

Stronger Somerset Review

February 2021

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Executive Summary

In October 2020, the Secretary of State invited all the councils in Somerset to submit proposals to establish unitary local government in the area. Two proposals have been submitted in response. Somerset County Council has submitted a proposal - called One Somerset - to establish a countywide unitary authority. The four district councils in Somerset have developed a proposal - called Stronger Somerset - to establish two unitary councils (one covering the East of the current county area, and the other covering the West), a shared services organisation, a children's services organisation and a combined authority.

The Secretary of State is due to make a decision in February 2021 about whether or not to take either, or both of the proposals forward for statutory consultation. Following this, they may be minded to approve the implementation of either one of the proposals, or request that alternative proposals are developed. In the event that change is approved, this would mean that Somerset County Council and the four districts in the county are dissolved and either one or two new unitary councils will be established by 1st April 2023.

This review, which has principally taken the form of a desktop review of the Stronger Somerset proposal document, has been commissioned by Somerset County Council to inform its response to any consultation commenced by the Secretary of State and its own decision making in relation to this matter. Both Somerset County Council and the authors of this report acknowledge that it is a matter for the Secretary of State to determine which proposals should be taken forward, as well as the degree to which three reorganisation 'tests' set out in the invitation letter are satisfied (the letter referred to three such criteria, suggesting that a proposal, if implemented, should: improve local government in the area; command a good deal of local support overall across the area; and lead to the unitary councils covering a credible geography).

There are some clear areas of alignment between the two proposals that have been submitted. Critically, both make a strong case for reorganisation, acknowledging that the current model of local government is not as efficient or as effective as it could be. Both proposals also cite challenges such as the requirement to make savings and growing demand on services. The fact that both proposals acknowledge these issues and determine that implementing unitary local government is the right option for the county is considered to be a positive. It is clear that considerable time has been invested in developing the Stronger Somerset proposal and it is right that decision makers should consider its central arguments.

However, there are also a number of significant differences between the proposals, and it is these areas which constitute the main areas of focus for this review. These consist of the way in which potential options for change are described and assessed, the relative emphasis each proposal applies to issues such as efficiency, the importance of credible local geography etc. and, most importantly, the conclusion reached regarding the right model of unitary local government for Somerset.

The authors of this report have identified seven areas of challenge with the Stronger Somerset proposal:

1. The **options appraisal methodology** set out in Stronger Somerset makes a direct comparison with the One Somerset proposal, which is presented in relatively negative terms. It is difficult to see how some of the assertions made about either proposal can be substantiated, given the evidence presented in the document. This calls into question the rigour and robustness of the options appraisal that has been carried out.

2. The **financial analysis** set out in Stronger Somerset is presented as being directly comparable with that included in One Somerset, even though the two reports are based on fundamentally different assumptions. While the Stronger Somerset financial case includes assumptions about the potential level of benefit that would be secured by using the reorganisation process as a catalyst for transformation, the One Somerset case does not (it refers to transformation opportunities but does not quantify these and has not included any assumptions in its financial case). Presenting the two financial cases as comparable in this way is misleading.
3. The way in which the **geography** of the county is treated within Stronger Somerset does not make a particularly compelling case for establishing two new councils. Current population levels for the two unitaries proposed are below the range indicated by the Secretary of State and local data suggests there could be an imbalance across the proposed councils for the East and the West in terms of demand for services and income. This would call into question the financial sustainability of the two councils.
4. The **operating and delivery model** proposed in Stronger Somerset would result in duplication of activities and functions across the county. It is not clear how some of the proposals referenced in the document would mitigate this. For example, the inclusion of an alternative delivery model for children's services within the proposal is not particularly detailed and represents an untested solution in this context (there are parallels with the children's trust model, but these are typically introduced for other reasons).
5. The proposed **strategic leadership and democratic arrangements** are somewhat problematic. The significance of local government in Somerset being able to speak with 'one voice' is underplayed. Furthermore, Stronger Somerset is proposing establishing two new councils which would be served by 100 members each - a relatively large number for a county the size of Somerset. There is a case for arguing that the levels of resource and effort required to support such arrangements would be better deployed in supporting engagement, service delivery and decision-making that is closer to local communities.
6. The way in which Stronger Somerset describes ambitions to use unitarisation as a stepping stone to establishing a combined authority and securing **devolution** arrangements represents a further area of challenge. It is possible to interpret them as suggesting there is an intention to establish a combined authority that would bring together the proposed new unitaries following their implementation. There appears to be no precedent for this type of model (combined authorities are typically established to cover larger geographies and a greater number of constituent councils).
7. Stronger Somerset makes relatively little reference to the complications that would be associated with disaggregating the services currently provided by the County Council. This calls into question whether the risks associated with this process have been properly considered and has implications for the **deliverability and sustainability** of the Stronger Somerset proposals. This issue is also relevant to 'place services' delivered by all the impacted councils, and public health (disaggregating public health provision in the current climate has the potential to destabilise the response to the pandemic - Stronger Somerset is not clear on what is intended in this regard) . Furthermore, it is not clear what responsibilities in these areas are envisaged as having the potential to be transferred to a combined authority at a future date.

Considering Stronger Somerset in the context of the three 'tests', the authors of this review are of the view that it is possible to make an argument that the proposal to establish two councils satisfies the tests to a certain extent. However, on the basis of this review of the Stronger Somerset proposal, and considering the relative merits of the One Somerset case, the authors of this report are also of the view that establishing a single unitary council in Somerset would be more likely to improve local government in the area and would serve a more credible geography - a single unitary would have the advantages of scale, deliver a greater level of financial saving, would cover a recognised geography and serve a population within the range specified by the Secretary of State. The views of stakeholders outside of local government have not been canvassed prior to developing this report, and

therefore the report authors do not feel able to offer a view about which proposal would be most likely to satisfy the requirement for proposals to command a good deal of local support.

It is clear that the councils in Somerset have a significant opportunity to enhance the way in which local government operates in the county. The authors of this report would encourage local decision makers to use reorganisation, if approved by the Secretary of State, as the catalyst for a radical transformation of the way in which local government works in the county. The councils had a similar opportunity just over a decade ago and opted to pursue an alternative arrangement which, arguably, has not delivered the advantages that have been secured in nearby areas which did implement unitary structures. It is vital the opportunity to secure the anticipated benefits and improvements in outcomes for residents, communities and businesses is not missed this time around.

1. Introduction and context

1.1 National context

- 1.1.1 Local authorities in the UK have faced unprecedented challenges for well over a decade. The combined impact of national reductions in public spending following the 2008 financial crash, rapidly rising demand for critical services and radically changing expectations from residents, communities and service users have resulted in councils, of all types, significantly reducing their spend, transforming their operating models and streamlining their activities over an extended period.
- 1.1.2 While it is clear that many authorities have responded positively to this challenge, there is a sense in the sector that some opportunities for transformation have now been exhausted and that a more radical solution is required if local government is to remain operationally efficient and effective.
- 1.1.3 Some have argued that local government reorganisation in two tier areas (combining existing county and district councils to create new unitary authorities) should be considered as one way in which additional efficiencies and improvements could be secured. Commentators have pointed to a series of challenges associated with the two tier system - overlapping responsibilities, duplication of activity, fragmentation of leadership, complicated partnership arrangements and a lack of resilience - as additional reasons why reorganisation should be considered.
- 1.1.4 The last 'round' of local government reorganisation was in 2009, when unitary authorities were established in Cornwall, Shropshire, Wiltshire, Northumberland, Durham, Central Bedfordshire, Cheshire East and Cheshire West & Chester. Since then, unitary authorities have been established in Dorset, Bournemouth, Christchurch and Poole (two existing unitaries and Christchurch District Council were merged) and Buckinghamshire. A further reorganisation is currently underway in Northamptonshire, where two new unitaries are being established following a critical review of Northamptonshire County Council's financial management and service performance in critical areas such as children's services.
- 1.1.5 Current interest in local government reorganisation stems from an anticipation that the forthcoming White Paper on devolution would include an invitation to local authorities to submit proposals to reorganise in their areas. This interest reached a peak during July and August 2020 when a number of councils across the UK began to develop business cases assessing the benefits of different models of unitarisation. The response to Covid 19, along with preparations for Brexit and other factors, delayed the publication of the White Paper. However, in October 2020 the Secretary of State for Local Government invited all councils in three areas - Cumbria, North Yorkshire and Somerset - to submit unitary proposals.
- 1.1.6 In each of the three areas, a number of proposals have been submitted. The county councils in all three areas have submitted proposals to establish countywide unitary authorities. In addition, combinations of district councils in each area have submitted proposals to establish more than one new unitary to cover the local geography.
- 1.1.7 All the proposals were submitted to the Secretary of State in December 2020. A decision on which proposals will be taken forward to consultation is expected during February 2021 (though it is possible this timetable could change as a result of the Covid 19 pandemic). Following the decision, and a period of consultation on any proposals taken forward, the Secretary of State will make a final decision as to whether or not to establish new unitaries in each of the three areas, with a view to the new councils being vested either on 1st April 2022 or 2023 (it appears increasingly likely that the later date will be confirmed).

as the official vesting day). At this point, the current councils in each area would cease to exist and new unitary councils will be established and take on responsibility for all local government functions.

1.2 Local context

- 1.2.1 The discussion relating to local government reorganisation in Somerset dates back at least to 2009 when a number of structural reform changes took place. Prior to this point, the County Council had developed a proposal to establish a countywide unitary authority which was not taken forward. A scheme named Pioneer Somerset, which was designed to get all six councils in Somerset to work together, was pursued instead but has failed to deliver the significant improvements necessary to warrant the further pursuit of this option.
- 1.2.2 More recently, the councils jointly developed the Future of Local Government in Somerset programme as a further attempt to support joint working. However, this programme has now been overtaken by a renewed interest in local government reorganisation.
- 1.2.3 As a result of this renewed interest, two proposals have been submitted for consideration by the Secretary of State. Somerset County Council has submitted a proposal - called One Somerset - to establish a countywide unitary authority. The four district councils in Somerset have developed a proposal - called Stronger Somerset - to establish two unitary authorities (one covering the East of the current county area, and the other covering the West) along with a shared services company, a children's services company and a combined authority.
- 1.2.4 Each of these proposals set out why the councils believe change is necessary, the potential options for change, how these options compare, and how their preferred options would satisfy the Government 'tests' that will be used to assess the relative merits of the different proposals. The 'tests' currently take the form of guidance issued by the Secretary of State and the parameters set out in the Local Government and Public Involvement in Health Act 2007.
- 1.2.5 Critically, both proposals acknowledge that change is necessary. Indeed, there are many similarities between the proposals in terms of the way in which the challenges all councils in Somerset are facing are described, the drivers for change and the way in which unitarisation is treated as a potential solution. Both proposals also set out how the creation of new unitary authorities would be used as a catalyst for transformation and broader public service reform in Somerset (the similarities between the proposals is explored in more detail in sections 3 and 4 of this report).

1.3 The purpose of this review

- 1.3.1 Each document sets out the evidence the Secretary of State will take into account in reaching a decision on whether or not to take either proposal forward to consultation. That said, despite the similarities between the way in which drivers for change are acknowledged in the two proposals, each poses a different approach and outcome.
- 1.3.2 This review has been commissioned by Somerset County Council to inform its response to any consultation commenced by the Secretary of State and its own decision making in relation to this matter. Both Somerset County Council and the authors of this report acknowledge that it is a matter for the Secretary of State to determine which proposals should be taken forward, as well as the degree to which the reorganisation 'tests' are satisfied. The observations made in this report are made with these parameters in mind.
- 1.3.3 The review that has been conducted has comprised a desk-based examination of the Stronger Somerset proposal, drawing on the experience of the authors in developing similar proposals and assessing options

in other areas. This has been supplemented by interviews with some key stakeholders, though these have been carried out to clarify certain points and not as an exhaustive consultation or engagement exercise.

- 1.3.4 This review makes no attempt to determine whether or not Stronger Somerset is an acceptable proposal. However, it does offer views on the way in which the evidence in Stronger Somerset has been presented, as well as the implications of some of the commitments it makes.
- 1.3.5 The remainder of this review explains how the work was carried out (section 3), the similarities and differences between the two proposals (section 4), key challenges with the Stronger Somerset proposal (section 5) and the implications of these challenges as they relate to the Government 'tests' (section 6).

2. Approach and methodology

2.1 Overview

- 2.1.1 As mentioned in the previous section of this report, this review has been commissioned by Somerset County Council to inform its response to any subsequent consultation about the future of local government in the county, as well as its own decision making process.
- 2.1.2 While the study has principally entailed a desk-based review of the Stronger Somerset proposal, as well as the One Somerset proposal (for comparative purposes), a series of stakeholder interviews have also been undertaken. The purpose of these interviews has been to clarify certain issues identified in the Stronger Somerset case, as well as to confirm some of the key lines of enquiry set out in the remainder of this report.
- 2.1.3 In addition to Somerset County Council's One Somerset Programme Director, the authors of this report spoke to:
- Director of Finance, Somerset County Council.
 - Director of Children's Services, Somerset County Council.
 - Director of Adult Social Care, Somerset County Council.
- 2.1.4 Alongside the review of the two proposal documents, the authors of this report also considered:
- A review of Stronger Somerset by Professor John Bolton.
 - A review of Stronger Somerset by Trevor Doughty.
 - A review of Stronger Somerset by Neil Gibson.
 - The letter of invitation from the Ministry of Housing, Communities and Local Government.
 - Somerset specific intelligence, insight and analysis including the indices of deprivation, the joint needs strategic assessment, demographic and socio-economic data.

2.2 Previous experience

- 2.2.1 In analysing the information gathered for the purposes of conducting this review, the report authors drew on their experience supporting the development of similar proposals elsewhere in the country. This has included proposals developed over the course of the summer of 2020, as well as the previous business cases that were developed prior to reorganisation being approved in both Northamptonshire and Dorset. Comparisons were made with the arguments raised in support of different models of unitarisation in these areas, as well as the way in which the Government 'tests' have been interpreted in these instances.
- 2.2.2 In addition, the report authors drew on a number of national studies which have examined issues relating to local government reorganisation. This included, but was not limited to, the PwC report published by the County Councils Network (CCN) in August 2020 evaluating the importance of scale in proposals for local government reorganisation. This report is particularly relevant to the debate in Somerset for two reasons:

- First, it included in its analysis an exploration of the risks associated with disaggregation when new unitaries are created (it is more effective to aggregate the functions provided by multiple councils than it is to split those currently overseen by a single entity).
- Second, its findings were, in part, based on a financial comparison of different models of unitarisation for every two tier area in England. This included an analysis of options to establish one new council, two new councils, three new councils and three new councils and a children's trust in Somerset. This report makes a direct comparison between the financial projections included in the Stronger Somerset proposal and those included in the CCN/PwC report in section 4.

2.2.3 Finally, in developing this report the authors drew on direct experience of designing and delivering transformation programmes in unitary and county councils, making comparisons between the ambitions set out in the Stronger Somerset proposal and their own knowledge of what other authorities have achieved in similar circumstances.

2.3 The Government 'tests'

2.3.1 The Ministry of Housing and Local Government has used a consistent set of 'tests' in each of its evaluations of proposals for local government reorganisation since at least 2009. The invitations to councils in Somerset issued in October 2020 referred to three such criteria, suggesting that a proposal, if implemented, should:

- improve local government in the area;
- command a good deal of local support overall across the area; and
- lead to the unitary councils covering a credible geography.

2.3.2 In practice, these criteria have in many places been interpreted as covering how proposals to unitarise will:

- result in the delivery of improved services and outcomes for residents;
- improve value for money and efficiency;
- deliver cost savings and demonstrate how the costs of transition will be recovered over time;
- support stronger and more accountable leadership; and
- demonstrate how the new model is sustainable in the immediate to long term, both in service delivery and financial terms.

2.3.3 The Stronger Somerset proposal applies a similar set criteria to its proposals, which it refers to as Critical Success Factors (CSFs).

2.3.4 Government has only issued relatively high level guidance on the degree of evidence required to satisfy these 'tests'. In certain instances, public statements made by senior politicians - including the Secretary of State - have been interpreted as offering a clear indication of the parameters that could apply to the 'tests'. However, it is not clear that these statements should be considered as 'rules' that will be applied to proposals. For example, the most recent debate on reorganisation has focussed on the potential size - in terms of population - of proposed new councils. Various figures have been referred to at different times by Ministers, but the consensus seems to be that new councils should cover populations of between 300,000 and 600,000 (this range is referred to in the Secretary of States invitation). However, it has also been made clear that other population levels could be considered. The fact that Government guidance in relation to proposals for reorganisation is relatively high level has been taken into account during the

development of this review.

2.4 Review and sign off of this report

- 2.4.1 While this report is a commissioned piece of work, the authors have retained full editorial control throughout. The report has been issued pursuant to PwC's contract with Somerset County Council, without compromising its independence or accuracy.

3. Comparing the proposals

3.1 Overview

3.1.1 Both the Stronger Somerset and One Somerset proposals were developed for common reasons - to improve the efficiency and effectiveness of local government in Somerset, as well as outcomes for local people, businesses and communities. Beyond this core principle, there are a number of additional areas of alignment between the proposals, particularly relating to priorities and target issues for tackling. However, there are also areas of divergence spanning a number of sections in each document, ranging from small to fundamental differences. This section explores the areas of alignment and key areas of difference in more detail.

3.2 Areas of alignment

3.2.1 It should be noted that both Stronger Somerset and One Somerset acknowledge that local government in Somerset needs to change. Both proposals identify the benefits associated with the simplification that unitarisation would entail, as well as the challenges associated with current ways of working. Furthermore, each proposal puts forward the argument that tackling the challenges facing Somerset requires a joined up and coordinated approach.

3.2.2 The core case for change in each of the proposals are relatively aligned, citing challenges such as the requirement to make savings, current low productivity, a growing and ageing population and rising demand for key services including adult social care and a high proportion of children living in poverty. Specifically, each proposal references the five main issues identified in the Future of Local Government in Somerset (FoLGiS) report, which was published in 2019. Overall, there is a good degree of alignment between the two proposals in terms of how they deal with statistical and quantitative evidence concerning current performance against population outcomes.

3.2.3 Both proposals argue a critical success factor of any local government reorganisation process is that of collaboration and coordination with local residents and with system partners - whether that be at a local level through the Local Community Networks (LCNs) referenced in One Somerset or through the establishment of the two new unitary authorities proposed in Stronger Somerset. In particular, each proposal makes explicit reference to the importance of working with partnerships across Somerset, for example the Somerset Growth Board, Somerset Waste Partnership, and Somerset's Voluntary and Community Social Enterprise, citing that no one organisation is responsible for public service outcomes. Both proposals argue that unitarisation represents an opportunity to simplify and improve current partnership working arrangements.

3.2.4 A further area of alignment between each proposal is that unitarisation would reduce duplication of effort and responsibilities relating to local government functions in the county, improving efficiency and providing better value for money for the taxpayer. Both proposals make clear that retaining the current structure would not result in the delivery of savings anywhere near the quantum that could be achieved by establishing either one or two new unitary councils.

3.2.5 The options evaluated in the two proposals are also similar, with each examining:

- maintaining the status quo;
 - delivering an enhanced version of the current structure (collaborating more effectively together)
 - establishing two new unitaries in Somerset, splitting the county East and West; and
 - establishing one new unitary in Somerset.
- 3.2.6 Each proposal sets out the results of a qualitative and quantitative analysis of these four options, albeit different approaches are followed and different conclusions reached about the preferred option. However, the strong level of alignment does facilitate a reasonably direct comparison across the two proposals.
- 3.2.7 The proposals also adopt a similar approach to setting out the opportunity to use the reorganisation process as a catalyst for transforming local government services, as well as wider public sector reform. Again, it is helpful that both proposals make clear that reorganisation on its own would not deliver the most benefits for Somerset and its residents - transformation needs to be pursued as well.
- 3.2.8 In each proposal, the importance of leveraging, building and strengthening community networks is made clear in the defined operating models of the respective preferred options. In One Somerset, this is through the establishment of LCNs, the appropriate delegation of service and asset responsibilities to parish and town councils and delivery of a new town council for Taunton. This model has many similarities to the proposed model by Stronger Somerset, which includes close working on local agreements between the two unitaries and localities to devolved assets and services, enabling integrated working for service delivery at a local level as well as the delivery of a town council for Taunton. It can therefore be clearly seen that both proposals focus on delivering a community-focused operating model.
- 3.2.9 Both proposals acknowledge that structural change is effectively a prerequisite to unlocking the route to joining a Combined Authority, driving growth and attracting inward investment. The fundamental difference is that the Stronger Somerset proposal holds the view that two unitary authorities can align and provide a single, strong and clear voice for the whole area with the same effectiveness as a single unitary authority.
- 3.2.10 A final similarity between both proposals is that they have utilised the Government criteria in presenting their respective final preferred option, though the way in which this has been applied does differ (this is set out in detail below).

3.3 Key areas of difference

- 3.3.1 Whilst proposals are aligned in arguing that change is needed, the two proposals cite different drivers for change. In Stronger Somerset, the core argument put forward for reorganisation is the suggestion that Somerset County Council has a history of poor performance, is ineffective when it comes to collaborating with partner organisations, suffers from or demonstrates a lack of strategic leadership and is characterised by outdated ways of working. The One Somerset proposal references the challenges associated with two tier working, and the related inefficiencies, lack of coordination and confusion as being the principle drivers for its case for reorganisation.
- 3.3.2 Collaboration and coordination with local communities and partners is cited in both proposals as a critical success factor of any reform. However, the proposals differ in terms of how they suggest these issues could be resolved. Stronger Somerset states that not only are two unitary authorities required to achieve this, but also that one unitary authority would be unsuccessful in attempting to deliver against this critical success factor. Conversely, One Somerset argues that communities will be empowered and that local service delivery will be enhanced under its preferred option. Clearly this is a fundamental area of disagreement between the proposals.

3.3.3 There are significant differences between the two proposals not just in relation to what is being proposed, but also in terms of the way in which the potential options have been evaluated (and the results of the evaluations).

3.3.3.1 *Qualitative evaluation differences:*

- Stronger Somerset evaluates against the critical success factor '*is deliverable locally, assuming credible geographical coverage and minimising impact on public sector boundaries*', giving a 'high' score for two unitary authorities, with one unitary authority scored as 'medium'. Conversely in One Somerset two unitaries scored 2 out of 5 for "*credible geography*", whereas a single unitary scored 4 out of 5. It can be clearly seen in this example that there is a misaligned view of both how two unitaries would deliver against Government criteria of a credible geography and how to evaluate against a core Government criteria (further detailed in section 4).
- For the Government criteria of "*service improvement*" One Somerset scored a single unitary as 5 out of 5 compared to a 4 out of 5 for two unitaries. Alternatively, in Stronger Somerset against the heading of '*improving public services*' and its related CSFs, two unitaries received 'high' for 4 out of 5 CSFs whereas a single unitary received 'medium' for all 5 CSFs. Once again this highlights a differing view of how each proposal views the ability of each option to deliver against qualitative criteria.

3.3.3.2 *Evaluation approach differences:*

- In One Somerset all four shortlisted options are evaluated against the Government criteria to form a qualitative evaluation. Alternatively in Stronger Somerset, only the preferred option is evaluated against the Government criteria, where instead the shortlist is evaluated against a series of proposed critical success factors. The rationale for the use of CSFs in Stronger Somerset is to align with the to be published white paper on devolution and local recovery in 2021. Instead, in One Somerset devolution impacts and considerations are factored into the case for change analysis.
- Stronger Somerset has also utilised a HMT Treasury approach to developing its Business Case, which requires a strategic, economic, commercial, financial and management case.
- Alongside utilising the HMT Treasury approach and Government criteria, Stronger Somerset has also utilised a more complex approach to defining how its preferred option will be successful in the future - for example commenting on how it will deliver on four defined reform priorities, and therefore four council priorities. Comparatively One Somerset has more closely aligned with the Government criteria throughout its evaluation and proposal.
- A core Government criteria, previously identified, is that of having a credible geography - defined as the requirement for new unitary authority populations being in excess of 300,000, with an upper limit of 600,000. The One Somerset proposal has evaluated its options against the current population, whereas Stronger Somerset has evaluated this criterion against the projected future population. This is a significant difference, as it creates a very different outcome in each evaluation given that the current population of Somerset is approximately 570,000 (below the 300,000 threshold when divided by two unitary authorities) and future (2031) projections estimate population being 601,000 (just above the 300,000 threshold when divided by two unitary authorities).

3.3.4 Each proposal presents a strong argument for local support, and whilst this would appear as an area of alignment, there are conflicting differences between these arguments. For example, in Stronger Somerset it is stated that local MPs have been engaged extensively where the outputs of engagement resulted in strong support for two unitaries. This however conflicts with statements in One Somerset which state that the preferred option of a unitary authority has been supported by the majority of MPs, with a groundswell of approval seen among town and parish councils. Ultimately it appears as though both proposals have

garnered a level of local support, however given the different ways in which this has been gathered, and potential for 'leading' engagement it is not clear on specifically how each proposal compares.

- 3.3.5 Ultimately the preferred option for each proposal differs, with One Somerset's preferred option being that of a single unitary, and Stronger Somerset's preferred option being two unitaries.

4. Challenges with Stronger Somerset

4.1 Overview

- 4.1.1 Stronger Somerset makes an interesting argument for local government reorganisation. The proposal document sets out the components one might expect to see in a business case of this type. It is clearly written, reaches a definitive conclusion on a preferred option and sets out a high level vision of what establishing two new unitary councils could achieve. The document also includes evidence of how its authors consider this proposal satisfies the Government ‘tests’.
- 4.1.2 However, there are a number of challenges with both the evaluation process described in the report, the way in which evidence has been interpreted and used, as well as its overall conclusions. This section sets out the key challenges and highlights a number of inconsistencies and other issues relating to the language used in Stronger Somerset. The challenges have been grouped into the following seven themes:
- The options appraisal methodology.
 - The financial analysis.
 - How geography is treated in the proposal.
 - The proposed operating and delivery model arrangements.
 - Issues relating to leadership and democracy.
 - How devolution is referenced in the proposal.
 - The deliverability of what is being proposed including how further transformation is described.
- 4.1.3. The authors wish to make clear that this assessment is not intended to suggest that the Stronger Somerset proposal should not be consulted on - that is a matter for the Secretary of State - but rather that these issues should be taken into account in taking any decisions relating to the proposals or in the response to any statutory consultation on the matter.

4.2 Options appraisal methodology

- 4.2.1 Stronger Somerset adopts a Treasury Green Book approach to evaluating the options for reorganisation in the county. This is novel in the context of local government reorganisation and has not been used in the majority of business cases developed in recent years (post 2009). This section sets out four key challenges associated with the options appraisal methodology:
- The proportion of the Stronger Somerset document which focuses on the One Somerset proposal.
 - The lack of an evaluation of all four options against the Government tests.

- References to the track record of the current councils.
- It is difficult to see how some of the assertions made in the document can be substantiated, given the evidence presented.

- 4.2.2 First, unlike many other unitary proposals, Stronger Somerset makes multiple references to what are presented as the shortcomings of what is presented as a rival proposal - One Somerset. While the options appraisal examines the four options in the abstract initially, it introduces One Somerset relatively early on, making clear that this is regarded as being equivalent to the option to establish a single new unitary council in the county. While it is clear that this is what the One Somerset document proposes, the result is that a significant proportion of the options appraisal included in Stronger Somerset focuses on specific elements of One Somerset, as opposed to the relative strengths and weaknesses of a single unitary option in a more general sense. It is therefore very possible that some of the benefits of reorganisation at this scale have been underplayed.
- 4.2.3 Second, while the options appraisal uses the critical success factors described in the previous section of this report to evaluate the potential options, at no point are all the options evaluated against the Government 'tests'. Only the two unitary model - as set out in the more detailed sections of Stronger Somerset - is presented in the context of these 'tests'. Again, this could serve to undervalue some of the merits of a single unitary option.
- 4.2.4 Third, the way in which the options appraisal has been conducted, and related references to the One Somerset proposal, provides an opportunity for Stronger Somerset to make several references to the track record of Somerset County Council. There appears to be an inference that a single unitary council for Somerset should be considered undesirable on the basis that it would be equivalent to a simple expansion of the current County Council by 'taking over' the district councils in some way. The One Somerset proposal, developed by the County Council, sets out a plan to establish an entirely new council. Early in the lifecycle of the new council, there would be new elections, new appointments to senior posts and a series of changes to working practices introduced. While the track record of the County Council, or the district councils for that matter, should not be considered irrelevant in this debate, it is possibly not as significant an issue as is presented in Stronger Somerset.
- 4.2.5 Fourth, it is difficult to see how some of the assertions made in the document can be substantiated, given the evidence presented. For example, the Stronger Somerset proposal is evaluated as enabling better, more coordinated leadership than the One Somerset proposal. However, there is no clear supporting evidence to explain how having two separate unitary authorities could enable better coordination of leadership than one. Further examples are included in the evaluation of critical success factors. For instance, the document indicates that under One Somerset there would be "less incentive to redesign services, including high cost areas such as social care services, with focus limited to 'backoffice'". Again, it is difficult to see, from the document, how this assertion can be substantiated.
- 4.2.6 The issues raised above become significant when one considers how the unitary proposal documents developed by different councils in Somerset could be used. Should the Secretary of State decide to take both proposals forward to consultation, then the clarity of information included in the documents will become critical. The use of unequivocal language throughout Stronger Somerset is also somewhat problematic in this regard. Not everyone will accept the proposed two unitary model provides the "*only option* where re-organisation will provide an effective platform for the reform that Somerset urgently needs" (emphasis added), as stated in Stronger Somerset. The way in which the Stronger Somerset options appraisal appears to have been conducted and is described in the document could be confusing to some readers and risks inhibiting the completion of an effective and fair consultation process.

4.3 Financial analysis and assumptions

- 4.3.1 The way in which the financial analysis carried out to support the development of Stronger Somerset is referenced in the proposal document is problematic for several reasons:
- It is not clear what all the assumptions which underpin the analysis are, and it is possible that some relevant factors have not been taken into account.
 - The headline figures presented in the case, and particularly the distinction between the one unitary and two unitary scenarios, are not consistent with what might be expected based on relevant data and information and is not in line with other business cases or national studies.
 - The headline figures are different to those derived from previous analysis of similar models for the same geography.
 - The Stronger Somerset case makes a direct comparison with figures included in One Somerset, without acknowledging that the two financial cases are not comparing like with like.
 - The requirement to harmonise Council Tax does not appear to have been taken into account.
- 4.3.2 First, the assumptions outlined in the Stronger Somerset analysis are unclear - in particular some costs that one might have expected to see factored into the analysis have not been mentioned. For example, it is not clear whether any assumptions have been made in relation to the initial and ongoing cost of implementing the alternative delivery model for children's services, or the considerable investment in technology that would be required to deliver transformation benefits of the scale described in the proposals.
- 4.3.3 A further example of why the lack of clarity around financial assumptions is significant relates to Stronger Somerset's references to the adoption of a "single commercial strategy". The £22.2m five year benefit ascribed to this initiative in the document is not explained and it is reasonable to assume benefits of this scale could be attributed to the single county option evaluated in the proposal as well.
- 4.3.4 Second, the headline figures for the two unitary and one unitary options presented in Stronger Somerset seem to be inconsistent with the majority of business cases that have looked at similar options in other areas. Indeed, the proposal suggests the two unitary model would actually save more than establishing a single entity over a five year period. Similarly, the costs of implementation also look to be out of alignment with what might be expected. Again, it is difficult to understand how a proposal to implement two new councils (as suggested in Stronger Somerset) would only cost marginally more than a proposal to implement one. When one considers the fact that two management teams would need to be established (as well as two adult social care directorates, two sets of members, a shared enabling service etc.), rather than one and that there would be duplication across a number of areas (even though some opportunities to share functions could be realised), it is difficult to understand how greater benefit could be derived from this option.
- 4.3.5 Third, when comparing the findings of the analysis described in Stronger Somerset with another study examining similar options in the same geography, it is clear that different conclusions were reached. For the purposes of this review, a comparison has been drawn with the analysis conducted by PwC for the CCN in August of 2020 looking at the costs and benefits associated with different models of reorganisation in all two tier areas in England. Consideration of the CCN analysis indicates that the Stronger Somerset proposal could be understating some of the cost assumptions. An examination of similar studies of the potential benefits of reorganisation at a national level (Ernst and Young's 2016 report *Independent Analysis of Governance Scenarios & Public Service Reform in County Areas*, for example) would cause

readers to reach the same conclusion. Further detail on the analysis carried out for the CCN report is included in the appendix of this report.

- 4.3.6 One of the areas of difference is in relation to programme and change costs. In Stronger Somerset this is projected to be £4.9m, whereas in the CCN analysis a higher figure of £7.6m is used. Other differences include redundancy cost, which is projected to be £3.8m in Stronger Somerset, but a figure of £6.5m is included in the CCN analysis (albeit it is acknowledged that there will be a proportional relationship between redundancy costs and projected benefits). In total, there is a £10.0m difference between the costs outlined in the Stronger Somerset case and the analysis conducted for CCN.
- 4.3.7 These differences are not just limited to costs. The Stronger Somerset proposal states that there would be a recurring annual gross benefit of £24.9m after year 5 should two new councils be established. The CCN analysis identifies a benefit figure of less than half this amount - £10.7m - for the two unitary option covering the Somerset geography. The principal driver for this difference appears to be the size of the opportunity Stronger Somerset ascribes to the commissioning and procurement of services from third parties. It sets out an estimate of approximately £8.58m of annual benefit from this area, considerably more than the £2.8m figure quoted in the CCN analysis.
- 4.3.8 Fourth, the Stronger Somerset financial analysis makes a direct comparison to the headline figures included in the One Somerset financial case. This is unreasonable on the grounds that while the projected savings figures for Stronger Somerset include a level of saving attributed to transformation opportunities (referred to as “indirect benefits” in the case), One Somerset does not. The One Somerset document states that additional transformation opportunities could be secured following the establishment of a new council, but does not attempt to quantify the savings that could be secured as a result (the County Council is of the view this would be for the new authority to define in line with its policies and priorities). This is significant because, had such figures been included in the One Somerset proposal, it is highly likely the comparison between the two cases would show that establishing a single unitary council in Somerset would save far more than two new unitary councils.
- 4.3.9 Finally, the majority of proposals for local government reorganisation in other parts of the country make reference to the issue of Council Tax harmonisation (the process by which Council Tax charges are made uniform across a geography previously served by several different organisations, each of which may have set its own precept). Stronger Somerset makes relatively little reference to this issue, only stating that it will need to be considered in transition and that there is a relatively low tax base across the county. The current Council Tax yield in Somerset is over £300m and accounted for almost three-quarters of revenue in 2018¹. Any decisions made on rate harmonisation by the future council will have a material impact on income. In the opinion of the authors of this review, it would have been desirable for analysis of different harmonisation models to have been referenced in the Stronger Somerset proposal, as it was in the One Somerset business case.

4.4 Geography

- 4.4.1 The Stronger Somerset case uses local geography, population size and the distinctiveness of sub-county geographies to substantiate a conclusion that creating two new councils is the right option for the county. There are three challenges with the evidence included in the document and this line of argument:
- Some of the drivers for the change referenced within the document are acknowledged as being countywide challenges.

¹ 2018 Somerset County Council Tax Leaflet

- Local data suggests establishing two new unitaries on the geographical basis described in Stronger Somerset could result in an imbalance in income and demand across the new councils.
- The way in which Stronger Somerset deals with population levels is not necessarily in line with what Ministers and their advisors may have envisaged. It does not currently meet the lowest threshold size set by central government and would only reach the minimum scale in 2031 based on current population projections.

- 4.4.2 The Stronger Somerset case suggests that two new unitary authorities are required because of the “distinct needs and priorities of their local areas and economies” of West and East Somerset. However, the case for change section included in the document makes numerous references to countywide issues. The acknowledgement that the county as a whole is facing a number of consistent challenges does not support the case for dividing into two. Arguably, adopting a consistent approach across the county would be a more effective response to countywide challenges.
- 4.4.3 The proposal document does include information to draw out specific issues in the East, as opposed to the West, and vice versa. Indeed, it is the case that there are some differences between East and West Somerset. However, in considering these several further complications with the Stronger Somerset proposals become apparent.
- 4.4.4 For example, areas on the Western side of Somerset are, relatively speaking, more deprived than areas in the East. Approximately double the percentage of households in the West are in the most deprived quintile against the index of multiple deprivation than in the East - 10% compared to 5%². This has implications both in terms of demand for critical services (more deprived areas tend to have greater social care needs, for example) as well as the income a new council or councils would be likely to receive (e.g. there is a strong correlation between deprivation and council tax exemptions).
- 4.4.5 Establishing two new councils in the county has the potential to result in an imbalance in terms of demand for some of the key services the councils would be responsible for providing. It is possible, were they to be implemented, the Stronger Somerset proposals would result in the establishment of one council which would experience relatively high demand for key services while bringing in a comparatively lower level of income, while the other would not face such high demand pressures at the same time as attracting a greater level of income. A single council covering the whole of the county geography would be better placed to balance its investment in to mitigate this. This issue is not explored in any great detail in the Stronger Somerset proposal and it is possible, therefore, that the associated risks to the sustainability of the councils proposed have not been adequately taken into account.
- 4.4.6 As is referenced elsewhere in this report, much has been made of population levels during the current debate on local government reorganisation. Based on current levels, the population across the whole of Somerset would fall within the range referred to by Ministers. Conversely, the populations of the proposed councils for the East and the West would fall below the range. The Stronger Somerset proposal opts to deal with this issue by referring to population projections which, it argues, suggest that the population of the county as a whole will exceed the top end of the range, while populations for the proposed councils in the East and the West would be above the low end of the range. While the authors of this report have no reason to doubt the accuracy of these projections, they are of the view that arguing a single unitary option for Somerset would breach the population range in a decade whilst proposing the creation of two unitary authorities which do not meet current government guidance is somewhat contradictory.

² Somerset Intelligence, District Community Profiles, 2015

4.5 Proposed operating and delivery model

- 4.5.1 Stronger Somerset sets out a vision for how the two new councils will operate. It makes explicit reference to how this would offer an improvement on the current position and includes several commitments to adopting innovative practices. While this is entirely appropriate for a proposal document of this type, there are three key challenges which emerge:
- Stronger Somerset sets out a proposal to establish an alternative delivery model for children's services. This approach has often been associated with intervention in failing services, potentially creates additional layers to already complex service delivery arrangements and could have a knock-on effect to the level of resource partners need to commit to making it all work effectively.
 - The importance of scale and resilience in ensuring reorganisation can be a catalyst for transformation is underplayed and there is no recognition that the transformation journey described for adults and children's services are either already being delivered or have been delivered (e.g. strength based approaches, community teams, reablement, intermediate care, family safeguarding model).
 - The role of simplicity in driving effective partnership working and developing a single voice for the place is underplayed.
- 4.5.2 One of the main areas of challenge associated with any reorganisation proposal which would entail the disaggregation of an existing, larger entity, is the risk associated with disrupting service delivery in the larger statutory services - adults and childrens. The Stronger Somerset proposal appears to recognise this and proposes a level of mitigation in several ways.
- 4.5.3 While it makes clear that each of the new councils would need to have its own Director of Adult Social Services, it also references the possibility of establishing shared commissioning arrangements to support this model. Not much detail concerning how this would work is provided and while shared or joint commissioning is relatively commonplace in local government and health settings, its complexity should not be underestimated. Such disaggregation and duplication of current responsibilities would risk the progress made with children's services, including the highly qualified senior management team that has recently been recruited (this issue is also explored in section 4.8).
- 4.5.4 More fundamentally, Stronger Somerset also makes clear that the risks associated with disaggregating children's services would be mitigated through the establishment of what is described as an 'alternative delivery model', the intention of which seems to be to retain a countywide footprint for the planning and delivery of children's services. The closest example to this sort of arrangement the authors of this report are aware of, albeit one that has so far been implemented in different circumstances, is a children's trust. Trust models are still a relatively untested approach in terms of service delivery and in some cases have previously been implemented as a response to a failure of service provision, although such failure is not a factor in Somerset's case. The authors of this report are not aware of any precedent for using such an approach to facilitate the establishment of new unitary councils. In short, though radical, this element of the Stronger Somerset proposal represents an untested solution.
- 4.5.5 Stronger Somerset rightly makes reference to the role of reorganisation in driving more ambitious opportunities to transform local government and the wider public sector. However, these elements of the proposals do not appear to take adequate account of the importance of scale and/or resilience. While establishing two new councils clearly would provide an opportunity to streamline, standardise and simplify businesses processes, address opportunities to deploy technology more effectively, introduce models of locality and community working and improve working practices, there is a strong case for arguing that doing this at scale - by establishing one new council - constitutes a more significant opportunity. This case is supported by the small child population of Somerset, 110,000 in total, posing significant threat to the

benefits associated with working at scale if this population were to be split between two individual unitary authorities. There is a legitimate debate to be had about the need for balance when weighing up the benefits of scale against the requirement for local authorities to be able to respond to local needs, but it is reasonable to suggest the scale of the potential transformation benefits will increase in line with scale of the organisation being created (at least up to the point where deliverability becomes an issue, and there are already numerous examples of high performing unitary authorities larger than the single council described in the One Somerset proposal).

- 4.5.6 Furthermore, the discussions with key stakeholders from Somerset County Council carried out for the purposes of preparing this report have indicated that many, if not all of the proposals for improving the provision of adult social care and children's services included in Stronger Somerset have either happened or will be happening in any case, leading the Council to believe that children's services will be assessed as "Good" at the next inspection. It should be regarded as positive that there is strong alignment across the different councils in Somerset concerning the future direction of these critical service areas, but it is potentially misleading to imply that establishing two new unitary councils in the county is the only way in which these ambitions could be achieved.
- 4.5.7 For example, Stronger Somerset gives the impression that adult social care across the county is failing and that this is a long-standing problem. While it is true that in the recent past adult social care within Somerset has faced challenges, the case put forward in the Stronger Somerset proposal that previously identified shortcomings in leadership and service delivery have not been addressed is misleading. Since 2016, measures have been implemented to improve adult social care - an improved local contact centre, community based programmes that have resulted in improved relations with communities as well as better outcomes and the establishment, in partnership with the NHS, of a joint set of intermediate care services for the county, evidenced in the John Bolton report. A similar impression is given concerning children's services and, again, much progress has been made in the past few years to improve the standard of children's services, resulting in Somerset being sought out for advice surrounding the improvement of children's services.
- 4.5.8 Interspersed with many of the points made regarding the future ways of working that will be adopted by the new councils described in Stronger Somerset are references to the importance of partnership working. Again, it is absolutely right that this issue is highlighted. However, there is considerable doubt that partnership working would be more straightforward under the Stronger Somerset proposals than would be the case under a single unitary authority serving the whole county. Indeed, establishing two new councils has the potential to make partnership working around the health and care agenda more complicated than it is at present. For example, currently the adult's social care service administered by the County Council, engages with one Clinical Commissioning Group and one registered care provider - establishing two adult social care directorates would complicate this picture. The authors of this report are of the view that establishing one new council would simplify partnership working to a greater extent than would be the case if two new councils were created.

4.6 Strategic leadership and democratic arrangements

- 4.6.1 Unlike many other proposals of a similar type, Stronger Somerset makes relatively little reference to the role of unitarisation in improving strategic leadership. Some attention is paid to this matter, as it is to the democratic arrangements it proposes will be put in place to oversee the new councils. However, there are two key challenges with these elements of the proposals:
- The importance of speaking with 'one voice' in both a regional and a national setting could be explored in greater depth.

- The proposal that each of the new councils should have 100 members is not without precedent, but there is a case for arguing this would not represent as efficient a model as a single council comprising 100 members for an area of Somerset's size (both in terms of its rurality and population).

- 4.6.2 One of the principal reasons frequently put forward by those advocating reorganisation is the idea that bringing together the two tiers of local government in an area will help to ensure its leaders speak with 'one voice'. This is achieved, in part, because there are generally fewer leadership 'voices' in a unitary setting, and therefore a reduced likelihood of different visions for a particular place or organisation being put forward. However, it is also a function of the greater coordination of strategic activities that can be achieved in unitary councils (the ability to join up strategic planning across a larger geography is one way in which this can be achieved).
- 4.6.3 Unitarisation in Somerset offers an opportunity for the councils to establish an arrangement which enables the county to have greater influence within its region, and potentially a more effective dialogue with Government and other national bodies. The proposal to establish two new unitary councils in Somerset would help to achieve this to a degree. However, it is clearly the case that the establishment of a single new unitary council would be even more effective in this regard (both Stronger Somerset and One Somerset argue that unitarisation should be regarded as a step towards the establishment of a combined authority - this issue is examined below).
- 4.6.4 Stronger Somerset proposes that each of the new unitary councils it describes should be served by approximately 100 members. There are several issues which should be born in mind in this regard. First, a Boundary Review would need to be conducted either before or in the early life of the new councils. It is this exercise that will determine the appropriate number of members for each council. Second, there are relatively few examples of local authorities in the UK with councils of this sort of scale. There are examples of councils with relatively high numbers of councillors. For example, Cornwall Council was established as a unitary authority in 2009 and currently has 123 members. However, these members serve a population of circa 570,000 people (Stronger Somerset effectively proposes 200 members for a similar sized area). Furthermore, Cornwall Council has undergone a Boundary Review which will see the council reduced to 87 members at the next election. On balance, the number of councillors proposed in Stronger Somerset would seem to be excessive and at odds with similar examples of unitary authorities elsewhere in the country from both the perspective of cost and in terms of creating simpler, more accountable forms of democracy and leadership as required by central government.

4.7 Devolution

- 4.7.1 Both Stronger Somerset and One Somerset refer to a longer term ambition either to establish or join a combined authority. It is difficult to discern exactly which of these options is being advocated in Stronger Somerset, as relatively little detail is presented on what this would look like, or the area it would cover. It is difficult to envisage Government agreeing to establish a combined authority comprising just the two new unitary councils proposed in Stronger Somerset (if this is what is being proposed). Generally speaking, combined authorities comprise a larger number of top tier councils, involve other partners and cover a broader geography than would be the case in this instance. The potential advantages of operating across the county footprint could also be served through the creation of a single unitary authority that in turn may create the right conditions for Somerset to be an equal partner in a regional combined authority.
- 4.7.2 Furthermore, such an option could potentially limit the county's ability to take part in existing regional initiatives such as the Heart of the South West Local Enterprise Partnership (HotSW) or join the West of England Combined Authority.

4.8 Deliverability

- 4.8.1 Consistent with many other proposals of this type, Stronger Somerset includes a relatively high level account of how it would deliver the two new councils were the proposal to be approved. The plans described do not pay much attention to the complications that would arise from having to disaggregate services that are currently organised on a countywide basis. This process is relatively complex and is considered to be more time consuming and resource intensive than the process of aggregating the functions currently provided by the district councils. It would appear the risks to delivery associated with disaggregation have not been adequately taken into account within the Stronger Somerset proposal.
- 4.8.2 This is particularly significant in relation to some of the larger service areas, such as adult social care and children's services, where unpicking existing arrangements has the potential to destabilise critical safeguarding and support arrangements. Layering on additional change requirements to children's services, in particular, when the service has been on an improvement journey, risks undermining the progress that has been made. There are also some very practical issues to consider which have the potential to undermine the deliverability of two adult social care departments, not least of which are the issues the current service has with attracting and retaining senior staff. Doubling up on this requirement would only exacerbate this problem.
- 4.8.3 The challenges associated with disaggregation do not only apply to the 'people services', it is just as significant for 'place services' and public health. Stronger Somerset is relatively silent on this issue, and this is further complicated by the fact that it is not clear what responsibilities in these areas are envisaged as having the potential to be transferred to a combined authority at a future date. Disaggregating public health provision in the County has the potential to destabilise the response to the pandemic - Stronger Somerset is not clear on what is intended in this regard.

5. Stronger Somerset and the Government ‘tests’

5.1 Overview

5.1.1 As stated elsewhere in this document, Stronger Somerset makes a compelling argument for local government reorganisation. In terms of how the proposal is evaluated against the Government ‘tests’, it is clear there is an argument to be made about how the establishment of the two new councils described could meet these requirements (though it is important to note that Stronger Somerset only evaluates the two unitary mode proposed against the Government tests). This section of the report sets out a high level view in relation to each of the three ‘tests’ described in the invitation issued by the Secretary of State.

5.2 Improving local government in the area

- 5.2.1 Stronger Somerset makes reference to a series of transformation opportunities, proposed enhancements to partnership working, service commissioning and delivery, back office support arrangements, locality working and strategic leadership, all of which have the potential to improve local government in Somerset.
- 5.2.2 However, it is not clear how the process of unitarisation (i.e. the replacement of the two tier system) would drive these agendas. It is difficult to determine from the proposal what it is about unitary local government that will lead to the stated improvements (i.e. the causal link).
- 5.2.3 Furthermore, and as discussed in section 4 of this review, some of the more substantial improvements and change programmes described in Stronger Somerset appear to be happening in any case (e.g. the transformation of both children’s and adult’s social care).

5.3 Commanding a good deal of local support

- 5.3.1 Stronger Somerset does not include, as some other unitary proposals have done, much in the way of evidence of local stakeholder support. Limited reference, relative to other proposals (some of which have been accompanied by supplementary documents including letters of support or public statements from partner organisations), is made to engage with some partner organisations, though any indication of what they think of the Stronger Somerset proposal is omitted.
- 5.3.2 The document does make reference to an opinion poll carried out by a reputable organisation which does suggest a level of public support for the proposal. However, the results are unsurprising given the tendency, in all two tier parts of the country, for members of the public to feel closer to district councils than they do to county councils (a greater proportion of the population engages with district services, which are more universal in nature than areas like children’s and adult social care).

5.4 Covering a credible geography

- 5.4.1 Stronger Somerset offers a broad description of the geography of Somerset as a whole, as well as the distinctive nature of some of the localities within its boundary. While it is clear there are differences between different parts of the county, the same would be true of almost any administrative geography of a similar scale and, in the opinion of the the authors of this review, it is not clear the evidence offered makes a compelling case for recognising an East Somerset geography which is all that distinct from the West.
- 5.4.2 As referenced in section 4, the way in which Stronger Somerset relies on population projections to advance its case in relation to the population range described in the Secretary of State's invitation is novel, when compared with similar business cases developed in other parts of the country.

5.5 Does the Stronger Somerset proposal meet the 'tests'?

- 5.5.1 The decision about the future of local government in Somerset rests with the Secretary of State. It is not appropriate for this review to determine whether or not Stronger Somerset constitutes an acceptable proposal.
- 5.5.2 However, it is also the case, as is acknowledged in the Stronger Somerset document, that two proposals have been developed and submitted to the Secretary of State. Therefore, not only will it be necessary to determine whether each proposal meets the 'tests', it may also be necessary for the Secretary of State to reach a judgement of which proposal is *more likely* to meet the 'tests'.
- 5.5.3 Having considered the similarities and differences between the Stronger Somerset and One Somerset proposals, as well as the evidence offered in each, it is the opinion of the authors of this report that establishing a single unitary council in Somerset would be more likely to improve local government in the area and serve a credible geography. The views of stakeholders outside of local government have not been canvassed prior to developing this report, and therefore the report authors do not feel able to offer a view about which proposal would be most likely to satisfy the requirement for proposals to command a good deal of local support.
- 5.5.4 The reasons for this are very simple, establishing a single unitary offers a greater platform for transformation, offers greater economies of scale and resilience, would simplify partnership working to a greater extent and would offer a better chance of the county of Somerset speaking with one voice. In terms of the geography that would be served by this new council, it would be equivalent in scale to numerous examples of successful unitary authorities elsewhere in the country which have been established relatively recently, and particularly in the South West (e.g. Cornwall, Wiltshire, Dorset). In contrast, two unitary authorities would either fall below or just meet central government thresholds for population sizes for the foreseeable future.
- 5.5.5 It is the view of the authors of this report that the only real reason not to pursue the opportunities described above (all of which are enhanced by scale) would be a sense that the council being created would be too big to function effectively, too remote from communities or service users or that it would cut across distinctive functional geographies. The existence of the examples referred to in the previous paragraph would tend to suggest that concerns around a single unitary council in Somerset being too big are lacking in foundation. Similarly, there does not appear to be a particularly compelling case to suggest there is a strong sense of locally distinctive geography in either the East or the West of the county.

6. Conclusion

6.1 Making the most of the opportunity

- 6.1.1 The councils in Somerset appear to be in agreement that the current model of local government is not as effective or as efficient as it could be. They have responded positively to the Secretary of State's intervention and have come forward with two proposals for reorganisation.
- 6.1.2 Though there are some similarities between the proposals, Stronger Somerset and One Somerset set out very different visions for what should be achieved through this process. Given that the proposal documents differ in terms of the emphasis placed on different factors in their respective options appraisals, this is unsurprising.
- 6.1.3 This review has examined the merits of the Stronger Somerset proposals, but in doing so has made some comparison with the vision described in One Somerset. Having explored these issues in the context of the criteria Government will apply to the proposals, it has concluded that establishing a single unitary in the county would be the more likely option to meet the 'tests'.
- 6.1.4 At its simplest, the relative merits of the two proposals comes down to a question about the advantages of scale versus the need for councils to be able to function effectively and respond to local needs. It is the view of the authors of this report that the evidence presented does not present a compelling case for establishing two unitaries in Somerset, insofar as this would constitute a missed opportunity to maximise the advantages of scale. Similarly, there does not appear to be a particularly compelling argument that a single unitary council covering Somerset as a whole would be too big to be effective or too remote from local communities to be responsive.
- 6.1.5 It is clear that the councils in Somerset have a significant opportunity to enhance the way in which local government operates in the county. The establishment of unitary councils in areas within the same region, and in some cases their achievements over the course of the past decade, provide a clear indication of what could be achieved under this model. The Somerset councils had a similar opportunity just over a decade ago and opted to pursue an alternative arrangement which has not delivered the same advantages. It is important that the opportunity to secure the anticipated benefits, and associated improvements in outcomes for residents, communities and businesses in Somerset is not missed this time around.

Appendix

The tables below outline the key financial figures for reorganising to a two unitary plus trust model as proposed in the Stronger Somerset case and the PwC Report for CCN in 2020. This is broken down into the *summary*, or key headlines, the *one-off costs* of implementation, the *recurring costs* after implementation and the *direct benefits* that could be achieved as a result of reorganising to the proposed model. These figures do not include the indirect costs/benefits as outlined in the Stronger Somerset business case as these are not specific to either reorganisation scenario and would be equally achievable in both, although would likely benefit from scale.

Summary

Cost/Benefit	2 Unitaries + Trust	
	Stronger Somerset	CCN/PwC Report
One-off transition costs (£m)	18.9	28.8
Annual disaggregation cost (£m)	0	12.0
Net benefit after five years (£m)	55.9	-21.8
Recurring <u>net</u> benefit after five years (£m)	22.5	2.1

One-off costs

Cost	2 Unitaries + Trust	
	Stronger Somerset	CCN/PwC Report
Programme Team, Org Design & Change Prog (£m)	4.9	7.6
Accommodation (£m)	1.0	-
Audit/finance one off support (£m)	1.2	0.5
HR one off support (£m)	1.2	0.5
Skills/ learning costs (£m)	1.0	-
Legal one-off support (£m)	0.8	-
Other specialist advice (£m)	0.3	1
Consultation, communications and rebranding (£m)	1.2	0.8

ICT Costs (£m)	-	2.0
Consultation of development of localism (£m)	0.4	-
Staffing (redundancy and pensions) (£m)	3.8	6.5
Contingency (£m)	3.0	6.9
Cost to implement a trust (£m)	-	3.0
Implementation Total (£m)	18.9	28.8

Recurring Costs

Cost	2 Unitaries + Trust	
	Stronger Somerset	CCN/PwC Report
Leadership and management (£m)	0.2	-
Shared Enabling Services (£m)	23.5	-
Insight and Analytics (£m)	0.7	-
Duplicated Leadership (£m)	-	14.7
Duplicated service delivery cost (£m)	-	26.2
Duplicated democratic structure cost (£m)	-	1.8
Cost of running a trust (£m)	-	17.5
Total cost over five years (£m)	24.4	60.2

Direct Benefits

Benefit	2 Unitaries + Trust	
	Stronger Somerset	CCN/PwC Report
Leadership and management integration (£m)	2.1	3.2
Sharing Enabling services (£m)	7.2	2.7
Joined up commissioning & procurement (£m)	8.6	2.8
Governance change (£m)	0.7	-
Single commercial strategy (£m)	5.7	-

Focused asset strategy & portfolio management (£m)	0.6	-
Member Allowances (£m)	-	1.4
Elections and Democracy (£m)	-	0.1
IT (£m)	-	-
Property (£m)	-	0.8
Removing duplication of services (£m)	-	-
Total recurring <u>gross</u> benefit after five years (£m)	24.9	11.1

Notes

- *The Stronger Somerset figures include inflation which has a small increase in the totals.*
- *Some totals may not sum due to rounding.*



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