The Future of Local Government in Somerset - An options report

February 2019

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Contents

Foreword

Message from the Somerset Chief Executives - placeholder

Key points to include

1.   A strong case for change has emerged from this work and whilst it's not exactly the case we might have individually predicted at the start, it does advocate for collective change.

2.   We are all on our individual transformation paths, referred to in the report as "the As-is state". Whilst these will undoubtedly deliver individual benefits, we are now convinced that staying purely to our own paths is not an option. We can collectively do better.

3.   This is only the start. Some of the system wide challenges and opportunities go beyond any Council boundary. Despite upcoming council elections, we do believe it is possible and desirable to maintain some momentum on the progress made to date. We will find areas that allow us to continue safely prior to the elections e.g. Strengthening the report content; seeking out and building stronger alliances; collaborating on areas of common purpose etc.

4.   We need to consider the resourcing and development of a detailed business case and programme for delivering our preferred option

Final version to be agreed by the Somerset CEOs on the 13th Feb

Foreword

1. Introduction and approach

1.1.   The challenge and opportunity

The context for Somerset commissioning this work was critical. It shaped the options development and will continue to shape the journey through a complex and challenging process towards Local Government Reform - whatever option is ultimately pursued.

The impact of funding cuts and pressure on Adult and Children's services have long been a driver for local government change. Sitting alongside that, central government is becoming far more overt about encouraging Local Government Reform (LGR) and there is clearly a shift in policy at MHCLG. Building a Somerset leadership alliance and a case for change are critical building blocks for this work.

It is important that the criteria to assess the options are not purely financial, as they also need to be based on a credible geography and a genuine sense of "place". The approach needed to develop collaboration between key stakeholders, ensuring an engagement in exploring the range of options available; not leaping to conclusions and ensuring key players had a voice in these early discussions.

The commissioning councils' Leadership team for this work was made up of Chief Council Officers and Leaders from the six district councils and the county council for Somerset. Between them, they share history of professional and political working, having run various joint endeavours resulting in mixed levels of success. The decision to come together as a group earlier in 2018 was prompted by a rallying moment. In response, this group made a decision to work together to look at the options for the future shape of local government in Somerset.

The two unitary authorities in the ceremonial county of Somerset are Bath & North East Somerset Council (BANES) and North Somerset Council (NS). Their Leaders and Chief Council Officers also accepted an invitation to engage in some preliminary discussion of the options.

Over time, a greater sense of common purpose and opportunity has evolved. Development of a shared purpose that binds the team together has been essential work. There is a huge opportunity to deliver a change in the way public services are delivered and to reshape local government for the benefit of the community it serves. The creation of a coherent "place" will respect and build on the heritage of the area. It can be a powerful catalyst for driving increased economic resilience, improve quality of life and the environment within which that life exists. There is the opportunity to shape integrated services around all citizens and to create a modern, financially sustainable, digitally enabled council that meets the expectations of 21st century citizen.

There is a great deal to celebrate in Somerset. The county has a rich heritage and outstanding natural assets on which to draw. With its position between the South West and routes to London, its location offers great potential for the future. Quality of life is (on average) high and residents value the beauty of the countryside and coast on their

doorstep. People feel a sense of connection to their place, and specifically their town or village where many benefit from strong and thriving communities.

Somerset also faces many challenges, for example: How best to deliver good services and support to all residents across a dispersed population following a period of sustained and ongoing budget constraint? How best to provide security to an ageing demographic and opportunity to its youth? How best to generate more inclusive growth, despite a tight labour market?

Brexit is creating additional uncertainties to trade and employment (but also opportunities for better land management). Climate change is already having an impact on areas of outstanding natural beauty and on risks of flooding. For Somerset to meet these challenges, local government must play its full part.

1.2.   What we set out to explore

The initial requirements of the commission were two-fold:

To identify, critically appraise and develop the high-level business case for options regarding the potential changes to the way local government and potentially other local services operate and are organised in Somerset. The outputs would be used to:

- contribute to and form part of the information that the six councils would consider when making decisions about any proposals that they would wish to take forward, including potentially submitting to the government a proposal for a different structure or arrangement of councils within Somerset
- examine the options for change, taking into account the financial implications as well as other drivers, within the context of relevant Government policies and initiatives such as devolution and combined authorities
- provide a rich context to underpin the options

To help develop an implementation plan and next steps, covering ease of implementation, costs of implementation and potential hurdles and risks.

An originally independent piece of work aimed at strengthening the existing Leaders/Chief Executive Partnership to develop a strong alliance capable of collectively taking forward any preferred option(s) was also subsumed into the commission. This became the third strand of work. It ensured the 'Leadership Alliance' would develop a clear sense of purpose and case for change to enable strong communication, engagement and a context for analysing all options.

Holding onto the interdependence within the alliance has been and will remain crucial given the numerous governance systems that exist and are represented by the group today. Each Leader and Chief Executive partnership represents the existing democratic processes and scrutiny procedures, and whilst many strategic outcomes align, the current priorities and approaches differ by council. Without a single governing system, this collaboration needs to be done with reference to the differing democratic units. The

requirement for both stronger confidence in and proven outcomes from collaborative decision making, is a large part of what we can learn through this work.

What became clear as we started to explore the challenge, was that the purpose was not to create an assessment of the best options, but create a set of assessment criteria that would:

- Allow all feasible options to be assessed and discussed by the stakeholder group
- Encourage all stakeholders to explore all feasible and achievable options without prejudice
- Ensure that short term financial challenges were only part of the case for change

1.3. Understanding Somerset

1.3.1. Somerset – the place

Somerset has excellent natural assets; from beautiful countryside and coast to national parks and nature reserves – all offering high quality of life for the area. The environment and nature are parts of the county's identity and offer and represent a major pull for tourism, one of Somerset's main industries. However, heritage and natural assets (moorlands) are at risk, perhaps more so than in other regions. Sustainability of the land and natural environment is a significant concern for many residents and business owners who view Somerset's natural assets as key to its future economic, social and environmental sustainability, with many expressing concern about the scale of the climate change challenge. Across communities, flooding risk continues to be a major issue despite substantial investments to mitigate the risk and manage any impact.

Climate change also represents a challenge to the agriculture industry – a cornerstone of the rural economy, with concerns that issues of flooding and soil loss lack strategic focus and prioritisation across the county. However, some positive impacts for farming come in the form of Brexit. While many businesses worry about the uncertainty that may be caused by Brexit, in agriculture it offers opportunity to reform farming subsidies that could allow closer alignment with land management strategies.

While offering a relatively high quality of life, the rural landscape offers further challenge to the people and communities of Somerset in terms of service accessibility and economic growth, which are hampered by key issues of transport infrastructure and digital connectivity. Poor roads create challenges for the transportation of goods and the ability of residents to travel to work, and the absence of reliable and inexpensive public transport compounds issues of isolation and the access to services and jobs for lower income, young and elderly people. Digital connectivity is also a key issue for Somerset businesses, even more so than the transport infrastructure, representing a core blocker to economic growth.

The dispersed rural environment also offers a complex picture for service delivery. Widely different boundaries from community services serving specific neighbourhoods; to district council services within district boundaries; to services like health (where the boundaries

are co-terminus with the County Council) and other public services working on wider footprints including the Environment Agency, Exmoor National Park, and Highways, add to the challenges of effective partnership working and delivery arrangements.

1.3.2.   Somerset – the people

Despite the complexities and challenges of life in a rural county, the people of Somerset link their sense of identity strongly to the local area. While not meaningful at a district level, at the county level and the local village or town level, local identity is important. The latter is stronger, due to strong, close-knit communities in rural areas, such as Wiveliscombe, Dulverton, Wincanton, Porlock, Frome and Watchet, which have a high level of community activity. This is perhaps cemented by the existence of volunteer, community and faith groups (for example, The Hub in Yeovil) truly embedded in the community and operating at a hyper-local level, which as well as providing services in a nimble and flexible way, are often seen as the 'collective voice' of local people, giving them a sense of agency that is not always achieved through relationships with local authorities.

At a Somerset county level, while people strongly identify with and are proud to be from Somerset, this is perceived to hold little value to people outside of the county. There are many opportunities to attract new investment, businesses and people, but they require a more distinct and clearer message about Somerset's identity and offering.

Somerset has the potential to attract a wide range of people, however it has an ageing demographic, placing growing demands on services. It has been reported from numerous sources that young people have to leave the county for university and early career opportunities and often do not return. Social mobility is low. A division in opportunity for people in Somerset has been identified, depending on their backgrounds and location, with both urban and rural settings creating different challenges.

While Somerset is home to some important national and international businesses, such as Screwfix, Clarks and AgustaWestland (now Leonardo Helicopters), the local economy is characterised by low wages, low skilled jobs and a relatively weak business ecosystem.

Businesses report a tight labour market, making recruitment difficult at all levels, with particular problems in caring roles, professional skills, engineering and maintenance. Businesses expressed a desire to hire locally but low skills present a barrier and some industries are not seen as attractive to young people (nuclear, construction). To attract workers from outside Somerset, firms have to be creative, focusing on many of the lifestyle benefits of Somerset life.

However, Hinkley Point (all sites) and schemes such as the Bridgwater Gateway development, for example, represent a significant opportunity to provide immediate and long-term jobs and skills in Somerset. Hinkley Point C has the potential to be positive for long term skills development. Indeed, there has been a clear and collaborative strategy developed among the District Council, Chamber of Commerce, EDF and other partners for the development at Hinkley and success stories of engaging with local schools and Colleges and with small SMEs for local supplier contracts.

1.3.3.   Somerset – the services

In Somerset, as in many other places, year upon year of austerity has led to a system under strain, with serious gaps in provision now emerging. However, despite the gaps and complexities in accessing services, many still have a positive experience when interacting with services.

Mental health provision is one of the major gaps for people of all ages, with the effects of austerity compounded by rising demand, which in part is positive due to rising awareness, but also may be caused by reduced services elsewhere. Services for children have been badly affected by cuts to education and youth services and there is concern across the sector that these cuts will lead to increased future demand for mental health services.

At the other end of the spectrum, the wellbeing of older adults, both mentally and physically, is affected by cuts to the services they rely on: from community nurses, to day centres, to public transport which reduces health and increases social isolation.

Those on low incomes also have had problems exacerbated by the introduction of Universal Credit, which has led to a rising local trend in the reliance on foodbanks.

Housing is also a challenge including the availability of affordable housing, temporary accommodation, and age appropriate accommodation for older people, which have combined to create an increase in homelessness and rough sleeping. Planning was seen to be a key issue with staff cuts in some authorities leading to lengthy planning processes and backlogs.

To these rising challenges have been responses that fall into two broad camps: the first response is prioritisation, raising of assessment criteria for access to services, and the diversion of demand to other services and the community. The challenge with this approach is that demand does not disappear entirely, but reappears in other services, often with more complexity. For example, the police and A&E have seen demand entering the system through whatever service is available and often in more acute forms, rather than at the earliest stage and through the most appropriate services. This has led to a system with less resource being used less efficiently and less effectively in terms of the outcomes for people.

However, there has been a second response – a more systematic approach involving changing ways of working, innovating and taking a cross-sector, multi-agency, place-based, and person-centred stance to manage demand though prevention and early intervention. Involving and developing community capacity, this approach builds on Somerset's strong data analytics capabilities to deliver better outcomes for people.

For example, in health there are clear strategic commitments to shift resources year on year towards more preventative services. One Teams, which are locality based multi-agency teams; Neighbourhood Teams, which health partners are developing and investing a lot of hope in; the Somerset Waste Partnership, which manages waste across the county; Home First, a collaboration between health and social care to get people back to their homes after being in hospital; and Village Agents, who bridge the gap between individuals

in need and support that can help them are all examples of where this response works well across Somerset.

Somerset's strong third sector also has a part to play in the second response. Characterised by hyper-local connections with residents and other services and groups, it is seen as flexible (going above and beyond, and responding to whatever is needed in a holistic way), committed (sticking with people and not applying 'needs assessment criteria'), and providing friendship (with staff and other service users) and hope (seen as critical at a time when people feel uncertain and mental health issues are on the rise). There is great potential to develop partnerships with these organisations and while there have been mismatches in terms of readiness and approach to collaboration (e.g. in health and mental health), where relationships are focussed around developing community capacity, these organisations can deliver great work.

1.4. Partnership & Principles

The commission was quite clear in its requirements that the remit would be built on the key stakeholders across the six councils acting together – the 'Leadership Alliance'. MHCLG requirements in terms of local government reform were clear that any potential future state would need to command unanimous local agreement – this provided a clear mandate for partnership working with the commissioned supplier.

To embed this in the approach, Ignite brought together a partnership to deliver this work in order to explore all considerations in relation to the reorganisation and transformation of local government in Somerset recognising that a range of experiences and capabilities would be required to explore, challenge and develop a broad set feasible and achievable options. The partnership consisted of:

- Ignite - bringing a broad range of experience and capability from our work with local government and from other sectors (Education, Policing, Healthcare and Private Sector)
- Collaborate CIC - a values-led, not for profit organisation, driven by a belief in the power of collaborative services as a force for social and economic progress
- Pixel Financial Management - one of the leading experts in local government finance and funding. They provide support and advice on funding to more than 100 local authorities through the Funding Advisory Service and also deliver expert advice and financial analysis to national representative groups
- The Local Government Research Centre, (LGRC), De Montfort University - an internationally recognised centre of excellence for policy research into local governance both in Britain and abroad. Their work focuses on public governance, local political leadership / politics, community cohesion and local citizenship, neighbourhood governance, and local democracy

The principles of our approach throughout the commission were to:

- Work as one team with the Leadership Alliance, seeking outcomes that provided informed debate and excellent choice

- Listen for and respect the diversity and interests of the partners involved – every council will have its unique history and interests

- Ensure no one jumped too quickly to solutions by creating a trusting environment where participants could contribute openly with the confidence they would be heard

- Be imaginative – ensuring stakeholder research reached into all potential system collaboration areas; explore and be creative in the way options were developed; use the LGRC research to explore national and international examples of local government reform; use Collaborate CICs partner engagement to understand opportunities to build on emerging practice

- Be robust in our analysis and findings – recognising the responsibility to make pragmatic and reasoned assumptions where the data wasn't available; ensuring these assumptions are based on valued judgements and experience, cross referenced where possible and clearly articulated for further analysis

- Encourage collaboration – recognising that relationships built during this process would need to be strong to weather the difficult process that will follow

1.5. Developing the Options - Approach

We set out to understand and explore a broad range of issues and data as a route to considering how local government might reshape itself for the benefit of the community it serves. As part of the initial statement of requirements there was a pre-determined set of options to be considered covering all 6 existing councils within Somerset, whilst extending some of these to include BANES and NS. These were quite specific as 'options', but we needed to go back to the data to explore the feasibility and achievability of each. The original options were:

- A "no change" option (being the base case by which all other options can be measured) including the potential implications of no change

- A Transformation option looking at the retention of all six local authorities in the county council area of Somerset and the two unitary authorities as legal and democratic entities, but with different business models of delivery including (but not restricted to) different ways of organising services, shared service delivery models, shared application of efficiency drivers, opportunities for joined up service delivery and shared outcomes

- A "Districts+" option, retaining the currently five districts of the county council area of Somerset and the two unitary authorities but with a shared service partnership / entity to provide pan-Somerset services.

- A unitary council for the County Council area of Somerset with no change for the two unitary authorities

- Two unitary councils for the County Council area of Somerset with no change for the two unitary authorities

- A unitary council covering all eight local authorities in the ceremonial county of Somerset
- Two unitary councils covering all eight local authorities in the ceremonial county of Somerset
- Three unitary councils covering all eight local authorities in the ceremonial county of Somerset

Underpinning any effective analysis is relevant, quality data. Our principles for this assignment included analysing both quantitative and qualitative views to inform and enrich our findings:

Analysis principles

The early research by LGRC (see Appendix A)also started to develop some key indicators for the efficacy of local government – these being Voice, Place and Stewardship (explained in section 2). The critical point for the Leadership Alliance was that for any option there would be 'trade offs' - understanding the impact of these 'trade offs' would become an important element of the options assessment. These indicators plus Finance became the 4 Dimensions against which all options could be considered.

These dimensions were used throughout the work by all partners to create a coherent narrative to the data analysis. This analysis (explained in detail in Section 2.4.1 below) allowed to categorise the potential options into 4 distinct categories:

- As Is - continuation of current arrangements including on-going improvement and savings initiatives
- Transformation - each council maximises individual efficiency through aligned transformation, followed by increasing degrees of sharing / collaboration
- New Council (s) - 1,2, or 3 new council structures
- New Ways of Working - running services at the right scale with corresponding governance in Somerset

Our starting point for developing the options was to develop a system wide view of the **strategic building blocks** for a new operating model, agnostic of any future local government structure. These are explained in section 2.3.

We also identified several integration opportunities for benefit realisation that were applicable to all options, such as shared strategic outcomes, common asset strategies, coherent commercial and funding strategies, shared services etc. These are explained in section 2.3. Each of these opportunities could be applied to each option subject to specific constraints. These 'trade-offs' were also useful for the assessment across the options in helping develop comparative benefit cases.

The data, analysis, development of the four dimensions and the refinement of the options were reviewed regularly throughout the commission with the Leadership Alliance to check alignment to the required outcomes and shape this final deliverable.

1.5.1.   Quantitative data – data sets from councils

The Ignite data analytics team requested a comprehensive set of data from Councils, to be reviewed, analysed and fed into our analytical modelling framework. The data requested and the associated guidance notes sent to councils can be seen in Appendix B
At this stage the financial analysis is built on a snap shot of data taken during the Commission and by necessity will have assumptions built into it, especially in terms of the data requested from BANES and NS, which was less granular than that from County and the districts.

It is anticipated that this baseline will need to be reset following the approval of the FY19/20 budgets and the analysis will need more investigation, testing and validation in any next phase of work.

1.5.2.   Academic research and findings

Our academic partners for this assignment, LGRC carried out extensive research from existing sources [see Appendix C) as well as commission-specific analysis of:

- The evidence behind governance structures for local government including:
  - o The sizing, financial imperative, structure and 'myths' of local government reorganisations.
  - o Specific studies carried out on local government amalgamations.
  - o A distillation of the complexities and trade-offs to be considered in any local government reorganisation
  - o Emerging questions for any options appraisal
- Comparative European models to inform thinking [see Appendix D]

LGRC also carried out additional interviews with specific stakeholders. This list is shown at the end of Appendix C

1.5.3.   Qualitative Somerset stakeholder perception and analysis

Working with our partners Collaborate CIC we utilised expertise in complex social challenges, place-based approaches to social change and compelling community propositions to identify and analyse the community challenges Somerset faces.

We engaged with the Somerset community including using a tested diagnostic approach to identify the key messages that the community of Somerset wants the councils to hear. There are valid, differing views across councils on this feedback, however it is important to understand the perceptions that prevail throughout the community. These are shown in Section 2.2.

1.5.4.   Quantitative data – financial analysis

Working with our financial partner (Pixel Financial Management), our data analytics team were able to call upon expert knowledge of local government finances. This was particularly useful when reviewing:

- Medium term financial planning
- Current developments and uncertainties involved in areas such as fairer funding, council tax harmonisation, business rates retention and spending reviews
- Financial resilience

Our approach to analysing a range of financial data has played a role in both guiding and responding to the development of options being considered. This addendum report (The Future of Local Government in Somerset – Data Collection & Modelling Report) provides supporting detail on:

- Our approach to financial modelling; this approach underpins the potential savings set out in sections 2.3 and 4.1
- The integration opportunities (which are agnostic of any option) for the future of Somerset and the scale/sensitivity of these opportunities (set out in section 2.3.2)
- Summary of data/assumptions used to underpin the model and suggested steps to further refine these. For example, classification of over 740,000 supplier payments from FY17/18 and FY18/19 to explore commissioning opportunities and the potential to centralise distributed budgets

1.5.5.   Qualitative council data through individual meetings and workshops

The Ignite team collated feedback though meetings with CEOs and Leaders, ensuring that views, concerns and opinion were taken into consideration when forming options.

There is a recognition that current stakeholder positioning, historic developments and political considerations play an important part in deciding any future direction, as much if not more than 'crunching the numbers'.

Workshops with each council focussed on a high-level assessment of maturity (or the baseline) based on perceptions from a cross-section of staff. These assessments informed adjustments to opportunity potential savings to ensure a more rounded approach. The maturity assessments focussed on aspects of demand management, channel shift/ customer self-serve, efficiency through technology and process design, organisation and management of staff, strategy performance & governance, commissioned spend and commercial approach.

1.6.   Drivers and the evolving case for change

The success of any transformative initiative is directly related to the energy, enthusiasm and motivation behind it. 'Why change?' and 'what are the drivers?' are questions that are asked of any transformation.

The 'moment' which galvanised this Somerset leadership alliance presented as both a call to arms and a financial health alert, both carrot and stick.

"What are our drivers for change?"

By the start of the commission the risk of imminent system-wide financial crisis had already diminished substantially, throwing the other change drivers into the spotlight.

"Are the drivers for system change large enough to consider dropping any individual priorities? Does each driver apply equally to each part of the alliance? Are the opportunities credible and if sufficient value to keep each and every member of the alliance at the table?"

Important questions given Somerset communities were promised better outcomes through system wide collaboration 10 years ago. Many of the team around the table were witness to this and are committed to learning from the past and delivering real change for the future of Somerset.

2. Findings and feedback

2.1.   Governance research

This research assembles and evaluates a national and international research evidence-base into what is variously known across different fora as mergers, amalgamations, or governance restructuring. It first surfaces the emerging lessons of this evidence-base, or what we call the 'tried and tested arguments' of local governance design, which frame debates over re-organisation. These lessons are then matched against the claims being made across local policy networks, specifically the arguments advanced by think tanks, consultancy organisations and councils themselves.

2.1.1. Research headlines

- Policy debates have focussed on organisational transformation as a tool for short-term financial savings, service improvements and improved coordination and accountability. No conclusive evidence for these outcomes
- Long term financial implications require more consideration but are only one set of inputs necessary to deliver the vision of the authority
- Lack of research on governance issues specifically related to amalgamation
- A 'democratic deficit' exists when larger units of local government are created (voter turnout, levels of community engagement and attachment to place). These indicators reduce over time
- Endorsement, leadership and co-ordinated, cascaded, clear messaging is vital to success. History shows a business case will not succeed without this
- Short term consequences of transformation are often negative. A plan is required to combat these

2.1.2. Key scrutiny factors

Local government transformation focus should be on long-term sustainability, scrutinised in terms of 3 key factors:

- **Voice -** the input legitimacy of democratic institutions. Representation, engagement, empowerment, modes of accountability (giving and holding) in institutions should all be considered
- **Place -** the requirement for local institutions to speak to 'natural communities', local identities and patterns of place attachment. Key to 'buy-in' to local institutions
- **Stewardship** - the output legitimacy of democratic institutions. Their governance capabilities to address the 'big ticket items' of local communities. This encompasses capacity for collaborative leadership, in-house organisational resources and policy instruments at disposal of local institutions

Options implications:

Sustainable restructuring in practical terms for Somerset means:

- Making demonstrable **cost savings** in the short term but not allowing this to dominate to the exclusion of all else
- A sustainable package of financial stability and good quality service delivery well into the future ('good **stewardship**')
- Balancing these considerations with opportunities for citizens to participate and have their views heard and acted upon ('**voice**')

- Structures which respect citizens' sense of community, identity and heritage ('**place**')

2.1.3.   A global view on cost reduction – lessons for Somerset

In Somerset, the UK and globally, government demand is now greater than ever against a backdrop of stringent constraints on public spending. According to International Monetary Fund, several of the world's major economies now have debt-to-GDP ratios approaching or exceeding 100 percent and fiscal deficits of 4 percent or higher and the response has been to cut spending on an unprecedented scale.

Recent research on government cost reduction initiatives across the world[1] shows that 43% of all public-sector transformation efforts over the past five years have had cost reduction as a core goal, most of which fail. The survey also found that governments that make big budget cuts simply to "force" efficiency improvements are less likely to deliver and sustain the intended cost reductions. Although there are instances of cost reductions leading to sustained improvements, these are exceptions, not the rule.

For Somerset, the important findings are that three additional actions are needed to massively increase the success of any cost-reduction transformation. These are:

- **Allocate sufficient personnel to implement the change.** Among "very or completely successful" cost-focused transformations, 92% had sufficient personnel assigned
- **Use financial savings from any change initiative to fund further reforms** (e.g. improved infrastructure, citizen services and increase capability). Cost-focused transformations that used this approach were 46% more likely to succeed due to increased motivation behind the changes
- **Use data and advanced analytics to help decision making.** Cost-focused transformations that harness data and analytics to target their efforts are nearly twice as likely to succeed as those that do not. Harnessing the power of a full strategic and technical toolkit promotes evidence based decision-making and buy-in from stakeholders

2.1.4.   Collaboration

Historically MHCLG has never put in place a clear devolution framework so there is scope to build from the bottom up; Central Government has provided tools, but it's up to local councils as to how they use them. The Somerset Alliance are first seeking to learn from current examples of local government reorganisation and pick and build on those elements that work best for their communities. LGRC posit that a key building block of

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[1] 'A smarter approach to cost reduction in the public sector' – McKinsey on Government Nov 2018

any successful reorganisation is collaboration. Experience of, willingness to and ability to collaborate are critical in ensuring the right foundations are in place for future success.

Recent examples include:

- Yorkshire – an example of good collaboration developing through the process having experienced rejection of separate proposals. Working together opened up opportunities that wouldn't have been considered in earlier discussions

- Sheffield – originally aimed to include areas of Derbyshire and Nottinghamshire which ended up raising questions about the 'identity' of the place and as a result Chesterfield pulled out. Having been given devolution status in 2015, Sheffield still hasn't produced their devolution proposal

- Greater Manchester – had a long hIstory of good collaboration and included integrated health and social care from the beginning, which encouraged the Sec of State to allow them to take this on

2.2. What our communities say

Findings from our engagement with the broader Somerset community highlighted both challenges and reasons for hope:

Problems partners identified:
- Purpose: a lack of high-level strategic leadership for Somerset, and no shared vision for the county
- Relationships: poor relationships between councils hindered progress; collaborative working was patchy
- Demand: system under strain; an organisation by organisation approach to cuts counterproductive and unsustainable

Reasons for hope:
- Partnership working: partners reported a strong desire for more effective partnership working, taking a systems approach. They stand ready to play their part
- New models of practice emerging: these are often preventative, place-based, cross-sector, multi-agency, data-driven, and person-centred. They are nascent and fragile but point the way forward

The detailed responses were also analysed in terms of the scrutiny factors:

2.2.1. Voice

- Somerset's strong sense of community is evident in vibrant community action across the county. Made possible by projects being truly embedded in the communities they serve, engendering greater trust and participation
- Residents of Somerset do not feel they can influence decisions affecting them. Existing structures and methods are seen as too formal residents are less inclined / able to engage with public institutions
- Councils in Somerset have an opportunity to think more creatively about how to reach people through multiple channels of social media, community forums and local news outlets

2.2.2. Place

- **Identification with town/village strongest**, identification with Somerset is meaningful but not to those outside the county. Identification with district is minimal
- **Somerset's natural assets are seen a huge advantage by residents & partners** – these offer a high quality of life and more could be done to market these nationally to attract investment, businesses & people
- **Somerset's economy is largely built on low paid employment.** There is low social mobility and young people have to leave the county for university and early career opportunities, and don't always return
- Major developments in Somerset including Hinkley Point are seen as a significant opportunity, offering immediate and long term prospects for jobs and skills in Somerset
- **Residents are clear that 'place' improvements are needed**. Ideas range from better transport to filling gaps in provision for certain groups to the cultural offer and the ability to attract new business

2.2.3. Stewardship

- There was seen to be a lack of high-level strategic civic leadership for Somerset, and no real shared vision for the place. Instead, partners observed a significant degree of dysfunction, which they viewed as counter-productive
- Respondents reported a strong desire for effective partnership working. This is not yet matched by the practice, which is patchy despite many good examples. The councils themselves set a poor example with the relationships between them
- There are many examples of good, collaborative, cross-sector working within Somerset, but these remain patchy and not yet fully developed as they sit outside an overarching story of place

2.2.4. Equality & Opportunity

- Widespread sense of a division in opportunity for people in Somerset, depending on their backgrounds (and location - with both urban and rural settings creating different sorts of challenges)
- Young people have to leave Somerset to progress, both for university and for early career opportunities
- Rural isolation (and the lack of buses) is a particular problem
- Businesses see opportunities created by a greater emphasis on Somerset as a great location to live, together with the lifestyle advantages of living and working there

2.2.5. System impact

- Overwhelming sense of a system under strain. Resources are a key concern - not that partners have to make cuts, but how they are going about it
- Concerns about consequences for partners (both statutory and voluntary) due to County financial pressures e.g.
  - Impact of cuts to Get Set on mental health services in the future
  - Rising eligibility criteria for services (not just council services) irrational and not taking account of consequences across the whole system
  - Siloed, institution based approach raises demand across the whole system. 'The public sector needs to shrink together, not shrink apart.'
- Despite this, and concerns about the complexity of accessing services, many respondents thought their own experience was good

2.2.6. Reorganisation purpose

- Perceived absence of leadership for overall Somerset direction. They recognise the potential, but this needs to be harnessed to form a bigger story about what Somerset could become or be
- The purpose of reorganisation must transcend financial issues, the likely disruption from implementing any reorganisation would be more difficult in the absence of shared purpose
- Districts / County not seen as providing leadership of place. The perception is one of dysfunctional relationships between council leaders and "turf battles", both hampering progress
- Partners feel the reorganisation question is being driven by financial issues, particularly with the County

2.2.7.　　　Reorganisation shape

- No discernible consensus about the shape any reorganisation should take
- Engagement with local government needs simplifying and local government should operate at an efficient scale
- Local government needs to remain connected to place and have a granular understanding of Somerset communities, the potential for contradiction in these two positions is recognised
- Some views that regardless of any particular options for reorganisation, people will work with whatever emerges (as long units were at a sufficient scale to be viable)
- "The structure needs to combine best of both worlds – scale to address big problems best tackled at that scale, as well as having roots in communities to address problems best solved there – and must have the ability to flex between those two poles" (Public sector voice)

2.2.8.　　　Option implications

- The need for a Somerset vision - what the place will become, the enabling change / reorganisation required. A process for Somerset Leaders to collaborate and lead this
- Cross sector leadership. A systemic (not siloed) approach to strategy and services across all Somerset partners is required
- Shift to an early intervention/preventative model
- Use strong identification with local place as a springboard

2.3.　　System wide benefits modelling

Our starting point was to develop a system wide view of the **strategic building blocks** for a new operating model, agnostic of any future local governance structure.

This allowed us to define a set of **opportunities** and analyse the potential benefits of each of these.

This analysis was completed before overlaying a series of **future local government structural options** and assessing the degree to which each of these structures enable the opportunities to be realised. None of the structures achieve the full opportunity. Rather there are trade-offs e.g. between economies of scale and local demand management (See Section 3).

2.3.1. Strategic building blocks

During the phases of receiving and collating all the business data, we identified 19 common strategic building blocks across the different council operating models. We completed analysis on the impact of all councils putting these building blocks in place. This is called the 'baseline transformation' opportunity.

(Note: An operating model is the 'whole system' of all the components and layers of an organisation including structure and roles, strategy, performance and governance, technology and processes).

The strategic building blocks are grouped around four types of activity:

- Blue – all activity that directly provides value for customers and communities

- Red – all activity that enables and supports customer-facing activity

- Yellow – all activity that involves working with partners and with the community to better deliver value for customers and communities

- Green - all activity that steers the blue, red and orange areas - horizon scanning and ensuring the direction is clear and maintained
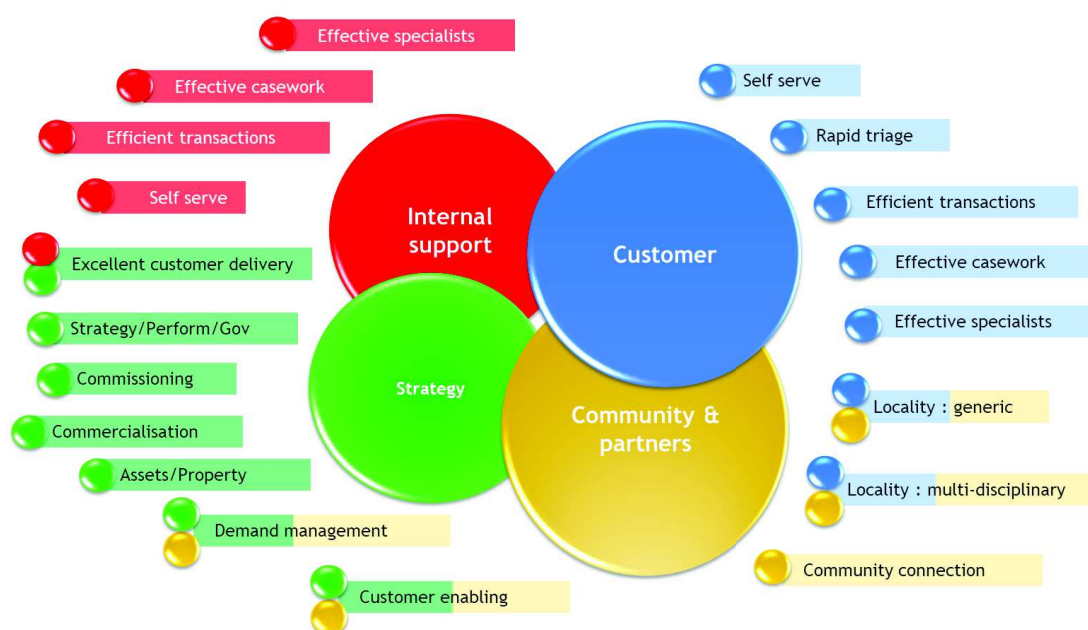
2.3.2. Integration opportunities

Additionally, we identified 13 integration opportunities if councils were to integrate parts or whole elements of their operating models.

These opportunities drive benefit in the following ways:

Creating a sustainable cost base

- Full digital enablement (customer self-serve, technology and process efficiency across the system)

- Increased economy of scale and specialisation for services and expenditure optimally run at scale

Managing demand

- An agreed strategy to managing demand across the wider system, and underpinning data and analytics

- Multi-disciplinary locality or community-based working to best enable upstream work that reduces demand for services further downstream (applications, assessments, enforcement, delivery of services internally or commissioned)

Commercialisation

- Building on resources and expertise In Somerset to unlock bigger opportunities e.g. across delivery of high-volume place-based services building on the Somerset Waste partnership

A single set of strategies and strategic outcomes and priorities

- Channel expenditure and investment and provide an opportunity to disinvest from lower priority areas.

The 13 opportunities are described in the table below

Integration opportunity	Key points
1.Leadership/management integration	- Streamlining leadership and management of (4000/7000) staff - Promoting separation of functional and operational management - Clarifying accountabilities and responsibilities of leaders and manager
2. Shared internal support service	- Centre of excellence for internal support services - Providing transactional internal support and resolution of cases - Advice and guidance that protects the organisations, promotes compliance and allows them to deliver on corporate priorities
3. Simple self-serve customer journeys	- Simple and consistent customer journeys that build in customer self-serve where this is helpful to customers and reduces cost - Customers able to access all services they need online in a simple and consistent way including a website that is easy to navigate - Customers encouraged and supported to self-serve in line with a single/ coordinated customer engagement strategy

Integration opportunity	Key points
4. Local holistic triage	Customer hubs operating at a local level to: • Cover the full range of local issues - council and local partners • Resolve customer problems and issues in a joined-up way • Manage demand effectively by recognising people's strengths and connecting them to the right support or service - including community based • Route issues that cannot be resolved rapidly to the right roles/ teams
5. Shared/integrated processing/ case and specialist	Joined up processing/ case work-teams run in-house at larger scale or potentially part of contract or teckal Specialist work joined up where: • Highly specialist and only requires single or small number of roles e.g. air pollution • Only require a small group of specialists who can act as centre of excellence e.g. revs and bens • Service is better operated at scale e.g. economic development, transport • Commercial reasons e.g. building control
6. Multi-disciplinary locality working	• Locality teams working in multi-disciplinary way on activities / parts of processes best delivered out in community e.g. reporting, monitoring, enforcement • Includes children, adults, housing and public health services – where cross agency locality-based working is helpful including with partners • Opportunity to build on existing 'one team', adult social care approaches, village/ community agents, emerging fit for my future neighbourhood teams • Community enabling and demand management an intrinsic element • Makes use of local assets e.g. libraries
7. Single strategy/approach to community-based demand management	• Agreed strategy to managing demand across services and the wider system, underpinned with data and analytics
8. One set of strategies & strategic outcomes	• A shared strategy focusing on target outcomes and impacts that set direction • A cohesive set of inputs and activities that deliver on target outcomes and impacts • Genuinely prioritised and consolidated strategic priorities • Clearly articulated strategic partnerships, programmes and key services

9. Joined up commissioning & procurement	• Commissioning cycles that identify the best model to deliver key services
	• Elimination of duplication in commissioned services, care and delivery commissioned services (including both internal and external commissioning)
	• Ensuring a smooth, consistent journey for customers where:
	   o Services benefit from smaller scale or community-based approaches
	   o Complex issues cut across services
	   o Delivery models are a blend of external commissioning and/or internal provision
	   o Commissioning services that work at scale (either internally or externally) across a wider scope of activity
	   o Visibility of major contracts across boundaries and a common approach to classification

Integration opportunity	Key points
10. Shared/integrated S&C activity incl. EPMO	• Single strategy, commissioning and performance team to support single set of strategies and strategic outcomes • A shared PMO to manage and support programmes and programme management • Alignment of frameworks and processes across these areas • The right political member and electoral arrangements

11. Single commercial strategy (and delivery)	• Reasons for commercialisation and what that means for Somerset defined
	• Risk appetite for shared commercial opportunities agreed
	• Explicit set of principles that define the scope of being commercial:
	  ○ Trade-offs and alignment against council plans and strategies
	  ○ Willingness to compete with local businesses and public sector organisations
	  ○ Operating within/outside Somerset

12. Focused asset strategy & portfolio management	• Visibility of the current asset base across boundaries (value, income, expenditure, use) • Genuine understanding of relevant costs and linkage to contracts • A common approach to classifying assets to take a holistic view • A single set of principles that set out when assets are acquired, invested in or developed, divested or disposed
13. Funding opportunities (This opportunity has not been modelled at this stage)	• Adopting an approach that maximises local government funding • Adopting an approach to business rates that maximises the retention of uplift (pilots, pooling etc.) • Adopting an approach that minimises any opportunity costs of council tax harmonisation and maximises opportunity increase rates/base • Adopting an approach that creates opportunities for new grants, precepts or devolution funding

Many of these opportunities have potential for the wider system rather than just local government. Our financial analysis only covers local authorities, but we recognise that potential exists and could be explored in future more detailed stages of work.

The diagram below shows the maximum potential savings associated with each opportunity (across Somerset only) to provide an indicator of relative scale. The maximum potential saving is £47.5M. These are the savings calculated before any of the structural options are applied. None of the structural options achieve the maximum savings. Rather there are trade-offs e.g. between economies of scale and local demand management.

The highest potential savings are likely to arise from a baseline transformation, a single commercial strategy and delivery, joined up commissioning and procurement and a shared internal support service. If councils were amalgamating in any form, baseline transformation and integration would not be sequential, they would need to be considered holistically. At this stage all figures are based on assumptions, local data provided,

research & our experience. More detail can be found in the Data Collection and Modelling report.[2]
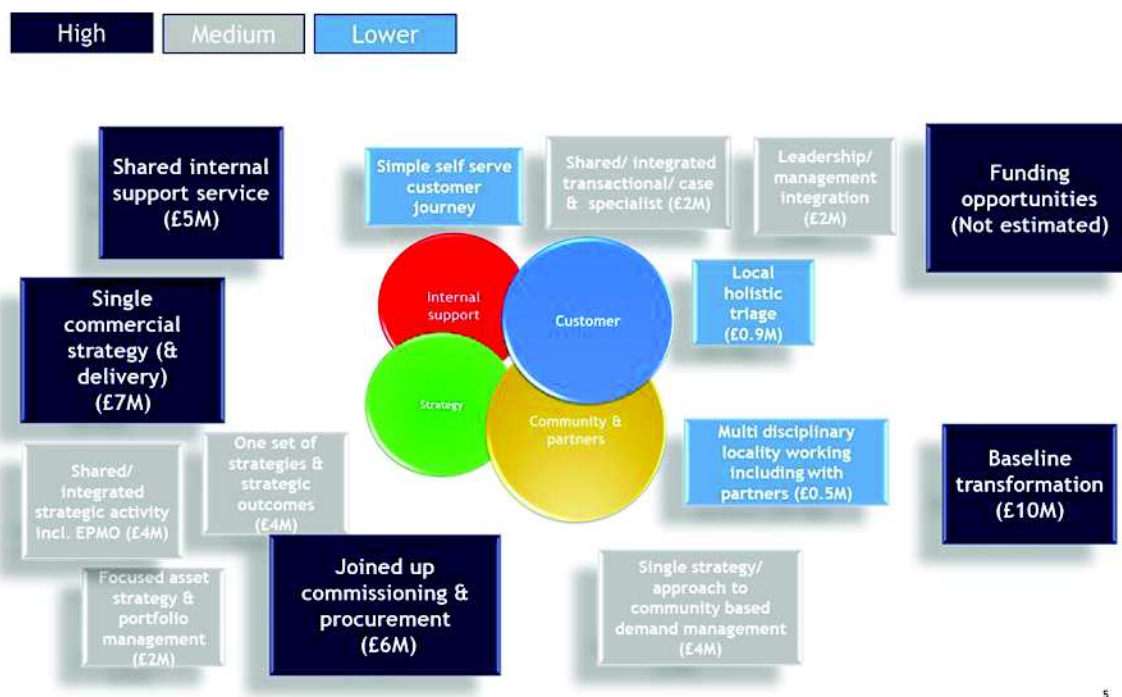
2.3.3.   Modelling BANES and NS

We have modelled the same opportunities across a wider set of councils i.e. including BANES and NS. We were restricted by the limited data on BANES and NS and as a result modelling was based solely on scaling factors. Further deep dive work is recommended if progressing any business cases including these two organisations.

We started with a scaling factor of 1.8. This reflects the sum of net revenue across Somerset, BANES and NS relative to the sum of net revenue across Somerset, and the sum of population across Somerset, BANES and NS relative to the sum of population across Somerset.

We increased this to a factor of 2, an increase of 10% to reflect the potential scale of integration across a wider set of services that becomes possible for options including BANES and NS. The total maximum savings across Somerset, BANES and NS is £93M before applying structural options. None of the options achieve the maximum savings.

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[2] Addendum report 'The Future of Local Government in Somerset – Data Collection & Modelling Report'

2.3.4. Technology

We collected data sufficient to build a picture about each council's current technology. This informed an initial assessment of technology across the Somerset councils and enabled the high level cost estimates which inform any case for becoming digitally enabled.

The high level technology assessment tells us:

- Technology strategies are not aligned under any common purpose. Considering them individually, they vary in style and direction; some are unclear, some are built on traditional "on premise" principles whilst some are more cloud orientated
- Our starting position is one of multiple separate technology estates (applications/ infrastructure/ desktop)
- A variety of technology delivery models (in-sourced and out-sourced) are being used. There are varying levels of commissioning skill and appetite
- Digital customer journeys are inconsistent across each Council's web/digital presence
- Examples of good practice and ongoing programmes of digital transformation exist but there is no local community to facilitate shared knowledge

There are a number of technology opportunities which warrant further review:

- Increasing the scale of any of the estates will result in both opportunities (e.g. better solutions, changed delivery models, increased resilience and more agility etc.) and potentially bigger business risks if implemented incorrectly (e.g. over reliance on one set of technologies and suppliers?)
- There is increasing maturity of cloud computing in local government, which means scalable flexible solutions are readily available for many aspects of the council need
- There is significant efficiency potential from standardising on a common technology approach across applications, infrastructure and desktops
- Efficiency can be gained and business control of the configuration of the technology retained by using cloud technologies to manage technology infrastructure
- A current prevalence of the Microsoft stack could lead to innovation/efficiency through partnership
- Having clearer simplified customer journeys would be possible through the adoption of shared digital design standards
- The digital conversation can drive more ambition associated with the larger impact and budgets
- Joining up procurement and commissioning could result in procurement process efficiencies (and lower costs) if more than one council has a similar business need to go to market on

Whilst the scale of potential change may appear disruptive, the ability to be able to directly deploy and control at scale offers some real advantage to all councils.

At the point the Leadership Alliance commits to any newly shared common purpose, it's likely to result in some common business needs that can be supported by digital improvement.

A good first step would be to work together on a joint digital strategy, which asks key questions of the business in order to realise some of the identified technology opportunities (e.g. where is our core value? to what degree could commissioned services help or hinder? What advantage and risks is brought about by a change of scale? How much standardisation of a digital approach are we prepared to accept to drive efficiency? etc.) in response to the emerging new system needs.

3. Dimensions and trade-offs

While there is still uncertainty about the granular detail of the options, this report gives leaders and management the data and information to discuss, agree and make a clear recommendation for the next course of action.

Our analysis shows that there is no single 'linear' path when assessing the options for Somerset. Focussing solely on cost, savings, structure or timescale creates an imbalance in decision making.

To make an informed decision, options must be evaluated across multiple dimensions, taking their relative strengths and weaknesses into account.

3.1. Assessment dimensions

The key factors for scrutiny identified in our research (Voice, Place and Stewardship – see 2.1.2 Key scrutiny factors) provide a useful foundation for assessing options. We add a fourth – finance - to complete the assessment dimensions.

Assessment dimensions

VOICE
- Being 'close' to the customer/ citizen
- The right roles / structures for representation, engagement and empowerment.

PLACE
- Community identity and place attachment at a local level
- Place/community identity for larger entities (e.g. functional economic or community geography?)

STEWARDSHIP
- Optimal service / outcome delivery. 'Big ticket' items e.g. economic growth, vulnerable groups (e.g. social care, homelessness), coordination/ integration.
- Collaborative system leadership.
- Operational balance between large scale and locality levels.

FINANCE
- Short term savings and recovery of implementation costs
- Medium to long term VFM and sustainability of finance and services, including managing demand

Analysing each option against these dimensions builds a comparative baseline to inform evaluation. Our high level analysis of this is shown in Appendix F

3.2. Inter-dimensional trade-offs

Within each assessment dimension, there are further trade-offs to be considered. These are shown in four high level views:
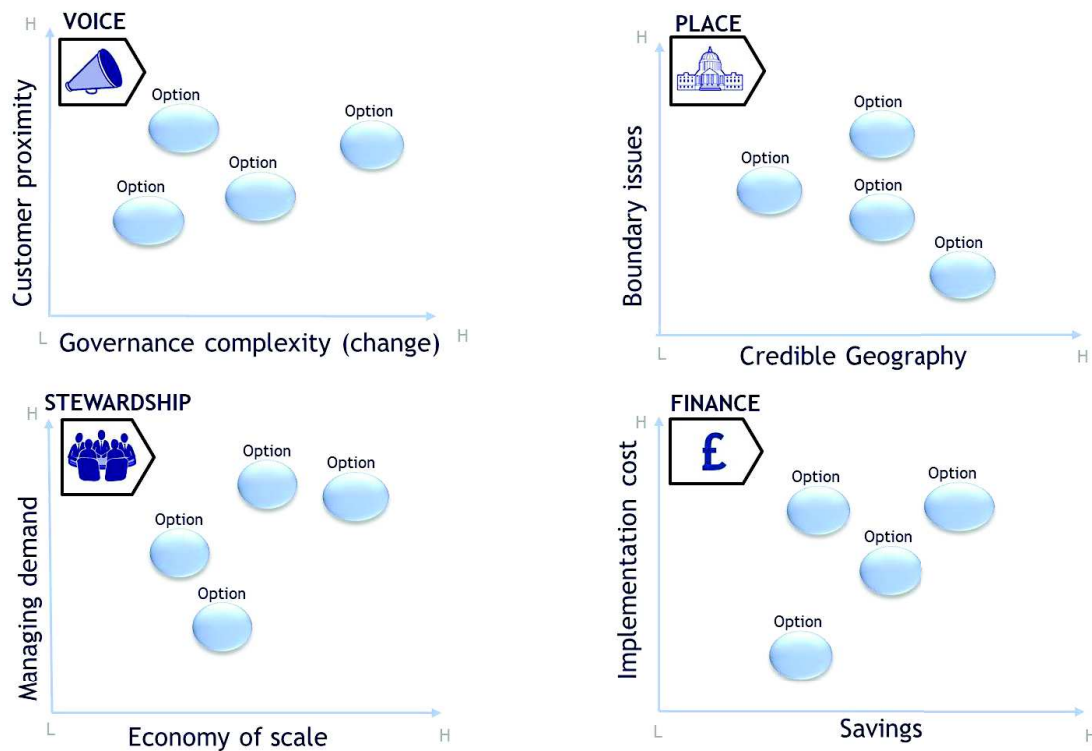
Key trade-offs for each dimension:

VOICE – Customer proximity vs. Governance complexity

PLACE – Boundary issues vs. Credible geography

STEWARDSHIP – Managing demand vs. Economy of scale

FINANCE – Implementation cost vs. Savings

Viewing options in this way provides further insight into the strengths of each option. Our analysis of these trade offs is shown in Appendix G

4. Options

4.1. Options summary

4.1.1. Overview of options

We have evaluated seven options. These are summarised in the table below and in the sections following. Appendix F includes further detail on each option.

Category	Option	Description
Category 1 As is	As Is	Continuation of current arrangements including on-going improvement and savings initiatives
Category 2 Transformation	Get fit + sharing	Each Council maximises individual efficiency through aligned transformation, followed by increasing degrees of sharing / collaboration: Strategy ......plus Internal support….. plus Customer / Community / Partnerships
Category 3 New councils	3a. One new council	One new council for Somerset (excluding BANES & NS).
	3b. Extended two new councils	Two new councils for Somerset including BANES & NS. N/S split. A new council for Somerset and a new council for BANES/ NS
	3c. Extended two new councils	Two new councils for Somerset including BANES and NS. E/W split. A new council for NS, Sedgemoor and Somerset West and Taunton. A new council for BANES, Mendip and South Somerset.
	3d. Extended three new councils	Three new councils for Somerset (including BANES & NS): BANES and Mendip. Somerset West and Taunton and South Somerset. NS and Sedgemoor.
Category 4 A new way of working	A new way of working	Running services at the right scale with corresponding governance in Somerset.

Funding forecasts, potential savings and costs associated with each option should be treated as indicative at this stage of the work. They reflect the quantity and quality of data requested and returned to us, and its snap shot nature. Draft savings and costs are also based on assumptions that reflect our experience and research at other councils. Further work will be required in any next stage to refresh, test, validate and develop the estimates in partnership with stakeholders, service leads and section 151 officers.

4.1.2. Potential savings

A summary of **potential savings for each of the structural options** is shown below. This shows how current estimates could move up or down based on a willingness to implement the opportunities that underpin the structural options. For example – we have estimated that the savings for 'option 3a. One new council in Somerset' could reach as high as £47M but that this would reduce significantly if there was no appetite to run services at scale

and realise economies of scale; and/or highly effective locality working to drive management of demand was not implemented.

1. As is
+ Existing change and savings initiatives
+ Fair funding & other funding changes
- Fair funding & other funding changes

2. Get system fit
+ Shared support services
+ Shared customer facing services
- No sharing, just individual transformation

3A. One new council
- Unwilling to operate service delivery at scale
- Ineffective locality structures & working

4. New way of working
+ Effective locality working that has big impact on demand management
+ Devolution funding
- Unwilling to operate some service delivery at scale

1	2	3a	3b 3c
£0-20m	£21-40m	£41 - 60m	£61-89m
		4	3d

Draft savings are based on a number of assumptions made by Ignite based on local data provided, research & experience. The figures have not been independently audited or verified as this is initial research & an opportunity assessment and not a detailed business case

These figures are larger because they include BANES & North Somerset councils. They are only broad estimates based on scaling up savings in proportion to population/council size

3B. 2 new councils (N/S). 3C. 2 new councils (E/W). 3D 3 new councils
- Unwilling to share support services across new councils
- Unable to work effectively with health CCGs and WECA
- Unwilling to operate service delivery at scale
- Ineffective locality structures & working

4.1.3.   Funding forecasts

Funding forecasts have been developed by Pixel Financial Management using the latest MTFS updates shared with us. These are the figures on which funding forecasts for each option are based.

Council	Population	Taxbase	Rev. Exp £1000s	Usable Reserves £1000s	UR as % of NRE	Cumulative Budget Gap					
						2019/20		2020/21		2021/22	
						£1000s	%	£1000s	%	£1000s	%
Somerset	549,447	195,240	337,909	23,749	7%	15,112	4%	28,533	8%	28,533	8%
North Somerset	211,681	78,004	151,563	40,174	27%	1,950	1%	6,239	4%	7,855	5%
BANES	187,751	64,347	113,100	44,842	40%	0	0%	12,320	11%	20,390	18%
Mendip	112,545	39,599	16,352	9,484	58%	2,080	13%	3,836	23%	4,450	27%
Sedgemoor	121,436	40,078	16,332	15,983	98%	1,748	11%	4,004	25%	6,548	40%
South Somerset	165,645	59,988	15,821	23,304	147%	-58	0%	466	3%	936	6%
Taunton & West Somerset	149,821	55,574	20,567	29,060	141%	0	0%	133	1%	247	1%
Totals - All	948,879	337,590	671,644	186,596	28%	20,832	3%	55,531	8%	68,959	10%
Total Somerset	549,447	195,240	406,981	101,580	25%	18,882	5%	36,972	9%	40,714	10%

Councils present their information differently and make different assumptions and this will be reflected in the figures. One significant difference is that the BANES MTFS shows a balanced budget for this year with an assumption that new and revised savings will be achieved, whereas in others planned savings for 2019/20 are shown as part of a 'budget gap'. We can revisit and update funding forecasts as part of a next stage of work.

Useable reserves figures exclude genuinely ring-fenced figures such as HRA and schools' balances.

4.1.4. Costs

The table below shows **initial estimates for the cost of transformation**. We have taken highest cost scenarios to avoid larger numbers emerging later. The biggest costs are for the creation of fully digitally enabled councils, redundancy costs and contract exit costs.

We have assumed for the purpose of the calculations (support costs in rows 1 to 3) that the implementation will be over a period of 2 to 3 years. This is not at this stage based on a planned implementation timescale but rather an estimate on which to base modelling. The numbers will be refined and updated as implementation timescale becomes clearer.

Cost Parameter	Description	Option 2. Get system fit	Option 3A. One new council in Somerset	Option 3B. Two new councils in wider area (N/S split)	Option 3C. Two new councils in wider area (E/W)	Option 3D. Three new councils in Somerset	Option 4. A new way of working
Transition Support/ Programme Team	Assumes a core team on 2 or 3 year FTC covering programme management, comms and engagement, technology and service redesign capability managed centrally. Increases for the 7 council options.	1.4	2.1	2.5	2.5	2.5	2.1
Transformation Support	Includes governance/re-structuring set up, design, service redesign development, change management, engagement activity and leadership development	1.7	2.8	2.8	2.8	2.8	2.8
Recruitment & Interim Support	Assumption is that there will be an additional requirement to support the recruitment of staff into new roles, displacement and transition of current staffing as well as significant surge/temporary staff to support transition .	3.4	3.4	3.4	3.4	3.4	3.4
Systems Transformation	Assumes the use of a common digital approach/platform to the enterprise architecture and covers cost of IT integration including data transfer. Option 4 assumes that transition costs would be smaller as it is assumed the pan entity body would maintain the legacy County Council ERP and social care systems. Estimates based on whole system change hence scale.	16	20	33	33	33	17
Contract Extraction	Estimated costs of extracting individual councils from existing shared contract agreements	25	25	25	25	25	25
Dis-aggregation Costs	Relates specifically to the disaggregation of legacy County Council services e.g. social care services, including client data etc.						
Harmonisation of T&Cs	Estimates to be developed						
Pension Strain/ Redundancy	Cost related to redundancy and early retirement linked to the estimated savings in FTE. Nos assume not all potential FTE savings will be realized (60%) – the rest is re-invested in demand management	25	25	41	41	41	25
Other Costs	Estimate - the cost of creating the new councils closedown of legacy councils, legal costs, communications, signage		2.5	2.5	2.5	2.5	2.5
Contingency	Anything else	1.5	1.5	1.5	1.5	1.5	1.5
TOTALS		74	82	111	111	111	80

4.1.5. Option 1 'As Is'

Council governance, structures and services would continue 'as is' in Somerset with towns and parishes, four district councils, and the county council. The two unitary councils would also remain 'as is'. Councils would continue to make improvements and savings, largely on an individual basis.

MTFSs forecast a gap across Somerset districts and county of £19M in 2019/20 rising (cumulatively) to £41M in 2021/2022. Including the two unitaries this is £21M and £69M. Useable reserves vary from 7% of revenue expenditure at the County to 147% at South Somerset.

Levels of reserves are one measure of financial resilience. The chart below shows reserves per population for all single and upper tier councils. Somerset is amongst the councils with lowest resilience on this measure.
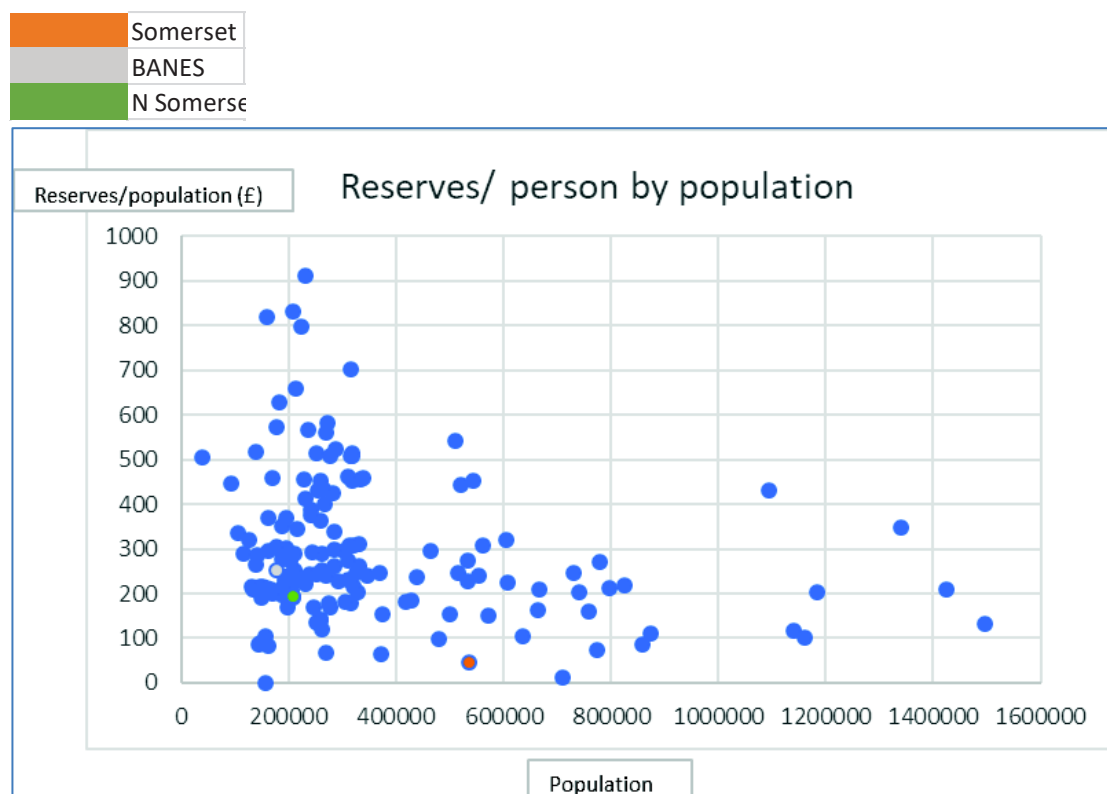
Reserve levels (31/3/2018) are based on research by Pixel Financial Management.

The 'As is' option may not be sustainable financially given funding forecasts and level of service reductions already made in Somerset. The current arrangements in Somerset compared to other structural options do not best maximise either economy of scale or the ability to manage demand at a local level.

An assessment against the dimensions of voice, place, stewardship and finance is given in Appendix F . Broadly this option is low against all dimensions when compared to other options.

Recognised risks / challenges / unknowns

Continuing with an unsustainable position for either finances or services is a recognised risk. The impact of Fair Funding is likely to mean gains for the county and losses for the districts. The net position (gain/loss) for Somerset is unclear at this stage.

4.1.6.   Option 2 'Get fit + sharing'

Each Council maximises its own efficiency based on agreed common principles and standards of transformation, and then together they collectively build in increased degrees of sharing on:

- Strategy *plus*

- Internal support *plus*

- Customer / Community / Partnerships

This option would require significant leadership and a step change in collaboration to articulate and hold the line on direction of travel and deliver the required benefits. A shared appetite for the scale and scope of the opportunities and a willingness to move towards consistency and common standards will be essential.

The funding forecasts and reserves are as for Option 1. Draft potential savings are up to £10M (2.5% of net revenue expenditure) if all councils transformed individually.

If instead councils choose to build collaboration and integrate activities, services and expenditure on a wide range of components (rather than transform individually) the potential savings are far higher (potentially up to £32M (8% of net revenue expenditure).

The councils could quickly start to collaborate as a basis for future integration on areas such as: a single vision and strategy for Somerset; common regeneration areas; commissioning and procurement of the big common areas of spend e.g. maintenance and refurbishment; a single commercial strategy and delivery building on the success of the Somerset Waste Partnership and other commercial approaches at a number of districts; and management of a single asset portfolio.

The councils might also choose to build on emerging good practice at local level to develop their multi-disciplinary locality working with a focus on early help and managing future demand. All of these areas could create savings through a mix of non-staff expenditure, income, and by reducing 'growth/demand' assumptions in MTFSs.

Larger staff cost savings would start to be realised as the councils implemented integrated staff structures e.g. for support services. Preparation for this would include reviewing processes, technology, activity, structures, ways of working, culture and existing transformation plans in order to reposition these and build consistency and alignment, to support integration opportunities.

Draft implementation costs are up to £74M for the full Option 2 model.

An example of sequencing is shown below. More detailed work is needed to confirm the optimal road map.
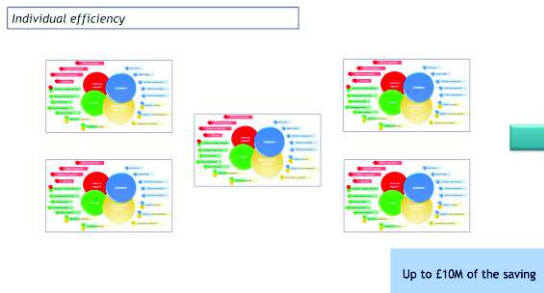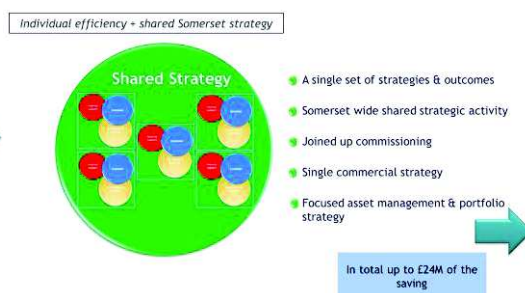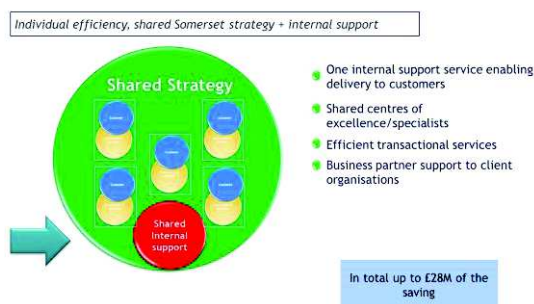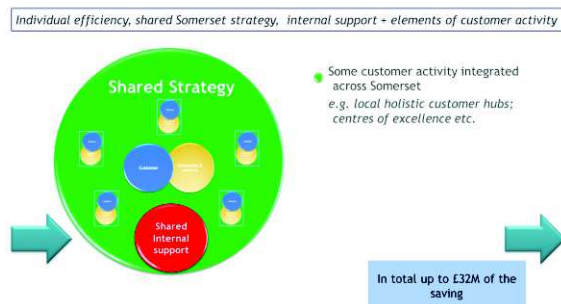
An assessment against the dimensions of voice, place, stewardship and finance is given in Appendix F . Broadly this option is an improvement against all the dimensions compared to Option 1. This would be driven by change in the following areas:

- More effective level of 'voice' at town and parish/ district levels following work to better join up tiers

- Improvements to back bench roles and structures enabling better representation, engagement and empowerment

- A vison for Somerset strengthens the Somerset identity internally and externally

- Step change improvement in leadership and collaboration

- Sharing and integration enable service delivery at optimal scale (within existing powers and duties). Improved coordination/ integration and efficiency across the system

- More sustainable cost base, savings up to 8% of net revenue expenditure and the potential to make choices if the funding gap is closed and investment funds start to become available

Recognised risks / challenges / unknowns

Building and sustaining the collaboration required for this option is a recognised risk. Agreeing integration opportunities that are feasible from a political as well as a cost/

benefit perspective will be challenging. If savings start to exceed the financial gap councils will need to choose and agree priorities for investment.

4.1.7.   Option 3A One new council for Somerset

This option creates one new council for Somerset replacing the county and districts. Main governance would be at Somerset level. Town and parish councils would remain.

Member numbers across Somerset would reduce from 266 (April 2019). The Local Government Boundary Commission expect a maximum of 100 members. We have modelled 125 members based on numbers at Wiltshire (98), Durham (126) and Cornwall (123).

The new council would use existing powers to create an effective locality structure delegating and devolving activity, services and funding to area boards /community networks – to support locality working.

This option maximises economy of scale savings. There is a risk of reduced demand management savings unless highly effective locality arrangements are created and protected.

Boundaries for the new council would be aligned to Somerset CCG. Localities could be aligned to developing CCG neighbourhood teams to support effective multi-disciplinary working at a local level. It would also be essential to work with clusters of town and parish councils to improve and make best use of capacity within this tier.

This is a tried and tested option. Previous learning is available and could be used to ensure the new council best delivers against the four dimensions of voice, place, stewardship and finance. The structure of this option is represented best by the strategic build blocks diagram shown earlier in section 2.3.1:
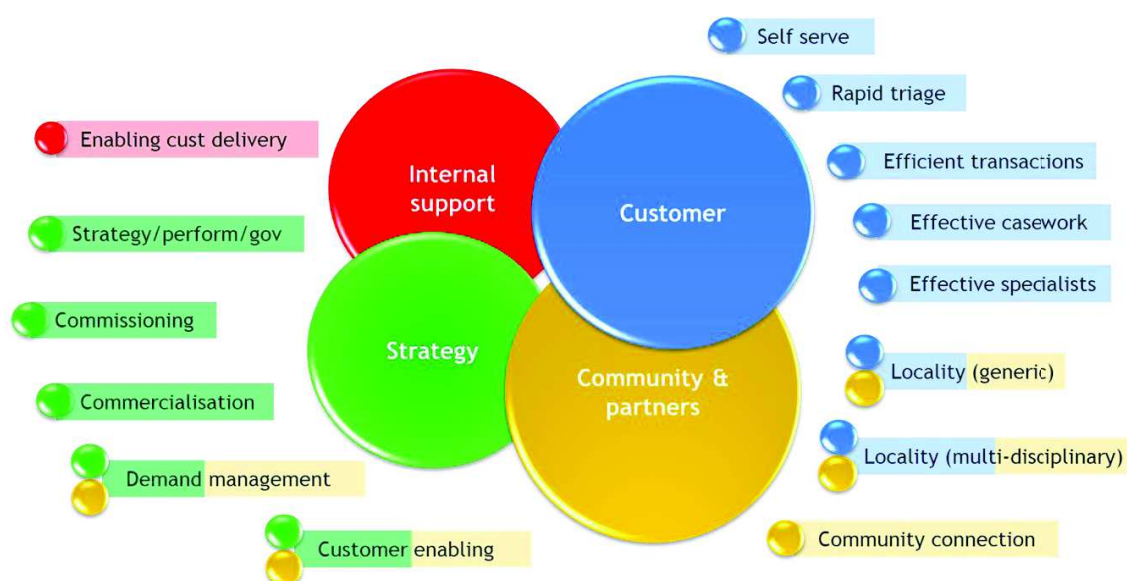
Creating a single Somerset council has no significant impact on overall funding. A small element of fixed funding may be lost (this might disappear under fair funding anyway). Fair funding is likely to mean gains for the county and losses for the districts. The net position (gain/loss) for Somerset is unclear at this stage.

Council tax harmonisation costs are not a significant issue for Somerset. Council tax band Ds are similar across districts and across upper tier. The financial gap is as for Option 2 £19M rising to £41M in 2021/22. New council pre-transformation revenue expenditure is £407M with useable reserves at 25%.

Council	Population	Taxbase	Rev. Exp £1000s	Usable Reserves £1000s	UR as % of NRE	Cumulative Budget Gap					
						2019/20 £1000s	%	2020/21 £1000s	%	2021/22 £1000s	%
Somerset	549447	195240	£406,981	£101,580	25%	£18,882	5%	£36,972	9%	£40,714	10%

Draft potential savings are estimated to be in the range £35M to £47M (9 to 11% net revenue expenditure) with draft implementation costs of £82M

An assessment against the dimensions of voice, place, stewardship and finance is given in Appendix F. Broadly this option worsens against voice and place and improves against stewardship and finance compared to options 1 and 2. This would be driven by change in the following areas:

- A single council for Somerset risks being more removed from the customer. Investment in good locality structures and improved working with town and parish councils is required to enable representation, engagement and empowerment

- A Somerset level vision and strategy would strengthen Somerset's identity internally and externally

- Council structures become clear for citizens / partners

- A single council provides a high potential for economy of scale opportunities for strategy and commissioning, internal services and customer facing services

- A more sustainable cost base, savings up to 11% of net revenue expenditure and the potential to make choices if the funding gap is closed and investment funds start to become available

Recognised risks / challenges / unknowns

This a tried and tested option and there is the opportunity to learn from other cases, to help manage the risk that the council will be more remote from its citizens and communities. Locality structures will be a key element of the new council and will need to work effectively with town and parish councils.

4.1.8. Option 3B Two new councils (N/S split)

This option creates two new councils replacing County, districts and unitaries (BANES and NS). Main governance would sit with each new council. Town and parish councils would remain.

Member numbers across Somerset would reduce from 266 (April 2019). The Local Government Boundary Commission expects a maximum of 100 members. Member numbers across BANES and NS would also reduce from their current total number (115), but by less.

New councils would delegate / devolve activity, services and funding to area boards/ community networks to support locality-based working within existing powers. It would also be essential to work with clusters of town and parish councils to improve and make best use of capacity within this tier.

There is high potential for economy of scale savings. In this option there is additionally scope for integration across services at upper tier (in the North council). There is a risk of reduced demand management savings unless highly effective locality arrangements are created and protected.

The boundaries of the South council are aligned to Somerset CCG and locality structures could align to proposed CCG neighbourhood teams and work with clusters of town and parish councils. The North council includes Bath and NE Somerset CCG but cuts across Bristol, NS and South Gloucestershire CCG. BANES is currently part of the West of England Combined Authority, but NS is not. This would need to be resolved.

Elements of this option are tried and tested. Previous implementations provide learning (e.g. Cornwall, Wiltshire). The emerging Dorset councils are the closest to the creation of the North council.
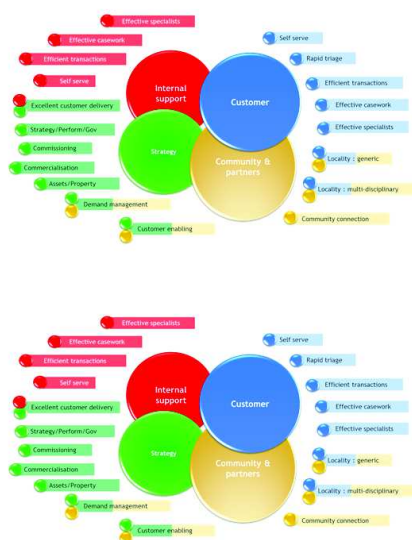
Council tax harmonisation costs are not a significant issue for Somerset. Council tax band Ds are similar across districts and across upper tier. Funding forecasts suggest the councils would have (pre-transformation) revenue expenditure of £265M and £407M. The North council has a lower budget gap (£2M) but this becomes a higher % of net revenue expenditure by 2021/22 (11%). The South council would have lower useable reserves, 25% of revenue expenditure compared to 32%

Draft potential savings are estimated to be in the range £57M to £80M (9 to 12% net revenue expenditure across both councils) with draft implementation costs of £111M. These figures should be treated with caution as the BANES and NS elements are based solely on a scaling factor.

Council	Population	Taxbase	Rev. Exp £1000s	Usable Reserves £1000s	UR as % of NRE	Cumulative Budget Gap						
						2019/20		2020/21		2021/22		
						£1000s	%	£1000s	%	£1000s	%	
BANES & N Somerset	399,432	142,350	264,663	85,016	32%	£1,950	1%	£18,559	7%	£28,245	11%	
Somerset	549447	195240	406,981	101,580	25%	£18,882	5%	£36,972	9%	£40,714	10%	
Totals	948879	337590	671,644	186,596	28%	£20,832	3%	£55,531	8%	£68,959	10%	

An assessment against the dimensions of voice, place, stewardship and finance is given in Appendix F . Broadly this option worsens against voice and place and improves against stewardship and finance compared to options 1, 2 and 3a. This would be driven by change in the following areas:

- Two councils across the wider areas risks councils being more removed from the customer than current arrangements. Investment in good locality structures is required to enable representation, engagement and empowerment

- Somerset level vision and strategy will strengthen identity internally and externally. Further work is needed on this element for BANES and NS

- Two new councils provide high potential for economy of scale opportunities including social care, highways and transport (within the North unitary)

- There is further potential from sharing and integration across both councils e.g. support services

- A more sustainable cost base, savings up to 12% of net revenue expenditure and the potential to make choices if the funding gap is closed and investment funds start to become available

Recognised risks / challenges / unknowns

The Somerset element of this option is tried and tested but the amalgamation of two unitary councils has just started in Dorset. It will be important to manage the risk that the councils will be more remote from citizens and communities. Locality structures will be a key element of the new councils and will need to work effectively with town and parish councils. In the North council potential issues with CCG and Combined Authority boundaries will need to be considered.

4.1.9.   Option 3C Two new councils (E/W split)

In this option two new councils for Somerset replace county and districts and two unitaries: BANES, Mendip and S Somerset; NS, Sedgemoor, and Somerset West and Taunton. The main governance would sit with each new council and town and parish councils would remain.

Member numbers across Somerset and two unitaries would reduce from 381 (April 2019). The Local Government Boundary Commission normally expect a maximum of 100 members per council. The new councils would delegate / devolve activity, services and funding to area boards/ community networks. This would support locality-based working within existing powers.

This option provides high potential for economy of scale savings including across both tiers of local government services. There is however a risk of reduced demand management savings unless highly effective locality arrangements are created and protected.

Compared to current arrangement the two councils would have larger socio-economic differences across them than current arrangements. Additionally, boundaries do not align to the CCGs or West of England Combined Authority and would cut across the Heart of South West LEP.

This option would be tried but unproven with possible learning from Dorset.
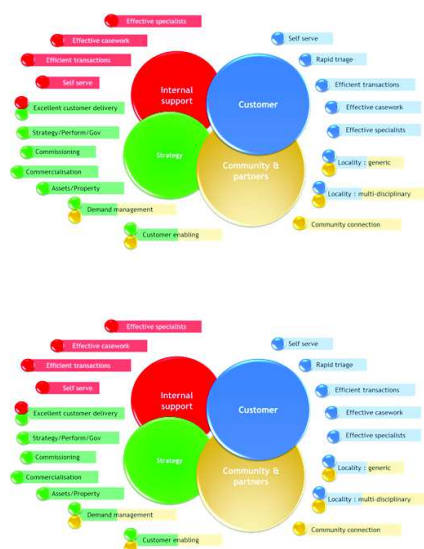
Council tax harmonisation costs are not a significant issue for Somerset and the two unitaries. Council tax band Ds are similar across districts and across upper tier. Funding forecasts suggest the councils would have (pre-transformation) revenue expenditure of £317M (E) and £355M (W). The councils would have a similar level of useable reserves as a proportion of revenue expenditure. The East council starts with a slightly lower budget gap but it would be higher by 2021/22, £40M compared to £29M.

Council	Population	Tax base	Rev. Exp £1000s	Usable Reserves £1000s	UR as % of NRE	Cumulative Budget Gap					
						2019/20 £1000s	%	2020/21 £1000s	%	2021/22 £1000s	%
BANES, Mendip & South Somerset	465,941	163,934	316,359	89,654	28%	9,673	3%	31,068	10%	40,223	13%
North Somerset, Sedgemoor & Taunton & West Somerset	482,938	173,656	355,285	96,942	27%	11,159	3%	24,463	7%	28,736	8%
Totals	948,879	337,590	671,644	186,596	28%	20,832	3%	55,531	8%	68,959	10%

Draft potential savings are estimated to be in the range £57M to £80M (9 to 12% net revenue expenditure across both councils) with draft implementation costs of £111M. These figures should be treated with caution as the BANES and NS elements are solely based on a scaling factor.

An assessment against the dimensions of voice, place, stewardship and finance is given in Appendix F . Broadly this option worsens against voice and place and improves against stewardship and finance compared to options 1, 2 and 3A. This would be driven by change in the following areas:

• Two councils across the wider areas risks councils being more removed from the customer than current arrangements. Investment in good locality structures is required to enable representation, engagement and empowerment

• Socio economic differences within each council are higher than other options

- Boundaries cut across partner boundaries – CCG, LEP and WECA

- Two new councils provide high potential for economy of scale opportunities including social care, highways and transport

- There is further potential from sharing and integration across both councils e.g. support services

- A more sustainable cost base, savings up to 12% of net revenue expenditure and the potential to make choices if the funding gap is closed and investment funds start to become available.

Recognised risks / challenges / unknowns

This option is tried but not tested. It has some similarities to the Dorset model. There is a risk that the councils will be more remote from citizens and communities. Locality structures will be a key element of the new council and will need to work effectively with town and parish councils. Somerset would disappear as a local government entity under this option and the potential impact of that needs to be considered. Potential issues with CCG, Combined Authority and LEP boundaries will also need to be considered.

4.1.10.   Option 3D Three new councils

This option creates three new councils for Somerset replacing the county and districts and two unitaries: BANES and Mendip; NS and Sedgemoor; South Somerset, Somerset West and Taunton.

Main governance would sit with each new council and town and parish councils would remain. Member numbers would reduce across Somerset from 381 (Apr 2019) at lower levels than options 3A-C. The Local Government Boundary Commission normally expect a maximum of 100 members. New councils would use existing powers to delegate or devolve activity, services and funding to area boards/ community networks to support locality-based working.

This option has medium potential for economy of scale savings and enables integration across both tiers of local government services. There is a risk of reduced demand management savings unless highly effective locality arrangements are created and protected.

In this option boundaries do not align to the CCGs or West of England Combined Authority - and cut across the Heart of South West LEP. Mendip might join the West of England Combined Authority - and the new 'North East' council would then be part of that arrangement. This option arguably maps most closely to the three functional economic areas that cover Somerset, BANES and NS. A closer fit would involve changing local government boundaries.
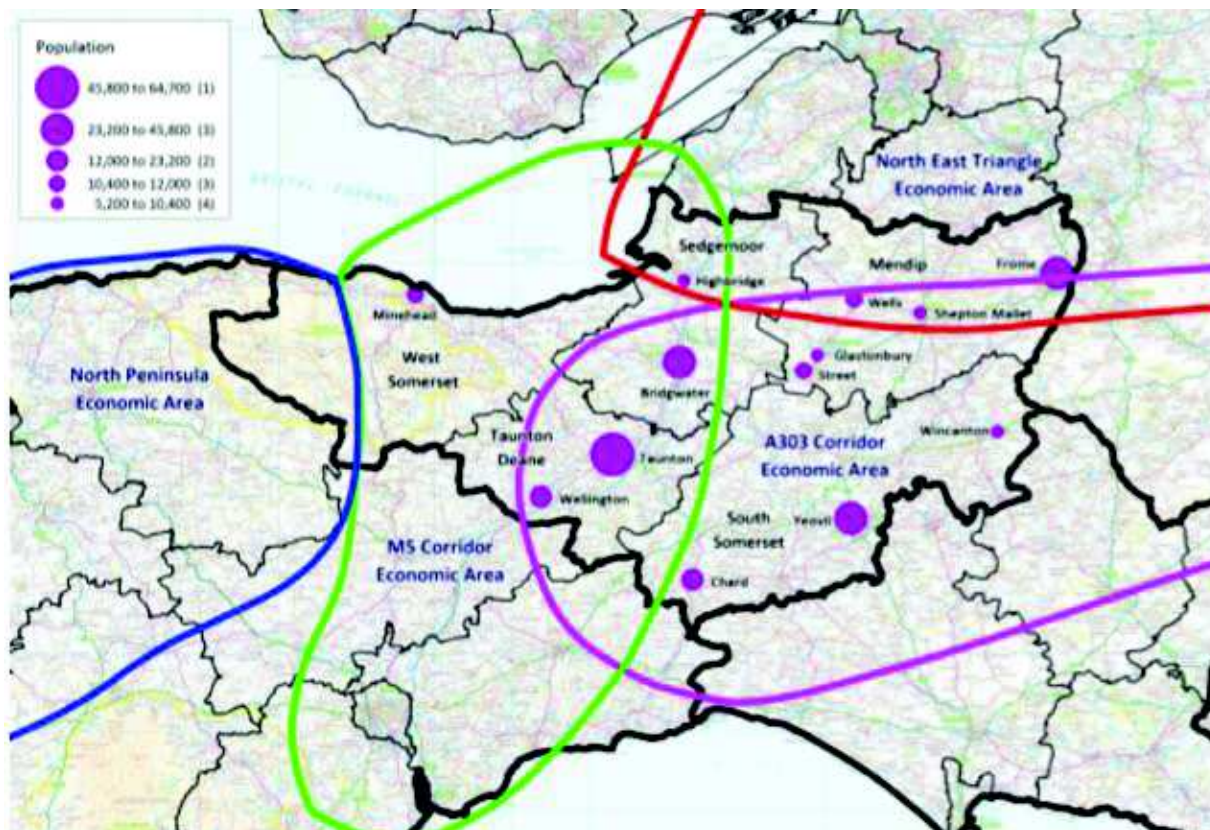
This option is tried but unproven with possible learning from the Dorset model.

Three new councils across Somerset, BANES and N Somerset based on existing boundaries
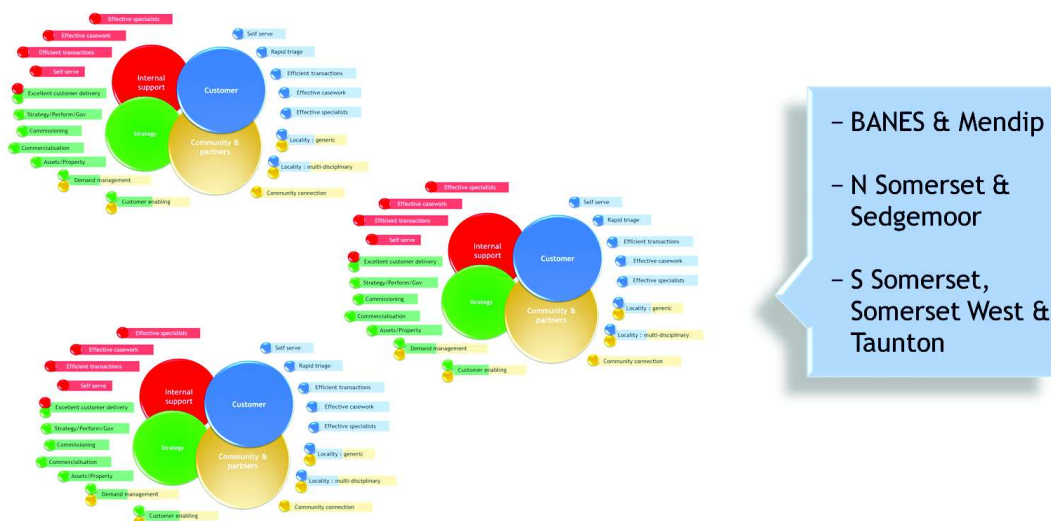
– BANES & Mendip

– N Somerset & Sedgemoor

– S Somerset, Somerset West & Taunton

Council tax harmonisation costs are not a significant issue for Somerset. Council tax band Ds are similar across districts and across upper tier. Funding forecasts suggest the councils would have (pre-transformation) revenue expenditure between £199M (BANES and Mendip)

and £242M (N Somerset and Sedgemoor). The councils' useable reserves as a proportion of revenue expenditure range from 25% to 30%. BANES and Mendip start with the lowest budget gap, but this becomes the highest by 2021/22.

Council	Population	Taxbase	Rev. Exp £1000s	Usable Reserves £1000s	UR as % of NRE	Cumulative Budget Gap					
						2019/20		2020/21		2021/22	
						£1000s	%	£1000s	%	£1000s	%
BANES & Mendip	300,296	103,946	198,667	59,191	30%	5,176	3%	22,000	11%	30,684	15%
North Somerset & Sedgemoor, South	333,117	118,082	242,578	61,406	25%	7,038	3%	16,549	7%	20,709	9%
South Somerset, Taunton & West Som	315,466	115,563	230,399	66,000	29%	8,618	4%	16,981	7%	17,565	8%
Totals	948,879	337,590	671,644	186,596	28%	20,832	3%	55,531	8%	68,959	10%

Draft potential savings are estimated to be in the range £45M to £67M (7% to 10% of net revenue expenditure) with draft implementation costs of £111M. These figures should be treated with caution as the BANES and NS elements are solely based on a scaling factor.

An assessment against the dimensions of voice, place, stewardship and finance is given in Appendix F . Broadly this option worsens against options 1 and 2 but improves against options 3A, B and C for voice and place. It improves against stewardship and finance compared to options 1 and 2. This would be driven by change in the following areas:

- Three councils across the wider areas risks councils being more removed from the customer than current arrangements. Investment in good locality structures is required to enable representation, engagement and empowerment

- Boundaries cut across partner boundaries – CCG, LEP and WECA

- Closest option to functional economic areas

- New councils provide high potential for economy of scale opportunities including in social care, highways and transport

- There is further potential from sharing and integration across both councils e.g. support services

- A more sustainable cost base, savings up to 10% of net revenue expenditure and the potential to make choices if the funding gap is closed and investment funds start to become available

Recognised risks / challenges / unknowns

This option is tried but not tested. It has some similarities to the Dorset model.

There is a risk that the councils will be more remote from citizens and communities. Locality structures will be a key element of the new council and will need to work effectively with town and parish councils. Somerset would disappear as a local government entity and the impact of this needs to be considered. Potential issues with CCG, Combined Authority and LEP boundaries will also need to be considered.

4.1.11.   Option 4 A new way of working

This option creates the opportunity to do something new and different in Somerset that reflects current challenges. It potentially offers a model that focuses on both economies of scale and local management of demand and if implemented effectively, provides a good trade-off between voice, place, stewardship and finance.

Three tier working would be reconfigured for Somerset: Super locality councils; Pan Somerset entity; and town and parish councils better integrated into the system. The most similar current arrangement in England is unitary councils and a combined authority e.g. Greater Manchester. Super localities could be based on the four district boundaries, but this needs further consideration as there are alternative options.

Democratic arrangements

The main council governance would sit with the super locality level (elections, council, cabinet, overview and scrutiny, audit, statutory roles). A mechanism for super locality member representation on pan area entity would be designed. Staff might also work across levels. Pan-area governance could be modelled on the Combined Authority model (with or without a mayor). The county council would no longer exist, and statutory powers, duties and governance require further consideration. Government syndication & approval would also be required.

Services

This offers a new way of working for current challenges. Super localities would run locally scaled services (including early help and prevention to manage demand). The pan Somerset entity would run / coordinate services at larger scale. There is high potential to transform and realise integration opportunities and benefit from locality/ community-based demand management.

Partners and wider system

There is an opportunity to review and align to CCG structures, statutory powers, co-commissioning, building on the work of the County. If Somerset becomes a Combined Authority this would impact the HoSW LEP.

The diagram below shows how the option might work at the pan and super locality level driving both economies of scale and local management of demand. It shows how some services might be run at scale reporting to the pan area entity e.g. a single support services, commercial delivery, centres of excellence for specialist areas, a single team for high volume transactional services. Services best run at a local level would be run by super localities – this might include multi-disciplinary locality-based teams working with the community and partners.
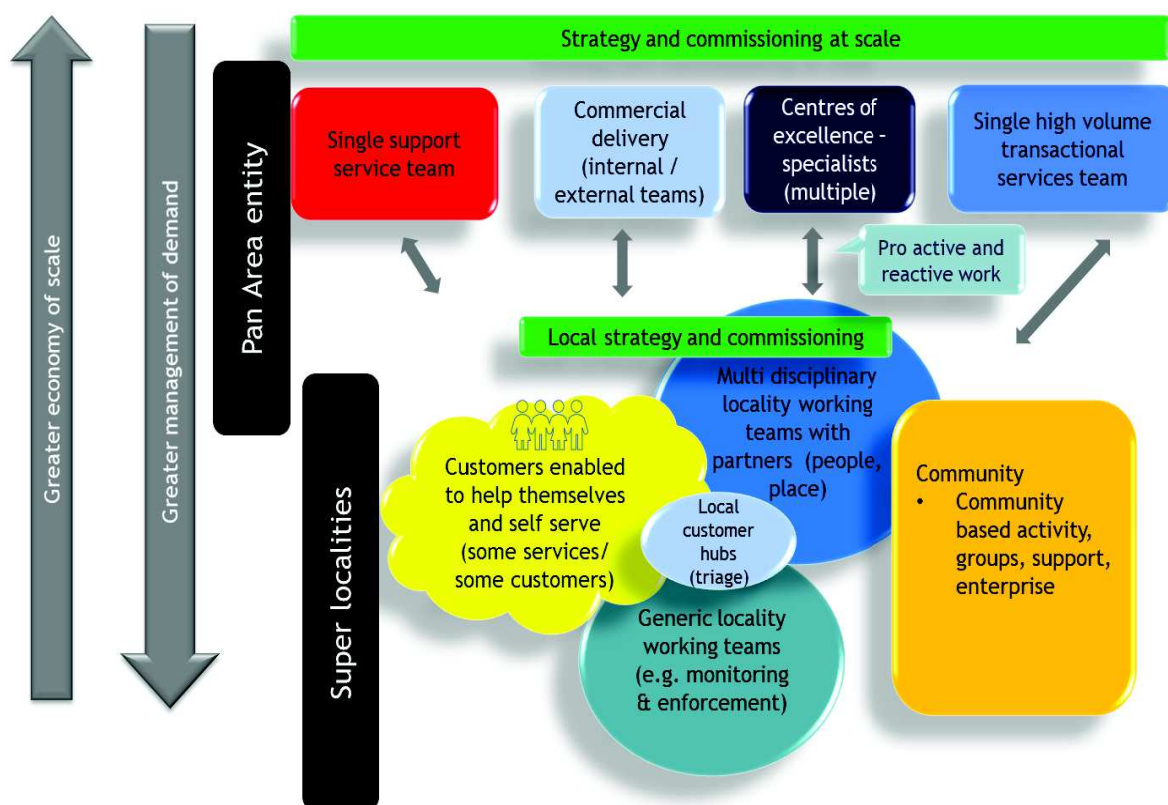
Example – Greater Manchester Combined Authority

Great Manchester Combined Authority (GMCA) is home to 2.8M people and covers the widest range of functions of any CA, including health and social care, children's services and public health. It was established in 2011 and the first mayor was elected in 2017. The GMCA is run jointly by the leaders of the ten constituent metropolitan councils, the Mayor of Greater Manchester and a Chief Executive.

A variety of boards, panels and committees look specifically at areas like transport, health and social care, planning and housing. They include various public, private and voluntary partner organisations to help. Greater Manchester Strategy, 'Our People, Our Place' has been written by all 10 councils, the Mayor, the NHS, transport, the police and the fire service, with help from businesses, voluntary, community and social enterprise organisations, and members of the public.

GMCA are developing a model to integrate health with all public services, such as early years, education, community safety, housing and employment. This means professionals from all public services working together with a single budget, in neighbourhood teams of 30-50k citizens, focusing on a preventative approach.

The 10 leaders continue to lead their own councils. The Mayor and Combined Authority do not replace, nor can they overrule them. GMCA is funded by the 10 councils through a levy. This is a shift in funding not a means of raising additional resources. The mayor can

also raise additional resources through a precept and through agreeing devolution deals. These often come with an investment fund.

This is a new and different set of arrangements. If Combined Authority arrangements are used there maybe scope for additional funding.

Finance

The table below shows example modelling based on current district boundaries. (BANES and NS included for completeness). Assuming revenue expenditure is attached to each district (Note – there are alternative options) this shows revenue budgets of between £86M (Mendip) and £118M (South Somerset) before any shift to the pan area entity. Useable reserve as a % of revenue expenditure: Mendip – lowest, Somerset West and Taunton - highest. Budget gaps start at a similar level in 2019/20, Sedgemoor's is the highest by 2021/22.

| Council | Population | Taxbase | Rev. Exp £1000s | Usable Reserves £1000s | UR as % of NRE | Cumulative Budget Gap | | | | | |
						2019/20 £1000s	%	2020/21 £1000s	%	2021/22 £1000s	%
BANES	187,751	64,347	113,100	44,842	40%	0	0%	12,320	11%	20,390	18%
North Somerset	211,681	78,004	151,563	40,174	27%	1,950	1%	6,239	4%	7,855	5%
Mendip	112,545	39,599	85,567	14,349	17%	5,176	6%	9,680	11%	10,294	12%
Sedgemoor	121,436	40,078	91,015	21,232	23%	5,088	6%	10,310	11%	12,854	14%
South Somerset	165,645	59,988	117,692	30,464	26%	4,498	4%	9,068	8%	9,538	8%
Taunton & West Some	149,821	55,574	112,707	35,536	32%	4,121	4%	7,914	7%	8,027	7%
Totals	948,879	337,590	671,644	186,596	28%	20,832	3%	55,531	8%	68,959	10%

Draft potential savings are estimated to be in the range £36M to £48M (9 to 12% of net revenue expenditure) with draft implementation costs of £80M. (This excludes potential for additional government funding associated with devolution).

An assessment against the dimensions of voice, place, stewardship and finance is given in Appendix F . Broadly this option could be the best for voice and place and similar to the '3' options for stewardship and finance. This would be driven by change in the following areas:

- Super localities and town and parish councils integrated into the system and enable local government that is close to the customer

- Representation, engagement and empowerment

- Opportunity to align to CCG neighbourhood teams

- Opportunity to address some of the challenges of place for Somerset whilst also reducing confusion about structures

- High potential to transform and realise most integrated operating model opportunities

- A more sustainable cost base, savings up to 10% of net revenue expenditure and the potential to make choices if the funding gap is closed and investment funds start to become available

Recognised risks / challenges / unknowns

This option is complex and involves designing new governance arrangements and syndicating these with Government. Right size and boundaries for a super locality in terms of voice, place, stewardship and finance requires further consideration.

Councils could potentially adopt a staged process:

- Take the 3 existing tiers, combine strategy, and re-imagine how demand could be managed and where services would best be delivered from

- Then consider possibilities of disrupting this further - facilitated and supported by governance changes that are currently available i.e. a Combined Authority (to potentially create a pan Somerset entity). This build also provides greater opportunity to engage with the broader public sector and communities in creating even better solutions to demand management and service delivery

- Then consider the possibilities of full disruption facilitated and supported by governance changes that are currently not available and would need to be designed, syndicated with, and approved by Government

4.1.12. Summarising the options

Option	Summary	Dimensions overview	Strengths	Risks	Savings range
Option 1	Council governance, structures and services would continue 'as is'	Voice / Place / Stewardship / Finance	• No disruption	MTFPs forecast a gap across Somerset districts and county of £19M in 2019/20 rising (cumulatively) to £41M in 2021/2022..	
Option 2	Each Council maximises its own efficiency, and then together they collectively build in increased degrees of sharing on: • Strategy plus • Internal support plus • Customer / Community / Partnerships	Voice / Place / Stewardship / Finance	• Lower level of disruption than new council and new ways of working options.	• Leadership and collaboration.	Draft potential savings are up to £10M (2.5% net revenue expenditure) if each council transformed and could be up to £32M (8%) if shared opportunities are maximised, with draft implementation costs of £74M
Option 3A	• One new council for Somerset Member numbers across Somerset would reduce from 266 (April 2019), LG boundary commission expect maximum of 100 members • High potential for economy of scale savings.	Voice / Place / Stewardship / Finance	• Tried and tested. Can learn and improve on past cases. • More sustainable cost base and high potential savings.	• Risk of reduced demand management • Distance from people and communities. • High level of disruption	Draft potential savings are estimated to be in the range £35M to £47M (9 to 11% net revenue expenditure) with draft implementation costs of £82M
Option 3B	• Two new councils replacing County, districts and unitaries (BANES and NS). Main governance with each council, T&P councils remain. • Member numbers across Somerset would reduce from 266 (April 2019), LG boundary commission expect a maximum of 100 members.	Voice / Place / Stewardship / Finance	• Elements tried and tested. Can learn and improve on past cases. • More sustainable cost base and high level of potential savings.	• Distance from people and communities. • High level of disruption.	Draft potential savings are estimated to be in the range £57M to £80M (9 to 12% net revenue expenditure across both councils) with draft implementation costs of £111M
Option 3C	Two new councils for Somerset replace county and districts and two unitaries: BANES, Mendip and S Somerset; N Somerset, Sedgemoor, and Somerset West and Taunton. Main governance sits with each new council. Town and parish councils remain. Member numbers across Somerset and two unitaries would reduce from 381 (April 2019). LG boundary commission normally expect a maximum of 100 members per council.	Voice / Place / Stewardship / Finance	• More sustainable cost base and high level of potential savings.	• Cuts across partner boundaries • Distance from people and communities. • High level of disruption	Draft potential savings are estimated to be in the range £57M to £80M (9 to 12% net revenue expenditure across both councils) with draft implementation costs of £111M.
Option 3D	Three new councils for Somerset replacing the county and districts and two unitaries: BANES and Mendip; N Somerset and Sedgemoor; South Somerset, Somerset West and Taunton. Main governance sits with each new council. Town and parish councils remain. Member nos. reduce across Somerset from 381 (Apr 2019) at lower levels than options 3A-C. The LG boundary commission normally expect a maximum of 100 members.	Voice / Place / Stewardship / Finance	• More sustainable cost base and high level of potential savings.	• Cuts across partner boundaries • High level of disruption.	Draft potential savings are estimated to be in the range £45M to £67M (7% to 10% of net revenue expenditure) with draft implementation costs of £111M.
Option 4	Reconfigured three tier working for Somerset: Super locality councils; Pan Somerset entity; and Town and parish councils better integrated into the system. Most similar current arrangement in England is unitary councils and a combined authority e.g. Greater Manchester. Super localities could be based on the four district boundaries but tbc. Main council governance sits with super locality level (elections, council, cabinet, overview and scrutiny, audit, statutory roles). Mechanism for super locality member representation on pan area entity. Staff can also work across levels.	Voice / Place / Stewardship / Finance	• Economies of scale and locality based demand management - high level of savings • Closer to people and communities than 'new council' options.	• Complexity - designing new governance arrangements / syndicating with Gov.	Draft potential savings are estimated to be in the range £36M to £48M (9 to 12% of net revenue expenditure) with draft implementation costs of £80M.

5. Conclusion

5.1. Initial responses

One of the commission's initial deliverables was to help develop an implementation plan with next steps for each option, considering ease and costs of implementation alongside potential hurdles and risks. Whilst working in partnership with the Leadership Alliance to develop the options, it was quickly recognized that a broader, high level approach to implementation would be more helpful at this stage. An initial assessment of the full initial options list, based on the emerging details, resulted in a clear consensus:

- Option 1 - 'As is': There was no appetite in the group to keep this in the mix, with a common view being that with opportunity information now becoming visible some action needed to be taken to create better, more effective and efficient services for Somerset citizens

- Option 2 - Get system fit + sharing: This developed considerable support as a first step that closes no other options down, gives shape to the collaboration driver and requires no structural change or permission. Immediate action can be taken forward at operational levels to develop collaborative approaches, establish new ways of working and build towards further stages of sharing. This doesn't

underestimate the scale of the challenge to deliver the potential benefits, but presents a commitment to change

- Option 3 - New council(s): Limited immediate support from community and districts at this stage, however one or more variants to be kept on the table during further explore/pilot work as a potential 'back stop' should progress towards Option 2 not move sufficiently in the required timeframe. This will also be dependent on BANES and NS engagement in the process. Building the data model and testing the assumptions will allow a number of options to be considered in a consistent way

- Option 4 - New way of working: This option continues to offer interesting possibilities for ultimate governance models and how the wider system could engage in the debate to manage demand holistically. The delivery of services at the appropriate scale, the opportunity to redefine 'place'/super localities based on modern demands and ensuring Voice is addressed at the right level are all worth keeping this option on the table and exploring further

It became clear that taking a developmental approach for the next stage would offer potential advantages to all stakeholders, including the communities served by the alliance. It would enable early progress to be made and would keep all currently preferred end state options on the table for future decisions and to test any emerging hypotheses.

MHCLG are expecting the current Somerset Leadership Alliance to make progress on this work and are offering ongoing engagement and support on that basis. They would welcome a strategic approach focussed on delivering better outcomes for Somerset, rather than a short-term focus on financial benefits They have indicated a strong preference for a 3 unitary solution including BANES and NS. This option will therefore continue to be in the mix. Any other options would need to present compelling additional benefits beyond those identified for this option.

5.2.   The emerging case for change

While our review of findings and feedback recognises the differences between the councils (e.g. finances, process structure, motivations to change etc.) this alliance have identified more significant things to bind opinion than to divide it:

- **Councils agree that the citizens of Somerset are the most important focus of all work.** This perception is not shared by the stakeholder feedback and this needs to be addressed through visible, demonstrable, results driven action

- **Finances remain an important factor** (the County have achieved significant success in reducing their short-term financial burden) but longer-term viability, managing demand and investing in the right services are key to local government succeeding

- There has been **a lack of collaborative success in the past**, the opportunities still remain untapped and should be explored.

- **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
- The opportunities emerging from the options development offer **sufficient confidence to warrant a 'next steps' conversation**

The identified common ground and emerging opportunities offers the individual council teams a foundation from which to build their compelling reasons for change:

A wider expectation that things need to change in Somerset requires a proactive, unified response. Progress for Somerset is expected to be evidenced by workable initiatives, demonstrable progress and visibly better outcomes

With Somerset County having successfully removed the original financial burning bridge, the development of shared purpose and narrative to give shape and direction to any future collaboration is now key to any next step.

5.2.1.   Capturing and sharing what we learn

The local government reform landscape has few paths that are well trodden. The aspiration within the commission targets answers and options that cannot be found without entering new territory. Plans must also avoid repeating mistakes made by local authorities who have gone before. This means there is likely to be a large degree of uncertainty in stepping up any work.

We are all influenced by far more than solid data, which presents both opportunities and traps for the coming challenges. Based on the work to date, we have seen decisions being made based on both the head and the heart.

We all seek data within anecdotes; by testing personal or group hypotheses; by seeking deeper info for unanswered (and possibly implicit) questions; by testing doubts from our own personal experience and views; by applying 'lenses' on complex situations in the hope of distilling some sense from them.

Wherever we seek to build working relationships or influence, we must recognise that decision making is far from a simple process for every individual, let alone groups.

Certainty helps us make decisions with a better chance of being able to forecast the impacts. It also gives us confidence to choose our next steps. Uncertainty is always less comfortable but is almost inevitable when truly innovating.

We expect strong and decisive action from our leaders regardless of their context. It is probably during times of peak uncertainty that we expect the most from them and when they can offer the most value and confidence to us.

A Somerset-wide reform was started 10 years ago and at that time, the collaboration didn't deliver. Neighbouring Dorset did similar and are now on a path to forming a Unitary. Beyond the Unitary model, there are very few examples of two or three tiers of local

government where the system and structures supporting the political governance are organised for singular purpose and collaboration.

Moving to Option 2 as an initial platform would offer significant learning into the current Local Government reform community. We must find ways to ensure key findings emerging from this work can be shared. Every success and failure has the potential to illuminate the choices and starting positions of other council and public sector teams as they consider their own reform options.

5.3. Implementation considerations

5.3.1. Building Momentum

The LGRC research evidenced that local government reform has tended to be more successful where the approach is supported by improved collaboration between local institutions. As was also evidenced in the Collaborate CIC engagement activity with stakeholders, and in discussions within the Leadership Alliance, previous efforts at collaboration Somerset-wide have had mixed results, none of which have been wholly successful. This was recognised in the discussion regarding a preferred initial move to Option 2. Given past experiences, this is NOT the easy option and WILL require both considerable commitment and strong leadership to deliver positive change. The requirement for both stronger confidence in and proven outcomes from collaborative decision making, is a large part of what we will seek learning about.

Our experience during the commission suggests there are a number of opportunities to build and embed real collaboration. This will help provide a sound basis for future development of the options – either an Option 3 variant as a 'back stop', or as a development towards a new way of working – Option 4.

These 'quick wins' could cover:

- Developing a shared set of agreed strategic outcomes
- A consistent approach to Strategic Finance/MTFS development
- Enabling Growth
- Infrastructure/M5 corridor/coastal strip
- A coordinated asset management/commercial strategy
- An enterprise architecture approach to technology alignment
- Engaging with key external partners

If progress towards Option 2 is desired within a timeframe of 2 years from point of decision, considerable work will need to be undertaken to transform as individual organisations to an agreed set of standards, narrative and approaches. This shouldn't mean necessarily at this stage every organisation must transform in the same way, but

principles of transformation need to be agreed if they are to be applied system wide in any future scenario.

A high level approach to implementation, if taking a journey through Option 2 towards either an Option 3 variant or Option 4, should follow four stages:

1. **Building collaboration** – agreeing principles, standards and approaches which build alignment. Managing key projects to deliver outcomes and build confidence, creating cross-working opportunities and sharing. Continue to build, learn and potentially extend the Leadership Alliance. Run targeted deep dive work into the preferred options to test hypotheses, understand risks and strengthen commitment

   NB: Making progress on this stage asap and in advance of the elections would help ensure any decision was able to make a rapid start.

2. **Get Fit and Transform** – deliver Option 2 as a single programme over a 2-year timescale. Build up sharing as appropriate and as guided by the deep dives into the preferred options and resultant business cases. Engage with broader stakeholders to build consensus on the options and approach, continuing to evolve collaboration and system leadership

3. **Transition** – the move to agreed end option decision (e.g. Option 3 variant, Option 4, other variant) and building on the Transform achieved in stage 2. This needs to cover all aspects of the operating model (Section 2.3),i.e. not just focus on the organisation/structural change, but new ways of working, culture, dynamic demand management as needs change, continuous improvement etc.

4. **Embedding** – recognising that transition/cutover needs to be followed by a focused effort to support citizens, partners and staff through into the new way of working for local government

The diagram below sets out an indicative timeline:
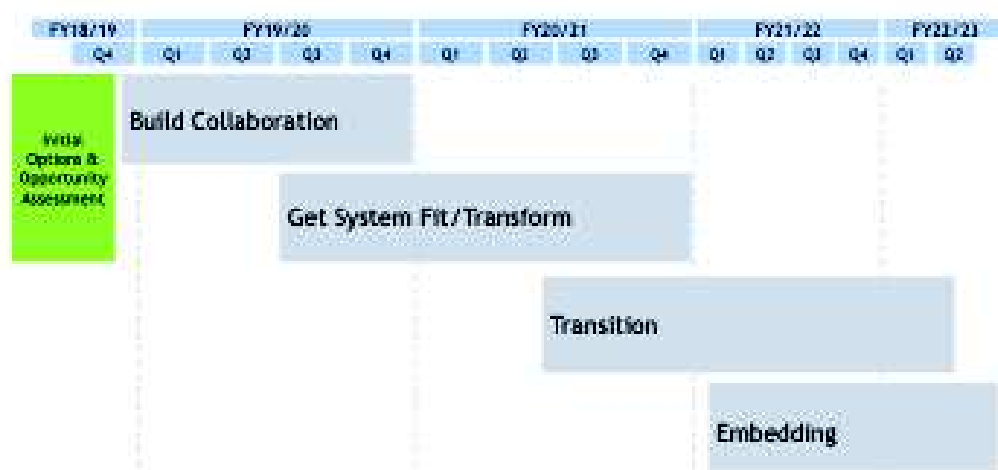
5.3.2.   Next steps

The Leadership Alliance are exploring their preferred actionable areas for progress between now and the May elections. They will continue to develop a narrative to help engage with and draw in support and further collaboration, where it offers the potential for better outcomes across Somerset.

The action plans must build on the work to date, deliver some obvious quick wins and work towards more detailed recommendations post elections. There are 3 recommended activities for this work:

Leadership Alliance Support:

- The initial options assessment and leadership alliance support activity became increasingly interlinked.   Given the partnership approach developed, maintaining the impetus of the Alliance will be critical in developing - and delivering on - a vision for Somerset

- This would include supporting the CX group to maintain ownership of the outcomes and drive progress

- Additional work could also be included to support the development of wider stakeholder groups, for example S151 Officers/Transformation leads/directors of CS/ASC – as appropriate to the options

Detailed Option Development – Deep Dives:

- Following agreement of the Alliance to focus on a small number of options across the range, deep data dives will be required to ratify assumptions made in the initial assessment

- This maintains momentum as well as addressing the concerns of key stakeholders to build ownership of the business cases through engagement with key internal stakeholders. The level of engagement is to be agreed, e.g. data analysis, maturity assessments, change readiness

- Peer Review & Challenge - Understanding of where each participant council is, could be conducted by a process of 'peer review' against a set of agreed standards

Building Collaboration Activities/Quick Wins

- A number of key opportunities were identified during the initial options assessment through which experience and collaboration should provide quick wins, both in terms of improving outcomes and financial efficiency – examples were:

- Developing a shared set of agreed strategic outcomes

- A consistent approach to Strategic Finance/MTFS development

- Enabling growth

- Infrastructure/M5 corridor/coastal strip
- A coordinated asset management/commercial strategy
- An enterprise architecture approach to technology alignment
- Engaging with key external partners

Running a programme governance and management structure across these activities would ensure that effort is coordinated, learning harnessed and deliverables have clear timelines and accountabilities. The diagram below sets out an indicative timeline:

True transformation is fraught with difficulties and potential pitfalls. Keeping everyone at the table for this first phase was both a simple requirement and difficult for many good reasons. We have learnt much about each other's values, preferences and style and how to work together with respect and honesty.

The commitment and support to those who choose to be at the table in the future, those choosing to collaborate, will continue to be a vital feature of any future success. If and as the group contracts and expands to release existing and include other system leaders, the confidence and style of them as a team must also adapt.

Our alliance must build a positive case for any plans being proposed, building on the lessons learnt from previous Somerset alliances and other local government reform work. The goal continues to be somewhere within new ways of working together, which balance long term financial stability with governance arrangements which build on citizens' sense of place and foster engagement in the councils' political processes.

It was one of our LGRC colleagues who said *"There are no perfect answers to achieving this sort of balance and all will require trade-offs but we believe that achieving a sustainable restructuring of this sort is a feasible exercise in institutional design."*

Appendices

Appendices

Appendix A The Future of Local Government in Somerset, LGRC Research Paper

The Future of Local Government in Somerset - A Review of the Evidence
Local Governance Research Centre, De Montfort University November 2018

Introduction

This report assembles and evaluates a national and international research evidence-base into what is variously known across different fora as mergers, amalgamations, or governance restructuring. It first surfaces the emerging lessons of this evidence-base, or what we call the 'tried and tested arguments' of local governance design, which frame debates over re-organisation. These lessons are then matched against the claims being made across local policy networks, specifically the arguments advanced by think tanks, consultancy organisations and councils themselves. In conclusion, we set out the criteria for effective governance design, detailing how authorities might engage in a dialogue around a sustainable form of restructuring which considers the potential overlaps and trade-offs between the core governance functions of voice, stewardship and place.

A quick word on method

This desktop evidence review was based upon keyword searches of academic research databases, complemented with a broader harvesting of organisational reviews undertaken by third parties for UK local government, policy documents and committee reports prepared by officers for elected members. Keywords included 'local government restructuring', 'unitary authority', 'reorganisation' and 'combined authorities', while the search itself focussed on academic literature published in the last five years, drawing on comparative lessons notably from Austria, Australia, Denmark, Germany, Japan, the Netherlands, Poland, Netherlands, Japan, the Republic of Ireland and Sweden. This evidence base was supplemented by an assessment of policy reports on the reorganisation of Welsh local government into unitary authorities; combined authorities in England; and specific in-house policy documents and consultancy reports produced to support organisational reshaping in Buckinghamshire, Devon, Dorset, Northamptonshire and Leicestershire. In total we identified and evaluated the claims/evidence articulated in over 70 research papers and documents (see Bibliography below).

1: Tried and tested arguments or framing reorganisation

From an international perspective Blom-Hansen et al (2016: 814) tabulate what they refer to as the 'Global Merger Wave' since the 1950s acros 28 different countries (see Table 1). Detailed comparative research across these jurisdictions poses obvious difficulties in so far as different countries and subregions inevitably have different political and social histories, and different local government structures, which have developed largely as a result of such contrasting national traditions. However, given this diversity, it was all the more surprising perhaps that the claims

being made and repeated across the policy arena about the benefits of amalgamation of smaller units into larger ones were very similar across countries and continents.

TABLE 1. Local Government Amalgamations in Developed Countries since 1950

Country	Time	Result	References
Sweden	1952, 1969	Massive amalgamation	Lidström 2010
Norway	1960s	Massive amalgamation	Baldersheim and Rose 2010c
Denmark	1970, 2007	Massive amalgamation	Mouritzen 2010
Finland	2006–2011	From 431 to 336 municipalities	Sandberg 2010; OECD 2014a, 271
Iceland	2006	From 204 to 79 local units	Sverrisson and Hannesson 2014
UK	1960s and 1970s	Massive amalgamation	John 2010; Boyne 1998, 15–61
Ireland	2014	From 114 to 31 local authorities	Forde 2005; Loughlin 2011; Cheney 2014
West Germany	1960s and 1970s	From 24,000 to 8,000 municipalities	Walter-Rogg 2010
Former East Germany	Since 1990	Elimination of 50 percent of local units	Walter-Rogg 2010; Wollmann 2003; OECD 2014a, 272
Austria	1960s	From 4,000 to 2,700 local units	Pleschberger 2003; Fallend 2011
Switzerland	Since 1996	From 3,000 to 2,600 communes	OECD 2014a, 277; Kübler and Ladner 2003; Ladner 2011
Belgium	1970s	Elimination of 75 percent of municipalities	OECD 2014a, 271; Wayenberg et al. 2011
Netherlands	Since 1950	Elimination of 50 percent of local units	Boedeltje and Denters 2010; Derksen 1988; OECD 2014a, 266
Luxembourg	2009–2017	Program to cut almost 40 percent of municipalities	OECD 2014a, 271
France	1970s	From 37,000 to 36,000 communes	Kerrouche 2010
Spain	1977–2007	From 8,800 to 8,111 local units	Dafflon 2013, 191; Alba and Navarro 2003; Colino and Del Pino 2011
Italy	-	No significant reduction	Brunazzo 2010; Piattoni and Brunazzo 2011
Greece	Since 1990s	Massive amalgamation	Hlepas 2003; Hlepas and Getimis 2011; OECD 2014a, 271–2
Turkey	2008	From 3,225 to 2,950 municipalities; plans announced to reduce to 1,395	OECD 2014a, 271
Lithuania	1990s	Elimination of 75 percent of local units	OECD 2014a, 271
Latvia	1990s	Elimination of 75 percent of local units	OECD 2014a, 271
Estonia	-	Plans to reduce 226 units to less than 50 (not yet implemented)	OECD 2014a, 272
Canada	Since 1960s	Amalgamations (scale varies across provinces)	Bish 2001; Sancton 2000; Slack and Bird 2013
USA	Since 1930s	Elimination of 123 multipurpose municipalities in Kansas and Nebraska since 2007. Between 1930 and 1970, 100,000 school districts eliminated. However, other types of special districts introduced	OECD 2014b, 78–9; Berry 2009, 26–50; Foster 1997, 1–28; Berry and West 2010; Strang 1987
Australia	Since 1970s	From 900 to 600 local councils	Dollery et al. 2008; Byrnes and Dollery 2002
New Zealand	1980s	From 200 to 74 city and district councils	Boston et al. 1996, 183–202; Dollery and Wallis 2001, 196–220
Japan	1953, 1999	From 3,232 to 1,719 local units	OECD 2014a, 271
South Korea	1990s	Wave of amalgamations	OECD 2005, 141

Framing 1: Big is Better
Blom-Hansen et al (2016: 814) themselves state that across developed countries 'economies of scale are the most commonly cited advantage of large size … and the dominant argument for amalgamations'. This is an argument that travels well. Typically, Callanan *et al*. thus argue that the characteristics of the dominant policy narrative in the

Republic of Ireland are 'deeply wedded to the intuitive view that "bigger is better" (or its slightly more specific variants, "bigger is cheaper", "bigger means improved services", and "bigger is more efficient").' Such assumptions structure, they suggest, the terrain of argumentation around public sector reform, such that much debate revolves around 'the suggestion that larger organisational structures will cost less, will lead to better services for citizens, and will ultimately be more efficient.' (Callanan, Murphy and Quinlivan 2014: 372)

Framing 2: Appeal to Urgency
Analysing what they call 'merger myths' in New South Wales in Australia, Farhey *et al*. suggest that the reforming narrative is often complemented by an appeal to the urgency created by the prevailing financial climate and the need to act quickly. Municipal merges are thereby too often 'presented in terms of a "desperate predicament" polemic' in which opposition is negated by the claim, as evidenced here by the statement of the Australian Minister for Local Government, that '[we] cannot continue as we have done in the past' since 'councils are losing $1 million a day and it is not the way of the future'.' (cited in Farhey, Drew and Dollery 2016: 365). In the UK the 'desperate predicament' discourse has most recently been applied to the case of Northamptonshire County Council. Here, in its requirements for the establishment of unitary authorities, central government has attempted to balance the function to deliver services (often referred to as the 'financial' responsibilities of the local authority) with its functions as a democratically accountable body ('non-financial') (see Northamptonshire County Council 2018). However, the policy narrative surrounding this reorganisation has been dominated by media storylines such as 'cash-strapped local authority has imposed emergency spending controls as it faces 'severe financial challenges'' (BBC 2018). It is indeed hardly surprising that the consultancy report provided to Northants and the county's own policy documents proposing restructuring have tended to major on its financial responsibilities and the possibilities for savings with its democratic responsibilities featuring as a secondary concern.

Framing 3: The Financial Imperative
As we suggest, appeals to urgency cannot be divorced from the final pillar of the framing of reorganisation debates, that of the financial imperative. Where 'voluntary' amalgamations have taken place recently in the UK a similar pattern emerges. In its documents Buckinghamshire contextualises the debate first and foremost within financial constraints and a growing population. It considers 'non-financial factors' but these seem to be largely service based (i.e. performance, supply chains, skills and capacity) with the exception of consideration of the importance of local engagement and accountability (Buckinghamshire County Council 2016). Leicestershire's committee report focuses on the county's financial situation and service delivery problems and builds pressure on members to agree a course of action quickly through a 'time is important' appeal (Leicestershire County Council 2018).

In summary, three primary framing, themes and tendencies, clearly emerge from our review of the literature. Firstly, the discursive context in which claims have been made about the benefits of unitaries, combined authorities and new forms of collaboration is very powerful both nationally and internationally, and it has influenced a wide range of actors/dialogues over a long period of time. Secondly, the dominant policy narratives which typically inform this context can be typified as: 'bigger is better' (often broken down into 'bigger is cheaper', 'bigger means improved services', and 'bigger is more efficient') complemented by a 'desperate predicament' discourse. Thirdly, and linked to these two policy narratives, service delivery and financial considerations are promoted to the extent that they heavily overshadow a secondary focus on the governance and citizen orientated functions of local government.

2: The evidence: myths of reorganisation

Our analysis of the latest data on local government restructuring produced a definite contrast between consultancy reports and officer led submissions to elected members on the one hand, and academic research on the other. Congruent with our conclusions in the section above, both consultants and officer led committee reports tended to give pride of place to service delivery and financial considerations with the governance and citizen orientated functions of local government often treated as an added bonus.

As one example Dorset's public account to citizens of why it needs to change locates service delivery and financial considerations primarily within the effects of the central government policy of austerity in appealing to urgency and desperate predicament:

'By 2019/20, Dorset's councils will have made savings over 10 years of almost £200 million. With at least another £30 million needed by 2024/25, it is now essential that change is considered in order to minimise cuts to services beyond 2019/20, and ensure councils are sustainable for the future. Whilst £30 million may seem a relatively small proportion of overall budgets, it is this on top of the £200 million already saved that makes considering change a priority now.' (Dorset County Council 2016)

On the basis of 'self-reported savings' from seven English rural councils, think tank the New Local Government Network (NLGN 2014:14) confidently states:

'Unitary status clearly does save significant sums of money if it is done on a large enough scale. The councils that were reorganised in 2009 estimated that the move would net them an average of £16m each. In practice, it appears that these savings have been substantially exceeded, with new unitary counties reporting gains that range from £14m to nearly £40m a year .... in comparison with previous two tier arrangements.
The average saving for each reorganised area is slightly more than £25m. The size of the financial dividend appears to be closely related to the number of districts that were abolished'.

Similarly, the consultancy firm Deloitte's review of UK local government mergers claims 13.4% reductions in expenditure for the rural counties who reconfigured into unitaries in 2009 compared to 2.1% increases in local authorities which were not reformed. However, their account is full of notes of caution and is heavily conditioned by their estimate that 'historically mergers have achieved relatively low levels of success with 30% at worst and 50% at best being considered successful' (Haynes and Boss 2011: 3). The conclusion to the Deloitte's report emphasises that a business case for amalgamation must be supported by 'objective analysis and a strong evidence base', but this on its own will not be enough. In highlighting the role of elected members and governance considerations they specify that successful restructuring requires support from members across the piece and must be 'led from the top'.

Most of the academic literature we analysed appears to be focused on putting the claims of cost savings through amalgamations to the test, and in this way it mirrors the focus and content of the consultancy and officer led reports, while saying relatively little about governance issues. While some researchers do find significant cost savings (eg Andrews and Boyne 2008), more are circumspect in their conclusions: 'Most local authority services appear to possess limited economies of scale, the main exceptions being specialised services, the production costs of capital-intensive services, and some administrative

overheads and 'back office' functions.' (Callanan, Murphy and Quinlivan 2014: 371 on the Republic of Ireland).

Still more international studies conclude by debunking claims of cost savings by amalgamation in their particular country: in Australia (Aulich, Sansom and Mckinlay 2014, Abelson and Joyeux 2015, Farhey, Drew and Dollery 2016, Dollery and Drew 2017), Denmark (Blom-Hansen et al 2016), Germany (Roesel 2017), Japan (Suzuki and Sakuwa 2016), Netherlands (Allers and Geertsema 2016).

Two studies we examined were in effect critical reviews of large bodies of available evidence from academic research on amalgamations. Tavares (2018) analyses the findings from recent research on Denmark, Canada, Australia (primarily New South Wales), Japan, Sweden, and the Netherlands. Andrews (2015) focuses on 'Vertical Consolidation and Financial Sustainability: Evidence from English Local Government'.

Tavares on the international picture concludes that 'If anything, this survey of the literature recommends caution regarding the expectations of amalgamation reforms and not the unbridled optimism we often see in consultancy and governmental reports', and goes on:

'First, regarding economic efficiency and spending, the studies allow us to expect some cost savings, primarily in general administration functions, but the overall reaping of significant economies of scale is unlikely, perhaps with the exception of highly fragmented local government systems. When controlling for other factors, cost savings tend to disappear, and even when there are savings in general administration, these are often offset by diseconomies of scale and additional spending in other service categories.......

Second, studies investigating the implications of amalgamations for the quality of local service delivery offer some support to the idea that larger local governments are able to provide better quality services to their citizens. the majority of these studies reports either null findings or positive effects, thus suggesting that this is the category where advocates of local government amalgamations can be more optimistic about the results of these reforms.' (Tavares 2018: 377)

In his conclusion on English councils and cost savings, Andrews (2015: 25-26) argues that one of the impediments to significant cost savings which is specific to the English case is the fact that counties like Somerset may already have reached their optimum population size:

'English local governments are extremely large by international standards (John, 2010), with counties being an especially large unit of government. It is possible that any economies of scale have already been exhausted within English counties and that the sheer magnitude of effort required for restructuring makes it difficult to capture further efficiencies.'

He also echoes the caveats expressed by both Tavares and the Deloittes' review above:

'The findings from this study indicate that it is possible to gain improvements in administrative efficiency from vertical consolidation, but that the full costs of the restructuring process may take time to recoup. Arguments for and against fiscal (de)centralisation thus receive mixed support from this analysis of the financial sustainability of English local governments. All of which suggests that large-scale structural reforms should only be undertaken on the basis of careful long-term financial projections, rather than the short-term political imperative of making quick savings.'

There is a rich and varied academic literature on governance issues in general, but when we asked what the academic research says about governance issues specifically in relation amalgamations we found that this was somewhat sketchy, probably because, as we noted above, the research effort here has been very heavily focused on testing the claims made for cost savings and improving service delivery. What evidence we found tended to support the 'democratic deficit' thesis, ie the move to larger local government units created problems with voter turnout, citizen engagement and identity and place.

In this way Blesse and Roesel (2018) in Germany and Austria find no evidence of cost savings from amalgamations, and a decrease in voter turnout. Drew, Dollery and Kortt (2015) in Australia find that community satisfaction with local government dipped with units covering either very large or very small population sizes. Tavares (ibid) in his international study of six countries finds the most negative effects:

'... the overwhelming majority of the studies investigating the effects of amalgamations for the quality of local democracy show disappointing results. Mergers tend to depress turnout rates, decrease the number of candidates in local elections, reduce internal political efficacy, and negatively affect the level of community attachment of residents. The findings in this category are quite robust across countries and research designs employed, suggesting that these are the 'unavoidable' outcomes of amalgamation reforms, more concerned with economic efficiency and cost savings than with the negative impacts for local democracy.' (Tavares 2018: 377)

Dollery et al (2010) make the case that in Australia the mergers of many small local authorities into a single larger entity were forced, 'unconditional' and lead to unsustainable amalgamations in the longer term. Reviewing the evidence above, it seems to us that it is in this area of long-term sustainability that progress needs to be made in considering the English local authority scene and it is to this topic we now turn the following section of this report.

3: Reading the complexities of governance *Local*

authorities and hybridity

Local authorities operate across a hybrid landscape of different spaces, each bringing into play competing logics, contrasting sets of actors and modes of legitimacy and justification. Over the years, the logics of competition, network collaboration, and community empowerment to name just a few have been layered onto traditional practices of bureaucratic decision-making. These traditional logics have not disappeared, but remained, morphing into, while sometimes challenging or operating alongside, 'new' practices of everyday working. In other words, there is no singular over-riding governance rationale upon which to design local institutions. Rather, local authorities negotiate hybridity, living with its ambiguity and contingency as they seek to construct a 'whole' out of a set of contradictory elements.

Navigating hybridity: the '4Ps'
How do we begin to navigate such hybridity? Four key design principles emerge. We name these principles the 'Four Ps': plurality; pragmatism; politics; and puzzling. First, any question of institutional design has to recognise or allow for plurality and the competing logics or rationales that inform everyday policymaking. Second, processes of design should appeal to pragmatism, building designs upon the 'actual' practices of policymaking, what it is that elected members and officers do when they 'do' policy (Wagenaar, 2004). Building on such appeals to pragmatism, processes of designs should engage with the

politics of institutional building, recognising that all designs are in different ways exclusionary, bringing into being new political boundaries. Finally, with these guiding principles in place, design processes are best seen as exercises in 'puzzling' that eschew beliefs in the availability of an institutional fix which acts as a panacea for the political, economic or social challenges facing authorities. Designs are at best temporary pragmatic settlements, which are fraught with potential exclusions and conflicts, and should be open to review and challenge.

Criteria for governance
Against this background, we focus on three primary governance criteria to inform the design of local institutions: voice; stewardship; and place. *Voice* refers to the input legitimacy of democratic institutions, examining questions of representation, engagement and empowerment, as well as the modes of accountability embedded in particular institutions (both giving an account and holding to account). *Stewardship* captures the output legitimacy of democratic institutions, assessing their governance capabilities to address the 'big ticket items' of local communities (Stoker, 2011). Here it evaluates for example the capacities for collaborative leadership and the existence of coordinative nodal actors, in-house organisational resources, or the bundles of policy instruments at disposal of local institutions. *Place* captures the requirement for local institutions to speak to 'natural communities' and local identities and patterns of place attachment, an integral component of the 'buy-in' to local institutions.

Trade-offs rather than virtuous circles
Of course, there criteria are interlinked. Questions of stewardship cannot for example be divorced from questions of place while opportunities for voice are intrinsically tied to both place and stewardship. However, in keeping with our principles of effective design, we would not necessarily envisage positive-sum relationships between the three criteria, such that voice builds stewardship which then enhances place (and vice versa). Rather, we would view the potential for trade-offs between these criteria. Put alternatively, opportunities for voice might undermine at some point the capabilities for stewardship, while building attachment to local neighbourhoods but challenging broader forms of identification with larger authorities. These potential trade-offs ground processes of design firmly in the domain of politics. With this in mind, in navigating such politics, and while recognising that any institutional design is in itself a temporary settlement, the key to any trade-off has to be the potential for it to produce a sustainable set of institutions. Put alternatively, sustainability matters in any trade-off.

Conclusions: Emerging Questions for Option Appraisal
Our review of the literature indicates that, as in any large organisation, local authority restructuring is fraught with difficulties and potential pitfalls. In these circumstances politicians and senior managers must inevitably be prepared to make the case positively for the plans they propose to implement, but at the same time must ensure they do not repeat the mistakes made by local authorities which have gone before them. The goal from this perspective is a *sustainable* form of restructuring which provides a balance of long term financial stability with governance arrangements which build on citizens' sense of place and foster engagement in the councils' political processes.

What does this the idea of *sustainable restructuring* mean in practical terms for Somerset? It means making demonstrable cost savings in the short term but not allowing this to dominate to the exclusion of all else. The case has to be made for a sustainable package of financial stability and good quality service delivery well into the future ('good stewardship'). It means balancing these considerations with opportunities for citizens to

participate and have their views heard and acted upon ('voice'), and it means structures which respect citizens' sense of community, identity and heritage ('place').There are no perfect answers to achieving this sort of balance and all will require trade-offs but we believe that achieving a sustainable restructuring of this sort is a feasible exercise in institutional design for which sets of principles are available which go beyond the English counties (eg Smith (2009) Democratic Innovations: Designing Institutions for Citizen Participation, Bennington and Moore (2011) Public Value: Theory and Practice).

Appendix B Data returns and guidance notes

Data requested from councils

Data set requested - Districts
Corporate Plan
Customer Feedback and Insight
Quarterly Performance Report
Establishment Data
Organisational Structure
Pay Policy
Organisation Change Policy
Redundancy Calculation
Pay Scales
Pension
Revenue Budget Book
MTFS
Contracts Register
Supplier Payments
Member Costs
Member Expenses
Election Costs
Election Turnout
Delivery Models
Project Register
Asset Register
Asset Strategy
Quarterly Asset Monitoring Report
Efficiency and Cost Savings Plan
List of town and parish councils
Annual Precepts
Technology details

Data set requested - Unitaries
Corporate plan
Customer insight
Quarterly performance report
Establishment data
Organisational structure
Revenue budget book
MTFS
Election turnout
Delivery models
Asset register
Efficiency and cost saving plans

Guidance notes

Corporate plan

Most recent version of the council's published 4-year corporate plan outlining political leadership's vision, strategic themes and objectives.

Customer feedback and insight

Any recent reports on customer feedback or insight that give context to the local community and their priorities.

Quarterly performance reports

Previous 4 quarterly performance reports (corporate performance reported to a member body on relevant KPIs).

Establishment data

In order to understand what data Ignite requires it's important to first understand what is fed into the activity analysis model. There are a number of formats which are appropriate and we want to make it as easy as possible for each authority depending on the budgeting approach and IT systems.

What we need from you - Typically we require the following information for every post across the organisation. For each organisation this needs to include:

- In house employees
- Wholly owned company
- Shared services hosted by the authority
- Outsourcing arrangements and shared service arrangements not hosted will be picked up through non-staffing analysis.

Establishment data content

We require the following to analyse staffing:

- Staffing budget (not actuals or payroll). Typically this is a straightforward FTE and cost budget associated with each post (and this will be reflective of the fully-burdened staff cost and include vacancies)
- Unique identifiers for each post (usually referred to as a Post Number or Post ID)
- A cost centre for each budgeted post (where the associated costs/FTE may be split across more than one cost centre; data with duplicated post numbers is not uncommon)
- A column for that shows where the post sits in the organisational chart if not obvious from the financial data

Details of funding; funding received from other authorities in Somerset are particularly important here. We need a column for each source of funding to indicate the amount; typical sources we have in columns include:

- External grant income
- HRA recharges
- Capital recharges

Details of funding may refer to a specific post, a number of earmarked posts or may be a general charge to a cost centre. We are relaxed about how the information is provided but we need to understand activity that is not impacting the general fund position of each authority as it stands.

Example 1

Some cost centres are dedicated to the HRA, where all staff costs are wholly recharged. Details of these cost centres can be provided so that Ignite can mark posts as effectively funded by the HRA.

Example 2

A DSG grant of £100,000 is received for school admissions. There are 10 full-time posts in cost centre A and 5FTE support school admissions, so the grant is accounted for by charging it to cost centre A. Ignite would need details of this charge so that a contribution of £20,000 DSG funding is attributed to the relevant 5FTE (or distributed across all 10FTE if the relevant 5FTE of activity is dispersed across 10FTE).

Organisational structure

Organisational charts for:

- In house employees
- Wholly owned company
- Shared services hosted by the authority

Pay policy

Most recent organisational pay/remuneration policy.

Organisational change policy

Most recent organisational change policy.

Redundancy calculation

Redundancy estimates for:

- In house employees
- Wholly owned company
- Shared services hosted by the authority
- The redundancy calculation needs to contain the following essential details for every person in each of the organisations:
- Resource number
- Name

- FTE
- Directorate
- Service
- Post title
- Redundancy cost estimate
- Pension strain estimate (if applicable)

We appreciate that a range of other information may be provided as a result of calculating the above, for example the following are common (not essential):

- Age
- Length of service
- Total salary
- Weekly pay
- Age used for redundancy calculation (if capped)
- Years of service used for redundancy calculation (if capped)

Pay scales for:

- In house employees
- Wholly owned company
- Shared services hosted by the authority
- This defines the grades, SCP and associated salary amount within the organisation.

Pension

Details of the pension scheme and agreed terms for employee and employer contributions (word document)

Details on calculating employer's pension contributions for staff enrolled (spreadsheet)

Revenue budget book

Published revenue budget book for each authority, complete with all appendices.

MTFS

Medium Term Financial Strategy or Medium Term Financial Plan (spanning 5 financial years) for each authority

Commentary on significant known changes to financial gap since publication (can use quarterly monitoring report is this the latest and most accurate known position)

Contracts register

Register of all current contracts, commissioned activity, purchase orders, framework agreements and any other legally enforceable agreement entered into by each authority. A template is provided (Contracts register.xlsx), all fields are required.

Supplier payments

A list of transactions (actual) for:

- FY17/18
- FY18/19 to date
- Transactions need to be classified by the following:
- Supplier name (other Somerset councils are particularly important)
- Supplier code
- Transaction amount (net of VAT)
- Directorate
- Service
- Cost centre charged to
- Budget code charged to
- Subjective (description/code)

Budgets

- A report of the budget for every budget code/cost centre to which expenditure is charged (i.e. so that overspends and underspends can be compared through supplier payments as above).
- Member costs
- Budgeted salary costs for Members of the authority (inclusive of on-costs) – see above for guidance on gathering salary data.

Member expenses

- Budgeted costs for all Member related expenses and corporate training.

Election costs

Spreadsheet of budgets for elections (casual/overtime budgets and expenses).

Election turnout

Local election turnout at the previous two local elections.

Delivery models

A simple list of any other companies or organisations the council has interest in (spreadsheet):

- Organisation name
- Organisation type. For example:
- Trust
- Teckal
- Local authority trading company
- Public service mutual
- Joint venture
- Terms of reference/key activities

Project register

List of projects underway in the authority (use attached Project template.xlsx); IT transformation and related projects is particularly important. All fields are required.

Asset register

Use attached template to provide an in-depth asset register (Asset register template.xlsx).

Asset strategy

The authority's most recent published asset (management) strategy.

Quarterly asset monitoring report

Quarterly asset management report for:

- FY17/18 quarter 4
- Last available quarter (FY18/19 quarter 3 if possible)

These reports typically detail:

- Progress referring to both the overall current financial year and the quarter
- Status of the asset portfolio (occupancy, occupancy strategy, explicit statements regarding divestment/disposal/acquisitions, impact on portfolio performance)

Efficiency and cost savings plans

A spreadsheet of existing savings, efficiency and income plans that are planned or expected. Use attached template (Efficiency plans template.xlsx).

It's important that we capture proposed improvement to net position in the same way across councils. We need to treat FY18/19 as a baseline and measure the proposed reduction in annual budget.

Example

Team X have a budget for £100K a year to spend on Y. Team X proposes to reduce this annual expenditure to £50K. This change is expected to come into effect half way through FY19/20. There is therefore a benefit of £25K in FY19/20, rising to a maximum of £50K in following financial years (see example in Efficiency plans template.xlsx).

Spreadsheet guidance

Column header	Staff costs
Directorate	Directorate to which the plan applies needs to be captured in each row.
Service area/team	Service area/team to which the plan applies needs to be captured in each row.
Savings initiative	Brief description/title.
Budget book reference	Reference to the budget within the current year budget book to which the plan applies.
Annual gross spend (as is)	The current annual revenue expenditure relating to this opportunity. *This is always a positive value*.
Annual income (as is)	The current annual revenue income relating to this opportunity. *This is always a negative value*.
Annual net income/ expenditure (as is)	The current annual net position relating to this opportunity *(automatically calculated, no input required)*.
Saving (improve net position) FY XX/XX	A *positive* value that represents the savings as described in the example above. This is the in year amount that is proposed as an improvement to the net income/expenditure (as is). It can be delivered through reducing costs, increasing revenue or both. An entry is required for the current financial year and the next four full financial years.
Status	Current status in terms of likelihood to deliver the earmarked savings. 0%=no savings predicted over 5 years 100%=saving identified in each financial year certain
Weighted saving FY XX/XX	The weighted opportunity is the product of the saving and status *(automatically calculated, no input required)*.
Plan summary	A brief overview of the opportunity including timeframes, dependencies and in particular any one-off revenue and/or capital costs required to deliver the opportunity.

List of town and parish councils

List of town, parish and other organisations of delegated authority operating under the authority.

Annual precepts

Budgets for payments to town, parish and other organisations of delegated authority above (if not included in supplier budgets as per guidance above).

Annual precepts to town, parish and other organisations of delegated authority

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Interview list:

Marvin Rees, Mayor of Bristol

Tim Bowles, Mayor of West of England Combined Authority

Tim Warren, Leader of BANES

Ashley Ayre, CEO of BANES

Town & Parish council - various

Appendix D Metropolitan authorities in France: Bordeaux and Nantes

Local Governance Research Centre, De Montfort University

The French system of territorial government has traditionally rested on three tiers: the commune; the department; and the region. The fragmentation and complexities of this so-called French 'mille-feuille' are well-established. However, recent reforms have indeed looked to reduce such fragmentation, reducing for example the number of regions from 22 to 13. More importantly for our analysis, successive French governments have advanced in particular a fourth tier of local government, that of the metropolitan authority or inter-communality, which seeks to enhance cooperation between local councils. Indeed, metropolitan authorities have been given increased powers and responsibilities, including powers to raise local taxation, as well as entering into national agreements with the central state.

This short briefing note draws out the potential structural/process lessons of the development of French metropolitan authorities for local authority reorganisation in England. Given the differences between local authority funding regimes in England and France, it focuses its attention on questions of political organisation; service responsibilities; locality hubs; and processes for managing shared services. It draws primarily on the cases of Bordeaux and Nantes.

Basic organisational rationale

The metropolitan authorities in France are best seen as institutions for joint authority working, advancing collaboration between its member-authorities in order to deliver shared services that maximise economies of scale; tackle policy issues such as transport and climate change that cross-boundaries and are best treated at a regional or sub-regional scale; and to enhance the national and international 'voice' and networks of its member-authorities.

As such, and for our purposes, member authorities agree to transfer responsibility for the delivery of a named set of services, as well as policy development in named areas, to the metropolitan authority. Staff can also be transferred (Nantes Métropole thus employs some 3,300 people engaged in the management and delivery of services). Outside these shared areas of responsibility and coordination, local authorities continue to deliver services to their communities and identify local needs. Typically, the metropolitan authority will put in place locality hubs to maintain a proximity with the communities; these locality hubs will not be based on the boundaries of its member authorities. In practice, this translates as three primary tiers: the metropolitan authority; member authorities; and locality hubs.

Take for example Nantes Métropole. Nantes Métropole has a membership of 24 local authorities. Through a policy of joint working, responsibility for a set of shared services such as economic development and employment has been transferred to the metropolitan authority, while the metropolitan authority has put in place 7 locality hubs across the 24-member authority to coordinate its service delivery and connect with communities (see below)

Political organisation

Political organisation of the metropolitan authority is based on Chair/President, Cabinet (all leaders of member authorities with delegated powers/responsibilities) and a Council (composed of elected members, with representation based on population size of each member authority). In Nantes, the Council with a membership of 97 elected members meets 4 times a year. In Bordeaux, it meets 11 times a year.

These formal bodies are supplemented by a number of commissions/committees which can be designed to engage other actors in dialogue (for example, local businesses, voluntary and community sectors, and civil society). Metropolitan authorities also undertake direct community consultation to support such exercises by its member authorities. Bordeaux also has political groups which operate at the metropolitan level.

Importantly, elections are to member authorities. Membership of the metropolitan council is thus based on representation from member authorities weighted by population. The chair/president of the metropolitan authority is elected by the metropolitan council, which is composed of elected members from member authorities.

Service and policy responsibilities

The set of strategic responsibilities and service delivery delegated by member authorities to the metropolitan authority are typically: economic development; employment; transport; environment, waste and energy; water; housing; public spaces; higher education, research and innovation; international attractivity; and tourism.

Interestingly, Bordeaux Métropole distinguishes between its aspirations for, on the one hand, shared support services (HR, legal, finance, estates and so on) and on the other hand, operational services (investment and management of public space; urban development; economy and employment and housing). These services, the Métropole argues, require coordination across its member authorities, as well as a strategic vision for the wider region/area. It is the Métropole, it follows in this line of argument, that can best provide joined-up thinking, economies of scale and tap into efficiencies. Equally, it is member authorities that can best provide those services requiring local engagement, which demand close ties with communities and the coordination of actors on the ground such as health and social care, community well-being and so on.

The need for locality hubs

Both metropolitan authorities have put in place locality hubs or proximity poles. These service hubs aim in part at forging a relationship between the community and the metropolitan authority, giving a point of contact to local citizens (see earlier briefing note on Nantes). They also provide political oversight and scrutiny of local service delivery. In the case of Nantes, there are 7 locality hubs which cover its 24 local authority members with a combined population of over 600, 000. 40 per cent of the staff of Nantes Métropole work in these hubs. Each hub acts a 'relay' with local residents and is open to the public to gain information, make claims and report concerns etc. The hubs are concerned with service delivery, specifically public spaces; urban and planning development; economic development (support to firms etc); and sanitation. They cover populations from 45k to 110k (in dense populated urban centres). Each hub is led by a director with a Local

Commission composed of the director, local councillors and senior officers for each service. Similarly, the so-called territorial poles in Bordeaux (of which there are 4 across the metropolitan area, which includes some 28-member authorities) each have a management team and a territorial conference of elected members from relevant authorities which is seen as a place of collaborative information exchange, shared inquiry and so on.

Processes for designating and managing shared services

Importantly, Bordeaux Métropole has laid out a set of principles for shared service delivery across its member authorities, which is aimed at ensuring flexibility and pragmatism. The local council, it is argued, determines decision-making capacity over the policy and service objectives for its area. The metropolitan authority is then charged with meeting these policy and service objectives based on the shared resources provided by its member authorities. Indeed, the local council remains the privileged level for user engagement, responding to the needs of its communities by deciding the extent of its shared service arrangements. Bordeaux even talks of shared services 'à la carte'. Councils that do not have sufficient staff to provide services in a particular area or staff to transfer can buy services off the metropolitan authority.

At the same time, while some councils will transfer all staff to the metropolitan authority, other member councils will keep staff and provide services for the metropolitan authority as part of a 'delegated management' responsibility. With this in mind, Bordeaux has established a local commission for the evaluation of transferring of services, which works with member authorities and the metropolitan authority to identify the extent of staff transfers and the implications for funding.

Finally, in the case of Bordeaux, shared services are based on a contract between the member council and the metropolitan authority. This contract sets out how leader of council can engage in processes of appeal, management procedures, scrutiny etc. As such, both the chair/president of the metropolitan authority and the leader of the council are said to oversee the delivery of shared services.

Appendix E Collaborate Interview list: Stakeholder Perspectives

Public sector

- Somerset CCG
- NHS England
- Somerset Partnership NHS Foundation Trust
- Taunton and Somerset NHS Foundation Trust
- Yeovil District Hospital
- Somerset STP
- Somerset County Council
- Devon County Council
- Devon and Somerset Fire and Rescue
- Environment Agency
- Exmoor National Park
- Somerset Police
- Historic England
- Bridgewater College
- Yeovil College
- Royal Marines

Third Sector

- Taunton Chaplaincy
- Somerset Jewish Social & Cultural Group
- ROC (Redeeming our Communities)
- Aster
- YMCA
- Wivey Link
- Engage
- North Taunton Partnership
- South Somerset Community Transport
- Church of England
- SPARK Somerset
- Street Pastors
- Citizens Advice Bureau
- Somerset Community Foundation
- Youth Somerset
- Bournemouth Churches Housing Association

- South West Heritage Trust
- Trussell Trust

Private sector

- Magnox
- Skanska
- Yarlington Housing Group
- Stonewater
- Magna
- Summerfield Development Group
- South West Audit Partnership
- Yeo Valley Family Farm
- Capita
- Somerset Chamber of Commerce
- Federation of Small Businesses
- Numatic International
- Heart of the South West LEP
- Bridgewater Gateway Ltd
- Screwfix
- Abbey Manor
- Somerset Waste Partnership
- National Farmers Union

Resident Engagement

We spoke to 23 residents, of which:
- Gender: Female (12) and Male (11)
- Age: 16-25 (3), 26-39 (7), 40-55 (6), 55-65 (3) and 65+ (4)

Appendix F Dimensional views for each option

Option 1

VOICE Lower — Higher

- Close to the customer but disjointed

- Would require changes to structures and roles for effective representation, engagement and empowerment.

PLACE Lower — Higher

- Community identity is at very granular levels
- Somerset connection not distinctive externally
- Councils structures confusing to citizens / partners
- Population of Somerset is 555,195 rising to almost 625,000 by 2041

- 25% of the population over 65 in Somerset; in West Somerset over a third. Proportions will continue to increase to 29% in Somerset in 10 years (2029) and 33% in 2041
- West Somerset most deprived and least socially mobile district, Taunton opposite
- Bath and NE Somerset has a younger population, less deprivation and is more socially mobile than Somerset districts.

STEWARDSHIP Lower — Higher

- Collaborative system leadership not effective
- Balance between operating at scale and at a locality level defined by county/ district (and partner) split rather than what might work best

- Changes to services forced in response to reduced funding. Short term action carried out.
- Organisational restructuring and changes to locality working carried out to increase cost base sustainability.

FINANCE Lower — Higher

- Sustainability fragile based on past funding reductions, the current position and demand forecasts.
- Financial gap across Somerset of £19m in 2019/20 rising (cumulatively) to £41M in 2021/2022.

- County gap = 7% of revenue expenditure in 2019/20. 0% at TDWS and 13% at Mendip.
- Useable reserves vary from 7% of revenue expenditure (County) to 147% at South Somerset.
- No savings and no implementation costs with this option over and above those already planned.

Socio demographic data

Area	Total Population mid-2017	% population 65+	Population Projection 2026	Population Projection 2041	District Level Deprivation Rank Out of 324 1= Most Deprived (Rank of Average Rank)	Rank of Average Score	Upper Tier Deprivation Out of 152 1= Most Deprived	Rank of Average Score	Social Mobility Score Out of 324 1= Most socially mobile	
Somerset	555,195	24.2%	586,747	624,781	N/A	N/A	98	110	218	Calculated ave of Somerset ranks
BANES	188,678	18.9%	199,836	215,218	268	263	139	139	98	
North Somerset	212,834	23.7%	229,456	251,679	224	196	129	119	70	
Sedgemoor	122,178	23.2%	132,221	143,661	146	144	N/A		238	
Mendip	113,513	22.7%	120,310	128,229	160	179	N/A		161	
Taunton	117,423	22.7%	125,324	135,235	193	189	N/A		150	
West Somerset	34,865	33.7%	34,919	36,185	56	106	N/A		324	
South Somerset	167,216	24.8%	173,973	181,471	180	186	N/A		218	

Option 2

VOICE

Lower — Higher

- More effective at T&P / district levels following work to better join up tiers
- Improvements to back bench roles and structures enable better representation, engagement and empowerment

- Set of new, detailed, shared governance arrangements must be agreed

PLACE

Lower — Higher

- Vison for Somerset strengthens its identity internally and externally
- Councils structures remain confusing to citizens / partners
- Population of Somerset is 555,195 rising to almost 625,000 by 2041
- Somerset ranks as 98 out of 152 upper tier authorities for deprivation where 1 is the most deprived.

- 25% of the population over 65 in Somerset; in West Somerset over a third. Proportions will continue to increase to 29% in Somerset in 10 years (2029) and 33% in 2041
- West Somerset most deprived and least socially mobile district, Taunton opposite

STEWARDSHIP

Lower — Higher

- Step change improvement in leadership and collaboration
- Sharing and integration enable service delivery at optimal scale (within existing powers and duties)
- Improved coordination/ integration and efficiency across the system

- Successful delivery of big ticket items
- Different technology starting points but ability to have separate but more aligned Digital strategies will allow standardisation and sharing to improve customer journeys. Each organisation will to become fully digitally enabled to benefit from channel shift

FINANCE

£

Lower — Higher

- More sustainable cost base
- Financial gap across Somerset of £19m in 2019/20 rising (cumulatively) to £41M in 2021/2022.
- Draft potential savings are up to £10M (2.5% net revenue expenditure) if each council transformed and could be up to £32M (8%) if shared opportunities are maximised

- Implementation costs of £74M
- Need to agree priority areas for investment and timing.

Socio demographic data as for option 1.

Option 3A

VOICE

Lower — Higher

- A single council for Somerset risks being more removed from the customer
- Investment in good locality structures required to enable representation, engagement and empowerment
- Good case studies available and learning from within Somerset on locality based working

- Main local authority governance is at the Somerset level
- Member numbers across Somerset would reduce from 266 (April 2019). LG boundary commission expect maximum of 100 members although Cornwall have 123 and Durham have 126

PLACE

Lower — Higher

- Somerset level vision and strategy strengthens identity internally and externally
- Council structures clear for citizens / partners
- Population of Somerset is 555,195 rising to almost 625,000 by 2041
- Somerset ranks as 98 out of 152 upper tier authorities for deprivation where 1 is the most deprived.

- 25% of the population over 65 in Somerset. Proportion will continue to increase to 29% in Somerset in 10 years (2029) and 33% in 2041
- West Somerset most deprived and least socially mobile district, Taunton opposite
- There are some demographic and socio economic variations across Somerset districts and at sub levels, but these are not significant in comparison to other parts of the UK.

STEWARDSHIP

Lower — Higher

- A single council provides a high potential for economy of scale opportunities for strategy and commissioning, internal services and customer facing services
- It will be important to focus as much on locality working to support management of demand as it will on economies of scale

- Designing technology from the ground up would lead to the ability to exploit latest technology sets . Maturity of cloud offerings coupled with ability to re procure on a more widespread basis for new organisation would drive efficiency and best of breed technology approach to meet the business need and drive innovation

FINANCE

£

Lower — Higher

- Funding forecasts suggest the new council would have (pre transformation) revenue expenditure of £407M, useable reserves at 25% of this, and a budget gap of £19M rising to £41M in 2021/22.

- Draft potential savings are estimated to be in the range £35M to £47M
- Implementation costs of £82M
- Need to agree priority areas for investment and timing.

Socio demographic data as for option 1.

Option 3B

VOICE

Lower — Higher

- Two councils across the wider areas risks councils more removed from the customer than current arrangements
- Investment in good locality structures required to enable representation, engagement and empowerment
- Good case studies available

- Main local authority governance is at the level of each new council.
- Member numbers across Somerset would reduce from 266 (April 2019). The local government boundary commission normally expect a maximum of 100 members.
- Member numbers across BANES and N Somerset would reduce from their current total number (115), but by less

PLACE

Lower — Higher

- Somerset level vision and strategy strengthens identity internally and externally
- How does this work for BANES/ N Somerset?
- Focus on creating locality structures and strengthening links to town and parish councils to ensure proximity to customers and ensure engagement, representation and empowerment

- The new councils would have populations of 402K and 555K. Populations would increase to £467K and £625k by 2041 with the South council having a larger population.
- The South council would have an older population, higher levels of deprivation and lower social mobility (based on average scores across current councils).

STEWARDSHIP

Lower — Higher

- Two new councils provide high potential for economy of scale opportunities including social care, highways and transport (within the North unitary).
- Further potential from sharing and integration across both councils e.g. support services
- Locality working to support management of demand

- Designing technology from the ground up would lead to the ability to exploit latest technology sets . Maturity of cloud offerings coupled with ability to re procure on a more widespread basis for new organisation would drive efficiency and best of breed technology approach to meet the business need and drive innovation

FINANCE

Lower — Higher

- Funding forecasts suggest the councils would have (pre transformation) revenue expenditure of £265M and £407M
- North council has lower budget gap (£2M) but this becomes higher % 2021/22 (11%).

- South council has lower useable reserves at 25% revenue expenditure, compared to 32%.
- Draft potential savings are estimated to be in the range £57M to £80M
- Implementation costs of £111M
- Need to agree priority areas for investment and timing.

Socio demographic data

Area	Total Population mid-2017	% population 65+	Population Projection 2026	Population Projection 2041	District Level Deprivation Rank Out of 324 1= Most Deprived (Rank of Average Rank)	Rank of Average Score	Social Mobility Score Out of 324 1= Most socially mobile
Two in wider area - N/S split							
BANES, N Somerset	401,512	21.4%	429,292	466,897	246	230	84
All the districts - S Somerset, W Somerset, Taunton, Sedgemoor, Mendip	555,195	24.2%	586,747	624,781	147	161	218

Option 3C

VOICE

Lower — Higher

- Two councils across the wider areas risks councils more removed from the customer than current arrangements
- Investment in good locality structures required to enable representation, engagement and empowerment
- Good case studies available

- Main local authority governance is at the level of each new council
- Member numbers across Somerset and the two unitaries would reduce from 381 (April 2019). The local government boundary commission normally expect a maximum of 100 members per council.

PLACE

Lower — Higher

- Socio economic differences within each council higher than other options
- Focus on creating locality structures and strengthening links to town and parish councils to ensure proximity to customers and ensure engagement, representation and empowerment
- Boundaries cut across partner boundaries.

- The new councils would have similar populations of 487K (West) and 469K (East). Populations would increase to £522K and £494k by 2041
- The West council would have a slightly older population, higher levels of deprivation and lower social mobility (based on average scores across current councils).

STEWARDSHIP

Lower — Higher

- Two new councils provide high potential for economy of scale opportunities including social care, highways and transport
- Further potential from sharing and integration across both councils e.g. support services
- Locality working to support management of demand

- Designing technology from the ground up would lead to the ability to exploit latest technology sets . Maturity of cloud offerings coupled with ability to re procure on a more widespread basis for new organisation would drive efficiency and best of breed technology approach to meet the business need and drive innovation

FINANCE

Lower — Higher

- Funding forecasts suggest the councils would have (pre transformation) revenue expenditure of £317M (E) and £355M (W)
- The councils would have the same level of useable reserves.

- The East council would have a larger budget gap of the West by 2021/22
- Draft potential savings are estimated to be in the range £57M to £80M
- Implementation costs of £111M
- Need to agree priority areas for investment and timing.

Socio-demographic data

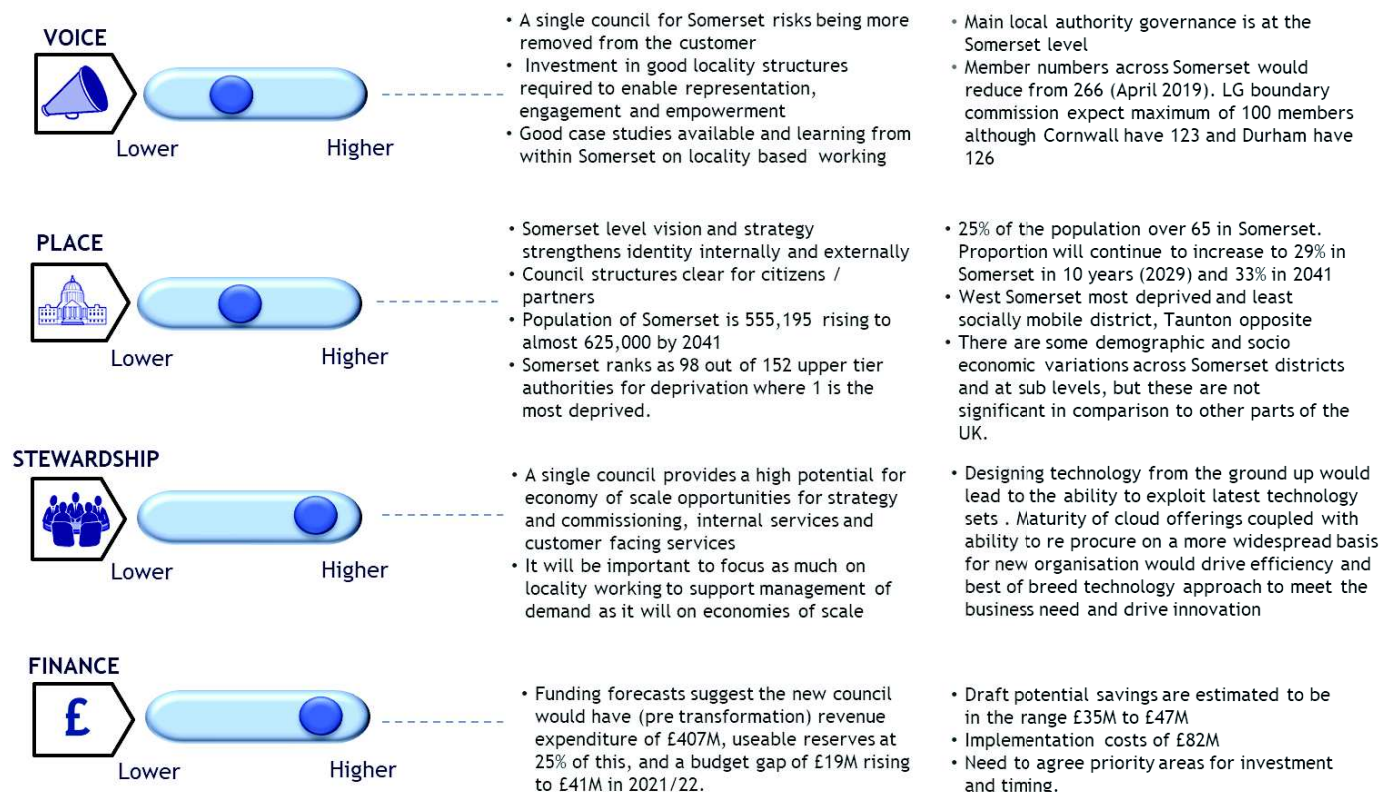| Area	Total Population mid-2017	65+ Population	% population 65+	Population Projection 2026	Population Projection 2041	District Level Deprivation Rank Out of 324 1= Most Deprived (Rank of Average Rank)	Rank of Average Score	Social Mobility Score Out of 324 1= Most socially mobile
Two in Somerset, BANES and N Somerset E/W split								
N Somerset, Sedgemoor, Taunton, W Somerset	487,300	117,187	24.0%	521,920	566,760	155	159	196
BANES, Mendip, S Somerset	469,407	103,017	21.9%	494,119	524,918	203	209	159

Option 3D

VOICE

Lower — Higher

- Three councils across the wider areas risks councils more removed from the customer than current arrangements
- Investment in good locality structures required to enable representation, engagement and empowerment
- Good case studies available

- Main local authority governance is at the level of each new council
- Member numbers across Somerset would reduce from 381 (April 2019) although by less than other new council options 3A,B and C. The local government boundary commission normally expect a maximum of 100 members.

PLACE

Lower — Higher

- Focus on creating locality structures and strengthening links to town and parish councils to ensure proximity to customers and ensure engagement, representation and empowerment
- New councils' populations between 302k and 320k. Would increase in all new councils to between 343k and 395k by 2041.

- BANES and Mendip has a younger population, less deprivation and higher social mobility
- S Somerset, Somerset West and Taunton have oldest population, highest deprivation and lowest social mobility
- Boundaries cut across partner boundaries.

STEWARDSHIP

Lower — Higher

- Three new councils provide medium potential for economy of scale opportunities including social care, highways and transport
- Further potential from sharing and integration across both councils e.g. support services
- Locality working to support management of demand

- Designing technology from the ground up would lead to the ability to exploit latest technology sets . Maturity of cloud offerings coupled with ability to re procure on a more widespread basis for new organisation would drive efficiency and best of breed technology approach to meet the business need and drive innovation

FINANCE

£

Lower — Higher

- Funding forecasts suggest the councils would have (pre transformation) revenue expenditure between £199M (BANES and Mendip) and £242M (N Somerset and Sedgemoor).
- The councils would have similar levels of useable reserves as a proportion of revenue expenditure – between 25% and 30%.

- BANES & Mendip have a lower gap to start but this is the highest by 2021/22 (£31M)
- **Draft potential savings are estimated to be in the range £45M to £67M**
- Implementation costs of £111M
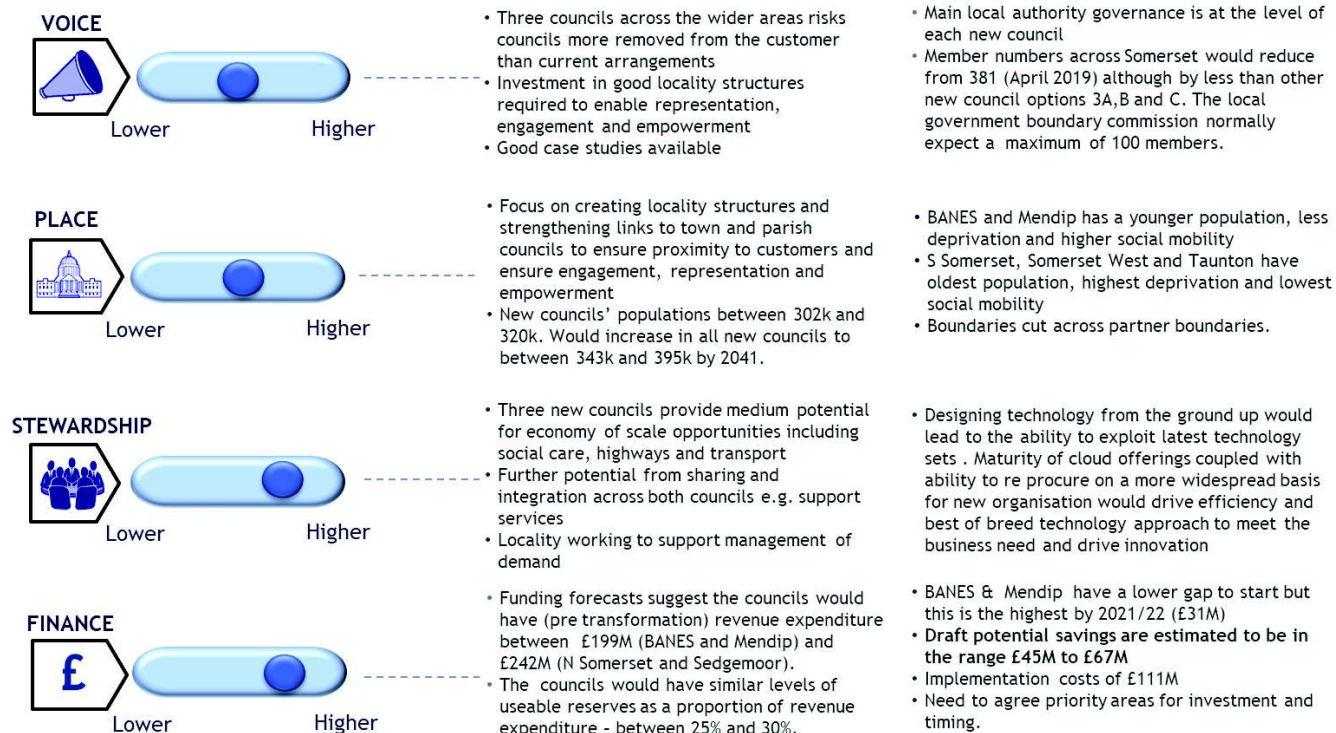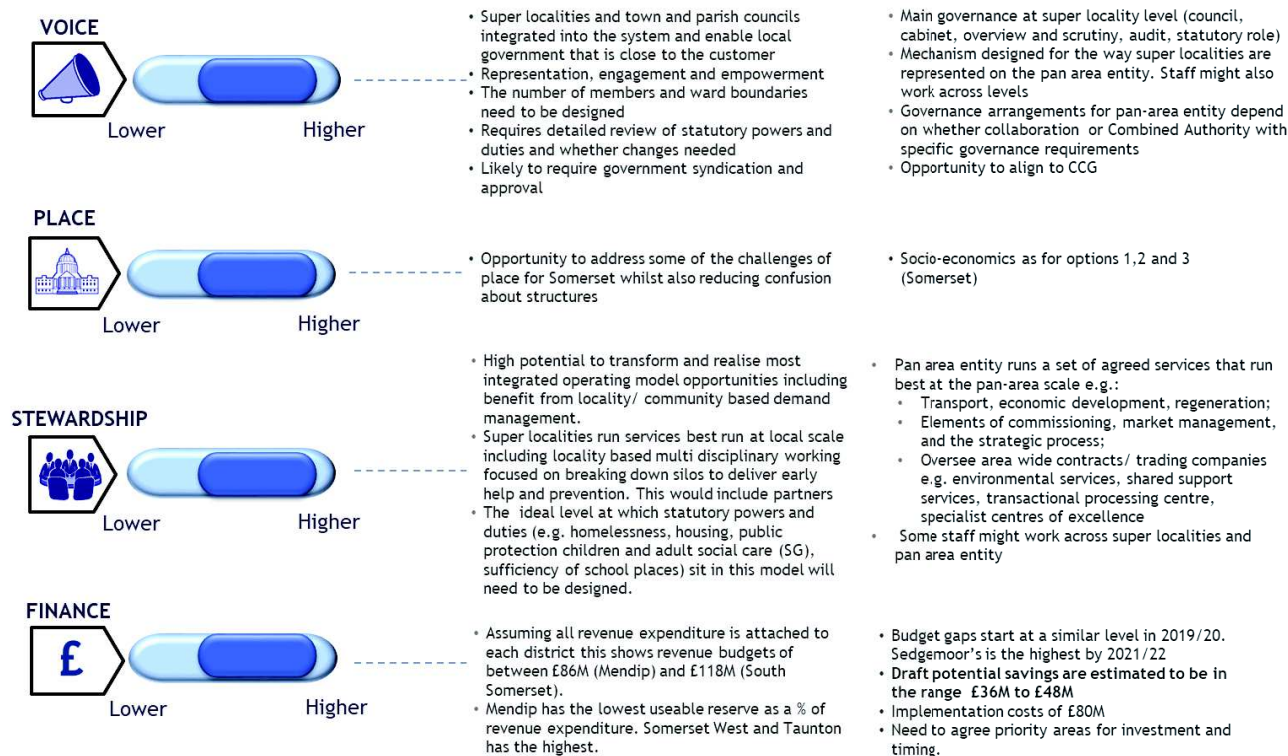- Need to agree priority areas for investment and timing.

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Socio-demographic data

Area	Total Population mid-2017	65+ Population	% population 65+	Population Projection 2026	Population Projection 2041	District Level Deprivation Rank Out of 324 1= Most Deprived (Rank of Average Rank)	Rank of Average Score	Social Mobility Score Out of 324 1= Most socially mobile
Three in Somerset, BANES and N Somerset								
BANES, Mendip	302,191	61,481	20.3%	320,146	343,447	214	221	130
Sedgemoor, N Somerset	335,012	78,798	23.5%	361,677	395,340	185	170	154
S Somerset, Taunton, W Somerset	319,504	79,925	25.0%	334,216	352,891	143	160	231

Option 4

VOICE

Lower — Higher

- Super localities and town and parish councils integrated into the system and enable local government that is close to the customer
- Representation, engagement and empowerment
- The number of members and ward boundaries need to be designed
- Requires detailed review of statutory powers and duties and whether changes needed
- Likely to require government syndication and approval

- Main governance at super locality level (council, cabinet, overview and scrutiny, audit, statutory role)
- Mechanism designed for the way super localities are represented on the pan area entity. Staff might also work across levels
- Governance arrangements for pan-area entity depend on whether collaboration or Combined Authority with specific governance requirements
- Opportunity to align to CCG

PLACE

Lower — Higher

- Opportunity to address some of the challenges of place for Somerset whilst also reducing confusion about structures

- Socio-economics as for options 1,2 and 3 (Somerset)

STEWARDSHIP

Lower — Higher

- High potential to transform and realise most integrated operating model opportunities including benefit from locality/ community based demand management.
- Super localities run services best run at local scale including locality based multi disciplinary working focused on breaking down silos to deliver early help and prevention. This would include partners
- The ideal level at which statutory powers and duties (e.g. homelessness, housing, public protection children and adult social care (SG), sufficiency of school places) sit in this model will need to be designed.

- Pan area entity runs a set of agreed services that run best at the pan-area scale e.g.:
  - Transport, economic development, regeneration;
  - Elements of commissioning, market management, and the strategic process;
  - Oversee area wide contracts/ trading companies e.g. environmental services, shared support services, transactional processing centre, specialist centres of excellence
- Some staff might work across super localities and pan area entity

FINANCE

Lower — Higher

- Assuming all revenue expenditure is attached to each district this shows revenue budgets of between £86M (Mendip) and £118M (South Somerset).
- Mendip has the lowest useable reserve as a % of revenue expenditure. Somerset West and Taunton has the highest.

- Budget gaps start at a similar level in 2019/20. Sedgemoor's is the highest by 2021/22
- **Draft potential savings are estimated to be in the range £36M to £48M**
- Implementation costs of £80M
- Need to agree priority areas for investment and timing.

Socio demographic data as for option 1.

This option shows significant dimensional variance dependent upon design decisions made when implementing. The scale of services, governance arrangements and structural considerations will all impact each dimension. As these are not finalised at this stage this ambiguity is reflected in our analysis.

Appendix G   Inter-dimensional trade-offs

Our analysis gives a high level view of the trade-offs to consider within each option. The graphs also provide an indication of the areas where more effort will be required to mitigate challenges.
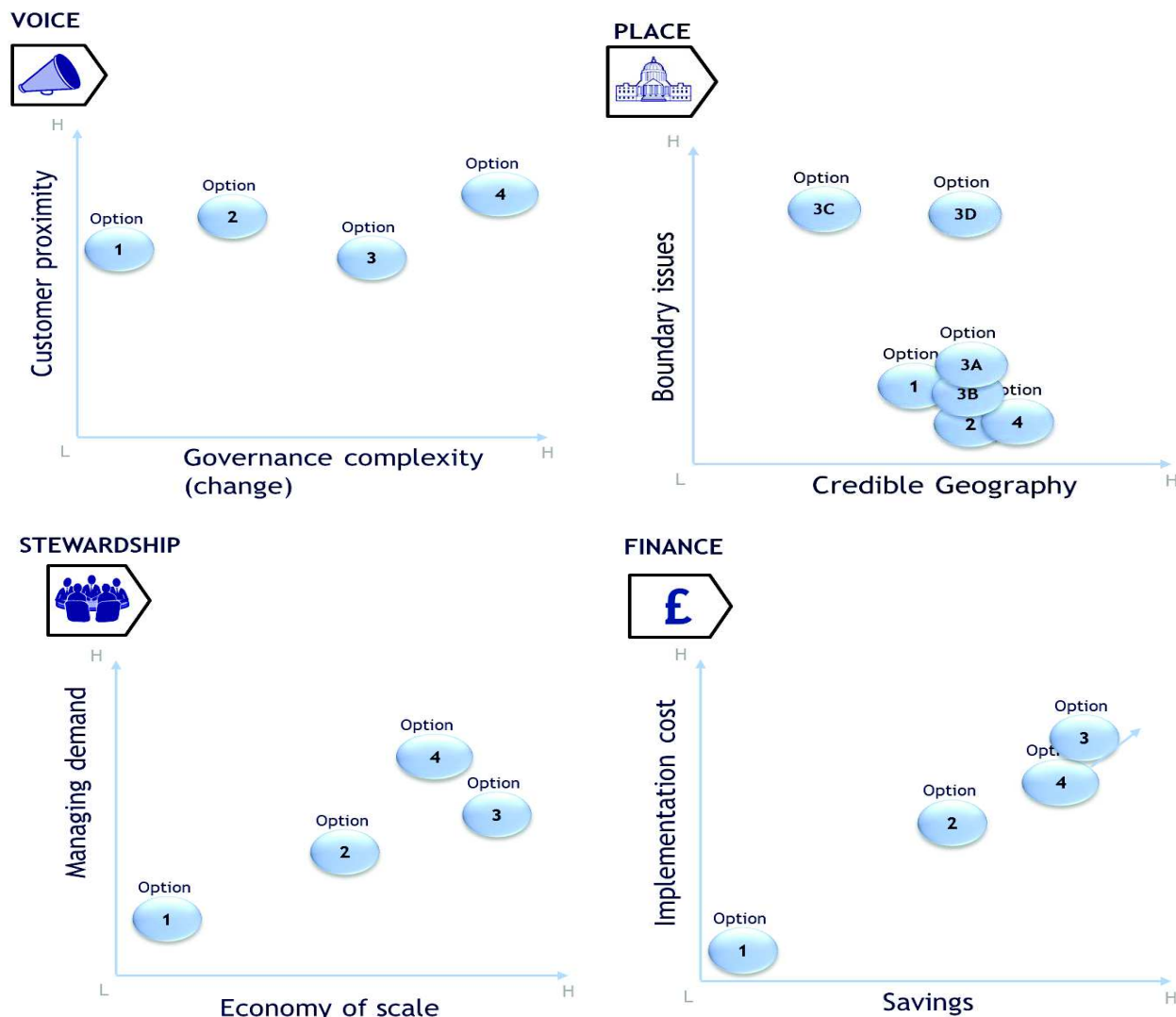
Key points

Dimension	Key points
Voice	Options 3 & 4* - potentially more complex when considering governance arrangements.
Place	Options 3C & 3D - could have greater boundary issues. 3C - greater credible geography challenges.
Stewardship	Options 3 & 4* - could provide greater economies of scale and demand management.
Finance	Options 2,3 & 4* - greater savings potential. 3 & 4* - higher implementation costs

*Option 4 is subject to a number of design and implementation decisions to be made during implementation planning. These decisions could significantly affect dimension factors associated with option 4.

Appendix H The Future of Local Government in Somerset: Stakeholder Perspectives

The structure needs to combine best of both worlds – scale to address big problems best tackled at that scale, as well as having roots in communities to address problems best solved there – and must have the ability to flex between those two poles. That's the small to big dimension. The other dimension is the ability to work with others collaboratively to solve problems. And it needs clear accountabilities.

(Public sector voice)

Introduction

There is a great deal to celebrate in Somerset. The county has a rich heritage and outstanding natural assets on which to draw. With its position between the South West and routes to London, its location offers great potential for the future. Quality of life is (on average) high and residents value the beauty of the countryside and coast on their doorstep. People feel a sense of connection to their place, and specifically their town or village where many benefit from strong and thriving community activity.

But Somerset also faces many challenges: from delivering good services and support to all residents across a dispersed population following a period of sustained and ongoing budget constraint; to providing security to an ageing demographic and opportunity to its youth; to generating more inclusive growth, despite a tight labour market. Brexit is creating additional uncertainties to trade and employment (but also opportunities for better land management). Climate change is already having an impact on areas of outstanding natural beauty and on risks of flooding. For Somerset to meet these challenges, local government must play its full part.

This report draws on in-depth interviews with a wide range of important stakeholders for local government across the county, and from engagement with residents. In total 90 people were consulted. They were asked about the context of Somerset as a place to live and work, and their hopes and fears for local government reorganisation. What emerged strongly was the question of purpose. Aside from the fiscal drivers, to what question is local government reorganisation the answer, and how would success be judged?

Many sensed a lack of civic leadership and the absence of a shared vision for the county. Instead of shared purpose, they perceived a more narrow set of interests driving decision-making. Respondents saw advantages and disadvantages to potential future arrangements based on criteria such as perceived greater efficiency from scale or the importance of community connections, but noted the absence of a vision for how these might contribute to a bigger story of what Somerset might become and be.

Simply undertaking the technical task of local government reorganisation is unlikely to be enough to tackle the broader set of challenges Somerset faces. Whichever option is selected, an assessment based on the technical merits to deliver greater efficiencies and improved outcomes is unlikely to be enough. Such reorganisations are always challenging and, in the short term, costly, and invariably there are times when the vision for change is tested. Ultimately it is the strength of relationships and shared commitment among leaders in Somerset to the purpose behind the change that will cause it to succeed or fail.

A clear example of this need is seen in Somerset's public services, which have been stretched by years of budget constraints. They risk decline if a siloed, organisation by organisation approach continues to be taken to balancing budgets. There are already signs of a more sustainable future emerging, based on a systems approach to demand management and place-based intervention. System leadership is required to embed this, applying strengths Somerset has in data analytics to the task.

This broader change can be guided by the following principles:

- **A new focus on Somerset as place:** cultivating cross-sector leadership for the county, and the development of a shared place-based vision and narrative for Somerset to meet the challenges of the future, such as inclusive growth.

- **Take a systems approach to managing support, and collaborative working**: moving from an organisation by organisation approach to demand management and delivery, towards a systems approach built on collaborative partnership and ways of working.

- **Support for people, with people:** giving people greater control over decisions affecting them, and the design of services and support they rely on, both as important ends in themselves and as a means to improve outcomes. Recognise and build the strength of voluntary and community sectors.

- **A balanced approach to local government reorganisation:** combining connections to localities with structures which strengthen cross-sector leadership and enable coordinated, place-based services and support.

Summary of Key Findings and Recommendations

A. Place

Objective: Effective local government reorganisation should make it easier for Somerset to mobilise all of its assets to meet the challenges it faces and take advantage of opportunities. It should also reflect residents' sense of place and identity and make it easier to deliver great services.

Findings

- Within Somerset, town or village is key to understanding how people view their identity, and this local identity is strong. District identity is not meaningful to people, but the county is. The offer and identity of Somerset was not thought to be clear and distinctive to people outside the county.
- The geographical footprint of different services varies widely across, beyond and within the county, with little coterminosity. This increases the challenges of governance and effective delivery.
- Weak physical and digital infrastructure increase the challenge of inclusive growth and better services.

Recommendations

- Ensure the connection to locality (town/village) felt by residents is retained in the reorganisation to limit the risk of a democratic deficit.
- Ensure services can coordinate effectively, while making use of granular, local intelligence.
- Prioritise inclusive growth by improving connectivity (physical and digital infrastructure) and skills of local people.

B. Stewardship

Objective: Effective local government reorganisation requires a purpose bigger than fiscal sustainability. It should enable better partnership working and improve the outcomes from services and support for residents.

Findings

- There was seen to be a lack of high-level strategic civic leadership for Somerset, and no real shared vision for the place. Instead, partners observed a significant degree of dysfunction, which they viewed as counter-productive.
- The absence of a shared sense of purpose makes the task of reorganising local government more difficult and increases the risks. Against what criteria should alternative options be judged, and what would be the criteria for success?
- Respondents reported a strong desire for effective partnership working. This is not yet matched by the practice, which is patchy despite many good examples. The councils themselves set a poor example with the relationships between them
- In Somerset, as in many other places, year upon year of austerity has led to a system under strain, with serious gaps in provision now emerging. There have been two types of responses:

  - Statutory partners prioritise, raise assessment criteria, and push the burden onto others, including into the community. This organisation by organisation approach is unsustainable.
  - Change ways of working, innovate, and begin thinking systemically. This has led to new forms of collaborative working, and new models of services – often preventative, place based, cross-sector, multi-agency, data driven, and person-centred. The model remains emergent, nascent, and fragile – but with it lies the hope of a better future for the people of Somerset.

Recommendations

- Commit to cultivating shared leadership for Somerset
- Develop a shared place-based vision and narrative for the county to guide decision-making (on local government reorganisation and beyond) and clarify and strengthen the county's profile externally.
- Ensure local government reorganisation strengthens cross-sector leadership and the ability to provide coordinated and place-based services.
- Take a systems approach to services and support within Somerset, to manage demand and improve outcomes.
- Go with the emergent model of innovation in public services in Somerset and make it the default approach.

C. Voice

Objective: Effective local government reorganisation should increase the ability of residents to influence – individually, collectively, and through civil society – decisions affecting them in their lives and shape the services and support they rely upon.

Findings

- Respondents did not think people could influence decisions affecting them.
- Voluntary and community organisations are platforms through which people can make their voices heard, as well as a means to improve outcomes for people, but are being underutilized for this purpose.
- Respondents could provide few good examples of services users being involved in the design and delivery of services, though there was a desire among partners to do better in the future.

Recommendations

- Prioritise means to amplify the voice of residents in decision-making, and the role of users in service design and delivery.
- More effort should be made to build the capacity of and engage with voluntary and community organisations, valuing their expertise, and the contribution they can make to improving outcomes and giving people a voice.

C.   Local Government Reorganisation

Findings

Among respondents there was not a consensus about the shape that future arrangements for local government in Somerset should take:

- In general, the dividing line was between (the majority) who prioritised the perceived efficiency gains, simplicity of engagement, and less variation from scale in some kind of unitary arrangement(s), and (a minority of) those who prioritised a closer connection to localities and the richer information set this provided.
- Public sector partners or those who worked for representative organisations tended to favour the scale, community groups local connection, and business and voluntary sector voices more divided.
- Many wanted both perceived scale efficiencies and ease of engagement, and local connections. Those who noted the contradiction, they tended to resolve it in favour of scale.

- Among those favouring scale, there may be a sense that respondents were reflecting what they thought to be the inevitable direction based on their own understanding of the situation.
- Within the group favouring scale, there was a variety of potential solutions expressed, with the main caution being the need to create arrangements of sufficient scale to be viable.
- Some who were concerned about preserving local connections saw stronger parish and town councils as a solution, should some model of unitary be chosen.
- Some thought there was no single 'right' answer and that many arrangements could be made to work, in what would be a more 'political' than 'rational' decision.

With many unclear about the final destination, the purposes for it, or the merits of one particular arrangement over another, they remained very concerned about the process of change and the likelihood of a successful transition.

Methodology

Collaborate CIC are part of a consortium led by Ignite and including Pixel Financial Management and the Local Government Research Unit at De Montfort University commissioned by the councils of Somerset to provide an options appraisal of alternatives for local government reorganisation. The councils are Somerset County Council, Mendip District Council, Sedgemoor District Council, Somerset County Council, South Somerset District Council and Taunton Deane Borough Council and West Somerset Council.

This report is Collaborate's contribution: an 'outside-in' perspective on the challenges for Somerset's councils, based on interviews with stakeholders and residents on Somerset as a place to live and work. The field work took place during November 2018 and offers a snapshot of views on the context for any future local government reorganisation.

Collaborate conducted in-depth interviews and group conversations with stakeholders from a range of sectors and perspectives, as well as a limited amount of engagement with residents. Collaborate engaged with a total of 90 people as a part of this research. These were spread fairly evenly across the four cohorts: residents, public sector representatives, private sector representatives, and voluntary and community group representatives (see graph to the right). We asked them about the Somerset as a place to live and work, the opportunities and challenges, the geography they work across, where and how they collaborate with others, the effectiveness of services, how they manage demand, and the strength of communities and community voice. We also asked about their hopes and fears for changes to local government.

Scope of research engagement

- Residents
- Public sector representatives
- Private sector representatives
- Voluntary and community group representatives
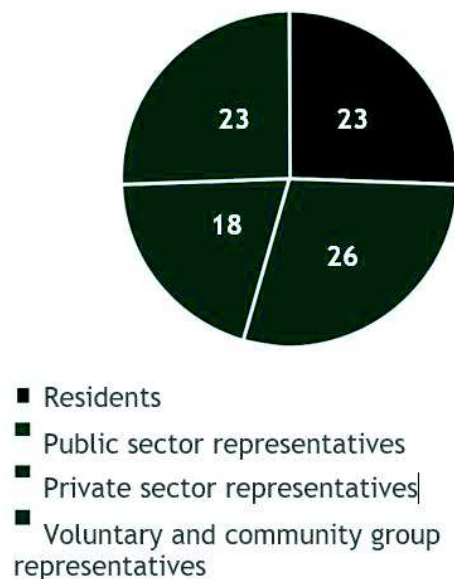
Findings

A. Place

We asked respondents about life and work within Somerset, the opportunities for the county and the challenges it faced. We also asked about identity and attachment to place, and how services operated and coordinated across different geographies.

Effective local government reorganisation should make it easier for Somerset to mobilise its assets to meet the challenges it faces and take advantage of opportunities. It should also reflect residents' sense of place and identity and make easier the effective delivery of services.

1. Somerset's Assets And Opportunities

Somerset has substantial assets from its landscape and heritage to the strength of its local communities. The beauty and diversity of the natural environment enhances the quality of life, and farming is important to the rural economy. A thriving voluntary and community sector enriches life in Somerset and provides critical support to local people. Major investment in Somerset (such as Hinkley Point) offers new opportunities to residents.

The community sector is thriving […] we can't do it all and we can't reach everyone, but we do a lot of good for our community. (Community voice)

The environment and nature are parts of the county's identify and offer – people want to move there due to that. (Public sector voice)

Huge investment coming into parts of Somerset and there is great opportunity around Hinkey and with that new companies being invited into the area. (Business voice)

Residents and partners alike spoke of the excellent natural assets in Somerset; from beautiful countryside and coast to national parks and nature reserves – all offering high quality of life for the area. The importance of agriculture to the region was cited by many though some were concerned about future uncertainties for the sector, particularly those posed by climate change. As well as generating uncertainty, Brexit was seen as an opportunity to better align land management objectives with subsidy arrangements. Some felt heritage and natural assets (moorlands) were at risk, perhaps more than in other regions. Sustainability of the land and natural environment was a key concern for some.

It is clear there is a wealth of community activity in Somerset provided by a range of large charities and mostly smaller voluntary, community and faith groups. Such groups are providing vital services and support to residents and were seen as particularly successful at hyperlocal connections with residents and other services and groups providing support, allowing an insight and offer that some felt was unique and less possible for public services to achieve. Such groups are providing a wide range of support – from homeless support to community transport. Respondents were particularly positive about the things such groups offered over formal services, principally *flexibility* (going above and beyond, and responding to whatever is needed in a holistic way), commitment (sticking with people and not applying 'needs assessment criteria'), *friendship* (with staff and other service users) and *hope* (seen as critical at a time when people feel uncertain and mental health issues are on the rise).

Somerset is benefitting from some major developments in the area – principally Hinkley Point (all sites) and schemes such as the Bridgwater Gateway development. Most recognised the significant opportunity this provided in immediate and long term for jobs and skills in Somerset. Some cited the clear and collaborative strategy developed among the District Council, Chamber of Commerce, EDF and other partners for the development at Hinkley and success stories of engaging with local schools and Colleges and with small SMEs for local supplier contracts. Broader concerns were also expressed in terms of managing the impact on the local area in terms of services, infrastructure, jobs and skills,

the environment and the fabric of local communities, though schemes to mitigate were also mentioned, for example the HPC Community Fund managed by Somerset Community Foundation.

2. Challenges for Somerset

Respondents saw Somerset facing a number of longstanding and newer challenges affecting the quality of life for residents, business performance, and public service delivery. Somerset is a large county with a relatively dispersed population and this, combined with a relatively poor (physical and digital) infrastructure, was seen to add a layer of difficulty. Despite a tight labour market, being home to a handful of national (and international) businesses and major new investments, Somerset's economy is largely built on low paid employment. Social mobility is low. Young people have to leave the county for university and early career opportunities, and don't always return. It has an ageing demographic, placing growing demands on services. Austerity has taken its toll on those services, with gaps in provision now evident and certain population groups underserved. More broadly, climate change was seen as a threat to Somerset's natural assets and to risks from flooding. Uncertainties around Brexit are being felt by business, although the dopportunity it offers to reform farming subsidies could allow closer alignment with land management strategies.

Mental Health support is a huge challenge, it's a tsunami coming through the schools. It's not controllable. (Public sector voice)

People are living longer and could potentially have long-term illness, and this will increase over the next 15 years. We need to be prepared for this. (Housing voice)

Public transport is 'almost non-existent' and expensive. In addition, broadband connectivity and accessibility needs improving. (Business voice)

Cuts have a massive long-term impact and it is vulnerable people around the edge that are the ones who are losing out. (Voluntary sector voice)

The economy is largely farming in Somerset, and the uncertainty around Brexit is very challenging. It is very unclear how farming ties into the growth and industrial strategies. (Business voice)

Somerset is a large, predominantly rural county, which respondents saw as creating additional challenges for effective service delivery and local economic growth. The transport infrastructure was by far the biggest concern for business, with many citing poor roads in particular as a challenge in both transporting goods and parts and enabling employees to reach them. The transport infrastructure was also felt to be compounding issues of isolation and access to services, with public transport "almost non-existent and expensive". This created particular problems for young and old people, and those on low incomes. Digital connectivity was equally concerning, and a barrier to growth. Some business voice saw this as a greater priority than the physical infrastructure.

Somerset is home to some important national and international businesses, such as Screwfix, Clarks and AgustaWestland (now Leonardo Helicopters). But, in general, the local economy is characterised by low wage, low skilled jobs and a relatively weak business ecosystem. The labour market is tight, making recruitment difficult at all levels, with particular problems cited in caring roles, professional skills, engineering and maintenance. Businesses expressed a desire to hire locally but low skills present a barrier and some industries aren't seen as attractive to young people (nuclear, construction). To attract workers from outside Somerset, firms found they were having to be creative, focusing on many of the lifestyle benefits of Somerset life. Some cited weaknesses in the FE offer in Somerset as a contributing factor to skills gaps, although recognised some improved partnerships between business and colleges emerging. Hinkley Point C was referred by many as being an immediate drain on local skills and employment, but most recognised the site had the potential to be positive for long term skills development.

Respondents expressed a widespread concern about a division in opportunity for people in Somerset, depending on their backgrounds and location, with both urban and rural settings creating (different) challenges. It was frequently said that young people had to leave Somerset to get on, both for university and for early career opportunities. Rural isolation (and the lack of buses) was a particular problem, not only for accessing services but also jobs. Some questioned whether low aspiration or awareness of opportunity was causing a hindrance. There are a number of areas of deprivation where some respondents worried the needs of people were being overlooked or unnoticed. Few felt that growth could be said to be inclusive with many being left out.

Many feared the long-term impact of austerity on residents, and particularly the most vulnerable. This was true of many services, but there were particular concerns about County Council services, where many felt budget constraints were having a real impact on support for local people. Particular concerns were raised about the impact on older people, from cuts to day centres, care packages, extra care and other housing options/support, plus a reduction in local services and public transport. Given demographic trends in Somerset the challenge for the future was felt to be even more acute. There was seen to be little consistent leadership on issues surrounding ageing.

Many were concerned about gaps in mental health provision in the context of rising demand across all age groups. Services for children were seen to have been badly affected by austerity, with many voluntary and faith groups seeking to improve their provision to compensate for reductions elsewhere. The roll out of Universal Credit was seen to be exacerbating problems for those on low incomes. A rise in foodbank use was cited as a growing trend locally.

A number of housing challenges were raised, including the availability of affordable housing, temporary accommodation, and age appropriate accommodation for older people, which have combined to create an increase in homelessness and rough sleeping. Planning was seen to be a key issue with staff cuts in some authorities leading to lengthy planning processes and further compounding the problems above.

Respondents across sectors spoke of a sense of "constant reorganisation" within Somerset councils which was viewed to be causing uncertainty and fear for staff,

preventing progress and creating barriers for collaborative work with partners who can find it confusing.

With the natural assets of Somerset key to its future sustainability (economic, social and environmental) some expressed concern about the scale of the challenge posed by climate change. The threat posed by flooding to communities will continue to be an issue, notwithstanding major investments to mitigate. With the local economy so reliant on agriculture, the long-term sustainability of current practices in a changing climate and considering soil loss is unknown and some felt requires more strategic focus and planning across Somerset and with leadership from across sectors. With tourism, another major industry for Somerset, reliant on natural landscape, the impact of climate change on landscape and local economy is deeply interconnected.

Many respondents, particularly from business and environment sectors were concerned about the uncertainties presented by Brexit. Industries facing particular uncertainty predominate in Somerset, from agriculture to tourism, and healthcare to food and drink. As one business voice said, *"Without them, the region would be stuffed"*. These sectors rely to a significant degree on EU workers and many export to the EU. Some area already making contingency plans, for example stockpiling parts needed for production. But Brexit could also lead to improved land management, through the reform of subsidies.

3. Identity, Attachments, And The Footprint Of Services

For legitimacy, local governance arrangements must bear a relation to patterns of communities, and local identities and attachments. Within Somerset, town or village is key to understanding how people view their identity, and this local identity is strong. District identity is not meaningful to people, but the county is. While respondents thought there were many advantages to life in Somerset, they worried that the identity of the county was not clear and distinctive to people outside it. This was not being compensated for by regional leadership, which was also thought to be underdeveloped.

The geographical footprint of different services varies widely across, beyond and within the county, with little coterminosity. This increases the challenges of governance and effective delivery.

> *There's a strong sense of shared community [in my village], people look after each other.* (Faith group voice)

> *Work/life balance is more and more what people are striving to achieve. [Here there's] amazing countryside, coastlines, broader accessibility to other parts of*

country. If we can deliver places to work from, broadband and so on then it's an excellent place to combine work/life balance. (Business voice)

Somerset struggles with its identity. It has not got a clear sense of what it is, and what its offer is. The county is very poor at promoting itself to the wider world. (Housing voice)

The majority of those interviewed identified most strongly with their particular town or village with Somerset coming second. Excepting significance for working arrangements, no one identified with their district as a resident. At the more local level, community identity was felt to be strong in many areas.

While some said they would describe themselves as from Somerset, many felt it lacked a distinct and clear identity as a place. Others viewed the boundary between Somerset districts and the other districts in ceremonial Somerset as a "nonsense". Many respondents, and the majority of business leaders, felt Somerset was not competing or making the most of marketing its assets at the national level and there was far more to be done to attract investment, new businesses and people to the area.

Regional leadership was also felt to be lacking, particularly by partners from across sectors working in other regions in England. There was a desire among some to strengthen coordination and shared leadership for the South West to make the most of the assets of the peninsula and concern that the one area driving a more systemic form of leadership (WECA) was not looking towards the SW but instead towards London, the Midlands and Wales.

Across Somerset, service boundaries differ widely in terms of the geography they serve: from community services serving specific neighbourhoods; to district council services within district boundaries; to services like health, where the boundaries are co-terminus with the County Council. The boundaries for fire and police services extend beyond Somerset, but in different directions. There are other public services working on wider footprints including the Environment Agency, Exmoor National Park, and Highways (increasingly taking a regional view). Many businesses, even those with strong local connections like Screwfix or Clarks, are operating in national and international markets. Respondents felt this complex picture, particularly for services, added to the challenges of partnership working and delivery arrangements, and many expressed a desire for rationalisation.

B. Stewardship

Stewardship concerns the effective leadership and management of a place to improve the lives of residents. Respondents were asked about leadership and vision for Somerset, the

effectiveness of partnership working, and how far services and other support were meeting the needs of residents in a context of severe and ongoing budget constraint.

Effective local government reorganisation requires a purpose bigger than fiscal sustainability. It should enable better partnership working and improve the outcomes from services and support for residents.

1. Leadership

Respondents saw Somerset as a place with a lot of potential, but that potential was not being harnessed to a bigger story of what the county could be or become. There was seen to be a lack of high-level strategic civic leadership for Somerset, and no real shared vision for the place. Instead, partners observed a significant degree of dysfunction, which they viewed as counter-productive. Parochial concerns were often seen as more important drivers of decision-making. In consequence, Somerset is seen to be less than the sum of its parts. It makes purposeful joint working harder, along with the task of attracting investment and skilled workers. The absence of a shared sense of purpose makes the task of reorganising local government more difficult and increases the risks. Against what criteria should alternative options be judged, and what would be the criteria for success?

A vision for Somerset? I don't know that I've seen that, if I'm honest. (Business voice)

A share sense of purpose for Somerset? No. (Business voice)

Because of the financial situation, we need strategic leadership, but it isn't there. (Voluntary sector voice)

I really hope that the group of Chief Execs are having strategic conversations about common objectives and goals. (Public sector voice)

We lack senior leadership from all the partners. There's no joint strategic purpose. (Public sector voice)

Local business leaders should be getting more involved and taking more of a lead. They could be doing more. (Business voice)

While many respondents saw the potential within Somerset, a common theme from respondents was the lack of county-wide civic leadership and the absence of an agreed direction or vision for the place. This was not universal. In some service areas, such as health, there were agreed county-wide priorities and the challenges were more of effective delivery. In addition some – although not all – districts were seen to be providing place based leadership, with proactive engagement with stakeholders, and quite effective partnership working. Hinkley was a case in point, where district vision and leadership – combined with business leadership – had been important. Nevertheless, respondents reported that district leadership could be quite defensive of 'turf' and parochial in nature. Many were concerned that the relationships between districts – and between districts and the county – were not as strong or effective as they needed to be in the current context. This was both noticeable from the outside, and problematic.

The absence of county-wide leadership was not compensated by regional leadership, which was also seen to be under-developed. More commonly, respondents looked to their own institutions or sectors for leadership.

The absence of a shared vision or story of Somerset generated four main concerns:

- First, within the county it was seen to make joint working more difficult. There are many examples of good, collaborative, cross-sector working within Somerset (discussed below), but these remain patchy and not yet fully developed as they sit outside an overarching story of place.

- Second, it weakened the projection of Somerset outside the county, making it harder to attract skilled workers or encourage investment. Business voices felt there was a compelling story to tell about the lifestyle benefits of living and working in Somerset but this was not being told effectively.

- Third, without a shared purpose, the objectives and success criteria of any local government reorganisation were unclear. Beyond financial imperatives, what question was it an answer to?

- Finally, there was concern about the disruption likely from the process of implementing any reorganisation, and the sense that – whatever shape it took – it would be more difficult in the absence of shared purpose.

A related issue was the kind of leadership required. There were concerns that political leaders were driven by too narrow concerns, or party political objectives which were seen as not relevant or even counterproductive to the task in hand. Some voluntary sector voices wanted more collaborative styles of leadership in preference to more traditional approaches. Business voices thought that local business leaders could and should be doing more to provide local leadership. Many wanted a form of collective, cross-sector, Somerset wide leadership, perhaps initiated and coordinated by local government.

2. PARTNERSHIP WORKING

Respondents reported a strong desire for effective partnership working. This is not yet matched by the practice, which is patchy despite many good examples. In some areas, strategic commitments outstrip the practical realities; in other areas collaboration is working well on the front lines, without strategic commitments. Overall, silo working and an individual organisation focus dominate over collaborative working and a systems approach. Partnership working tends to be seen as more effective at the level of the districts than the County Council, and strong in health (apart from data sharing) and in the voluntary sector. The nature of relationships between Somerset councils were not seen to set a good example. The dispersed nature of the county adds to the challenge.

Partnership working is becoming more mature as we work together more. (Health voice)

There is lots of duplication and missed opportunities for coordination and shared learning. (Faith voice)

There is duplication of processes and information which each stakeholder holds, which could be streamlined with better partnership working. (Housing voice)

The councils don't do enough to enable collaboration and act without awareness of the realities of the culture of competition that exists between them. (Voluntary sector voice)

No one is answering the phone [at the council] because nobody is there. (Voluntary sector voice)

I sometimes feel that churches don't get the recognition they deserve. They are not taken seriously [as a partner]. (Faith voice)

There is more we [health partners and County Council] could do as joint commissioners to share posts and pool resources. For the work in neighbourhoods to succeed, we both need to change. (Health voice)

Across Somerset there is a strong desire for effective partnership working, but the realities have proved more challenging. In health, for example, there is a sense of strategic alignment between across sectors, but less progress in practical delivery in against those priorities. In relation to social care, partnerships were seen to be quite strong, enabling difficult conversations to happen in a mature way. This was not matched in children's services, where relations were much more fragile. There were tangible examples of effective shared strategic leadership, such as through the Health and Wellbeing Board where progress had been good, and in the Safer Somerset Partnership. The Somerset Waste Partnership was envied by those outside the county. This, along with the South West Heritage Trust, were seen as significant innovations and examples of good practice. By contrast, the Somerset Growth Board was not seen as effective, and more of a "talking shop".

Voluntary organisations viewed themselves as nimble and able to act more quickly than the councils. They do not always feel that their strengths were being fully recognised. They tended to view the districts as easier to engage with, in part because there was better geographical alignment in terms of the service footprints. By contrast, they tended to find the County Council harder to engage with, not very accessible, and even "aloof". They saw the County as "playing favourites" between organisations, undermining collaboration.

Respondents from health had a different perspective. They saw the County as ready for partnership working some (three) years ago, but the health sector had not then been in a position to be an effective partner. There were reasons for this, such as a lack of continuity in leadership from health, but this had damaged forward momentum. Health were also criticised by other (public sector) partners for their limited approach to data sharing, which was felt to be overly restrictive and inhibiting effective joint working.

There remained – in many cases – a mismatch between high-level commitments to better partnership working and the realities on the ground. However, in other areas – such as mental health – those on the front lines were ahead of their bosses. Here frontline

collaboration was built on strong personal relationships and worked in spite of institutions and structures rather than because of them. The pressure on resources had, in some cases, been a driver of partnership working as partners sought to do more with less, but there was still a sense that partners took too narrow a view of their own interests and purposes. Respondents saw the challenge as to break down the silos, and to move from defending institutional boundaries and budgets towards a more systems-wide perspective, built around the needs of the population. It was recognised that this was a particular challenge in Somerset, given the size of the geography and the spread of the population.

Respondents felt that the councils themselves did not always set the best example. Strained relationships and political differences between them narrowed horizons and made collaborative working more difficult. This had consequences both for operational efficiency and service effectiveness.

3. Services

In Somerset, as in many other places, year upon year of austerity has led to a system under strain, with serious gaps in provision now emerging. Despite pointing to gaps and complexities in accessing services, many respondents still thought their own experience was good. There have been two types of responses apparent in Somerset. The first type of response has been for statutory partners to prioritise, raise assessment criteria, and push the burden onto others, including into the community. This is creating unmanageable problems for some services and sectors, and hitting some groups of people hard. Many talk about the demand coming into the system via the 'wrong' service, at points of greater cost, and being addressed less effectively. The problem is seen to be not that partners have to make cuts (which is accepted), but how they are going about it and the choices they are making. This organisation by organisation approach is unsustainable.

The second type of response has been to change ways of working, to innovate, and to begin thinking systemically. This has led to new forms of collaborative working, and new models of services – often place based, cross-sector, multi-agency, data driven, and person-centred. It is leading to a strong desire to rebalance spending towards early intervention and other more preventative approaches, and to manage demand across the whole system using data analytics. While there will be many challenges along the way, there is widespread support among partners for this emerging model, and examples in practice. The model remains emergent, nascent, and fragile – but with it lies the hope of a better future for the people of Somerset.

There's no meat left on the bones. (Voluntary sector voice)

In local government, we are all on the river towards the waterfall. (Public sector voice)

The public sector needs to shrink together, not shrink apart. (Public sector voice)

Across public services, our vulnerable people are all the same people. If we save here, it pushes demand somewhere else. It is a false economy. (Public sector voice)

Policing has become a service of first and last resort. (Public sector voice)

Child and adult mental health services are unacceptable. (Voluntary sector voice)

There are many services for families, but they are not easily accessible/found, so you need to know someone to find out what is happening. There is not one place for all the information. (Resident)

The third sector is vital for us. We are desperately trying to fill gaps. (Public sector voice)

There's a lot of signposting going on, but services are not there to point people to. (Voluntary sector voice)

We are currently weighted heavily towards reactive services. We want to shift to more preventative approaches. (Health voice)

Layering the data can help the penny to drop. This is the kind of whole systems thinking that is needed. (Public sector voice)

Financial pressures have created a decisiveness from local authorities and has led to some brilliant work at the community level. They make decisions more quickly. They have gone from theory to practice very quickly. They piloted in a

few areas, then scaled really quickly, and I thought it was brilliant. It was a different way of thinking about the problem, and very person-centred. (Health voice)

Somerset is a great place to look for 'place-based' solutions, as the local identities are strong. (Health voice)

In Somerset, respondents reported a system under strain. The compound effect of budget constraints over a number of years has taken its toll. Respondents identified many gaps in services, and populations whose needs were no longer being met. Despite this, and concerns about the complexity of accessing services, many respondents thought their own experience was good. In terms of gaps, mental health services for children and for adults were mentioned frequently and confirmed by those working in the sector. For children and adolescents, the gap is particularly in Level 2 services (early help and targeted services), below the specialist Level 3 services, with the threshold for access to Level 3 services also reported to be rising. Demand for these services is also rising, in part driven by greater awareness of mental health issues, but also by the choices of other services. There was concern about how cuts to education and youth services will affect wellbeing and social mobility. There was concern for the wellbeing of older people as cuts to services they rely on – from community nurses, to day centres, to public transport – reduce health and increase social isolation. In housing, the lack of move on accommodation was creating backlogs. Residents were quite divided on the quality of services, depending on their particular experiences.

Tighter budgets are the reality for service leaders. The question is how they respond. Although there was plenty of variation, two broad types of approach were apparent each with very different consequences. The first could be called an 'institution by institution' or 'service by service' approach. This is characterised by prioritisation, raising of assessment criteria for access to services, and the diversion of demand to other services. Many respondents identified this approach or were dealing with the consequences of it. Voluntary and community services, for example, were seeing rising levels of need in their communities and greater complexity in their caseloads. Concern was raised by health leaders about the effects of cuts by the County Council to early years services on future demand for mental health services. Public facing services that operated night and day – like the police and A&E – felt they were 'punished' for their accessibility and availability and were having to do more than their fair share. But this wasn't just a question of fairness. It meant that instead of problems being addressed by the most appropriate service at the earliest stage, demand was entering the system through whatever service was available. Often this was a point of much greater costs, when problems had become more acute, and when the service response was not the most appropriate. Overall, this

meant that a system with less resource was using it less efficiently and less effectively in terms of the outcomes for people. Many respondents pointed out the self-defeating nature of this approach and advocated for the need for a whole system perspective to better manage and respond to demand. This would include the effective use of data analytics (a Somerset strength), the explicit development of community capacity, more collaborative working between services and organisations, and new models of service design.

The good news for Somerset is that examples of this alternative approach are already evident. The second approach to austerity has been to change ways for working, and to innovate. For example, in health there are clear strategic commitments to shift resources year on year towards more preventative services. Resource pressures have also driven commitments to greater collaboration, even if these commitments haven't yet been fully realised in practice (discussed above). New models of service delivery have been developed, with the County Council praised for their decisiveness in leading the way. Examples of specific practice innovations include: One Teams, which are locality based multi-agency teams; Neighbourhood Teams, which health partners are developing and investing a lot of hope in; the Somerset Waste Partnership, which manages waste across the county; Home First, a collaboration between health and social care to get people back to their homes after being in hospital; Village Agents, who bridge the gap between individuals in need and support that can help them; and many other examples. Some ideas are aimed at activating or supporting community activity such as training Bridgewater barbers in mental health awareness; addressing issues of male mental health through farmer's markets; offering micro grants to communities to improve public safety; and linking police officers and PCSOs to schools.

What many of these innovations have in common is that they are cross-sector, multi-agency, place-based, and person-centred. They take a systems approach to problems and seek to manage demand through preventative or intervene early. They seek to develop community capacity. They can build on a strength of Somerset in data analytics, which itself could be improved through greater cooperation from health partners. Together, they point to a way forward for support in Somerset, if applied with purpose across the county.

C. VOICE

Voice is the extent to which residents can influence – individually, collectively, and through civil society – decisions affecting them in their lives, and shape the services and support they rely upon. These should be important criteria against which future arrangements for local government are judged.

1. Agency and Influence

As discussed above, most respondents agreed that Somerset as a place and its residents have massive potential. Many saw a strong sense of community, especially locally, and vibrant community action across the county as a great asset. Despite this, few residents and respondents thought people could influence decisions affecting them. Many said they did not feel listened to by local authorities and other institutions. Voluntary and community organisations are platforms through which people can make their voices heard, as well as a means to improve outcomes for people. More effort should be made to engage with voluntary and community organisations more effectively.

> *Local groups have energy for change and are seen as passionate.* (Public sector voice)

> *The voluntary sector can mobilise assets and help in ways that a formal agency can't.* (Voluntary sector voice)

> *Faith-based groups are seen as having great energy, they move mountains.* (Public sector voice)

> *In general, people don't feel empowered. There is a lot of dissolution, things are done to them by the local authority. […] Many communities feel disconnected – the district and country don't ask us; the councils are not communicating.* (Private sector voice)

> *The council where I live is not very responsive. I've been a part of numerous campaigns about local services, but nothing happens.* (Resident)

Many organisations don't know how to listen to young people. (Voluntary sector voice)

As a family, no I don't feel like we have a say. We can't affect anything. (Resident)

The Youth Parliament is silly and pointless and doesn't actually affect decision making. (Voluntary sector voice)

Consultation is mostly done more through surveys. (Voluntary sector voice)

When respondents were asked if people could influence decisions that affect them, most residents and (non-statutory) stakeholders simply stated 'no'. Many stated that existing structures and methods for residents to influence are too formal and make them less inclined or less able to engage with public institutions. Some stated that people – especially in deprived areas – are getting fed up with being consulted but seeing no change.

The perception was that there is a tendency among the Somerset councils to only use traditional consultation techniques and surveys to engage, instead of anything more meaningful. This was reinforced by the feeling of existing exercises often being tokenistic, with decisions being made before service users and partners were consulted. Some other public services, such as Exmoor National Park, said they were engaging effectively with residents and other stakeholders. Others mentioned that residents have had a real chance to influence the Police and Crime Plan.

Communication was a key issue, with many saying that councils in general are performing poorly when it comes to engaging with residents. Some suggested that councils in Somerset need to think more creatively about how to reach people through multiple channels of social media, community forums and local news outlets.

These problems of influencing decision-making existed despite Somerset being described as having a thriving (though somewhat patchy) community sector. There was consensus that Somerset has a range of voluntary, community and faith groups that are doing good or even great work, with many being place-based in towns or villages. Many communities, especially in rural areas, were seen as close knitted, strong and active. Wiveliscombe, Dulverton, Wincanton, Porlock, Frome and Watchet were mentioned as having particularly strong community activity. There were examples highlighted of voluntary organisations serving particular populations, such as The Hub in Yeovil, which bridges the gap between learning and employment for people with learning difficulties, and examples of supporting

community capacity, such as Avon and Somerset Police's small grants programme to support community initiatives.

Where local people could make their voices heard, it was often through the platforms voluntary and community organisations provide. Respondents recognised the effectiveness in collective voice and community activity, and that it can give people a sense of agency which they are not getting through their current relationship with local authorities.

Many pointed to the strengths of community and voluntary organisations, and to their ability to deliver services and improve outcomes for local people that statutory organisations cannot. Some said this was made possible due to those projects being truly embedded in the communities they serve, and the greater trust this engenders. Willingness to volunteer was also seen as a strength of the people of Somerset, with examples from sports to environmental to heritage projects. While some thought volunteers could do more, caution was expressed about this capacity being stretched too far.

The challenge for local authorities was how to engage and support voluntary and community capacity more effectively. Some suggested Parish Councils as a mechanism for doing this, as some were already moving towards cross-sector initiatives. Others felt that the county and the district councils not having 'woken up to' the potential of communities and the voluntary sector.

2. CO-PRODUCTION

This was not a strength. Respondents could provide few good examples of services users being involved in the design and delivery of services. There was a desire among some partners to learn from the example of others, and to do better in the future.

> *Even I, who have worked here for a long time, don't see how I might influence services design.* (Voluntary sector voice)

> *Those particularly in deprived areas are fed up with being asked and consulted about things. Not involved in service design, at least that they would recognise it.* (Voluntary sector voice)

> *People can't really influence the services they receive.* (Voluntary sector voice)

> *Historically we been a much 'do-it' to them [the residents] but we are moving towards coproduction. [...] So, it's getting better. We have more community representatives in our multi-agency forums then we did before.* (Public sector voice)

Involving service users in the design and delivery of public services was not perceived to be a strength. Respondents expressed that the public sector must show it is more accountable to those it serves and engage on a more fundamental level. Though most interviewees struggle to come up with instances of 'co-production' of services a few examples were mentioned, such as the Youth Somerset programmes which are led by young people, and family-led plans in children services. In addition, heritage at risk projects are often led by local communities, and there was a strong desire from health partners to improve practice in this regard, particularly in relation to mental health services.

As well as a need for the councils of Somerset to do more to embrace the wealth of community activity in the county, respondents also felt they could learn from local community organisations when shaping formal services – with several respondents talking warmly about hyper-local, person-centred activities that have improved outcomes for citizens.

D. Local Government Reorganisation

Among respondents there was not a consensus about the shape that future arrangements for local government in Somerset should take:

- *In general, the dividing line was between (the majority) who prioritised the perceived efficiency gains, simplicity of engagement, and less variation from **scale** in some kind of unitary arrangement(s), and (a minority of) those who prioritised a closer **connection to localities** typified by current arrangements and the richer understanding this allowed.*

- *Many wanted both the perceived efficiencies and ease of engagement from scale, as well as strong local connections. Frequently they thought this was a contradiction and, where they did, tended to resolve it in favour of scale.*

- *Public sector partners or those who worked for representative organisations tended to favour the scale, community groups favoured local connection, and business and voluntary sector voices were more divided.*

- *Within the group favouring scale, there was a variety of potential solutions expressed, with the main caution being the need to create arrangements of sufficient scale to be viable, both financially and in terms of capacity.*

- *Some who were concerned about preserving local connections saw stronger parish and town councils as a solution, should some model of unitary be chosen.*

- *Some thought there was no single 'right' answer and that many arrangements could be made to work, in what would be a more 'political' than 'rational' decision.*

With many unclear about the final destination, the purposes for it, or the merits of one particular arrangement over another, they remained very concerned about the process of change and the likelihood of a successful transition.

Greater efficiency, simplification and equality

People from a wide range of backgrounds and perspectives felt the current two-tier structure to be inefficient, wasteful, disjointed and complicated. Some questioned whether residents were getting value for money, while others expressed concern about the level of inconsistency in service provision across the Council and Districts and related lack of accountability. This was felt to be making engagement difficult, with residents not knowing who to turn to, and partners often having to engage with multiple authorities. This was particularly the case with representative organisations (business and VCS), but also of a lot business voices, and most statutory partners. Many felt this complexity of structures contributed to the lack of leadership for Somerset as a place. There was also a sense that this was the likely direction of any reforms, based on their own knowledge and perception, and previous press reports. This might have influenced respondents.

Among this group, most favoured a unitary option of one kind or another as a means of achieving efficiency, uniformity and clarity, though there were significant differences in interpretation – and the vast majority of respondents stressed the need to balance with sufficiently localised responses. Some were concerned about the risk of losing sense of identity by breaking the County Council into smaller structures, and of viability problems if the chosen geographies for unitary structures were too small based on salutary experiences of other counties that had chosen this route.

Connection to locality

The majority of respondents, from across sectors, also want to ensure local government remains connected to place and able to have a granular understanding of what is going on in Somerset's communities. This was seen as crucial for appropriate and responsive service delivery, and in terms of making the most of hyper-local community-based supports.

Respondents frequently thought there was something of a contradiction between their desire for scale as well as strong local connections and, where they did, they tended to resolve it in favour of scale. Some saw town councils as a solution to this dilemma while others thought some form of federated structure could work.

Structure is less important than ways of working

Some were pragmatic in their response, believing the particular structures adopted to hold little importance, as people will work with whatever emerges (as long as any units that emerged were at a sufficient scale to be viable). As one public sector voice said, *"There is no 'right' answer as there are trade-offs. In the end it is a political choice"*. Many felt they did not know enough to comment specifically on structure, but were more concerned with principles (efficiency, local specificity, partnership, and coordination of services), and that what really mattered is *"…leadership, relationships and resources they have to do the job"*.

Reorganisation is disruptive and challenging

There was a lot of concern about the process of change and the worry that it will be disruptive, might not work as intended, and will damage existing partnership working. Many spoke of frustrations of previous reorganisations which had got in the way of good partnership working. There was concern about how successful the implementation of any reform plan would be given failures in the past to make sufficient progress due to a *"lack of political will"* and fragile relationships between the Councils (Officers and Members).

Recommendations

Local government reorganisation is just one of a broader set of changes needed for Somerset to meet the challenges of the future. In turn, these broader changes can inform the particular type of reorganisation required.

Based on our findings and experience of working with places across the country striving for transformational change, we suggest this broader change can be guided by the following principles:

- **A new focus on Somerset as a place:** cultivating cross-sector leadership for the county, and the development of a shared place-based vision and narrative for Somerset to meet the challenges of the future, such as inclusive growth.
- **Take a systems approach to managing support, and collaborative working:** moving from an organisation by organisation approach to demand management

and delivery, towards a systems approach built on collaborative partnership and ways of working.

- **Support for people, with people:** giving people greater control over decisions affecting them, and the design of services and support they rely on, both as important ends in themselves and as a means to improve outcomes.
- **A balanced approach to local government reorganisation:** combining connections to localities with structures which strengthen cross-sector leadership and enable coordinated, place-based services and support.

A New Focus on Somerset as Place

This was strongly desired by many partners from across a range of roles and sectors for a number of reasons. Principally, people felt a renewed and strengthened focus on Somerset as a place would both help partners from across services tackle some of the large scale and complex issues facing the area, and better enable the area to fulfil the potential offered by its varied assets to become a truly thriving place for the future. Three particular priorities emerged:

1. Commit to cultivating shared leadership for Somerset

This was the single biggest factor felt to be holding Somerset back from real success and regional/national recognition. People felt unsure as to who at present held responsibility for the leadership of Somerset or indeed who they would look to to provide this. Many felt some form of collective leadership with partners drawn from across the county and across sectors would be best, with some commenting this should in the first instance be coordinated or initiated by the Councils.

> *Somerset struggles with its identity – it has not got a clear sense of what it is and its offer is, poor at promoting itself to the wider world.* (Public sector voice)

2. Develop a shared place-based vision and narrative for Somerset

Crucial to achieving a thriving and cohesive Somerset is a clear, shared vision among councils and partners, which both enables and underpins collaborative practice. Whichever option is selected, its success will be closely linked to the strength of and commitment to a shared vision for Somerset as a place. Many were concerned this did not exist and had led to past reorganisation difficulties/failures. A clear vision and narrative, co-created by leaders from across Councils, wider public services, business and voluntary sectors, residents and communities by contrast would provide the necessary drive and focus when the challenges of implementing reform hit. This shared vision – which sits beyond the interests of any one party and instead focuses on outcomes for people and place – helps focus energies and has the power to diffuse protective behaviour/political differences/deadlocks/disagreements through holding one another to account. How this narrative and vision is created is crucial. The opportunities offered when this is done

collaboratively and openly with partners and communities lay the necessary foundations for the seismic changes to local government to come.

3. Focus on inclusive growth

For many, the key priority in ensuring Somerset and its people can thrive well into the future is by investing in coordinated, inclusive growth strategies. The business sector in particular (though others too) felt promotion of a strong narrative of Somerset as an excellent location to live and work would bring a wealth of opportunities, and by following principles of inclusive growth, could have significant benefits for all residents across the area. Priority areas of investment for respondents included infrastructure (particularly roads and broadband), niche sectors and related skills. A few felt a more entrepreneurial and creative approach to generating income for Somerset was needed by utilising a range of assets. Overall, a more collaborative approach to developing strategies for and delivering inclusive growth for Somerset was desired, underpinned by stronger commitment to partnership working by Councils.

Systems Approach to Managing Support, and Collaborative Working

> *A more cooperative kind of government… would increase identification with Somerset* (Voluntary sector voice)

A priority for many was to improve the coordination of services and support across Somerset, taking a more systemic approach to demand management and delivery. The alternative – organisation by organisation approach – is unstainable. New models of preventative, place-based, data-informed, cross-sector, multi-agency, person-centred services and support that are emerging show the way forward and need to become embedded. To achieve this requires appropriate investment in partnership/collaborative working. This means thinking differently about the workforce and utilising approaches to line management, training and development which are more outward-facing, collaborative and cross-sectoral. The way in which collective leadership in Somerset enable and grant permissions for such ways of working is key.

Services and Support For People, With People

People did not feel they had a way to influence decisions affecting them, and service providers said they had more to do to involve people in the design and delivery of

support they relied on. It should be a priority to change both of these realities, as important ends in themselves, but also as a means to improve the effectiveness of support.

Somerset has a thriving, if patching voluntary and community sector. Based on relationships of trust, such organisations can often achieve things the public sector cannot. They also provide a means for the voices of people to be heard, individually and collectively. These particular strengths should be recognised and their capacity built.

A Balanced Approached to Local Government Reorganisation

In interviews, it became clear that for many, the opportunity offered by local government reorganisation in Somerset could be the way to achieve the ambitions set out above as this public sector representative describes:

> *The structure needs to combine best of both worlds – scale to address big problems best tackled at that scale, as well as having roots in communities to address problems best solved there – and must have the ability to flex between those two poles. That's the small to big dimension. The other dimension is the ability to work with others collaboratively to solve problems. And it needs clear accountabilities.*

Two dimensions were particularly relevant:

1. **Ensure the connection to locality (town/village) felt by residents is retained in reorganisation**
   Safeguarding the sense of identity residents draw from their locality (Town, Village) in reorganisation plans was important to many we interviewed, particularly those working in frontline or community-based roles. As LGRC research indicates, there is evidence to support a 'democratic deficit' thesis, that moving to larger units of local government reduces over time voter turnout, levels of community engagement and identification with/attachment to place.

   For many it was a priority to ensure services are localised on that footprint, with service user/resident engagement primarily handled at that level. Given the various and overlapping existing geographical footprint of services, this will require improved local coordination. A clear implication is that public services will need to get better at being outward facing, valuing, drawing on, and nurturing community support on offer in the place. The good example of Village Agents as local signposters and coordinators at this level provides some important learning.

If unitary structures are chosen, they must be of sufficient scale to be viable, given the range of responsibilities and the demand risks.

2. **Favour structures which strengthen cross-sector leadership and enable coordinated, place-based services**
   There are a number of place-based schemes across Somerset which have proven to be successful for outcomes and efficiencies/cost savings. These collaborative models of service coordination and delivery function at a scale which is viable and sufficiently localised to be able to provide a more holistic response to people's needs. They can be optimised by the application of data analytics, a Somerset strength. Existing models like One Team provide important opportunities for learning how the right structural arrangements can support such models.

Conclusion

Through this work it has been a joy to interview many people across the county working hard to improve Somerset through the jobs they create, the services they run, and the organisations they lead. Together they show that, despite the challenges in the present and on the horizon, Somerset has many strengths to meet them. From listening to their perspectives and the views of residents this report highlights the ways in which local government reorganisation, done well, could be part of that story of improvement. But it also shows that, to be successful, any reorganisation must be one element of a broader set of changes Somerset needs to meet its potential as a great place to live and work, grow up and grow old.