



ANALYSIS OF THE ONE SOMERSET PROPOSAL

A REPORT FOR SOMERSET'S DISTRICT COUNCILS

21 March 2021

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Introduction

Introduction and purpose of this document

This document provides PA Consulting's analysis of the One Somerset Business case for a new single unitary council for Somerset. It has been commissioned by the Somerset District Councils to inform the government's consultation on the reorganisation of Local Government in Somerset, currently being conducted by Paul Rowsell, Senior Civil Servant in the Ministry of Housing, Communities and Local Government (MHCLG), and his team on behalf of the Secretary of State, Robert Jenrick.

PA Consulting has been working with the District Councils to prepare the Stronger Somerset Business Case currently being considered by the Secretary of State.

Our methodology in putting this document together

Our review has primarily focused on a desktop review of the One Somerset business case (onesomerset.org.uk/proposals). Where instructive, we have also referred back to the Stronger Somerset proposal (strongersomerset.co.uk/SiteAssets/Files/Plans), submitted by the District Councils.

In addition, and where useful, we have also referred to further public documents and data sources. These are:

- Somerset County Council Medium Term Financial Plans, Annual Reports and Accounts
- County Council Network: Local Government Funding Forecast Update 2020-25
- National and regional data sets relating to Somerset and Council services – for example, Indices of Multiple Deprivation, Joint Strategic Needs Analysis, Adult Social Care Outcomes Framework Data, Educational Attainment Data, CIPFA Benchmarking Data
- The Letter of Invitation from The Ministry of Housing, Communities and Local Government (MHCLG)

We have also had conversations with the following:

- Annie Hudson, Children's Services Advisor
- Kim Curry, Adults' Services Advisor
- Max Wide, Transformation Advisor
- Alex Parmley, CEO, South Somerset District Council
- James Hassett, CEO, Somerset West and Taunton District Council
- Stuart Brown, CEO, Mendip District Council
- Bob Brown, CEO, Sedgemoor District Council

MHCLG's three tests for local government reorganisation

In his letter of 9th October 2020, Paul Rowsell, on behalf of the Secretary of State, invited Councils from Somerset to submit proposals for a single tier of local government. In this invitation, he set out guidance for proposals as outlined below:

1. A proposal should seek to achieve for the area concerned, the establishment of a single tier of local government, that is the establishment of one or more unitary authorities:
 - a. which are likely to improve 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;
 - b. which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and,
 - c. where the area of each unitary authority is a credible geography consisting of one or more existing local government areas with an aggregate population which is either within the range 300,000 to 600,000, or such other figure that, having regard to the circumstances of the authority, including local identity and geography, could be considered substantial.

As part of further advice, the letter also advised on considering the following in formulating proposals:

- a. Describing the single tier local government structures being putting forward
- b. Explaining how, if implemented, these are expected to achieve the outcomes described above.
- c. The need for evidence and analysis to support a proposal
- d. Explanation of the outcomes it is expected to achieve
- e. Evidence of a good deal of local support
- f. Any wider context for any proposed unitary authorities around promoting economic recovery and growth, including possible future devolution deals and Mayoral Combined Authorities.

We have taken this guidance into account in putting together this document.

The structure of this document

We have structured this document around the MHCLG's core tests and guidance, providing the following sections:

1. An executive summary
2. A review of evidence and analysis included the business case
3. Analysis of the business case in terms of the degree to which it meets the three MHCLG tests:
 - a. Improving the area's local government
 - b. Commanding a good deal of local support
 - c. Covering an area that provides a credible geography
4. Conclusion

Use of this document

This paper has been commissioned by the District Councils of Somerset to inform part of their wider response to the current consultation process, due on 19th April. It is solely for use by the District Councils in relation to the consultation process currently underway. We request that it is not distributed outside of that process, without prior permission.

In preparing this paper, this review has taken into consideration documents listed in the introduction and as a result does not purport to be fully comprehensive. This paper does not seek to provide a formal opinion on the question of local government restructure in Somerset.

For questions on any of the content below, please contact Georgina.Cox@paconsulting.com (07891 417639), PA's Local Government Lead and Member of PA's Management Group.

Executive Summary

Here we summarise the findings from our review of the One Somerset Business Case.

1. The proposal does not present a comprehensive business case to ‘improve the local area’ and reform local government for the longer term in Somerset. Rather, the case is focussed on the immediate reorganisation of structures.

- In the analysis set out, the One Somerset case focuses primarily on rationalising local government structures.
- The financial analysis only covers the immediate restructure and is silent on the investment and benefits expected from a new operating model and reformed services. These elements are likely to represent a far larger opportunity to reduce inequalities, level up and meet other wider national policy drivers.
- The starting point for determining the best long-term structure for local government would be more appropriately based on the strategy and plans to deliver the best outcomes possible for the people of Somerset. A structure is then determined by what is needed to enable that, following a logic where form follows function.
- By focusing the majority of analysis on the immediate scope of organisational restructure, the One Somerset case does not follow this logic – missing the opportunity to set out a compelling and detailed plan to reform how local government will operate differently. As a result, the proposal as set out does not chart a course to address the substantial challenges Somerset faces, improving outcomes for its people and communities.

2. As a result of this, the One Somerset case describes a set of one-off financial benefits but does not make the case for long-term sustainable change in Somerset.

- The financial analysis only goes up to 2025/26 and continues to project a deficit at that stage of approximately £3.7m. Without further action to address the trajectory of spending on services, this deficit is likely to continue to rise from that point onwards, becoming unsustainable.
- This is prior to considering the growing pressures on demand-led services, all of which face current performance issues as well as significant future demand challenges. Somerset faces a number of issues: acute demographic challenges, the impact of Covid-19 and the financial risks posed by children’s services which have consistently exceeded budget between 2015 – 2019 and are still responding to poor Ofsted inspection results.
- Despite these facts, the case focusses almost entirely on ‘transition benefits’ with little analysis of the key reforms required to deliver more sustainable adults’, children’s and public health services. Without action, future pressure in these areas will mean local government in Somerset continues to be unsustainable.

3. The case lacks the evidence and level of analysis commensurate to a decision of such local significance.

- The broad ambition and vision articulated in the One Somerset business case is not backed up by detailed delivery models, costs and benefits, and delivery plans are not evidenced as to how the new Council will work in practice.
- This creates a disconnect where the detail of the case is not aligned to the overall scope it sets out. An important part of HM Treasury guidance for public sector business cases, stipulated in the Five Case Model, is where the Strategic Case sets out the desired objectives, and options are evaluated against a strategic set of ‘critical successful factors’ in the Economic Case. The One Somerset case does set out a vision and ambition, but the subsequent evaluation of options does not correlate to them.
- The modelling is overly simplistic for a business case of this significance and assumptions are not stated in full. Assumptions behind benefit profiling for each option are not stated, rather a generic modelling approach is discussed across all options, by opportunity area. This results in an overall ~50% reduction in presumed benefits between Option 3 and 4, which appears simplistically driven by scale. The lack of detailed analysis or assumptions by option makes it difficult to evaluate the reliability of the analysis and undermines the robustness of the recommendations made.
- The qualitative analysis of options is not performed against a clear, well-defined framework and does not always provide an impartial view of the options being evaluated. In some areas it is difficult to agree with some of the rationale provided for the judgements made.
- The business case frequently conflates an argument for unitary government (i.e. the advantages of combining the functions of County and District Councils), which Stronger Somerset also argues for, with an argument for a *single* unitary government covering the whole geography, without providing rationale for why one is more effective than two in relation to the specific points being made.

4. The case does not seek to respond to the significant challenges that Somerset faces.

- There is a lack of detail and analysis of the current challenges Somerset faces or the key reforms required to deliver better, more sustainable adults’, children’s and public health services. There is also then no subsequent case made for why a single unitary is the best model to enable these reforms.

- This is despite evidence of performance issues in children’s and adults’ services, as evidenced by recent Ofsted and CQC inspections for Children’s Services and Special Educational Needs and Disabilities and the most recent Adults Social Care Outcomes Framework data for which more than half of indicators are in the bottom 50% of England rankings.
 - There is little discussion of how children’s services plans to complete the long-running improvement journey it is currently on, or detail for how adult’s services will deal with the substantial demographic challenges it faces.
 - This makes it difficult to be confident about either the trajectory of key services in a One Somerset model or how these services will effectively contribute to meeting Somerset’s current challenges.
- 5. Given the diversity and characteristics of Somerset, including the economic geography, a single unitary structure covering the whole county risks local government becoming disconnected from the people and places it serves. The business case does not effectively set out how it would maintain a place-led focus to mitigate this risk.**
- Creating one council in a place as large as Somerset runs the risk of contradicting the stated ambition set out, to *“give local residents more say over decisions that impact them and their communities”* (page 8). One Somerset proposes reducing the number of councillors from 269 to 100, leaving average representation of 5,630 per councillor compared with ~ 3,150 in the rest of England on average. This aggregates representative boundaries into bigger areas and risks losing the capacity and ability to “hear” local voice, creating a more transactional relationship, ill-suited to improving outcomes for the region.
 - The development of Local Community Networks is included with the intention of driving more localism. However the design outlined here, where networks will be based on Primary Care Trust boundaries, suggests an approach that pre-determines the geography of local initiatives, which is too top down to foster a genuinely localist approach which would be based on how communities want to work together. Additionally, making these networks committees of the new council would seem to reinforce the idea of a centralised, council-led approach. A localist ethos is also undermined by such a significant reduction in democratic representation.
- 6. Regarding local support, we did not find sufficient evidence to substantiate One Somerset’s claims of support.**
- Statements outlining the support of, for example, towns and parishes, other major public sector partners, MPs or local businesses are not supported with evidence, leaving them as assertions.
 - The business case does not publish the detail behind its survey establishing public support. It is not possible to ascertain the robustness of the evidence or validity of the conclusions as a result.

The sections below set out our analysis of the evidence in the business case and the evidence to support MHCLG’s tests of improving local government, commanding local support and creating a credible geography.

Evidence and analysis to support the business case

Guidance from the Secretary of State sets out that proposals 'need evidence and analysis to support a proposal and any explanation of the outcomes it is expected to achieve'.

This section describes our analysis of the scope and supporting evidence within the One Somerset business case. The case does not present an adequate or compelling evidence base to describe how it attends to achieve its overall objectives. The options analysis set out is not sufficiently rigorous and is at times, subjective.

Scope and focus

The primary focus and scope of the One Somerset business case is limited to an organisational re-structure, outlining the projected costs and benefits that this entails. The business case does not look to analyse or evidence how the new Council intends to reform services over the longer term in any level of detail. As a result, it does not seek to explain how better outcomes are expected to be achieved to overcome the long-term challenges that Somerset faces.

- The main focus of analysis for the One Somerset case is on the immediate restructure of Local Government - rationalising the number of local government organisations and the financial opportunity that presents to drive down operational costs. This approach is summarised in the first sentence: *"Let's start with the obvious question – why have Five when you could have One? It's a pretty simple message that sums up the duplication and waste that exists in Somerset's local councils at this time."* The business case sets out this focus and approach for the reader a number of times, for example on page 51, it states that, *"moving to a unitary structure can also be a platform for further transformation ... dependent on the ambition of the authority and appetite for investment."*
- This approach is consistent with the fact that only the costs of re-organisation are included in the financial analysis of options and the broader reform opportunities discussed in later sections are not costed and/or quantified (see Value for Money section below on page 11). The case also only analyses the financial impacts across a five-year period, by which time the re-organisation will be bedded in – rather than a longer time period which would allow for reform of the operating model, culture and services.
- This logic appears to give the resulting business case an overly short-term scope for something that will provide the platform for local government for generations to come.
- Rather, the starting point for considering the best configuration of any future unitary government might more effectively be 'what structure will best support local government to perform and deliver better outcomes to the people of Somerset', thereby following a logic where form follows function. By focusing the majority of analysis on the immediate scope of organisational restructure, the One Somerset case underplays the critical question of which structure will best support local government over the long-term.

Use of evidence

Beyond structure, there is not enough evidence shared to support One Somerset's ambition and plans. This makes it extremely challenging to assess the likelihood of the business case achieving the ambition it sets out - of improving the lives of residents, business and communities - or to have confidence that it will.

- Best practice guidance for developing public sector business cases is set out in the HM Treasury Five Case Model. In this framework, shortlisted options are evaluated against a set of strategic 'critical successful factors' which makes it easy to evaluate each option in a structured and objective way. The One Somerset business case does not follow this logic.
- Section 2.2 sets out a stated vision for the future in Somerset, however the following sections do not describe the degree to which each option will or won't meet that overall ambition. As a result, there is no clear evidence set out to evaluate the different options against their ability to meet One Somerset's overall goal. This raises serious questions as to how the public can find the confidence to support the outcomes sought.
- The design principles for the operating model described in Table 16 which supports the statement that *"the design of the new authority will be critical to its success"* is not quantified in the financial analysis.
- Cost and benefit categories are attributed to 'removal of duplication', 'numbers of senior managers' and 'costs of disaggregation' rather than the kind of broader reforms and transformation and investment that would be needed to achieve success in the operating model described.
- Furthermore, the delivery programme to implement the longer-term changes described in the document is not shown in any level of detail (Appendix F). The plan is focussed on the restructuring workstreams with very little detail as to how services will be transformed.
- The same is true in terms of reforming and improving core services, where there is limited evidence or description of plans to change and improve services (we explore this for Children's and Adults services on pages 13 and 14).
- There are also a number of occasions where evidence is not provided to support statements made, making it difficult for the reader to judge the robustness of all the claims made. For example:

- On page 5, the business case describes a groundswell of approval seen among town and parish councils without providing data or references for that.
- Case studies and examples of good practice are also presented in such a way as to make it difficult to understand the relevance for the business case. For example, when discussing adults' care, the business case outlines a case study of developing Extra Housing in Wiltshire from 2010 (page 85). However, there is no description of the significance of this case study for plans in Somerset.
- Similarly, in children's services, Case Study 11 (Page 88) describes the Hertfordshire Family Safeguarding Model but does not go on to describe or analyse how One Somerset intends to deploy this model. This tendency is repeated throughout.
- This lack of description and evidence presents a significant challenge for assessing the effectiveness or otherwise of the One Somerset business case in being able to meet the challenges that Somerset has, or answer the three government tests.

The business case makes a strong case for unitary government. However, there are frequent instances where the business case conflates the arguments for unitary government in Somerset with an argument for a single unitary structure in Somerset. In these instances, the business case lacks analysis on the benefits that other unitary configurations would bring.

- The One Somerset business case is persuasive about the benefits that unitary government can bring (for example, replacing the duplication and overlap of a two-tier system), and notes that this viewpoint is shared by all councils.
- However, arguments for unitary government are often deployed to support the recommended option of a single unitary government. For example, when discussing children's services in page 83, it states "*This outcome focus could be further developed by having fewer tiers of local government structure in the way of the resident and communities.*"
- On page 86, it states, "*The opportunity centres on influencing more of the levers that support children and young people.*"
- And on page 89, "*A unitary structure offers a number of ways to co-ordinate more factors that influence overall health and wellbeing.*"
- Similar statements are made on pages 82, 84, 85.
- These statements are all supportive of the concept of unitary government but do not distinguish between different potential configurations of unitary government.

Options analysis

The options analysis lacks detail and at times, does not fairly reflect the merits of a two unitary model. This undermines confidence in the resulting recommendation.

- The options analysis set out in the document is lacking in detail, which would have provided additional rigour. For example, the description of each option is limited to a short paragraph on page 43, omitting important detail such as how many councillors are assumed to be part of Option 3.
- In any options analysis process, each option should be described neutrally and factually before being evaluated. One Somerset's preferred option is the only one described in positive terms before evaluation. On page 43, the description of this option states: "*This maintains the sense of place and ensures co-terminosity with the health system that is critical to support the ageing population.*" Other options are described neutrally.
- One Somerset aligns its qualitative evaluation framework to MHCLG's three tests – breaking out Improving Local Government into four categories – resilience, service improvements, strong leadership and community engagement. These categories are not further defined or given any further detail as to the specific aims in each. This creates an imprecise framework of assessment.
- There are then examples where the qualitative and quantitative analysis is not a fair reflection of the different merits (strengths and weaknesses) of each of the options under consideration.
 - For example, in the qualitative evaluation section when discussing 'community engagement' (page 57): One Somerset scores Option 3 (a single unitary) as 5 out of 5, with Option 4 (two unitaries) scoring 4 out of 5. The bulleted explanations for Option 3's score of 5/5 appear thin – for example it says, "*A simpler local government structural landscape will create the space for capacity building with communities, building on existing strengths.*" This statement would logically be true of Option 4 also, which would remove the current two-tier system – but it is not commented on there. It is also not clear that capacity building is currently stymied by a current "*lack of space*" as stated. The clear role of councillors in community engagement is also not considered for any of the options here – and is a factor where a single unitary model, with the lowest number of councillors is at a disadvantage i.e. more councillors would be an asset in terms of fostering community engagement. However, this is not noted. As a result, the analysis does not consider comprehensively the potential strengths of Option 4 or some of the disbenefits of Option 3, with the scores questionable as a result.
 - Similarly, when discussing resilience on page 55, Option 3 (a single unitary) is awarded 4 points in comparison to 2 points for Option 4 (Two unitaries) – lower than the 3 points given to option 2 (increasing collaboration in the current five council set up). In terms of explanation, Option 3 is noted to provide "*much*

improved long-run resilience and stability through whole-system planning and management.” For Option 4 it notes: “*potentially some long-term improvements but that small scale underlines long-term resilience.*” Small scale is not an accurate reflection of two new unitaries that would be close to 300,000 people for each council (larger than many current unitaries). Small scale isn’t noted for Option 2 (Closer Collaboration) which scores 3 points, even though five organisations remain in this option.

- Similarly, the qualitative analysis and scores on page 54 and 58 do not consider all of the potential benefits of Option 4 or disbenefits of Option 3.

The degree to which the business case meets the three MHCLG tests

MHCLG Test: Improving local government: sustainability and value for money

This section addresses strategic analysis of the One Somerset business case against MHCLG's test to 'improve local government and service delivery across the area of the business case, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures'.

The One Somerset case does not articulate costs and benefits for the operating model and service improvements described, and the analysis appears to be based on overly simplistic benefit modelling and profiling assumptions.

More sustainable local structures

The One Somerset business case only takes a short to medium-term view on financial sustainability, with the overarching narrative failing to set out the actions required to manage long-term future demand and cost. As a result, it is not possible from the current business case to assess if local structures are sustainable as data on medium to long-term plans are absent.

- The case sets out a one-off programme of transition and change attributable to restructuring, outlining the impact on budgets to 2025/26. The case does not attempt to describe how the preferred option will support service reform to deliver a more sustainable long-term future for local government. It does not set the foundations for the likely future budget reductions which will fall on local government in Somerset or how services will deal with unprecedented increases in demand, particularly across social care and public health, and made more urgent due to Covid-19. These challenges are likely to be substantial and require a longer-term plan aligned to the proposed reform of local government structures; there is the potential for One Somerset's shorter-term approach to create challenges for any new authority almost immediately, leading to service cuts for residents.
- Also significant here is the County Council's wider record on managing demand-led service costs, which suggests it has struggled in this area to date. County Council budget outturns show, for example, that children's services has consistently overspent each year between 2015/16 to 2019/20.
- From CIPFA nearest neighbours benchmarking analysis we know that expenditure on children's services is particularly high in Somerset and represents 28% of the total outturn expenditure in 2019/20. This service alone remains an area of financial risk given the its continued need for improvement. The omission of any mitigations for this significant financial risk undermines the case's analysis on sustainability in Section 8.
- One Somerset sets out a reduced deficit to 2025/26. Our analysis shows that based on expected spending increases of ~4% per annum and funding gap increases of ~20% per annum for county councils from 2022 onwards, there is likely to be a residual deficit for One Somerset post 2025. This is based on analysis completed using the County Council Network's Local Government Funding Forecast Update 2020-25 (supported by Pixel Financial Management) showing county council average funding gaps increasing by ~20% annually from 2022-2025. This does not consider the impact of Covid-19 and if this trajectory continues beyond 2025/26, the One Somerset case as presented has not evidenced how it will be sustainable beyond that point.
- Given challenging performance across demand-led services (see later section on both adults' and children's services), and failure to demonstrate in the case how demand will be tackled over the medium to long-term, there is no evidence to suggest that any changes to existing ways of working are proposed, and that the trajectory would therefore change. We would expect to see more root cause analysis and innovative community-based solutions to provide confidence and evidence of sustainable local government in the medium to longer-term.

Improving value for money and delivering savings

Value for money analysis is incomplete as it focusses on the act of restructuring and fails to quantify the costs and benefits of the ambition or new operating model described in the business case

- The cost analysis in the One Somerset business case does not mirror the operating model described qualitatively. Costs and benefits are also limited to the one-off act of restructuring and are over simplistic. All quantified benefits are 'transition savings' – the efficiency savings that are closely attributable to the act of restructuring. No service transformation benefits are assumed for Adults, Children's, Housing, Planning and Public Health Services. It is unclear therefore how costs and benefits align to the design principles and operating model described in Table 16. Changes described to the customer contact model, Local Community Network model and enabling towns and parishes to take on a new role are not costed.
- This means that the full impact of the model evaluated cannot be accurately understood and undermines the qualitative evaluation completed and the subsequent recommendation made.

The rationale for assumptions and the logic behind benefit assumptions by option is not articulated. Some of the financial analysis is unsophisticated for a case of such complexity and importance.

- The rationale for benefit assumptions for each option is not fully explained or justified. The approach to benefit modelling across all options is described as uniform, with varying levels of benefit and timing profiling, however none of this is articulated in detail, leaving an incomplete evidence base for readers to analyse.
- The rationale for the large differential between benefit assumptions is therefore unclear, in particular the rationale for a ~50% reduction in benefit between Option 3 and 4 (£18.5m in Option 3 versus £9.2m in Option 4 per annum once full potential achieved), whilst the investment costs associated with the changes are similar (£16.5m in Option 3 versus £18.5m in Option 4). This approach implies that benefits are driven by scale/volume and therefore staffing reductions, rather than genuine service transformation, as it is unlikely that organisational size would correlate precisely to level of benefit achieved. Indeed, this is supported by the value of implementation costs attributed to redundancies, which is significant (£8.4m).
- This approach also fails to recognise the shared service arrangements that exist across the county already and how those arrangements would evolve in Option 4 to develop economies of scale across two east and west unitaries. It does not recognise the potential for shared services, partnership or economies of scale in Option 4.
- Benefit analysis for 'service consolidation' elements of the model are very high level for a business case of such local significance. The business case takes a best-in-class peer council comparator approach, at overall council level (it assumes that moving to a unitary model would allow Somerset to operate at the same cost per head of population as comparator unitary councils, excluding people-based services), without discussion as to how this would be delivered and the implications for quality of services. It is unclear as to the rationale for the difference between Option 3 and 4 on this benefit area.
- Based on the 'transition savings' rationale throughout the document, moving to a smaller number of organisations across Somerset brings benefits. It is unclear therefore how moving from 5 organisations to 2 in Option 4 will create a 'dis-economy' of scale. In line with the wider logic, it would be expected that Option 4 would bring lower benefits than Option 3 versus the status quo rather than additional costs (see Table 4).

Some costs are low and profiling of benefits is ambitious.

- Some costs are low e.g. *Consolidation of existing systems and transfer to single enterprise resource planning (ERP) system* (this covers the cost of migration to legacy systems, and the procurement of new ones where legacy systems are insufficient and also includes consolidation to one ERP system and data migration) is £2.3m for Option 3 and Implementation Programme Team is £1.7m for Option 3. The Stronger Somerset case includes ~£20m of investment over several years across both the single and two unitary options, recognising the potential magnitude and complexity of an ERP programme.
- Working back through the savings (as these are not shown in a clear year by year table), we understand that savings start in the second year of the programme at 75% of total benefit (due to a part year), and continue thereafter for 3 years i.e. a total savings profile of 3.75 years for both options 2 and 3. The timing of benefit realisation (with 75% of benefits achieved within 1 year of Vesting Day) is very ambitious given programme timelines set out and the complexity of some of the programme initiatives discussed. Savings start in the year that vesting takes place, even though only design work takes place that year in the implementation plan, with any detailed implementation taking place afterwards. Given the process involved, it is unlikely that savings will materialise in the same year as vesting as implied by the financial model. The experience of other authorities, such as Dorset, who have recently been through a local government re-organisation, is that benefits are seen more gradually over several years.

MHCLG Test: Improving local government: service delivery and achieving successful outcomes

One Somerset provides a limited description of its plans to improve major service areas to produce better outcomes for Somerset residents. The narrative is somewhat generic and does not set out or engage with the specific challenges that Somerset is facing in significant detail. Performance issues are left unacknowledged in adults' services and given minor analysis in children's services. There is a broader question of why some of the changes sought in the One Somerset case are not already planned or delivered as many are not dependent on a structural change for the county. The lack of a rigorous reform narrative combined with a lack of commentary on current service performance makes it difficult to be confident that the One Somerset case provides a path to outstanding services.

One Somerset's vision for creating better services in Somerset is not supported by sufficient detail as to how it plans to achieve that ambition. This is a significant omission and these services cannot reasonably be treated as out of scope for a business case on Local Government Reorganisation – the plans and progress of these services are intrinsically linked to the future structure they operate from. The lack of plans calls into question the deliverability of the business case and the likelihood of it improving local service delivery and achieving better outcomes.

- The overall goal of any reorganisation of local government should be to improve the lives and outcomes of citizens. One Somerset captures this idea on page 8, "*The ambition is very clear – to improve the lives of*

residents, businesses and communities. Everyone wants better outcomes for the people and businesses of Somerset and local government that is fit to support them and drive that improvement.”

- However, the business case doesn't do the necessary work to describe the current starting position (the challenges Somerset faces or where services are now) or how One Somerset intends to practically achieve that vision.
- We analyse the narrative for children's and adults' services, and economic development below, which shows this challenge is multi-layered:
 - The description of Somerset's challenges is incomplete in important areas, and in parts lacks analysis.
 - There is limited acknowledgement of the fact that important services currently under-perform, discussion of the issues and challenges involved, and how new structures would contribute to improvement.
 - Beyond organisational restructure, and with the exception of developing Local Community Networks (which we analyse below), the description of the reforms required in critical areas is limited.
 - Finally, given that the County Council currently delivers many of the key services, there is a question as to why the county hasn't done some of this work already. Most of it does not rely on control of District services.

Children's services

An incomplete picture of the challenges faced

- One Somerset references some of the challenges facing children and young people but the description and analysis is relatively brief. Educational outcomes and low university admissions both get one short bullet point each on page 125 for example, despite being areas of concern.
- There is a range of important omissions, particularly a lack of analysis regarding schools and education where local authorities have critical functions. Evidence suggest performance is mixed here – in terms of educational attainment, performance is below the national average (with an average attainment 8 KS4 score of 44.9 compared with 46.8 on average for England), rates of exclusion are significantly higher than the national average (fixed term exclusions in 2018/19 were 9.71% compared with national average of 5.71%), and rates of self-harm are also significantly higher (with 40% higher rates of hospital admissions).
- While Somerset now has more than 120 academies, the local authority retains a critical role as a champion of educational needs and quality provision, with a role to work with all school leaders to ensure excellent services and outcomes for children and young people, including their pivotal role in enabling effective prevention and early intervention. There is no discussion of these functions despite being a critical role for Local Authorities.
- Similarly, there is limited description of inequality and poverty as it relates to children and young people, despite the huge impact this has on Somerset's economy, individual life chances and demand for services.
- Without a more detailed understanding of the current challenges and service issues (the as-is picture), it is difficult to assess the merits of any business case for change.

Limited analysis of current performance of services or strategy to reform

- The business case notes that services were rated as inadequate by Ofsted in 2015 and, in 2017 were judged to be 'requiring improvement to be good' as well as the improvement journey the county is currently on (page 34). There is no further discussion of the issues or approach that will be taken on the next stages of this journey, despite a significant dependency on the structure and operating model chosen. A visit by Ofsted in 2019 recognised improvements (for example in leadership) but noted there is still too much variation in the quality of services that children receive).
- Similarly, the case notes performance 'weaknesses' relating to Special Educational Needs and Disabilities (SEND) (page 34) but again, contains no in-depth discussion of issues, including details about how the Written Statement of Action to address significant areas of weakness will deliver on required improvements. In fact, the case implies the problem is related to Somerset being a two-tier area, saying, "*This is seen in other two-tier areas in part due to the need to work across partners.*" This fails to reflect the critique of Ofsted and the Care Quality Commission report, which noted a lack of focus on the experiences of SEND children and families, a lack of leadership capacity across area services, weak partnership working, and poor assessment and meeting of need caused by inconsistent practice (among other findings). The ability of any new local government configuration to help address these failings is an important consideration, yet the case is silent on this interaction. As a result, it is not possible to confirm or not whether a single unitary will be able to deliver improved outcomes in this area.

Lack of detail on how services will improve

- The business case makes valuable points – for example about the voice of children in services and outlines the importance of care leavers but does not go any further to detail the proposed approach to these issues, particularly regarding care leavers.
- The business case references the Hertfordshire Model and Somerset's commitment to it but says nothing more on this and how this will be tailored to Somerset's context and implemented. Hertfordshire's model is well known in the sector and is being implemented by a range of other councils, so we expected to see more explicit and detailed plans learning from these experiences or reporting from current implementation.

- There is no discussion or analysis on the work needed to gain more control over the demand for and cost drivers for children's services, which the County Council has struggled with, and no plan for catering more effectively to special needs. There is also no financial analysis on the investment needed to fund improvement, what the financial benefits might be over time, and how different Local Government options might impact that.
- There is also minimal consideration about how education related responsibilities will be approached, which is a gap given the importance of these services.
- Again, the lack of detail makes it impossible to assess how effectively the One Somerset business case will be in improving Local Government Services and outcomes – the ultimate aim set in the business case.

Adults' services

An incomplete picture of the challenges faced

- One Somerset contains a partial description of the current challenges. The business case notes, for example, Somerset's demographic challenges (page 30) but underplays the current and future impact of these: *"The rise in older population could lead to a population in poorer health and create an unsustainable demand on services."* We would expect to see further detail on this theme – for example, quantification of the current or future pressure on services and current efforts to deal with that.
- The business case is silent on the issue of working age people with mental health problems and learning disabilities, despite the importance of this cohort of people who achieve poor outcomes.

Little acknowledgement of the current underperformance of services

- Performance in adults' services is average in Somerset. For example, of Somerset's performance against the 27 ASCOF indicators, in 2018/19 15 were ranked in the bottom half of all councils and 12 in the top half. For people using services, Somerset ranks 115th of 151 for overall satisfaction and services for carers are poor (the county is 133rd of 151 in terms of ease of carers finding service information and 122nd for consultation of carers in service design).
- Spend on adults' services, compared with other councils in CIPFA's nearest neighbours' group is low, and spend on prevention is very low. Preventative spending was cut in 2018 by £4.5m – including £1.75m of cuts in services for disabled people and £2.75m in services for adults in receipt of adult social care. These cuts are aimed at precisely those services that are needed to engender long-term sustainability, suggesting a service where the short-term need to balance the books is overriding arguably more important considerations of long-term sustainability.
- Available evidence suggest that the service is still overspending, despite recent cuts (£1.338m for the FY 2019/20) which suggests that significant, current demand pressures cannot be contained.

Lack of vision or detail on how services will improve

- Somerset County Council is pursuing a 'Promoting Independence' model of support introduced in 2017/18, but there is a lack of discussion of the how this is being implemented and indications of success.
- Given current financial challenges with the service, future demand pressures are likely to be increasingly unsustainable. In the next 10 years the projected growth amongst 65+ age group is around 35%, and the number of people 75+ will almost double, to close to 117,500. By 2033 the population in their 80s will be equivalent to those in their 20s.
- Given this backdrop and in order to provide confidence that the One Somerset business case can meet its aim of better services, we would expect to see more detail on a proposed set of reforms, encompassing areas such as disability and LD services, early intervention, setting up locality working and how plans play into better integration with health services as part of the emerging ICS.

Growth and Devolution

- The business case suggests limited development of a firm ambition for devolution or a wider economic strategy for the region.
- Our review found a lack of detail on the current economic make-up of Somerset, its established or growth sectors, or discussion of plans to stimulate the levers of economic growth and prosperity for the region. As with Children's and Adults' services, this lack of detail and plans is an important omission given the acknowledged underperformance on a wide range of economic indicators when compared to the national average (for example productivity, wages, qualifications, average new business establishment rates). It is also well understood that these factors flow on to affect local and national tax take and demand for the largest areas of national and local government services.
- In other areas, devolution has provided a pathway to secure greater funding for development, a platform to attract greater investment in high-potential sectors, as well as a basis to develop regionally specific approaches to skills development, housing and transport (among other areas).
- The One Somerset case states that *"Devolution and Mayoral Combined Authorities are viewed as part of this business case and overall process"* but then limits any discussion of plans to two short paragraphs on page 18

and one on page 91. We found no discussion of more concrete devolution objectives or plans for developing these with partners in Somerset. As a result, it is not possible to properly assess the merits of any plans for levelling up or devolution given the absence of content, raising questions about how well connected One Somerset's business case is to a longer-term regional strategy.

Deliverability on stated outcomes

Overall timelines are ambitious, and the benefit profile does not align to the timing of tasks. How the culture change and transformation will take place to deliver a new operating model is not described.

- The business case's timelines are ambitious and do not align with benefits realisation timeframes (we understand that 75% of the total annual benefit is realised in the year of vesting or year 2 of the model). Based on review of other authorities' recent similar implementation programmes, we believe that assuming Jan 21-May 22 for delivery is unrealistic for a major programme of this kind.
- Also, the programme workstreams described do not cover all the transformation of services described in Chapter 7, especially adults' and children's social care and economic growth.
- This calls into question the validity of the modelling assumptions used and reflects a very high-level approach to implementation planning.
- Compounding this problem is a lack of any detail or costs as to how One Somerset intends to transform structures and culture to a new operating model that would be capable of delivering change to services. In regard to much of the proposed new operating model (such as robust data analytics for example), it raises a question of why the county hasn't implemented this change already – it does not rely on creating a new unitary.

These factors undermine confidence that One Somerset will deliver the change set out rather than default to current service patterns.

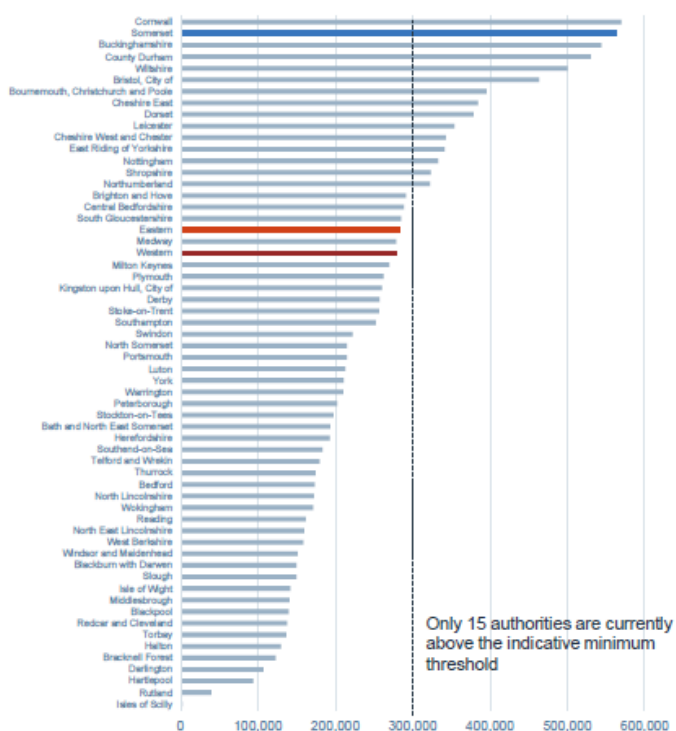
MHCLG Test: Credible geography

This section analyses the One Somerset business case against MHCLG's test to ascertain that 'the area of each unitary authority is a credible geography'.

The size and diversity of Somerset means that there is a significant risk that Local Government will become disconnected from the people and places it serves under any new unitary model. The scale of a large single unitary as described in One Somerset is in tension with the ambition to deliver place-led services and while the development of Local Community Networks is potentially part of a solution, the design outlined here is likely to be too top down to foster a genuinely localist approach. In addition, a single council may struggle to reflect the diverse economic geography of Somerset, creating an effective barrier to providing tailored services that are responsive to the different businesses in the four functional economic market areas that exist.

Somerset's characteristics mean that a single unitary is likely to struggle to account for the diversity of Somerset's communities and risks becoming disconnected from the people and places it serves, stymying attempts to deliver responsive, place-led services.

Unitary authorities by 2019 population estimate



- Somerset’s population will be more than 600,000 people within ten years, creating the second largest non-metropolitan unitary government in the country and higher than MHCLG’s indicative maximum guideline.
- Additionally, Somerset is physically a sizeable county – 1,331 square miles – with a dispersed population. 48% of residents live in a rural area (compared to 18% for England at the last census).
- Given these characteristics, a 63% reduction in councillors (100 down from 269), will leave average representation of 5,630 per councillor compared with ~ 3,150 in the rest of England on average. This creates a scenario where councillors will have significantly larger footprints compared with now, both geographically and in terms of population, creating higher workloads. This is likely to result in the nuance and detail of local issues being aggregated upwards and lost (especially where rural areas are included with a market town in a Councillor’s remit, for instance).
- This risk is highlighted in a recent report, *Bigger is not better: the evidenced case for keeping ‘local’ government*, by Professor Colin Copus, Professor Steve Leach, and Associate Professor Alistair Jones of De Monfort University. The report summarises analysis of 300 independent academic reports which look at the

effect of increases in council size. They state that the evidence shows that reducing councillor numbers in reorganisations, “greatly increases the difficulties and complexities of the work of councillors, while distancing them from their communities.”¹ Given that One Somerset advocates an increase in the number of people represented by each councillor of 79%, this risk seems particularly significant for the One Somerset proposal.

- As well as risking a reduction in local government’s responsiveness to place, Copus, Leach and Jones also note that the published evidence highlights a further risk of reducing the vibrancy of local democracy across a range of further measures (including electoral turnout, public trust in councillors and officers and levels of engagement – among others). Again, this risk seems particularly acute in One Somerset’s proposal to create a single unitary covering as large and diverse a place as Somerset, without effective measures to mitigate this impact.

The One Somerset business case gives a more thorough account of how it plans to develop Local Community Networks (LCNs) as a way of “giving people real power and real influence over the decisions that affect them most.” However, there are inconsistencies in the aims and ethos described compared with the planned approach, which casts doubt on its potential effectiveness at fostering local engagement in the scheme.

- Developing community networks, with potential devolution of assets and funding to community is a potentially powerful reform that can vest power with and tap into community potential. We note that the Stronger Somerset business case also includes a similar type of reform.
- The business case describes that the geography of LCN’s will be based on PCNs. This ‘top down’ approach to boundaries appears at odds with genuine localism which is unlikely to always align with PCN boundaries.
- The business case also suggests that LCNs which will operate as ‘committees of the council cabinet.’ Evidence from other places such as Wiltshire, where this structure is in place, suggest that these mechanisms are poorly attended and also perceived as top down structures.
- There is no reference to any new team to deliver this work and no costs, which makes the subsequent content an aspiration at this point, rather than something that has been planned and costed into a new model
- These points appear problematic, when also considered alongside the significant reduction in councillors proposed in One Somerset; in a model that allowed for a greater number of councillors, there would be a greater capacity for representatives to support this approach.

One Somerset does not reflect the natural economic geography of Somerset. There is no description of how it intends to take account of its scale to provide services that are genuinely responsive to the different businesses in the county.

¹ Copus, Leach, Jones. *Bigger is not better: the evidenced case for keeping ‘local’ government*. De Monfort University.

- As the One Somerset business case explains, Somerset's economy is not a homogenous whole but comprises distinct functional economic areas, travel to work areas and housing markets. This is noted on page 129: *"Somerset's economic geography is pulled in at least two and possibly up to four directions,"* and *"the administrative county straddles five travel to work areas (TTWAs) and approximations of four functional economic market areas (FEMAs)."*
- One Somerset makes the argument that, *"even though it would straddle multiple FEMAs and labour markets, this scale [i.e. provided by a single unitary] is a strength for an area that does not have an anchor city or polycentric city region to drive growth and development."* and that, *"a unitary structure would create a focussed economic development service that can work more closely with business."*
- While there may be an economy of scale for a single team over two teams, it is difficult to see how having one economic service covering these differing areas is an advantage in providing tailored growth and development services. There are undoubtedly issues that will cut across the county and will be best addressed collaboratively or as part of a future Combined Authority. However, distinctive economies are more likely to be better served by Local Authorities that can recognise and respond to distinct characteristics in a tailored way.

In terms of working within and complimenting current public sector boundaries, business cases for both a single unitary and two unitaries align well to current public sector boundaries.

- None of the business cases under consideration plan to change the geographic footprint of local government in Somerset, meaning that either a single unitary or two unitaries will fit with the current boundaries of health, police, and fire (while noting that police, and fire and rescue boundaries are not coterminous with Somerset as they cover larger Geographic areas).
- We note that the East / West split ensures good alignment with PCC and Fire and Rescue operational structures, which also have an East / West split.

MHCLG Test: A good deal of local support

This section addresses strategic analysis of the One Somerset business case against MHCLG's test to ensure that the business case 'commands a good deal of local support'.

We did not find evidence that could substantiate One Somerset's multiple claims of "significant and growing" support from different stakeholder groups. There are insufficient references, quotes, or names to corroborate support from the groups claimed including business, MPs, public sector partners, and town and parish councils. In evidencing public support, One Somerset does not publish the detail of the residents' survey (for example the methodology, the questions posed or full results), making it impossible to assess the validity of the figures quoted.

One Somerset's statements of partner support lack evidence in places

- **Business:** The One Somerset proposal states it is backed by key business leaders. We found no supporting evidence for this claim. The business case includes a quote by Rupert Fox, Chief Executive of the Royal Bath and West of England Society, which is a charitable organisation. We also note that the quote appears to be in support of unitary government rather than a single unitary government.
- **MPs:** Similar to above, the business case states that it has the support of the majority of MPs in Somerset but does not name who this does and doesn't include.
- **Town and Parish Councils:** The case notes a *"groundswell of approval amongst town and parish councils"* on page 14 and on page 38 similarly states that a majority of towns parishes and the voluntary sector are in favour of a single unitary, but again provides no evidence for this.
- **Public sector partners:** One Somerset states 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."* (page 38). In substantiating this, we found a quote from the outgoing chair of the PCC but no further evidence is given. The fact that all four District Councils have prepared an alternative bid underlines the lack of consensus on the best route forward among councils.
- **Public support:** The One Somerset case uses figures from a residents' survey gathered *"online and through a freepost printed survey return"* (page 37) citing that, *"out of 2644 responses, 52% were in favour [of a single unitary]."* Residents are cited as saying that *"a single authority would be more efficient and simpler for the public to understand."* One Somerset does not publish this survey, full questions, methodology or full results – but rather limits inclusion to these selective figures and quotes. It is impossible to establish the validity of these results without the information to do so. This undermines the credibility of these results as being representative of Somerset public opinion.
- We note that the business case does publish detail of further stakeholder consultation undertaken by the research agency Blue Marble in Appendix H. However, this is a separate piece of research to the public survey quoted. We found results from this published exercise are considerably more nuanced, as we would reasonably expect from broad stakeholder engagement on this topic. Results from the public survey are also discussed interchangeably with research undertaken by Blue Marble, making it difficult to understand where results are from.
- There are also inferences drawn from some results which are not supportable. For example, in discussing the support of businesses and residents, the case states, on page 37 that, *"prior knowledge of the business case*

(One Somerset) was highest for those who supported a single unitary option, compared with the no change, or greater collaboration options. This was true both for residents and businesses and suggests there is a correlation between support and knowledge of the business case.” This is vague and any correlation is of questionable value as there is no basis for cause or effect (for example, people who are already sympathetic to the concept of one unitary may decide to seek out the business case for it).

Conclusion

All councils in Somerset agree that the current arrangements for local government are not working sufficiently well. Somerset faces significant challenges economically and socially, and trails behind other areas of the country across a range of important indicators.

Local government is currently not meeting these challenges – key services are underperforming, and Somerset residents are experiencing poorer outcomes than they should as a result. Financially, when viewed in the context of the increasing pressure posed by shifting demographics and people's changing needs, it is clear that neither the current local government structure nor the current service delivery models are sustainable in the medium or long-term.

Both the One Somerset and Stronger Somerset proposals agree on the desirability of establishing unitary government as part of the solution to this challenge. The One Somerset business case proposes establishing a single unitary council on the current footprint of Somerset County Council, where Stronger Somerset proposes two unitary councils – East and West Somerset, which are collectively coterminous with the current county.

This is a critical opportunity for Somerset. The option chosen will provide the platform for local government in Somerset as well as an important partner in a potential Combined Authority for decades to come. As we have outlined here, our review has surfaced a number of significant concerns with the One Somerset business case. Taken collectively, these concerns mean that, in our view, the single unitary authority described does not effectively meet the government's three tests or provide a reliable and evidenced route to achieving its own overall objective of better services and outcomes for the people of Somerset.

Ultimately, a proposal that seeks to establish successful local government in Somerset should be about more than the re-organisation of structures – it must provide a route to deeper reform of public services as part of the wider system and a vision for how that reform can be continued as part of a devolution deal for the region. To make the most of this opportunity, it must be treated as a starting point on a longer journey of reform, enabling local government to play its full role in levelling up Somerset's economy, fostering growth and prosperity and improving quality of life for Somerset residents.



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