

Question 1: Is the councils' proposal likely to improve local government and service delivery across each area? Specifically, is it likely to improve council services, give greater value for money, generate savings, provide stronger strategic and local leadership and create more sustainable structure?

Yes No

Stronger Somerset's proposals will not improve local government or services in Somerset

We have identified seven key areas of challenge to the Stronger Somerset business cases which lead us to believe that it does not offer a viable or sustainable means of improving local government in the county, or delivering better services.

1. The Stronger Somerset **options appraisal methodology is flawed**. It makes a direct and negative comparison with the One Somerset proposal, with unevidenced assertions about all options which cannot be substantiated. We therefore question the rigour and robustness of the options appraisal that has been carried out and therefore the entire reasoning behind Stronger Somerset as a viable future for the county.
2. The **financial analysis and assumptions are flawed** and make a direct yet unbalanced comparison with One Somerset headline figures. The Stronger Somerset financial case includes assumptions about the potential level of benefit that would be secured by using the reorganisation process as a catalyst for transformation. In contrast, the One Somerset case references the significant transformational potential of a single unitary authority but does not quantify them because the current local authorities are not able to determine what policy direction a successor authority should take. Presenting the two financial cases as comparable in this way is highly misleading and presents Stronger Somerset proposals as able to deliver more despite not being able to realistically make such claims.

The way in which the Stronger Somerset financial analysis has been carried out is problematic for several reasons:

- It is not clear what the assumptions underpinning the analysis are. It is possible that some important factors have not been considered, for example a realistic assessment of potential income from commercial activities.
- The headline figures presented in the proposals, and particularly the distinction between the one unitary and two unitary scenarios, are not

consistent with what might be expected based on relevant data and information. In our view the proposals are not in line with national studies, other recent unitary business cases, or the actual delivery of single unitary counties.

- The headline figures are different from those derived from previous analysis of similar models for the same geography.
- The Stronger Somerset case makes a direct comparison with financial modelling included in One Somerset, without acknowledging that it is not comparing like with like.
- The requirement to harmonise Council Tax does not appear to have been taken into account.
- The PwC report’s modelling in table 1 (below) also shows that Stronger Somerset’s proposals are likely to fall far short of delivering the savings promised, and would be significantly less than a single unitary approach as outlined by One Somerset. PwC state that for a mid-sized area such as Somerset:
 - A single unitary authority would generate a cumulative five-year benefit totalling £112.5m (after implementation costs), compared to only £10.5m for a two unitary scenario with a Children’s Trust. This is a 90% difference between models.
 - The scale at which reorganisation takes place will have a material difference in whether rising service costs can be met in key areas such as adult, children’s and waste services. A single unitary could realise enough benefits to meet 100% of the projected increases in service cost in its first two years, compared to only 12% under a two unitary and trust scenario.
 - An assumption is made that there are no costs of disaggregation. This is not the case and is a serious flaw in Stronger Somerset’s financial case: disaggregation is costly and difficult. Investigation by PwC on behalf of the County Council Network (CCN) suggests the actual cost of disaggregation is £12m per year (see table 1 below).

Table 1: Concerns regarding Stronger Somerset financial analysis

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

3. Stronger Somerset's proposed geography makes **no compelling case for creating two new councils**. Current population levels for the two unitaries proposed do not meet the minimum level of 300,000 required by the Secretary of State and will not do so for approximately 10 years. Office for National Statistics projections used in the Stronger Somerset proposals confirm this. Local data suggests an imbalance between east and west in income and service demand because of the level of deprivation in the west being double that of the east. This would create an imbalance between each authority, a lack of financial sustainability of two councils, and potential greater levels of inequality, deprivation and demand. Political and operational cooperation between two unitaries would be compromised by design.
4. The **operating and delivery model is flawed**. Stronger Somerset's proposals would result in duplication of activities and functions across the county. It is not clear how some of the proposals referenced in the proposal would address this.

The proposal to abolish the County Council and four District Councils in favour of two unitaries, a shared service organisation, an "alternative delivery model" for Children's Services and a Combined Authority will create five new organisations to replace the five that currently exist. This is a more complex system than currently exists and cannot in our opinion constitute an improvement in local government for Somerset.

The rigidity of the structure proposed by Stronger Somerset will limit opportunities for transformation because complex contractual arrangements between the five organisations, potentially under different political leadership, will be required to ensure a shared understanding of respective roles and responsibilities. The risk of regular and damaging contract dispute will be significant and is not addressed in their proposals.

Furthermore, in order to justify the proposed structure, Stronger Somerset's proposals assume that the democratic leadership of each unitary, and the Combined Authority, will always be in agreement on cross-boundary issues. This is impossible to guarantee.

5. We consider the proposed **strategic leadership and democratic arrangements** to be flawed. Unlike many other proposals of a similar type, Stronger Somerset makes relatively little reference to the role of unitarisation in improving strategic leadership.

In our view the five new organisations proposed by Stronger Somerset does not support the value of Somerset being able to speak with "one voice" on strategic

matters, locally, regionally or nationally. This flaw is significant and cannot be overstated.

The value of local government in Somerset being able to speak with a coherent strategic or democratic voice is underplayed. Stronger Somerset proposes creating two new councils served by 100 members each. This is a large number for an area the size of Somerset and does not reflect recent Local Government Boundary Commission for England reviews and outcomes. We believe that the resource and effort required to support this arrangement would be better used supporting engagement, service delivery and decision-making closer to local communities.

The fact that Stronger Somerset proposes operating some major services across the whole geography would appear to recognise that a single unitary approach is the better option to deliver children's, adult and health services, place-based services and efficient back-office services. Social care, health and County-run place services are currently coterminous, however under Stronger Somerset, Adult Social Care and many or all place-based services would be broken up, but health and public health services would not.

6. The **proposals for a combined authority are flawed**. Stronger Somerset states it will use unitarisation as a stepping-stone towards establishing a combined authority and devolution arrangements. This suggests Stronger Somerset will create a combined authority to "recombine" the proposed new unitaries once implemented. However:
 - There appears to be no precedent for this type of model: combined authorities typically cover larger geographies and greater numbers of constituent councils.
 - We are concerned that this narrow geographical focus suggests an attempt to "bolt together" existing county-wide services between those two unitaries to overcome weaknesses of a two unitary approach. This represents a serious risk to place-based services, social care and health especially if a combined authority and devolution deal are not secured. The unavoidable question has to be: why break coherent services up only to bring them back together in an additional tier of government or through an undemocratic and contracts-driven shared service organisation?
 - North Somerset Council and Bath & North East Somerset Council are clear on their intentions towards the West of England Combined Authority (WECA): North Somerset Council intends to join, and Bath & North East Somerset intends to remain. Yet Stronger Somerset promotional activities suggest that these authorities will become part of a new Somerset Combined Authority.

7. **The risks of disaggregation have been ignored.** Stronger Somerset makes relatively little reference to the substantial costs (as discussed above) and complexity associated with their proposals to disaggregate County Council services. We believe this presents a significant risk for public service delivery, especially to social care, health and public health - more so during a pandemic and need for a strong recovery. Education also presents a range of risks, including school-place planning over unnecessary east-west boundaries. Knock on impacts are likely to include lower school attainment especially for disadvantaged and vulnerable children, and an impact on collaborative approaches to Somerset's social care improvement journey. Disaggregating adult social care services is certain to destabilise Covid-19 outbreak management and social and economic recovery. It will be detrimental to individual and public health.

Not only do the challenges associated with disaggregation apply to peoplefocussed services, they are also significant for place-based services e.g. planning, economy, transport and highways. Stronger Somerset proposals say relatively little on this area. This is further complicated by the fact that they are not clear what responsibilities might be in scope to be transferred to a combined authority at a future date. This calls into question whether services are thoroughly understood by the Stronger Somerset team and if the risks have been properly considered, which have implications for the deliverability and sustainability of the Stronger Somerset proposals.

Transition Costs and 2021–22 Budgets

The financial discrepancies in Stronger Somerset's proposals identified in the independent PwC report are validated by gaps we have identified in our own analysis of District Council transition costs and medium-term financial planning:

- The transition costs declared by Stronger Somerset of £18.9m suggest a lack of robust financial planning. Our view is that Stronger Somerset transition costs are significantly higher than stated. PwC analysis suggests transition costs will in fact total £28.8m.
- The Stronger Somerset business case states that even with no social care reform taking place, that net transition costs of £14.91m will be required during 2021–22. However, none of the District Council's 2021–22 budgets approved in February 2021, or their medium-term financial plans, make sufficient provision for those costs.
 - There is no provision made by South Somerset District Council.
 - There is no provision made by Somerset West and Taunton Council.
 - Costs are assessed as a risk by Mendip District Council, yet no provision is made.
 - £270,000 has been made available by Sedgemoor District Council but assumed to be a contribution towards bid costs rather than transition.

- In comparison the County Council's One Somerset business case assesses transition costs for One Somerset to be £3.2m during 2021–22 assuming a vesting day of April 2023. These have been fully provided for in the County Council's 2021–22 budget.

Medium Term Financial Planning and viability of Stronger Somerset

It should also be noted that Somerset's District Councils are expecting significant budget shortfalls during the implementation period, and have stated the following revenue figures in their financial plans (Somerset County Council added for comparison):

Table 2: Somerset District Council's financial challenge

	21/22 Budget £m	Gap 21/22 £m	Gap 22/23 £m	% Net Budget	Gap 23/24 £m	% Net Budget £m	2 Year Total Gap £m	% Net Budget
SCC	356.07	0	12.400	3.5%	5.627	1.6%	18.027	5.1%
SWaT	20.829	0	4.150	19.9%	1.895	9.1%	6.045	29.0%
SSDC	16.743	0	1.153	6.9%	0.053	0.3%	1.206	7.2%
SDC	18.022	0	1.600	8.9%	0.400	2.2%	2.000	11.1%
MDC	16.312	0	2.392	14.7%	2.794	17.1%	5.186	31.8%
All	427.98	0	21.695	5.1%	10.769	2.5%	32.464	7.6%
Districts	71.906	0	9.295	13%	5.142	7.2%	14.437	20.1%
SCC	356.07	0	12.4	3.5%	5.627	1.6%	18.027	5.1%

Key:

SCC - Somerset County Council,

SWaT - Somerset West and Taunton Council

SSDC - South Somerset District Council

SDC - Sedgemoor District Council

MDC - Mendip District Council

The figures shown above contradict the central Stronger Somerset argument that the County Council is financially unviable. The figures demonstrate that the financial position of the Districts requires over a 20% reduction in net budget by 2023/24 compared to 5.1% for Somerset County Council on a budget base 5 times larger. As stated earlier the One Somerset solution is much better placed to maintain financial sustainability than Stronger Somerset's two-unitary model when considering the gaps in Stronger Somerset's financial case.

The savings gaps outlined in table 2 show that even before transformation opportunities are identified, the One Somerset single unitary model meets 69% of the overall gap outlined across both tiers compared to only 6% under Stronger

Somerset. A single unitary model is sustainable, a two unitary model in our opinion is not.

Children's Services improvement and impact at risk under Stronger Somerset

Stronger Somerset's proposals express a general dissatisfaction with the current children's service performance, however the only specific criticism it offers is "...engagement with the sector has highlighted the widespread view that there is currently too much professional and organisational silo working in children's services." The sources of this view are not identified, and we do not recognise this assessment considering the positive improvement journey that children's services have been on for several years. This view is supported by the independent expert analysis carried out by Trevor Doughty to inform our consultation response (appendix D).

We entirely disagree the Stronger Somerset view that a "fresh start" is required.

- Somerset County Council's Children's Services' most recent major inspection in 2017 found the services "require improvement to be good", an upward trajectory.
- Ofsted have suspended inspections of local authority children's services (ILACS) since March 2020 owing to Covid-19 however the Council's self-assessment argues that it now merits a "good" overall rating, sets out evidence accordingly and argues progress across all success criteria which is supported by case audit results.
- Furthermore, in January 2021 Somerset County Council's Director of Children's Services was appointed Chair of the Board of the Children's Services Trust in Northamptonshire by the Minister for Children and Families on behalf of the Secretary of State. This national recognition demonstrates the confidence of Government and the regulator in the current Children's Service in Somerset, and that it they do not need a "fresh start."
- Many of the proposed "reform improvements" listed by Stronger Somerset or identified as savings have already been delivered or are under way, for example strengths-based approaches to social work practice and a Family Safeguarding Model.
- The Stronger Somerset document proposes an Alternative Delivery Model for Children's services on the existing county-wide geography. In doing so it attempts to be both a political manifesto and a structural change proposal for

two unitary authorities. It is important to distinguish between the two and this is particularly the case when considering children's services.

Furthermore, engagement with children's services senior managers and leaders at Somerset County Council has not, in our view, been sufficient to generate confidence that this assertion in the Stronger Somerset business case can be evidenced.

Adult Health and Social Care transformation would be endangered

We **do not** accept or recognise the fundamental case put forward by Stronger Somerset that Adult Social Care in the county is a failing service unable to collaborate or innovate, and that there is nothing to be lost by dissolving the current arrangements and starting again with a new team and refreshed ambitions.

On the contrary, the existing system has been on a journey of nationally recognised transformation and improvement which continues through Integrated Care Systems (ICS) development and other initiatives such as Intermediate Care and developing a microprovider network. The existing system is built on collaboration and innovation and is delivering strong outcomes in terms of reducing demand and promoting independence of the County's residents.

The independent and impartial analysis by Professor John Bolton (appendix B) that has informed our consultation response, tells us that a structural solution to Adult Social Care is not the means of securing future improvement. We are confident in that analysis, which is evidence based.

Success requires getting the right people to work together to enable places to improve and grow. It is teams with longevity that usually produce the best results, and this is already delivering a significant level of service and improvement across Somerset. The disaggregation proposed by Stronger Somerset is a highly risky solution to a problem that does not exist.

Key elements of the adult social care and health improvement journey that the Stronger Somerset proposals would sweep away include:

- Strengths-based practice.
- Intermediate Care to prevent unnecessary hospital admission, prevent long stays and help people stay independent. Central to this are Rapid Response and Discharge to Assess initiatives, and the Integrated Rehabilitation Team.
- The leading role played by Adult Social Care in collaborative work, driving public health and wellbeing outcomes, and working to ensure services are people centric not service centric.

- Adult Social Care is also driving NHS collaboration with examples of projects that successfully link NHS Trusts, Clinical Commissioning Group (CCG), social care providers and the Voluntary, Community and Social Enterprise Sector.
- Local models across the system including village and community agents, micro-providers, and small place-based care provision in towns and villages.

Furthermore, the current social care and health footprint of the county of Somerset and Somerset CCG map perfectly to the county wide ICS. These coterminous boundaries align with the proposed establishment of a single NHS acute trust for the county's hospitals. Disaggregation would break up this strong partnership which benefits from economies of scale and uncomplicated strategic leadership.

Uncommon for an ICS, in Somerset the Chair is the County Council Chief Executive. Furthermore, the County Council's Human Resources and Organisational Development Director is Chair of the ICS People Board. This demonstrates the trust and confidence that NHS partners place in the existing adult social care system and single upper tier authority and provides further evidence that the existing single service for Somerset does not need breaking up.

Risk to improving and protecting the public's health

Of great concern is the lack of consideration and reference given to improving and protecting the public's health in the Stronger Somerset business case. Public Health is not only a service area with considerable statutory duty associated with it, but also a function of upper tier local authorities that is central to the core purpose of public services. This omission exposes a significant gap in knowledge that is of great concern given the importance of public health which has been demonstrated throughout the past year.

Since 2013, when these statutory duties moved from the NHS into local government, public health has grown in influence and impact across the Somerset system. The public health ethos and need for a preventative approach has significantly influenced strategic priorities across Somerset and has galvanised the system towards a common longer-term agenda of 'Improving Lives'. It is well accepted in the evidence that the determinants of health and wellbeing are deep-rooted in social and environmental aspects of our lives, as well as having a medical dimension. One of the primary benefits of a single unitary approach for Somerset will undoubtedly be the ability to influence and adopt a health in all policies approach and be able to consider all influences on people's lives in the round, with no artificial organisational boundaries preventing this influence. The complete lack of consideration given to the public health function in the Stronger Somerset proposal misses these vital opportunities to improve and protect the health and wellbeing of the Somerset population, the very fabric of what we all rely on to live productive and fulfilling lives.

The need to address health and social inequalities has never been more acutely in focus as the enduring transmission of Covid-19 has very clearly demonstrated. The Stronger Somerset proposal seeks to establish numerous organisations which will split the very services that provide support to the people in greatest need. The proposal to create increased complexity and risk with two Directors for Adult Social Care and a separate Children's Services organisation has the potential to undo the fantastic transformation work that has been undertaken over the past few years, joining up adult services, children services and public health to tackle the inequalities experienced by the poorest in our communities.

Place-based services (Economy, Planning, Transport, Highways)

We question the robustness and confidence displayed in Stronger Somerset's proposals over the future of place services in Somerset. Any new unitary council will be charged with delivering over 350 services to the residents and businesses of Somerset, meaning doubling the potential structure to 700 service teams for a twounitary proposal (notwithstanding any combined authority) for place-based services alone.

Although services for vulnerable children and adults account for the majority of the revenue budget, it is the place-based and environmental services that impact the vast majority of the population in the county, including significant capital investment.

Stronger Somerset presents an overly complex place services solution operating at three different structural levels (or tiers) of operation:

- A Somerset Combined Authority and County-wide shared service level.
- A unitary authority level.
- A city/town/parish or neighbourhood level.

This complexity creates a danger of high governance overhead costs and a lack of transparency, clarity and service quality for residents and partners. This view is supported by the analysis carried out by Neil Gibson on the impacts on place services (appendix C). We also do not believe that the proposals provide a satisfactory explanation of where responsibilities or accountabilities would lie. Stronger Somerset will inevitably lead to poor quality service delivery and limit the potential for improved outcomes.

The proposal is almost silent on how place-based services will work in a two-unitary / three-tier model. For example, key universal services of particular interest to the public such as highways maintenance or school transport are not discussed, despite being integral to Stronger Somerset's stated growth ambitions. We must assume that these services will be split between the two unitaries with additional cost and complexity. The cost of dividing assets over two authority areas, combined with loss

of the economies of scale available through one authority with large single contracts, will be significant and an ongoing pressure.

How place service reform will underpin cost reductions and service improvement is described but without a baseline, targets, or what improvement might look like. Without a sound method or approach, such claims are speculative at best and given these services have delivered the bulk of council savings over the last ten years additional efficiencies are likely to be small. This is particularly the case for those services being duplicated across the two proposed unitaries.

It is difficult to determine whether the financial analysis covers all ongoing base costs and therefore whether the ongoing revenue baseline reductions can be delivered. For example, there are no provisions made for the disaggregation costs associated with separating current county council services and contracts. These costs have been significant in previous Local Government Reform rounds yet would be avoided in a single authority solution.

Stronger Somerset's growth ambitions rely heavily on creating a Combined Authority and agreeing a devolution deal, yet the proposal is speculative. There is no detail or targets to meet the stated ambitions, and no clear statement on how the ambitions would be delivered if a Combined Authority and devolution deal is not agreed. Critically, the proposed Combined Authority only covers the Stronger Somerset geography: this suggests a lack of understanding of the purpose or geographical reach and substantial economic sub-region that Combined Authorities should have.

Regarding Climate Change, a Somerset-wide strategy has been adopted by all five existing local authorities. It is unclear how the arrangements described in the Stronger Somerset proposals will deliver the aims of the strategy which will only succeed if delivered in a strategic and coordinated way. Furthermore, there is no reference to how Stronger Somerset will bring together the important strategic aims of environmental enhancement and protection with community development, health and wellbeing, and economic resilience and growth.