

# **PAPER A - One Somerset, Local Government Reform (LGR) in Somerset**

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Local Member(s) and Division: All Sc

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## **1. Summary / Background**

- 1.1.** Our aim is to deliver the County Vision and to improve lives across Somerset. Improving how local government delivers services in Somerset provides an opportunity to make them more efficient, accessible, effective and sustainable, without impacting on the historic or civic status of Somerset.
- 1.2.** This report and the attached One Somerset Business Case, Appendix A, should be read side by side and not in isolation from each other.
- 1.3.** The Leader of the Council and the Cabinet want to see public services improve and better outcomes for Somerset's communities and businesses. The Leader of the Council has had ongoing dialogue with the Government about improving local government in Somerset, which appears to align with government's Devolution White Paper, which is due to be released in Autumn 2020.

Somerset needs to be working to influence the Government's Devolution agenda and the anticipated Local Government Review (LGR), rather than reacting after the event.

- 1.4.** Local Government Review is not new in Somerset. The councils within Somerset have been assessing the potential opportunities for a revised approach to future Local Government in Somerset.

For two years there have been regular discussions between the Leaders and Chief Executives of all five Somerset authorities, culminating in the commission and subsequent publication of an independent options appraisal, known as [The Future of Local Government in Somerset \(FoLGIS\) Report](#), which reviewed alternative models, options and change opportunities to the way local government and services operate and are organised in Somerset' to meet the changing needs for the county and the challenges ahead.

All councils agreed that the existing arrangements are not working well and that we cannot continue as currently organised without change. However, in late 2019, the current two-tier councils could not agree on a single option for the future, with some councils preferring to work more closely together and increase collaboration and Somerset County Council wanting to pursue a more ambitious approach. A joint statement from the councils Leaders was made following the publication of the FoLGIS report, Appendix B.

- 1.5.** In January 2020, the Leader of Somerset County Council announced his intention for the County Council to focus on the option of developing a business case for a unitary council for Somerset, a programme of work called 'One Somerset'.
- 1.6.** Somerset County Council believe the time is right for a single new council for Somerset, not only to repurpose the existing outdated structures, but creating a new county wide service enabler, with the scale to deliver long term sustainable services. Our vision is to put community front and centre of the new model of democracy with formal structures, at a local level, to reinforce our heritage of connecting our people with our place.
- Moving to a new single-tier unitary council offers the best opportunities with joined up services for Somerset's residents, businesses and other public sector partners with a greater local community focus, delivery and accountability in those communities.
- 1.7.** The current two-tier structure is not considered to be fit for purpose for the opportunities and challenges we face, nor is it sustainable in terms of managing the future needs of residents or businesses. In Somerset, the opportunity is not just to support our communities and invest in our county, but also champion the opportunities and more decision making and power at a local level to Somerset's communities.
- 1.8.** The business case proposes the creation of a new council for Somerset that will replace both the County Council and the four District Councils. It would be a new council with councillors elected by Somerset's electorate. This new council, known as a single-tier Unitary Council would be responsible for all of the functions and the delivery of the services which are currently provided by the County Council and four District Councils, but with a fresh new innovative approach which focuses to improve people's lives and deliver better outcomes as we continue to respond to Somerset's ongoing challenges and ambitions and the pandemic moves from response to recovery phase: the time is right.
- 1.9.** This report asks that the Cabinet considers and endorses the case for change set out in this report and the One Somerset Business Case, Appendix A, and submits the business case to the Full County Council meeting on 29<sup>th</sup> July for their consideration seeks approval to then submit the case to the Secretary of State, Ministry of Housing, Communities & Local Government (MHCLG), setting out the benefits of a new single-tier unitary council structure of local government for the county of Somerset.

## **2. Recommendations**

### **2.1. That the Cabinet:**

- 1. Considers and endorses the case for change set out in this report;**
- 2. Support the Leader of the Council writing to the district councils informing them of the Business Case and seeking consensus from them on the recommendation set out in the Business Case;**
- 3. Endorses the One Somerset Business Case, Appendix A and submits this to the County Council meeting on 29th July 2020 with the recommendation that the Council:**
  - a) Approves the One Somerset Business Case;**
  - b) Authorises the Leader of the Council to submit the Business Case to the**

**Secretary of State, MHCLG, for a decision on the future of local government in Somerset:**

**4. Support the Leader of the Council continuing to seek consensus with the district and local councils across Somerset, towards the creation of a new single-tier unitary council for Somerset**

**3. Reasons for recommendations**

- 3.1** For Somerset, local public services need further improvement through re-organisation in order to improve people's lives and deliver better outcomes. In Somerset, the two-tier form of local government is considered to be no longer fit for purpose and is holding back the county. The One Somerset proposal sets out the business case for changing this structure and releasing Somerset's potential. If we can simplify the local government institutional arrangements, we can create the best opportunity for allowing the county's communities to flourish.
- 3.2** COVID-19 has highlighted that two-tier local government is an unaffordable luxury we can no longer afford. Around the country people are challenging themselves to deliver differently to boost opportunities in their local areas.
- 3.3** Change is urgently needed to the structure of local government in Somerset. There have been repeated debates about this, in 1993, 2007 and with the FoLGIS report involving all the councils in 2018-19. However, while there has been a 20-year shift to unitary structures among most of our immediate neighbours, the two-tier system has remained in Somerset. Somerset's position is increasingly outdated. The dedication and talents of the staff in all the councils, and our partners means that successful working relationships, strategies and operational plans deliver a high quality of service to our residents and businesses. But the reality is that we have an overly complex and expensive patchwork of institutional arrangements that cannot provide the area with the strong and coherent leadership that it needs.
- 3.4** Across the south-west, Somerset is surrounded by unitary model authorities with Dorset as one of the latest two-tier council areas to receive Government approval in 2019. The Secretary of State has recently provided updated guidance in the form of a written parliamentary question in advance of the devolution white paper. In this he confirmed the Government's expectations that the population of new unitary councils are "expected to be substantially in excess of 300,000-400,000", and Somerset's population sits comfortably with a population of 560,000, based on 2018 mid-year estimates, which is in the middle of the Government's guidance for effective unitary population size.
- 3.5** Somerset County Council believes that this approach is needed to deliver higher quality services, whilst reducing demand and creating a greater sense of community. A new single-tier unitary council that enables engagement with all people and groups, including those usually excluded, will support and maximise community resilience and prosperity.

- 3.6** The business case sets out why a new single-tier unitary council, based on the boundary of the current two-tier Somerset county, will deliver better local government and local community leadership. The case articulates how it satisfies the criteria set by the Government for proposals for establishing new unitary authorities.
- 3.7** Addressing the impact of the COVID-19 pandemic could be seen as a current reason not to pursue structural reform. We disagree. We have designed a robust and implementable programme which will ensure that the move to a new single-tier unitary council dovetails with the pandemic response and a move towards recovery work. The mistake would be to once again delay in addressing the structural issues holding us back. We need to continue to seize this opportunity to settle the issue for current and future generations and create the conditions to allow our communities to flourish.
- 3.8** By moving to a single tier local government there are significant savings to be made across the sector, through the reduction of duplication, efficiencies of scale and reduction of back office and multiple contracts. The overhead cost of administering five council organisations is expensive when compared to some unitary councils, especially when the functions can be delivered by one organisation.

As demand on our critical council services continues to increase, we need the opportunity to think in terms of a whole system response to service users and reduce our overheads to enable more investment in community services, particularly preventative services.

Crucially, it will also place local government in Somerset on a more sustainable basis. While the councils have individually worked hard to deal with major financial challenges in recent years, the impact of the COVID-19 pandemic has suppressed income and created new, unfunded, spending pressures. The outcome improvements planned have common themes of community resilience, prevention and cross public sector working that will be a key part of the response for sustainable management of our demand challenges.

- 3.9** We intend that the new single-tier unitary council will establish a local government organisational footprint that is stable and sustainable now and for future generations, whilst being flexible enough to adopt new ways of working quickly, and to adapt to new priorities. A new single-tier unitary council authority will enable some key important improvements to how Somerset's local government will work by:
- It will be one council listening to the needs and concerns of residents, local councils, the voluntary and community sector, partners and business, providing clear accountability to the public.
  - It will facilitate sustainable delivery of outstanding public services to improve the quality of life of all our residents and businesses.
  - A new single unitary council will empower communities and embed delivery at a local level to increase community resilience and the ability to better meet local challenges.
  - The new council will be set up from the outset with Local Community Network (LCN's) structure at the heart of its operating model, it will truly engage with local voices and harness the energy of communities and engagement.

- It will offer consistent leadership with key partners to better influence local service delivery.
- It will reduce duplication and provide better value across the entire county.

**3.10** The Council, along with the district councils, has a responsibility to ensure that it provides value for money to Somerset's residents for the delivery of its services.

**3.11** The new single-tier unitary council will provide seamless and accessible local government to the people of Somerset, with services redesigned to be delivered within communities at a local level. The new council will continue to ensure protection of the most vulnerable and that there are consistent standards in supporting its residents and businesses. It will help to deliver everyone's ambition for a county that is prosperous, attractive and safe; supports independence for its older people; and helps younger people and families to fulfil their potential.

#### **4. Other options considered**

**4.1.** As part of the business case development stage, the seven options which formed part of FoLGiS report findings have been explored in line with the Government's criteria for Local Government Reorganisation (LGR).

Further details of the seven long-listed options, which provides an assessment of their viability for taking forward on a short list of four options and the options appraisal taking into account quantitative and qualitative criteria, can be found within the Options Appraisal, Section 5 of the business case.

Based on the viability assessments set out within the seven long list options, the four shortlisted options are:

1. **No change** but continuing to work towards savings and transformation that are already planned.
2. **Closer collaboration.** No structural change. This would explore alignment of transformation and procurement activities as well as shared services and joint governance where viable.
3. **Single unitary** on existing two-tier Somerset boundary. This would see the creation of a new single-tier unitary council to provide all the services currently delivered by the four district councils, and the county council.
4. **Two unitaries** within existing two-tier Somerset boundary. This would establish two new authorities. Using current district boundaries, it would create one authority based on the existing Somerset West and Taunton and Sedgemoor councils and another for the current Mendip and South Somerset areas. The two councils would be below the Government's latest guidance for effective population size, they might meet 300,000 by 2031 according to projections, but will not substantially exceed this. Note an East / West boundary has been chosen, being the closest match to the Government's outside minimum 300,000

population for both new authorities.

## **5. Links to County Vision, Business Plan and Medium-Term Financial Strategy**

- 5.1.** The proposals in the business case seek to support the Vision for Somerset with its strategic approach and commitment to working with partners, key-stakeholders and the wider public.

The proposals also link to the development of the Medium-Term Financial Plan (MTFP) and our Commissioning and Service Plans.

The business case explores the options for local government reorganisation giving consideration to how options will improve outcomes for the people and businesses of Somerset and support the sustainability of public services in the county.

## **6. Consultations and co-production**

- 6.1.** The Leaders and Chief Executives of the county and district councils in Somerset have met regularly during 2018 and 2019 to review and discuss the future options for local government in Somerset.
- 6.2.** The Leader of the Council and Programme Director have briefed members from all political groups, held various member engagement workshops and briefing sessions.
- 6.3.** This work has been supported by external professional services which have been commissioned to provide expertise to support the development of the business case, independent research and to provide a financial estimated medium-term revenue budget projection baseline for the new single-tier unitary council.
- 6.4.** Engagement Programme: The Leader of the Council and Officers have delivered numerous engagement workshops and briefings using various methods and delivery mechanisms. A wide spectrum of engagement is ongoing and will continue.

A structured approach to understanding the level of support for change in Somerset's local government structures is progressing, further details can be found in the business case, View of the Stakeholders, Section 4.6. The engagement is being undertaken in two phases:

Phase 1 - research and general awareness between February and July 2020. This includes an independent market research exercise, engaging residents, businesses, the voluntary and community sector and parish and town councillors and clerks through telephone and an online feedback form. In addition, parish and town councils have further input through member and officer presentations and networks.

Phase 2 – planned consultation, following publication of the business case, with focus groups and other face-to-face activities (as the COVID-19 situation allows) during the summer/autumn 2020. Such consultation will allow awareness raising and discussion about the options described in the business case and its benefits and outcomes for individuals, families and businesses. Phase 2 scope and remit would also be influenced

by the options which the Secretary of State may set out to Somerset Council Leaders.

- 6.5.** At this stage, the district councils do not support the single unitary option. However, it is clear that among local government's closest partners in the provision of local public services, there is a substantial consensus in favour of the single county unitary option. Parish and town councils are engaging very constructively in debate and greatly welcome the opportunity to help shape the desire for improved community engagement and the local community network concept.

## **7. Financial and Risk Implications**

- 7.1.** Financial implications are set out throughout the business case, Appendix A. The recommendations in this report demonstrates that moving to a the new single-tier unitary council would deliver £18.5m savings per year, with a one-off investment of £16.5m. The payback period is 2 years.

The transition would require investment, but this is a one-off cost that can be funded through a mix of reserves, asset rationalisation, capitalisation directives and reinvestment of savings.

The financial analysis draws on the LG Futures' findings, publicly published data sources and additional data provided by the county council, see Section 3 of the business case for further details.

- 7.2.** Agreeing and implementing the case for change set out in the business case has the following risk implications which need to be managed. Risks identified to date fall into two categories, 1. Delivery of the transition, and which are captured below, and 2. Realising the benefits of the new council, for which further details can be found under Section 9, Implementation of the business case.

In line with the corporate risk management approach likelihood and impact is scored from 1-5: 1 being low and 5 being high.

1. Delivery Transition				
Risk	Likelihood	Impact	Risk Score	Risk Mitigation
Complexity of the transition and transformation programmes may lead to cost overruns and delays with key dependencies not being identified	3	5	15	Introduce a rigorous governance platform with regular pro-active and transparent reporting cycles and ensure the programmes are suitably resourced with the correct capabilities and capacity to deliver.
Potential loss of resilience in business as usual capability and capacity	3	4	12	Early establishment of programme management for the transition and transformation stages, with appropriate staffing, so that disruption to business as usual is planned and minimised accordingly
Predecessor authorities may not support the new unitary transition programme	5	3	15	Strong leadership and clear management of governance forums e.g. programme boards to be implemented with agreed terms of reference. Communication with key stakeholders.
The formation of a new unitary council may reintroduce instability to the Children's services improvement journey.	2	5	10	Continuity of the Children's services improvement journey to be given priority within the transition and implementation plans to ensure no impact. Dependencies to be tracked and reported on a regular basis.
Existing capacity and capabilities may not be available within the existing councils to successfully deliver the programme of change within the agreed timeframe.	3	4	12	Engagement partnerships to be investigated to assist in bolstering the internal team's capacity and capabilities as and when required

## 8. Legal and HR Implications

- 8.1.** There are no specific Legal implications in submitting a business case to the Secretary of State. The Local Government and Public Involvement in Health Act 2007 empowers the Secretary of State to invite proposals in respect of a single tier of local government. This does not prevent a local authority from submitting an expression of interest in reviewing such an invitation, outside this formal legal process. Legal Services, have been consulted within the One Somerset business case development stage and also engaged throughout the Equalities Impact Assessment review and creation.
- 8.2.** Submitting the unitary business case to the Secretary of State will have no direct HR implications, the creation of a single Council for Somerset is likely to have significant HR implications including the transfer of all staff (from all five Councils) to a new employer which will be governed by and fall under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE).

Trade Union representatives will be briefed on the decision paper by the Programme Director on 2 July 2020. Under the TUPE Regulations there is a requirement for employer(s) to inform and consult with trade union representatives and therefore on-going engagement with trade unions will be maintained as we move ahead with implementing a new single-tier unitary council.



## **9. Other Implications**

### **9.1. Equalities Implications**

Unitary local government is the model of governance in place throughout much of England, all metropolitan areas, many non-metropolitan areas and counties and all of Scotland, Wales and Northern Ireland.

There are no equalities issues inherent in the unitary model or the decision to move from a two-tier system to a unitary system, is not captured.

In taking the One Somerset business case forward it will be important to ensure that all subsequent policy proposals fully consider and have robust due regard to the Public Sector Equality Duties.

Subsequent policy decisions made and implemented by any future unitary Shadow Executive or Somerset Council will be subject to detailed EIA's to assess the impact of those decisions on residents, businesses and staff in line with all equalities legislation.

At this stage of developing the proposal it is not possible to evidence or assess any impacts to a majority of the protected characteristics. Any disproportionate impacts will be identified and considered in data collection, consultation, decision-making and other activity, if approved.

Further information is available in the supporting Equality Impact Assessment in Appendix D.

### **9.2. Community Safety Implications**

Submitting the business case will have no direct implications on community safety, however, it is noted that the objectives of One Somerset will have positive impacts on community safety functionality across the County.

### **9.3. Sustainability Implications**

Creating a unitary council would be a significant step in improving the financial sustainability of local government in Somerset. The estimated annual revenue saving of £18.5 million will provide the new council with scope to invest in our local communities, prevention, and service improvement initiatives to ensure long term financial sustainability.

The transition would require investment of £16.5m, but this is a one-off cost that can be funded through a mix of reserves, asset rationalisation, capitalisation directives and reinvestment of savings.

Once the unitary authority has been created, it offers significant opportunities for further transformation savings. By bringing all the local government levers affecting Somerset in one organisation, there is an opportunity to make much more efficient use of the resources available. In addition, it will provide a platform for new ways of working with partners that in turn can build up a county-wide focus on prevention.

Balancing the financial impact of reducing revenue and increased demand is something local government has become accustomed to managing. The challenges of austerity have been with the sector for many years and the council's in Somerset have, like

others, had to take difficult decisions about the services they provide. The district councils are particularly exposed when there are significant changes in the financial balance. Recent experiences of responding to COVID-19 has shown the need for stability in finances and the scale of a the new single-tier unitary council is a key element of this. Further sustainability considerations are set out in Section 8, Sustainability of the outline Business case.

#### **9.4. Climate Change Agenda**

All councils in Somerset are committed to reaching carbon neutral by 2030. A pan-Somerset Strategy and action plan is in the process of being developed and should the One Somerset get the go ahead, this will be integrated to deliver the measurable outcomes planned.

#### **9.5. Health and Safety Implications**

No specific implications have been identified in relation to the recommendation in this report. At this stage of developing the proposal it is not possible to evidence or assess any Health and Safety implications.

#### **9.6. Health and Wellbeing Implications**

Submitting the business case will have no direct implications on Health and Wellbeing. The Health and Wellbeing of a population is complex and multi-faceted. Unifying the structure offers the opportunity to maximise the strategic influence and delivery of key work which impacts on the wider determinants of health. For example, the issue of tackling health inequalities is challenging in a two-tier structure with responsibilities for the development and delivery of interventions to tackle them sitting in different organisations across the County (education, housing, employment, poverty etc).

In a single tier all the influences on health and wellbeing, not solely public health can work harmoniously to tackle the medium- and longer-term challenges we face when working to improve and maintain the health and wellbeing of the Somerset population.

#### **9.7. Social Value**

Submitting the business case will have no direct implications on Social Value, however, it is noted that by moving to a the new single-tier unitary council will have positive impacts on a spectrum of areas of social value across the County, as the examples below;

- Increase community resilience and the ability to respond to local challenges through the creation of Local Community Network (LCN's)
- This will also increase the ability to measure social value at a local level for this all future commissioning activity undertaken by the new single-tier unitary council.
- Devolving services to parish and town councils could create opportunities for micro-providers, the voluntary sector, small and medium enterprises to be part of supply chains. This is highlighted in the Case Example of Frome Town Council – measurable Social Value in operation, Section 6 within in the business case.
- Opportunities for Adult Social care around simplifying the organisation landscape to the benefit of community action by promoting the concept of an enabling core supporting communities should help to improve the health and

wellbeing of the population whilst maintaining independence and reducing inequalities.

- A new single-tier unitary councils scale and influence would help to address problems of social mobility and develop employment, skills and training opportunities for our young people who have been adversely impacted by the COVID\_19 pandemic.

## **10. Scrutiny comments / recommendations:**

**10.1.** The proposal to submit a business case was considered at the Scrutiny Committee for Policies and Place on 10<sup>th</sup> June 2020 and the below represent the key discussion points and comments;

- Fair representation from the consultation was requested along with the findings respected.
- District Leaders were to be invited to work on the business case for the benefit of their communities
- The estimated set up costs of the new authority were considered alongside the size of the new boundaries.
- All residents in Somerset would be able to take part in the survey shaping the One Somerset Business Case.
- Experience from the external expertise being engaged and their track record with previous Unitary Councils was requested.
- The creation of Local Community Networks was commended.
- Continuation of the existing planning areas was considered appropriate to build on area committees.
- The restraint of Somerset being a low tax base was recognised.
- Sharing data with district Councils was encouraged as to ensure a fair and accurate business could be formed.

The outcome and recommendation from the Scrutiny for Policies and Place Committee meeting held on 15<sup>th</sup> July 2020 can be seen in Paper A Appendix B.

## **11. Background**

### **11.1. National and Policy Context**

The reorganisation of 1974 following the Local Government Act 1972 established a two-tier structure of counties and districts throughout England. Successive reorganisations have increasingly dismantled that structure, through the introduction of unitary authorities, starting in 1986.

Of the current membership of the County Councils' Network, 25% are unitary councils. There are currently over 120 single-tier local authorities in England (unitary authorities, metropolitan boroughs / districts, and London Boroughs) plus over 25 county councils and nearly 200 district councils. Sixty-five percent of the population of the UK lives in single-tier council areas including all of London, Scotland, Wales and Northern Ireland, all major metropolitan areas, and a number of shire county areas.

**11.2.** In Somerset the current distribution of service responsibilities between the county and district councils dates back to the 1974 reorganisation of local government. There have

been some changes since, such as the creation of a waste partnership of all Somerset councils; acquisition of new duties and powers, including the transfer of public health from the NHS in 2013; and immense growth in local public service partnerships. But whilst the needs of the county's communities have changed dramatically in the past decades the model of local government has arguably been unchanged for over 45 years.

- 11.3.** The county and district councils agree that the current model has to change and more recently we have seen the former West Somerset and Taunton Deane Borough councils come together as a single organisation because it was cheaper than continuing as separate organisations. However, residents of Somerset, unlike the majority in their neighbouring areas, must still navigate two tiers of principal local government, namely:
- One county council: Somerset County Council with 55 elected county members and a net budget of c.£600m.
  - Four district councils: South Somerset District Council, Sedgemoor District Council, Mendip District Council, Somerset West and Taunton District Council with a total of 214 elected district members and a combined net budget of c.£66m.
  - Not all communities get the support of a city, town or parish council. Whilst there are 323 local councils, Taunton does not have one, and only 16 of the 323 have a precept over £250,000. These range from over £1.3m in Frome to £315,000 in Wincanton. Of the 16, seven are in South Somerset, five in Mendip with only two each in Sedgemoor and Somerset West & Taunton.

The communities are supported by 323 parish and town councils, and one city council in Wells, with a combined precept of c.£13m. Many are highly active proponents of improving their local area reflecting the importance of community to the people of Somerset. They cover all areas of Somerset, with the exception of the unparished area of Taunton.

In addition, part of the county sits within Exmoor National Park Authority which is the planning authority responsible for the protection and enhancement of the special character of Exmoor.

- 11.4.** Following the Local Government and Public Involvement in Health Act 2007, there was a further round of local government reorganisation. It included the creation of county unitary authorities in Northumberland, Durham, Cornwall, Wiltshire and Shropshire. The counties of Cheshire and Bedfordshire were also reorganised using a two-unitary model, acknowledging that parts of both counties, namely Luton, Warrington and Halton, had previously become unitary authorities in 1997. The first elections for those new unitary authorities took place in 2008 or 2009.
- 11.5.** Between 2010 and 2016 central government made it clear that they were reluctant to consider any further proposals for reorganisation of local government in an area, particularly where there was not unanimous consent of all local authorities in the relevant area.
- 11.6.** In 2016, the then Secretary of State signalled a shift in this position including the introduction of new legislation to support the creation of unitary councils.

Subsequently the Ministry of Housing, Communities and Local Government (MHCLG) has received a total of five business cases proposing unitary authority models from 4 local authority areas. These are in respect of Oxfordshire, Dorset, Northamptonshire and two in respect of Buckinghamshire.

- 11.7.** The Secretary of State approved and legislated for the Dorset County Council proposal, enabling the creation of two unitary authorities in the county from 1 April 2019.

Also, in 2019, the Secretary of State approved and legislated for the creation of a single unitary authority in Buckinghamshire, replacing the county's existing five councils. It is clear in reviewing these proposals and processes that local engagement and support is important. Local MPs have played a key role alongside the relevant local authorities demonstrating significant local support for the proposals put forward, even if, in some cases, the majority of councils in the area were opposed.

**11.8. Financial Context**

The council's lobbying as part of the fair funding campaign has been very successful in gaining national recognition that the current system for funding local government is broken. The Government is planning to develop a Comprehensive Spending Review and proposals for the reform of Local Government Funding, (covering the Fair Funding Review and Business Rate Retention Reform) however this has been delayed due to the COVID 19 pandemic.

Somerset County Council's current MTFP (2020-23), approved by full Council on 19 February 2020, indicated the high level of uncertainty in the future funding assumptions for the Council. The COVID-19 pandemic has added further uncertainty in assessing demand for Children's and Adults Social Care Services as well as uncertainty around income levels of Council Tax and Business Rates. This means it is imperative that the Council continues to lobby Government to influence the basis for the distribution of funding from 2021/22 onwards.

- 11.9.** There continues to be uncertainty over the impact of Britain's proposed exit of the European Union. Regardless of the eventual deal reached most commentators believe that there may be an impact on the country's economic activity and the way domestic organisations need to operate. Local government is not insulated from these potential changes. Public services are dependent upon a fully functioning labour market; the local economy is dependent upon business investment and consumer confidence; Government funding is dependent upon the state of the nation's finances.
- 11.10.** There is thought to be strength in the argument that aside from the financial benefits of reorganisation, unitary organisations are more responsive to significant changes (fewer organisations) and make better decisions (preventative services aligned to the services they support).

**11.11. Legislative and Local Context**

The procedures for creation of a unitary authority are set out in the Local Government and Public Involvement in Health Act 2007. Under this legislation the Secretary of State may invite a proposal for a county or district, or group of districts, to become unitary. On 1 November 2018, the Secretary of State stated that he would set out, in due course, the specific circumstances in which he will invite a proposal in the future. It

should be highlighted that the creation of a new unitary council is a matter for the Secretary of State to approve and this process involves Structural Change Order for determination by Parliament.

- 11.12.** Within this process the Secretary of State may ask the Boundary Commission for Local Government in England to undertake a structural review of the area.
- 11.13.** In February 2017, the Minister for Local Government set out the criteria against which proposals for local government reorganisation will be assessed. A letter from Luke Hall, Minister for Local Government and Homelessness (MHCLG), to the Leader of Somerset County Council in February 2020 also sets out that a proposal must:
- Improve the area's local government;
  - Command a good deal of local support in the area; and,
  - Propose a credible geography for the proposed new structures.
- 11.14.** In March 2018, in the invitation to local authorities in Northamptonshire to make a proposal to create two unitary authorities, these criteria were expanded on. This set out that proposals must:
- improving local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures;
  - command a good deal of local support. This would need to be assessed broadly and across the whole county area and,
  - have a credible geography. The Government has indicated in the past that new unitary authority populations should be in excess of 300,000 and with an upper limit of 700,000 or 800,000. The Secretary of State has recently provided updated guidance in the form of a written parliamentary question in advance of the white paper. In this he confirmed the Government's expectations that the population of new unitary councils are "expected to be substantially in excess of 300,000-400,000".
- 11.15. Case for Change**  
As mentioned earlier in the financial circumstances identified it is reasonable for the County Council to consider transformation and reform which go beyond actions in its own hands. It is a fact that Somerset has an expensive structure of local government compared to other parts of England.
- 11.16.** Reforming local government in Somerset would make cuts to county and district services less likely and provide more sustainable delivery of public services. Without formal structural change, Somerset will neither be able to respond to the challenges that it faces, nor maximise its ability to build on its strengths or join up frontline services.
- 11.17.** The level of co-ordination needed across five local authorities creates an unnecessary overhead when the priority is frontline action. The response to the COVID-19 pandemic has thrown the weakness of the current structures into sharp relief.

The response from Somerset's communities has been excellent, building on strengths that already shine through in their work with vulnerable people. However, wider local co-ordination, such as contacting vulnerable people with 12 week shielding requirements, has been far slower to coordinate than in neighbouring unitary areas. While great progress has been made, the persistence of the two-tier structure creates a risk of sliding back as the urgency diminishes.

- 11.18.** It is a sound principle that demand led services create a constant requirement for efficiency improvements to keep council tax at an acceptable level, but at the same time wider reform should focus on protecting and investing in front line services, provided now by both the County Council and the district councils.
- 11.19.** Creating a unitary authority requires a major change programme and inevitably creates disruption and uncertainty. For that reason, we also intend for the business case to support a common understanding of the rationale for key partners, the business community, residents, elected members and staff. It should form the beginning of a process that when approved will help to representatives from all the councils, and the community, progress the detailed design and facilitate the transition arrangements that will be needed.
- 11.20.** Some of the key opportunities moving to a the new single-tier unitary council can provide for Somerset may include:
- Increasing strategic leadership and local accountability - so that decisions are made both strategically and locally with a large and diverse county.
  - Devolving powers and budget to Town & Parish Council, communities and residents.
  - Sustainable public services – public services in Somerset will have to change fundamentally in the coming years - because of national policy changes (such as the integration of public health into local government and development of CCGs); uncertain funding; and, increasing demand for services particularly for vulnerable adults and children.
  - Improving efficiency and public services – reducing from five separate councils would make life simpler for residents and businesses, provide a more powerful voice to speak up for Somerset in Government, remove duplication, reduce organisational management costs and enable resources to be redirected to support delivery of frontline key services
  - Simplified service provision following efficiency reviews
  - Strengthened relationships with strategic partners and businesses, leading to more effective multi-agency decision making and delivery of services.
  - Fit for the future, with the agility to adapt to the changing landscape of local government;
  - Continued value for money, maximising the use of the Somerset pound;
  - Budget reductions and savings – medium to long term unitary models could deliver significant savings across Somerset that could be used to help support key frontline services.

**11.21.** Throughout the development of the business case the various unitary model options were explored further and the FoLGiS report outline saving opportunities revisited, further analysis and modelling of the estimated savings were validated with the relevant service areas. The analysis showed that the greatest potential to generate savings is from Option 3, a single-tier unitary council.

Most of the potential savings associate by moving to to a new single-tier unitary council will derive from removing duplication and working more efficiently across local government. Experience of structural changes since 1996 has shown that the move to a unitary local government delivers revenue savings in a number of core areas, such as, member allowances, elections and democratic services, senior management, corporate services, IT, accommodation, contractual efficiencies, service consolidation.

By moving to a single tier unitary council there will be costs associated with delivering a changed structure, and the net savings will improve the overall financial resilience for the Somerset area. As mentioned previously, the projected savings associated to the above core revenue savings areas are expected to be in the region of £18.5m per year, and with a one-off implementation cost of £16.5m.

**11.22.** Similarly, there is a good case to be made that fragmentation in service delivery and responsibility inevitably can lead to frustration and confusion for members of the public and that a unitary structure can correct that.

In the digital age, having multiple councils continues to create confusion for residents about where to direct contact or look for information about local government services.

As the pervasiveness of easy digital access to services raises resident and business expectations of the level of service they receive from the public sector, so the two-tier systems appear more cumbersome. Part of the COVID-19 response has been to establish a single local government support contact number – this has been a positive development, but it serves to illustrate the underlying confusion that needs to be addressed.

**11.23.** The creation of a the new single-tier unitary council for Somerset would also improve the effectiveness of partnership working across local government, health, business, the voluntary and community sector and other local partners.

#### **11.24. Evaluation of Options**

On 1 May 2018, the Leader of the Council authorised the commissioning of feasibility work to explore local government reorganisation options for Somerset. The review was taken forward as a piece of work jointly commissioned and paid for by the county and district councils in Somerset. The cost of the work with the consortium was £167,000 split evenly between the five councils of Somerset.

This report has reflected on the work developed by the consortium of Ignite, Collaborate, Pixel Finance and De Montfort University on behalf of the Somerset Chief Executives Alliance, which is contained in the [The Future of Local Government in Somerset \(FoLGiS\) Report](#).



- 11.25.** The Leaders and Chief Executives of the county and district councils in Somerset have met regularly to review and discuss the future options for local government in Somerset.
- 11.26.** The research study remained in a draft form for some months following the district council elections in May 2019.
- 11.27.** The Leaders and Chief Executives have been broadly supportive of changing local government in Somerset. However, the work on potential options and a way forward took much longer than anticipated. Following the election of the Government in December 2019, the Leader of the Council advised the district council leaders of the intention to request the Secretary of State to invite an expression of interest for the development of proposals to establish a unitary model(s) of local government for Somerset to improve outcomes for our communities and businesses. The district councils currently consider that collaboration and integrated models of working are preferable to a unitary model and are intending to jointly develop a business case.
- 11.28.** The FOLGIS report expressed the view that “no change is not an option” if the Councils are to meet the challenges and grasp the opportunities that the future presents. To remain as five separate organisations acting independently of one another would neither be advantageous nor efficient.
- 11.29.** The report went on to identify a number of options for the creation of Unitary Councils of various configurations. In addition to these, two further options were described that were based more on the transformation of collaborative working practices than on structural solutions.
- 11.30.** Despite our strengths Somerset has challenges to overcome;
- Economic productivity that remains below the national and regional average.
  - Poorer levels of public sector funding compared to other areas.
  - Meeting the needs of a growing and ageing Somerset population.
  - Inequalities in:
    - Educational outcomes.
    - Economic opportunity.
    - Access to services.
    - Life chances and aspirations.
    - The need for more housing and infrastructure.
    - Many people and communities remain digitally excluded
    - Many people suffer from poor physical or mental health and wellbeing.
- 11.31.** The 2016 EY report ‘Independent Analysis of Governance Scenarios and Public Service Reform in County Areas’, commissioned by the County Councils Network concluded that “If two-tier county areas choose to follow the structure of the most financially effective scenario and reorganise themselves into single tier unitary authorities they could achieve total savings of up to £2.9bn [nationally]. Whilst considerable these savings would only partially narrow the gap between cost pressures and available funds over the next decade and so more will need to be done. The challenge therefore is not to simply evaluate each scenario in terms of its ability to generate savings, but rather to identify the scenarios that relate best to the public service reform agenda, and hence

create the most appropriate platform for sustainability, transformation and continuous improvement into the future.”

- 11.32.** Somerset councils have demonstrated close co-operation and examples of excellence in collaboration to deliver better outcomes in Somerset e.g. Somerset Waste Partnership and Somerset Rivers Authority. If this can be tapped into, we will generate a healthier, better and more sustainable set of arrangements across the County. There is, however, a need for deeper trust and cooperation which, whilst growing, is not yet sufficient. The challenge is to create a favourable atmosphere in which to introduce the necessary improvements so that people view, and experience change as constructive for achieving better outcomes for Somerset's communities and businesses.
- 11.33.** As set out in the report and business case, the creation of a single Authority in Somerset would mean one new council replacing the existing County Council and the four district councils. It should be highlighted that City, Town and Parish councillors would remain outside the proposed reorganisation.

**11.34. Implementation**

It will be a decision for the Shadow Executive to determine the exact nature of the implementation programme. The Shadow Executive (with representation from all the current councils) will need to validate the vision and importantly agree the design principles and cultural ambitions for a single new unitary. To deliver this the Shadow Executive will need to establish a comprehensive change management programme to ensure that the new Somerset Council is launched successfully and is able to achieve the benefits articulated in this business case. The programme will need to establish strong links into the community and parishes and towns to ensure the benefits of community centric working can be realised.

**12. Background Papers**

- 12.1.** Appendix A – Business Case  
 Appendix B – Statement from Leaders of the County Council and District Councils  
 Appendix C – [The Future of Local Government in Somerset \(FoLGIS\) Report](#)  
 Appendix D – Equalities Impact Assessment

**Report Sign-Off**

		Signed-off
Legal Implications	Honor Clarke	02/07/20
Governance	Scott Woodridge	06/07/20
Corporate Finance	Jason Vaughan	02/07/20
Human Resources	Chris Squire	30/06/20
Property	Paula Hewitt	29/06/20
Procurement / ICT	Simon Clifford	02/07/20
Senior Manager	Patrick Flaherty	06/07/20
Commissioning Development	Sunita Mills	30/06/20
Local Member	All Members – Member workshops and briefing	30/6/20 & 3/7/20
Cabinet Member	Cllr David Fothergill - Leader of the	26/06/20

	Council and Cabinet Member for Customers and Communities	
Opposition Spokesperson	Cllr Jane Lock – Leader of the Opposition MB to confirm	09/07/20
Scrutiny Chair	Cllr Anna Groskop - Place Scrutiny MB to confirm	08/07/20

## **Appendix B**

### **January 2020 - Joint statement from the Leaders of Mendip District Council, Sedgemoor District Council, Somerset County Council, Somerset West & Taunton Council, and South Somerset District Council:**

Over the past 18 months, Somerset's four district councils and Somerset County Council have been exploring together the future options for local government in the county. The aim of the review is to determine the best way of delivering local public services and meeting community needs in Somerset in the future. The aim has not been to simply cut costs, the intention has been to find a way, through the better use of our resources, to sustain vital services now and for the future.

Following extensive research which has been evaluated to ensure the benefits and implications of any possible changes are understood, the Leaders of all the councils have been determining the best possible option for Somerset.

We are now convinced that staying purely to our own paths is not an option and that we can collectively do better. Service needs across Somerset are evolving, demand is increasing, and a new collaborative delivery strategy is needed.

Today, we are happy to release the initial findings from research which was conducted to assess Local Government delivery in Somerset and a range of options for change