

The Future of Local Government in Somerset: Delivering together for the people of Somerset

Executive Portfolio Holder: Val Keitch, Strategy and Housing, Leader of Council
Strategic Director: Alex Parmley, Chief Executive
Lead Officer: Netta Meadows, Director Strategy and Support Services
Contact Details: Netta.Meadows@southsomerset.gov.uk

Introduction

1. The debate about the best form of local government in Somerset has been ongoing for a number of years. In the last 30 years various forms of Unitary Government have twice been proposed, most recently in 2006 when an initiative to create one Unitary Council for the whole of Somerset did not win the backing of Government.
2. The issues that drove that debate, however, have not gone away. Over the past eighteen months the 5 Councils have been exploring together the best way to address the challenges we face the options and, under the banner of FoLGiS (Future of Local Government in Somerset) we have commissioned research into the options for 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 whilst also dealing with some of the big challenges Somerset and its communities face.
3. Based on a collective view of the financial challenges that we face, the growing demand pressures for services likely to stem from a growing and aging population, and the opportunities inherent in a relatively low level of collaboration and sharing in the past, we concluded that change needs to happen to ensure we do the best we can for the communities of Somerset and for local government to be financially sustainable. We have considered impact on our services and communities of continuing on the current path and concluded that “no change is not an option”. The only real question is what changes we need to make and when shall we do it. The high level options report on the Future of Local Government in Somerset, reproduced at Annex 1, stated:

“We are now convinced that staying purely to our own paths is not an option. We can collectively do better”.... “Continuing ‘as is’ is not a sustainable long-term strategy. Service needs across Somerset are evolving, demand is increasing, and a new collaborative delivery strategy is needed”

4. This paper aims to summarise and make plain the main points of the research that the five Councils of Somerset commissioned, to enable a choice to be made. Prior to the 2019 local government District Council elections a way forward based on deeper collaboration and integration rather than reorganisation had been preferred, but it is recognised that changes have taken place in the political landscape.
5. Although the FOLGIS work was commissioned by all 5 Councils, more recently Somerset County Council has stated that it believes a Unitary approach is their preferred way forward. This is not a position that is shared by the District Councils. With growing momentum at a national level for local government reorganisation and a report indicating that savings and improvements are available to the Councils, “no change” is undesirable for all Councils. Unless the District councils of Somerset grasp the opportunity to shape that change and fully commit our organisations to it, we risk being subject to change designed by others who do not understand Somerset and its communities as well.
6. It is the case that the District Councils recognise change is needed. However, it is believed that the best way to deliver real, lasting and effective change is to simply get on with it, by working more collaboratively immediately. Long protracted and costly Unitary proposals,

whilst looking potentially attractive in financial savings terms, have a much longer period for delivery, not to mention the organisational turmoil that this approach creates.

7. They take the “local” out of local government by moving decisions and the decision makers further away from the communities they are there to serve. Not only is this form of local government further away from people and communities, it causes “lost years” to communities as staff of councils focus on changing structures and how it affects them, with less focus on dealing with the challenges faced by the communities they are there to serve.
8. Abolishing five councils and setting up a new one costs a substantial amount of tax payer’s money. The District councils believe this money, our residents’ money, would be better spent on the communities of Somerset, not on “rearranging the deckchairs” and paying redundancies.
9. To aid decision making this report describes the unique challenge and opportunities we face in Somerset, the options available to us and the benefits and risks associated with them, and a possible timetable to take forward the option chosen.

Recommendations for each District Council:

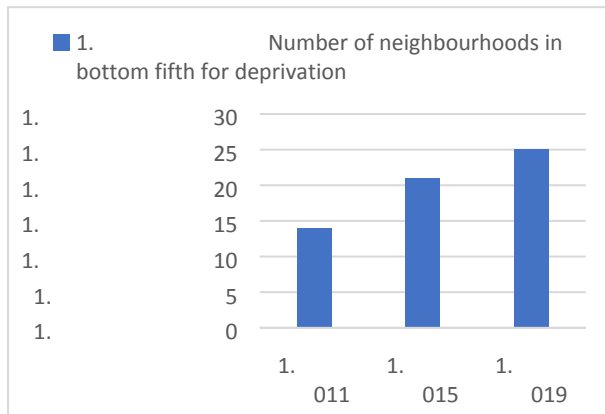
1. That Full Council agree that a full business case should now be prepared, which fully explores Option 2 (Collaboration and Integration), being the preferred way forward at this time. This business case should come back to District Executive/Council in July 2020, along with clear recommendations and delivery plan.
2. That Full Council agrees option 2 – Collaboration and Integration as this council’s current preferred option for the future of local government to take forward through community consultation and engagement.
3. That Full Council agree that a joint Project Board should be created, with the Leader of the Council being the representative from each Council, to oversee the work during the next stage.

Somerset: The Big Challenges and Opportunities

10. In determining the best way forward for Local Government in Somerset it is important to understand the nature and scale of the challenge. Somerset has so many advantages as a place to live and work, but a number of trends threaten, unless reversed, to undermine its prosperity and overwhelm its local services including those of Councils.

Disadvantaged Children

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



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

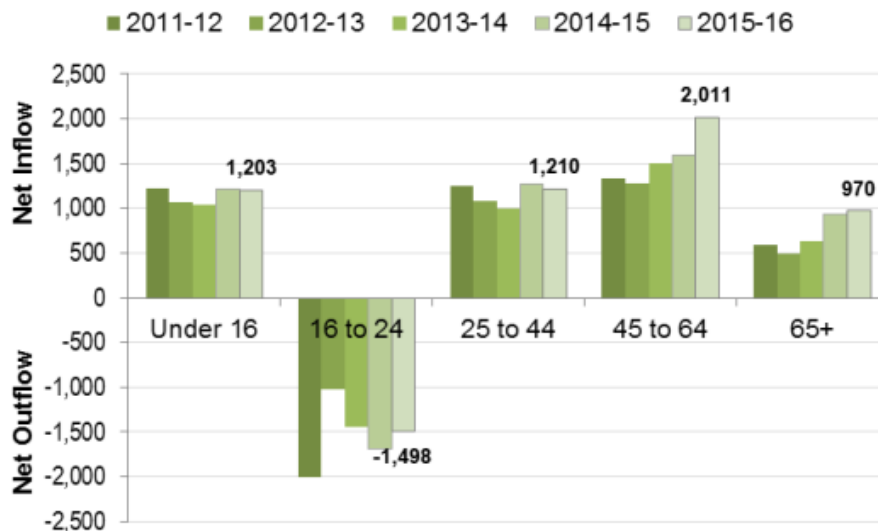
14. Poverty is the strongest predictor of a child's future life chances. The

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

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

Our Young People (16-24 years)

16. The number of young people aged 15 years, who are eligible for free school meals, who then go on to enter Higher Education in Somerset is well below the national average. Only 39% of our 16-18 year olds go on to higher education compared to 48% nationally and this has an obvious impact on the skill and salary levels that our young people can expect to attain.
17. The ratio of house prices to earnings is higher than the national average across Somerset. The affordability gap is also widening, average private rental costs in Somerset account for 36% of the median gross monthly pay compared to 28% in 2015. The upward trend in single-person households, coupled with private rental values at an all-time high, may increase the number of households applying for assistance with their housing costs or with access to housing.
18. The combination of these factors, low wages, high house prices means that we consistently see net external migration in the 16-24 years group, as they leave Somerset for education or employment elsewhere in the country. Somerset is a net exporter of young people.
19. Chart 1: Net internal migration by Age, Somerset



Our Economy

20. For those young people who stay in Somerset as they move into their working years, they will enter a workforce of low waged and low skilled workers. The average salary of a full-time worker in Somerset is £26,532, compared to £28,758 nationally. Even allowing for the presence of London earnings in a small proportion of the national figures, our wages are well below average. Within our Local Enterprise Partnership, 94% of our apprenticeships are at intermediate or advanced level and only 6% at higher level. Instead of investing in the skills of local residents, niche employers are often recruiting highly skilled employees from outside the county. If we do not grow a more highly skilled workforce, it will continue to prove difficult to attract the right types of businesses into the county and we perpetuate our current reality.
21. Productivity is low and expected to remain so: between 2014 and 2030 it is expected that GVA growth will be 44.9% compared with 51.6% across the UK as a whole. Compared with many areas, our digital connectivity is poor: 13% of Somerset households do not have access to 'Superfast' broadband and 93% do not have access to 'Ultrafast' (South Somerset Economic Development Strategy 2018)
22. As well as a bleak picture for our young people, the way in which local government is funded is changing, and Councils will be more and more expected to balance the books from the proceeds of council taxes and business rates. The ongoing drain of people and the prevalence of relatively low value business activity, makes this harder.
23. These factors also impact the need for housing; rurality makes Somerset a desirable location for inward migration, fuelling local property prices. Lack of affordable housing contributes to the challenge of retaining younger people, and their skills, within Somerset.
48. The Strategic Housing Market Assessment (SHMA) states that;
 - There is a need for 2,355 dwellings per annum, this includes a need for 955 Affordable homes per annum
 - The focus of need is for 2 & 3 bedroom market housing and 1 or 2 bedroom dwellings in the social/affordable rental sector
 - There is demand for medium sized properties from newly forming households and those seeking to 'downsize'

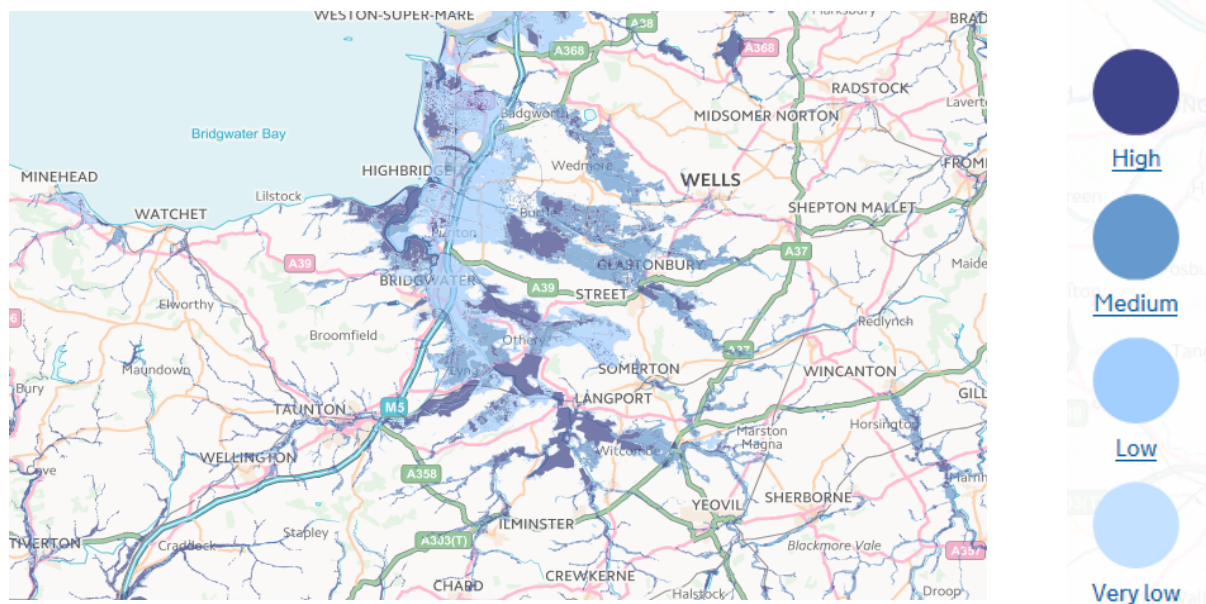
Our Environment

24. Rurality is both a blessing and a burden for Somerset. We have a dispersed population by virtue of being spread across a geographically large area and, because of this sparsity,

providing an effective transport system is a challenge. This in turn has a huge impact on the ability of our residents to access education, employment, healthcare and social events. For those of us living in Somerset, it takes us significantly longer to travel to access key services, such as education, employment and health services (25 minutes compared to 18 minutes nationally), and the use of cars is has increased as a result.

25. All the Councils in Somerset have declared a climate emergency. The release of greenhouse gases into the atmosphere is changing the world's climate and the planet is warming up.
26. Rising global temperatures will create more extreme weather events, rising sea levels and severe flooding. The best estimate of total economic damages for the winter 2013 to 2014 floods was £1,300 million in England and Wales (Defra). Much of Somerset is at high risk of flooding, as shown below:

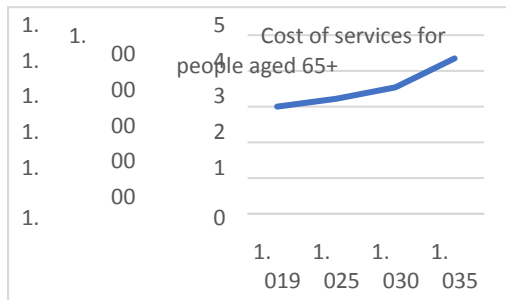
27. Map 1: Flooding Risk, Somerset



28. More extensive flooding in the future could lead to the large-scale displacement of communities, with associated social and economic costs. In the shorter-term, there will be increasing financial demands on Councils to mitigate flooding and reduce emissions.
29. Our current tree canopy covers 2.6% of the county and is capable of offsetting the carbon emissions from domestic consumption only for one District Council area only. There is clearly much to be done if we are to bring our emissions down and increase our capacity for offset.
30. There is a need for the county to reorient itself economically to focus on clean growth, with a significant impact on land use and the farming and manufacturing industries.
31. The Somerset Councils have come together to develop a county-wide strategy for tackling the Climate Emergency. Each of us has pledged to bring our own operations and estate to carbon neutrality by 2030. The costs of doing so, whilst also working to address the factors which contribute to climate change across our geographical county, will be considerable.

Our Older People, aged 65+ years

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



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

33. In addition, there will be 15,915 older people living with dementia, 26,880 older people providing unpaid care for a relative, 57,406 needing help with self-care and 58,197 needing help with domestic chores.

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

The scale of the challenges

35. There are many other issues that could be explored here, the list is by no means exhaustive. We lack, at this stage detailed financial modelling, of the overall impact of these trends, but if, in a worse-case scenario, we add together the cumulative costs of a growing and ageing population, plus the potential additional costs of supporting more troubled families, plus helping more people who cannot access affordable housing, dealing with more young people leaving the County at the same time as trying to create the necessary investment in trying to meet environmental targets, in investing in digital technologies and in crating the connectivity infrastructure, then it becomes apparent that the scale of the challenge is likely to be **greater than the savings that might be achieved by a traditional reorganising of local government to a Unitary council**. Indeed this old fashioned approach will likely take resources away from tackling challenge to pay for reorganisation and redundancies whilst moving decision makers further away from the people and communities they are there to serve. In addition, the solution is not sustainable and may effectively be kicking the financial can down the road a little further for Somerset local government as it does not address the underlying challenges.
36. It may be possible to consider all of these issues as presenting a challenge principally to the service providing budgets of the County Council and the health services. However, this too is outmoded thinking that does not recognise the complexity of the challenges and the interdependencies within and between challenges.
37. Instead, we recognise that we are in actual fact one large interdependent system when it comes to these issues, if service budgets are stretched and people are in difficulty the impact will be experienced at all levels of local government, moreover the solutions to these County wide problems don't rest with any one service provider and may start in local communities.
38. There continue to be indications, given the demands on other parts of government, that there will likely not be much additional new funding for local government in coming years. This means that in meeting the challenges local government faces, including in Somerset, resources are likely to be taken away from council services that, whilst highly valued by residents, are regarded as a lesser priority within the national context.
39. A new approach is therefore required to sustain services during continued financial pressure and also find resources and solutions to the challenges Somerset faces.

Meeting the challenges, grasping the opportunities

40. The future of local government in Somerset needs to be based on creating a response to these challenges and be informed by evidence from elsewhere in the country about what works in gaining control over a set of trends that might otherwise overwhelm our communities and the organisations that serve them.
41. By meeting these challenges, rather than shirking them, we have the opportunity to transform local government in Somerset to ensure better lives for some of our most vulnerable communities, improved quality of life generally in Somerset and a genuinely sustainable, including financially sustainable, system of local government with excellent services – not constant cutting. These opportunities are as follows.
42. The first is to make sure that all available funds are focussed on meeting the needs of our communities and that not a penny is wasted in doing so. Achieving optimum efficiency is paramount and that means ensuring that there is no overlap or duplication in what the Councils do, that our back office costs are as low as they can be, that we use technology wisely and that economies of scope and scale are achieved in a relentless drive to reduce unnecessary costs across all the Councils. The FoLGis research makes plain that this journey, whilst underway in individual Councils, has not been addressed as a whole. The research therefore presents initial estimates of significant savings. However, it should be noted that none of the options examined in the research form a detailed business case and therefore the potential savings need to be qualified in detail. They also need to be realised as quickly as possible to protect services and ensure the best outcome for communities.
43. It is recognised however that even if these estimated savings were achieved in full, it would not solve the problems set out above. The imperative is to create better more collaborative and effective kinds of government in Somerset, not just cheaper ones, otherwise the savings achieved will simply be swallowed up by the continued growing demand and quickly be inadequate, and we will have less capacity to deal with the issues that remain.
44. Meeting the complex challenges needs joint and concerted action, single strategies that make consensual use of the data that all the organisations own so that co-ordinated help can be targeted on those that most need it, as early as possible.
45. Many of the issues above will not be solved simply by the provision of services. Instead, new forms of intervention will be required to tackle some of these issues at source and in so doing, help people to have better lives whilst also reducing demand or the growth in demand. This could include redoubling our efforts at a very local level to create a greater sense of community and neighbourliness, helping to end isolation, engage with excluded people and groups, and maximising forms of support that help people and communities to help themselves.
46. As the Joint Strategic Needs Assessment states
“Being lonely has been found to have the same adverse impact on health as smoking 15 cigarettes a day. Loneliness can affect people at all ages and in all circumstances, and whilst old age or rural isolation are undoubtedly contributors, the cumulative risk, based on factors such as living alone, low income and transport, is highest in the more deprived communities. Groups such as widowed, older homeowners living alone and unmarried, middle-aged people (with long term conditions) and younger, ‘rootless’ renters have a high risk of loneliness”
47. Creating sustainable prosperity will also be vital to tackle low wages and increase the funds available to local councils. Working together across government, business and education sectors will help to create the conditions for prosperity, with a clear focus on growing high value and sustainable business opportunities.
48. Providing access to services locally will be helped by developing the connectivity infrastructure required. Recent attempts to do this through Connecting Devon and

Somerset have not delivered the hoped-for improvements, but a clear lead from a united public sector signalling its desire to conduct its own business online will help the investment case that providers need.

49. The option chosen needs to be enable people to focus on all these agendas in the shortest time available

The options for change

50. To help focus on the specific ways forward this part of the report draws on the research undertaken by the consortium of Ignite, Collaborate, Pixel Finance and De Montfort University. This report, "Future of Local Government in Somerset" (FoLGIS) and subsequent work completed by the Somerset Internal Consultancy Team, is attached in full at Appendix 1 and 2. The FoLGIS research identifies a number of options setting out possibilities for different configurations of Unitary Councils as well as alternatives for closer collaboration, rather than structural changes.

51. It should be noted that the options research is high level and does not represent a business case for any options. It was intended to inform discussion with a view to an option being selected to be developed into a detailed business case.

The 7 options in the FoLGIS report

Option 1 – 'As Is'

52. It should be noted that this is not a "no change option." Improvements and savings would continue to be delivered in individual Councils however this option does mean that there would be a continuation of the current arrangements across Somerset (no specific changes to the way we work, the way we deliver services collectively across Somerset, or the way we are structured). We would continue to have the existing County, 4 Districts, and the Town and Parish Councils,

53. The savings delivered would be the sum of those currently being pursued by the individual Councils through their independent change and transformation plans which differ in nature and focus.

54. The collective view, based on the predicted pressures on services and budgets into the future, is that this is not an adequate option for Somerset as a whole. The challenges for communities and services (set out in part 1 of this report), are too great, and the opportunities, too good to miss. If we want to improve the outcomes for our communities then we need to change, it is just a matter of how and when.

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

55. This means that each of the 4 District Councils, and Somerset County Council would remain as sovereign and independent legal authorities. They would at first work to deliver efficiencies individually, but in a co-ordinated way, with the aim of joining together services, strategic outcomes and initiatives to deliver efficiencies as quickly as possible. Individual savings plans would be pursued, based on a set of principles and standards which are agreed across all Councils. Joint work would then be pursued in the following areas:

56. A single strategy – aligning and joining up our strategies and action plans across the Councils. This could, for example, be things like one Local Plan for the whole of Somerset, one Economic Development Strategy, one commercial strategy, one procurement strategy, one approach to working with older people across the County, or with troubled families, or joining together local preventative services with better ways of working with people with high needs.

57. Shared support services; this could mean joining together all the back-office functions of the Councils, such as HR, ICT and finance functions, for example, to maximise use of back

office and internal support resources across organisations. Different councils might lead on the provision of a particular service. To maximise savings and for this option to be competitive with other Unitary options, Councils would have to make a commitment to share these services extensively and for a significant period of time.

58. Joint locality working; a joined-up approach to dealing with our customers, service users and residents. An example of this would be one aligned way of delivering Customer Hubs/Customer Contact Points that deliver services on behalf of all Councils in one place as well as integrated teams at a local level working with communities and groups to get better outcomes and reduce demand.
59. This would lead to financial savings and therefore would free up much needed money for frontline services and for changing the way we work.
60. This option is predicted to save up to £32m per annum (pa) in the first phase with a further £16m pa to follow
61. Savings could start to be realised within a year and continue over a three-year period

Option 3a – One new Council for Somerset

62. This option would mean that one new (unitary) Council across the whole of Somerset would replace all the Districts and the existing County Council. Town and Parish Councils would remain. It would mean a reduction in the number of elected Members across the County. (from 266 to circa 100-125). The FOLGIS report envisages that working at a local level would take place under newly constituted Area Boards, who would have powers and responsibilities, to be determined, delegated to them.
63. This option is estimated to deliver savings of up to £47m pa.
64. It would take longer to pay back the investment necessary compared to option 2 and savings would realistically start to be realised within 3 to 5 years as typically, the journey to Unitary government takes 2 to 3 years to achieve from the point an area decides to embark upon it.

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

65. This option would follow the same path as option 3a above and the same features -, abolishing the existing County Council and the 4 Districts, and creating two new councils; one being the amalgamation of Bath & North East Somerset Council (B&NES) and North Somerset Councils, and the other, a new Council for the existing County Council area. It would mean a reduction in the number of elected Members too as in option 3a above. Town and parish councils would remain under this option and Area Boards may also feature.
66. The time taken to get to benefit would be the same as option 3a above with savings taking 3 to 5 years to start to be realised.
67. This option is estimated to save up to £80m pa (a big increase over option 3a but based on an extended geography with two other, existing Unitary Councils combining together)

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

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

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

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

Town and parish councils would remain.

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

Option 3d – Three new Councils for Somerset

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

Council 1 – B&NES and Mendip

Council 2 – North Somerset & Sedgemoor

Council 3 – South Somerset, Somerset West & Taunton

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

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

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

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

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

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

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

75. It is important to recognise that these potential savings are estimates derived from ‘typical’ savings levels as a percentage of current spend, and the cost of change has similarly been estimated based on estimates and experience from elsewhere.
76. Finance officers from the Councils have reviewed the estimates and indicated their satisfaction with this methodology as far as it goes. However, these estimates do not represent a business case and were not intended to do so. The options research was intended to inform a discussion and enable selection of a preferred option to be investigated in more detail.
77. It is essential that before commitment is made to any one option that the figures are explored more fully through the development of a detailed business case. The next part of this work could be to fully explore the preferred option and to build a business case for the change, that better reflects the specific elements of the chosen option and therefore the potential savings.

The preferred option of the District Councils – “Option 2 – Collaboration and Integration”

78. Having considered the FoLGiS reports the Leaders and Chief Executives of the District Councils are agreed in principle that option 2 is preferred on the basis that:
- The savings are **comparable** to other “reorganisation” options,
 - The time to benefit is **faster** i.e. savings and community benefits can start to be delivered within the first year,
 - It is **less disruptive** than other options and therefore less likely to detract from dealing with the important issues facing our communities and
 - Work can begin now** to deliver a new approach to local government without the uncertainty and division inherent in the creation of one, two or three Unitary Councils.
79. However, the District Councils are under no illusions that the collaborative, non-structural option is the easy option. This is not about loose partnership and sharing of a few services. Instead, it requires a deeper level of collaboration at a strategic and service delivery level that will lead to an integration of the four District councils of Somerset, and should they

accept the invitation, the County Council too, whilst retaining them as independent democratic and legal authorities. Their systems, buildings, ways of working would become closely integrated. This is a big change to the way local government currently works in Somerset. It is unfortunate that at this time, Somerset County Council no longer wish to progress this option alongside the Districts, and it is certainly the case that more efficiencies and greater community impacts can be achieved with them being part of this work.

What might Option 2 “Collaboration and Integration” look like?

80. Exactly what Option 2 would look like would need to be determined by the four District councils through the business case research and development and in the detailed implementation process. However, *for the purposes of illustration*, the bullets below set out what Option 2 *could look like* and the sort of things that *might happen*:

- a. *One set of strategies & strategic outcomes* – this might involve having one Strategic Plan for Somerset, one development plan, one economic strategy etc, building on the approach already in place for some key strategic areas such as the Somerset Housing Strategy and the Somerset Climate Change Strategy. Each plan would be developed and adopted by all councils. It might include specific chapters on each district area or even subdivisions of districts to take account of local community differences of need. This would ensure a unity of purpose between the councils at a strategic and operational level and support collaboration and sharing of resources in dealing with the opportunities and challenges within Somerset. It would also give Somerset the advantage of a unified voice when dealing with the Heart of the South West (HoSW) Joint Committee and LEP, and with government which could assist in making a case for devolution of powers and funding to deal with challenges and realise opportunities in Somerset.
- b. *Leadership/management integration* – this could mean at its basic level, shared management boards to bring senior managers together to oversee the development of strategy and the delivery of community outcomes and efficiencies. At the other end of the scale it could lead to a shared management structure with, for example, a single Senior Leadership Team for Somerset, leading the officer core of all Councils. This has been deployed in other areas of the country, for example in Oxfordshire where the Chief Executive of the County Council is also the CEO of a district – this could be applied across all districts; or in Gloucestershire where the Chief Executive of Gloucester City Council is also a Director of the County Council. A potential model for a unified senior structure across Somerset could be developed across the councils using similar lines to either of these examples. An integrated management across the councils with a core mission to deliver the benefits of option 2 would seem important to ensuring the change has an ownership and that there is clear accountability for delivery.
- c. *Shared internal support services* – examples already exist, for example with shared legal services in Somerset, that could be more broadly applied to all internal support services, such as HR, Finance etc. and applied across all councils. This would achieve economies of scale and widening of expertise that is not achievable with separate sets of support services. Such shared services could all sit under one umbrella – a partnership entity overseen by all councils – or each council could be the lead partner for a support service, providing services under service level agreements to the other councils e.g. one council leads on HR, one leads on Legal, one leads on Finance etc.
- d. *Simple self-serve customer journeys* – this might involve redesigning all services through the eyes of the customer rather than which council they are interacting with. It could involve a single customer portal for Somerset, with service design directing the customer need to the appropriate council and potentially other service providers, but

to the customer appearing seamless in its delivery. It would promote self-service to all residents of Somerset, thus allowing resources to be freed up to service demand from customers / residents who cannot or will not use self-service channels.

- e. *Local holistic triage* – this could involve investing in shared or integrated teams operating at a community level, able to deal with a range of service needs across councils and holding the knowledge of which specialists to contact from which council to meet customer demand. Teams would be able to look at the resident / customer needs in the round rather than being constrained by organisational boundaries.
- f. *Multi-disciplinary locality working* – this might involve integrated teams operating at a community or place level and sharing information and solutions and operating to locality plans and objectives that take account of local needs and differences as well as the wider strategic ambitions for Somerset. This could be based on themes e.g. community – bringing together disciplines such as housing and health, to tackle community and individual issues.
- g. *Single strategy/approach to community-based demand management* – reducing demand or at least stemming the increase in demand for services is a common challenge for all public services. A single strategy and approach would ensure all councils and potentially other public service providers are working coherently to reduce demand and are taking account of the impact of decisions about services and initiatives on demand for their services and the services of others. Some of the demand management activity might be at a service-based level such as identifying “failure demand” and inefficiencies where the process of one organisation might create demand within another. At a community level, demand management activity would be focussed on deep rooted community issues that cause demand on all councils and other service providers. A number of these are alluded to above in the challenges facing Somerset such as child poverty, social mobility, struggling families, health and the ageing population, isolation – all of which mean certain groups of residents have both a poorer quality of life than average and utilise a disproportionately large proportion of public services compared to the average.
- h. *Joined up commissioning & procurement* – all councils are involved in procuring similar goods and services. Joining this up could involve either more integration between the current individual and teams within councils or having a single procurement team tasked with driving down procurement costs and maximising the social and economic value to Somerset from the goods and services all councils buy.
- i. *Single commercial strategy (and delivery)* – all councils have embarked to varying degrees on commercial strategies to support the sustainable delivery of services. A single commercial strategy and delivery could involve at the very least, a more coordinated approach, sharing experience and expertise and coordinating activity. At its furthest extent there could be a shared commercial strategy and team tasked with maximising the return for all councils and helping reduce risk by operating a shared portfolio of investment. A shared team would enable both a greater depth and breadth of knowledge and experience and potentially make the authorities more competitive in attracting the required expertise to manage commercial investment and risk well. Each council needn't necessarily hold the same level of equity in the shared portfolio but could potentially invest at different levels dependent on need and appetite for risk.
- j. *Focused asset strategy & portfolio management* – all councils hold significant assets between them. Across the entirety of the portfolio there is undoubtedly excess operational space and the ambitions of “one public estate” are far from being fully realised. A focussed and shared asset strategy and portfolio could bring renewed focus to the efficient use of public assets, releasing those assets that are surplus to requirements for other uses and priorities and delivering operational savings and potentially capital receipts. Sharing portfolio management would not necessarily mean

that if an asset was sold the financial benefits were shared between all councils, as clearly the asset will still be owned by one council. However, methods could be examined to incentivise greater sharing and release of surplus assets, including potentially with other public service providers.

Moving ahead

81. To realise the benefits of Option 2 will require significant work to be undertaken from staff and most probably, external expert support given the capacity constraints in all councils. Furthermore and more importantly, the Councils will need to commit to far reaching reforms for the long term to realise the benefits identified and there will need to be unified, determined and consistent political and senior managerial leadership across the councils to drive this through to conclusion, and overcome the undoubted obstacles and challenges that change of this scale will pose.
82. The Leaders and Chief Executives commissioned some further exploratory work by an internal team drawn from the five councils, the Somerset Internal Consultancy Team, to consider option 2 and how it might be delivered. This fleshed out a potential approach and led to this option being renamed “Option 2 – Collaboration and Integration” as a better reflection of what it involves. The Team began to cluster the areas of work together to create a better integrated approach, reducing the risk of double counting financial benefits, and provide a clearer framework for moving forward.
83. These clusters need further work to define them accurately, but the intention would be to create a sequence that:
 - a. Starts with the creation of the ‘machinery’ to do the ‘heavy lifting’ of the ‘transformation programme in the future by bringing together data and strategy personnel, creating combined programme management and change delivery teams and working to assess the specific opportunities arising from the commitment to close collaboration. This work will also start to bring together the back office functions whose role is so vital in driving change, HR and ICT, finance and property. As each area of service is brought together the leadership and management elements can be integrated and rationalised
 - b. Once this is in place then the programme could begin the task of strengthening work at a local level, working to create the single strategy/approach to community-based demand management outlined above, redesigning customer access, creating a common front door to services and to local forms of help, and crucially working alongside local voluntary groups, town and parish Councils to build communities to combat isolation and exclusion. This work would also entail a greater emphasis on targeted early intervention and prevention.
 - c. The programme could then progress to create the ventures and initiatives which could provide new approaches to long standing problems and create new opportunities to work creatively with the assets of the organisations. The process of jointly recommissioning major areas of service could give us the opportunity to rethink and redesign many areas of service, working alongside partners and using evidence of what works from elsewhere to deliver better outcomes and better value for money. It could also present an opportunity to create community interest and other companies to pursue objectives creatively.
84. The potential programme outlined above needs a firm foundation, hence, to move ahead with a sense of urgency requires the immediate establishment of a Collaboration Programme Board with a remit to:
 - a. Build awareness of current activity in the Councils.
 - b. Gather the data necessary to create the business case to make the final decision, in particular the accurate modelling of future demand, and the validation of estimates for savings and the costs of achieving them.

- c. Ensure that all improvement activity in the separate Councils is understood and then aligned, based on the premise that a shared approach is the agreed goal of the organisations.
- d. Revisit the original report and create clusters of workstream activity.
- e. Identify where work could start in order to show quick progress and gain momentum.

Conclusion

85. The debate on the Future of Local Government in Somerset, which has been ongoing for over a year in this instance, and sporadically for several decades before that, needs to move decisively into concrete action and follow a clear direction.
86. Throughout this report and in the research and discussions, it is clear that the combined pressures of a growing and aging population, increasing levels of poverty and poor social mobility, low wages and insufficient housing present a set of challenges that threaten to overwhelm local government and other public sector organisations. Action is needed quickly to arrest and reverse the trends and to build on opportunities that have been dormant for some time.
87. Ironically the lack of collaboration between the Councils in the past provides the basis of the first steps toward a new future. As stated at the beginning, the District Councils believe that a more collaborative approach is the best way to achieve immediate change and improved outcomes for the communities that we serve. There are, at first sight, substantial savings to be gained from bringing the organisations together and removing waste and duplication. A number of options are available, with the preferred option being the one that delivers savings **quickly** and enables people to be fully focussed from day one on the **development of effective strategies**, the redesign of services and the strengthening of communities.
88. The collaborative option is not the easiest and this will require considerable and sustained political and managerial will. Light touch sharing will not provide the outcomes to compare with those on offer through the pursuit of a Unitary path, it will require integration at scale whilst retaining the local democratic arrangements of each area.
89. Work needs to start now by creating a joint programme board to create the business case and establish the capacity necessary to deliver an ambitious and far reaching programme that will give Somerset residents the local government they need and deserve.

Timetable

Date	Action
February 2020	Reports submitted to the District Councils to gain commitment and agreement to formally develop Option 2 Pre-briefing workshops at each Council
March - June 2020	Discovery and development of detailed business case and outline delivery plan, governance etc for Option 2. Community Consultation and Engagement on the issues and the Future of Somerset
July 2020	Joint Scrutiny Panel Individual Council Scrutiny Formal Consideration of Business Case, Delivery Plan and Governance by each of the District Councils
August 2020	Commence Implementation

