C: Stronger Somerset	<ul style="list-style-type: none"> • Reform objectives bring strong focus on preventative agenda and a platform for designing to tackle the upstream causes of cost pressures • Significant savings in collaboration services through integration help alleviate short term budgetary pressure, allowing space for reform
Option D: One Somerset	<ul style="list-style-type: none"> • Significant savings in enabling services through integration help alleviate short term budgetary pressure, allowing space for reform • Recent 2018 service cuts to preventative services remain

a. Further assessment detail

Value for money - the approach should enable a transition to an invest to save model and continuous improvement

Value for money

The option needs to demonstrate the benefits will be realised and reinvested in a cycle of continuous improvement if a sustainable financial system is to be created for the long term.

- It can be hard for public authorities to find the reason to change and to default to doing it the way they have always done it
- However that approach is becoming more difficult to sustain in the face of increasing demand, complexity and rising expectations
- A continuous improvement and learning approach building a detailed understanding of user needs and preferences enables further savings
- It can enable a service to flex time, money and assets applied to specific needs, shift resources to priority places and localities and to refine and adapt processes
- Additional benefits can come from the reform based approach open to new operating models that rethink who is involved, partner relationships, ownership and funding

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
2.c How effectively does the option enable local government in Somerset to transition to an invest to save model reinvesting savings in a cycle of continuous improvement and better economic and community outcomes?	L	L	H	M

Rationale	
Option A: Current State	<ul style="list-style-type: none"> • SCC not expected to undertake invest to save on core services, based on previous tracked record • Limited potential for change under current structures
Option B: Transform the current state	<ul style="list-style-type: none"> • SCC not expected to undertake invest to save on core services, based on previous tracked record' • Ability to target specific programmes and joint initiatives but with higher barriers to entry from the managerial effort needed to agree on a case by case basis
Option C: Stronger Somerset	<ul style="list-style-type: none"> • Integration savings provide financial breathing space and reinvestment designed to strengthen capabilities for further savings, such as through investment in data and analytics capabilities that enable data driven decision making across the new councils and with network partners • Ambitious service-reform agenda planned following an invest to save model
Option D: One Somerset	<ul style="list-style-type: none"> • Integration savings provide initial financial breathing space but reinvestment opportunity is used to address existing services not their reform • Invest to save not expected to be undertaken, based on previous tracked record

a. Further assessment detail

Investment attractiveness - the approach positions the councils to attract and secure additional investment that enables improvements to infrastructure, housing and economic prosperity.

Investment attractiveness

The future form of local government will need to play a key role in supporting the economic development and growth of the region.

- Councils will need to be seen to be reliable and capable partners in supporting economic growth and development
- Leadership does not seek to centralise and own decision making but mobilises an ecosystem of leaders across partner organisations and in communities
- This type of leadership recognises the need to do more than manage an organisation and plays an active part in stewardship of systems and collective leadership
- The need for this type of approach is recognised in the Cabinet Office led National Leadership Centre established by the government to 'support cross sector leadership, facilitating and supporting people to collaborate on the toughest challenges the country faces'

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
3.a How effective is the options likely to be leveraging additional investment in reform and services to deliver improved infrastructure, housing and economic prosperity?	<i>L</i>	<i>L</i>	<i>H</i>	<i>M</i>

Rationale	
Option A: Current State	<ul style="list-style-type: none"> • Does not provide platform to secure additional investment through devolution / further mechanism
Option B: Transform the current state	<ul style="list-style-type: none"> • Does not provide platform to secure additional investment through devolution / further mechanism apart from specific grant programmes where co-operation could improve conversion rates and enhance capabilities
Option C: Stronger Somerset	<ul style="list-style-type: none"> • Reform and transition provides a unique moment in time to negotiate for additional investment to enable improvements in the economic and social infrastructure • Creation of the new councils established a more coherent basis for partner engagement • Councils have the ability to invest in capabilities to further stimulate economic growth and development, building on a track record of commercial investment
Option D: One Somerset	<ul style="list-style-type: none"> • Reform and transition provides a unique moment in time to negotiate for additional investment to enable improvements in the economic and social infrastructure • Creation of the new councils established a more coherent basis for partner engagement but track record suggests a more isolated approach

a. Further assessment detail

Achievability / deliverability - the approach should be capable of being delivered successfully and of managing strategic risks.

Achievable and deliverable

The options need to be deliverable and take into account the impact on the viability of organisations and key strategic risks. Those risks are likely to include:

- re-organisation not being used as a platform for reform. This would be a missed opportunity and lead to a lost period of several years
- Organisations lacking the will and the skill for successfully implementing change
- The process of re-organisation delaying necessary improvements to local partnership working, including disruption to their own change plans such as the creation of the Integrated Care System and growth plans
- re-organisation causes organisations to turn inward at a time when they need to be looking out and working across the region on levelling up and improving productivity together, playing to our unique strengths as part of a wider system

	Option A: Status Quo	Option B: Do minimum	Option C: Stronger Somerset	Option D: One Somerset
Critical success factor	Current councils	Current councils	Two unitaries, West / East	One unitary across Somerset
5.a Transformation can be implemented successfully, mitigating key strategic risks	L	M	H	H
<i>Structural reform is not treated as a platform for service reform</i>	L	M	H	M
<i>Organisations lack the capacity, capability and staff morale to successfully implement change</i>	L	L	H	H
<i>Damage to key stakeholder links: Health, Police, Fire, Education</i>	L	L	M	H
<i>No effective platform to engage in devolution discussions</i>	M	M	H	H

Rationale	
Option A: Current State	<ul style="list-style-type: none"> Fragmentation persists with lack of scale, stimulus or drive for reform increasing frustration amongst partner organisations and no compelling rationale or offer for devolution
Option B: Transform the current state	<ul style="list-style-type: none"> Fragmentation persists with lack of scale, stimulus or drive for reform increasing frustration amongst partner organisations and no compelling rationale or offer for devolution, requiring greater creativity to secure additional capacity and change Staff morale will suffer due to feeling of stagnation and frustration if ambition is not realised
Option C: Stronger Somerset	<ul style="list-style-type: none"> Significant reform agenda based on invest to save model provides scale, stimulus and incentive for resetting relationships and driving through reform Greater potential engagement with stakeholders in governance structure Sufficient scale but with additional flex for each unitary
Option D: One Somerset	<ul style="list-style-type: none"> Change creates a platform for improvement Current One Somerset documentation doesn't include reform agenda and previous track record is not strong Significant scale of unitary improves platform

Stronger Somerset

b. Economic – Option B further detail

For Option B Direct Leadership and Enabling Services costs and benefits are included, with no social care transformation taking place.

Please note that for this presentation the benefits are positive and the costs are negative.

Therefore a positive Net Present Value means the benefit present values over the five years are higher than the present values of the costs.

Income / expenditure category	Sub-category	5 year costs (£m)	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
			Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
Implementation / set up costs	Programme team, org design & change prog.	(£ 1.08)	(£ 0.72)	(£ 0.36)	£ -	£ -	£ -
Implementation / set up costs	Accommodation	£ -	£ -	£ -	£ -	£ -	£ -
Implementation / set up costs	Audit/finance one-off support	£ -	£ -	£ -	£ -	£ -	£ -
Implementation / set up costs	HR one-off support	(£ 0.10)	(£ 0.10)	£ -	£ -	£ -	£ -
Implementation / set up costs	Recruitment costs	£ -	£ -	£ -	£ -	£ -	£ -
Implementation / set up costs	Skills / learning costs	(£ 0.20)	(£ 0.20)	£ -	£ -	£ -	£ -
Implementation / set up costs	Legal one-off costs	£ -	£ -	£ -	£ -	£ -	£ -
Implementation / set up costs	Other specialist advice	(£ 0.20)	(£ 0.20)	£ -	£ -	£ -	£ -
Implementation / set up costs	Consultation, communications and rebranding	(£ 0.20)	(£ 0.20)	£ -	£ -	£ -	£ -
Implementation / set up costs	Consultation on development of localism	£ -	£ -	£ -	£ -	£ -	£ -
Implementation / set up costs	Contingency	(£ 0.44)	(£ 0.35)	(£ 0.09)	£ -	£ -	£ -
Implementation / set up costs total		(£ 2.22)	(£ 1.77)	(£ 0.45)	£ -	£ -	£ -
Type (Cost, Direct Benefit, Indirect Benefit)	Opportunity	5 year costs (£m)	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Direct benefit	Leadership and management integration	£ 1.28	£ -	£ 0.32	£ 0.32	£ 0.32	£ 0.32
Direct cost	Leadership and management integration	(£ 0.02)	(£ 0.02)	£ -	£ -	£ -	£ -
Direct benefit	Shared enabling service	£ 8.47	£ -	£ -	£ 2.13	£ 2.16	£ 2.18
Direct cost	Shared enabling service	(£ 3.20)	£ -	(£ 2.00)	(£ 0.40)	(£ 0.40)	(£ 0.40)
Direct benefit	Joined up commissioning and procurement	£ 11.28	£ -	£ -	£ 3.76	£ 3.76	£ 3.76
Direct benefit	Governance change	£ -	£ -	£ -	£ -	£ -	£ -
Direct benefit	Single commercial strategy	£ -	£ -	£ -	£ -	£ -	£ -
Direct benefit	Focussed asset strategy & portfolio management	£ -	£ -	£ -	£ -	£ -	£ -
Indirect benefit	Social care – Adults and Health	£ -	£ -	£ -	£ -	£ -	£ -
Indirect benefit	Looked After Children (cost of packages)	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Family Safeguarding (practice improvement)	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Transition to Children's Trust	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Pathways to employment – recurring	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Croydon-like alliance commissioning model	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Locality model	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Expansion of shared lives programme	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Technology enabled care service	£ -	£ -	£ -	£ -	£ -	£ -
Direct and indirect benefits and costs total		£ 15.81	(£ 0.02)	(£ 1.88)	£ 5.81	£ 5.84	£ 5.88
Net costs / benefits		£ 13.69	(£ 1.79)	(£ 2.13)	£ 5.81	£ 5.84	£ 5.86
Net costs / benefits % of baseline			0.0%	0.0%	0.0%	0.0%	0.0%
NPV		£ 11.64	(£ 1.73)	(£ 1.99)	£ 5.24	£ 5.09	£ 4.93

b. Economic analysis – Option C further detail

Option C has the highest NPV of all options, due to implementation of a significant reform agenda, including adult and childrens social care benefits. Costs are also higher than for other options.

Please note that for this presentation the benefits are positive and the costs are negative.

Therefore a positive Net Present Value means the benefit present values over the five years are higher than the present values of the costs.

Income / expenditure category	Sub-category	5 year costs (£m)	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
			Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
Implementation / set up costs	Programme team, org design & change prog.	(£ 4.06)	(£ 2.03)	(£ 2.03)	£ -	£ -	£ -
Implementation / set up costs	Accommodation	(£ 1.00)	(£ 0.50)	(£ 0.50)	£ -	£ -	£ -
Implementation / set up costs	Audit/finance one-off support	(£ 1.20)	(£ 1.20)	£ -	£ -	£ -	£ -
Implementation / set up costs	HR one-off support	(£ 1.20)	(£ 1.20)	£ -	£ -	£ -	£ -
Implementation / set up costs	Recruitment costs	£ -	£ -	£ -	£ -	£ -	£ -
Implementation / set up costs	Skills / learning costs	(£ 1.00)	(£ 0.50)	(£ 0.50)	£ -	£ -	£ -
Implementation / set up costs	Legal one-off costs	(£ 0.75)	(£ 0.75)	£ -	£ -	£ -	£ -
Implementation / set up costs	Other specialist advice	(£ 0.25)	(£ 0.25)	£ -	£ -	£ -	£ -
Implementation / set up costs	Consultation, communications and rebranding	(£ 1.20)	(£ 0.60)	(£ 0.60)	£ -	£ -	£ -
Implementation / set up costs	Consultation on development of localism	(£ 0.40)	(£ 0.40)	£ -	£ -	£ -	£ -
Implementation / set up costs	Contingency	(£ 2.77)	(£ 1.86)	(£ 0.91)	£ -	£ -	£ -
Implementation / set up costs total		(£ 13.83)	(£ 9.29)	(£ 4.54)	£ -	£ -	£ -
Type (Cost, Direct Benefit, Indirect Benefit)	Opportunity	5 year costs (£m)	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Direct benefit	Leadership and management integration	£ 8.20	£ -	£ 2.05	£ 2.05	£ 2.05	£ 2.05
Direct cost	Leadership and management integration	(£ 0.24)	(£ 0.12)	(£ 0.12)	£ -	£ -	£ -
Direct benefit	Shared enabling service	£ 19.40	£ -	£ -	£ 6.38	£ 6.48	£ 6.54
Direct cost	Shared enabling service	(£ 22.60)	£ -	(£ 4.00)	(£ 8.20)	(£ 8.20)	(£ 2.20)
Direct benefit	Joined up commissioning and procurement	£ 22.59	£ -	£ -	£ 7.53	£ 7.53	£ 7.53
Direct benefit	Governance change	£ 1.95	£ -	£ -	£ 0.65	£ 0.65	£ 0.65
Direct benefit	Single commercial strategy	£ 20.72	£ -	£ 5.18	£ 5.18	£ 5.18	£ 5.18
Direct benefit	Focussed asset strategy & portfolio management	£ 1.50	£ -	£ -	£ 0.50	£ 0.50	£ 0.50
Indirect benefit	Social care – Adults and Health	£ 9.83	£ -	£ -	£ 2.38	£ 2.44	£ 5.01
Indirect benefit	Looked After Children (cost packages)	£ 29.46	£ -	£ 2.95	£ 5.89	£ 8.84	£ 11.78
Indirect cost	Family Safeguarding (practice improvement)	(£ 4.48)	(£ 1.20)	(£ 0.82)	(£ 0.82)	(£ 0.82)	(£ 0.82)
Indirect cost	Transition to Children's Trust	(£ 3.00)	(£ 1.50)	(£ 1.50)	£ -	£ -	£ -
Indirect cost	Pathways to employment – recurring	(£ 0.75)	£ -	£ -	(£ 0.25)	(£ 0.25)	(£ 0.25)
Indirect cost	Croydon-like alliance commissioning model	(£ 0.50)	(£ 0.25)	(£ 0.25)	£ -	£ -	£ -
Indirect cost	Locality model	(£ 3.00)	£ -	£ -	(£ 1.00)	(£ 1.00)	(£ 1.00)
Indirect cost	Expansion of shared lives programme	(£ 0.75)	£ -	£ -	(£ 0.25)	(£ 0.25)	(£ 0.25)
Indirect cost	Technology enabled care service	£ -	£ -	£ -	£ -	£ -	£ -
Direct and indirect benefits and costs total		£ 78.33	(£ 3.07)	£ 3.49	£ 20.04	£ 23.15	£ 34.72
Net costs / benefits		£ 64.50	(£ 12.36)	(£ 1.05)	£ 20.04	£ 23.15	£ 34.72
Net costs / benefits % of baseline			0.0%	0.0%	0.0%	0.0%	0.0%
NPV		£ 54.56	(£ 11.94)	(£ 0.97)	£ 18.07	£ 20.17	£ 29.23

C. Economic analysis – Option D further detail

Option D assumes higher Direct benefits, as a single country unitary model would offer greater economies of scale than a two unitary model, however a more limited implementation of a reform agenda in adult and childrens social care.

Costs are lower than for option C again due to scale and reduced implementation complexity.

Please note that for this presentation the benefits are positive and the costs are negative.

Therefore a positive Net Present Value means the benefit present values over the five years are higher than the present values of the costs.

Income / expenditure category	Sub-category	5 year costs (£m)	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
			Y1 (£m)	Y2 (£m)	Y3 (£m)	Y4 (£m)	Y5 (£m)
Implementation / set up costs	Programme team, org design & change prog.	(£ 4.24)	(£ 2.12)	(£ 2.12)	£ -	£ -	£ -
Implementation / set up costs	Accommodation	(£ 1.00)	(£ 0.50)	(£ 0.50)	£ -	£ -	£ -
Implementation / set up costs	Audit/finance one-off support	(£ 1.00)	(£ 1.00)	£ -	£ -	£ -	£ -
Implementation / set up costs	HR one-off support	(£ 1.00)	(£ 1.00)	£ -	£ -	£ -	£ -
Implementation / set up costs	Recruitment costs	£ -	£ -	£ -	£ -	£ -	£ -
Implementation / set up costs	Skills / learning costs	(£ 1.00)	(£ 0.50)	(£ 0.50)	£ -	£ -	£ -
Implementation / set up costs	Legal one-off costs	(£ 0.50)	(£ 0.50)	£ -	£ -	£ -	£ -
Implementation / set up costs	Other specialist advice	(£ 0.10)	(£ 0.10)	£ -	£ -	£ -	£ -
Implementation / set up costs	Consultation, communications and rebranding	(£ 1.00)	(£ 0.50)	(£ 0.50)	£ -	£ -	£ -
Implementation / set up costs	Consultation on development of localism	(£ 0.40)	(£ 0.40)	£ -	£ -	£ -	£ -
Implementation / set up costs	Contingency	(£ 2.57)	(£ 1.66)	(£ 0.91)	£ -	£ -	£ -
Implementation / set up costs total		(£ 12.81)	(£ 8.28)	(£ 4.53)	£ -	£ -	£ -
Type (Cost, Direct Benefit, Indirect Benefit)	Opportunity	5 year costs (£m)	FY21/22	FY22/23	FY23/24	FY24/25	FY25/26
Direct benefit	Leadership and management integration	£ 12.28	£ -	£ 3.07	£ 3.07	£ 3.07	£ 3.07
Direct cost	Leadership and management integration	(£ 0.18)	(£ 0.09)	(£ 0.09)	£ -	£ -	£ -
Direct benefit	Shared enabling service	£ 19.40	£ -	£ -	£ 6.38	£ 6.48	£ 6.54
Direct cost	Shared enabling service	(£ 22.00)	£ -	(£ 4.00)	(£ 8.00)	(£ 8.00)	(£ 2.00)
Direct benefit	Joined up commissioning and procurement	£ 27.09	£ -	£ -	£ 9.03	£ 9.03	£ 9.03
Direct benefit	Governance change	£ 3.00	£ -	£ -	£ 1.00	£ 1.00	£ 1.00
Direct benefit	Single commercial strategy	£ 20.72	£ -	£ 5.18	£ 5.18	£ 5.18	£ 5.18
Direct benefit	Focussed asset strategy & portfolio management	£ 1.50	£ -	£ -	£ 0.50	£ 0.50	£ 0.50
Indirect benefit	Social care – Adults and Health	£ 1.84	£ -	£ -	£ 0.60	£ 0.61	£ 0.63
Indirect benefit	Looked After Children (cost of packages)	£ 14.73	£ -	£ 1.47	£ 2.95	£ 4.42	£ 5.89
Indirect cost	Family Safeguarding (practice improvement)	(£ 2.24)	(£ 0.60)	(£ 0.41)	(£ 0.41)	(£ 0.41)	(£ 0.41)
Indirect cost	Transition to Children's Trust	£ -	£ -	£ -	£ -	£ -	£ -
Indirect cost	Pathways to employment – recurring	(£ 0.39)	£ -	£ -	(£ 0.13)	(£ 0.13)	(£ 0.13)
Indirect cost	Croydon-like alliance commissioning model	(£ 0.26)	(£ 0.13)	(£ 0.13)	£ -	£ -	£ -
Indirect cost	Locality model	(£ 1.50)	£ -	£ -	(£ 0.50)	(£ 0.50)	(£ 0.50)
Indirect cost	Expansion of shared lives programme	(£ 0.39)	£ -	£ -	(£ 0.13)	(£ 0.13)	(£ 0.13)
Indirect cost	Technology enabled care service	£ -	£ -	£ -	£ -	£ -	£ -
Direct and indirect benefits and costs total		£ 73.60	(£ 0.82)	£ 5.09	£ 19.54	£ 21.12	£ 28.67
Net costs / benefits		£ 60.79	(£ 9.10)	£ 0.56	£ 19.54	£ 21.12	£ 28.67
Net costs / benefits % of baseline			0.0%	0.0%	0.0%	0.0%	0.0%
NPV		£ 51.94	(£ 8.78)	£ 0.53	£ 17.63	£ 18.41	£ 24.15



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