OXFORDSHIRE
COUNTY COUNCIL

Notice of a Meeting

Performance Scrutiny Committee
Tuesday, 13 September 2016 at 2.00 pm
Council Chamber - County Hall, New Road, Oxford OX1 1ND

Membership

Chairman Councillor Liz Brighouse OBE
Deputy Chairman - Councillor Steve Harrod

Councillors:	Sam Coates	Mark Gray	Stewart Lilly
	Yvonne Constance OBE	Patrick Greene	Charles Mathew
	Janet Godden	Jenny Hannaby	John Sanders

Notes: *Date of next meeting: 22 September 2016*

What does this Committee review or scrutinise?
- The performance of the Council and to provide a focused review of:
  o Corporate performance and directorate performance and financial reporting
  o Budget scrutiny
- the performance of the Council by means of effective key performance indicators, review of key action plans and obligations and through direct access to service managers, Cabinet Members and partners;
- through call-in, the reconsideration of decisions made but not yet implemented by or on behalf of the Cabinet;
- queries or issues of concern that may occur over decisions being taken in relation to adult social care;
- the Council's scrutiny responsibilities under the Crime and Justice Act 2006.

How can I have my say?
We welcome the views of the community on any issues in relation to the responsibilities of this Committee. Members of the public may ask to speak on any item on the agenda or may suggest matters which they would like the Committee to look at. **Requests to speak must be submitted to the Committee Officer below no later than 9 am on the working day before the date of the meeting.**

For more information about this Committee please contact:		
Chairman	-	Councillor Liz Brighouse
		E.Mail: liz.brighouse@oxfordshire.gov.uk
Policy & Performance Officer	-	John Courouble, Research & Intelligence Manager Tel: (01865) 896163
		Email: john.courouble@oxfordshire.gov.uk
Committee Officer	-	*Colm Ó Caomhánaigh, Tel 07393 001096*
		colm.ocaomhanaigh@oxfordshire.gov.uk

PG Clark

Peter G. Clark
County Director

September 2016

About the County Council
The Oxfordshire County Council is made up of 63 councillors who are democratically elected every four years. The Council provides a range of services to Oxfordshire's 630,000 residents. These include:

schools	social & health care	libraries and museums
the fire service	roads	trading standards
land use	transport planning	waste management

Each year the Council manages £0.9 billion of public money in providing these services. Most decisions are taken by a Cabinet of 9 Councillors, which makes decisions about service priorities and spending. Some decisions will now be delegated to individual members of the Cabinet.

About Scrutiny
Scrutiny is about:
- Providing a challenge to the Cabinet
- Examining how well the Cabinet and the Authority are performing
- Influencing the Cabinet on decisions that affect local people
- Helping the Cabinet to develop Council policies
- Representing the community in Council decision making
- Promoting joined up working across the authority's work and with partners

Scrutiny is NOT about:
- Making day to day service decisions
- Investigating individual complaints.

What does this Committee do?
The Committee meets up to 6 times a year or more. It develops a work programme, which lists the issues it plans to investigate. These investigations can include whole committee investigations undertaken during the meeting, or reviews by a panel of members doing research and talking to lots of people outside of the meeting. Once an investigation is completed the Committee provides its advice to the Cabinet, the full Council or other scrutiny committees. Meetings are open to the public and all reports are available to the public unless exempt or confidential, when the items would be considered in closed session.

If you have any special requirements (such as a large print version of these papers or special access facilities) please contact the officer named on the front page, giving as much notice as possible before the meeting

A hearing loop is available at County Hall.

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recycled paper

AGENDA

1. **Apologies for Absence and Temporary Appointments**

2. **Declarations of Interest - Guidance note on back page of the agenda**

3. **Minutes** (Pages 1 - 8)

   To approve the minutes of the meetings held on 12 May 2016 and 24 May 2016 (**PSC3**) and to receive information arising from them.

4. **Petitions and Public Address**

5. **Reports into the Future of Local Government in Oxfordshire** (Pages 9 - 212)

   Report from the County Director (**PSC5**)

   In early May Oxfordshire County Council appointed Grant Thornton UK LLP to consider how local government could be reorganised to reduce costs, improve service outcomes, support economic growth, enhance local engagement and empowerment, and provide strong and accountable leadership.

   This followed the appointment of PwC to conduct a review commissioned by Oxford City Council on behalf of Oxfordshire's Districts into proposals launched by District Leaders in February to restructure local government in Oxfordshire.

   This paper enables the Performance Scrutiny Committee to consider the outcome of the two reports, and make recommendations to Cabinet regarding the next steps in response to them.

   The Committee is RECOMMENDED to consider the reports and make any such comments to Cabinet as they consider should be taken into account in responding to the reports.

Declarations of Interest

The duty to declare…..
Under the Localism Act 2011 it is a criminal offence to
(a) fail to register a disclosable pecuniary interest within 28 days of election or co-option (or re-election or re-appointment), or
(b) provide false or misleading information on registration, or
(c) participate in discussion or voting in a meeting on a matter in which the member or co-opted member has a disclosable pecuniary interest.

Whose Interests must be included?
The Act provides that the interests which must be notified are those of a member or co-opted member of the authority, **or**
- those of a spouse or civil partner of the member or co-opted member;
- those of a person with whom the member or co-opted member is living as husband/wife
- those of a person with whom the member or co-opted member is living as if they were civil partners.

(in each case where the member or co-opted member is aware that the other person has the interest).

What if I remember that I have a Disclosable Pecuniary Interest during the Meeting?.
The Code requires that, at a meeting, where a member or co-opted member has a disclosable interest (of which they are aware) in any matter being considered, they disclose that interest to the meeting. The Council will continue to include an appropriate item on agendas for all meetings, to facilitate this.

Although not explicitly required by the legislation or by the code, it is recommended that in the interests of transparency and for the benefit of all in attendance at the meeting (including members of the public) the nature as well as the existence of the interest is disclosed.

A member or co-opted member who has disclosed a pecuniary interest at a meeting must not participate (or participate further) in any discussion of the matter; and must not participate in any vote or further vote taken; and must withdraw from the room.

Members are asked to continue to pay regard to the following provisions in the code that *"You must serve only the public interest and must never improperly confer an advantage or disadvantage on any person including yourself"* or *"You must not place yourself in situations where your honesty and integrity may be questioned….."*.

Please seek advice from the Monitoring Officer prior to the meeting should you have any doubt about your approach.

List of Disclosable Pecuniary Interests:
Employment (includes*"any employment, office, trade, profession or vocation carried on for profit or gain"*.), **Sponsorship, Contracts, Land, Licences, Corporate Tenancies, Securities.**

For a full list of Disclosable Pecuniary Interests and further Guidance on this matter please see the Guide to the New Code of Conduct and Register of Interests at Members' conduct guidelines. http://intranet.oxfordshire.gov.uk/wps/wcm/connect/occ/Insite/Elected+members/ or contact Glenn Watson on (01865) 815270 or glenn.watson@oxfordshire.gov.uk for a hard copy of the document.

PERFORMANCE SCRUTINY COMMITTEE

MINUTES of the meeting held on Thursday, 12 May 2016 commencing at 10.00 am and finishing at 12.26 pm

Present:

Voting Members:	Councillor Liz Brighouse OBE – in the Chair
	Councillor Neil Fawcett (Deputy Chairman)
	Councillor John Christie
	Councillor Sam Coates
	Councillor Mark Gray
	Councillor Stewart Lilly
	Councillor Charles Mathew
	Councillor Patrick Greene (In place of Councillor Yvonne Constance OBE)
	Councillor Jenny Hannaby (In place of Councillor Janet Godden)
Other members in attendance	Councillor Lovatt (Agenda Item 5)
	Councillor Mallon (Agenda item 5)
Officers:	
Whole of meeting	John Courouble, Research Intelligence Manager; Sue Whitehead (Corporate Services)

Part of meeting

Agenda Item	Officer Attending
5	Carys Alty-Smith, Head of Prevention, Richard Webb, Community Safety Manager
6	Graham Mitchell, Assistant Chief Fire Officer
7	Lucy Butler, Deputy Director, Children's Social Care & Early Intervention Service; Lara Patel, Social Care Manager Central

The Scrutiny Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and agreed as set out below. Copies of the agenda and reports are attached to the signed Minutes.

23/16 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 1)

Apologies were received from Councillors Atkins, Constance (Councillor Greene substituting), Godden (Councillor Hannaby substituting) and Harrod.

24/16 MINUTES
(Agenda No. 3)

The Minutes of the meeting held on 24 March 2016 were approved and signed as a correct record.

25/16 COMMUNITY SAFETY AGREEMENT - ANNUAL BUSINESS PLAN
(Agenda No. 5)

The Committee considered the report and presentation on the work of the Oxfordshire Safer Communities Partnership (2015-16) and Safer Oxfordshire Partnership (2016-17). Carys Alty-Smith, Head of Prevention, and Community Safety Manager, Richard Webb attended together with Councillor Sandy Lovatt, the former Chairman of Oxfordshire Safer Communities Partnership and Councillor Kieron Mallon the new Chairman of Safer Oxfordshire Partnership.

During questioning Performance Scrutiny Committee:

1) Sought more information on the reasons behind the upturn in violent crime. They were advised that in addition to more people being confident to come forward there had been a change in the way incidents were recorded so that in the past one incident with several people involved would be recorded as one incident but would now be recorded as a separate incident for each person involved. They asked to receive further details on recording, the increase in violent crime and the reasons behind it based on independent analysis.

2) Noted that with regard to domestic abuse cases there had not been a surge in current cases and the growth was largely historic. Protecting vulnerable people was a priority but Carys Alty-Smith would take comments back about making a specific priority around domestic abuse.

3) Received information on the close partnership working around rogue traders and scams.

4) Commented that they would wish to see more information on youth justice services and funding.

5) Received details on how outcomes and the effectiveness of the actions taken were determined. More detailed information was available via the web site and Carys Alty-Smith undertook to circulate a link.

6) Commended a diagram circulated at the meeting setting out the responsibilities and relationships of the various partners in community safety partnerships.

7) Considered the work being undertaken on the PREVENT agenda.

8) Queried what was being done to tackle internet trolling and cyber bullying. They heard that a Group had been set up to look at this area and that it was tackled with young people through the Junior Citizens programme. The police were a key player as they had the necessary technology to tackle such crimes.

9) Expressed concern that the elderly who had the most fear of crime were not mentioned in the report.

26/16 365 ALIVE - ANNUAL REPORT AND VISION
(Agenda No. 6)

Graham Mitchell, Assistant Chief Fire Officer, introduced the paper that outlined the new vision for the 365 Alive programme.

The Committee congratulated OFRS on their work and commended the new plan. Questioned about their work on dealing with mental health issues for staff Mr Mitchell outlined the steps following an incident to ensure support was in place. This included an immediate debrief, a structured debrief with specialist staff and use of occupational health services. Asked about planning for population growth in Oxfordshire he explained that although not a statutory consultee they were consulted on large housing schemes. They advised on the response standards that could be expected and where appropriate advised on the use of domestic sprinklers. In response to a question Graham Mitchell commented that they were proud of the work done with children; a new Unit was being developed and 85 children joined weekly.

27/16 FUTURE DIRECTION FOR THE MULTI-AGENCY SAFEGUARDING HUB (MASH
(Agenda No. 7)

Lucy Butler (Deputy Director, Children's Social Care & Early Intervention Service) presented a paper on the work and performance of the MASH. John Capps, an operational manager for the Thames Valley Police and Lara Patel, Social Care Manager Central were in attendance.

Charlie Payne highlighted concerns in the report and spoke in support of children's centres which complemented the work of the MASH and provided vital support to mothers and families. In responses to questions she referred to the additional funding agreed by full Council but expressed concern that gaps would remain in the service provided in areas such as Wantage and Chalgrove. She added that she had been told that social worker caseloads would double if Children's Centres closed.

Lucy Butler presented the findings of the recent inspection and work that had already been underway to find a new model. She undertook to bring further details of the new model to Committee when available.

During discussion the Performance Scrutiny Committee:

1)   Queried the effectiveness of the referral process and commented on issues related to the inappropriate referral of cases that should be dealt with at an early stage without the need for MASH involvement. The Committee heard that the threshold of needs matrix was being reviewed to make it easier to understand and would be rolled out to professional across the County.
2)   Explored the role of the Locality and Support Teams in the new model in providing early support to vulnerable families.
3)   Noted that it had been in place for 18 months and had had some success. What was important was to focus on those areas requiring improvement. The Committee was advised that a project group had been formed to learn lessons from the review and experience and it would develop an action plan.

4)   Explored the issue around supervision of social workers and were assured that it was an area where officers were always looking to improve.

5)   Expressed concern at the level of case work carried by social workers. The figure of 65 cases was not one that had been reported to the Committee previously. Lucy Butler explained that the one high figure of 65 related to multiple cases within a smaller number of families. They were aware of the caseloads increasing and it was one aspect that the new model was designed to address. A Member suggested that a paper setting out the costs relating to social worker caseload be brought back to this Committee.

6)   Raised concerns in relation to domestic violence cases and queried how many cases had been prosecuted without the need for the victim having to do that. Figures were to be provided. The Committee heard that a piece of work was being carried out looking to make triage work within the MASH more effective to address concerns that linkages were made based on serendipity rather than process.

7)   Commended the work being done on child sexual exploitation.

Following discussion the Committee endorsed the approach and looked forward to ensuring that the new model was fit for purpose of keeping children safe. The Committee welcomed the opportunity to comment on the new model at the earliest opportunity.

28/16 SCRUTINY ANNUAL REPORT 2015-16
(Agenda No. 8)

The Committee had before them the Annual Scrutiny Report prior to its consideration at full Council in May.

During discussion concern was expressed over Cabinet Advisory Groups and it was agreed that there was a need to review the way in which they operated.

.... in the Chair

Date of signing   2016

PERFORMANCE SCRUTINY COMMITTEE

MINUTES of the meeting held on Tuesday, 24 May 2016 commencing at 10.00 am and finishing at 11.45 am.

Present:

Voting Members: Councillor Liz Brighouse OBE – in the Chair

Councillor Sam Coates
Councillor Mark Gray
Councillor Patrick Greene
Councillor Tim Hallchurch MBE (In place of Councillor Stewart Lilly)
Councillor Steve Harrod
Councillor Sandy Lovatt (In place of Councillor Yvonne Constance OBE)
Councillor Charles Mathew
Councillor John Sanders
Councillor Richard Webber (In place of Councillor Jenny Hannaby)

Other Members in Attendance: Councillor Melinda Tilley (for Agenda Item 7)

Officers:

Whole of meeting   Sue Whitehead (Corporate Services)

Part of meeting

Agenda Item   **Officer Attending**
7   Jim Leivers, Director for Children's Services, Lucy Butler, Deputy Director, Children's Social Care YOP, Hannah Farncombe, Deputy Director – Safeguarding, Maria Godfrey, Early Intervention Manager (North) and Nick Graham, Chief Legal Officer

The Scrutiny Committee considered the matters, reports and recommendations contained or referred to in the agenda for the meeting and agreed as set out below. Copies of the agenda and reports are attached to the signed Minutes.

29/16 ELECTION OF CHAIRMAN FOR THE 2016/17 COUNCIL YEAR
(Agenda No. 1)

It was proposed, seconded and it was:

RESOLVED: that Councillor Brighouse be elected as Chairman of the meeting for the 2016/17 Municipal Year.

30/16 ELECTION OF VICE-CHAIRMAN FOR THE 2016/17 COUNCIL YEAR
(Agenda No. 2)

It was proposed, seconded and it was:

RESOLVED: that Councillor Harrod be elected as Deputy Chairman of the meeting for the 2016/17 Municipal Year.

31/16 APOLOGIES FOR ABSENCE AND TEMPORARY APPOINTMENTS
(Agenda No. 3)

Apologies were received from Councillor Constance (Councillor Lovatt substituting), Councillor Hannaby (Councillor Webber substituting) and Councillor Lilly (Councillor Hallchurch substituting).

32/16 MINUTES
(Agenda No. 5)

The Minutes of the meeting held on 12 May 2016 were received for publication on the website and it was agreed that they be submitted to the next meeting for consideration for approval.

33/16 PETITIONS AND PUBLIC ADDRESS
(Agenda No. 6)

The Chairman had agreed a request from Charlie Payne, a local resident to address the meeting.

Charlie Payne spoke against the proposals as the final part in a smokescreen that would see funding for preventative services used for mainstream services. She referred to the protest outside County Hall prior to the meeting that represented 19,000 under 5's and she highlighted the impact the loss of children's centres would have on those children, on mothers and on families. Ms Payne argued that there was too few open access sessions arranged in mitigation of the loss of the Centres. She also argued against the use of librarians to provide similar support as that provided by trained staff in the existing centres.

34/16 SUPPORT FOR CONTINUING DELIVERY OF EARLY INTERVENTION SERVICES
(Agenda No. 7)

The 2016/17 budget and Medium Term Financial Plan agreed by Council in February 2016 made a number of financial changes to the Children, Education and Families Directorate. Included in this was the decision to remove a proposed reduction of £2

million from the Early Intervention/Children's Centres budget line from 2017/18 (reference CEF 12, Section 4.2, agenda item 9). In addition, £1 million one-off funding had been set aside as part of the £4m transition fund agreed by Council in February 2016, in order to assist communities to develop proposals for children's centres that will not receive longer term funding from the Council.

The retained £2 million is to be targeted at the continuing delivery of early intervention services and preventative services.

In light of the previous decisions described above, Performance Scrutiny Committee had before them a report to Cabinet that focussed on proposals for the £2 million retained within the Early Intervention budget. The Performance Scrutiny Committee considered the report in order for their views to be taken into consideration in Cabinet's discussion and decision. Jim Leivers, Director for Children's Services, Lucy Butler, Deputy Director, Children's Social Care YOP, Hannah Farncombe, Deputy Director – Safeguarding and Maria Godfrey, Early Intervention Manager (North), together with Councillor Melinda Tilley, Cabinet Member for Children, Education & Families attended to respond to questions from the Committee. Nick Graham, Chief Legal Officer attended to give advice on the legal process and to explain that it was appropriate for Cabinet to be taking the decisions on this matter rather than proposals being referred back to full Council.

Following lengthy questioning and discussion the following points were agreed for referral to Cabinet:

1)   The Committee considered a number of issues connected to provision in rural areas. They highlighted the roles of the mobile bus service, libraries and the local & community support teams.
   - Members supported efforts already underway to investigate opportunities provided by the integrated supported transport project;
   - In response to concerns raised about the use of library staff to provide support currently available in children's centres the Committee noted that this was part of an ongoing conversation and would necessitate appropriate support and training.

2)   The Local & Community Support Staff would be key in implementing the proposals successfully as they would be vital in taking forward the current conversations with the 42 community led centres and the libraries.

3)   The Committee considered the issue of stigma and noted that the proposals included plans for some universal access to continue in Council run facilities but also through community led provision in the outreach centres and where available in community led centres. Again the conversation with the community and community engagement were vital. Officers responded positively to the need for local advisory groups to continue.

4)   Health provision including midwifery, post-natal sessions and health visitors was an important aspect that could be provided in any facility and would avoid the possibility of perceived stigma.

5) Concerns were raised about the additional spending on the two new shared centres and the need to be very clear about the additional benefit they added in areas that already had provision.

6) Monitoring of these proposals as they developed should be undertaken by the Scrutiny Committee.

Councillor Gray further proposed, and it was seconded by Councillor Godden that £0.5m be taken out of the proposals and shared among the children's centres. On being put to a vote by a show of hands this proposal was lost by 3 votes for to 8 against.

.... in the Chair

Date of signing   2016

Division(s):

PERFORMANCE SCRUTINY - 13 SEPTEMBER 2016

REPORTS INTO THE FUTURE OF LOCAL GOVERNMENT IN OXFORDSHIRE

Report by County Director

Introduction

1. On the 25 February 2016, the city and district councils of Oxfordshire launched a proposal to abolish the existing county and district councils and replace them with four unitary councils and a combined authority; the proposal included extending the county boundaries to include Cotswold District Council and South Northamptonshire Council.

2. In response to the city and districts' proposal the County Council proposed a joint independent review of local government structures in Oxfordshire. Instead the city and district councils commissioned a study from PricewaterhouseCoopers (PwC) into the future of local government. As reported to Cabinet on 20 July, the districts were unable to offer assurances of independence, objectivity, and involvement of stakeholders which would have enabled the County Council to join with their study.

3. Therefore in early May Oxfordshire County Council appointed Grant Thornton UK LLP to consider how local government could be reorganised to reduce costs, improve service outcomes, support economic growth, enhance local engagement and empowerment, and provide strong and accountable leadership.

4. Grant Thornton's brief was to undertake an objective, evidence-led review of all options - 4, 3, 2, or 1 unitary authority, or the status quo. It initially also was to cover the multi-county 4-unitary option proposed by the Districts, however on 19th May the Districts announced that this option had been ruled out.

5. The County Council asked Grant Thornton to consider the local government structures that would address the following criteria:

    - **Service Delivery and Outcomes**: reforms should improve local service delivery and outcomes, particularly for the most vulnerable,
    - **Cost Savings and Value For Money**: reforms should deliver significant cost savings and drive value for money and long-term financial sustainability,
    - **Stronger Leadership**: reforms should provide stronger and more accountable strategic and local leadership,
    - **Economic Growth and Infrastructure**: reforms should drive economic growth and meet the infrastructure challenge, and,

- **Local Engagement and Empowerment**: new structures should engage with communities and empower local areas

6. Grant Thornton undertook this work between May and August, including engagement with a range of key local stakeholders, and a public call for evidence. The terms of reference were agreed by an independent advisory group made up of stakeholders drawn from public, private and voluntary sectors, who advised Grant Thornton on the review. Their final report was published on Wednesday 17th August, as was the district report.

7. The Grant Thornton report informs not only the debate on structures, but is already being drawn on actively by officers in considering the wider transformation agenda for the County Council.

8. There were a number of areas of agreement between the two reports, in particular the finding that a single unitary authority for Oxfordshire would save a little over £100m net over its first five years, and that such an authority as the third largest unitary in England would require structures to ensure effective local engagement and devolution within the county. Both reports conclude that the status quo is not a viable option.

9. One way to achieve this would be through Grant Thornton's "Option 6" proposal, under which the district boundaries would continue to be recognised within a strategic authority for a range of decision making purposes, in the wider context of a single set of elections and officer corps.

10. Since the publication of these reports there has, broadly, been a 'pause' in public advocacy relating to preferred options, for both the county and the district councils. This has enabled useful conversations to take place both bilaterally and with DCLG, and the County Council is keen to continue discussions with all interested parties, including the districts.

11. Throughout the review process, DCLG has provided guidance and advice to the county and districts separately, and at a joint meeting. The formal power to make a decision on any reorganisation rests with the Secretary of State.

12. Both reports are appended to this covering report, with Grant Thornton at Appendix 1 and PwC at Appendix 2. It is important to note that a further document described as a summary of the PwC report is in circulation. This was produced by the district councils, not PwC, and is therefore not included with these papers.

13. **RECOMMENDATION**

    The Committee is RECOMMENDED to consider the reports and make any such comments to Cabinet as they consider should be taken into account in responding to the reports.
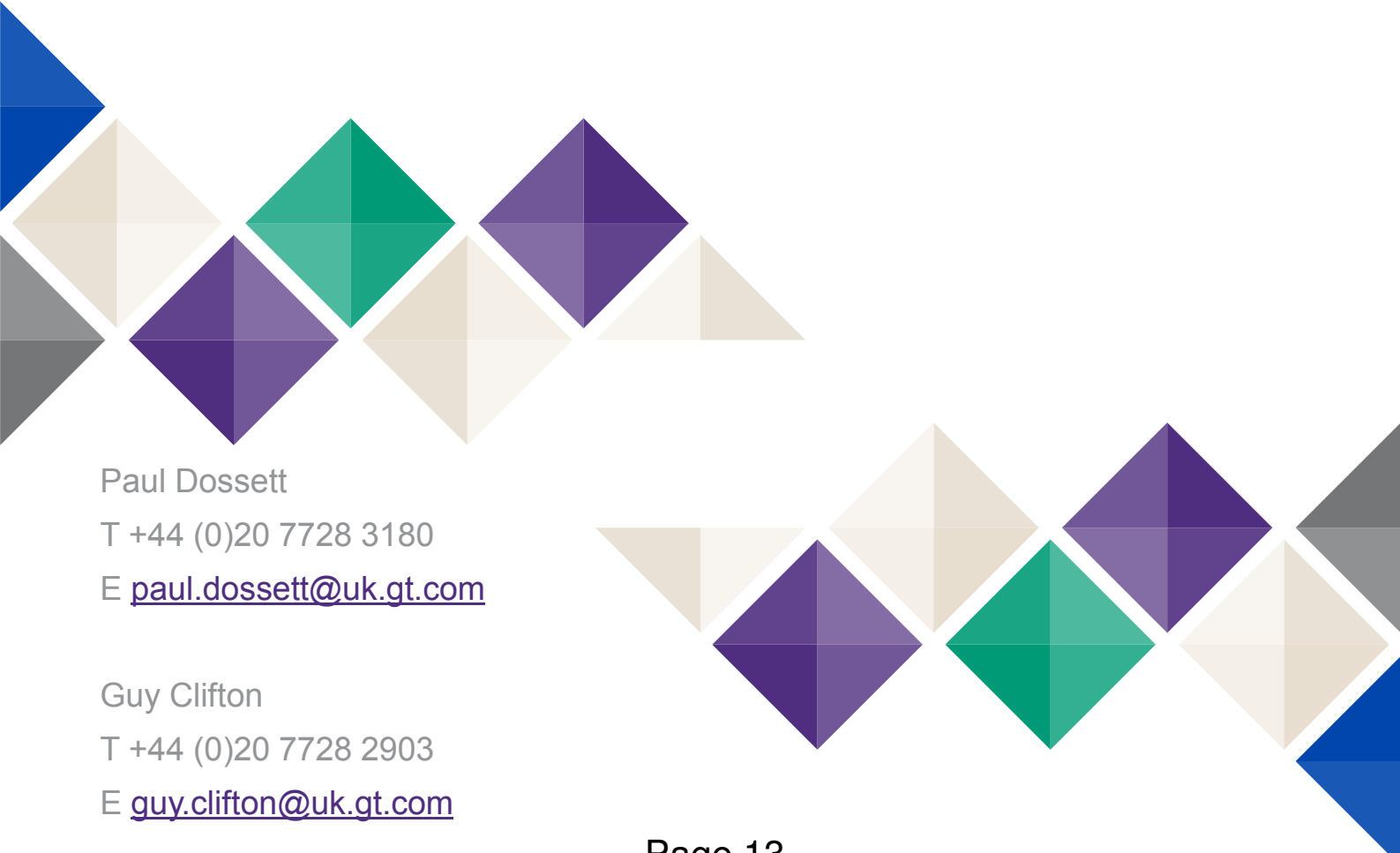
Peter Clark
County Director

Contact Officer: John Courouble, Research and Intelligence Manager
August 2016

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Grant Thornton

An instinct for growth™

Review of future options for local government in Oxfordshire

August 2016

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FAO: Peter Clark – County Director

12 August 2016

Dear Peter

Review of local government structures in Oxfordshire

We have pleasure in enclosing a copy of our report (the 'Report') containing the findings from our review of Local Government Structures in Oxfordshire on behalf of Oxfordshire County Council ('the County Council'). The scope of this review was agreed in Grant Thornton's Letter of Engagement of 6th May 2016. Notwithstanding the scope of this engagement, responsibility for management decisions will remain with the Council and not with Grant Thornton UK LLP.

Limitation of liability

We draw the Council's attention to the limitation of liability clauses in paragraphs 5.1 to 5.9 in the Terms of Engagement between the Council and Grant Thornton UK LLP dated 6th May 2016.

Forms of report

For the Council's convenience, this report may have been made available to the Council in electronic as well as hard copy format, multiple copies and versions of this report may therefore exist in different media and in the case of any discrepancy the final signed hard copy should be regarded as definitive.

Confidentiality and reliance

We accept no duty of care nor assume any responsibility to any person other than the Council in relation to this report and our work. Any third party who chooses to rely upon this report or our work shall do so entirely at their own risk.

General

The report is issued on the understanding that the management of the Council have drawn our attention to all matters, financial or otherwise, of which they are aware which may have an impact on our report up to the date of signature of this report. Events and circumstances occurring after the date of our report will, in due course, render our report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date report. Additionally, we have no responsibility to update this report for events and circumstances occurring after this date.

We would like to thank all stakeholders for making themselves available during the course of the review.

Yours faithfully

Guy Clifton
Director and Head of Local Government Advisory
For Grant Thornton UK LLP

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Executive Summary

Context

On 10th May 2016 Grant Thornton UK LLP was commissioned by Oxfordshire County Council ("the County Council") to undertake an independent review of options for the future structure of local government within Oxfordshire. This report sets out our findings based on the evidence made available to us.

Our review

We were commissioned by the County Council with a remit to be objective and independent. This report is not an articulation of the views of any particular stakeholder including the County Council. We have not sought to design what public services in Oxfordshire should look like in the future, but to assess the strength of proposals for unitary structures of local government put forwards by the County Council and the City and District Councils.

We have not commented on the content of any future devolution deal for Oxfordshire or any additional funding that might be agreed as part of this. We believe that the current debate is about creating a stable and sustainable governance arrangement that works better than the status quo for local people and businesses as well as ensuring that local partners are better placed to negotiate any devolution deal that may be available in the future.

Our study has been conducted in parallel with a separate exercise by PricewaterhouseCoopers LLP (PwC) commissioned by the City and District councils. We are grateful for efforts made by all parties to enable sharing of data across the two studies.

We have met with PwC colleagues during the course of our review and agreed the following:

- Both organisations have sought to work together in a spirit of mutual support and cooperation

- Both organisations are committed to helping secure the best outcome for the people of Oxfordshire

- The role of both organisations is to present evidence, facts and arguments – any subsequent proposals are for our respective clients to put forward, and decisions about the future of local government in Oxfordshire will be for

the Secretary of State and the Department of Communities and Local Government (DCLG) in discussion with local leaders.

Part of our brief was to respond to the report arising from the PwC study. The PwC report has not been published at the time of writing and we are therefore unable to comment.

The view of the Department for Communities and Local Government

It is the responsibility of the Secretary of State for DCLG to invite proposals for local government reorganisation and to implement any change to structures based on appropriate evidence.

DCLG have provided a clear message that irrespective of recent changes to ministerial positions, no restructuring or devolution proposals will be approved or allowed to proceed unless they reflect a high degree of consensus across the organisations affected.

Our strong recommendation to all parties concerned is to consider what steps could be taken towards consensus on a future model of local government for Oxfordshire.

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Context

The status of City and District proposals for unitary local government in Oxfordshire

The proposals put forward by the City and District councils represent a desired direction of travel rather than a detailed plan. From our conversations with a range of stakeholders it is clear that at the point of publication there was relatively little substance behind these proposals.

Unfortunately we have not been given access to any further detail or thinking that has developed since initial proposals were published.

Our report is based on the evidence made available to us, and our findings reflect where this has been limited.
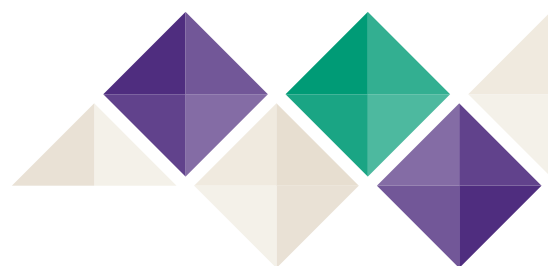
A glossary of terms is included at Appendix A.

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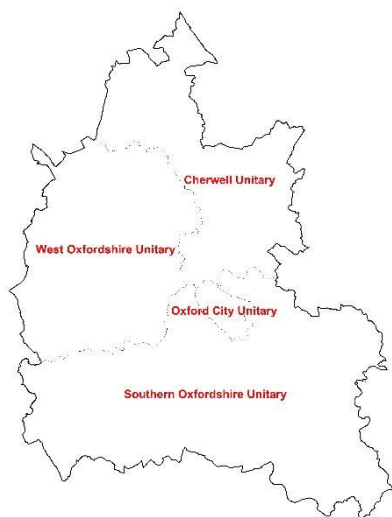# Scope

The five options under consideration are as follows:

Option 1	*Option 2*	*Option 3*

Four new unitary authorities and a combined authority

Four unitary authorities covering the administrative areas of:

- West Oxfordshire
- Cherwell
- Oxford
- South Oxfordshire and Vale of White Horse

Three new unitary authorities and a combined authority
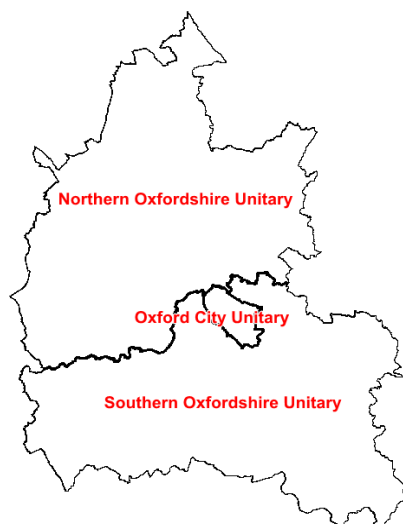
Four unitary authorities covering the administrative areas of:

- West Oxfordshire and Cherwell
- Oxford
- South Oxfordshire and Vale of White Horse

Two new unitary authorities and a combined authority
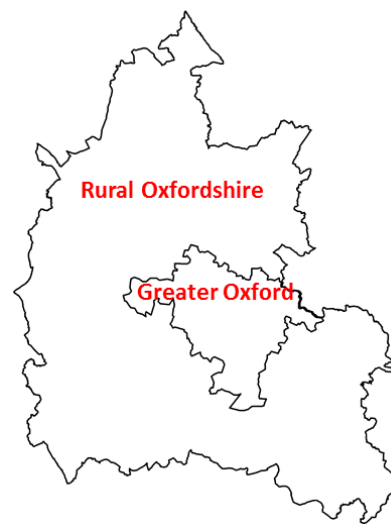
Two unitary authorities covering:

- A Greater Oxford with expanded boundaries
- A unitary authority covering the remainder of the County area

Please note – for the purposes of our analysis we have used an indicative boundary for Greater Oxford based on intelligence identified during our review. This boundary is indicative and does not represent the official or agreed position of any stakeholder. For further detail see page 65.

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Scope (continued)

The five options under consideration are as follows:

Option 4

One new unitary authority

A single county-wide unitary authority

Option 5

The status quo
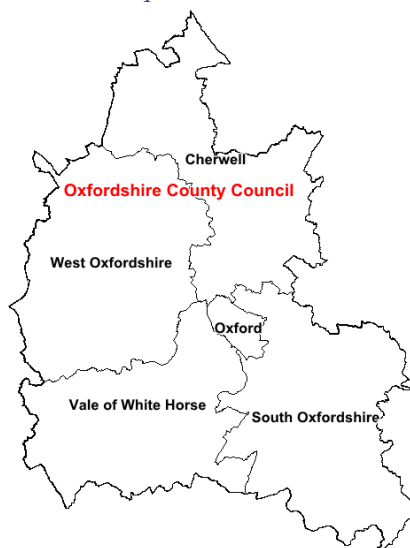
The existing two-tier structure of one county and five District Councils

It is important to recognise that all options other than the status quo would entail the dissolution of all existing local government organisations within Oxfordshire and the creation of one or more new unitary authorities to which new political leadership and councillors would need to be elected.

We have appraised each option against five evaluation criteria. Feedback from DCLG suggests these are broadly aligned to the criteria they also use in evaluating proposals of this type. We have applied no particular weighting to these criteria, which are as follows:

- Improve local service delivery and outcomes, particularly for the most vulnerable

- Delivering significant cost savings, improved value for money and long-term financial sustainability

- Provide stronger and more accountable strategic and local leadership

- Drive economic growth and meet the infrastructure challenge

- Improve engagement with communities and empowerment of local areas.

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Methodology

Our review has included the following:

- Engagement with local, County and national stakeholders through face-to-face interviews, workshops, a public call for evidence and meetings of an independent advisory panel. This panel has met twice and was chaired by Reverend Colin Fletcher, the Bishop of Dorchester. The role of this panel has been to provide input to our review and challenge to our emerging findings. A full list of interviews is included at Appendix B and participants in the independent advisory panel are listed at Appendix C

- Quantitative analysis of financial, demographic, social and economic data

- Background research into the following:

  – Historical precedents and current debates on devolution, local government reorganisation and combined authorities.

  – Documents and information produced by the City and District Councils and County Council, including their plans for reorganisation and devolution deals, alongside information on their current performance against our five evaluation criteria.

  – Information produced by other local authorities across the country, in particular on how they have dealt with becoming a unitary authority, including any new ways of working they have established and any cost savings they have seen realised.

  – Plans and information from a wide array of public sector organisations, ranging from central government to combined authorities and the health sector.

  – Reports and papers published by think tanks and consultancies along with academic articles, including both independent research and studies commissioned by local authorities.

We publicly issued an online call for evidence, which at the time of writing has received almost 700 responses from a broad cross-section of members of the public, local authority employees and elected members. The findings from this exercise are summarised throughout the report.

We have spoken directly with the following:

- Senior officers and elected members of the County Council

- Representatives from each of the District Councils

- Thames Valley Police

- Oxfordshire Clinical Commissioning Group (CCG)

- Oxfordshire Health NHS Foundation Trust

- Oxford University Health Trust

- Age UK

- Oxford Brookes University

- University of Oxford

- Oxfordshire Association of Local Councils

- Representatives of local business including Berkeley Homes, CABi, Timbnet and the Oxfordshire Local Enterprise Partnership (OxLEP)

- The Department for Communities and Local Government (DCLG)

- John Howell MP

- Victoria Prentis MP

- Andrew Smith MP

We attended meetings in Thame and Banbury with representatives from nearby Town and Parish Councils.

We have also undertaken additional work on a sixth structural option identified towards the end of our review – this is included in the final section of our report.

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Evaluation criteria – summary findings

Improving service outcomes, especially for the most vulnerable

One of the clearest messages from our independent advisory panel was concern that the quality of services and outcomes, especially for the most vulnerable, must be the primary driver of any changes to local government structures.

The unitary model of local government has clear benefits when compared with the status quo – mainly through a closer connection between services that can contribute to and mutually reinforce the same outcomes for residents. Examples include public health with leisure, adult social care services with housing, fire and rescue with licencing.

There are also clear benefits from delivering some services at scale. It makes sense for City and District services such as spatial planning, economic development and housing to be delivered over as wide an area as possible in recognition of the fact that the economic and infrastructure needs of different parts of Oxfordshire are interconnected. For other areas such as environmental services, leisure and libraries – aggregation would provide an opportunity to reduce costs whilst improving the quality and consistency of the service offering to all parts of the County.

The majority of stakeholders across Oxfordshire recognise that services to the most vulnerable – in particular the safeguarding of adults and children – must continue to be delivered on a county-wide footprint. Learning from the experience of smaller unitary authorities elsewhere in the country, we believe that two, three or four separate sets of services within Oxfordshire would not be financially viable, would add unhelpful complexity for partners and providers, and would present difficulties around sharing of data and intelligence across organisational boundaries, which in turn could create additional risk for vulnerable individuals.

A model involving multiple unitary authorities offers the generic benefits of unitary local government, although services not brought together in a combined authority would be duplicated in smaller areas.

Ways of delivering safeguarding services via a combined authority could no doubt be found although there are no precedents to learn from and it seems unavoidable that they would add complexity and cost by comparison to the status quo. We note that even the leading areas currently working under relatively long-standing combined authorities– such as Greater Manchester – are only now at a stage of setting out detailed plans for how services can be run differently and better as the culmination of years of discussions and collaboration.

A combined authority with a suitably empowered mayor could offer the prospect of delivering spatial planning, economic development and housing services at scale, however in the absence of firm governance proposals, it is not possible to reach a view on how it could improve on existing vehicles for joint working in Oxfordshire.

By contrast, the county-wide unitary model offers the undiluted benefits of a closer connection between complementary services and enabling delivery at scale. It also protects existing high-performing safeguarding services, and allows opportunities for these to be further enhanced through the unitary model. A county-wide unitary could, however, be perceived as being too large to maintain a connection with communities – we discuss this issue in more detail later in the report.

Our conclusion for this criterion is that a county-wide unitary authority for Oxfordshire would be most likely to offer improved service outcomes for residents, communities and businesses, whilst protecting services to the most vulnerable.

Cost Savings and Value for Money

Under the status quo, all local authorities within Oxfordshire are likely to be able to maintain financial resilience over the short to medium term despite significant financial challenges.

All four options to create new unitary councils within Oxfordshire offer the potential to make savings through service consolidation over and above what would be possible under the current two-tier structure.

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Evaluation criteria – summary findings

However, savings potential varies significantly across the options under consideration.

Due to the high level of shared management posts and shared services among the existing District Councils, the benefits from the consolidation under the three and four unitary options are relatively low.

There is greater scope for benefits from consolidation of senior management and asset rationalisation under the larger two unitary or county-wide unitary options. Given the greater scope for aggregation and economies of scale, the county-wide unitary option offers significantly higher savings than the others.

Our financial analysis suggests that the following indicative savings would be available:

	Potential savings from consolidation	Opening position for funding
Status quo	None	Balanced
Four Unitary Authorities	£3m – £3.7m	Significant deficit Oxford City - £15.8m Cherwell - £7m
Three Unitary Authorities	£4.5m - £5.5m	Significant deficit Oxford City - £15.8m
Two Unitary Authorities	£9.5m - £11.6m	Deficit Oxford City - £11.5m *on indicative boundary used for this study*
Single Unitary Authority	£18.5m - £22.6m	Balanced

Current Council Tax rates vary across Oxfordshire and are highest within the City. New unitary authorities would be required to harmonise Council Tax to ensure that all households within each new boundary are paying the same rate according to their banding within a reasonable time period. They must also ensure that any changes to Council Tax would be equitable and affordable.

It would be for new authorities to determine how this would best be achieved. We have considered a number of scenarios later in our report, each of which would result in a different balance between benefit to the taxpayer and ensuring the financial viability of new organisations.

The financial viability of Oxford as a unitary authority is the decisive factor in our evaluation. Under a four or three-unitary option, and to a lesser extent under the two-unitary option as defined in this analysis, an Oxford City Unitary would start life with a significant and potentially unmanageable budget deficit. A special funding arrangement or a renegotiation of the funding settlement would be required in order to mitigate this – however at the moment there are no clear proposals for how this would work. We would have doubts about the achievability of an arrangement for cross-subsidy from the surrounding new unitary authorities.

Economic growth and infrastructure

Oxfordshire has a strong and internationally significant economy, but faces challenges around the cost and availability of housing, improving transport infrastructure, the availability of skills to suit local specialisms and an ageing population. There is also a clear urban / rural divide reflected in local politics and amplified by many of the responses to our call for evidence.

Local business and innovation leaders, including the Universities, value their partnerships with Oxfordshire local authorities, but are unanimous in the view that Councils could work better together to ensure sustainable growth and infrastructure improvement. They also cited the high cost of housing and relatively poor commuter routes as having a material impact on their businesses.

From the perspective of this study, the most significant issue affecting management of the local economy is a lack of joined-up decision-making by existing local government organisations and a lack of overall leadership and accountability for the growth agenda. The Oxfordshire Growth Board has been widely characterised as ineffective as a vehicle for joint decision-making. This is best exemplified by serious underperformance in the delivery of new and affordable housing.

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Evaluation criteria – summary findings

OxLEP is well regarded by the majority of stakeholders but is unable to achieve sustainable growth without an effective and responsive partnership with local authorities.

The intended purpose of the majority of existing combined authorities is to improve joint decision-making about economic growth by local partnerships. Without clear proposals for how a combined authority could work in Oxfordshire, it is difficult to see how it could improve on existing arrangements under the Growth Board.

A county-wide unitary would offer the benefits of scale and the widest possible footprint for decisions about the economy, infrastructure and growth, as well as the potential for a stronger voice regionally and nationally.

Leadership and Accountability

As with all two-tier areas, current governance arrangements in Oxfordshire are complicated, with six sovereign principal local authorities, multiple vehicles for partnership working including the Growth Board and the Health and Wellbeing Board, as well as numerous further Town and Parish Councils. As with all two-tier areas, arrangements can be confusing to the public, with a lack of clarity around ultimate responsibility for specific services and decisions.

The main benefit of a move to any unitary structure will be the simplification of accountability and responsibility. It is also important to recognise that any new unitary authorities will be entirely new organisations to which new members will be elected.

Our view is that the county-wide unitary model offers the greatest scope for immediate improvements to the level of accountability and strength of leadership offered to the public and partners. Any decisions taken by a county-wide unitary will be taken by a single body of elected representatives supported by a single officer corps – the scope for friction and deadlock between the competing interests of sovereign organisations will largely be removed.

The combined authority model does provide an alternative in the event that multiple new unitary authorities are created. However, it brings with it some of the risks of the status quo.

For example if, as is proposed, the combined authority was led by existing City and District leaders with a rotating chair it is not clear that the existing weaknesses around joint decision making could be overcome.

This problem would become especially pressing considering that a combined authority would not just be making the decisions currently taken by the Growth Board, but also potentially deciding on allocation of much greater sums of funding on behalf of sovereign organisations for services such as adult social care, public health and children's social care.

For an Oxfordshire combined authority, we believe that a directly elected mayor would be essential.

When combined authorities are created, legislation allows for provisions to be put in place to restrict the power of a mayor under certain circumstances. These would have the potential to lead to scenarios where combined authority membership could overrule the mayor. Our view is that any such provisions should be limited for a combined authority in Oxfordshire in order to allow a mayor to cut through potential disagreements and conflicts and act as the required single point of accountability and responsibility.

Local engagement and empowerment

There are 248 Town and Parish Councils in Oxfordshire, varying widely in geographical size. As part of this review we attended meetings with representatives of a number of Town and Parish Councils surrounding Thame and Banbury. It is clear that these organisations play a significant role in enhancing the quality of life for communities and the quality of the places they serve. The role of local councils will become even more important following a move to unitary system of local government given that principal authorities would be merging to cover larger areas.

The County Council has demonstrated sustained efforts over a period of time to engage with Town and Parish Councils and to explore ways of devolving budgets and responsibilities to the local level, whilst enhancing their involvement in decisions that affect the local area. It is clear that this has sometimes been a challenging process for all

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Evaluation criteria – summary findings

We also heard a range of views about the prospect of local devolution being pursued still further by new unitary authorities – some representatives of local councils are eager to receive further responsibilities, others are concerned about the capacity available to meet them.

A county-wide unitary authority for Oxfordshire would be the largest such organisation in the country, and would therefore require strong arrangements for working within localities alongside town and parish councils in order to avoid the risk of becoming too remote and disconnected from communities.

The County Council has shared with us early proposals for meeting this challenge, based on successful and relatively well-established precedents such as Wiltshire and Cornwall. Although work remains to cement these proposals, they nevertheless represent a plausible way forward.

We have not been provided with detail of any City and District proposals relating to enhanced localism or devolution to local councils. The argument is made by District stakeholders that, as smaller organisations, they are necessarily more connected to the localities within their boundaries. This argument has some merit, but does not stand up to scrutiny. Firstly – the unitary options under consideration would involve the merger of two or more organisations, thereby diluting this intrinsic "local-ness". Secondly – the overall number of customer-facing employees operating within localities, such as social workers, teachers and highway engineers, would be unlikely to change significantly under any of the options.

On the basis of the evidence available, our view is that the county-wide unitary model offers the only clear proposals for enhancing local engagement and empowerment, despite the relative size of the organisation that would be created.

Overall conclusions

We have reached a view about the strengths and weaknesses of each option against the specified evaluation criteria based on available evidence. Proposals for how unitary local government could work in Oxfordshire are at a relatively early stage, so our findings necessarily include an element of preliminary judgement.

There is general agreement that the status quo is not the best option to respond to the current or future needs of Oxfordshire. Our overall view is that the evidence is strongest, in relative terms, for the viability of the county-wide unitary model (Option 4) in all five evaluation criteria. In our view the benefits of simplicity, clarified accountability, resilience, economic scale, shared boundaries with strategic partners and stronger leadership are decisive.

The independent advisory panel broadly supported this view - recognising the twin benefits of a unitary model of local government and the benefits of delivery at scale for key services.

Successful local engagement and community empowerment will be the biggest challenge for a county-wide unitary of this size. Our judgement on this point is necessarily based on the relative strength of the proposals made available to us rather than the intrinsic strengths of each model. We have had the opportunity to consider One Oxfordshire proposals in detail and to review successful precedents elsewhere such as Wiltshire and Cornwall. We have not been provided with any proposals that set out how local empowerment and engagement could be enhanced under a four, three or two-unitary authority model.

Of the remaining options, we believe that a three-unitary authority model (Option 2) with a well-governed combined authority, preferably on the mayoral model, would be preferable to options 1,3 or 5.

There are however some key challenges that in our view make the three-unitary option significantly less viable than a county-wide unitary. Solutions are yet to be identified for these challenges:

- The lack of precedent for running disaggregated County services such as Adult Social Care across multiple unitary authorities at a combined authority level.

- The lack of clarity over how a combined authority would improve on existing arrangements for democratic accountability and joint decision-making, especially without a single point of accountability such as a mayor.

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Evaluation criteria – summary findings

- Oxford City in particular will struggle to achieve financial viability if it maintains its current boundaries and therefore tax base, unless a special arrangement is put in place. At present it is not clear what this arrangement could consist of and we have concerns around how achievable it would be. This risk applies equally to a four unitary option.

- Risk of disruption and fragmentation to services for the most vulnerable and lack of clear alternatives for delivery models.

- Lack of clarity on how subsidiarity and local empowerment would be progressed by new unitary authorities.

In our view a two-unitary model (Option 3) based on an expanded Oxfordshire is an unsatisfactory compromise. On the evidence seen so far, we prefer the three unitary model to the two unitary model for the following reasons:

- The "rural doughnut" would not be a coherent place and would be of sufficient size to require a similar approach to localism as the single unitary option.

- Some of the complexity of the three- or four-unitary option is reintroduced with the potential requirement for a combined authority and highly-effective governance arrangements in order to balance decision-making on strategic issues. Joint decision-making arrangements could suffer from an entrenchment of the urban / rural divide.

The four-unitary model (Option 1) is the least desirable in our view as in addition to the disadvantages identified for the three unitary model, it minimises the scope for cost savings, maximises the complexity of the required governance arrangements and allows the least room to rationalise democratic representation. It fails to solve the concerns around financial viability of Oxford in particular and a unitary West Oxfordshire and Cherwell would also struggle to achieve financial viability.

Overall summary of findings

Options	Better service outcomes	Cost savings and values for money	Economic growth and infrastructure improvement	Leadership and accountability	Local engagement and empowerment*
Single Unitary Authority	A	A	A	A	A
Two Unitary Authorities	C	B	C	B	C
Three Unitary Authorities	B	C=	B	C	B=
Four Unitary Authorities	D	C=	D	D	B=

Key

A – strongest evidence of a likely improvement from the status quo

B – second-strongest evidence a likely improvement from the status quo

C – third-strongest evidence of a likely improvement from the status quo

D – weakest evidence of a likely improvement from the status quo

Note: *our judgements for this criterion reflect that we have been unable to identify any proposals for enhancement of local engagement and empowerment under two, three or four unitary authority options*

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Acknowledgements

Grant Thornton would like to thank all those who have taken the time to contribute to our work. A full list of interviewees is included in Appendix B.

In particular, we would like to thank all members of the Independent Advisory Panel (listed in Appendix C) and all participants in our online call for evidence.

We are also grateful for the high quality written submissions provided by a number of interested parties.

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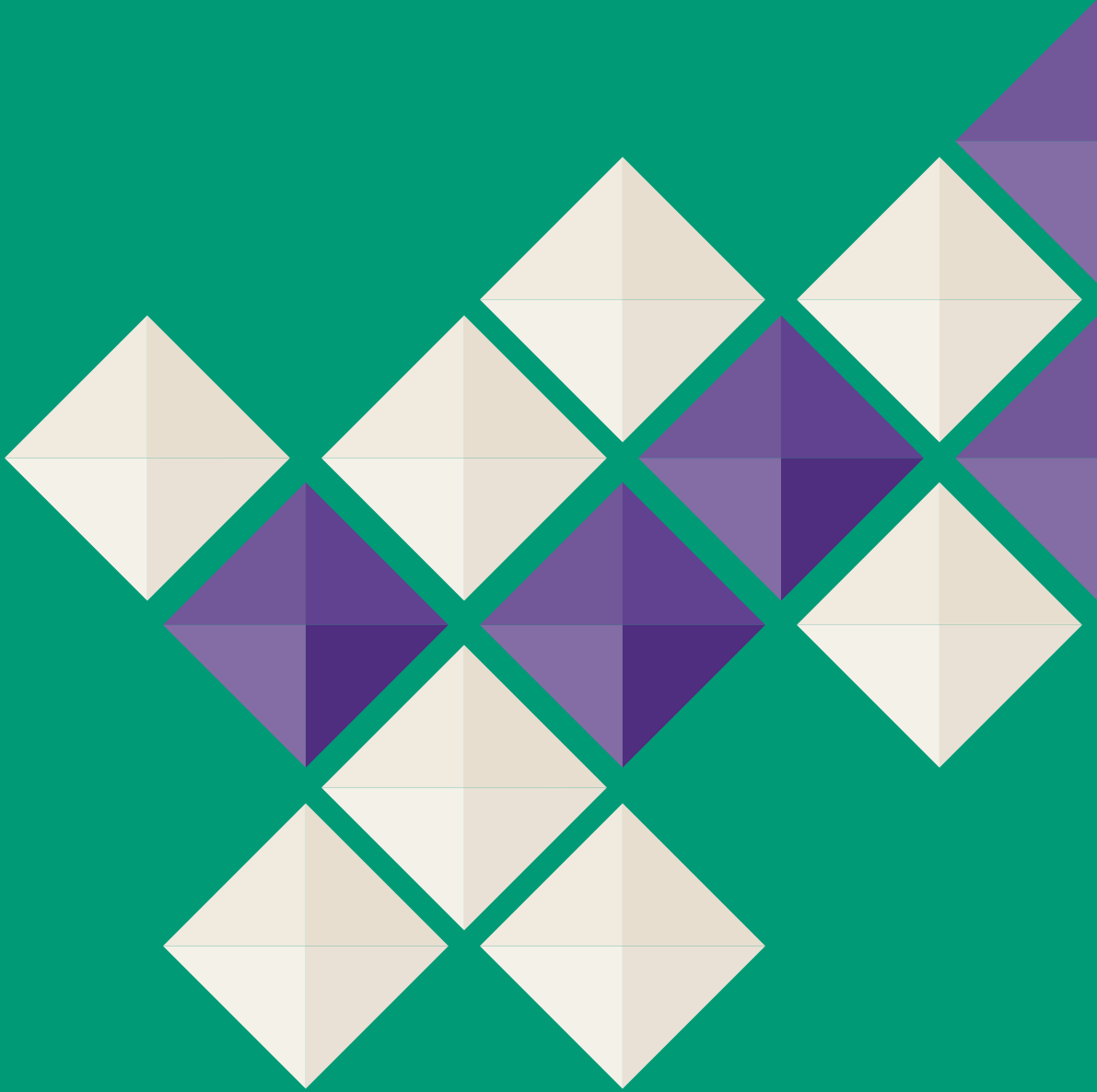
Background

Background

This section provides the national and local backdrop to our review. It provides a definition of the different models for local government under discussion, an analysis of the most recent wave of new unitary authorities, some commentary on current national developments and finally recent events in Oxfordshire leading up to our review.

Unitary vs. two-tier local government

A unitary authority is responsible for all local government functions within its area, whereas in two-tier areas responsibilities are split across County and District Councils. The division of responsibilities is broadly summarised in the table below.

Service area	County	District	Unitary
Adult social care services	●		●
Children's services	●		●
Highways and transport planning	●		●
Fire and rescue service*	●		●
Education (special educational needs, school admissions and school transport)	●		●
Libraries	●		●
Waste management	●		●
Public health	●		●
Trading Standards	●		●
Leisure		●	●
Waste collection		●	●
Housing and Planning**	●	●	●
Environmental health		●	●
Collecting Council Tax		●	●
Street cleaning		●	●
Benefits payments		●	●
Homelessness support		●	●
Voter registration		●	●

* Some counties and a small number of unitary authorities only, including Oxfordshire County Council

** Oxfordshire County Council is a statutory planning authority considering minerals and waste applications with a planning committee

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Background (continued)

Does Size Matter?

The Department for Communities and Local Government (DCLG) is reported as specifying an ideal range of population sizes to be served by new unitary councils. We understand that this arises from a study undertaken by the University of Cardiff although this is not in the public domain[1]. This study suggests a population ranging in size from 300,000 to 700,000 is the optimum for a unitary authority. In discussion with DCLG we have clarified that this range is a guide rather than an absolute upper and lower limit.

As indicated by **Graph 1 below**, the majority of the new unitary authorities under discussion would end up serving populations smaller than the lower end of this indicative range. It should also be noted that the population of Oxfordshire, and therefore of a county-wide unitary, is projected to grow in excess of the upper limit of this range within the next two years. Smaller unitary organisations have been shown to struggle to maintain financial resilience, whereas larger organisations can be argued to be too remote from communities. As we understand it, the expectation of DCLG is that any proposals put forward that fall outside this range should also set out mitigating factors for these risks.

Proposals put forward by both the County and the Districts do include this mitigation in the form of alternative delivery structures, which we discuss in more detail within the report.

Graph 1 : English unitary authorities and potential new Oxfordshire unitary authorities by population size
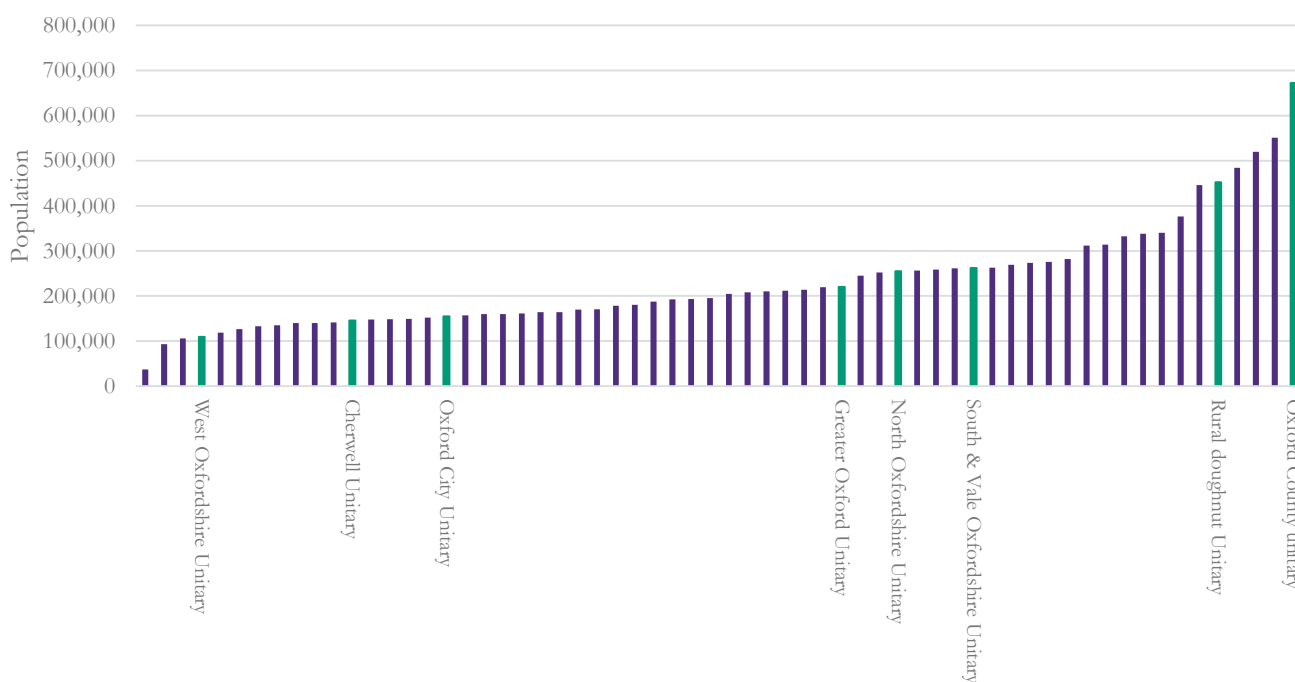
Background (continued)

Combined authorities

Options involving more than one unitary authority within Oxfordshire are likely to require a combined authority. These are a relatively new form of local government body, first introduced by the Local Democracy, Economic Development and Construction Act 2009. Combined authorities are created voluntarily and allow a group of authorities to take joint decisions on strategic issues they feel are better considered collectively. To date there have been a small number of combined authorities formed in England, which have all been designed to aggregate functions across metropolitan unitary authorities, rather than to manage the disaggregation of services from a predecessor authority broken into smaller units.

Most combined authorities are focused on economic growth, transport and regeneration – although changes to legislation in the Cities and Devolution Act 2015 enabled them to perform any statutory function of the member local authorities. There are currently no examples of such authorities delivering people-centred services successfully, and endeavours to maintain joint working in counties abolished in previous rounds of reorganisation on a combined basis have been limited.

Combined authorities are typically led by political representatives from each of the member authorities, and in some cases will also include directly-elected mayors. All but one of the devolution deals agreed to date between central and local government have featured a combined authority which has acted as a platform for devolved powers, budgets and funding.

The exception to this is Cornwall – currently the largest county-wide unitary, which also has a ratified devolution deal in place.

Creation of unitary local authorities – precedents

In 1986, London moved to a broadly unitary style of government, following the abolition of the Greater London Council, although since 2000 the Greater London Authority has absorbed some functions from the boroughs such as major highways and planning policy. At the same time 36 pre-existing Metropolitan Districts assumed responsibility for all services, therefore effectively becoming unitary authorities. The first official unitary authorities in England were set up in the 1990s, with 46 set up between 1995 and 1998. In 2006, DCLG issued an 'Invitation to Councils in England', inviting them to put forward bids to receive unitary status. In total, the government received 26 proposals for unitary authorities. In 2009 this process culminated in the creation of nine new unitary authorities: five county-wide unitaries, along with two in both Bedfordshire and Cheshire. However, when the Coalition Government was elected in 2010, they halted plans to create further unitary authorities in Exeter, Norwich and Suffolk and effectively closed the door to discussion in other areas.

Of the nine unitary authorities created, all but one were amalgamations of two or more districts. Only Bedford Borough Council succeeded in becoming a unitary in its own right. Furthermore, the 2009 wave shows at that time consensus across all affected councils was not necessarily required. In Shropshire, for example, proposals for the eventually successful county-wide unitary were supported by the County Council and two districts, but opposed by the other three districts. Shrewsbury and Atcham Borough Council went as far as launching a legal challenge against the structural changes, which was rejected in both the High Court and the Court of Appeals. However, a lack of consensus in Norfolk and Devon did lead the government to support plans for Norwich and Exeter to become unitaries whilst the remainder of the counties retained two-tier government, although ultimately these plans failed to go ahead following the 2010 General Election. Thus, we can see that a lack of agreement between local authorities was a consideration, but not a deal-breaker for central government; although considerations now are not necessarily the same as in 2009.

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Background (continued)

The evidence shows that moving to a unitary model of local government saves money. In 2011 Deloitte produced "Sizing Up"; a report looking into the effects of these mergers. It concluded that the evidence suggests the creation of unitaries can deliver material financial benefits. The report cites data showing that between 2008/09 (pre-merger) and 2009/10 (post-merger), the reformed authorities reduced their expenditure by 13.4%, compared to an increase in expenditure of 2.1% in the remaining English local authorities. In Wiltshire, where the county council and four districts merged into one unitary, back office spend has reduced from 19% to 9% of the authority's budget, and transitional costs of £18m have been far exceeded by total savings of £68m during the first term of the new authority (2009-13).

In their 2014 report 'As Tiers Go By', the New Local Government Network (NLGN) calculated that the reorganisation of all remaining two tier areas as county unitaries would save between £680m-£904.5m. This may, however, come at a price, at least in the short-term. In the same report, the NLGN report argued that reorganisation damages service delivery in the short-term as councils focusing on their structure spend less time focusing on delivering improved services. It is therefore important that any future bids by local authorities for unitary status are able to demonstrate not only financial benefits, but also ensure a focus on better service outcomes are at the forefront of plans.

There is a mixed picture when it comes to how unitaries have performed. As well as the cost savings outlined above, Wiltshire have used the opportunity of being a county-wide unitary (excluding Swindon) to innovate when it comes to increasing local engagement and increasing the involvement of parish and town councils. They have achieved this through the creation of 18 Area Boards, which are attended by councillors, local NHS and police representatives and town and parish councillors. These boards are responsible for their own budget to support local projects, and together account for approximately £1.7m funding per annum.

However, there is no consensus that unitaries always deliver better services. For example, the June 2016 report by Ofsted on children's social care showed little correlation between unitary status and service provision. Ofsted's analysis showed that of the 21 local authority services rated inadequate, five were unitaries (generally smaller), eight were metropolitan districts, six were shire counties and two were London boroughs. It may be significant that none of the 2009-wave unitaries were rated inadequate. Similarly, of the twenty-four authorities receiving good or better judgements, two were unitaries (including Cheshire West and Chester Council, who became a unitary in 2009), and half were county shires including Oxfordshire County Council. We can therefore see a mixed picture of service provision across the country and across different types of local government structure.

There are examples of some of the 2009 unitary authorities feeling unsatisfied with the scale offered by resulting structures and are calling for further reform. In September 2014 the Leader of Cheshire East Council called for it to be reunited with Cheshire West and Chester Council, arguing that the county was "made weaker" by becoming two separate unitaries in 2009. In Shropshire there have been calls by local MPs to combine the unitary of Shropshire Council (2009 wave) with Telford & Wrekin Council (1990s wave), in order to achieve savings.

The political landscape has changed since the 2009 unitaries came into being and so we can learn from precedents but must not rely on them.

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Background (continued)

Current debates around unitary local government

The passing of the Cities and Local Government Devolution Act in 2016 set in motion a number of energetic debates as areas currently operating under a two-tier local government structure have sought to explore a shift to unitary status. The Act gives the Secretary of State power to fast-track applications for structural change, including a move to unitary status, although this power expires on 1 April 2019. After this point the act, along with the Local Government and Public Involvement in Health Act 2007, will continue to facilitate the creation of unitary authorities although this may be to the slower timescales of the Boundary Commission.

In January 2015, the Communities and Local Government Select Committee commissioned an investigation into devolution that partly set out approaches to the creation of unitary authorities, and found the potential for more combined authorities and elected mayors in the future could create too many tiers of government leading to low electoral turnout in mayoral elections. The report concludes that this issue needs to be addressed in the long-term, "possibly by a move to having more unitary authorities".

While there have not been any firm proclamations from central government on their assessment criteria for applications for unitary status, one thing is clear: there is no "one size fits all" approach. What makes sense in one geographic area may well prove unrealistic in another.

It has also become clear that the criteria used in 2009 to assess bids do not necessarily hold today. In 2006 DCLG set out stringent criteria which potential unitaries had to meet, such as having a payback period of no more than 5 years. No such criteria exist in 2016 and there is instead a focus on flexibility and responsiveness to local need. Agreement is reached through a process of negotiation between central and local government as part of the devolution deal-making process.

Across the country, many localities are currently exploring what a move to unitary status would look like for them.

- In **Hampshire**, devolution proposals have acted as a catalyst for the county to consider a move to one of several unitary options. A recent Deloitte report commissioned by Hampshire County Council concluded the best option would be a county wide unitary authority which left the existing unitaries in Southampton, Portsmouth and the Isle of Wight in place. However, a lack of consensus between councils involved looks to stall plans while other options are considered.

- There is greater cohesion in **Dorset**, where the six districts and two unitaries along with the county are working together to formulate proposals for what unitary government could look like, using research being conducted by the Local Government Association and Local Partnerships. This is of particular interest as it could involve the merger of the unitary authorities in Bournemouth and Poole, along with the creation of a second unitary covering the rest of the county currently under two-tier government.

- Districts in **East Kent** and **Suffolk** have made public their intentions to explore mergers of District Councils within the existing two-tier system.

- In January 2016 Local Futures published their study into the viability of either a one-unitary or two-unitary model in **Buckinghamshire**, concluding that both options could be viable and deliver financial benefits. A public debate continues.

The debate is playing out differently across the country, but it seems highly likely that a new wave of unitary councils will soon arrive. There have been no policy announcements yet on this issue from Theresa May's government, however we understand that the 2016 autumn statement may set a direction of travel for local government reorganisation in shire areas.

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Background (continued)

Proposals for unitary local government in Oxfordshire

Local government in Oxfordshire was constituted in its current form in 1974, with the addition of the Vale of White Horse district to the administrative county of Oxfordshire. Proposals for three unitary authorities were put forward by Oxford City Council in 2007 although these were rejected by the Secretary of State at the first stage of consideration and the two-tier structure has remained in place.

In the second half of 2015 devolution proposals for Oxfordshire were developed jointly by the County, the Districts, the Local Enterprise Partnership and the Clinical Commissioning Group. These were submitted to the Secretary of State for DCLG at the beginning of February 2016.

Later that month a different set of outline proposals was published by the five District Council Leaders. The County Council were unaware of these proposals until shortly before the point of publication. Four new unitary councils were proposed, extending beyond the County borders and including districts within Gloucestershire and Northamptonshire as follows:

- **Southern Oxfordshire Unitary Authority**, replacing Vale of White Horse and South Oxfordshire District Councils

- **Oxford City Unitary Authority**, replacing Oxford City Council

- **West Oxfordshire (Cotswold) Unitary Authority**, replacing West Oxfordshire District Council and Cotswold District Council

- **Cherwell (South Northants) Unitary Authority**, replacing Cherwell District Council and South Northamptonshire Council

We understand that discussions between the County, City and District Councils took place with the aim of jointly commissioning a study into the feasibility and practical implications of these proposals, however agreement was not reached on the scope of this work.

In April 2016 PwC was commissioned by Oxford City Council on behalf of all districts with a brief to test these proposals against a range of other options and to design associated governance frameworks for a new combined authority. Shortly after the appointment of advisors, the proposals above were amended in favour of the set of options described earlier.

On 10th May 2016 Grant Thornton UK LLP was commissioned by the County Council with a brief to complete an independent study of five separate structural options against five pre-defined evaluation criteria, as set out in the scope and methodology section above.

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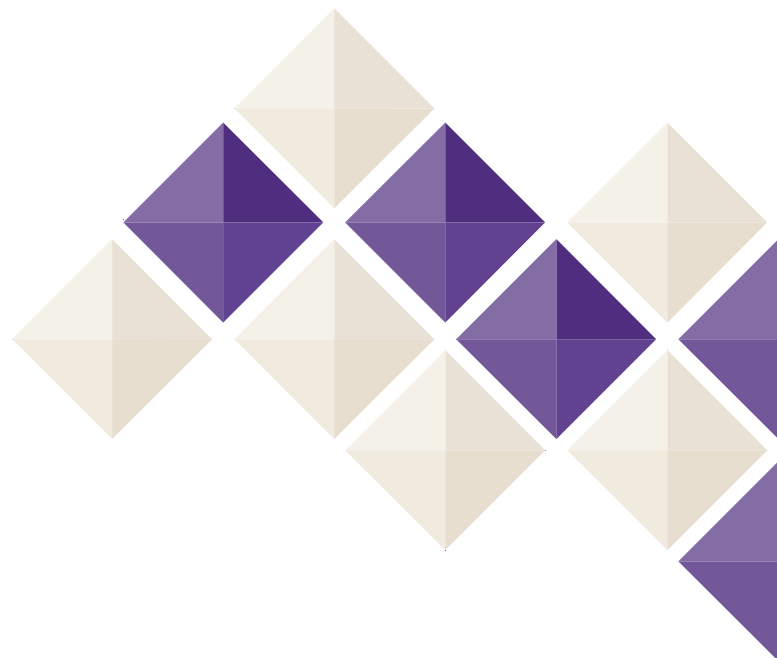
Better service outcomes

Better service outcomes

One of the clearest messages from our independent advisory panel was concern that the quality of services and outcomes, especially for the most vulnerable, must be the primary consideration that drives decision-making around any changes to local government structures.

There was also consensus across almost all stakeholders that two-tier arrangements are not best placed to deliver against the current and future needs of Oxfordshire. Any unitary model would bring together services that are currently separated by different tiers of local government but could be better delivered side-by-side. For example:

- Adult social care services and housing could be brought together to better ensure that vulnerable adults have access to appropriate accommodation.

- Public health and leisure services could be brought together to ensure that healthy lifestyles are promoted in the widest possible way.

- Fire services and licensing of premises could be brought together to ensure a joined-up approach to regulation and fire safety.

For each of these examples the two services identified are currently delivered by different local authority bodies within Oxfordshire.

In the remainder of this section we consider a selection of services currently delivered by both County and Districts with the aim of understanding baseline service performance, identifying the alternative delivery models under consideration, and evaluating the strength of evidence that these would lead to improved outcomes.

When considering the quality of service outcomes delivered by the status quo option, separating fact from perception has not always been easy. Where available, we have drawn on verified data sources and intelligence in reaching a balanced view.

Adult Social Care Services

The County has provided evidence to show that adult social care services are delivered to a high quality. In 2014/15 the County Council's adult social care services achieved above-average scores in 20 of the 27 measures of the Adult Social Care Outcomes Framework (ASCOF) placing the County at joint sixth-best performance in the country, a position they expect to maintain when further comparator data is published for 2015/16. Collaborative working and co-commissioning with health is relatively mature with extensive use of pooled budgets, joint commissioning arrangements for a number of services and a large mutual commitment to the Better Care Fund. Local challenges include:

- Workforce recruitment and retention, compounded by poor availability of housing.

- An under-supply of appropriate accommodation for older people.

- High levels of delayed transfers of care from acute settings – although joint efforts with health partners appear to be addressing this.

In our discussions with health partners we heard a number of consistent messages:

- Whatever unitary solution is put in place, it must enable closer working between health and social care to improve outcomes for residents.

- Housing is a key part of the solution – both in terms of supported housing to relieve the pressure on health and social care and in in terms of affordable housing for care workers.

- The need to remove duplication across the health economy and maximize the amount of resource available to front-line service delivery.

- For community and voluntary sector care providers – the need to maintain a coherent and consistent commissioning regime.

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Better service outcomes (continued)

There is a lack of clarity from the City and Districts around how services could be delivered differently by multiple unitary authorities and a combined authority. There is general agreement that delivery of separate adult social care services for each unitary is not a desirable option due to the fact that smaller adult social care budgets are less likely to be viable and safeguarding arrangements will be less robust.

A number of potential delivery models have been discussed with us. These include:

- **New unitary authorities with pooled budgets**. This is the initial proposal published by the City and Districts, and would involve joint commissioning with the Clinical Commissioning Group (CCG) via a shared statutory Director of Adult Social Care role, with local accountability and budget setting retained by each unitary authority. Without further detail on how this could work in practice, we would have significant concerns around the ability to maintain service resilience and manage resource allocation under this scenario. It is not clear whether decisions around funding such as whether to levy the social care precept could be made coherently and accountably. It is important to note that demand for adult social care services is the greatest single pressure facing local government as the population ages[2].

- **Full integration of health and social care with commissioning led by the CCG**. This would involve full integration of adult social care and relevant CCG budgets with a retained statutory responsibility for local government at combined authority level or within individual unitary councils. This is technically viable and there are emerging precedents elsewhere. However, it is unclear how statutory responsibilities such as for safeguarding, the Mental Health Practitioner Service and for the Deprivation of Liberty Safeguarding services will or could be met. The same concerns would apply around effective democratic accountability and resource allocation.

- **An enhanced role for hospitals.** Oxford University NHS Foundation Health Trust have proposed to lead commissioning on elements of services for frail elderly with the aim of tackling delayed transfers of care (DToCs); although views on the viability of these proposals across health partners are mixed.

- **A county-wide unitary model.** A service within a county-wide unitary could benefit from enhanced locality working arrangements and draw on intelligence from other services such as benefits and housing. This would also provide a stable platform from which to progress joint commissioning and service integration with the CCG.

Running multiple new adult social care services within two, three or four new unitary authorities would be likely to increase the cost and complexity of services. It could also lead to increases in risk to service users due, for example, to the difficulties in sharing data across smaller services. Smaller unitary authorities would be unlikely to have sufficient scale to successfully maintain financial resilience if faced with a spike in demand for high-cost services. A joint or shared working arrangement would therefore be required across the new unitary authorities, although doing this through a combined authority is unprecedented.

In any unitary authority it is likely that benefits would arise from a closer connection between adult social care services and services currently delivered elsewhere – for example an ability to influence the supply of housing suitable for the elderly and to sit alongside benefits and welfare services, where appropriate sharing data to improve prevention and interventions. There would be additional clear benefits to being able to do this at scale.

Based on the national measurements described above it is clear that adult social care services are starting from a strong position under current structures. There is an emerging case for how services could be further improved through a county-wide unitary structure.

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Better service outcomes (continued)

Public Health

Public health services are currently delivered by the County Council on behalf of the County as a whole. A review of Public Health Outcomes Framework [3] data demonstrates generally positive performance and higher life expectancy than the England average, as would be expected for an area with relatively low average deprivation.

City and District stakeholders were not able to share any detailed thinking with us about how public health services could be delivered in a multi-unitary scenario. We note that the role of Director of Public Health (DPH) is statutory and must be appointed jointly by upper tier Authorities or Unitary Councils and the Secretary of State for Health. The Director of Public Health has a statutory duty to support the National Health Service. There are also precedents for shared Director of Public Health roles[4] for example across the unitary councils that comprise Berkshire.

There are clear benefits to the unitary model of local government for public health services – particularly the opportunity to influence and embed public health outcomes within those services that most immediately determine health outcomes such as housing, leisure and environmental health.

Our view is that scale is also important here – there are economies of scale both in terms of commissioning and the delivery of support functions such as analysis. A county-level public health function also enables a louder voice in negotiating with health partners and the CCG, as well as regionally and nationally. An attempt to fragment delivery of DPH functions across a multi-unitary footprint or to deliver it via a combined authority would necessitate a governance arrangement to balance competing interests and claims on funding. Our view is that a county-wide unitary solution would be the most effective option for public health services.

Notes: [3]. http://www.phoutcomes.info/public-health-outcomes-framework#page/1/gid/1000044/pat/6/par/E12000008/ati/102/are/E10000025
         [4].Section 30 of the Health and Social Care Act 2012

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Better service outcomes (continued)

Children, Education and Families

Oxfordshire is rated as "good" under the most recent Ofsted inspection of children in need of help and protection, children looked after and care leavers published in June 2014, putting it amongst the 26% of inspected authorities who achieved "good" or "outstanding" according to the most recent Ofsted national report (for 2016).

In May 2016 Ofsted published the findings of a Joint Targeted Area Inspection of multi-agency response to abuse and neglect in Oxfordshire in part in response to the high-profile conviction of nine men in May 2013 for child sexual exploitation. It said that Oxfordshire has 'a highly developed and well-functioning approach to tackling exploitation'. The report confirms that agencies in Oxfordshire understand the needs of children and young people and help them keep safe. Provisional 2015/16 outturns for looked-after children and child protection performance indicators compare favourably with prior-year figures and national averages.

Within schools Oxfordshire performs at or above the national average at all key stages. There are a higher proportion of schools rated as good or outstanding by Ofsted in Oxfordshire than nationally. The proportion of children educated in good and outstanding schools has risen over previous years.

We also note spending on children and young people's services in Oxfordshire per head of population 0-17 is 16% below the national average based on data produced in 2015/16.[5]

Challenges include the following:

- Severe budget pressures and rising service demand have led the service to reconfigure its early intervention services so that activity is targeted to those in greatest need. This reflects actions taken in large numbers of local authorities both locally and nationally. The decision by the County Council to seek to provide early intervention services by seeking the support of local communities and partner organisations has met with dissatisfaction from some stakeholders.

- Widely-reported instances of child sexual exploitation (CSE), with Operation Bullfinch leading to the conviction of nine men in May 2013 and further prosecutions are ongoing. The work of children's social services and partner agencies was subject to criticism at the time. Due to actions taken by the County Council and its partners in Thames Valley Police and health, partners are recognised by Ofsted as having put in place an effective response. The County Council is now working with other local authorities to help improve CSE services nationally.

A large majority of stakeholders recognized that disaggregation of the existing service would not be practical and that the benefits of service delivery over the county footprint should be protected.

A number of Advisory Panel members shared their experience of working in Berkshire, a County area consisting of multiple unitary authorities with separate safeguarding arrangements. This has meant that data sharing and effective liaison between partners is felt to be difficult and time consuming. There was agreement that a way of continuing to deliver services across the County would be needed.

Options that were suggested to us included:

- **One of the new unitary councils (e.g. Oxford City Council) leading children's services on behalf of others**. There are other examples of shared Director of Children's Services (DCS) posts notably the Tri-Borough arrangement in London, although this operates over a much smaller geographical area than would be the case in Oxfordshire and the organisations concerned have spoken publicly around the difficulties in managing allocation of funding. The same difficulties would likely apply in Oxfordshire given that, for example, approximately half of open looked-after children cases for Oxfordshire are located within the City itself.

- **A statutory DCS post at combined authority level** running a county-wide service. This is technically possible but unprecedented – without more detailed proposals we would have concerns around resource allocation and democratic accountability.

- **Creation of a children's trust** similar to that being explored in Birmingham, Doncaster, and Slough. Historically these have been created in response to underperformance, but this model could also be explored for areas that are performing well. This option would not avoid the risk of service fragmentation or the creation of new silos– especially as ultimate accountability would still sit with the individual local authorities.

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Better service outcomes (continued)

- **Increased privatisation of some services –** for example assessment of need. There are some precedents for this such as Swindon, although it is not currently possible to identify an example that is widely regarded as a success.

We would have significant concerns around the financial viability of children's social care services if delivered individually by three or four unitary councils. Similarly to adult social care services, this would risk creating greater cost and volatility in that smaller service budgets would be less resilient to spikes in demand, high-cost placements and potentially less able to secure the workforce needed at both senior leadership and operational levels.

Delivery of children's social care by a county-wide unitary could build on established arrangements for locality-based working and benefit from a closer connection and shared data with services currently delivered by the City and Districts – for example strategic housing and leisure.

We also note that the County Council is working with five Berkshire authorities, Swindon Borough Council and the voluntary sector to meet the government's requirement for all local authorities to have plans to regionalise adoption agencies by 2017. The County Council's adoption agency has been judged 'good' by Ofsted and is benchmarked amongst the best in the County for speed of placement. The government's plan to create larger agencies, where the practice of the best is embedded across a region, would be supported by a county-wide unitary which provides the current County Council adoption agency and can support growth. Conversely, division of existing County Council services unto smaller unitary authority areas would create significant uncertainty for this process.

Our initial view is that of the various alternative delivery models identified, the county-wide unitary model offers the clearest benefits and the least risk, although proposals for how this would work in practice are yet to be fully developed.

Fire & Rescue Services

The Fire and Rescue service for Oxfordshire is a part of the County Council. The service is well integrated into the County Council's people-focused services such as health and wellbeing, community safety and the safeguarding of vulnerable children and adults. The recent transfer of the Prevent duty from Thames Valley Police to the County Council is being delivered through the community safety teams and led by the Chief Fire Officer across Oxfordshire. Fire officers currently perform a range of non-traditional roles including health and wellbeing visits, working with those excluded from education, healthy eating, home adaptations, doorstep crime and scam prevention.

There are no clear proposals for how fire and rescue services could be delivered differently although there does appear to be a consensus that the disaggregation of the existing service would not be viable. As with other services, there would be clear opportunities to extend service integration through unitarisation to services such as licensing and environmental health. We explored some of the considerations and emerging thinking:

- A new **combined fire authority** to be implemented, in the event that a multi-unitary option is the outcome. This is not the preferred direction of the former Home Secretary[6] and current Prime Minister – and would therefore seem unlikely to be deliverable.

- Further **blue-light collaboration and integration** on a County footprint.

- A **multi-county arrangement** potentially including the merger of fire services. There may be an opportunity to consider further integration with the police over a Thames Valley footprint

- Delivery of the fire service as part of a **county-wide unitary**, extending the service integration that has been achieved within the County into further services such as housing and licensing

Our view is that simplified governance, relationships and strategic scale would bring immediate benefits to the Fire and Rescue Service and that a county-wide unitary would therefore represent a positive change. A multi-unitary option or indeed a multi-county arrangement would put in place additional complexity in these areas and make further service integration more difficult.

Notes: [6] https://www.gov.uk/government/speeches/home-secretary-speech-on-fire-reform   29

Better service outcomes (continued)

Spatial Planning and Development

Spatial planning and development services are delivered individually by the City and District councils. The Oxfordshire Growth Board is intended to provide a vehicle for joint decision-making although in practice there is general recognition that these arrangements require significant strengthening. This is considered in more detail later in the report under the economic growth and infrastructure heading.

All stakeholders agree that better integration of strategic planning services and alignment of decision-making is a much-needed improvement to baseline arrangements. Significant financial savings would be available through integration of planning and infrastructure teams that currently determine planning applications within City and District Councils. The use of a single planning system would have further benefits for efficiency and effectiveness of the service.

The following approaches are proposed:

- **A combined authority** - the City and Districts propose that strategic planning decisions could be taken by a combined authority with smaller decisions delegated to District level.

- **A consolidated service within a county-wide unitary**, spatial planning functions would be integrated with strategic decisions taken on a county-wide basis and certain decisions delegated to locality-based panels.

The effectiveness of either option would turn on the governance arrangements in place to balance potentially competing interests across different localities, separate strategic from local decisions and ensure that planning decisions are taken in harmony with the design of other services such as leisure, waste, fire and environmental health.

It is not yet clear how a combined authority would improve upon the existing performance of the Growth Board in achieving a coherent county-wide picture for spatial planning. If, as proposed, membership of a combined authority is comprised solely of leaders of each of the new unitary authorities then each of these authorities retain an effective veto as subsidiarity, as we understand it, remains a founding principle of their proposal. There is a risk that competing interests would continue to make joint decision-making ineffective.

A county-wide unitary, by contrast, would have the key benefit of providing greatly simplified arrangements for accountability and decision-making. A single sovereign organisation would have just one political and executive group with ultimate responsibility for decision-making and without the ability to blame others for a lack of progress.

A county-wide unitary would also be able to develop a single local plan for Oxfordshire – cutting through historical difficulties in housing allocations - and would be able to make strategic decisions at scale, subject to full democratic accountability and scrutiny.

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Better service outcomes (continued)

Delivery of New Housing

Oxfordshire is affected by a chronic shortage of housing and high prices for existing stock. Oxford in particular is unable to meet its own housing need. Aside from the obvious impact on existing residents, the effects of poor supply of housing are felt by businesses across Oxfordshire through labour shortages. Limited availability of housing in close proximity to employment opportunities also puts more pressure on commuting from areas where more affordable housing is available.

A shortage of affordable housing also affects other public services, for example through a lack of affordable housing for care workers and teachers. The process of reaching agreement between District Councils on how to meet housing growth allocations has been protracted. Negotiations have taken place at the Growth Board over the last eighteen months and have only recently culminated in a proposal to the Board expected in September 2016. In the meantime existing and additional targets for provision of new housing across Oxfordshire are being missed by a substantial margin, as illustrated in Graph 2 below.

Graph 2 – delivery of new-build housing in Oxfordshire against planned targets
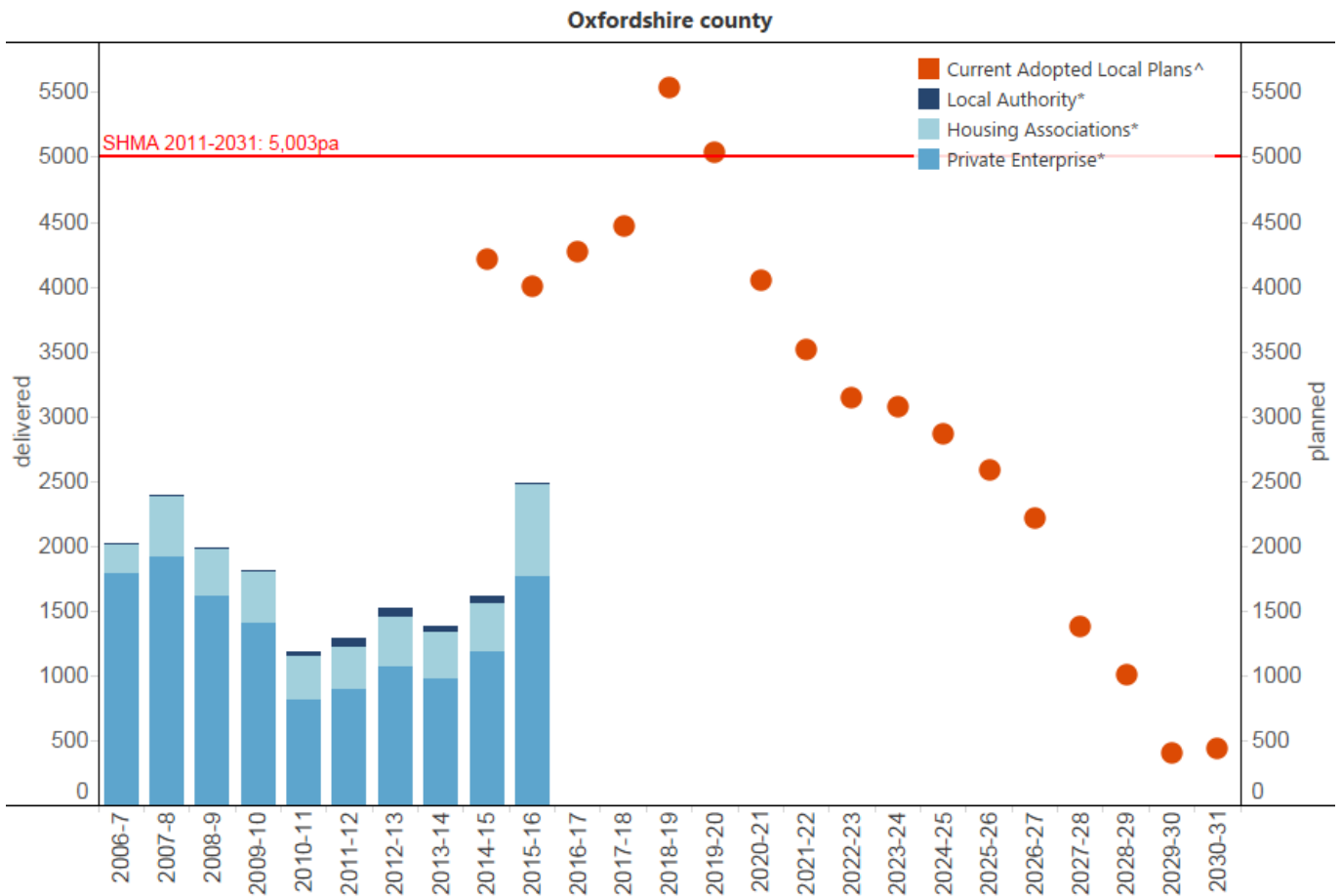
* DCLG completion figures

^ Projected completions are taken from the latest Annual Monitoring Report published by districts

Better service outcomes (continued)

Each District Council is responsible for maintaining a separate local plan, although these are currently in varying states of completion.

Previous attempts to develop an integrated local plan for Oxfordshire have been unsuccessful. A lack of joined-up planning across local government organisations is a major contributing factor in relatively slow delivery of new housing.

During our review we spoke to two large housing developers who described the complexities of working in the current two-tier environment, including simultaneous negotiation with both the County Council and Districts. They described a failure to take joint decisions on issues of mutual interest, for example the inclusion of schools in new developments, and significant delays whilst political conflicts play out. From an outside perspective this situation can appear incoherent and frustrating.

There are clear benefits to strategic decisions around housing growth from unitarisation in that development partners are provided with a clarified line of negotiation and decision-making. A county-wide unitary could swiftly solve housing problems by producing a single local plan and making allocations through a simplified decision-making structure. A well-governed combined authority could theoretically do the same, although significant improvements would need to be achieved on existing shared decision-making arrangements such as the Growth Board.

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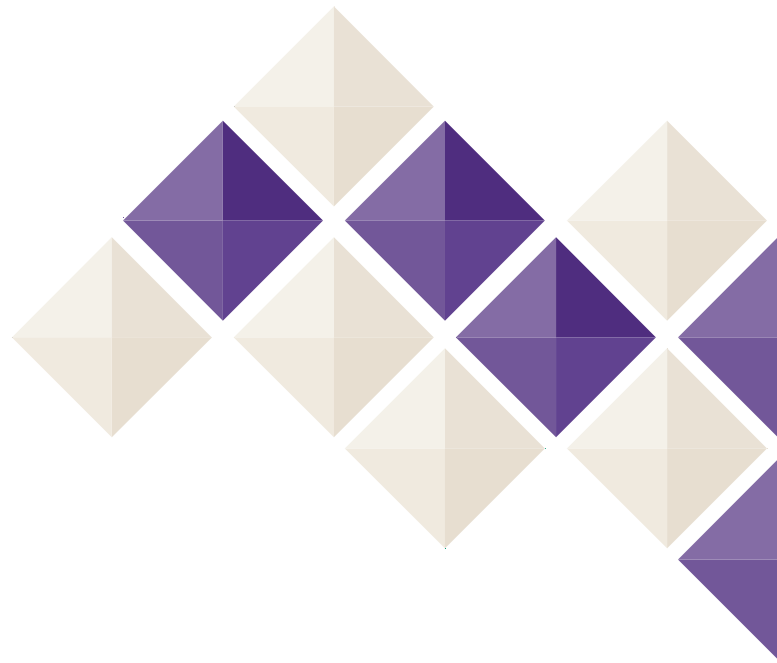
Better service outcomes (continued)

Improving service outcomes – key messages from our call for evidence
Of the respondents who expressed a single preference, 51% took the view that a county-wide unitary would be most likely to improve services in Oxfordshire. The remaining proportion of views was spread approximately evenly across the other options. The quotes below are typical of the main arguments put forward.   • Four unitary option – *"You need local people with local knowledge working for the local community and funded by them"*   • Three unitary option – *"…separates Oxford City from the rural areas, which are too big to be managed in one unit. Two rural units is most efficient."*   • Two unitary option – *"… best addresses the different needs of urban and rural areas."*   • One unitary option – *"Eliminates duplication and also takes into account needs of both city and county"* and *"because this brings economies of scale across the county and has worked in other parts of the country"*   • The Status Quo option – *"Because certain services are better delivered at a strategic level e.g. transport, whilst other services are more suited to effective delivery at the local level."*
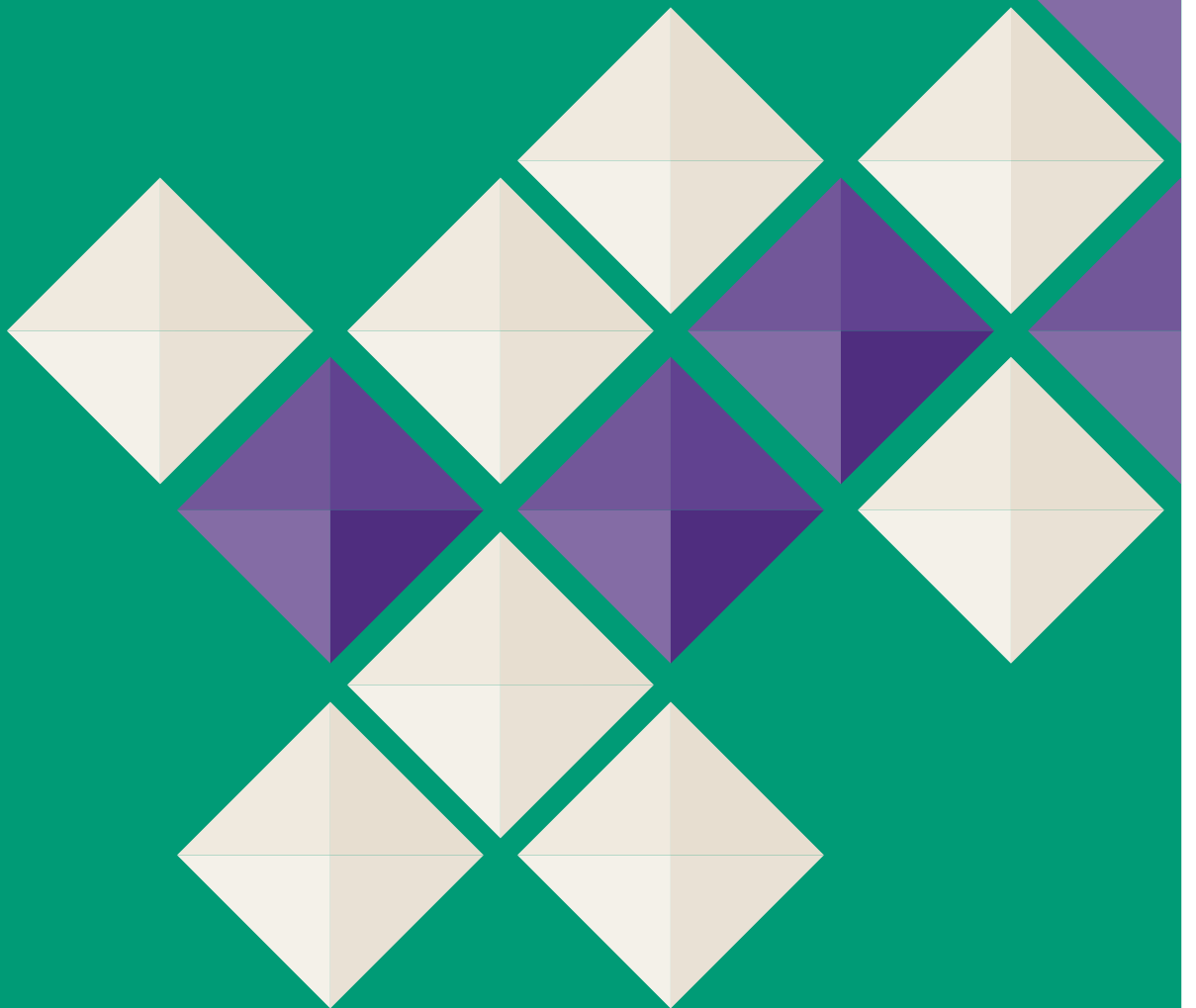
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Cost savings and value for money

Cost savings and value for money

Under the status quo, all local authorities within Oxfordshire are likely to be able to maintain financial resilience over the medium term despite significant financial challenges. The County Council has a track record of managing challenging reductions in funding. The District Councils have sought cost reductions in particular through shared management posts and shared services.

All four options to create new unitary councils within Oxfordshire offer the potential to make savings through service consolidation over and above what would be possible under the current two-tier structure. However, the level of net savings that each new organisation would benefit from is significantly less for the four and three unitary options.
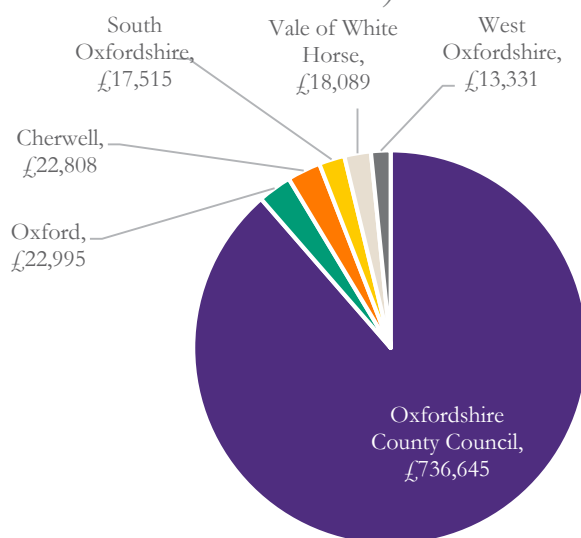
Due to the high level of shared management posts and shared services among the existing District Councils, the benefits from the consolidation under the 3 and 4 unitary options are more limited. There is greater scope for benefits from consolidation of senior management and asset rationalisation under the larger two unitary or county unitary options. Given the greater scope for aggregation and economies of scale, the county-wide unitary option offers significant potential for higher savings than the others.

The funding available to Oxford is one of the most significant issues affecting our assessment of financial resilience of unitary options. This is because Oxford has a different profile to the other District Councils, with a greater concentration of need and a limited Council Tax base, which is difficult to grow within the existing constraints of the City boundary.

Under a four or three-unitary option, and to a lesser extent under the two-unitary option as defined in this analysis, an Oxford City Unitary would start life with a significant and unmanageable budget deficit. A special funding arrangement would be required in order to mitigate this – however at the moment there are no proposals for how this could be achieved.

The scale of budget that each of the existing councils brings with it also affects the level of efficiency that can be generated by combining them to create multiple new unitary authorities, as shown in Graph 3 below:

Graph 3 – 2016/17 net cost of services for local authorities within Oxfordshire £m (DCLG Revenue Account data)

South Oxfordshire, £17,515
Vale of White Horse, £18,089
West Oxfordshire, £13,331
Cherwell, £22,808
Oxford, £22,995
Oxfordshire County Council, £736,645

The summary position of cost savings and value for money are summarised in the table below and explored in more detail in the remainder of this section

	Status quo	Four Unitary Authorities	Three Unitary Authorities	Two Unitary Authorities	County Unitary Authority
Potential savings from consolidation	None	Limited £3.0m – £3.7m	Limited £4.5m - £5.5m	Moderate £9.5m - £11.6m	Significant £18.5m - £22.6m
Estimated payback period for transitional costs	NA	3-4 years	2-3 years	1-2 years	1 year
Opening financial position(s)	Balanced	Significant deficit Oxford City - £15.8m Cherwell - £7m	Significant deficit Oxford City - £15.8m	Deficit Oxford City - £11.5m on indicative boundary used for this study	Balanced

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Cost savings and value for money (continued)

The Status Quo

Local government in Oxfordshire faces significant financial challenges - however the County Council, the City and the District Councils have robust medium term financial plans and under current projections would be likely to maintain financial resilience up to 2019/2020 and beyond. While the consolidation of councils into unitary combinations does offer the potential for greater cost efficiency, the status quo remains a financially viable option in the short to medium term.
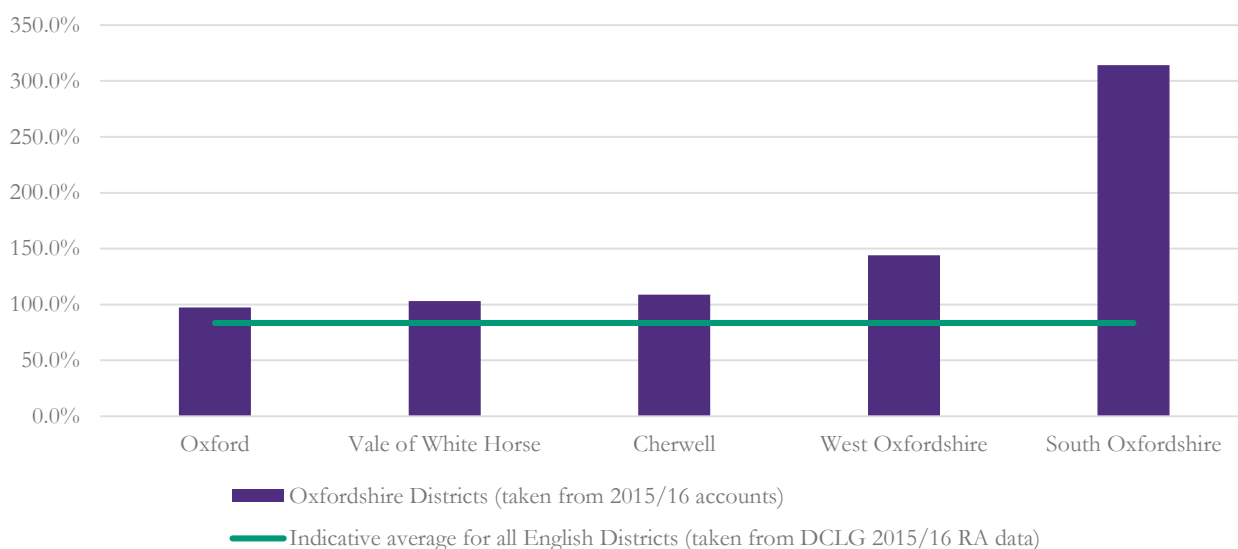
Financial pressures arise in part due to significant reductions in settlement funding, particularly with the elimination of revenue support grant (RSG) within the next four years. The net reduction in RSG is partly compensated by increases in the net amount of retained business rates, but there will be an overall reduction in government funding over this period, presenting a key challenge to council funding that is being addressed primarily through efficiency savings. District Councils' current reliance on RSG is summarised in Graph 5 overleaf.

The District Councils have faced these challenges in their medium term financial plans supported by substantial reserve levels (see Graph 4 overleaf) and comparatively healthy Council Tax and business rate bases. This position has been helped by assurances from government that income from the New Homes Bonus will continue to be received for the duration of medium term financial plans, at least up to 2020, albeit at a reduced level. Although there are variations across the county in the level of financial pressure, the District Councils are in a relatively sustainable financial position up to 2019/20 and beyond.

Oxford City Council	The council is proportionally more dependent on RSG than the average for district councils (14% of revenue expenditure per the 2016/17 RA form) and in comparison to the other Oxfordshire districts councils, but has prepared a medium term financial plan budget up to 2020 primarily using budget efficiency savings to achieve a balanced budget in each year. The Council has not planned to use reserves to support its revenue position and has continued its policy of reserving New Homes Bonus receipts for use on capital projects rather than to support revenue expenditure. The Council has substantial reserves in 2015/16 with combined general fund and earmarked reserves amounting to 97% of its net cost of services.
Cherwell	The Council has an average level of dependency on RSG compared to district councils nationally (10% of revenue expenditure). The Medium Term Revenue Plan (MTRP) for 2016/17 showed a funding gap of £1.8m over the period which was subsequently closed through a combination of savings, additional income and the use of New Homes Bonus. The MTRP indicates a projected deficit of £2.9m by 2020 (£3.9m by 2020/21) however the Council has sufficient reserves to cover the gap over this period, pending the development of further savings plans. The Council has substantial general fund and earmarked reserves at 108% of the net cost of services.
West Oxfordshire	The Council also has average levels of dependency on RSG compared to district councils nationally (10% of revenue expenditure). The medium term financial plan was revised in order to address a larger than expected projected deficit as a result of the funding settlement. The Medium Term Financial Strategy (MTFS) indicated the use of New Homes Bonus and reserves to balance the financial position pending the development of recurrent savings plans under the savings from the 2020 Vision Programme - the Council has identified a need to improve its annual revenue position by approximately £1.6m by 2021. The Council has substantial reserves with general fund and earmarked reserves to the value of 144% of the net cost of services in 2015/16.
South Oxfordshire	The Council is marginally less dependent on RSG than average (9% of revenue expenditure). The medium term financial plan sets a balanced budget up to 2021 and is able to fund a Council Tax freeze over the period. The funding position is supported by significant income from treasury deposits and property income. The plan also incorporates savings from the corporate strategy review and other services. In 2015/16 the Council had very substantial general fund and earmarked reserves reflecting 314% of the net cost of services.
Vale of the White Horse	The Council is less dependent on RSG than most other district councils (8% of revenue expenditure). The medium term financial plan sets a balanced budget up to 2021, including significant savings from the corporate strategy and other initiatives. The funding position is supported by significant income from treasury deposits and property income. The Council has used reserves to facilitate a Council Tax freeze in 2016/17 but is planning subsequent increases. The Council has a substantial level of reserves reflecting 103% of the net cost of services.

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Cost savings and value for money (continued)

Graph 4 – District council reserves as a proportion of net revenue expenditure (2015/16 statements of accounts)

Oxfordshire Districts (taken from 2015/16 accounts)

Indicative average for all English Districts (taken from DCLG 2015/16 RA data)

Graph 5 – District council revenue support grant as a percentage of net revenue expenditure (DCLG Revenue Account data 2016/17)

Oxfordshire Districts   Average for all English Districts

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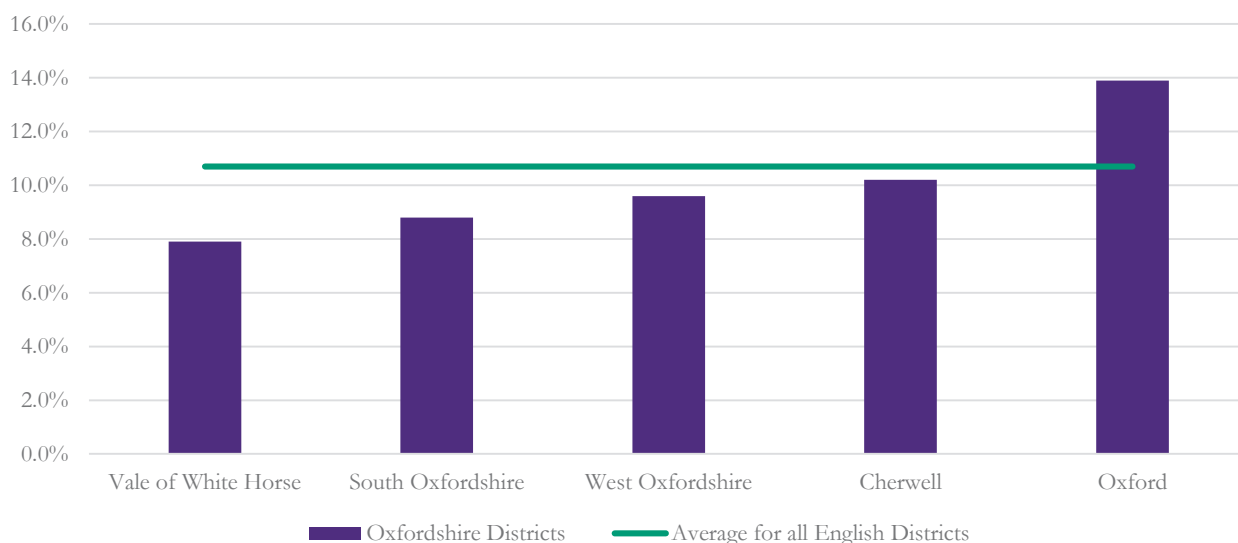
Cost savings and value for money (continued)

Oxfordshire County Council

In common with many county councils across England, rising demand for adult and children's social care combined with reducing settlement funding presents a significant challenge to Oxfordshire County Council's longer term financial sustainability. However, the council has implemented a large scale savings programme to deliver £114m of savings over the next 4 years, of which £15m will be delivered through service transformation. The Council is developing additional savings from transformation that will increase this figure, in order to meet further demand pressures expected over the medium term. The majority of these savings are underpinned by approved savings plans allocated to specific areas of activity and the Council has a good track record of delivering efficiency savings since the 2010 spending review. The savings are front loaded in 2016/17 and 2017/18, with a minimum of £53m of savings taken out of the current 2016/17 budget.

The medium term financial plan identifies significant cost pressures in adult and children's social care from rising demand for services. Adult social care demand is a function of an aging population that is living for longer, partly mitigated through health and social care integration with NHS services, including additional funding to local government through the Better Care Fund. While challenging, the pressures on Oxfordshire and the measures being taken to mitigate the cost of the service are not out of line with the experience of other top tier and single tier councils. The County Council has utilised the new social care precept amounting to an additional 2% rise in the County Council's share of Council Tax to support the funding of social care. The County Council has projected an increase in the standard rate of Council Tax for residents by 1.99% over the course of the MTFP, in addition to an anticipated growth in the tax-base to which these levels will be applied at 1.63% per annum.

We looked at county council reserve levels across England using the 2016/17 budgets in the RA forms published by DCLG – see Graph 6 overleaf. It is common for top tier and single tier councils to have much lower levels of reserves than district councils, partly due to the current funding arrangements around the New Homes Bonus which has helped district councils to build up substantial levels of reserves in many areas. The County Council is projecting reserve levels of 22% of total service expenditure by 1st April 2017 (excluding schools and public health which are separately funded). This is close to the county council average of 25%. The RA data also shows that the County Council is expecting to reduce its reserves by nearly 5% during 2016/17, however this is again in line with projected movements at other counties, which average a reduction of 7%. These reductions are primarily drawdowns from earmarked reserves set aside for specific purposes. Overall the Council's reserve levels as an indicator of financial resilience remain in line with similar authorities. The County Council therefore has sufficient reserves to cope with some slippage in the savings programme in the period up to 2020.

The County Council's reliance on RSG is around 9% of net revenue expenditure in 2016/17 - see Graph 7 overleaf. This is relatively low when compared to an average reliance of 12% for county councils nationally. This is due to the relatively healthy levels of Council Tax collected in Oxfordshire which provide slightly more protection from the impact of government funding reductions.

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Cost savings and value for money (continued)

Graph 6 – County Council reserves across England in 2016/17 (DCLG Revenue Account data)
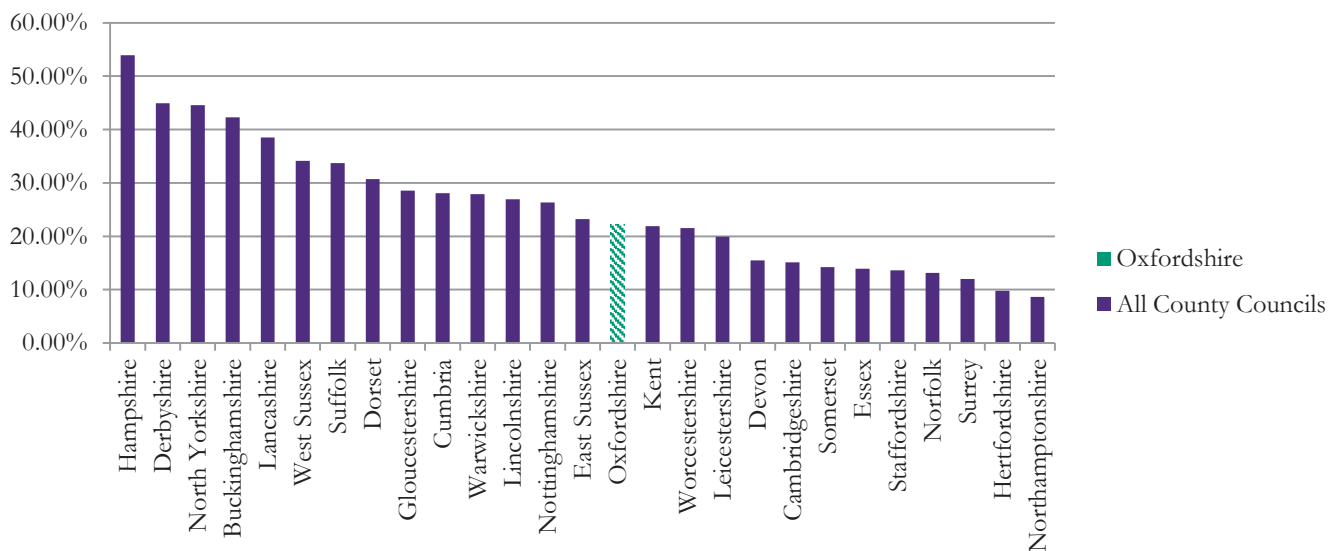
Graph 7 – County Council reliance on Revenue Support Grant 2016/17 (DCLG Revenue Account data)

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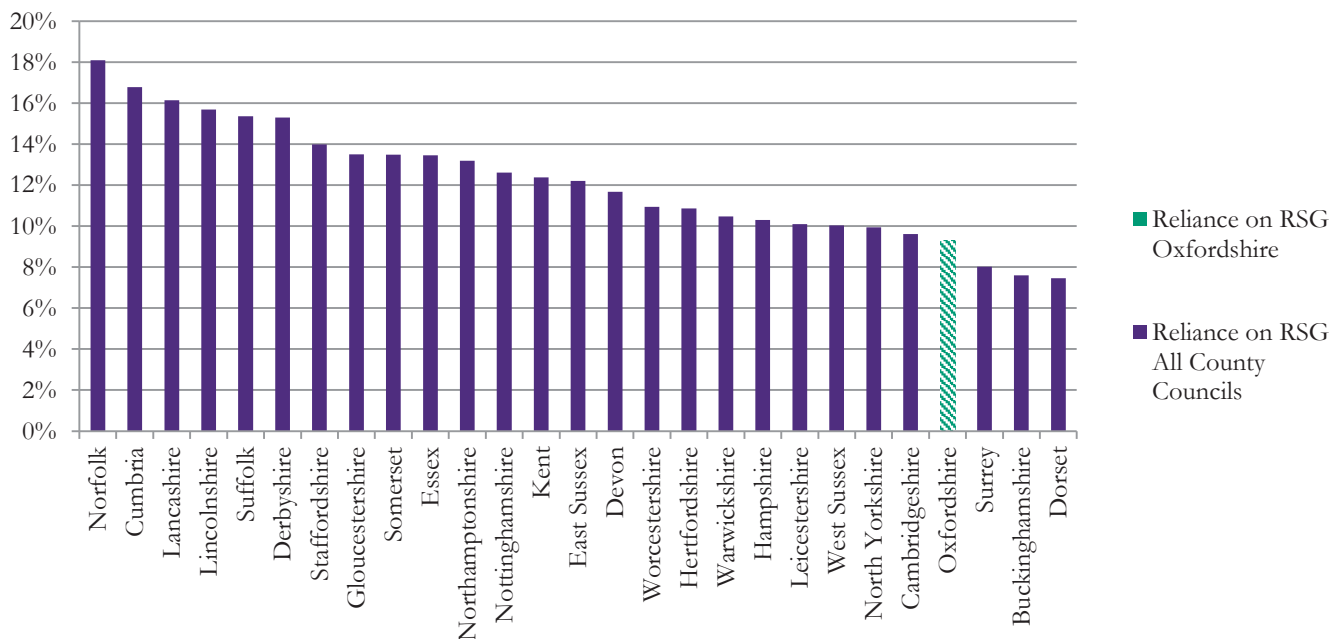
Cost savings and value for money (continued)

Analysing change from the baseline – strategic financial assumptions

A number of strategic assumptions have been required in order to complete our analysis of the options for unitary authorities, summarised below. These were agreed with the County Council.

Assumption 1 - we have assumed that existing County Council front-line services will continue to be delivered on a County-wide basis

As noted earlier in this report, there is currently no clear view on how services currently delivered by the County Council would be delivered by multiple new unitary authorities within Oxfordshire. There appears to be some consensus that a full disaggregation of County Council services is not desirable. This is because setting up multiple new independent directorates for services such as adult social care would require new stand-alone systems, new commissioning arrangements and establishment of new teams.

This additional cost would undermine any savings from consolidation and would not provide value to residents of Oxfordshire. Learning from areas such as Berkshire shows that adult social care services run by smaller unitary authorities can struggle to maintain financial resilience. There is some agreement that current County Council services would therefore continue to form a single service, either through a combined authority or through the creation of new independent service organisations which have yet to be fully defined. For the purposes of this analysis, we have assumed that under each option County Council services would continue to be delivered in a unified County wide configuration modelled on the current service. The cost of these services has been disaggregated to each new unitary authority under each option, and this cost would reflect the financial contribution made by each new unitary authority to the county-wide service in each case.

The financial impact of this is assumed to be neutral, with the exception of adult and children's social care where the additional cost of a new joint director of adult social services and children's service has been assigned to each entity to cover the statutory requirement for these posts.

Assumption 2 - we have assumed that proposed efficiency savings will be delivered as intended

We have set a baseline of income and expenditure for each new entity under each of the unitary options, based on existing medium term financial plan assumptions across the six existing councils in Oxfordshire. We note that 2016/17 MTFP revisions for a number of councils incorporate savings proposals up to 2020 and beyond. Where savings targets have been set but not yet developed in detail or assigned to services, resulting in an identified 'budget gap', Oxfordshire councils have balanced their projected budgets by deploying reserves and/or allocating New Homes Bonus receipts pending the delivery of these savings. Within our analysis, we have assumed that proposed efficiency savings sufficient to balance the budget in each year of the medium term financial plan will be delivered as intended under all of the options and that these will be separate to any further savings arising from the consolidation of existing organisations to form new unitary authorities.

Assumption 3 – there is some inherent uncertainty in the benefits to be derived from consolidation

Our experience of large scale consolidation in public sector organisations prompts some caution when discussing the benefits from consolidation, the costs of transition and the timescale in which the net benefits can be realised. Savings can often be less than planned or take longer to crystallise and the cost of transition can often be more than anticipated. There is limited reliable data on net benefits from the last round of Local Government consolidation implemented in 2009.

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Cost savings and value for money (continued)

A net benefit over 5 years was reported in all cases, although it is hard to separate the direct benefits from consolidation, as opposed to subsequent service transformation or savings that would have been realised by councils had no change taken place. We have therefore taken a prudent approach to the level of savings we have projected, although these have been calculated on a consistent basis under each option.

Assumption 4 - estimated savings arising from consolidation are additional to any savings expected from transformation

As a result of strategic assumptions noted above, we have taken care to focus our calculation of savings from council consolidation, only where this arises directly from the creation of new unitary councils under each of the options. We have not included savings from the transformation of services that have already been planned, such as in the case of the County Council's existing transformation programme, or that could take place independently of council consolidation under the options under review.

Disaggregation of County Council income and expenditure to new unitary authorities

We generated a baseline income and expenditure budget from 2016-17 to 2019-20 by apportioning County Council income and costs to each existing District Council. This 'disaggregation' process used a variety of apportionment methods. The apportionment represents a high approximation of the share of total local authority activity within existing council boundaries, based on the level of consistent information available to provide an appropriate driver of cost and income. Where detailed data on actual expenditure by district was not available, we selected the most appropriate cost driver based on units of activity. We have apportioned the total cost of services using the standard high-level service categories used by DCLG, which align to the MTFS projections provided by each authority during the review process.

Apportionment of County Council income

Funding Source	Funding driver used
Council Tax	Current Council Tax base
Business Rate Retention Scheme	Settlement Funding Agreement 2016/17 per head of population, used to approximate the funding formula.
Revenue Support Grant	Settlement Funding Agreement 2016/17 per head of population, used to approximate the funding formula.
Specific Grants	Allocated on the specific details of the relevant grants. Education, Public Health and Fire allocated in proportion to costs allocated.
Other items	Population

Apportionment of County Council costs

Service Category	Cost driver used
Adult Social Care	Actual cost of county activity in 2015/16 analysed by district.
Children's Social Care	Children's services cases in 2015/16 analysed by district.
Highways and Transport	Based on the population per mile of road within the district boundaries, giving an approximation of the weight of traffic.
Environmental Services	Population
Education	Population 0-17
Fire and Rescue	Allocated on the basis of dwellings
Other services	Population

The two unitary authority option required an additional allocation of costs due to the proposed boundary changes. This allocation was made primarily on the basis of the transfer of population from each District Council to the new expanded boundary. Note that the expanded boundaries used in this calculation are indicative only.

The disaggregation of County Council funding to the new organisations under each option used in this analysis is an approximation based on the 2016/17 settlement funding level per head of population.

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Cost savings and value for money (continued)

Funding deficits and surpluses based on current assessed need

It is not possible to anticipate what view central government will take in determining the settlement funding allocation for newly-formed unitary authorities, especially at a time when funding for all authorities is being reviewed and the proposal for full business rates retention is due to be implemented in 2020. The most recent detailed assessment of local government funding needs under the old formula took place in 2013/14 and subsequent years have seen overall reductions to these levels. The assessment of needs formula used at this time was widely recognised to require updating as it did not adequately reflect changes in the profile of populations and the resulting impact on services.

Under the current two tier-system, total funding across the County area is sufficient to cover the cost of services, assuming that proposed savings plans are implemented in line with current MTFS projections. In principle, therefore, a redistribution of funding across new unitary authorities in Oxfordshire would be achievable without needing to draw in additional funds through the settlement that would impact on the allocation to other councils, which central government would be highly unlikely to support. However, agreement for the redistribution of funding within the County would require significant political will.

Our disaggregation of County Council income and expenditure to the existing District Councils based on current activity levels and Settlement Funding Agreement (SFA) per head, indicates that the options for the creation of four, three or two unitary authorities would result in a significant forecast deficit for the Oxford City Unitary Authority. See Graph 8 below. In order to address this either a significant increase in Council Tax, additional cost savings or a renegotiation of the funding settlement would be required. One possibility might be to absorb the deficits through additional savings as a result of re-configuration, however we do not currently project that savings will be sufficient under either of these options to eliminate the deficits as well as cover the costs of transition within a five year period. Further detail on estimated savings is included later in this section.

The primary cause of the imbalance in cost over income is that current County Council expenditure on cost-intensive areas such as adult social care and children's services is not evenly distributed between the District Councils, due to differences in the demand, with Oxford City incurring a significantly higher proportion of the cost of children's services in particular due to its urban profile. Cherwell also registers a deficit, however the remaining District Councils show a baseline surplus, indicating historic levels of cross-subsidisation across Oxfordshire.

Graph 8: County expenditure surplus and deficit disaggregated across Districts

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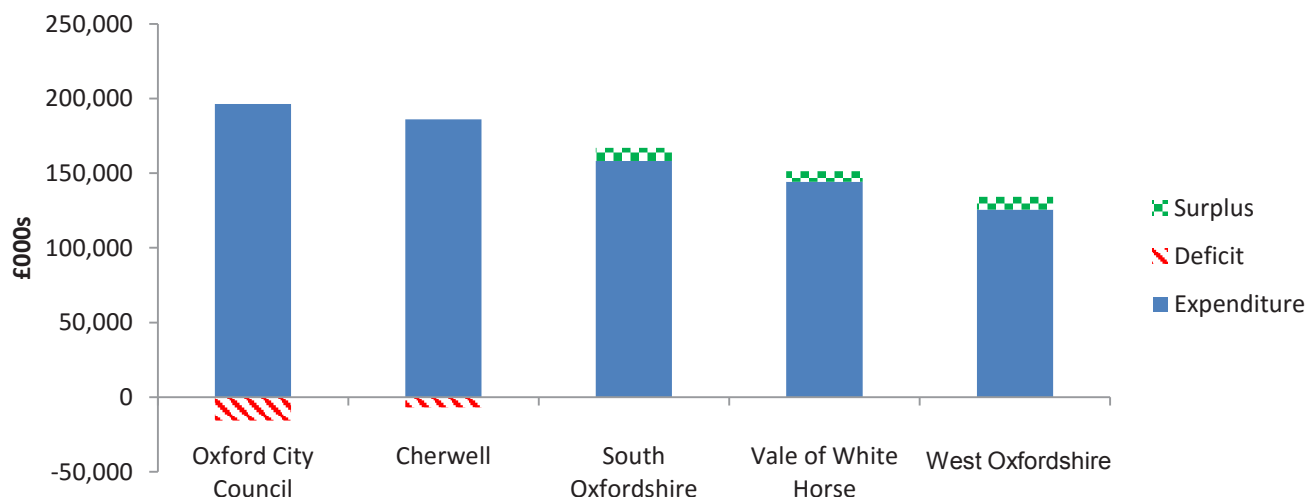
Cost savings and value for money (continued)

Estimating the savings from unitary authority options

We have calculated approximate levels of savings likely to arise from each of the unitary options. As previously mentioned, these estimates reflect only the potential benefits of consolidation across organisations, and do not reflect the transformation plans of existing organisations. These savings have been adjusted as far as possible to exclude existing savings plans and savings already realised through shared service working, external provider contracts and shared posts.

The following table sets out the principal sources of savings through consolidation and sets out the basis for calculating the savings value in each case.

Saving type	Rationale
Reduction in the number of senior management posts	Council consolidation will reduce the number of directors, chief executives and statutory heads of service required to run the councils under each option. In each case we have stripped out duplicate posts based on the average salary of senior posts across Oxfordshire. This saving has been adjusted downwards to reflect the current level of shared posts in the District Councils. We have included the net effect of the additional cost of a new joint director of adult social services and children's services, assigned to each new council to cover the statutory requirement that each independent council must have a senior member of staff assigned to this role. However, it might be possible to create a shared post or posts depending on the nature of any new joint social care organisations.
Reduction in the number of councillors	There is expected to be a reduction in the number of councillors within Oxfordshire to better reflect the benchmark number of councillors per head of population for existing unitary councils. We calculated a cost per member of that element of legal and democratic services staff budgets that relate directly to member activity (estimated at 17% on average based on budget information). The saving was calculated by multiplying the average cost per councillor by the reduction in councillors.
Efficiencies and economies of scale from combining corporate central services	Savings will be derived from the consolidation of staff posts as back-office support services (such as finance, Legal, Procurement, ICT and HR) are combined. The assumed saving has been adjusted to reflect the current level of shared service arrangements across precursor councils, from which savings have already been realised. We have excluded the cost of payments to partners and external service provider contracts as it will be difficult to derive savings from these in the short term. We have assumed that Full Time Equivalent (FTE) savings of between 5% and 20% are produced when two or more organisations combine (the savings rate is adjusted to reflect the current level of shared service in place and the scale of services being combined). Savings are limited under the four and three unitary options, due to existing shared service arrangements with two or more partners. However, economies of scale are created when significant numbers of FTEs are merged under the two unitary and single unitary options. This includes the benefit derived from County Council back office FTEs being merged into those of the new unitary authorities.
Efficiencies and economies of scale from combining district services	We have included savings derived from combining staff posts (FTEs) from similar district council services. This is derived from that element of current budgets identified as enabling activity (non-customer facing), with a proportionally smaller benefit from direct service or customer-facing activity. A saving of between 5% and 20% has been applied to reflect economies of scale from combing two or more District Councils under each option. This has been discounted to reflect the shared front-line services in operation at several of the District Councils, notably between South Oxfordshire and Vale of the White Horse. This means that potential savings from this source are restricted under the four and three unitary council options.
Savings from asset rationalisation	Revenue savings have been derived from the reduction in office space required as a result of the reduction in staff FTEs, the majority of which are drawn from office-based roles. This comprises an estimated element of rental income from surplus office space (estimated at a lower end current market rental in Oxford of £245 per workstation per year). An element of saving from running costs has also been calculated based on information supplied by the councils applied consistently across all options. The reduction in FTEs also offers the option of vacating buildings stock for sale as surplus assets. The potential cost benefit of this has not been included.

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Cost savings and value for money (continued)

Service transformation savings may also be possible as an indirect result of the opportunities presented by the consolidation of existing councils. This kind of transformation, for example through process improvement, will typically involve the redesign of services to improve efficiency at or beyond the level currently delivered by any of the component councils. We have excluded these savings from this analysis for the following reasons:

- Service transformation requires detailed planning and analysis of individual services and budgets and design of new processes. It is likely that this could only take place efficiently once a decision has been taken on the preferred option for council reconfiguration in Oxfordshire.

- All the existing Oxfordshire councils, notably the County Council, have transformational plans to streamline services currently underway. These have already been factored into the income and expenditure projections used for this analysis. There would be a need to consolidate and revise these plans under any of the proposed unitary authority configurations.

- The existing Oxfordshire Councils have established a number of contractual arrangements with third party suppliers, notably in regard to waste collection. These would require significant time to rationalise, which would have to take place independently of the timeframe for the council consolidation process.

- Transformational savings are often difficult to realise and may be limited by operational constraints, socio-demographic pressures and political considerations.

In order to validate the target level of savings we undertook a preliminary benchmark analysis of the net unit cost per head of population of services for Oxfordshire as a whole using 2016/17 Revenue Account budget data recently released by DCLG. In order to ensure comparability we excluded Schools and Public Health services as these are wholly or partially funded by ring-fenced grants outside of local government core funding. We also excluded the fire service, as in many council areas fire is a stand alone body and not part of council services.

In addition, the level of Schools and Fire services is not consistent between councils and could distort the comparison. We compared Oxfordshire as a single entity to existing unitary authorities with large populations, similar demographic and urban/rural profiles. For Oxfordshire the benchmark group consisted of unitary authorities with comparatively large populations, relatively low levels of deprivation and a mixed urban and rural profile. It should be noted that the population of Oxfordshire is significantly larger than existing unitary councils in the group in terms of population. It should also be noted that our benchmarking indicated that a primary driver of the cost of council services is deprivation and therefore other large unitary councils such as Cornwall, Durham and Bristol were excluded from the benchmark group due to significantly higher levels of deprivation and the distorting effect this had on costs. For this reason the benchmark group used was as follows:

- Wiltshire
- Cheshire East
- East Riding of Yorkshire
- Cheshire West and Chester
- Shropshire
- South Gloucestershire
- Central Bedfordshire
- York
- Milton Keynes
- Swindon

Our benchmarking of 2016/17 budget data indicated that local government in Oxfordshire would have to deliver core services at 5% lower cost than in 2016/17 in order to meet the weighted average level of cost per head of population of the benchmark group. This would amount to a saving of £21.3m across the county, which is in line with the upper limit of our projection of savings potential.

The total budgeted revenue expenditure by the County Council, the City Council and the District Councils in 2016/17 was just over £538m excluding schools budgets. The savings available through creating single tier unitary councils are therefore relatively small compared with total expenditure. This is because the bulk of the cost relates to the demand for direct services in the County which will not be affected by the configuration of the administering council.

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Cost savings and value for money (continued)

Estimating transitional costs

The creation of new unitary authorities under options 1 to 4 will incur varying degrees of one-off cost over a period of one to three years. The cost of change are somewhat speculative, but we have validated these against historical examples and proposals put forward in other areas where possible. The key costs used in our financial analysis are as follows:

Cost category	Basis
Cost of redundancy	Based on salary and pension payment due for FTEs identified in the cost savings from consolidation. This has been calculated using the County Council policy of one week per year of continuous service based on actual salary uplifted by a factor of 1.5, plus an estimate of pension entitlement resulting in an average redundancy cost of approximately £18,500 per FTE. This does not include any additional cost of incentives for voluntary redundancy or early retirement.
Cost of IT systems integration	Estimated on a basis of a £2.3m baseline plus £200,000 per additional unitary organisation being created under each option. This assumes an additional cost premium arising from the need for multiple integration programmes. This provides a broad estimate subject to variance as a result of the system design process and the compatibility of systems in each case and is consistent with other comparable business cases.
Transformation team/ professional advisors	Estimated for each option on the basis of a director of transformation and a team of programme managers/analysts in post for three years. The cost of the transformation teams is adjusted to reflect the relative complexity of setting up each new entity under each option. There is an assumed cost premium arising from the need for multiple transformation teams to be set up across multiple organisations.
Corporate communications, and cost of rebranding	Estimate based on other similar business cases and experience elsewhere in the public sector.
Other costs and contingency	We note that in practice the cost of transition can be much higher than planned, and we have therefore included a contingency cost of 30% of the specified costs.

We have excluded transitional costs associated with disaggregating County Council service teams and allocating them to the new unitary councils and the cost of setting up new senior management structures for these services due to the strategic assumption that the majority of county service teams would remain intact within a new County-wide structure. The cost of additional senior management to cover the statutory roles of Director of Adult Social Care and Director of Children's Social Care has been netted off from the savings analysis outlined above. There may be integration costs associated with merging the County Council back office posts into new unitary authorities under each option, and these would be covered from the other costs and contingency category.

New unitary authorities may follow a policy of pay harmonisation for staff posts that have been combined as a result of merging council functions. The cost of this would require further detailed analysis and is outside of our scope.

The existing Oxfordshire councils have a complex network of third party provider arrangements that would need to be reviewed as a result of the creation of new unitary councils. This could be managed through a gradual process of awaiting the expiry of terms or looking at options to accelerate this. The new councils may decide there is a cost benefit to terminating contracts early to facilitate the process of systems integration, and this will incur a cost which is not currently factored into our analysis.

The recent contract for back office service provision between South Oxfordshire, Vale of the White Horse and Capita would be a key example of this situation. There are a number of existing council collaborations outside Oxfordshire, such as those between Oxfordshire County and Hampshire, Cherwell with South Northamptonshire and West Oxfordshire with Cotswold council respectively. These collaborations are likely to carry less risk of financial penalty, but would still generate some cost and time if there was a decision to disengage. District Council stakeholders have been clear that they would intend to protect and maintain these arrangements.

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Cost savings and value for money (continued)

Harmonisation of Council Tax

When combining existing two-tier councils to form new single-tier unitary authorities, each new organisation must harmonise Council Tax. This is to ensure that all residents pay the same rate of Council Tax according to their banding on a fair basis. This harmonisation needs to be achieved within a reasonable time period, historically DCLG have required that this should be five years.

The process of harmonisation requires a trade-off between benefit to the tax payer, usually by freezing or reducing the rate of Council Tax for some residents, and benefit to the ongoing financial viability of the local authority through protection of funding.

Our analysis has focused on three potential methods for harmonising Council Tax, as follows:

1. Adopting the lowest rate and applying a uniform increase each year

2. Holding the higher rates until lower rates reach the same levels

3. Adopting the weighted average rate

The cost of harmonisation, in terms of income foregone, is greater for the two unitary and county-wide unitary models, due to the significant gap between the Council Tax rates paid in Oxford City compared to the other District Councils.

We have assumed that the limit to any year-on-year increase to Council Tax is less than 4% for all unitary councils (including the 2% social care precept), unless a referendum is held and the result supports the rise.

We have also assumed that no changes would be made in 2016/17 and that the first move towards harmonisation would occur in 2017/18.

Adopting the lower rate

Our analysis indicates that harmonising Council Tax at the lowest band D rate of the precursor Councils will provide the greatest benefit to the greatest number of taxpayers, but will also result in significantly lower levels of Council Tax revenue than is currently collected across Oxfordshire. Under, the county-wide unitary option this could in theory be funded from the savings generated, effectively passing a significant part of this saving on to taxpayers. However, this would reduce the funding from savings available to support key services that are facing significant demand pressures, such as social care.

Fixing at the higher rate

The option to fix at the higher rate offers a significant but slightly lower level of income foregone than fixing at the lower rate. But this is the least favourable option to residents, as fewer of them benefit from a freeze in rates, with the remainder facing significant increases. It also will take longer to reach harmonisation on average leaving residents across the former district areas paying different rates for longer until harmonisation is achieved.

Weighted average

The weighted average method of harmonisation would result in significantly less income forgone, with some residents facing increasing Council Tax over the next few years and others seeing modest reductions until harmonisation is achieved. This would offer a good compromise between the interests of the taxpayer and maintaining required levels of funding for new unitary authorities.

Each of these scenarios is analysed in more detail in the table overleaf.

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Cost savings and value for money (continued)

	Weighted Average method	Reduce to the lowest rate	Fix at the higher rate
Option 1 – four unitary authorities	South Oxfordshire and Vale of White Horse already have a similar Council Tax rates. If the weighted average charge was to be adopted the band D rate would be £1,452.23 which represents a 3.8% increase for South Oxfordshire and 3.4% increase for Vale in the first year.	This scenario has a minimal impact as the rates between South Oxfordshire and Vale are relatively similar. Under this option the 49,160 band D equivalent dwellings in Vale of White Horse benefit from a reduction of £5.67 per annum (p.a.) and this results in a reduction of funding of £276k p.a.	In this scenario the rate in South Oxfordshire is held at £1,448.60, while the rate in Vale of White Horse is increased by 3.6% in the first year. Consequently, the 56,087 Band D equivalent dwellings in Vale of White Horse would see a benefit in their Council Tax bill of £5.67 from having only a 3.6% increase rather than a 4% increase. However this results in a reduction in funding of £267k p.a.
Option 2 – three unitary authorities	Under this scenario the combination of South Oxfordshire and Vale remain the same as option 1. For Cherwell and West Oxfordshire the weighted average band D Council Tax would be £1,441.86. As the current rate in West Oxfordshire is much lower than that in Cherwell, the increase faced by West would be approximately 5% in order to harmonise in the first year. If the increase was to be limited to 4%, below the referendum limit then the impact would be Council Tax income forgone of £660k per annum.	The combination of South Oxfordshire and Vale remains the same as for Option 1. The financial impact would be greater when combining Cherwell and West Oxfordshire. The difference in the current Council Tax rate is £38.34. As a result the residents of Cherwell will benefit from the £38.34 reduction while the Council will face a further reduction in funding of £1.97m across the 51,385 Band D equivalent dwellings. The total funding deficit created would be £2.24m p.a.	The combination of South Oxfordshire and Vale remains the same as for Option 1. In combining Cherwell and West Oxfordshire, the rates in Cherwell will be held, while the rate in West Oxfordshire would increase by the lower of 4% or the amount required to reach the same level of Cherwell. This results in a 2.6% increase in the first year (or £37.58 per Council Tax bill) to reach the rate in Cherwell. The total funding deficit created would be £2.24m p.a.

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Cost savings and value for money (continued)

	Weighted Average method	Reduce to the lowest rate	Fix at the higher rate
Option 3 – two unitary authorities	This Option involves extending the current boundaries of Oxford City Council such that 14 additional wards are merged into the City and the remaining wards within Cherwell, South, West and Vale combine to form one unitary council. In order to determine the baseline Council Tax that would be allocated to the new boundary we used the existing rates and the dwellings within the new boundary to obtain the split. To simplify the calculation we have assumed that the collection rate across West Oxfordshire is homogeneous. If the increases in Council Tax were to be restricted to 4% for all residents then the impact would be circa £2m per annum in Council Tax income forgone (£700k from Rural West residents and £1.3m from the districts that now form part of the new City).	Under this option the boundaries are changed, but as each of the new Oxford City Council and the Rural Oxfordshire Unitary will each have a portion of West Oxfordshire in them all District Councils will have to adopt the West Oxfordshire rates and this option effectively becomes the same as Option 4 described below.	In the Greater Oxfordshire Unitary the rate in Oxford City would be held at £1,561.65 until the others reach this level. The rate for former South Oxfordshire residents would increase by 4% for the first 2 years and 3.7% in year three to reach this level. The rate in Vale of White Horse would increase by 4% for the first two years then 3.3% to achieve this rate by the third year. Similarly the rate in Cherwell would increase by 4% for the 2 years and 2.8% in the third. The rate in West Oxfordshire would increase by 4% for the three years before harmonising in the fourth year. In the Outer Oxfordshire Unitary Council the Council Tax rates would align at the highest rate which is currently £1,423.00 in Cherwell. If we hold the growth rate to the lower of 4% or the amount required to harmonise the Council Tax rates in the new Unitary would harmonise in year 1. This results in a funding shortfall of £7.0m in the first year, £10.0m in the second year, £13.4m in the third year as the rates in the Greater Oxford Unitary are held each year.
Option 4 – A single County Unitary	Under this scenario, there is a higher degree of variance between band D rates across the combining councils, with comparatively low rates for West Oxfordshire and comparatively high rates for Oxford City (a £124 per year differential for band D in 2016/17). If the increase per annum for all residents was restricted to 4% then the Council Tax income forgone would be approximately £2.6m per annum.	This option creates the largest funding gap in the first year as each council adopts the lowest rate in West Oxfordshire. This option would see 201,188 Band D equivalent dwellings with lower Council Tax bills but leave the new County Unitary Council with a recurrent funding gap of £13.7m p.a. that would have to be covered by savings.	In this scenario the rate in Oxford City would be held at £1,561.65 until the others reach this level. The rate in South Oxfordshire would increase by 4% for the first 2 years and 3.7% in year three to reach this level. The rate in Vale of White Horse would increase by 4% for the first two years then 3.3% to achieve this rate by the third year. Similarly the rate in Cherwell would increase by 4% for the 2 years and 2.8% in the third. The rate in West Oxfordshire would increase by 4% for the three years before harmonising in the fourth year. This results in a funding shortfall of £2.8m in the first year, £5.8m in the second year, £9.7m in the third year as the rates in Oxford City are held for these three years before harmonisation is achieved.

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Cost savings and value for money (continued)

Findings: four unitary authorities

The option to create four unitary councils has the potential to deliver between £3.0m and £3.7m of recurrent benefit per year from 2020/21 onwards. These savings would primarily come from consolidating back office functions and the administrative cost saved from reducing the number of councillors and committees. This would include a reduction in staff of approximately 65 FTE. The financial benefit to each of the 4 new unitary councils would be between £0.5 and £1.3m per year from 2019/20 onwards. The payback period for the costs of transition would be 3 to 4 years.

Council Tax harmonisation could be achieved within five years, with minimal disruption due to the band D rates for South Oxfordshire and Vale already being relatively close. Any of the harmonisation methods could be applied.

Our disaggregation of County Council income to the new unitary councils, approximating assessment of need and spending power under the local government settlement funding methodology, indicates that the Oxford City and Cherwell Unitary Councils would start with significant opening deficits. This would arise primarily because of the high proportion of County adult and children's social care activity that takes place within the corresponding district boundaries and their Council Tax bases being small by comparison. The West Oxfordshire and combined South Oxfordshire and Vale unitary councils would have corresponding opening surpluses. This would require a special funding adjustment to be agreed with central government to correct the imbalance between the councils. The projected opening deficits are as follows:

Oxford City	£15.8m deficit
Cherwell	£7.0m deficit

Findings: three unitary authorities

The option to create three unitary councils has the potential to deliver between £4.5m and £5.5m of recurrent benefit per year from 2019/20 onwards. The savings would primarily come from consolidation of back office functions, the administrative cost saved from reducing the number of councillors and committees, and the consolidation of Cherwell and West Oxfordshire front-line services. This would include a reduction in staff of approximately 101 FTE. The financial benefit to each of the 3 new unitary councils would be between £0.8m and £2.9m per year from 2019/20 onwards. The payback period for the costs of transition would be 2 to 3 years.

Council Tax harmonisation could be achieved within five years, with minimal cost for South Oxfordshire and Vale due to the band D rates already being relatively close. The financial impact would be greater when combining Cherwell and West Oxfordshire. Fixing at the lower rate would benefit taxpayers the most, but the weighted average method is the best option to protect the funding of services while benefiting some residents.

Our disaggregation of County Council income to the new unitary councils, approximating assessment of need and spending power under the local government settlement funding methodology, indicates that the Oxford City Unitary would start with a significant opening deficit. This would arise primarily because of the high proportion of County adult and children's social care activity that takes place in Oxford and its Council Tax base being small by comparison. Cherwell and West combined would have a balanced position. This would require a special funding adjustment to be agreed with central government to correct the imbalance between the councils. The projected opening deficits are as follows:

Oxford City	£15.8m deficit

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Cost savings and value for money (continued)

Findings: two unitary authorities

The option to create two unitary councils has the potential to deliver between £9.5m and £11.6m of recurrent benefit per year from 2019/20 onwards. The savings would primarily come from consolidating back office functions, the administrative cost saved from reducing the number of councillors and committees, and the consolidation of the front line services of the outer District Councils. This would include a reduction in staff of approximately 208 FTE. Significant savings could also be made from consolidating senior management and from the rationalisation of office space. The financial benefit to each of the 2 new unitary councils would be between £3.8m for the Oxford City and £6.7m for the outer Oxfordshire unitary, per year from 2019/20 onwards. The payback period for the costs of transition would be 1 to 2 years.

Council Tax harmonisation could be achieved within 5 years. Fixing at the lower rate of each former district council would benefit taxpayers but carry significant income forgone, that could exceed the savings benefit from consolidation. The weighted average method would incur significantly less income forgone while still benefiting some taxpayers. Fixing at the higher rate would be costly and benefit fewer taxpayers.

Our disaggregation of County Council income to the new unitary councils, approximating assessment of need and spending power under the local government settlement funding methodology, indicates that an Oxford Unitary would start with a significant opening deficit, only partly mitigated by the additional Council Tax and business rates receipts from its extended boundaries. This would arise primarily because of the high proportion of County adult and children's social care activity that takes place in Oxford. This would eliminate any saving generated from creating the unitary council and could also require a special funding adjustment to be agreed with central government to correct the imbalance between the councils. The projected opening deficit is as follows:

Greater Oxford (using indicative boundary)	£11.5m deficit

Findings: a County unitary authority

The option to create a single unitary council has the potential to deliver between £18.5m and £22.6m of recurrent benefit per year from 2019/20 onwards. The savings would primarily come from consolidating back office functions, the administrative cost saved from reducing the number of councillors and committees, and the consolidation of the front line services of the outer District Councils. This would include a reduction in staff of approximately 410 FTE. Significant savings could also be made from consolidating senior management and from the rationalisation of office space. The payback period for the costs of transition could be within 1 year.

Council Tax harmonisation could be achieved within 5 years. Fixing at the lower rate of each former district council would benefit taxpayers but would carry significant income forgone, that would absorb significant savings benefit and affect the funding of services. The weighted average method would incur significantly less income forgone while still benefiting some taxpayers. Fixing at the higher rate would be costly and benefit fewer taxpayers.

The consolidation of Oxford City Council into the new single unitary would eliminate the need for a special agreement with government to reallocate funding and the new entity would start with a balanced financial position.

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Cost savings and value for money (continued)

Cost savings and value for money – key messages from our call for evidence
69% of respondents who expressed a single view thought that one unitary authority would best enable cost savings and deliver better value for money. Other views were spread equally across the remaining options. Cost savings and value for money was the evaluation criterion with the largest proportion of stakeholders reaching a consensus.
Despite this clear trend, respondents were at length to point out that services would only represent value for money if they were flexible and tailored to the views and needs of individual communities. Such flexibility would need to be built into any arrangement. Examples of views we heard from the call for evidence:

- Four unitary option – *"[each council has a] a better idea on how to spend local resources"*

- Three unitary option – *"…will most likely provide the best value for money by reducing the administrative overhead and enabling decisions to be made at local level, which is especially important when hard budget choices need to be made."*

- Two unitary option – *"…preferred to reduce multiple departments in the districts doing similar work."*

- One Unitary option – *"There would be cost savings on staffing with fewer management structures as is now with five councils plus the county council."*

- The Status Quo option – *"Unnecessary administration costs of restructuring at a time of financial hardship, meaning less money to serve the community."*

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Economic growth
and infrastructure

Economic growth and infrastructure

Economic and social characteristics

With an economy of £20.5 billion in Gross Value Added (GVA), Oxfordshire is the third largest economy in the South East. It has a strong and growing economic base that is driven by 35,000 businesses with access to a highly skilled population. The presence of world leading academic and research institutions has also meant that the area is considered a global leader for advanced engineering, energy and environmental technologies, information technology, life sciences and space related technologies. These higher-value sectors have significant potential to drive economic growth in the future.

However, Oxfordshire's productivity – as measured by GVA per job – at £51,172 is lower than the South East average of £52,324 and significantly lower than all of the neighbouring authorities: Berkshire £64,612, Milton Keynes £59,764 and Buckinghamshire £57,184. There are clusters of high-value and high-skill jobs particularly within and around Oxford – but economic activity in some other parts of the County area is less vibrant.

Oxfordshire has a total population of 672,500, which is a similar size to that of Leicestershire and Northamptonshire. Approximately 32,000 of the population within Oxford are students, reducing the available tax base. By 2034 the total population of Oxfordshire is expected to have grown by 12.76% and the 65+ age group to have grown by 51.69% (ONS, 2015), with the most significant increase in Cherwell. This will have obvious implications for the nature of services and support required from local authorities and health partners.

Oxfordshire has relatively low levels of deprivation and is prosperous overall. It has one of the lowest unemployment rates in the country. However, there are pockets of relatively high deprivation within Oxford in particular.

Oxfordshire is widely considered an attractive place to live, with a quarter of the county falling within areas of outstanding natural beauty. The attractiveness of the county as a place to live and work has not been matched by the scale and pace of delivery of new homes. The 2014 Oxfordshire Strategic Housing Market Assessment (SHMA) highlights that there were just over 272,000 homes in Oxfordshire in 2011, of which 84% were owned privately and the remaining 16% owned by public bodies including Housing Associations, Councils and the Ministry of Defence. OxLEP plays a leading role in setting the strategic economic plan for addressing this housing need.

Economic challenges

Key economic and social challenges facing Oxfordshire are summarised within the joint devolution proposals published in February 2015. These are:

- **The cost and availability of housing** – attempts are being made to address this through the Strategic Housing Market Assessment and Growth Board process, but delivery is missing local targets.

- **Delivering the infrastructure** that the local economy and communities require. We recognise that the County Council is making progress with strategic transport and infrastructure through the England's Economic Heartland strategic alliance.

- Ensuring residents are equipped with the **skills** that the high tech economy demands.

- Provision of **public services** as the public sector continues to be squeezed financially, in particular addressing the ageing population and increasing demand for health and social care.

- A **rapidly ageing population** requiring new services and opportunities for our ageing population, including through provision of suitable housing and care.

There is a recognition that if key issues such as adequate transport infrastructure, educational attainment, skills, and housing are not addressed then innovation and economic growth within Oxfordshire will not reach its full potential.

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Economic growth and infrastructure (continued)

The voice of business and innovation leaders

Representatives of the business community including the Oxfordshire Local Enterprise Partnership, the Universities and centres of innovation across Oxfordshire have given a clear message that simplified relationships with local government and clarified accountability for decision-making are essential. They identified their main challenges at the interface with local authority services as follows:

- The **housing stock and transport network** are not enabling business growth and innovation. Lack of affordable housing and poor commuter routes are dis-incentivising skilled workers from accepting otherwise attractive job offers and new businesses from growing within or relocating to Oxfordshire.

- Key services such as housing and highways **are not joined up** and provided by different authorities across Oxfordshire necessitating engagement and negotiation on multiple fronts. The business representatives that we spoke to recognised the importance of democratic engagement on behalf of communities but did not believe that this was best exercised by the current two-tier model of local government.

- **Disputes between local authorities**, especially around the location and provision of new housing have been an unhelpful distraction from efforts to improve the economy of the area and delivery of housing for local residents.

- **There is no clear and unified "sales pitch"** or vision to help attract either new and innovative businesses or established global corporates to Oxfordshire. The LEP, the Universities and Oxfordshire local authorities have all produced elements of a vision for business within Oxfordshire, but the overall picture feels fractured.

These challenges can all be better addressed by a unitary system of local government supported by stronger leadership and sharper decision-making.

Existing arrangements for joint decision-making

The Oxfordshire Growth Board is a formal joint committee of the six councils within Oxfordshire with board membership comprised of the six council leaders and non-voting members including OxLEP, the two Universities and the Oxfordshire Skills Board. The purpose of the Growth Board is to make joint decisions on areas where the local authorities wish to collaborate around economic growth and infrastructure improvement.

We heard two fairly consistent messages from stakeholders with regard to the Growth Board – firstly that the transparency and democratic accountability of decision-making processes is weak, and secondly that joint decision-making is ineffective and does not support the collective best interests of local communities and businesses in Oxfordshire. We have reviewed Growth Board papers and accessed recordings of meetings to corroborate this view.

The difficulties of the Growth Board are perhaps best exemplified by the difficulties and slow progress in achieving a consensus on housing allocations in response to the strategic market housing assessment despite protracted negotiations over the last eighteen months.

Proposals for change

Each of the new unitary structures would need to address the current weaknesses that the Growth Board experiences in reaching consensus – we discuss arrangements for democratic representation in the next section.

In the words of the Oxfordshire Local Enterprise Partnership (OxLEP): *"any unitary structure and associated combined authority emerging from the studies must be capable of making collective, strategic and timely decisions if we are to maintain momentum."*

A county-wide unitary would offer the widest possible footprint for strategic decisions about the economy, infrastructure and growth. It would bring together services that are currently divided across tiers and also have the benefit of removing potential friction between sovereign organisations.

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Economic growth and infrastructure (continued)

It would also offer a single point of accountability, with a single body of elected representatives supported by a single executive group ultimately accountable for addressing the sustainable growth and infrastructure needs of Oxfordshire as a whole.

A well-governed combined authority could in theory fulfil a similar role although there is currently little clarity on the governance arrangements that would be put in place to achieve this. We do not believe that the proposal for a combined authority to have rotating chairmanship by City and District leaders offers a robust and workable solution to the problems experienced presently, whereby a lack of consensus and conflicting interests are acting to the mutual disbenefit of all organisations and the communities they serve.

Local growth and infrastructure – key messages from our call for evidence

59% of respondents believe that a county-wide unitary option would provide the best foundation for economic growth and strategic delivery of infrastructure. Respondents were divided by the compromise between supporting tailored approaches to growth that reflect different localities' requirements and the view that Oxfordshire requires a single unifying voice and vision in order to facilitate growth, develop strategic infrastructure, liaise with regional partners and negotiate with central government. Typical arguments are represented by the following quotes:

- Four unitary option – *"Local knowledge and investment will drive forward improvements to the local economy and infrastructure."*

- Three unitary option – *"Big enough to be attractive to business and small enough to really know the best options."*

- Two unitary option – *"because the needs of City and Rural areas are different and should not be confused"*

- One unitary option – *"a joined up and strategic approach will be possible."*

- The Status Quo option – *"The existing structure may not be perfect, but I believe that it is does provide the structure to support improvements for growth."*

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Leadership and accountability
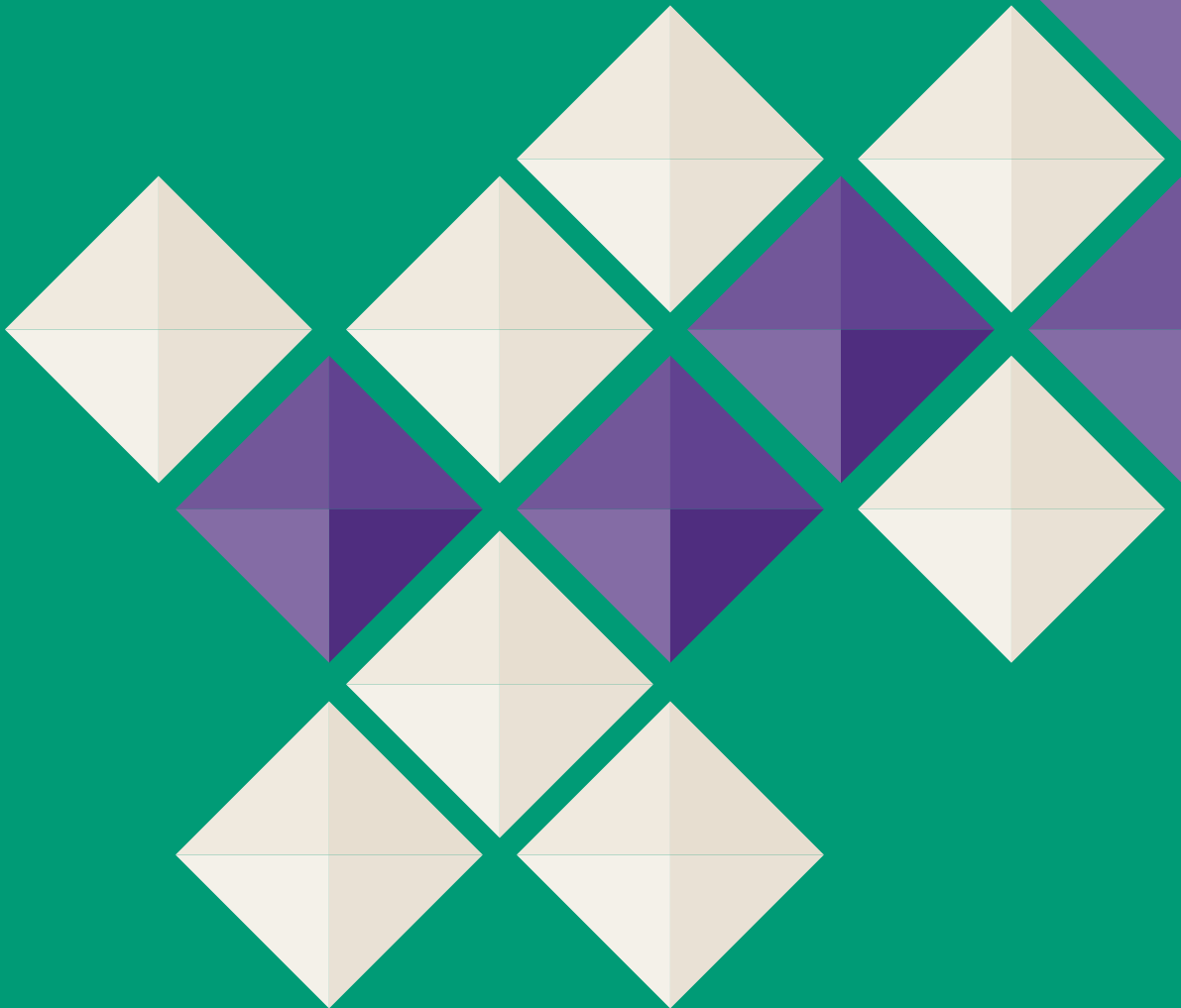
Leadership and accountability

Any unitary solution would be a fresh start

Much of the debate about future models of local government in Oxfordshire is coloured by perceptions about the leadership of existing organisations. This is unhelpful, but also irrelevant as any new unitary solution would entail the creation of one or more completely new organisations requiring the election of new political leadership and members.

Current governance arrangements

As with other two-tier areas, current arrangements for governance and accountability are complex with six principal authorities and numerous further town and parish councils. Partnership vehicles include the Growth Board and the Health and Wellbeing Board. The current situation within Oxfordshire has been described as a leadership vacuum, with multiple conflicting interests and no clear point of ultimate accountability.

Proposals for change

The main benefit of the move to any unitary arrangement would be the simplification of accountability from the perspective of the public and partners. Under a multi-unitary scenario, it is also clear that new governance arrangements through a combined authority must allow for far more effective, transparent and accountable joint decision-making processes than are currently achieved.

A combined authority offers a possible solution but raises questions about democratic accountability for which no satisfactory answer is yet available. For example, if, as proposed, adult social care was to be delivered on the basis of multiple pooled unitary authority budgets with a shared statutory role at a combined authority level, then it is clear that decision-making would have to take place with regard to allocation of resources and additional provision of funding if required. Given the current difficulties around decision-making of this type for spatial planning and economic development, it is unclear how it could be more successful for social care. This would need to be done with appropriate arrangements for transparency, scrutiny and the involvement of the public and partners.

This is technically possible, but there is no precedent for a mechanism of this type. A county-wide unitary, by contrast, would take decisions with far less scope for internal conflict, with the engagement of all elected members and the full political and democratic accountability of a single local authority.

The mayoral question

We recognise that there are some strongly opposed views within Oxfordshire to the idea of a directly-elected mayor and that an arrangement of this type would not be suitable under all circumstances. However, we believe it would be necessary for Oxfordshire for two reasons. Firstly, given current difficulties in reaching consensus across sovereign organisations, a mayor would act as an ultimate point of accountability and responsibility. Secondly, Oxfordshire bears many similarities to the city regions for which "metro mayors" have been widely accepted. A directly-elected mayor has also historically been an enabler of more advantageous devolution deals although there is no guarantee that this will continue to be the case.

Whenever a combined authority is set up, legislation allows for provisions to be put in place to restrict the power of a mayor under certain circumstances. These would have the potential to lead to scenarios where combined authority membership could overrule the mayor. Our view is that any such provisions should be limited for a combined authority in Oxfordshire in order to allow a mayor to effectively fulfil the required role of cutting through indecision and conflicting interests.

Review of democratic representation

A move to a unitary system of any combination would entail a thorough review of democratic representation. Guidance from the Boundary Commission emphasises the need to set electoral arrangements in accordance with local need rather than to any predetermined formula. We have benchmarked the options against existing unitary authorities with similar populations to reach a view on the numbers of elected members and allowances that would be expected for organisations created under each of the proposals.

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Leadership and accountability (continued)

Based on benchmarks with all current shire unitary authorities, the expected range of elected members would be as follows:

- Single unitary: 87 - 126 elected members

- Two unitaries: 124 - 160 elected members

- Three unitaries: 155 - 164 members

- Four unitaries: 171 - 192 members

Our analysis shows that the greatest saving is potentially available from a county-wide unitary with marginally lower savings potentially available from other options. It should be noted that the net savings likely to be identified here are relatively trivial by comparison to the total expenditure of local government in Oxfordshire and other savings available through unitarisation.

The quality of political leadership and the sufficiency of political capacity are far more important in determining the future success of unitary authorities. Ultimately these are matters to be determined as part of the full set of proposals under development and in discussion with the Boundary Commission and / or Secretary of State.

Leadership and accountability – key messages from our call for evidence

53% of respondents provided the view that a single unitary authority would enable stronger and more accountable leadership for Oxfordshire.

Responses understood the potential compromise between strong leadership at a local level, that is tailored to the views of individual communities and a powerful executive that that can represent Oxfordshire as a County when negotiating with partners from other sectors, regional partners and central government. The submissions we received were influenced by the relative importance with which people view these somewhat competing priorities. In the words of one commentator

"*Leadership is always more accountable the closer it is to the electorate, so Options 1 and 2 would enable stronger and more accountable leadership. However, increasing the number of organisations responding to national initiatives is likely to lead to weaker communication and possible duplication of effort.*"

Examples of views we heard from the call for evidence:

- Four unitary option – "*… would give local accountability. Option 4 might create remoteness of leadership from the services*"

- Three unitary option – "*…retains focus on the different domains of the city and the remaining urban/rural blend. This will enable all citizens to be represented as local voices but with the scale to matter to national government.*"

- Two unitary option – "*A clear Leader for urban issues and a clear Leader for rural issues.*"

- One unitary option – "*fewer managers, clearer leadership structure and therefore accountability*" … "*but only if local communities are represented in a fair way and have the power to make change to their community if needed*"

- The Status Quo option – "*This system provides accountability that is split between local and county levels that works well for local residents and for national issues.*"

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Local engagement
and empowerment
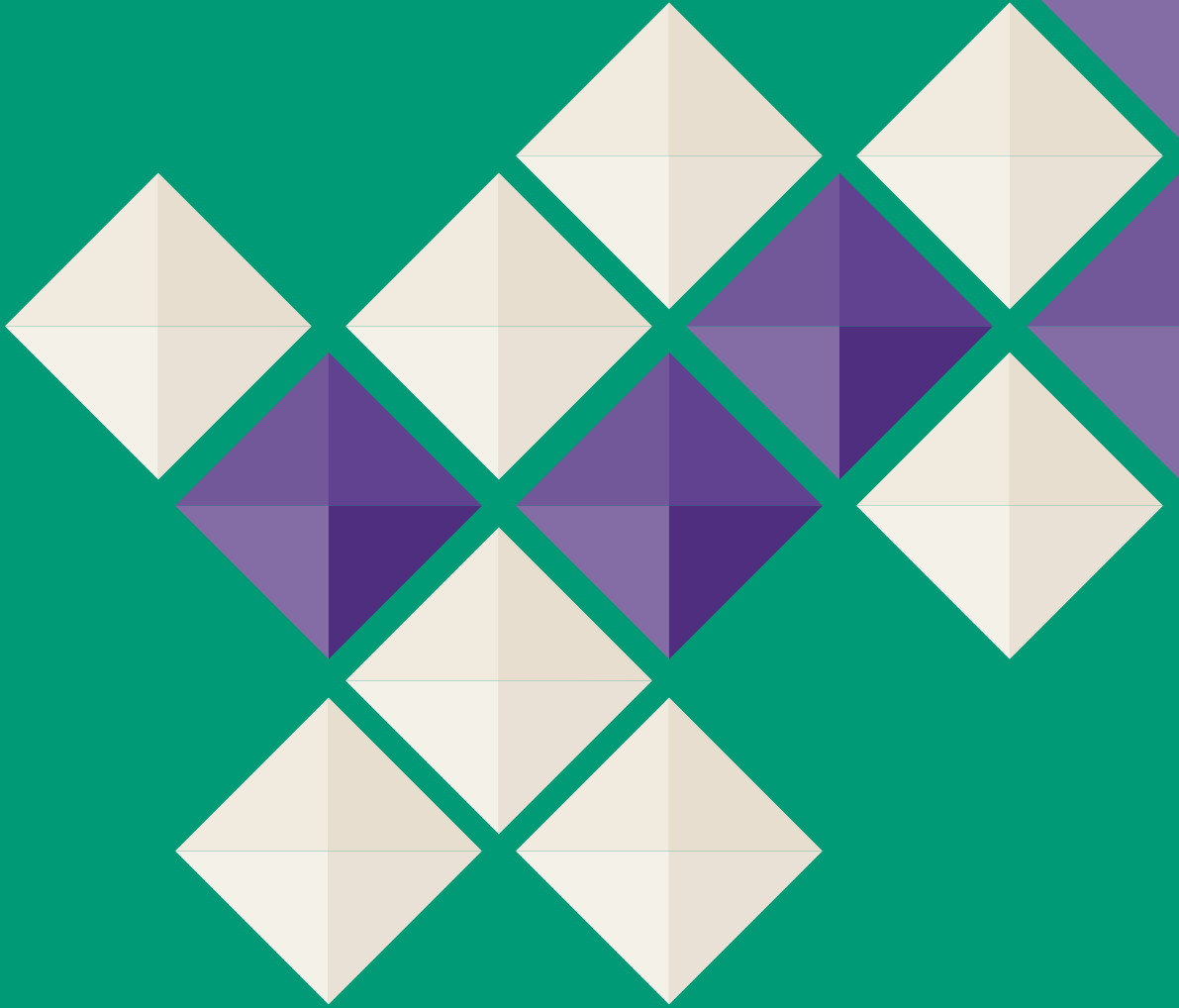
Local engagement and empowerment

Existing approaches to localism

The County Council has made increasing efforts over a number of years to devolve additional responsibilities to Town and Parish Councils culminating in the Oxfordshire Together programme launched at the start of 2016. As a result, there is an ongoing dialogue with local councils with regard to how services such as the management of highways can be undertaken. It is clear that this process has experienced challenges and has not always run smoothly, but it nevertheless reflects a sustained effort on the part of the County to embrace the principle of subsidiarity.

Grant Thornton attended meetings with local town and parish councils surrounding Thame and Banbury, as part of a wider programme led by the County Council, and heard directly from members of the community involved in this discussion. As would be expected, there was a wide diversity of views about current arrangements. Some local council representatives are very keen to receive new responsibilities including for budgets, however others are cautious about the capacity and capability available to undertake additional work.

Proposals for change

One of the first concerns expressed around the county-wide unitary model is that due to its sheer scale it would risk becoming disconnected from smaller communities and local issues. Concerns were also expressed that special status and the civic and historical identity of the City of Oxford, as well as other large towns such as Banbury and Didcot, could be diluted or eroded, let alone smaller villages and communities across the wider County area.

It is clear, therefore, that for an Oxfordshire county-wide unitary to counterbalance concerns around scale it would need to put in place:

• Enhanced arrangements for locality and area-based working, going beyond arrangements already put in place by the County Council

• Special arrangements for meaningful self-governance for Oxford and for other larger conurbations, including substantial delegated budgets and powers.

The resulting picture is likely to be complex, with no "one size fits all" solution. There are clear analogies to the current national debate around place-based devolution. There are concerns around the capacity and willingness of individuals to take on the range of enhanced local leadership roles that would be created, but also a more optimistic view that if more substantial roles are created then people will be more interested in filling them.

Developing proposals for One Oxfordshire

Any new arrangements for subsidiarity will be for a new unitary authority to implement. However, the County Council is developing a set of proposals under the banner of One Oxfordshire and drawing on established county-wide unitary precedents such as Wiltshire and Cornwall. For example – Wiltshire has addressed local engagement and empowerment by provision of 18 local area boards and retention of district boundaries for planning purposes. The One Oxfordshire proposals are at a relatively early stage but describe a similar model involving a number of area locality boards comprised of unitary councillors, town and parish councillors and other partners operating locally. A new local council could be established for the City of Oxford, with responsibility for civic representation, devolution of powers and budgets and direct responsibilities for service delivery. Again, there are precedents for city governance of this type in areas such as Durham and Salisbury.

Our view is that these proposals provide a plausible direction of travel in responding concerns around localism under a county-wide unitary model, based on proven and successful precedents, but work remains to fully develop them.

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Local engagement and empowerment (continued)

Localism under a multi-unitary scenario

We have not been provided with detail of any City and District proposals relating to enhanced localism or further devolution to local councils. The argument is made by District stakeholders that, as smaller organisations, Districts are necessarily more connected to the localities within their boundaries. This argument has some merit, but does not stand up to scrutiny. Firstly – the unitary options under consideration would involve the merger of two or more organisations, thereby diluting this intrinsic "local-ness". Secondly – the overall number of customer-facing employees operating within localities, such as social workers, teachers and highway engineers, would be unlikely to change significantly under any of the options.

On the basis of the evidence available, our view is that the county-wide unitary model offers the clearest arrangements for securing local engagement and empowerment needed, despite the relative size of the organisation that would be created.

Engagement and empowerment – key messages from our call for evidence
35% of respondents thought a county-wide unitary would best enable engagement and empowerment at a local level in Oxfordshire. Whilst this is a lower score than for other criterion, it remains the most popular single option. A significant proportion of those selecting the county-wide unitary option did so in recognition that it would necessitate greater engagement with Town and Parish Councils. Other responses gave the view that smaller authorities would allow councils to be closer to the communities they serve, and engage with them. Typical comments were as follows: • Four unitary option – *"should have strongest local engagement as there will be a local council for each area which can take some account of local preferences."* • Three unitary option – *"…Good trust on the ground of knowledge of the locals and operating with the people they know and confidence with."* • Two unitary option – *"will create better management and less `competition` between districts and standardise procedures and expectations".* • One unitary option – *"…as the simpler structure will make communication easier for individuals and community groups" …" .Subject to a well thought out local devolved setup"* • The Status Quo option – *"Option 5 because it offers a visible structure for regional and local involvement where local people can feel confident in their representation."*

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Summary of findings for each option
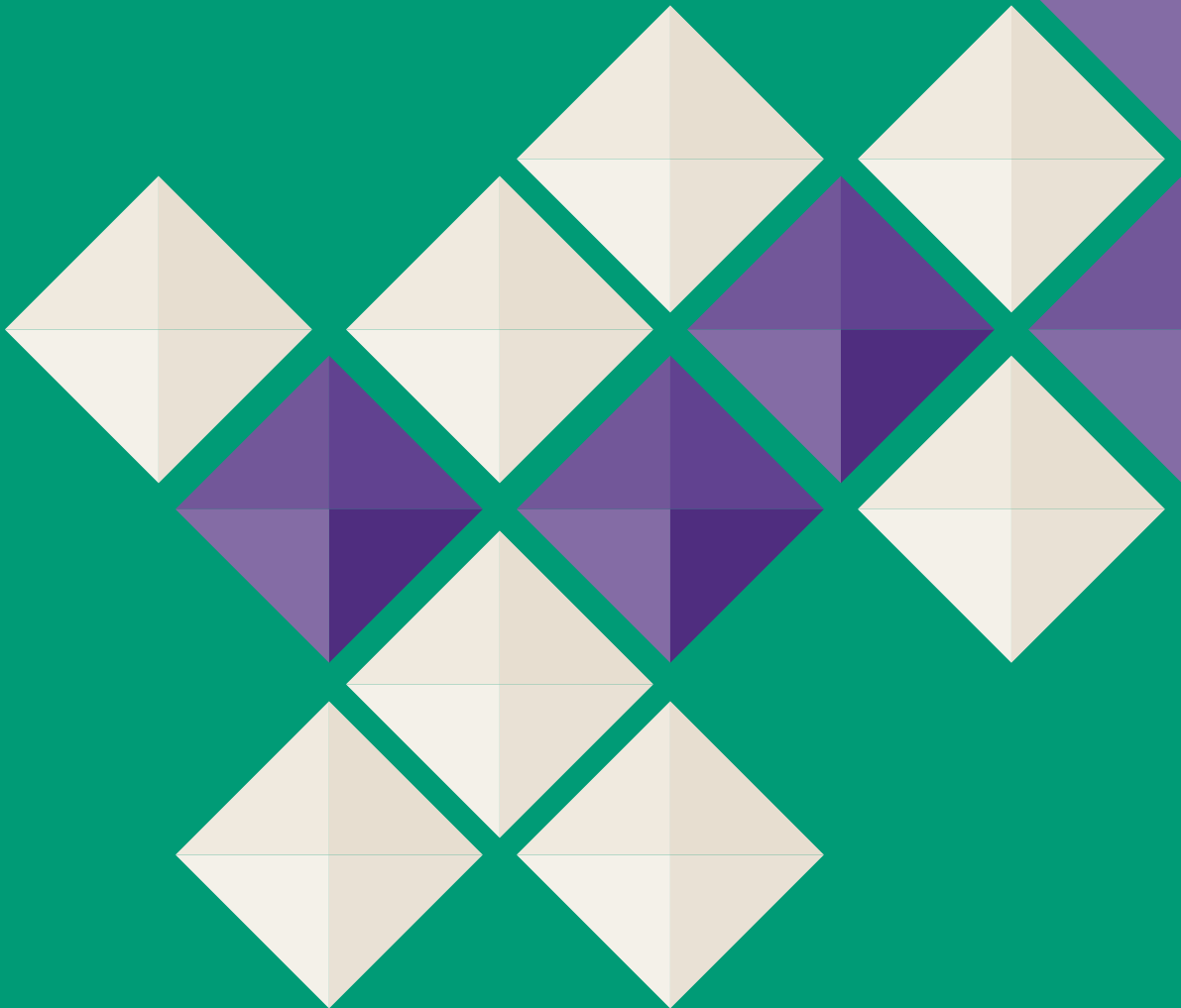
Option 5 – The status quo

A small proportion of respondents to our call for evidence felt that the two-tier system was not broken and did not need fixing. However, they were in the minority. Most of the senior officers and politicians that we spoke to agreed that the existing two tier structure is the least desirable outcome. There is general agreement that a unitary solution is the correct one, but opposing views on how this should take place. The main weaknesses of the status quo are:

- **Separation of related services** that could otherwise have a mutually reinforcing impact on outcomes for individuals, families and communities. For example – adult social care services and housing, public health and leisure, highways and spatial planning. There are strong connections between each of these services and advantages to being delivered side-by-side, however in practice this is not facilitated by the two-tier structure.

- **Unclear lines of accountability -** there can be a lack of clarity over responsibility and accountability for services from the perspective of members of the public and partners.

- **Proportionally higher funding reductions to county councils -** counties have been hit especially hard by funding reductions from central government and have had to make proportionally greater savings than districts, especially in Oxfordshire where the Districts are holding higher than average levels of financial reserves. This situation is highly unlikely to improve as the Treasury recasts budgets in the light of Britain's decision to leave the European Union. The result is a mismatch of capacity and financial resilience that threatens to undermine the validity of the system and is having a tangible effect on the range and level of services as the County Council has prioritised spend on safeguarding and away from other areas.

- **Political and administrative friction -** tensions between the County, the City and Districts are a common feature of two-tier areas. The time and effort that goes into managing this tension politically and administratively is not spent on improving outcomes for communities. There is a particular impatience from partners and the public for this to be resolved.

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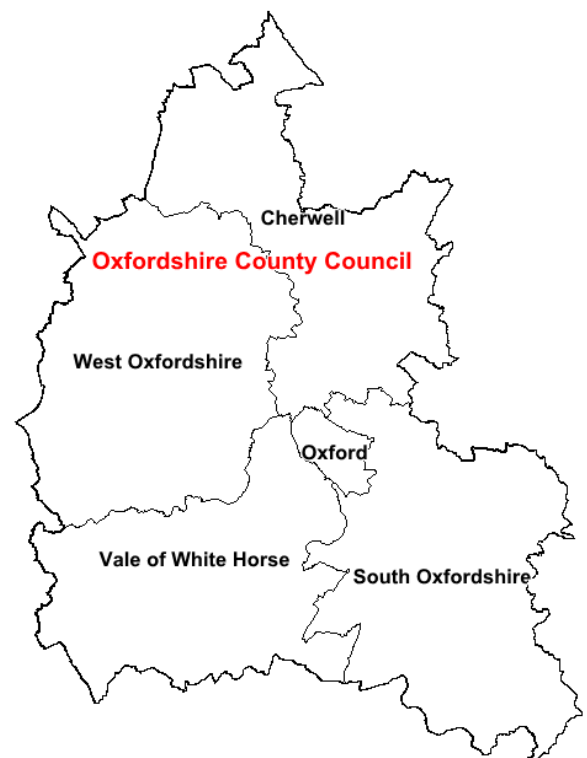
Option 4 – One unitary Council

An Oxfordshire county-wide unitary authority would be the largest shire unitary in England by population, with approximately 120,000 more residents than Cornwall. It would, however be smaller than the metropolitan unitary authorities of Birmingham and Leeds City Councils. It would sit within the indicative population range set out by the DCLG although projected growth in population means it would exceed the higher figure by the end of the decade.

Our view is that there are clear arguments in favour of a single unitary council covering the footprint of Oxfordshire, which are as follows:

- **Simplicity and shared boundaries with strategic partners** – the unification of all services that are currently disjointed, as outlined above, along with shared boundaries with partners such as the LEP, police, CCG, and other NHS bodies. This also becomes simpler from the perspective of service providers from the community and private sectors who would wish to be commissioned by the Council.

- **Clarified democratic accountability and responsibility** – all decisions will be taken by a single body of elected representatives supported by a single officer corps. This will remove any possible confusion about which administrative body covers which service, and who is ultimately accountable for the quality of services. It also removes the requirement for a directly elected mayor.

- **Leadership outside the County borders** – a single organisation would speak with a single and louder voice to government and partners on behalf of Oxfordshire, as well as having the freedom to develop a single vision and plan that adequately reflects the significance of the County on a regional, national and international stage.

- **Cost savings** – this option enables the greatest savings through rationalisation of services, assets, systems and workforce.

- **Resilience** – the ability to absorb and respond to unexpected pressures within a larger budget and to re-direct resource across a wider area, such as natural disasters, and high-cost social care placements.

- **Scale** - ability to address strategic issues such as transport, housing and infrastructure at scale through, for example, preparation of a single local plan for Oxfordshire.

Oxfordshire Unitary

The potential risks of a county-wide unitary would be as follows:

- **Remoteness from communities** – a unitary of this size might risk becoming too remote from the communities it serves and losing connection with individuals, localities and communities. The developing One Oxfordshire approach sets out how this could be mitigated through enhanced locality working and formal recognition of city and towns.

- **Inflexibility -** the inability to offer a sufficient breadth of alternative services to diverse places with different characteristics and challenges. Although enhanced locality working can mitigate this the freedom to innovate at locality level can be perceived as less than for a sovereign organisation. It also seems unlikely that existing shared services and joint ventures at District level could be protected.

- **Administration required for locality working -** a single unitary council would be significantly more simple than the status quo, but would require locality substructures to manage services such as planning. Depending upon the type of arrangements adopted, this could affect the level of savings available.

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Option 3 – Two unitary Councils

Our view is that the two-unitary model is an unwieldy compromise that dilutes the advantages of other options whilst offering broadly the same disadvantages. In order for this option to be meaningfully implemented and for the resulting organisations to achieve appropriate balance of scale and financial viability, a substantial expansion of the City boundaries would be required. Whilst it is possible to achieve this through a review by the boundary commission, in practice this is a lengthy and politically difficult question. There is no simple answer with regard to where the new boundaries of the City would lie. In our view this option is unlikely to be politically achievable without external intervention, which runs counter to the current "bottom-up" and consensus-led approach espoused by DCLG.

In order to analyse the two-unitary option we have had to identify an indicative boundary for a Greater Oxford reflecting an expansion of the current boundaries of Oxford City Council. Various boundaries have been proposed, but the one we have used is based on an analysis shared with us by Oxford City Council during our initial stakeholder meeting. At this meeting it was emphasised that the identified boundary is illustrative only and has not been agreed by any stakeholder organisation. We have subsequently requested confirmation of the boundary being used in the separate PwC study but unfortunately access to this information was declined. For the purposes of completing our analysis we have therefore used the indicative boundary provided to us, resulting in a Greater Oxford with a population of 223,000 and a separate unitary authority covering the remainder of the County area with a population of approximately 450,000. The potential benefits of two unitary councils would be as follows:

- **A less unworkable boundary for Oxford –** allows an expansion of the borders of the Oxford, better (although still incomplete) equalisation of available tax base with concentration of need in the City and allowing more direct influence over development of new housing in the surrounding area. However, even using the expanded boundary followed here, the new Greater Oxford would start life with a funding deficit of £11.5million unless a renegotiation of the funding settlement could be achieved.

- **Separation of Oxford from surrounding towns and rural areas –** recognising the distinctiveness of Oxford by comparison with surrounding rural areas.

- **Significant scope for cost savings through aggregation and rationalisation** – although less than for a county-wide unitary.
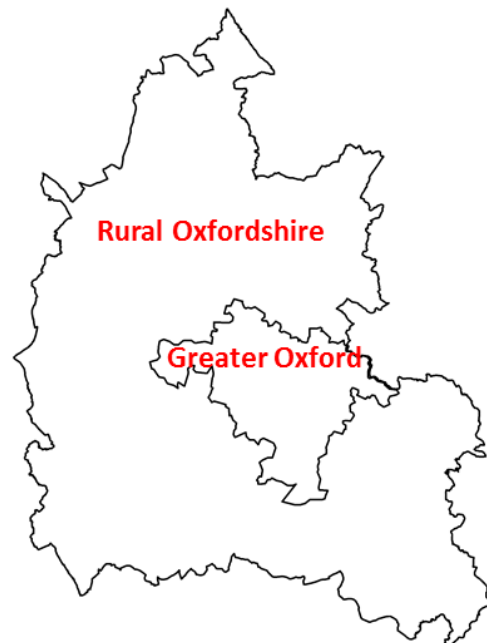
The potential risks of two unitary councils would be as follows:

- **Complexity of resolving the boundary issue –** as outlined opposite.

- **Entrenchment of the urban / rural divide – t**he two unitary authorities would still be required to make strategic decisions on issues of joint importance such as housing, planning and transport. We believe that joint decision-making would become even more difficult under this option than the status quo, because the two unitary authorities would in effect represent the conflicting interests of urban and rural communities. This would either have to take place through a combined authority – in which case the mayoral model would provide the best chance of effective decision-making – or through some less formal vehicle such as a joint committee, which may struggle to achieve consensus.

- **Coherence of the two new unitary authorities as places –** through our call for evidence we heard a wide range of views about how the boundary for greater Oxford might be re-drawn. Some respondents who live outside the City of Oxford at the moment recognised the logic of an expanded boundary, however others strongly objected. The second unitary authority would cover a large and predominately rural area but also a number of larger towns such as Banbury, Didcot and Henley. Given this scale, there would still be a need for enhanced locality working. There would also be difficulties in putting forward a coherent vision and set of priorities for what are a diverse set of places, united only by being outside the boundaries of Oxford.

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Option 2 – Three unitary councils
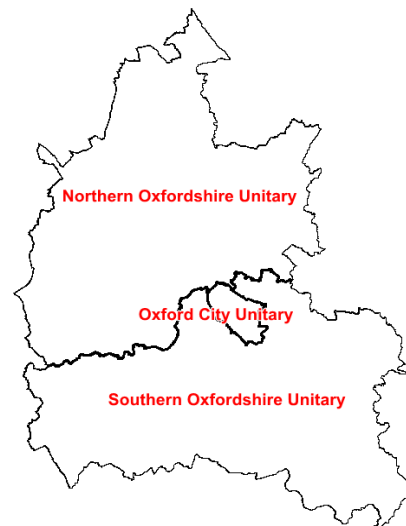
This option involves a merger of Cherwell and West Oxfordshire to create a Northern Oxfordshire Unitary. Socially, these areas vary more than those in the Southern Unitary as Cherwell is relatively more deprived but has a greater economic output than West Oxfordshire. Consequently, there would be more varied demand on local authority services. A Northern Oxfordshire Unitary would have greater capacity to produce income through business rates and provide more employment opportunities within the borough than a Southern Oxfordshire Unitary.

In this configuration both the Northern and Southern Unitary in Oxfordshire would be required to provide services over a larger rural area, in contrast to the densely populated Oxford Unitary.

The potential benefits of three unitary councils would be as follows:

- **The creation of a combined authority** which would be intended to improve on existing arrangements for joint decision-making on strategic issues such as infrastructure, housing and spatial planning.

- **Allowing greater flexibility for localised commissioning, innovation and efficiencies –** building on the Districts' established approaches to collaboration and shared services, it is argued by the Districts that sovereign organisations would have greater freedom to innovate and put in place bespoke local solutions than would be achievable even under locality working arrangements for a county-wide unitary.

- **Protecting existing shared services at district level –** district stakeholders are clear that a means would be found to protect cross-border collaborative working arrangements under this option although it is not clear how this would be achieved.

Potential risks arising from three unitary authorities would be as follows:

- **Lack of clarity around how a combined authority can improve on current decision-making arrangements –** joint decision making by the city and districts does not work smoothly at the moment. In the absence of any firm governance proposals it is hard to conclude that a combined authority would be able to improve on this. We believe that the initial proposal for rotating chairmanship of a combined authority by existing City and District leaders is insufficient, and a suitably empowered and directly-elected mayor would be required to provide a single point of accountability.

- **Transparency and accountability of decision-making** - services currently delivered by the County Council represent around 80% of local authority expenditure in Oxfordshire. If County Council services were to be provided by a combined authority in the future, they would potentially be subject to significantly less political accountability than is currently the case. There are important questions around democratic engagement and scrutiny within a combined authority under this scenario for which no precedent exists and no firm solutions have been identified.

- **Lack of clarity around how the City could be supported by surrounding areas –** any option that involved Oxford City Council retaining its current boundaries as a unitary council will also require a special arrangement to equalise funding available from the tax base against the relative concentration of need within the city area. We are unaware of any settled proposals for what this arrangement could be, although possibilities include direct financial support from surrounding unitary councils, an additional precept at the combined authority level or some form of equalisation through business rates. We also heard strong opposition to the idea of subsidising the city through our stakeholder engagement – "it would be unfair on rural voters". If a special arrangement could not be reached, then the viability of the three or four unitary option would be jeopardised.

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Option 2 – Three unitary councils (continued)

- **Relatively low scope for cost savings –** although some savings may be available through the aggregation of services at combined authority level.

There are additional risks to robust and clear decision making relating to services for and protection of vulnerable children and adults. These include:

- The difficulties in agreeing collectively on the distribution of resources to meet increasing care needs – for example individual authorities may decide not to make use of the adult social care precept which would increase the existing pressures on adult social care services.

- Fragmentation of existing safeguarding arrangements: strengthened transition arrangements would be required between authorities resulting in increased complexity and scope for errors.

- Difficulties in liaising effectively with partners such as the Clinical Commissioning Group and Thames Valley Police who operate on a county-wide basis or beyond and would need to commit additional resources to managing multiple relationships.

- Smaller authorities are likely to be unable to cope with unusually expensive care packages arising from local pockets of need, and use of specialist and expensive service may become unaffordable. This is particularly relevant for special educational and disability services.

- The potential loss of integrated working between the Fire and Rescue Service and wider council services.

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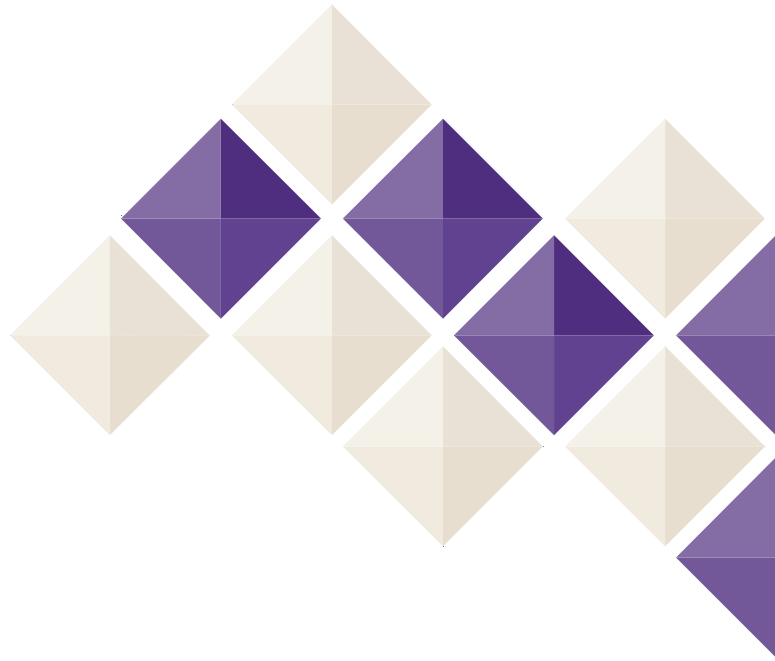
Option 1 – Four unitary councils

The four unitary option involves combining of Vale of White Horse and South Oxfordshire in order to form the Southern Unitary authority. Socially these areas are very similar with above-average proportions of knowledge workers, high prosperity and low levels of deprivation. Consequently, there will be a relatively low level of demand on local authority services. However, the challenges that are currently present in South Oxfordshire and Vale of White Horse of the population commuting out of the authorities to work will still remain as neither of these authorities has large economic scale.

The four unitary option shares broadly the same advantages and disadvantages as the three unitary option but adds complexity and risk as follows:

- **Governance for joint decision-making becomes less straightforward** with the requirement to balance the interests of a greater number of organisations. It is not clear that West Oxfordshire and Cherwell – as two relatively small unitary councils – should have an equal vote on combined authority issues to an Oxford Unitary Authority or the larger area of South and Vale. A governance arrangement could be devised to create appropriate balance but we have been unable to access any emerging thinking on this to date.

- **Smaller organisations are less likely to be financially resilient** even allowing for the novel delivery structures that are likely to be put in place for the most expensive services.

- **Minimal scope for service rationalisation and savings** due to including the largest number of sovereign organisations of any of the unitary options.

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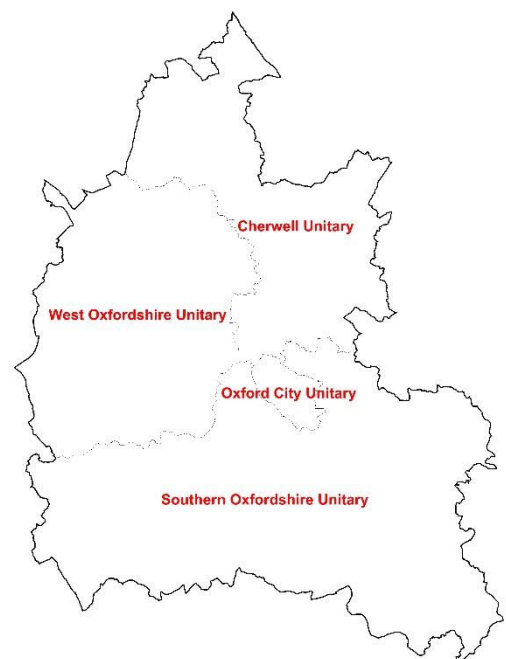
Summary of findings

We have reached a view about the strengths and weaknesses of each option against the specified evaluation criteria based on the evidence available to us. Proposals for how unitary local government could work in Oxfordshire are at a relatively early stage, so our findings necessarily include an element of preliminary judgement.

There is general agreement that the status quo is not the best option to respond to the current or future needs of Oxfordshire. Our overall view is that the evidence is strongest, in relative terms, for the viability of the county-wide unitary model (Option 4) in all five evaluation criteria. In our view the benefits of simplicity, clarified accountability, resilience, economic scale, shared boundaries with strategic partners and stronger leadership are decisive. The independent advisory panel supported this view - recognising the benefits of a unitary model of local government and the benefits of delivery at scale for key services.

Successful local engagement and community empowerment will be the biggest challenge for a county-wide unitary of this size. Our judgement on this point is necessarily based on the relative strength of the proposals made available to us rather than the intrinsic strengths of each model. We have had the opportunity to consider One Oxfordshire proposals in detail and to review successful precedents elsewhere such as Wiltshire and Cornwall. We have not been provided with any proposals that set out how local empowerment and engagement could be enhanced under a four, three or two-unitary authority model.

The table below summarises our emerging findings, based on available evidence, of all options relative to the status quo. Each rating applied represents the likely best option (A) through to the likely worst option (D) against each of the criteria.

Options	Better service outcomes	Cost savings and values for money	Economic growth and infrastructure improvement	Leadership and accountability	Local engagement and empowerment*
Single Unitary Authority	A	A	A	A	A
Two Unitary Authorities	C	B	C	B	C
Three Unitary Authorities	B	C=	B	C	B=
Four Unitary Authorities	D	C=	D	D	B=

Key

A – strongest evidence of a likely improvement from the status quo
B – second-strongest evidence a likely improvement from the status quo
C – third-strongest evidence of a likely improvement from the status quo
D – weakest evidence of a likely improvement from the status quo

Note: *our judgement for this criterion reflects the fact that we have been unable to identify any proposals for enhancement of local engagement and empowerment under two, three or four unitary authority options*

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Summary of emerging findings (continued)

Of the remaining options, we believe that a three-unitary authority model (Option 2) with a well-governed combined authority, preferably on the mayoral model, would be preferable to options 1,3 or 5.

There are however some key challenges that in our view make the three-unitary option significantly less viable than a county-wide unitary. Solutions are yet to be identified for these challenges:

- The lack of precedent for running disaggregated County services across multiple unitary authorities at a combined authority level.

- The lack of clarity over how a combined authority would improve on existing arrangements for democratic accountability and joint decision-making arrangements, especially without a single point of accountability such as a mayor.

- Oxford City in particular will struggle to achieve financial viability if it maintains its current boundaries, unless a special arrangement is put in place. At present it is not clear what this arrangement could consist of and we have concerns around how achievable it would be. This risk applies equally to a four unitary option.

- Risk of disruption and fragmentation to services for the most vulnerable and lack of clear alternatives for delivery models.

- Lack of clarity on how subsidiarity and local empowerment would be progressed by new unitary authorities.

- Any new model must improve outcomes for the people of Oxfordshire, many of these outcomes will be as a result of long term changes that need to be made county wide, often with other public service providers and these will typically be best undertaken via a county-wide decision making and resource allocation processes.

In our view a two-unitary model (Option 3) based on an expanded Oxfordshire is an unsatisfactory compromise. On the evidence seen so far, we prefer the three unitary model to the two unitary model for the following reasons:

- The "rural doughnut" would not be a coherent place and would be of sufficient size to require a similar approach to localism as the county-wide unitary option.

- Some of the complexity of the three- or four-unitary option is reintroduced with the potential requirement for a combined authority and highly-effective governance arrangements in order to balance decision-making on strategic issues.

The four-unitary model (Option 1) is the least desirable in our view as in additional to the disadvantages identified for the three unitary model, it minimises the scope for cost savings, maximises the complexity of the required governance arrangements and allows the least room to rationalise democratic representation. It fails to solve the concerns around financial viability of Oxfordshire in particular and a unitary West Oxfordshire and Cherwell would also struggle to achieve financial viability.

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A sixth option?

A sixth option?

A sixth option?

In our view a further option, which did not form part of the scope of our review, should be considered by the councils in Oxfordshire. In response to the message from DCLG that consensus is needed to move from the status quo, this further option builds the commonalities of proposals put forward by the County Council and the City and Districts, specifically that:

- Local identity and variation should be respected

- A strategic body is required to make joined-up decisions and deliver certain services on a county-wide basis

- Decisions should be taken as close as possible to communities with appropriate levels of democratic engagement and accountability

- Simplicity for partners and a unified voice to government are critical

The County Council requested that we comment on this option in the same way as we have for previous unitary options, drawing out potential benefits and risks and considering the implications of these. We have considered this option in relation to the same five evaluation criteria and our comments are included in this final section of our report. We have not applied ratings as proposals for option six are in broad outline only and we have not had the opportunity to research it as extensively as for the other options.

A strategic county-wide unitary with strong district administrative areas

Option six is described as follows:

- A strategic unitary council for Oxfordshire with overall responsibility for determining a framework of delegation of powers and budgets

- Constitutionally established area boards reflecting the administrative boundaries of the current City and District Councils exercising these delegated powers and budgets

- A commitment to explore further enhancements to the roles of Town and Parish Councils.

Detailed proposals are at an early stage, but it would be intended that the strategic unitary body would retain responsibility for decisions affecting Oxfordshire as a whole, including infrastructure, transport and housing. It would also determine policy for adult social care and public health services, integration of services with health partners, and children's services – meeting need and determining the allocation of resources across the County.

Importantly, the current boundaries of the City and District Councils would be preserved in the form of area boards or committees with delegated powers and responsibilities - for example, there could be local planning committees for each of the current City and District Council areas which have delegated powers to make appropriate decisions when applying locally the strategic planning framework agreed by the county-wide strategic body. The option for further devolution to towns and parishes would then be further explored once this new arrangement was established.

Our view

Our comments are at a high level as much work remains to be done to define this new model. Our initial view is that option six would be likely to deliver similar financial and service benefits to local residents and businesses as the county-wide unitary model. It protects the key strengths of scale, clarified accountability, shared boundaries with partners and strong leadership through a single body of elected members and a single officer corps. Crucially, however, it also also offers a pragmatic route to achieving political consensus through recognition of the existing District Council administrative areas.

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A sixth option?

The key differences between the straight county-wide unitary model and "option six" are as follows:

- **Respecting the City and Districts as democratically distinct bodies** – the proposal to use existing boundaries as administrative areas offers a degree of continuity from the perspective of members of the public as well as a high degree of self-determination. It also retains the strategic ability to allocate resources across the County wherever they are required.

- **A single set of elected representatives operating at County and District level** - importantly, democratic representation at the district area level would be by a subset of county-wide unitary councillors – a single set of members would effectively work at both levels. Leaders of each area board could also be provided with an automatic seat on the county-wide unitary executive board. These unitary councillors would be elected through a fresh electoral process.

Option six also offers a different solution to some of the potential risks identified for the county-wide unitary model.

- **Remoteness from communities** – protection of district boundaries would ensure that the public are able to deal with familiar decision-making bodies for local issues, whilst also allowing scope for further exploration of devolution to and collaboration with Town and Parish Councils over time.

- **Inflexibility –** although the strategic unitary body would set the strategic framework for key service policy and resource allocation, we understand that subsidiarity would be a fundamental design principle with devolution to district area boards to the fullest extent possible.

There are also some significant challenges that the model would have to overcome:

- **Ensuring appropriate democratic decision-making at the locality level –** this option could risk being seen to recreate the two-tier system, albeit with a redistribution of decision-making powers to create a single point of accountability at the strategic, count-wide level. Friction between localities would not be fully removed, but would be far less likely to result in stalemate. Care will be needed to ensure that this does not go too far - balancing the need for appropriate democratic debate and engagement at district level whilst also not allowing the difficulties affecting the status quo to creep back in.

- **Leaving room for the model to evolve** – careful thought will be required to ensure the right delegations of decision-making powers and budgets whilst achieving an appropriate level of autonomy for district-level boards. This may include a requirement for voting safeguards and assurances to ensure that locality decisions cannot be overturned at the unitary level through changes to the constitution. It would be unlikely that a new unitary authority would get this right first time – and it would therefore need room to calibrate and review arrangements.

If adopted, it has been suggested that the model could be subject to review by an objective third party (for example the DCLG or Local Government Association) after a fixed period of time.

We believe that option six merits serious further consideration by all parties. It represents an important step towards compromise between the aspirations of the County Council and the City and District Councils, as well as potentially offering a test bed for a model of governance that could be replicated in other two-tier areas.

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Appendices

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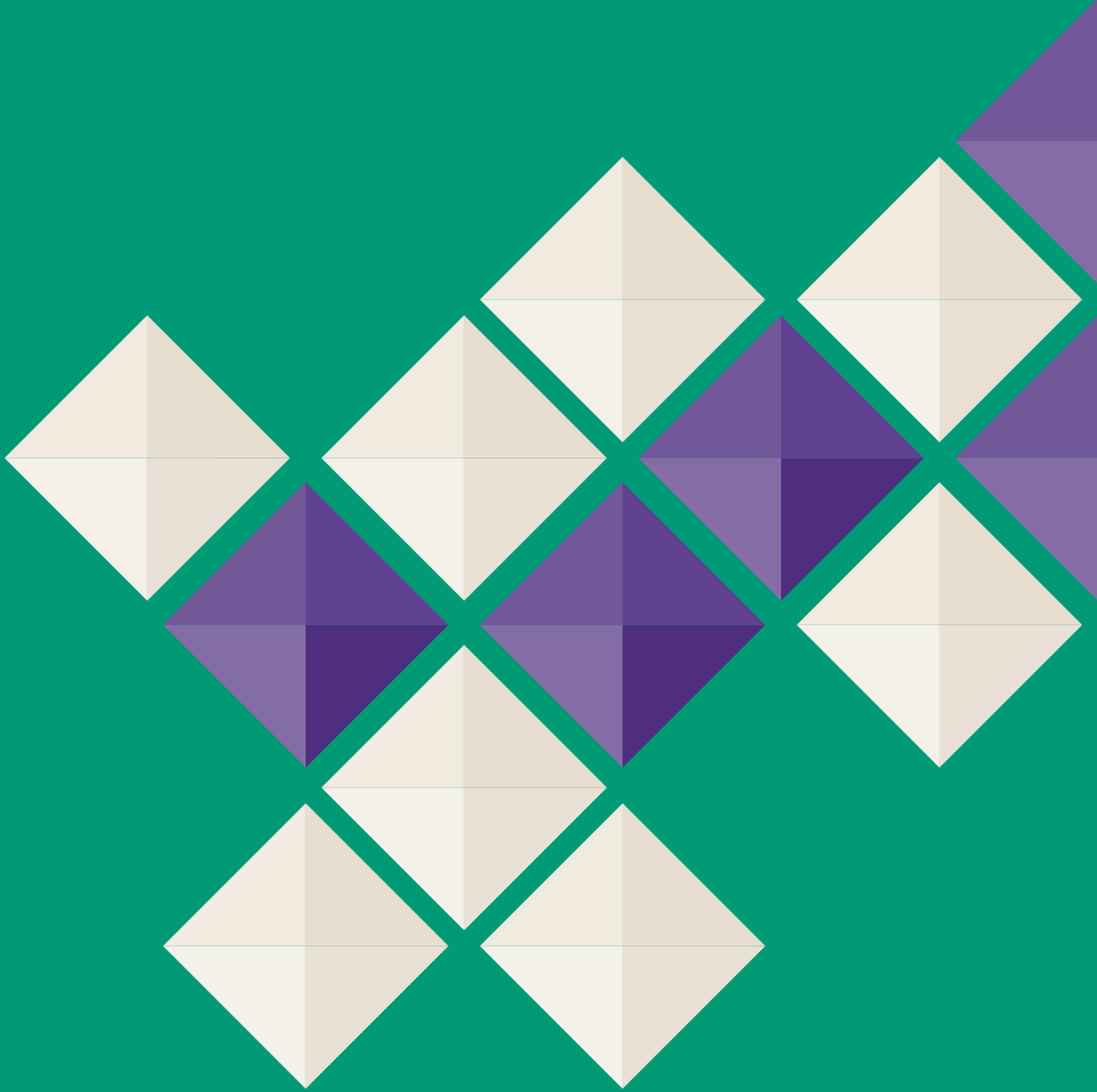
Appendix A – Glossary

ASCOF	The Adult Social Care Outcomes Framework
Better Care Fund	Statutory pooled budgets between local authority and health partners that accompany formal joint working arrangements
CCG	Clinical Commissioning Group
The City Council	Refers to Oxford City Council
Combined Authority	A joint authority created by two or more councils
County Council	A council that provides services across a county-wide area, such as social care, public health, highways and libraries
County-wide unitary	A unitary authority covering a whole shire county area
CSE	Child sexual exploitation
DASS	Director of adult social care
DCLG	The Department for Communities and Local Government
Devolution	The transfer of powers, responsibilities and budgets from central to local government
District Council	A council that covers a smaller area than a county council and provides services such as housing and rubbish collection, in an area which also has a County Council.
DPH	Director of Public Health
DTOC	Delayed transfers of care
FTE	Full time equivalent member of staff
MTFP / MTFS / MTRP	Medium-term financial plan / Medium-term financial strategy / Medium-Term Revenue Plan (we have used the term adopted by each Council as appropriate)
NHB	New Homes Bonus
NHS	The National Health Service
Ofsted	The Office for Standards in Education, Children's Services and Skills
OxLEP	The Oxfordshire Local Enterprise Partnership
RSG	Revenue Support Grant
SFA	Settlement Funding Agreement
Town Councils and Parish Councils	Local councils that operate at a level below district council
Unitarisation	The process of developing a unitary authority or authorities
Unitary Authority	A council responsible for all local government functions within its area

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Appendix B – full list of engagement activities

Organisation	Attendees
Oxfordshire County Council	The Leader, Cllr Ian Hudspeth Cabinet members Members County Corporate Management Team
Price Waterhouse Coopers	Tim Pope (PwC project manager) Richard Parker (Partner)
Parish & Town Councils	Various in surroundings of Thame and Banbury
DCLG	Paul Rowsell, Deputy Director, Governance Reform and Democracy Unit Ian Barker, Policy Officer Ben Douglas, Policy Officer
Independent Advisory Panel Chair	Colin Fletcher, Bishop of Oxfordshire
Oxford University Hospitals	Bruno Holthof, Chief Executive Dame Fiona Caldicott, Chair
Oxford City Council	Peter Sloman, Chief Executive Caroline Green, Assistant Chief Executive
Age UK (Oxfordshire)	Paul Cann, Chief Executive
Oxfordshire CCG	Joe McManners, Clinical Chair Catherine Mountford, Director of Governance
Oxfordshire LEP	Nigel Tipple, Chief Executive
Oxford Health	Dominic Hardisty, Chief Operating Officer, Deputy Chief Executive
Vale of White Horse District Council	Councillor Barber, Leader of the Council
Oxford Brookes University	Professor Alistair Fitt, Vice Chancellor, Oxford Brookes University
Cherwell District Council	Sue Smith – Chief Executive Jo Pitman – Head of Transformation
South Oxfordshire District Council	Councillor Cotton, Leader of the Council
Thames Valley Police	Chief Constable Francis Habgood
West Oxfordshire District Council	David Neudegg, Chief Executive
Oxfordshire Association of Local Councils	Christine Lalley
Members of Parliament	Victoria Prentis – MP for North Oxon John Howell – MP for Henley Andrew Smith MP for Oxford East
Berkeley Strategic Land	Adrian Brown – Managing Director
Oxford University	Professor Anne Trefethen Professor William James Professor Ian Walmsley
CABi	Ian Barry – Property Director
Society of Local Council Clerks & Banbury Town Council	Mark Recchia – Oxfordshire Lead
Timbnet	Nigel Cox – Managing Director

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Appendix C – Members of the independent advisory panel

We are grateful for the participation of the following individuals in the two meetings of our independent advisory panel:

Name	Organisation
Adrian Cooke	Skanska
Alistair Fitt (Prof)	Oxford Brookes University
Angus Horner	Harwell Campus
Anne Clarke	Oxfordshire MIND
Anne Trefethen (Prof)	University of Oxford
Bishop Colin Fletcher	CHAIR
Bruno Holthof	Oxford University Hospitals NHS Trust
Carol Thomson	Oxfordshire School Governors' Association
CC Francis Habgood	Thames Valley Police
Chris Williams	Grant Thornton associate
Christine Lalley	OALC (Oxfordshire Association of Local Councils)
Eddy McDowall	Oxfordshire Association of Care Providers
Emily Lewis-Edwards	Community First Oxon
Frank Nigrello	Unipart
Helen Evans	Getting Heard (formerly Oxfordshire Advocacy)
James Drury	NHS England
James Plunkett	The Transition Group
Janie Slaymaker	Unison
Jeremy Dicks	Carillon
Jeremy Long	Chair of OxLEP
John Hayes	Oxfordshire Community and Voluntary Action
Jon Bright	Citizens Advice
Julie Gibbard	Barnardos – South East Region
Kathy Shaw	Oxfordshire Community and Voluntary Action
Mark Blandford-Baker	Magdalen Coll/Oxford Science Park
Mark Recchia	SLCC/Banbury Town Council
Martin Sutton	Stagecoach
Nigel Tipple	OxLEP Chief Executive
Paul Burnett	Oxfordshire Safeguarding Children's Board
Paul Cann	Age UK Oxfordshire
Penny Thewlis	Age UK Oxfordshire
Peter Cansell	Oxfordshire Primary Head Teachers Association
Phil Southall	Oxford Bus Company

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Oxfordshire Unitary Government Study

July 2016

Review of proposed Unitary Authority options with a Combined Authority

pwc

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Important notice

This document has been prepared by PricewaterhouseCoopers LLP ("PwC") for Oxford City Council, Cherwell District Council, South Oxfordshire District Council, the Vale of White Horse District Council, West Oxfordshire District Council, Cotswold District Council and South Northamptonshire District Council ("Commissioning Councils"). Cotswold and South Northamptonshire District Councils were included as commissioning councils since the original terms of the work included looking at the option of unitary councils that would cover their areas. This was ruled out as an option during the work (rationale explained further within the document), however the two councils retain an interest in the outcomes of the study. Accordingly, the contents of this document are strictly private and confidential.

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Executive summary

Introduction

To support delivery of a devolution deal for Oxfordshire, the five District Councils in Oxfordshire have been developing proposals for reorganising the existing two tiers (County Council and District Councils) of local government into a single tier i.e. a unitary local government model.

The current two-tier local government structure in Oxfordshire is under scrutiny and challenge for several key reasons:

1. ***Rising demand and declining budgets means that traditional approaches are not sustainable***. Oxfordshire County Council's use of reserves to balance the budget for each of the last four years is not sustainable in the long run and it needs a fundamental transformation.

2. ***A sustainable solution requires integration across the whole system and a wholesale commitment by all parties to truly integrated outcomes to start shifting activity up stream to reduce long run demand.*** This is particularly the case in adult social care, and to a lesser extent children's services, where the level of demand, costs involved and importance of protecting the vulnerable demands a robust, ambitious and innovative response that recognises no single organisation can do it alone. Some stakeholders are not convinced the County recognises that it needs new skills and capabilities to effectively work in different ways without being in direct control.

3. ***Long standing frustrations with planning, transport and housing delivery are now having a material impact on operational performance and will increasingly hold back the potential of the region.*** The split of governance, decision making, strategic development and service provision across the two-tier system has not provided a whole-place approach to these issues. Therefore the current rate of economic growth will be increasingly constrained by the lack of capacity of the transport network, unmet demand for affordable housing and commercial space, and a lack of clear strategic planning vision. Stakeholders are already citing practical examples where they are struggling to fill posts due to the consequences of these issues. A unitary model could help achieve this.

Against this backdrop, the five District Councils in Oxfordshire have commissioned a study to assess whether the options for a unitary and combined authority local government model in Oxfordshire would in principle be both feasible and better placed to deliver this ambition. In considering the unitary authority options, consideration has been given to:

- The viability and sustainability of the options – estimating the resources and expenditure of the unitary authority (UA) options and taking account of the transition costs and savings from establishing UAs;

- Service transformation and redesign – identifying the potential scale of savings that could be achieved from integration and designing new operating models;

- Operation of a combined authority (CA) – identifying which functions it would be beneficial for a combined authority to be responsible for.

The five options considered in this study are:

Option		Geography
1UA	A single Unitary authority covering all of the current Oxfordshire region	1) Oxford City, Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA	Two Unitaries based around the current City Council and a separate authority for the wider region	1) Oxford City 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA+	As above but with an expanded boundary of the City Council	1) Oxford City (expanded boundary) 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire An expanded boundary for the city has been developed which includes new strategic-scale urban extensions around the edge of Oxford that have a close functional link.
3UA	Three Unitaries based around the current city, combining the two districts in the north of the region and likewise in the south of the region	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) Cherwell and West Oxfordshire
4UA	As above but with districts in the north remaining separate.	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) West Oxfordshire 4) Cherwell

Population size

1. A single UA option for Oxfordshire would make it the third largest UA in England, third to Birmingham and Leeds. Oxfordshire's population could reach 883,637 by 2031 if the 100,000 housing need was met as outlined in the Strategic Housing Market Assessment. Whilst there are other single tier authorities of this size, the others are either city UAs or county UAs that do not have a large city within them.

2. The four UA option creates three of what would be the smallest UAs in population terms in England and would be unequal in proportion to South Oxfordshire.

3. The three UA option creates a more equal distribution of population between the Northern and the Southern UAs, with the city having a lower population in general, but a higher proportion of working age population. This option also recognises and reflects the distinct socio-economic conditions of the City.

4. The two UA option creates the 9th largest single tier authority in England, but also one of the 18th smallest. This creates a potential imbalance that could be addressed by expanding the city boundary.

Financial analysis – value for money and cost of transition

- The 2015/16 General Fund Revenue Account outturn data ("RA data") for the five District Councils and Oxfordshire County Council has been used to disaggregate resources and expenditure using

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appropriately selected drivers. Further detail on the methodology is contained within Section 4, and the assumptions used in 4.1.3.

- Based on this methodology, the 4UA and 3UA options are in deficit with the exception of Southern Oxfordshire UA which is in a surplus of £20.1m (pre transformation). For the 4UA, 3UA, 2UA options, Oxford City has the largest pre-transformation deficit in both 2015/16 and 2020/21 (£10.7m and £16.8m respectively), though these amounts represent just 1% and 2% of total revenue expenditure across Oxfordshire. For the expanded 2UA option, Oxford City has lower deficits of £6.2m and £12.4m for 2015/15 and 2020/21 respectively. For the 1UA option, there is no surplus or deficit. This revenue neutral position is to be expected given that the 1UA option encompasses all five Districts and the County Council.

- After transformation savings and efficiency costs, (of between £113.3m and £56.4m over a 5 year period), all the UA options are in a surplus, with the exception of Oxford City.

- Based on the analysis we have undertaken and the assumptions we have used, an Oxford City UA would be in deficit post transformation, except with an expanded boundary. If the Oxford City UA is expanded, its deficit is replaced with a small surplus of £1.9m.

- This is due to a disparity between the funding and expenditure for children's services, and a lesser extent adults services. All UAs are sensitive to this service, and in any of the UA models, there must be a commitment to shared commissioning and delivery mechanisms and pooled grant to ensure that funds are allocated on a needs basis as opposed to a geographical basis. By sharing the commissioning and delivery of these services (and funding these through pooled resources), the financial disparity is significantly reduced between the different UAs, providing Oxford City with a surplus of £5.5m in 2021, increasing Cherwell's surplus to £10.6m, whilst reducing Southern Oxfordshire and West Oxfordshire surpluses to £17.3m and £3.1m respectively).

- On its existing boundary, Oxford City generates significant business rates and is a net contributor to the Treasury, which in a future local government finance system with the 100% retention of business rates, will improve the Oxford City financial position.

- The ability to deliver the planned growth up to 2031 will also have a material impact on the financial position of all UA options– it has the potential, if managed properly, to have a positive impact on the overall financial capacity and resilience of the Oxford City unitary. The extent of this will depend on the level of investment required both to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).

- Based purely on our analysis, a single Unitary Authority has the potential to generate the most financial benefits due to the economies of scale (an estimated net saving of £113.3m over a 5 year period).

- A 2UA option (based on the existing city boundary) provides £94.5m net savings and has similar financial benefits as the Expanded Oxford City option. However, the mismatch and imbalance between the population size, resources and service levels between the two Unitary Authorities does need to be considered. By design it creates a new two tier status, but in this case, between the two Unitaries.

- A 3UA option provides net savings of £75.5m over 5 years, and based on our analysis, two of the authorities are financial stable. The Oxford City Unitary (for reasons outlined above) would be in deficit in revenue terms by £16.8m in 2020/21 (pre-transformation). This deficit would need to be remedied through a needs based spending settlement but it is not material in terms of the total spending across the local government system. This option reduces the mismatch between the population sizes of the UAs (157,997, 252,652 and 261,867).

- The 4UA option provides the least financial benefit (£56.4m net savings over 5 years), whilst also having significant differences in the financial position of the various UAs (South Oxfordshire in a surplus of £20.1m in 2020/21 (pre-transformation) and the remaining three UAs in a deficit.

- The savings estimates outlined in our analysis are modelled on a consistent basis across all the UA options and do not take into account past track record in the Districts and County Councils of managing a balanced budget and delivering transformation programmes. As an illustration, the Districts have balanced budgets for the next 4 years and have undertaken transformation and efficiency programmes, and the County Council has in recent years appropriated £39.6m from its reserves (as per the 2015/16 RA data). The scale of savings achieved by each future UA, will depend heavily on the level of ambition for transformation and the scale of transformation successfully delivered by each of the UAs.

Strong and accountable local leadership

- The 4 UA model provides the maximum level of democratic accountability and connectivity to local communities.

- The 3 UA model would provide a balance between addressing local needs in communities, increased accountability through three democratic structures within Oxfordshire, and it would reflect and recognise distinct urban and rural issues, and different socio-economic characteristics that any new local government settlement needs to address.

- The 2 UA option recognises the difference between urban and rural priorities and the different demographic and socio economic characteristics. However the scale of the expanded area of Oxfordshire dilutes democratic accountability in the rural geography, with a population of 452,246 and a geographical area of 2,245km².

- A single UA will be viewed as similar to the current County arrangement which risks a remoteness of services and gives rise to loss of accountability with potentially lower levels of political representation at decision making committees than other models. This would need to be addressed through the creation of sub-structures and area committees which could result in reduction of benefits from economies of scale, albeit greater representation. Routes of accountability would need to be made clear in this option.

Delivering better services

- All councils across Oxfordshire need to further transform service delivery as part of the move to a self-financing model for local government. This is an opportunity to further redesign services around users and communities with the ability to reflect local priorities and plans for growth.

- A single UA will generate economies of scale but this needs to be balanced with the fact that it will become the third largest single tier authority in England that will need to provide District level services to a city and rural areas. This option carries a risk of a lack of responsiveness to the diversity and vast differences in local needs across the County geography. A bureaucracy of this scale may be less flexible and agile to the changing nature of need and demand, so mechanisms would need to be created to enhance responsiveness of the 1UA option.

- A 2 UA option enables a tailored approach to rural and urban geographies, but is imbalanced between City and 'donut' (population size, demography and economics).

- A 3 UA options provides better alignment to geographic and urban / rural settings and economy and tailoring services to rural and urban geographies. This option addresses the imbalances of City and 'donut' option and builds on existing relationship in the South of the County.

- Whilst providing the opportunity for the most extensive tailoring of services to local needs, a 4 UA option would provide limited opportunities to achieve economies of scale.

Combined Authority

- A Combined Authority for Oxfordshire would provide a collaborative vehicle for Oxfordshire wide decision making and accountability for delivery of the issues that are restraining economic growth - in particular strategic planning, housing, transport and infrastructure.

- The Combined Authority provides a mechanism for pooling funds, resources and raising income to maximise growth or address need/ service demand.

- At the same time, the CA model allows a degree of local UA flexibility and efficient delivery through UAs and partners, and provides a strong platform for ongoing dialogue with government to secure further investment and devolution.

- It would also provide a means to give business, health, police and other key partners a seat at the table and a voice in collective decision making, providing overall leadership and coordination of the public sector in a single decision making body.

Children's services

- Children's services in Oxfordshire are generally good, but faced with rising demand and declining budgets there are concerns that capability and capacity will become stretched and result in a retrenchment into statutory protective responsibilities. Protecting vulnerable children must remain the overriding priority, but alongside those that need intensive support is a need to focus on those on the edge of care to help prevent more children from requiring intensive support through early identification and action.

- The ambition is to progressively reduce the number of children needing intensive support through earlier identification and action, while improving the outcomes for any children that do come into care. The goal is to enable local government, health and police authorities work ever closely together to provide leadership on a shared ambition for children across the region.

- Helping prevent children needing external support and helping families help themselves is a shared responsibility, requiring a commitment across local government, the NHS, the police, the wider public sector, as well as the voluntary and community sectors and the engagement and commitment of children and young people, their families and their communities. It requires system wide reform which the combined authority would be committed to leading.

- Alongside the protective duties of local government, a unitary and combined authority model as part of a devolution deal would complement a fundamental review of the whole system so that it focusses on building on the strengths of the current system while also designing in early and preventative work with children and young people, their families and their communities.

Adults services

- Adult social care is a system under strain nationally and locally. There is universal recognition that better co-ordination of health and social care designed around the person is needed to both improve service outcomes and to reduce costs. Shifting care into the community, closer to home, making care more personalised and supporting people to live independently for longer is the overall aim.

- The challenge in Oxfordshire is making this shift happen. There is overall agreement on the need for integration of commissioning but the execution of those plans are still at a formative stage and linked to specific services. In addition there is a need for one team delivery of out of hospital services, which a unitary solution for local government would help create. Greater alignment and collaborative working could be designed in with synergies across community services such as housing, recreation and leisure that help to keep people out of hospital and enable them to live independently for longer.

- The overall state of health in Oxfordshire is good, and has improved, but it is recognised that to continue improving a more comprehensive approach to tackling health challenges is needed. Integration of health and social care was a key element of the devolution proposals which all parties in Oxfordshire agreed. That remains the case, but there is an increasing ambition to move forward at pace and truly integrate the resources, responsibilities and roles in a shared approach across health and local government. A joined up approach to service delivery and effective demand management is the aim of

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pooling budgets and jointly commissioning services through a Combined Authority with CCG membership and full participation.

- Integrating commissioning is one pillar but further work will be needed to align all stakeholders behind a clear set out outcomes and a clear set of interventions identified that will deliver change in both community services and in hospital health settings. That work needs the comprehensive approach and agreed principles for developing for the right solution in Oxfordshire, including the development of the appropriate Local Care Organisation.

Conclusion

Oxfordshire now has to make a choice.

If it maintains the status quo, political and chief officer effort will increasingly be focused on the incessant challenge of managing and delivering core service provision across a diverse geography against the backdrop of budget reductions and rising demand. In doing so, local government will not be fulfilling its wider duty - the duty to ensure Oxfordshire retains and leverages its competitive advantage for the benefit of the people and places it serves and the universities and businesses that are located in and have chosen to invest in Oxford and Oxfordshire.

There is now an opportunity to look at a new local government settlement for Oxfordshire - one that is sustainable and equitable and aligns innovation in service delivery with a new structure that is powered through and empowered by a Unitary and Combined Authority solution that delivers; resilience, growth, and a devolution deal.

Our conclusion is that, based on the work undertaken and the analysis carried out, now is the time for a decision to be made on a new settlement for the structure and form of government and governance in Oxfordshire. A new settlement that will create new structures for the administration and delivery of key public services across health and social care and children's and adults services and also have responsibility for both economic and housing growth.

There is now a need for politicians in Westminster and across Oxfordshire to assess the evidence, evaluate the options and to engage with stakeholders. If this is done in the right way, we are hopeful that agreement will be reached on the design of a new structure of governance and accountability that will deliver better public services, drive economic growth and be a better fit for the future.

1. Introduction

1.1 Background context

This study explores the options for Unitary Government and a Combined Authority in Oxfordshire.

1.1.1 Oxfordshire

Oxfordshire has a population of 672,516[1] and covers a geography of 2,606 km squared. It is administered by a two-tier local government system.

Oxfordshire County Council is responsible for children's services, social care, highways, waste disposal, some education services, and passenger transport. The County is also responsible for the Fire & Rescue service.

The five District Councils, namely Cherwell, Oxford City, South Oxfordshire, Vale of White Horse and West Oxfordshire, are responsible for housing, waste collection, planning, environmental health and leisure recreation and take a leading role in promoting local wellbeing, economic development and place shaping in partnerships with the statutory and voluntary sectors locally.

There are also 234 Parish Councils and 15 Town Councils within Oxfordshire, responsible for local amenities such as playing fields, footpaths, bus shelters and allotments.

The Oxfordshire Local Enterprise Partnership is a voluntary partnership responsible for driving economic growth and identifying investment priorities. Its membership comprises both tiers of local government, the business community, academia and education.

Established in 2013, and covering a geographical area in the main part coterminous with the County, the Oxfordshire Clinical Commissioning Group (CCG) purchases health services on behalf of everyone in Oxfordshire. Thames Valley Police are responsible for policing Oxfordshire, Berkshire and Buckinghamshire and the force is split into twelve Local Policing Areas (LPAs). Three of these LPAs are situated in Oxfordshire and are coterminous with local authority boundaries: Cherwell and West Oxfordshire LPA; Oxford LPA and South Oxfordshire and Vale of White Horse LPA.

In 2006 the District Councils in Oxfordshire made an unsuccessful bid for unitary status in partnership with each other based on a three unitary North, South and City model in response to the Local Government White Paper 'Strong & Prosperous Communities' which set out a clear timetable and assessment criteria for submissions.

1.1.2 Purpose of the study

To support delivery of a devolution deal for Oxfordshire, the five District Councils in Oxfordshire have been developing proposals for reorganising the existing two tiers (County Council and District Councils) of local government into a single tier i.e. a unitary local government model. The ambition is to create a unitary authority model for Oxfordshire which is designed to:

- Deliver better public services - in ways which are more cost effective and reflective of local priorities;
- Provide value for money – by achieving efficiencies from the two-tier system; building on innovative cost-saving management and service delivery models already adopted by the District Councils;
- Ensure strong and accountable local leadership and governance – which balances the need for strategic and local decision making;
- Help to deal with the demographic pressures on adult social care and improve outcomes through integration of commissioning with health services and development of a starting a journey to a much more integrated accountable care organisation (ACO) type model increasingly focussed on

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[1] Office National Statistics - 2014

prevention and health promotion;

- Ensure a system for children's services that delivers a robust approach to child protection and safeguarding while reducing demand through a preventative approach to supporting children and families on the edge of care based upon leading practices;
- Help support the economic and housing growth being planned for in Local Plans and secure the necessary infrastructure identified in Oxfordshire's Devolution Deal proposals;
- Enable development and growth across the area to meet its potential whilst effectively reflecting the different interests of the City, market towns and rural communities;
- Support the growth of the knowledge and skills economy;
- Benefit from potential service synergies from unitary authorities having responsibility for planning and delivering services such as spatial planning, economic development, housing, transport infrastructure, social care and health.

The five District Councils in Oxfordshire have commissioned a study to assess whether the options for a Unitary and Combined Authority local government model in Oxfordshire would in principle be both feasible and better placed to deliver this ambition. In considering the unitary authority options, consideration has been given to:

- The viability and sustainability of the options – estimating the resources and expenditure of the unitary authority (UA) options and taking account of the transition costs and savings from establishing UAs;
- Service transformation and redesign – identifying the potential scale of savings that could be achieved from integration and designing new operating models;
- Operation of a combined authority – identifying which functions it would be beneficial for a combined authority to be responsible for.

The study involved extensive engagement with key stakeholders from business, health, academic, public sector and local government.

1.1.3 The options

The five options in scope of this study are outlined in Table 1

Table 1: The Unitary Options

Option		Geography
1UA	A single Unitary authority covering all of the current Oxfordshire region	1) Oxford City, Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA	Two Unitaries based around the current City Council and a separate authority for the wider region	1) Oxford City 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA+	As above but with an expanded boundary of the City Council	1) Oxford City (expanded boundary) 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire An expanded boundary for the city has been developed which includes new strategic-scale urban extensions around the edge of Oxford that have a close functional link.
3UA	Three Unitaries based around the current city, combining the two districts in the north of the region and likewise in the south of the region	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) Cherwell and West Oxfordshire

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4UA	As above but with districts in the north remaining separate.	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) West Oxfordshire 4) Cherwell

An alternative 4 UA 'outer-County' option was initially within scope of the study which included a West Oxfordshire & Cotswold unitary option and a Cherwell & South Northamptonshire unitary option that built on existing working relationships. However this option was removed from the scope following discussions we held with local and national stakeholders which concluded that this option was not feasible within reasonable timescales given the additional complexity and consequential impacts it would have on additional areas outside of scope. It was clear that the lack of support for such an approach made any further analysis of this option of limited value.

2. *The case for change*

2.1 Devolution

The devolution of powers from central government to local government has continued to be one of the defining political narratives for 2016. There has been widespread agreement that the balance of power between central and local government is no longer effective. The devolution revolution, announced by Chancellor George Osborne in 2015, set out to address this through the establishment of Combined Authorities with elected mayors to agree and then deliver Devolution Deals.

The opportunities from devolution largely fall into four inter-related elements:

- a rebalancing of the economy with inclusive growth;
- public service reform with better value services;
- enhanced public engagement and accountability for the delivery of local services; and
- improved local outcomes – putting service providers closer to the end service user.

To deliver against these opportunities, in the context of decreasing budgets and the potential for more accountability and control over functions, local authorities recognise that they have to be able to influence and co-ordinate strategy, investment and delivery of services across a much broader range of public sector organisations. Council leadership has shifted from being about directing delivery, to providing the place leadership for a more inclusive and collaborative arrangement that works not just for the wider public sector but which also engages and empowers leading firms, knowledge institutes and engages citizens[2].

A whole system approach is needed with partners across a place establishing a shared vision for the outcomes they want to achieve, and keeping a firm focus on the impact they can deliver by working collaboratively. Taking such an approach offers the potential to deliver better for less by reducing costs and demand and moving towards a goal of fiscal neutrality.

Combined Authorities are being established as the vehicle from which to develop and implement this whole systems strategic approach collaboratively, to take on devolved powers and funding, and be the mechanism for effective strategic decision making and streamlined accountability and joined up services. To date there have been seven Combined Authorities established, each with different devolution deals and governance arrangements, recognising the different needs and issues of each locality.

The Cities and Local Government Devolution Act 2016 now enables any public authority function relating to an area, including health, to be conferred on a council and any local government function to be conferred on a combined authority, removing the limitation that restricted this to economic development, regeneration and transport. The Act also introduced directly-elected mayors to combined authorities and the ability for devolved policing powers and other functions to Mayors.

2.2 Local government reform

The past five years have seen a period of unprecedented change for local authorities. Local government is now one of the most efficient parts of the public sector having adapted to budget reductions of 40% since 2010. Local authorities have been pushed to the point where they are not only more compact, but to where they have to ask fundamental questions about the role of local government and their place in society. Yet local government continues to face real financial challenges. Having already seen a period of rapid efficiency improvements, by the end of this Parliament the Government's ambition is for local authorities to be more

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[2] Euricure and PwC, 2016, iUrban Enabling sustainable city competitiveness through distributed leadership

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fiscally independent, to work across boundaries at scale and to take a greater role in driving growth and public service reform.

Councils have embraced an agenda of transformation that has not yet been seen in many other areas across the public sector. The last six years have seen a period of fundamental change for local government. For many years, local authorities sought to improve outcomes for citizens primarily by managing the delivery, or by commissioning the delivery, of services in their local areas. The prolonged austerity has meant the ability to support vulnerable people, help children and young people reach their potential, grow local economies and keep communities safe through traditional service delivery has been severely compromised. In an annual survey of local authority leaders and chief executives PwC found a high expectation that some local authorities will fail to deliver the essential services that residents require, rising from 43% in the next year to 77% in the next three to five years. Over the last five years the public acceptance of cuts in local authority funding has fallen from nearly half to just under a third[3].

For some authorities, facing rapidly changing, growing and complex demands while dealing with almost certain contraction in Government funding has led to an exploration of how to manage withdrawal and retreat to core and statutory services. For others, the outlook is different and they are exploring what they want to achieve, assessing everything they do and foster new ideas, innovation and thinking about how they deliver outcomes[4].

In a two tier system of local government responding to these pressures can amplify the tensions that have existed since the system was created in 1972. Arrangements can work well where there are strong relationships at all levels and a shared vision and ambition between councils within an area. However, it can also become increasingly unsustainable where different authorities have conflicting priorities, aims and beliefs.

Since 1972 nearly half of the original two tier areas have been replaced in successive rounds of reorganisation during the 1990s and in 2009. Local Government reorganisation in response to delivering economic growth was also highlighted in 2012 with Lord Heseltine's report 'No stone unturned – in pursuit of growth' where he stated that local government had become disempowered by 'centralising power and funding' and remained 'overly complex and inefficient'.[5] The report advocated for a system of single unitary authorities with clear accountability and responsibilities. Devolution has been one of the defining policy narratives since the election of the current Government in May 2015.

2.3 *The opportunity for Oxfordshire*

Oxfordshire is a great place to live, work and visit. It has:

- the fastest growing economy of any LEP area since the recession, with economic growth of over 20% GVA between 2009 and 2013[6]
- the lowest JSA claimant count in the country (2178 (0.5%) - July 2015)
- world renowned knowledge-based and quality of life competitive advantages;
- been named as the most innovative area in the country[7], second only to London for growth of fast growing businesses[8]

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[3] PwC, 2016, The Local State We're In

[4] PwC, 2016, Beyond Control, Local government in the age of participation
http://pwc.blogs.com/publicsectormatters/2016/03/beyond-council-control-harnessing-the-power-of-participation.html

[5] The RT Hon Lord Heseltine: No stone unturned – in pursuit of growth 2012

[6] http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-393471

[7] Benchmarking local innovation – the innovation geography of the UK, Enterprise Research Centre, June 2015,
http://www.enterpriseresearch.ac.uk/wp-content/uploads/2015/05/Benchmarking-Local-Innovation1.pdf

[8] Enterprise Research Centre

- one of the largest concentrations of research and development activity in Western Europe, and hosts the global headquarters and principal research and development facilities of some of the world's leading technology companies.

So why change?

Whilst the local economy is growing steadily, there are serious underlying challenges which need to be addressed in Oxfordshire, in order to maintain and enhance the sustainability of the economic growth and future prosperity of Oxfordshire. The Oxfordshire Innovation Engine[9] report published in 2014 found that the rate of growth in Oxfordshire had been constrained and could be significantly improved by:

- addressing the need to accommodate additional growth in the 'Knowledge Spine' running between Harwell, Oxford and Bicester to accommodate high tech business and employment;
- improving capacity of the strategic and local transport infrastructure, including fast public transport services; growing and developing business networks;
- developing measures to encourage increased institutional investment building upon the strong and nationally significant sector propositions including Life science, Advanced Engineering (motorsport), satellite and space related technology and creative and digital sector;
- meeting the demand for housing and commercial premises to respond to the urgent needs of the growing business base and economy; and
- providing strong public and private sector leadership to realise Oxfordshire's potential through a new and agreed governance structure.

This view was supported by the stakeholders we spoke to who said that Oxfordshire's economic potential was being held back by wider issues - in particular housing, transport and planning. This is having an operational impact such as on the ability to retain staff due to cost of living pressures and frustration on issues such as traffic congestion. One organisation had had an increasing number of potential staff turning down roles due to being unable to afford to live in the area. Another organisation felt that potential investment from the health and life science industry risked being lost if these issues were not resolved with urgency.

In March 2016, Lord Adonis launched the National Infrastructure Commission. The review will provide the Government with proposals and options for the "long-term infrastructure priorities to unlock growth, jobs and housing within the Cambridge-Milton Keynes-Oxford corridor over the next 30 years." The establishment of the Commission recognises that the Cambridge-Milton Keynes-Oxford corridor "encompasses global centres of research expertise in Oxford and Cambridge and advanced manufacturing and logistics in Milton Keynes. The review will make recommendations to maximise the potential of the area as a single, knowledge-intensive cluster that competes on a global stage, whilst both protecting the area's high quality environment and securing the homes, and jobs, the region needs"[10].

To address this, through the Strategic Economic Plan and Strategic Housing Market Assessment, the Oxfordshire local authorities, and the Oxfordshire Local Enterprise Partnership have already committed to provide 100,000 new homes and 85,000 new jobs by 2031. However, this will depend on the ability to provide the necessary infrastructure to support this unprecedented rate of growth and equip the workforce, particularly young people, with the skills to thrive in this environment.[11]

In response to the Government's request for devolution proposals, the Oxfordshire local authorities, Oxfordshire clinical commissioning group and Oxfordshire LEP have developed a strong case for devolution

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[9] http://www.sqw.co.uk/insights-and-publications/oxfordshire-innovation-engine/
[10] A plan for unlocking growth, housing and jobs in the Cambridge – Milton Keynes – Oxford corridor Terms of Reference
[11] Oxford and Oxfordshire City Deal
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/276205/Oxford-Oxfordshire-City-Deal.pdf

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with proposals to tackle the challenges and constraints described above, to unlock Oxfordshire's full economic potential.

The locally agreed devolution proposals for Oxfordshire makes the case for greater powers and funding, and reform to public services to allow:

- Acceleration of housing delivery to meet the pressing need for more affordable homes to support growth;
- Acceleration of enabling infrastructure to address transport challenges throughout the region;
- People to aspire and acquire the skills and competencies they need in the STEM industries and other clusters that will drive economic prosperity;
- Reformed public services to adapt to reduced funding and shift to preventing higher cost demand; and
- Health and well-being services to be redesigned around the user with integration of provider and commissioner responsibilities.

The proposal to Government includes:

- The creation of a new infrastructure investment fund to deliver an infrastructure programme to support the development of housing and employment sites; development of a Housing Investment Strategy with the HCA and access to a revolving housing investment fund to unlock housing delivery; locally set planning fees to increase and align resources needed to support the significant growth in strategic site delivery. It is estimated this will generate £11.8bn of GVA up to 2031 from the creation of 85,600 jobs and enable the delivery of 22,900 homes by 2020.
- The devolution of skills budgets, joint procurement role for the commissioning of 16-18 provision in schools and of commissioning of 16-18 and 19+ apprenticeships to achieve a more productive skills system resulting in 85% of Oxfordshire's population qualified to at least NVQ Level 2 and an additional 1,150 apprenticeship places by 2020.
- A devolved approach to business support with £3m per annum funding to deliver 750 private sector jobs.
- A strengthened Health & Wellbeing Board to take on devolved responsibilities and budgets for local NHS and local government to improve specific health outcomes for Oxfordshire's population and reduce health inequalities.

2.4 Responding to the opportunity in Oxfordshire

Devolution is an opportunity for public bodies in Oxfordshire to consider how local government and other public services/agencies can be organised so that it is better placed to respond to the changing dynamics in both their own operating environment but also the wider economy. In doing so Oxfordshire needs a solution for local government that balances the need for strategic and local decision making, and enables local authority leaders and their partners to work together to:

- **Fund local services** – The local government finance system is undergoing widespread reform. The funding for local government comes from a combination of government grants, business rates, council tax and additional sources such locally generated income such as rents, fees & charges and investment. Government grants are continuing to decline, particularly the main revenue support grant which is intended to reduce to zero by 2020 as the Government looks to local areas to become more self-financing. Business rates are being reformed so local areas retain more of the proceeds of local economic growth, but additional new pressures as yet unspecified, are due to be transferred to authorities as part of the deal. Council tax is constrained by national limits and rules on what levels can be set and, in the case of the social care surcharge, what the revenue can be used for. In addition to which local authority spending represents only around a quarter of the total spend on public services in any locality. Devolution is an opportunity for the local authorities in Oxfordshire to seek greater influence, direction, coherence over the funds that are spent and a return on investment. It has the potential for realigning spend to locally set priorities. It also could provide greater certainty to allow for more strategic planning and focus on transforming local outcomes.

- **Respond to demand pressures** – Changing demographics and a growing population are increasing pressures on council services. The challenge is particularly acute in social care where responsible

authorities can spend as much as 70-80 per cent of their budget on social care services. Councils face steeply rising demand with around one-in-five of their residents aged over 65, while mental health is the leading cause of workplace sickness in the UK and dementia is estimated to cost the UK £26.3bn. Within Oxfordshire the need for integration between health and social care is pressing. There is an urgent need

to ensure that hospital beds are available by reducing patient flow into hospital and enabling patient flow out of hospital through better working arrangements in localities across the care system. Delayed transfers of care have been increasing nationally and in Oxfordshire the cause is both the NHS and social care in a much higher proportion than nationally (21% of days compared to 7% in England). These issues need a targeted response but are also symptomatic of a wider need to properly integrate planning, commission and provision of a whole system response.

- **Enable economic growth** - As economic growth becomes an imperative the importance of education and skills services to respond to the needs of businesses and develop the pipeline of talent they require is critical. To enable growth, local government, working in partnership with business, will be expected to respond to the pressure for more homes and infrastructure. Establishing a framework that enables the right strategic framework alongside the right delivery mechanisms is fundamental to responding to the need for change in Oxfordshire. For business leaders it is important that any change in local government does not water down but enhances the ability to deliver on the strategic and regional ambition, and that there is a clear and accountable leadership arrangement for economic growth.

- **Build effective partnerships** – Local government is used to working in partnership with others to get things done. Increasingly the ability for leaders to work in partnership, across organisational boundaries is as important as being able to manage the organisation they lead. Within Oxfordshire partnerships exist at both district and county level. This can be a potential area for duplication and confusion between the different geographies but also between the organisational boundaries involved in governance, commissioning and delivery.

- **Establish the right delivery vehicles** – For many of the universal and corporate services there are well established models of delivery which the respective areas would like to maintain and enhance through new unitary areas. But in others there is a need for new and innovative thinking, learning from and advancing emerging practice from across the county. This is especially the case for integrated health and social care where the model of different accountable care organisations is in its infancy across the country. This is an area where there is a need for certainty about the structures and functions of local government partners to enable further development and planning of the integrated care organisation. In other areas such as housing, there is a similar need to work together on how the strategic plans and proposals in the devolution offer will be executed most effectively.

In the consideration of the Unitary and Combined Authority options, any new settlement will need to be able to accommodate demand side pressures (including through new service delivery models), demonstrate financial robustness and create the capacity and capability to drive growth and investment.

In our discussions with stakeholders, some organisations expressed a view that local government organisational change in Oxfordshire provides an opportunity to reduce the disconnects between transport, housing, planning, health and social care, but that at the same time, balance that with a recognition that Oxfordshire is a diverse county and locality characteristics need to be respected and maintained to recognise issues between rural and city areas.

There was also a view that through the unitary government opportunity, there is a need to rethink the role of local government to be strategic, enabling, collaborative, innovative, flexible, agile and value focussed – that it should not be transactional and cost focussed or have a top-down dialogue with partners. District Councils have demonstrated ambition, problem-solving ability and appetite to change and it is important that future local government structures are lean and achieve economies of scale, with savings reinvested into quality service delivery or as local match funding to the devolution deal.

2.5 The current model

2.5.1 Current expenditure

The County Council currently operates on a much larger scale compared to the five District Councils. As evidenced by the 2015/16 RA data, the County's revenue expenditure budget totals £793.5m; 8.7 times larger than the combined revenue expenditure of the five districts (£91.1m). Education services account for 42% of the County's spend, whilst adult social care makes up 23% of its total revenue expenditure. Of the five districts, Oxford City has the greatest revenue expenditure (£25.9m per 2015/16 RA data) whilst West Oxfordshire is the smallest with a revenue expenditure budget of just £12.9m.

The chart below compares total County Council net current expenditure to the total spend at a district level per Local Authority Revenue expenditure 2015/16 budget. Net current expenditure captures all spending on service provision however it does not reflect that some services such as education at a County level and housing benefits at a district level are directly funded by government grant. Stripping out £288m education related grants at a County level and £180m housing benefit grants received by the districts suggests that total County current expenditure (£484m) is approximately 5.4 times that of total district spend (£89m).

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Net Current Expenditure in 2015/16 per RA data

Includes c. £288m of grant funded education expenditure

Includes c. £180m of grant funded housing benefit payments

■ Oxfordshire ■ Cherwell ■ Oxford ■ South Oxfordshire ■ Vale of White Horse ■ West Oxfordshire
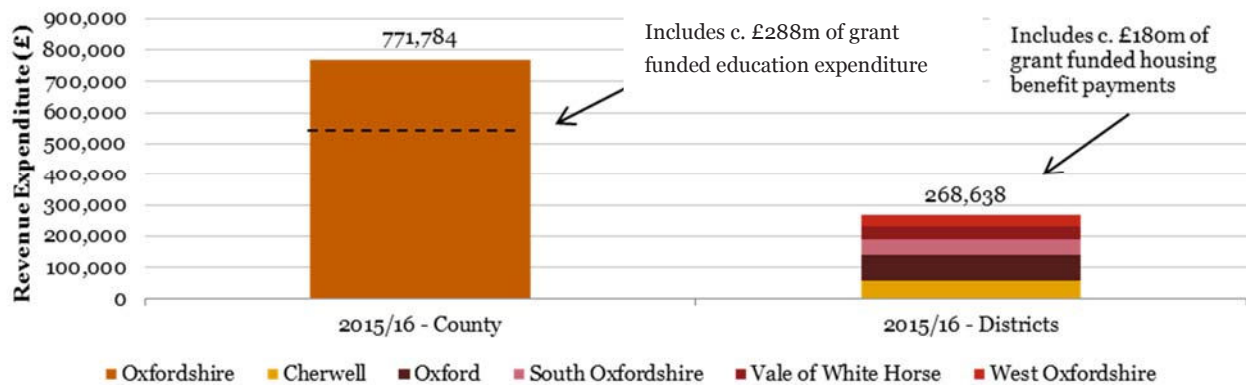
Whilst the County Council has been in a position to make contributions to its financial reserves as recently as 2012/2013 (+£21.8m); since then it has found itself having to appropriate from its reserves on an annual basis and to an increasing extent, with appropriations totalling £39.6m as per the 2015/16 RA data. The Districts have balanced budgets for the next 4 years, hence only the County data is considered here.
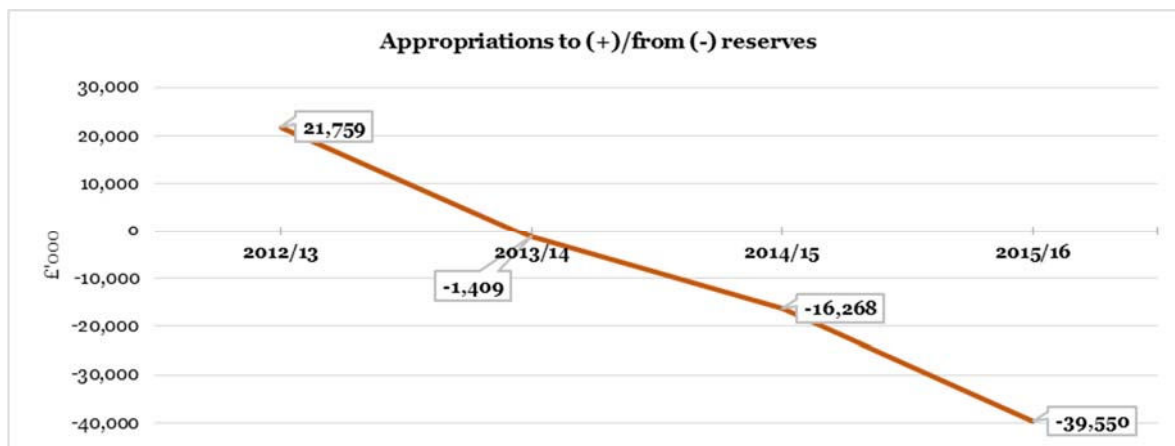
Over the period to 2019/20, the County Council are projecting the need for substantial increases in council tax yield of approximately 6% per annum[12].

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Council Tax Yield Projected	288.2	305.9	327.3	345.7	365.1
Projected Growth		6%	7%	6%	6%

As the table below indicates, if a growth of 3.99% (1.99% base council tax and 2% precept for adult social care), is assumed a marked difference arises between the two projected levels of council tax yield with a shortfall of approximately £28,1m opening up by 2019/20.

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[12] Oxfordshire County Council data

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Growth		3.99%	3.99%	3.99%	3.99%
Council Tax Yield (assuming 3.99%)	288.2	299.7	311.7	324.1	337.0
Difference	**0.0**	**-6.2**	**-15.6**	**-21.6**	**-28.1**

2.5.2   Current resources

The chart below shows the amount of staff resource working across the current local authorities as FTE headcount at a County and District level. Including schools staff of 4,695, the County has 8,377 FTEs. When school staff are excluded the County's FTE count falls to 3,682, which is still 1.6 times more than the total number of FTEs employed across all five districts. Of the 2,369 FTEs employed by the districts, 55% are employed by Oxford City whilst just 9% are employed by West Oxfordshire.

Number of Full Time Employees (FTE) 2015/16
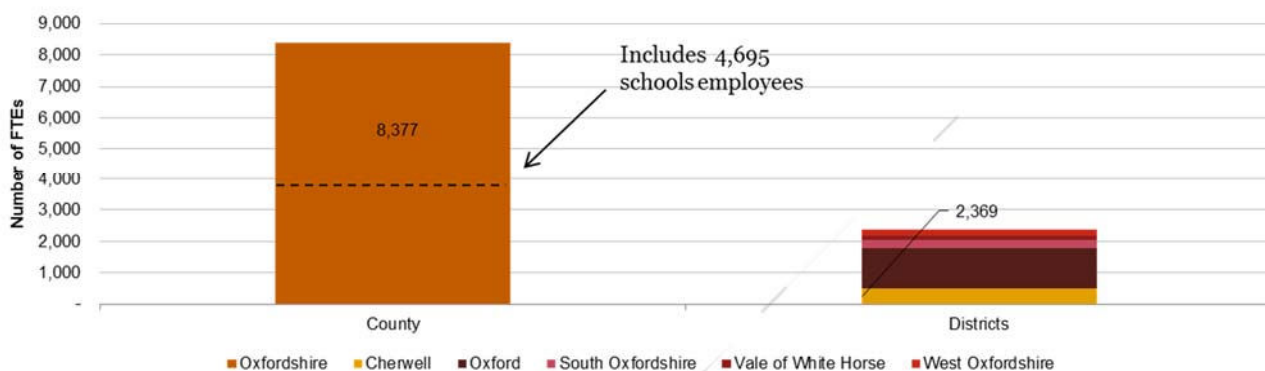
2.5.3   Current business models

As well as the structure of local government changing so has its business model. Local authorities used to deliver services directly, and whilst many still do, there is a much greater diversity of authority's delivery of services with greater use of commissioning, joint ventures and other operating models.

Some councils, such as Oxford City Council, are predominately still a delivery authority, while others such as the Vale of White Horse and South Oxfordshire, are predominately a commissioning authority. Nearly all authorities have some mix based on what they believe is right for their locality. Current transformation programmes such as Vision 2020 in West Oxfordshire are designed to further enhance efficiencies from the current approach. The current mix of staff versus supplier spend can be seen by a distribution of the proportion of council spend between internal staff and external suppliers, as shown in Table 2: Proportion of staff spend versus third party spend.

It is also recognised that there is potential to separate the governance role of an authority from the employment of the staff that support it. This is already the case in some combined authorities which have no staff, but is also relevant to potential future UAs where staff could work for and on behalf of two or more 'councils' and/or teckal companies.

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Table 2: Proportion of staff spend versus third party spend

	Staff Spend						Third Party Spend				
Cherwell District Council	25%										75%
Oxford City Council	53%										47%
South Oxfordshire District Council	19%										81%
Vale of White Horse District Council	20%										80%
West Oxfordshire District Council	17%										83%
Oxfordshire County Council	23%										77%
Total	**25%**										**75%**

Some of the districts have also adopted models which are working across traditional boundaries, sharing between councils of management, governance and service delivery models. This has been driven in part by the need to deliver savings but the models and ways of working that have developed as a result are valued by those authorities as making better use of their resources and focus on income generation. Within all the current Oxfordshire authorities there are plans and programmes to further enhance their efficiency and effectiveness. Each authority wants to retain the strengths of their respective approaches but also to recognise that there are things they needs to do together to scale the impact.

The principal current alignments between District Councils are between:

- **West Oxfordshire District Council with Cotswold District Council (located within Gloucestershire) and beyond** – Shared service management arrangements are in place, although operational service delivery is often undertaken at a single council level. This shared working arrangement is being further developed through a Vision 2020 plan to increase shared services between the authorities and with Cheltenham Borough Council and Forest of Dean Borough Council. Some major services are currently outsourced to third parties through single council contracts and a significant minority of services continue to operate on a single council basis at both management and delivery level e.g. Planning and Strategic Housing; Democratic and Member Services and Communications.

- **Cherwell District Council and South Northamptonshire District Council (located in Northamptonshire)** – This extensive joint working arrangement is now managed through a joint committee and a strategic transformation programme. The authorities have adopted the model as it "streamlines the complexity associated with collaborative working and drives the operational performance and delivery of commissioned services". The respective Executive and Cabinet have agreed to move to a confederation model with councils as parents of Teckal and other independent companies for service delivery to trade with public sector organisations and the private sector. The goal is to improve growth and self-sustainability with full transition by 2018. The new delivery arrangements offer a flexible alternative to more traditional arrangements, combining the opportunities for cost savings with the development of valuable future revenue streams. Most services are delivered in-house, with staff remaining employed by their council of employment prior to sharing of services. There is an expectation that staff divide their working time equally between each council. Costs are apportioned on a service-by-service basis according to an agreed business case.

- **Vale of White Horse District Council and South Oxfordshire District Council -** Due to their proximity they have many common issues, particularly as regards growth. Their merging of services started in 2008 with a decision to create one shared management team, building on some joint work in financial functions. The decision meant an initial reduction of senior management posts from 21 to 12, creating recurring savings with one off redundancy and pension costs. South Oxfordshire had outsourced more of its service management and delivery to external companies in

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areas such as engineering support and customer services. The vision and ambition to share services at all levels quickly developed as a result of the obvious financial benefits from effective implementation of early merged functions. The success of this approach meant that the two councils felt confident in wider shared service arrangements and are now working with Havant Borough Council, Hart Borough Council and Mendip Borough Council, even though they are geographically separated on a shared outsource arrangement, to deliver further savings in corporate functions.

- **Oxford City** - Oxford City Council operates as a single council with no shared service arrangements currently in place. Council services are provided in-house, with exception of management of leisure centres (outsourced to Fusion Leisure in March 2009, contract ends April 2024) and ICT services. The Council achieved the MJ council of the year award in 2014 and was awarded Investors in People Gold and Champion status in 2015. The council has retained housing stock of 7500 dwellings. It recently agreed to establish a wholly owned Housing Company to undertake new build and investment in housing. The council has also set up joint venture LLP companies to deliver housing and regeneration schemes. The first is in partnership with Grosvenor to deliver more than 800 new homes at Barton, the second is partnership with Nuffield College to deliver between 300-500 new homes and regeneration of the West End of the City. The council has set up a fraud investigation team which has saved over £3 million in avoided loses and provides services to surrounding authorities. The City Council provides road maintenance services in the City on minor roads. Additionally the council undertakes external trading with public sector organisations, private individuals and businesses providing services such as building maintenance, vehicle repairs, refuse collection and engineering services.

- **Oxfordshire County Council** - The County Council also have shared service arrangements, primarily in partnership with Hampshire County Council for back office functions. The county and districts tend not to have too many shared functions because of their different responsibilities. In 2010, the council agreed a ten year partnership agreement with WS Akins for highways maintenance, design and construction which was transferred to Skanska in 2013 following a restructuring of the suppliers UK business. In 2012 another ten year contract was agreed with Carillion for the provision of a broad range of facilities management and maintenance services.

- **Additional planned collaborations** – In addition to these existing collaborations both West Oxfordshire and Cherwell District Councils have been discussing the potential for further amalgamation of their responsibilities within an extended shared management and potential delivery arrangement.

Figure 1: Principal Current Alignments

Potential axis to develop between northern districts

Axis 2: Increasing shared arrangements with districts to the North East

Axis 1: Increasing shared arrangements with districts to the West

Axis 3: Increasing shared arrangements between districts to the South

Limited shared arrangements between district and County

Secondment of economic development team to the LEP

Potential secondment of adult social care and public health to shared arrangement with the CCG

County sharing with Hampshire County Council

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3 Analysing the Unitary Authority options

A Unitary Authority (UA) creates a single tier of local government and takes responsibility for all local government services within its geography. Whilst developing options for possible UA geographies, a number of factors need to be taken into consideration:

Financial analysis (feeds into 'value for money' and costs against efficiency savings)

- The financial viability of the UA including payback from transition;
- The scale of efficiency savings possible from the two-tier system and service transformation;
- Ability to build on innovative cost-saving management and service delivery models already adopted by the councils;

Ensure strong and accountable local leadership and governance

- The ratio of democratic representation;
- Balances the need for strategic and local decision making;
- Maintains effective span of control;

Delivering better public services

- Ability to reflect local priorities and the interests of different communities, including those of the city, of market towns and rural communities - enabling a responsiveness to local needs;
- Enables development and growth across the area to meet its economic potential and sustainability, supporting the economic and housing growth planned;
- Helps to deal with the demographic pressures on adult social care and improve outcomes through integration with health services;
- Ensures a system for children's services that delivers a robust approach to child protection and safeguarding based upon need and through transformation;
- Benefits from potential service synergies from unitary authorities having responsibility for planning and delivering services such as spatial planning, economic development, housing, transport infrastructure, social care and health;
- Supports the growth of the knowledge economy.

These factors have been considered for the five UA options described below:

3.1 Four Unitary Authorities

The four Unitary Authorities includes the following:
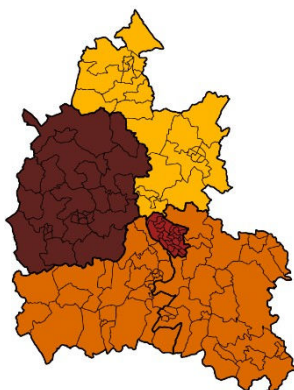
West Oxfordshire (comprises current West Oxfordshire District Council with a geographical area of 714km²)

Oxford City (comprises current Oxford City Council with a geographical area of 46km²)

Cherwell (comprises current Cherwell District Council with a geographical area of 589km²)

Southern Oxfordshire (comprises current South Oxfordshire and

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Vale of White Horse District Councils with a geographical area of 1,257km²)

Demographics

Southern Oxfordshire, with a 2014 population of 261,867, is the largest of the four proposed unitary authorities; 2.4 times the size of the smallest authority, West Oxfordshire. Oxford City will experience the largest population growth (in percentage terms) over the period to 2031, during which its population will increase by 43% from 157,997 to 222,495. West Oxfordshire will experience the smallest growth over the same period with its population increasing by 25% whilst Cherwell will see its population increase by 32% over the period to 2031, growing from 144,494 to 191,006.

Population data for 2031 are shown for illustrative purposes and reflect housing growth projected in the Strategic Housing Market Assessment[13] . The net financial impact of these have not been analysed as part of this report. This is because there are no long-term (past 2021) budget projections for the local authorities in Oxfordshire, and this, coupled with an unknown future of the local government finance system means that any modelling would be of limited value as it would be reliant on too many overlaid
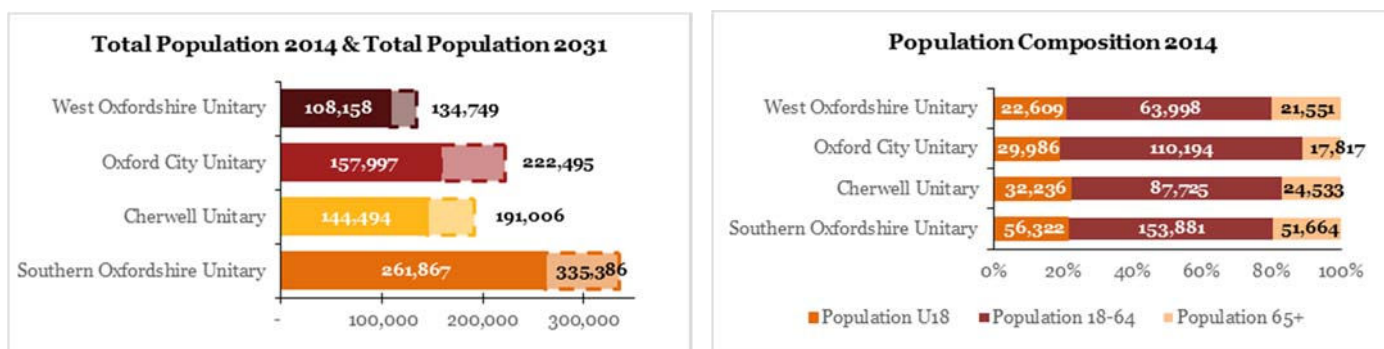
assumptions. Southern Oxfordshire has the joint lowest proportion of working age adults (18-64) with 58% and the joint highest proportion of both individuals under the age of 18 (22%) and those 65 and over (20%).In contrast, those 65 and over account for only 11% of Oxford City's population, whilst its working age population is the largest, in percentage terms of the four UAs, making up 70% of its total population.

3.2 Three Unitary Authorities

This option has the following three unitary authorities:
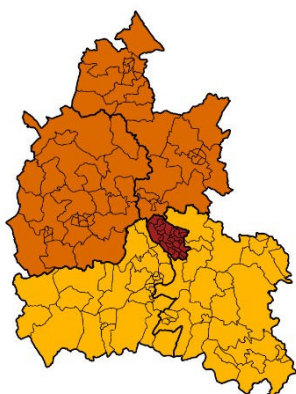
Northern Oxfordshire (comprises current Cherwell and West Oxfordshire District Councils with a geographical area of 1,303km²)

Oxford City (comprises current Oxford City Council with a geographical area of 46km²)

Southern Oxfordshire (comprises current South Oxfordshire and Vale of White Horse District Councils with a geographical area of 1,257km²)

Demographics

Southern and Northern Oxfordshire UAs are of a similar size, in terms of population, with 261,867 and 252,652 inhabitants respectively; totals, which by 2031, will have grown by 28% and 29%. Oxford City

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[13] GL Hearn – Oxfordshire Strategic Housing Market Assessment, April 2014

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Unitary is the most densely populated of the three proposed authorities, with a geographical area of just 46km² home to a population of 157,997; a number which itself is set to grow by 41% to 222,495 over the period to 2031.

Again, whilst Southern and Northern Oxfordshire have very similar population distributions, Oxford City has a greater number of individuals of a working age. 70% of its population are between the ages of 18-64, compared to 60% for Northern Oxfordshire and just 59% for Southern Oxfordshire.
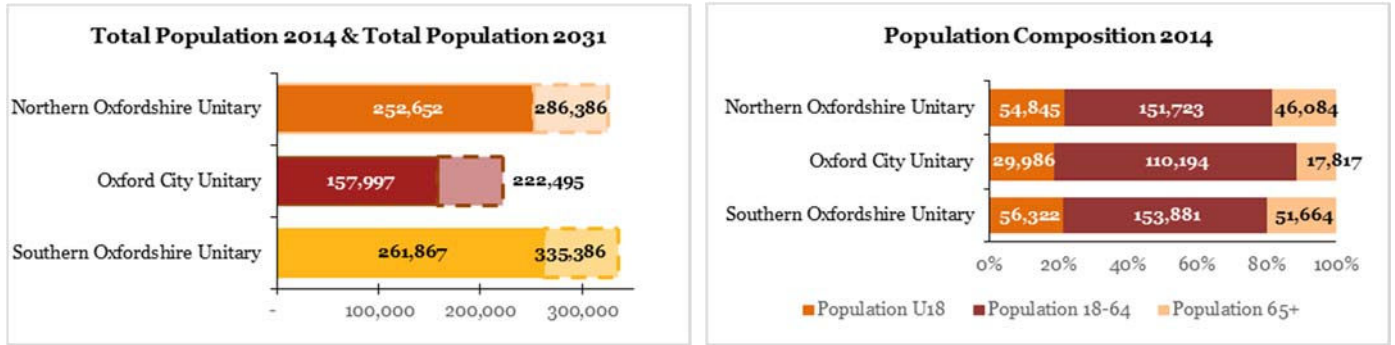
3.3 Two Unitary Authorities

This option has the following two unitary authorities:
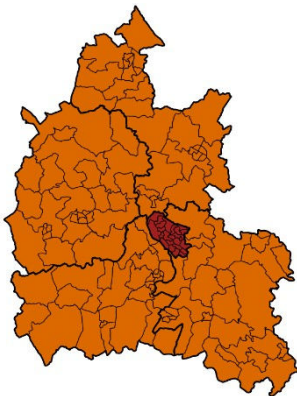
Oxford City (comprises current Oxford City Council with a geographical area of 46km²)

"Donut" (comprises current Cherwell, South Oxfordshire, Vale of White Horse and West Oxfordshire District Councils with a geographical area of 2,560km²)

Demographics

With 514,519 inhabitants, the Donut unitary has a population 3.3 times greater than that of Oxford City unitary, a figure which will have decreased slightly to 3.0 times by 2031.

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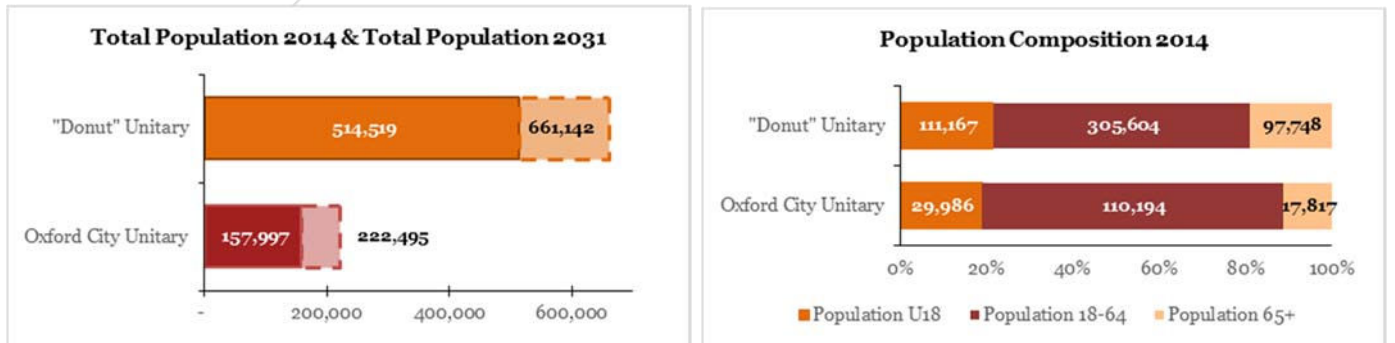
3.4 Two Unitary Authorities – Expanded Oxford City

This option sees the establishment of two unitary authorities for the region. To offset some of the mismatch in the population sizes, we have expanded the city boundaries to include 13 additional surrounding wards, a list of which can be found in Appendix D – Assumptions log. Areas within these wards have functional links and/or land appropriate for housing development, but the expanded boundary is on the basis of whole wards since that is what the legislation requires. It is also the lowest level of disaggregated data that we analysed.

Expanded Oxford City (comprises current Oxford City Council + 3 Cherwell wards, 4 South Oxfordshire wards, 5 Vale of White Horse wards and 1 West Oxfordshire ward with a geographical area of 361km²)

Revised Donut (comprises all other wards in current Cherwell, South Oxfordshire, Vale of White Horse and West Oxfordshire District Councils with a geographical area of 2,245km²)

Demographics

Whilst the Expanded Oxford City unitary has a population 39% larger than the original Oxford City unitary, it is nonetheless 2.1 times smaller than the Revised Donut Unitary. The Revised Donut Unitary sees it population increase by 28% over the period to 2031 to 581,123, whilst the Expanded Oxford City Unitary sees growth resulting in a population size of 302,514.

Expanding the Oxford City boundary results in a reduction in its proportion of working age adults; down from 70% under the original Oxford City unitary to 66% with expanded boundary (which is still greater than the Revised Donut Unitary (60%).
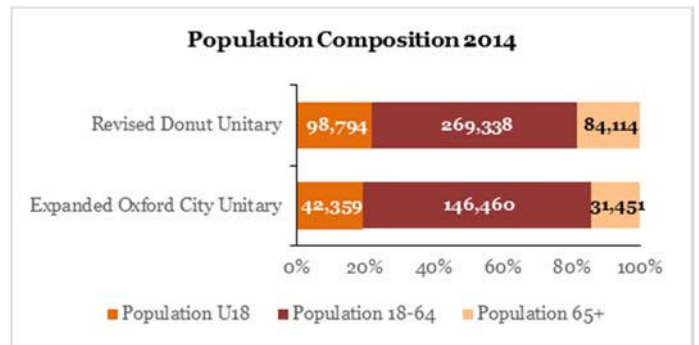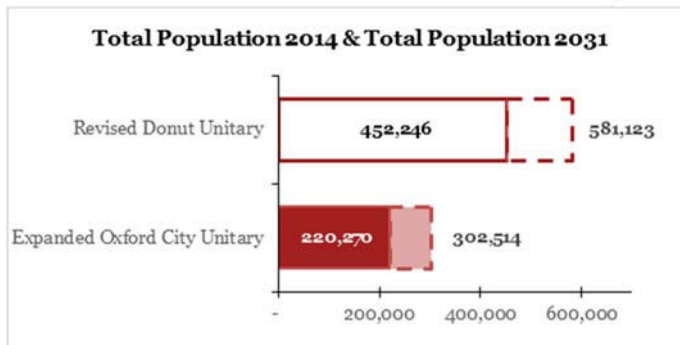
3.5 One Unitary Authority

This option sees the establishment of a single unitary authority for the region.

- **Oxfordshire Unitary** (comprises entire Oxfordshire County with a geographical area of 2,606km²

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Demographics

The Oxfordshire unitary encompasses all 672,516 individuals within Oxfordshire; a figure which is set to grow by 31% to 883,637 by 2031. The working age population constitutes 62% of the total population whilst those under 18 and those over the age of 65 account for 21% and 17% respectively.

3.6 Population impacts of the UA options

Figure 2: English single tier local authority population mid-year 2014 (ONS) below displays the population size of the Oxfordshire UA options compared to existing single tier local authorities. This displays the different options in comparison to one another if solely comparing them based on population size. As the figure shows, a single UA option for Oxfordshire would make it the third largest UA in England, third to only Birmingham and Leeds. Oxfordshire's population could reach 883,637 by 2031 if the 100,000 housing need was met. Whist there are other single tier authorities of this size, the others are either City UAs or County UAs that do not have a large city within them.

The 2 UA option would result in one very large population (covering the donut/ residual Oxfordshire) and one very small population covering the city. This dichotomy in sizes would create the 9th largest single tier authority in England, but also one of the 18th smallest. This creates an imbalance that could be addressed by expanding the city boundary.

The 3 UA option would result in fairly comparable population sizes for Northern and Southern Oxfordshire, but again, would have a very small Oxford City population. The three UA option creates a more equal distribution of population between the Northern and the Southern UAs, with the city having a lower population in general, but a higher proportion of working age population. This option also recognises and reflects the distinct socio-economic conditions of the City.

For the 4 UA option, all UAs would have very small population sizes. The four UA option creates three of what would be the smallest UAs in population terms in England and would be unequal in proportion to South Oxfordshire.

Figure 2: English single tier local authority population mid-year 2014 (ONS)

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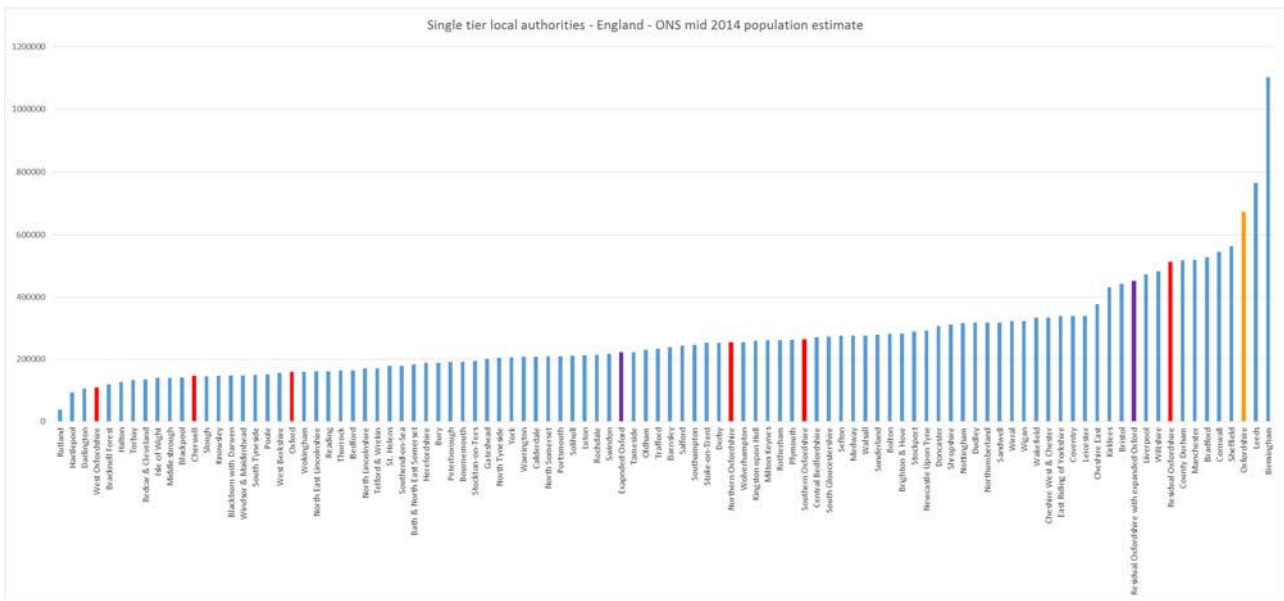
4 Financial analysis

The table below provides a summary of the methodology employed to assess the value for money of the unitary options under consideration, including:

- The financial viability of the UAs including payback from transition;
- The scale of efficiency savings possible from the two-tier system and service transformation;

Step		Approach
1	Financial disaggregation of income and expenditure	Income and service expenditure incurred by both the Districts and County was analysed, and disaggregated by the 'key driver' for that income or expenditure (e.g. by population, children, rateable value, etc.) to each ward within Oxfordshire.
2	Financial viability analysis of UA options	Each UA was then re-constructed based on the wards it includes. This analysis outlines the aggregate level of service consumed by each UA and the corresponding contribution it makes based on current and forecast expenditure. However, at this stage, it does not reflect any transitional costs or change in the way services are provided
3	Transition savings/costs for UAs	Based on the data provided, our experience from other projects and evidence from previous local government reorganisation, we have estimated: • FTE reductions from removing duplication and creating efficiencies. • Employee severance costs • New management structures • Election / democratic savings • Asset disaggregation (change in the level of core office space required due to changes in staffing levels) • Transformation savings • Other transition costs (which includes project/change management costs, Business/systems costs, ICT integration, Closedown of authorities, Signs / logos / rebranding).
4	Payback	Based on the analysis undertaken above, we undertook an assessment of the payback periods for each option

4.1 Financial analysis of UA options

The following section presents the results of our financial analysis, together with assumptions used, for each of the proposed unitary authorities.

4.1.1 Underlying baseline position

The figures shown below for 2020/21 represent the surplus/deficit for that stand alone year rather than the cumulative surplus/deficit to that point. For baseline comparison, where reserves have been used to fund revenue shortfalls within the County accounts, then these have assumed to also be utilised (i.e. we have not shown these as a negative within the charts to enable like for like comparisons). The projected council tax rates

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have been assumed to be as provided to us (i.e. we have not capped these).[14] Similarly, we assumed that there will be no changes to the local government finance system during the period to 2020/21.

The 2015/16 General Fund Revenue Account outturn data ("RA data") for the five District Councils and Oxfordshire County Council has been used as the starting point for our analysis. This data is publicly available from the Department for Communities and Local Government. The RA data has been disaggregated to ward level using appropriately selected drivers. We have sought confirmation from the districts with respect to the drivers used.

For projected future costs, we used the data provided within the Districts' and County's 'Budget Books' and their Medium Term Financial Plans, again seeking confirmation of the projection rates used from the District and the County Councils.

Details of the Baseline analysis are provided in Appendix B – Baseline Analysis .

4.1.2 Efficiency, transformation and transition costs

We then considered the potential efficiencies, transformation savings and transition costs associated with any move to a new local government structure. These types of costs and savings are important to consider alongside the financial impact on income and expenditure, in order to calculate the potential 'net' impacts over time. Although arguably the position in year 5 will be of most importance to decision makers as that represents the longer term sustainable position, once transition and transformation have occurred.

In the context of Oxfordshire, the transition costs will be the short to medium term costs and savings, between 3 and 5 years, of transitioning (and transforming) from current arrangements to any new Unitary Authority arrangement. These are based on an evidence review of the business cases publically available on transition costs of the unitary authority submissions in 2008/9 for Central Bedfordshire, Cornwall, Leicestershire, Suffolk and Wiltshire.

In reality, the exact transition costs will depend on what service reform aspects are considered, and on the nature and scale of the proposed option. Therefore, further research into actual transition costs expected for Oxfordshire would be required in any future business case for local government reform to ensure that the potential costs and savings are analysed with greater specificity.

We have also analysed the transformative potential of any new UA arrangement, and conducted some independent analysis using evidence-based assumptions to assess the potential impact from transformation. Further detail is contained within section 4.7.

4.1.3 The analysis

The results of our financial analysis is shown below. However, when considering the financial analysis results, it should be noted that:

- Our analysis allocates current service consumption and revenues to a ward level based on key 'drivers' or 'disaggregate factors'. In some instances we have used high level approximate drivers in the absence of more accurate data. For instance, the actual Revenue Support Grants (RSG) received by local authorities are calculated (for both district and county level authorities) based on 'need'. In the event of Unitary Authorities being established, the RSGs will also be recalculated based on the need-based formula. We have not attempted to calculate the need-based formula (which is highly complex), instead we have used a broader driver.

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[14] The level of council tax for Oxfordshire County Council were provided by the County. These showed council tax increases of 6% or more in the coming years. 2.5.1 outlines this and the potential impact of capping these.

- We have assumed no changes in local government finance systems but reflected the level of grants and business rates provided in the Medium Term Financial Plans. As announced in the Spending Review in November 2015, the Government's intention is that under local government finance system reform, the Revenue Support Grant will be phased out with the possible introduction of full business rate retention (the actual plans are under development). Some authorities, such as Oxford City, generate significant levels of business rates, the majority of which are passed to Central Government.

- The Government's calculation for the 'needs' and planned changes in Business Rates are thus expected to redress some of the current variations in deficits and surpluses between the different authorities that we have found in our analysis.

4.2 Four Unitary Authorities

Following apportionment of the service consumption, resources and potential savings to each of the four proposed unitary authorities, their respective financial position for 2020/21 are shown below. We have also shown the impact of providing Children and Adult Social Care (ACSC) services in a collective manner (i.e. they are provided as a combined service across Unitaries – this is discussed further in our study):

	Surplus/deficit 2015/16	Surplus/deficit 2020/21	Surplus/deficit 2020/21 after transformation[15]	Surplus/(deficit) 2020/21 after transformation (No ACSC)
4 UAs Option				
Southern Oxfordshire Unitary	£16.8m	£20.1m	£33.3m	£17.3m
Cherwell Unitary	(£5.6m)	(£3.3m)	£5.0m	£10.6m
Oxford City Unitary	(£10.7m)	(£16.8m)	(£7.6m)	£5.5m
West Oxfordshire Unitary	(£0.5m)	£0.1m	£5.8m	£3.1m

As can be seen from the graph and table above, the proposed Oxford City Unitary is in deficit both pre and post transformation; although transformation savings reduce the 2020/21 deficit significantly from £16.8m to £7.6m. All other unitary authorities generate financial surplus in 2020/21 once the transformation is taken into account, although Southern Oxfordshire Unitary has by far the largest surplus at £33.3m.

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[15] To note, the transformation savings per UA option are split proportionately to the unitaries within an option on the basis of unitary expenditure.

The impact of providing Children's and Adult Social Care services at a combined authority level has a marked effect. Oxford City Unitary would see its post transformation deficit of £7.6m become a surplus of £5.5m and indeed all four unitary authorities would generate post transformation savings. Southern Oxfordshire would continue to generate the largest surplus despite it declining by 48% to £17.3m.

4.3 Three Unitary Authorities

The respective financial position of each unitary following the apportionment of the service consumption, revenues and transformation savings for 2020/21, together with the impact of providing Adult and Children's Social Care in a combined manner are as follows:

	Surplus/deficit 2015/16	Surplus/deficit 2020/21	Surplus/deficit 2020/21 after transformation	Surplus/(deficit) 2020/21 after transformation (No ACSC)
3 UAs Option				
Southern Oxfordshire Unitary	£16.8m	£20.1m	£34.3m	£18.4m
Oxford City Unitary	(£10.7m)	(£16.8m)	(£6.9m)	£6.2m
Northern Oxfordshire Unitary	(£6.1m)	(£3.2m)	£11.9m	£14.8m

From the baseline analysis, both Oxford City Unitary and Northern Oxfordshire Unitary would be in deficit across the period to 2020/21. Whilst the effects of transformation would allow Northern Oxfordshire Unitary to move into a surplus (£11.9m), Oxford City Unitary would remain in deficit, albeit at reduced amount (£6.9m). Southern Oxfordshire Unitary would remain in surplus throughout, with a post transformation surplus of £34.3m in 2020/21.

Again, if Children's and Adult Social Care services were to be provided at a combined authority level, all three unitary authorities would generate a financial surplus post transformation.

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4.4 Two Unitary Authorities

The financial analysis results for two Unitary Authorities are as follows:

	Surplus/deficit 2015/16	Surplus/deficit 2020/21	Surplus/deficit 2020/21 after transformation	Surplus/(deficit) 2020/21 after transformation (No ACSC)
2 UAs Option				
Oxford City Unitary	(£10.7m)	(£16.8m)	(£6.2m)	£7.0m
Donut Unitary	£10.7m	£16.8m	£48.5m	£35.3m

As shown, post transformation, Oxford City Unitary would remain in deficit (albeit to a smaller magnitude) whereas the Donut Unitary would remain in a surplus position throughout the period to 2020/21; a position which improves favourably post transformation to £48.5m.

Oxford City Unitary generates a post transformation financial surplus when the provision of Children's and Adult Social Care is removed from its control; seeing a deficit of £6.2m become a surplus of £7.0m.

4.5 Two Unitary Authorities – Expanded Oxford City

The financial analysis results for two Unitary Authorities with an expanded Oxford City are as follows:

	Surplus/deficit 2015/16	Surplus/deficit 2020/21	Surplus/deficit 2020/21 after transformation	Surplus/(deficit) 2020/21 after transformation (No ACSC)
2 UAs Option				
Expanded Oxford City Unitary	(£6.2m)	(£12.4m)	£1.9m	£13.8m
Revised Donut Unitary	£6.2m	£12.4m	£40.4m	£28.5m

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From the baseline analysis, Expanded Oxford City has a deficit of £12.4m in 2021 (reduced from £16.8m from the existing boundaries). Following transformation, Expanded Oxford City Unitary will generate a surplus, albeit marginal at £1.9m. The Revised Donut Unitary would generate a financial surplus throughout the period to 2020/21 both pre and post transformation.

The provision of Children's and Adult Social Care services at a combined authority level would see an Expanded Oxford City Unitary generate a post transformation surplus of £13.8m; a marked increase compared to the same figure for the Oxford City Unitary (£7.0m). The Revised Donut Unitary would still generate a substantial financial surplus (£28.5m) albeit decreased by 29% from £40.4m.

4.6 One Unitary Authority

Given that the Oxfordshire unitary encompasses all five Districts and the County Council, the revenue neutral position in 2015/16 and 2020/21 is to be expected. The figure below shows the position after transformation, as the annual transition saving of £45.2m.

	Surplus/deficit 2015/16	Surplus/deficit 2020/21	Surplus/deficit 2020/21 after transformation	Surplus/(deficit) 2020/21 after transformation (No ACSC)
1 UA Option				
Oxfordshire Unitary	£0.0m	£0.0m	£45.2m	£45.2m
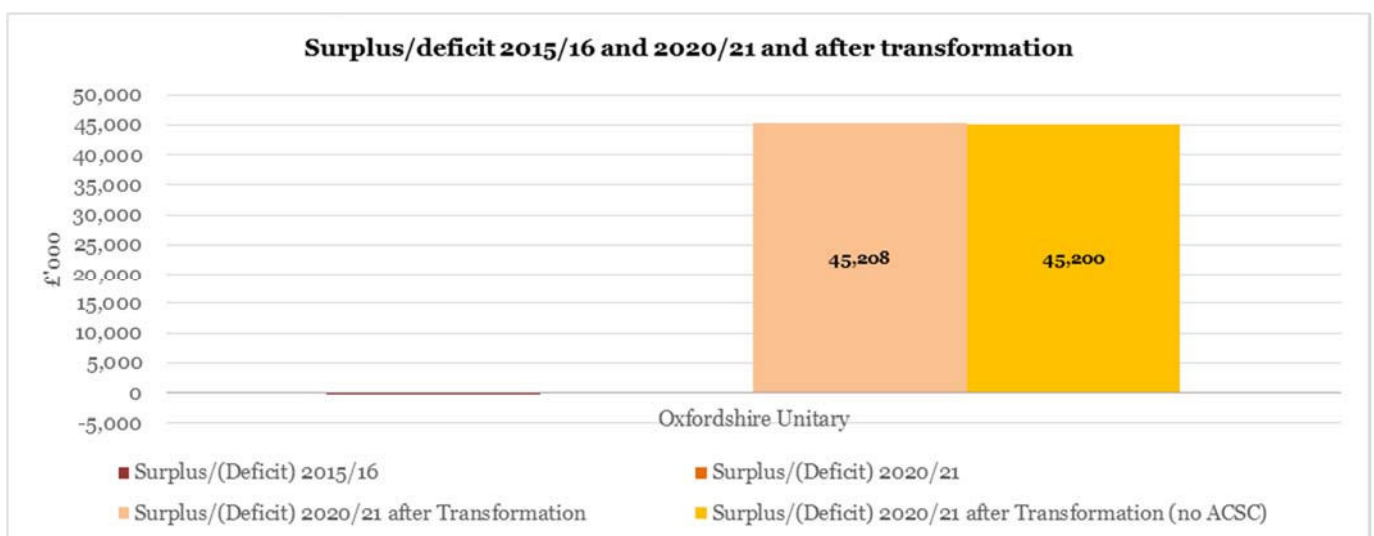
4.7 Transition savings and cost of UA options

4.7.1 Introduction

With any move to a new local government structure, there will be transition costs and savings to consider, alongside the financial impact on income and expenditure, in order to calculate the 'net' impacts. In the context of Oxfordshire, these will be the short to medium term costs and savings, between 3 and 5 years, of transitioning from current arrangements to any new Unitary Authority arrangement. Based on an evidence review of the transition costs of the unitary authority submissions in 2008/9 for Central Bedfordshire, Cornwall, Leicestershire, Suffolk and Wiltshire, we have estimated the type and range of the most material transition costs relevant to the Oxfordshire UA options. We have also analysed the transformative potential of any new UA arrangement, and conducted some independent analysis using evidence-based assumptions to assess the potential impact from transformation.

Our report focuses on the typically most material transition costs, and includes an additional estimate for 'other transition costs' which includes project/change management, business/systems management, ICT integration, closedown of authorities and signs/logos/rebranding'. Table 3 below outlines the methodology adopted per transition cost and whether the cost varies by UA option. In reality, the exact transition costs will depend on what service reform aspects are considered, and on the nature and scale of the proposed option. Therefore, further research into actual transition costs expected for Oxfordshire would be required in any future business case for local government reform to ensure that the potential costs and savings are analysed with greater specificity.

Our headline findings are contained below.

Table 3: Transition cost methodology

Type of transition cost / saving	Description	Rationale / Assumptions	Indicative annual value for 1UA option (and how varies by UA option)
Transformation savings	Savings from transformation based on current activity and FTE release. Varies slightly by UA option	The transformation savings are based on the activity data across Oxfordshire, treating the total effort and applying levers that would be typical in a modern transformation programme. Savings are based on consolidation, rationalisation and improvement of necessary activity, elimination and automation of transactional activity and service redesign around the customer to reduce hand offs between public authorities and to manage demand.	Average annualised saving of £24m p.a. for 1UA option (This is the five year total benefit split annually whereas in practice the benefits would increase during implementation to a total of £37.6m per annum) Saving reduces slightly as number of UAs increases to reflect reduced economy of scale, although this can be mitigated by the adoption of common principles, processes and platforms.

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Employee severance costs	Severance costs associated with fewer FTEs Does not vary by UA option	Average public sector redundancy cost of £25k[16] Assumes 100% of FTE reductions receive severance costs But excludes pension costs	Cost of £7.9m p.a. Cost the same across all UA options and expected to be split over 3 years
Office space disaggregation & apportionment	Savings from fewer FTEs, and therefore reduced office space required Does not vary by UA option	Based on FTE to desk space ratio of 5:4 and recommended square footage per FTE of 100 (based on Industry best practice figures) Oxfordshire/Carter-Jonas 2015 market rental values per square foot of £18.75, based on a range of £12 to £25.5	Potential revenue (saving) of £1.4m p.a. Saving the same across all UA options
Senior management structures	Cost/saving implications from changes to senior management teams Varies by UA option	Current cost of the 71 senior management roles within the region is £7.2m, based on publically available data on senior officer salaries and FTE data provided by the clients Based on changes in senior management FTEs based on maintaining a span of control of 4	Saving of £5.1m p.a. (1UA) to a cost of £0.7m p.a. (4UA) Costs/savings expected to impact over 3 years but savings will continue over all years
Election / democratic	Reduction in number of Members (does not vary by UA option[17]) Reduction in election/ democratic costs due to fewer local elections (does not vary by UA option) Cost implications of additional Member allowances (varies by UA option)	Assumed 25% reduction in Members over a 4 year period due to fewer tiers of local government. Assumed 50% election savings over a 4 year period Assumed additional costs associated with Member responsibilities moving to new UA democratic system Election and Member savings expected to impact over 4 year election cycle period in the model	£1.0m p.a. saving £0.33m p.a. saving Range from £0.3m p.a. cost (1UA) to £0.9m p.a. cost (4UA)

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[16] https://www.gov.uk/government/consultations/consultation-on-a-public-sector-exit-payment-cap/consultation-on-a-public-sector-exit-payment-cap

[17] Across all UA options members are assumed to reduce by 25% (from 282 to 211). Arguably this would still be a large number of members to have in any 1UA or 2UA model, and the number could potentially be half this (roughly following a County structure). Flexing the assumption to just 75 members would increase the saving by another 136 members and increase the savings by an extra £1.9m per annum, which does not significantly change the nature of the results but could be considered further in a full business case.

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		but will continue as long as the arrangements are in place.	
Other transition costs	Cost estimates associated with other material cost lines which would be expected in a move to UA status Varies by UA option in direct proportion to increased number of UAs.	Costs across five areas amalgamated into single bucket of 'other transition costs'. Costs evidenced from published business cases. Expected to fall over 3 years only. Includes: Project/change management, Business management/systems change, ICT integration, Closedown of authorities, Signs/logos/branding For modelling purposes costs have been assumed to increase in direct proportion to the number of UAs created, e.g. ICT and change costs assumed to double if 2UA (compared to 1UA), treble if 3UA etc. Further work is required to understand the likely cost of IT system integration / transition / adoption in particular. In all UA options, County level systems will need to be adopted or integrated with District systems. This is likely to be more complex and potentially costly depending on the number of existing systems to be adopted by each UA. For example, existing District systems that are already shared (e.g. between South Oxfordshire and Vale of White Horse) will cost less to transition than adopting multiple uncommon systems in a 3UA, 2UA or 1UA. Vice-versa, with more UAs, the cost of transitioning County systems to each UA will also have a cost. However, for the purposes of this options appraisal, we have assumed costs increase with the number of new UAs created, but this is an area that needs to be further explored in the business case.	Range from £3.3m p.a. cost (1UA) to £13.1m p.a. cost (4UA)

Note: The following cost items have been excluded from the 'other transition cost' analysis (since this report is a high-level options analysis rather than a full business case) but should be explored and considered in any full

business case as they may have a significant bearing on the cost/savings assumptions made above, e.g. the unwinding of multiple District contracts in a 1UA option may impact on the quantum or speed of savings.

- Early retirement costs
- Travel costs (additional travel costs of travelling to new work locations due to changes to estate)
- Pension costs
- Relocation costs (costs related to the changes in estates)
- Recruitment costs
- Contingency
- Unwinding of contracts

4.7.2 Transformation savings

The transition to new structures within Oxfordshire can be a trigger for implementing a transformation programme that optimises the new structures and responsibilities across whole systems. Most authorities are already planning and embarking on a new wave of transformation programmes to redesign how they operate, but a unitary solution would allow for enhancement of these plans including development of a shared programme.

The current workforce, excluding teachers, across the local authorities in Oxfordshire is around 6050 full time equivalents (FTE) based on an amalgamation of each councils data returns. Over half of the total effort is within the County Council.

A high level analysis of the activity of these FTE according to standard processes is shown in the table below, indicating that around half of the effort is on contact, assessment and enabling functions.

FTE		Total Oxfordshire	Local Authority Average*
Contact & Assessment	1,133	18.7%	15.4%
Service Delivery	3,101	51.2%	60.3%
Enabling Support	1,817	30.0%	24.5%
Total FTE	6,051		*The average refers to activity analysis in other authorities for illustration purposes
Total £	£240.7m		

The average cost per FTE used in the above analysis is £39,800. This is the total staff spend divided by the total FTE.

As local authorities embark on the next generation of transformation programmes, utilising new and emerging technology to transform internal and customer processes they are identifying further opportunities to make efficiencies. In all Councils there is already work underway but the alignment and removal of boundaries between authorities further enables end to end process design and simplification. It is also recognised that development costs can be kept to a minimum if the Unitaries adopted a common process design and limitations on customisation. For the purposes of this review we have assumed a similar initiative would be adopted by any new unitary to

- Eliminate the need for activity;
- Automate the activity undertaken;
- Simplify the activity undertaken;

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- Improve the activity undertaken; and
- Invest in new capabilities.

Contact and assessment can be further reduced through wider application of digital solutions to enable more self-service around transactional processes, greater automation of rules based assessment and adoption of intelligent solutions that reduce the need for human intervention. This is support by consolidation of existing effort and adoption of standard operating procedures and performance management. Service delivery effort can be reduced through enabling employees to be more self-sufficient, reconfiguring layers and spans and in adopting effective team management approaches to increasing productivity. Enabling support activity can be re-scoped by eliminating the need for activity, reducing the volume of activity and using business intelligence to inform decision making.

For the purpose of this assessment the mid-point from the following saving ranges have been applied to the Total Oxfordshire workforce as an indication of the transformation potential based on recent transformation business cases, and using the potential to savings described above:

- 18.75% reduction in contact and assessment effort equivalent to £8.4m;
- 7.5% reduction in service delivery effort saving £9.2m; and
- 27.5% reduction in enabling support saving £19.9m.

Applying savings achieved through other transformation programmes to the total Oxfordshire population could result a target saving of 569 to 1320 FTE, with a mid-point of 945 FTE.

This range is indicative and will depend on the choices made about the transformation programme. At current costs, assumed at £39.8k per FTE, this could result, once fully implemented, in annual recurring savings of between £22.6m and £52.5m per annum. A mid-point of £37.6m has been used in the analysis.

The costs of a transformation programme can be reduced by aligning to the transition to unitary, avoiding duplication within each area, and by adopting common design principles, increasing alignment between programmes and reuse products in each authority. An example would be agreement to adopt a common digital platform across all authorities reducing the design, development and integration costs.

4.7.3 Summary of transition costs

Total transition savings/costs for each unitary option are outlined in sections 4.7.3.1 to 4.7.3.4 below. As shown, the key driver of transition costs and savings is the transformation savings. The scale of savings achieved by each future UA, will depend heavily on the ambition of transformation and scale of transformation successfully delivered by each UAs

These dwarf any of the other impacts and therefore require some particular focus.

The table below outlines the estimated savings by option. Note this does not include the costs. These are further outlined in the sections below, along with the 'net' savings.

Option	Total savings over 5 year period
1UA	£148.3 million
2UA	£140.0 million
3UA	£131.8 million
4UA	£125.7 million

The analysis above includes savings and costs related to FTE reductions, transformation, severance, assets, senior management structures, election and democratic changes, and other transition costs. Some of these vary by UA option and some do not. The table below summarises this.

Cost or saving varies by UA option	Cost or saving does not vary by UA option
• Transformation savings	• Reduction in members
• Senior management structures	• Election and democratic costs
• UA democratic system costs	• Employee severance costs
• Other transition costs	• Office space asset disaggregation

It is important to note that the presentation of the transition cost and savings alone only presents part of the story, as the transition costs and savings need to be overlaid on to the financial disaggregation analysis to gauge a true picture of the longer term 5 year financial viability of the options. The preceding sections 4.2 to 4.6 presented this analysis. The analysis below solely considers the transition elements of those costs. By year 5 most of the transition costs have been worked through – and offset by the large transformation savings – hence the net transition savings in year 5 look broadly similar across all UA options. But caution should be taken with interpreting these in isolation.

4.7.3.1 *Four Unitary Authorities*

If Oxfordshire were to reorganise itself to form four unitary authorities, total savings over the period to 2020/21 would be £56.4m. This is the lowest amount of savings across all UA options, and is mainly due to the significant 'other transition costs' (see section 4.7.1) of £39.2m associated with this option. They are four times larger than those in the 1UA option, and therefore represent a large deduction to the potential savings. Transformation savings are £112.0m for this option (the lowest of all the options). Member costs (in terms of new democratic structures) total £4.3m over the period to 2020/21, (the largest of the four options given the need to replicate structures four times over) but this still represents just over 5% of the total cost. Senior management structural changes also represent a cost in this option rather than a benefit or saving (as in the other options), at £2.2m over the whole time period.

4 UA						
	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Transition costs (£million)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	4.3	0.9	0.9	0.9	0.9	0.9
Other transition costs	39.2	13.1	13.1	13.1		
Senior management structures	2.2	0.2	0.2	0.2	0.7	0.7
Total costs	**69.3**	**22.0**	**22.0**	**22.0**	**1.6**	**1.6**
Savings (£million)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-112.0	-0.7	-8.8	-31.8	-35.3	-35.3
Total Savings	**-125.7**	**-3.4**	**-11.6**	**-34.6**	**-38.1**	**-38.1**
Net costs	**-56.4**	**18.6**	**10.5**	**-12.5**	**-36.5**	**-36.5**

Note: *figures have been presented to one decimal place, hence rounding differences.*

4.7.3.2 *Three Unitary Authorities*

Adopting a three unitary authority structure for Oxfordshire would generate potential net savings totalling £75.5m over the period to 2020/21. Again, the savings are largely driven by the transformation savings of £114.4m. This option also has fairly significant 'other transition costs' at £29.4m, but benefits from slightly lower member costs (at £3.3m). This option is beneficial compared to the 4UA option in terms of senior management structure; generating savings of £3.6m (which actually represent a cost in the 4UA option).

3 UA						
	Total	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Transition costs (£million)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	3.3	0.7	0.7	0.7	0.7	0.7
Other transition costs	29.4	9.8	9.8	9.8		
Total costs	**56.3**	**18.3**	**18.3**	**18.3**	**0.7**	**0.7**
Savings (£million)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Senior management structures	-3.6	-0.4	-0.4	-0.4	-1.2	-1.2
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-114.4	-0.7	-9.0	-32.5	-36.1	-36.1
Total Savings	**-131.8**	**-3.9**	**-12.2**	**-35.6**	**-40.0**	**-40.0**
Net costs	**-75.5**	**14.5**	**6.2**	**-17.3**	**-39.4**	**-39.4**

Note: *figures have been presented to one decimal place, hence rounding differences.*

4.7.3.3 Two Unitary Authorities

Reorganising to form two unitary authorities has the potential to generate total savings of £94.5m over the period to 2020/21. Again this is largely driven by the transformation savings, and 'other transition costs' (replicated just twice at £19.6m in total). This option also has even lower member costs (at just £2.3m) and senior management structure savings are also greater compared to 4UA and 3UA options at £9.5m.

2 UA	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Transition costs (£million)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	2.3	0.5	0.5	0.5	0.5	0.5
Other transition costs	19.6	6.5	6.5	6.5		
Total costs	**45.5**	**14.9**	**14.9**	**14.9**	**0.5**	**0.5**
Savings (£million)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Senior management structures	-9.5	-1.1	-1.1	-1.1	-3.2	-3.2
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-116.8	-0.7	-9.2	-33.2	-36.8	-36.8
Total Savings	**-140.0**	**-4.5**	**-13.0**	**-37.0**	**-42.8**	**-42.8**
Net costs	**-94.5**	**10.3**	**1.9**	**-22.1**	**-42.3**	**-42.3**

Note: *figures have been presented to one decimal place, hence rounding differences.*

4.7.3.4 One Unitary Authority

Establishing a single unitary authority for Oxfordshire, has the potential to generate the largest amount of savings over the next five years with total savings amounting to £113.3m. This is due to fewer costs affecting the large transformative savings potential. The 'other transition costs' are at their lowest since they only need to be replicated once (for the 1UA set up). Senior management structures also generate the largest savings across all options at £15.4m, and the additional member costs are lowest at £1.6m.

1 UA	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Transition costs (£m)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	1.6	0.3	0.3	0.3	0.3	0.3
Other transition costs	9.8	3.3	3.3	3.3		
Total costs	**35.0**	**11.5**	**11.5**	**11.5**	**0.3**	**0.3**
Savings (£m)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Senior management structures	-15.4	-1.7	-1.7	-1.7	-5.1	-5.1
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-119.2	-0.8	-9.4	-33.8	-37.6	-37.6
Total Savings	**-148.3**	**-5.2**	**-13.9**	**-38.3**	**-45.5**	**-45.5**
Net costs	**-113.3**	**6.3**	**-2.4**	**-26.8**	**-45.2**	**-45.2**

Note: *figures have been presented to one decimal place, hence rounding differences.*

4.8 Council tax harmonisation

Combining district authorities will require converging council tax rates within a unitary authority. Once transition costs and transformation savings have been considered we would expect no increase in council tax rates required for at least the next 5 years for the majority of unitary scenarios. Oxford City Unitary would be the only exception and would require a marginal annual increase in council tax rates to fund any budget deficit remaining post transition costs and transformation savings. However, Oxford City could change if Adult and Children Social Care are provided as a combined service over several authorities and also be the retention of business rates.

4.9 Payback period

The costs associated with reorganising to form a single unitary authority (1UA) will be recouped in year two, with potential net savings of £2.4m. The first year would incur a net cost of £6.3m.

The payback period associated with the 2UA option would be slightly longer at 3 years (where a net saving of £22.1m would be achieved). Years one and two would create net costs of £10.3m and £1.9m respectively. Option 4UA would also take 3 years to experience net savings, of £12.5m. Net costs of £18.6m and £10.5m would be experienced in years one and two respectively.

Option	Payback period
1UA	2 years
2UA	3 years
3UA	3 years
4UA	3 years

4.10 Conclusions on the financial analysis

Based on our analysis, we summarise our findings:

- The 2015/16 General Fund Revenue Account outturn data ("RA data") for the five District Councils and Oxfordshire County Council has been used to disaggregate resources and expenditure using appropriately selected drivers. Further detail on the methodology is contained within Section 4, and the assumptions used in 4.1.3.

- Based on this methodology, the 4UA and 3UA options are in deficit with the exception of Southern Oxfordshire UA which is in a surplus of £20.1m (pre transformation). For the 4UA, 3UA, 2UA options, Oxford City has the largest pre-transformation deficit in both 2015/16 and 2020/21 (£10.7m and £16.8m respectively), though these amounts represent just 1% and 2% of total revenue expenditure across Oxfordshire. For the expanded 2UA option, Oxford City has lower deficits of £6.2m and £12.4m for 2015/15 and 2020/21 respectively. For the 1UA option, there is no surplus or deficit. This revenue neutral position is to be expected given that the 1UA option encompasses all five Districts and the County Council.

- After transformation savings and efficiency costs, (of between £113.3m and £56.4m over a 5 year period), all the UA options are in a surplus, with the exception of Oxford City.

- Based on the analysis we have undertaken and the assumptions we have used, an Oxford City UA would be in deficit post transformation, except with an expanded boundary. If the Oxford City UA is expanded, its deficit is replaced with a small surplus of £1.9m.

- This is due to a disparity between the funding and expenditure for children's services, and a lesser extent adult's services. All UAs are sensitive to this service, and in any of the UA models, there must be

a commitment to shared commissioning and delivery mechanisms and pooled grant to ensure that funds are allocated on a needs basis as opposed to a geographical basis. By sharing the commissioning and delivery of these services (and funding these through pooled resources), the financial disparity is significantly reduced between the different UAs, providing Oxford City with a surplus of £5.5m in 2021, increasing Cherwell's surplus to £10.6m, whilst reducing Southern Oxfordshire and West Oxfordshire surpluses to £17.3m and £3.1m respectively).

- On its existing boundary, Oxford City generates significant business rates and is a net contributor to the Treasury, which in a future local government finance system with the 100% retention of business rates, will improve the Oxford City financial position.

- The ability to deliver the planned growth up to 2031 will also have a material impact on the financial position of all UA options– it has the potential, if managed properly, to have a positive impact on the overall financial capacity and resilience of the Oxford City unitary. The extent of this will depend on the level of investment required both to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).

- Based purely on our analysis, a single Unitary Authority has the potential to generate the most financial benefits due to the economies of scale (an estimated net saving of £113.3m over a 5 year period).

- A 2UA option (based on the existing city boundary) provides £94.5m net savings and has similar financial benefits as the Expanded Oxford City option. However, the mismatch and imbalance between the population size, resources and service levels between the two Unitary Authorities does need to be considered.

- A 3UA option provides net savings of £75.5m over 5 years, and based on our analysis, two of the authorities are financial stable. The Oxford City Unitary (for reasons outlined above) would be in deficit in revenue terms by £16.8m in 2020/21 (pre-transformation). This deficit would need to be remedied through a needs based spending settlement but it is not material in terms of the total spending across the local government system. This option reduces the mismatch between the population sizes of the UAs (157,997, 252,652 and 261,867).

- The 4UA option provides the least financial benefit (£56.4m net savings over 5 years), whilst also having significant differences in the financial position of the various UAs (South Oxfordshire in a surplus of £20.1m in 2020/21 (pre-transformation) and the remaining three UAs in a deficit).

- The savings estimates outlined in our analysis are modelled on a consistent basis across all the UA options and do not take into account past track record in the Districts and County Councils of managing a balanced budget and delivering transformation programmes. As an illustration, the Districts have balanced budgets for the next 4 years and have undertaken transformation and efficiency programmes, and the County Council has in recent years appropriated £39.6m from its reserves (as per the 2015/16 RA data). The scale of savings achieved by each future UA, will depend heavily on the level of ambition for transformation and the scale of transformation successfully delivered by each of the UAs.

However, it should be noted that:

- The analysis undertaken, including the savings and transitional costs are not a detailed but indicative at this stage based on a number of high level assumptions.

- The Revenue Support Grant is provided by the Government to local authorities using a 'needs' based formula. This is a complex formula which has not been replicated for the purposes of this report. It is expected that the RSG would alleviate some of the financial differences between the different authorities.

- Oxford City generates significantly more business rates than the other UAs, which in the future would improve Oxford City's financial position significantly if it was allowed to retain more of the rates.

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The position can also change if the authorities have the ability accelerate growth within the authorities. For instance, the ability to deliver the planned housing and economic growth up to 2031 will have a material impact on the financial position of all UA options– it has the potential, if managed appropriately, to positively impact the overall financial capacity and resilience of the authorities including Oxford City unitary. The extent of this will depend on the level (and effectiveness) of investment made to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).

- Finally, the financial analysis assumes the continuation of the County using £39.6m in reserves / 6% council tax increase to deal with the deficit arising from delivering services on the county wide area so the benefits in terms of savings are only realisable if there is a step change in the way county wide services are delivered.

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5 Qualitative analysis

5.1 Ensure strong and accountable local leadership and governance

5.1.1 The ratio of democratic representation

Each Unitary Authority will need to create a democratic structure i.e. a Leader, cabinet and committees that will undertake the democratic functions, set the budget and make decisions for the electorate it serves. Generally speaking, the more UAs that are created, the closer the decision making is to the community that is served. However, other large UAs such as Wiltshire Council have created Area Boards which have a role in dealing with localised issues such as road repairs and traffic problems, but do not have a budget.[18] Another option is to devolve more responsibility to Town and Parish Councils which is discussed in 5.1.2 below. Further consideration would need to be given to the suitability and additional cost associated with these options for Oxfordshire, recognising that Oxfordshire has a city of national and international economic importance and with city priorities which are distinct from the surrounding rural area.

Our analysis in section 4 made the assumption that each UA would be served by a Leader and Cabinet model with regulatory, planning and scrutiny committees.

5.1.2 Balancing the need for strategic and local decision making

Oxfordshire is a diverse county and stakeholders have expressed a view that with the creation of UAs, there is a need to balance Oxfordshire as a functional economic area and the need for strategic decision making on issues such as better strategic planning, housing, transport, and closer integration of health and social care, with local decision making that reflects the locality characteristics, such as those between rural and city areas. For example:

- There are stark differences between the percentage of the over 65 population in Oxford City (11%) with Southern Oxfordshire (20%)[19].
- According to the 2015 Indices of Deprivation, within Oxfordshire, there are 2 areas in Oxford within the 10% most deprived in England and a further 13 areas in Oxford and Cherwell in the 20% most deprived in England[20].
- Median gross earnings differ from £32,506 in Vale of White Horse to £26,172 in West Oxfordshire[21].
- West Oxfordshire has the lowest population density of the districts.

As discussed in 5.1.3, there are different models of achieving a balance, for example, in a 1 UA model by establishing Area Boards in smaller geographies which are responsible for representing the interests of their communities, although this will add additional democratic cost depending on the number of Boards created. In the 2, 3 and 4 UA options, there are opportunities to either continue with some of the existing strategic partnerships, or establish a Combined Authority. The right model will be for the local authorities to decide, but initial feedback from stakeholders is that there is a need to improve decision making structures on issues that impact on Oxfordshire's ability to deliver its economic growth ambition, and the devolution deal proposals, as well as clearer accountability for delivery of services. There is also a need to develop the delivery models that

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[18] Wiltshire.gov.uk
[19] ONS Mid-year population estimates 2014
[20] DCLG IMD
[21] ONS Survey of hours and earnings

integrate across public authorities, in particular with health where there are opportunities to further enhance efficiencies.

Within Oxfordshire there are a wide range of town and parish councils and parish meetings covering large areas of the region but there is not universal coverage. These organisations are another important form of local representation and democracy, and where communities want them can make a valuable contribution. In recent years there have been moves to make it easier to establish such bodies and to encourage a greater role for very local and neighbourhood bodies, for example by developing 'neighbourhood plans'. While local councils are an important dimension of local government within the region, it has to be recognised that not every area has such representation and it should be for local communities to determine whether they wish to set up such bodies if they don't already exist and what role they should play if they do. We have not proposed any option which is dependent on local councils but each option would enable these councils to take on more roles should they and their communities wish.

5.2 Delivering better public services

The District Councils' view is that only unitary authorities with a geography that matches the challenges of their communities can have the insight and focus needed to tackle the structural barriers they face, and deliver services locally in ways which are more cost effective and reflective of local priorities. A combined authority could provide the means for the Unitaries to work together and take decisions on strategic issues and services that need to be delivered across a wider area with the ability to connect these to services delivered locally.

Unitary proposals should not mean simply merging existing council functions along current county or district boundaries. That would be a missed opportunity. Unlike previous local government reorganisations the current opportunity is being driven by a devolution agenda not vice versa. That means the real opportunity is to design and create new structures that best reflect the level at which interests are best represented, and that decisions can be taken to deliver the best outcomes.

All parties have a unique opportunity to shape their future by clarifying what they need from Government to unlock economic growth potential, meet housing demand and establish an approach that keeps people healthier for longer and allows children to start well in life.

An operating model describes how an organisation uses its customer offering, business capabilities and corporate structure to deliver value in accordance with its strategy. The operating model is unique to each organisation and made up of key components such as the strategy, customer channels and business processes, systems and people and how they interact. These operating model components can be assessed, designed, constructed, implemented and operated.

For the proposed councils at this stage of their development a move to unitary government would enable the transformation of services taking a fresh look at how organisations are structured to deliver. We have assumed that the authorities, being created in parallel, would adopt common processes and approaches to minimise customisation. The benefits potential from transformation are based on programmes from elsewhere and pro-rata application to the Oxfordshire context.

5.2.1 The current operating model

There is limited scope to keep finding efficiencies while still working in the same way. All councils have been making efficiencies in what they do over the last decade but there is increasingly a need to rethink what councils do and how they deliver. Unitaries are an opportunity to build on previous transformation gains by further simplifying and joining up systems and responsibilities to enable end to end process and system redesign. Plus, the need now is to find efficiencies in the interactions between organisations with shared responsibilities for an overall outcome. Challenges from the current arrangement include:

- Creating a customer centric model when there are multiple organisations with responsibilities for the same geographies. People have to work harder to understand organisational responsibilities than they should and can key information can fall between the boundaries.

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- Aligning service delivery activity to customer insights and intelligence when that understanding is dispersed between authorities. This can make it harder to design earlier interventions and anticipate and shape service demands.

- Reducing support costs by exploiting efficiencies from shared and standard ways of working.

- This has resulted in more interactions and alignments between authorities with similar responsibilities that between authorities within the same place. Unitary government would encourage and enable a greater focus on whole system reform within the geography of Oxfordshire.

- Based on the activity analysis of current staff effort, and practice and approaches elsewhere, there is significant potential for redesigning services around customers, achieving cost reductions while improving outcomes.

- By taking a process view across all authorities, using returns from the districts and assumptions about the County activity based on local authority averages, it is estimated that there are:

  - A total of over 6050 FTE effort, excluding teachers, agency staff and temporary staff working across councils in Oxfordshire, with a total staff cost of £241m;

  - 51% of this effort (3101 FTE) relates to actual service delivery and associated support activity such as management and supervision;

  - 19% of this effort (1133 FTE) is focused on supporting customer contact and assessment activities which enable service delivery including customer engagement, assessment and administration.

  - 31% of effort (1817 FTE) is related to back office processes and support services such as finance, procurement, HR, ICT etc.

This is a high level analysis and an indication of where effort is focused. Although further work, involving all partners would be needed to quantify the activity within these process areas to a greater level of detail, the results indicate there are opportunities for redesigning the operating model of local government across the region.

Achieving those savings will depend on the ability to consolidate, rationalise and improve current activities as part of a co-ordinated programme. This does not necessarily mean that a single authority would be better placed as the effectiveness of the programme will depend more on good management and governance in line with an agreed strategy and design. A programme can work across multiple partners allowing for the shared cost of developing solutions while retaining flexibility to tailor around local needs. Implementation could be achieved in around two years.

5.2.2 Customer contact and assessment

In customer contact and assessment the districts collectively have a comparable effort to the county resulting in over 1100 FTE focussed on customer contact and assessment. This is an area where even within councils there is a focus on addressing multiple entry points organised around functional areas to establishing a single point of access with a tailored customer experience with integrated processes and systems making life easier for customers. While councils have done much in the area in the past, particularly on channel shift to move transactions on line, there is considerable scope through emerging technologies and developments to help manage demand and simplify transactions. The aim is to create more intelligent information provision which:

- gives customers easy and quick access to information at first point of contact, removing the need for human intervention. Typically up to 40% of council contact centre traffic is handling information requests (this is a national figure). Simple solutions, such as enabling natural language search, targets the elimination of this cost.

- addresses both inbound information requests and places an emphasis on pre-empting customer need and pro-actively communicating throughout-bound intelligent information.

- is enabled by analytics providing the insight to target interventions to customers in the most effective way to provide support at the correct time.

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By removing complexity the councils will be able to improve performance, enhance the customer experience and increase employee satisfaction as more of their time is spent on adding value to residents and others.

We have assumed a conservative ambition would be to reduce the required effort by 12.5% to 25% resulting in a potential saving of £5.6m to £11.3m per annum once fully implemented.

5.2.3 Service delivery

In service delivery and support activity there are over 3100 FTE involved, on top of which further effort is funded through commissioned services. Within the directly employed staff there are opportunities for councils to explore how to increase productivity and redesign service pathways as part of an integrated system. Much of the benefit from within service delivery will come from doing different things as the new Unitaries adopt a strategic focus on early intervention and prevention activities but also from effective management of existing resources.

We have assumed that by adopting performance and productivity approaches effectively there could be scope to increase productivity by 5-10% of this effort resulting in a potential saving of £6.2m to £12.3m per annum.

5.2.4 Enabling activity

In enabling activity such as HR, IT and finance, the districts collectively again have a comparable effort to the county resulting in over 1800 FTE engaged in these processes. These are also areas where all of the authorities have been extending shared and collaboration outside of the region, but where there is potential for enhanced integration within the region. Organisations are focussing on more effective integration of the enabling functions to help deliver their strategic direction and ambition. Key trends include:

Enabling the digital employee within organisations means there is less need for 'business support' and greater self-reliance and management, and enhanced integration between systems and functions. This can help with

- Eliminating and automating transactional processes within the organisation;
- Developing functional centres of expertise in complex and specialist functions shared across organisational boundaries;
- Development and utilisation of advanced business intelligence and predictive analytics to inform strategic decision making about the future and management of current performance.

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A single view employee dashboard that allows them to track pending tasks, deadlines and quickly complete them, on the go. Cloud storage of documents and instant chat feature leads to higher productivity and reduces errors.

An illustration of how digital employee works
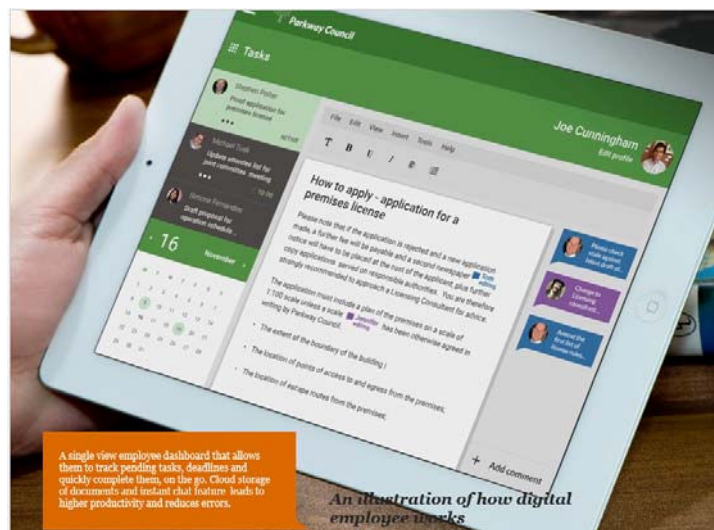
Building on these trends and current work to eliminate unnecessary activity, automate simple processes and release effort to focus on strategic insight and direction offers the potential for further savings. We would expect unitary government to create additional opportunities for removing duplication of roles and responsibilities between authorities and within authorities, releasing staff to focus on higher value strategic work, automating routine information practices and enabling self-serve and stopping unnecessary activities and steps in processes.

We have assumed that by adopting a corporate redesign of the enabling functions, and working to a common set of design principles, the councils across Oxfordshire could reduce current effort. A conservative ambition would be to reduce the required effort by 15% to 40% resulting in a potential saving of £10.8m to £28.9m per annum once fully implemented.

6 Summary of unitary authority options

The following factors, as outlined also in section 3 above, provide the basis from which to appraise the options. These factors are assessed in an evidence-based way, based on the above analysis and the stakeholder conversations we have had.

Financial analysis (feeds into 'value for money' and costs against efficiency savings)

- The financial viability of the UA including payback from transition;
- The scale of efficiency savings possible from the two-tier system and service transformation;
- Ability to build on innovative cost-saving management and service delivery models already adopted by the councils;

Ensure strong and accountable local leadership and governance

- The ratio of democratic representation;
- Balances the need for strategic and local decision making;
- Maintains effective span of control

Delivering better public services

- Ability to reflect local priorities and the interests of different communities, including those of the city, of market towns and rural communities – enabling a responsiveness to local needs;
- Enables development and growth across the area to meet its economic potential and sustainability, supporting the economic and housing growth planned;
- Helps to deal with the demographic pressures on adult social care and improve outcomes through integration with health services;
- Ensures a system for children's services that delivers a robust approach to child protection and safeguarding based upon need and through transformation;
- Benefit from potential service synergies from unitary authorities having responsibility for planning and delivering services such as spatial planning, economic development, housing, transport infrastructure, social care and health.
- Supports the growth of the knowledge economy.

Financial analysis (feeds into 'value for money' and costs against efficiency savings)

1UA	2UA	2UA+	3UA	4UA
County wide unitary based on economies of scale. Generates large surplus post reorganisation (£45.2m in 2020/21). Generates greatest potential net savings (£113.3m) over the period to 2020/21. Driven by lowest "Other Transition Costs" (£9.8m) and highest potential transformation savings (£119.2m) of the proposed UA options. Quickest payback period at just 2 years.	Considerable mismatch between the two Unitaries in terms of financial position. Oxford City remains in deficit post transformation (£6.2m in 2020/21). Only when Adults and Children's Social Care services are elevated to a CA level does Oxford City generate a surplus (£7.0m). Potential to generate comparable transformation savings with the 1UA option (£116.8m vs £119.2m) though "Other Transition Costs" double from £9.8m to £19.6m. Generate potential net savings of £94.5m over five years to 2020/21. Payback period of 3 years.	An Expanded Oxford City Council sees an improved financial position pre and post transformation with a surplus (£1.9m in 2020/21) generated following reorganisation. The elevation of Adults and Children's Social Care to a CA level increases this surplus (£13.8m). Potential to generate comparable transformation savings with the 1UA option (£116.8m vs £119.2m) though "Other Transition Costs" double from £9.8m to £19.6m. Generate potential net savings of £94.5m over five years to 2020/21. Payback period of 3 years.	Southern and Northern Oxfordshire deliver financial surplus post transformation. Oxford City in deficit post transformation (£6.9m 2020/21) Oxford City's deficit becomes a surplus (£6.2m) if Adults and Children's Social Care services are removed from outside its control. Potential to generate comparable transformation savings with the 1UA option (£114.4m vs £119.2m) though "Other Transition Costs" treble from £9.8m to £29.4m. Generate potential net savings of £75.5m over five years to 2020/21. Payback period of 3 years.	Considerable financial mismatch between proposed unitary authorities. Southern Oxfordshire delivers strong surplus pre and post transformation. West Oxfordshire delivers marginal surplus pre-transformation (£0.1m) but more of a surplus post-transformation (£5.8m). Cherwell delivers a small deficit pre-transformation (£3.3m) and a small surplus post-transformation (£5.0m). Oxford City in deficit before and post reorganisation, though generates a surplus (£5.5m) should provision of Adults and Children's Social Care services be elevated to a CA level. UA option that would generate lowest potential net savings (£56.4m) over the period to 2020/21 Driven by highest "Other transition Costs" (£39.2m) and lowest transformation savings (£112.0m) of the proposed UA options. Payback period of 3 years.

Largely immaterial difference between all UA options if consider total net transition savings in context of total net annual expenditure in Oxfordshire 2015/2016 (£1,040,422,000). The figure is 0.83% looking at the year 5 picture, i.e. £8.7m divided by annual expenditure, or if you consider over 5 years the figure is 1.1%, i.e. £56.9m divided by five times annual expenditure. This does not account for the surplus/deficit position but solely looking at UA transition savings.

	See supporting summary table for further details		
Ensuring strong and accountable local leadership and governance			
1UA	**2UA**	**3UA**	**4UA**
A single UA could rise to loss of accountability with potentially lower levels of political representation at decision making committees than other UA models (i.e. a democratic deficit). This could be addressed through design of the UA with for example the creation of Area Boards (e.g. Wiltshire model). However, further consideration should be given to the characteristics of Oxfordshire and the replicability of the Wiltshire model. For example. Oxfordshire is larger and more diverse, with Oxford as a large urban centre where needs and priorities are distinct from the surrounding rural area.	Recognises the difference between urban and rural priorities. Improves democratic accountability compared with one UA option. However the scale of the residual ('donut') area of Oxfordshire dilutes democratic accountability in rural geography, with a population of 452,246 and a geographical area of 2,245km².	Improves level of accountability compared to 1UA and 2Uas. Recognises geographic differences between North and South of the County and the different demographic and socio economic characteristics. Provides a balance between addressing local needs in communities, increased accountability through three democratic structures within Oxfordshire, and it would reflect and recognise distinct City and rural issues that any new local government settlement needs to address.	Provides the maximum level of democratic accountability and connectivity to local communities. Greater costs of democratic system with increased UAs, although this depends on number of Area Boards/increase in Parish role.

Delivering better public services

1UA	2UA	3UA	4UA
Economies of scale have potential to drive efficiency. Will become third largest UA in England. Complex process of integration but potential opportunity for single wholesale transformation is significant. Risk of a lack of responsiveness to the diversity and vast differences in local needs across the County geography. But the creation of Area Boards could help with this. A bureaucracy of this scale may be less flexible and agile to the changing nature of need and demand.	Economies of scale driving efficiency. Enables tailored approach to rural and urban geographies. Population and economics imbalance between City and 'Donut' which could be addressed to some extent by the 2UA+ option which extends the City boundary to some of the surrounding wards.	Alignment of UAs better reflects geographic and urban / rural settings and economy. More effective tailoring services to rural and urban geographies. Addresses imbalance of City and 'Donut' option. Builds on existing relationship in the South of the County. Provides a mechanism for innovation around County services through a CA.	Limited economies of scale / duplication. Unequal sizing of UAs. Partial change / ability to change. Tailored and responsive service provision to local needs is more possible. Capacity and capability to absorb large county services is enhanced.

	Surplus/(deficit) 2015/16	Surplus/(deficit) 2020/21	Surplus/(deficit) 2020/21 after transformation	Surplus/(deficit) 2020/21 after transformation (No ACSC)
4 UAs Option				
Southern Oxfordshire Unitary	£16.8m	£20.1m	£33.3m	£17.3m
Cherwell Unitary	(£5.6m)	(£3.3m)	£5.0m	£10.6m
Oxford City Unitary	(£10.7m)	(£16.8m)	(£7.6m)	£5.5m
West Oxfordshire Unitary	(£0.5m)	£0.1m	£5.8m	£3.1m
3 UAs Option				
Southern Oxfordshire Unitary	£16.8m	£20.1m	£34.3m	£18.4m
Oxford City Unitary	(£10.7m)	(£16.8m)	(£6.9m)	£6.2m
Northern Oxfordshire Unitary	(£6.1m)	(£3.2m)	£11.9m	£14.8m
2UAs Option				
Oxford City Unitary	(£10.7m)	(£16.8m)	(£6.2m)	£7.0m
"Donut" Unitary	£10.7m	£16.8m	£48.5m	£35.3m
2UAs + Option				
Expanded Oxford City Unitary	(£6.2m)	(£12.4m)	£1.9m	£13.8m
Revised Donut Unitary	£6.2m	£12.4m	£40.4m	£28.5m
1UA Option				
Oxfordshire Unitary	£0.0m	£0.0m	£45.2m	£45.2m

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	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 4 (£m)	Year 5 (£m)	TOTAL (£m)
4 UAs Option						
Total costs	22.0	22.0	22.0	1.6	1.6	**69.3**
Total savings	3.4	11.6	34.6	38.1	38.1	**125.7**
Total net savings	**18.6**	**10.5**	**12.5**	**36.5**	**36.5**	**56.4**
3 UAs Option						
Total costs	18.3	18.3	18.3	0.7	0.7	**56.3**
Total savings	3.9	12.2	35.6	40.0	40.0	**131.8**
Total net savings	**14.5**	**6.2**	**17.3**	**39.4**	**39.4**	**75.5**
2UAs Option						
Total costs	14.9	14.9	14.9	0.5	0.5	**45.5**
Total savings	4.5	13.0	37.0	42.8	42.8	**140.0**
Total net savings	**10.3**	**1.9**	**22.1**	**42.3**	**42.3**	**94.5**
2UAs + Option						
Total costs	14.9	14.9	14.9	0.5	0.5	**45.5**
Total savings	4.5	13.0	37.0	42.8	42.8	**140.0**
Total net savings	**10.3**	**1.9**	**22.1**	**42.3**	**42.3**	**94.5**
1UA Option						
Total costs	11.5	11.5	11.5	0.3	0.3	**35.0**
Total savings	5.2	13.9	38.3	45.5	45.5	**148.3**
Total net savings	**6.3**	**2.4**	**26.8**	**45.2**	**45.2**	**113.3**

Note: *figures have been presented to one decimal place, hence rounding differences.*

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7 Combined Authority

The effectiveness and sustainability of the UAs can be enhanced and value added by the creation of a Combined Authority (CA). The stakeholders we consulted agreed that in order to address the issue of housing affordability, congestion and lack of strategic planning, strong leadership is needed at a Combined Authority (and potentially through a Mayor):

- Which had a clear remit for housing, transport and strategic planning;
- Where there is collective decision making; and
- Where there is clear accountability for delivery.

It was suggested that whilst there are agreed strategies, such as the SEP, there is a current lack of clarity about how the strategies are executed and who is responsible for delivering the infrastructure required. In addition, views were expressed that:

- There is a need for a sustainable transport strategy (including cycling) aligned to a housing development plan – so that housing developments have sustainable transport links.
- There is a need for strategic planning across the region so that there is a coherent strategy to assist the sustainable growth of the City.
- A greater, coherent voice for Oxfordshire with Government and influence over national commissioners and agencies such as Network Rail is needed. This role is missing currently, but is increasingly important with the emergence of Combined Authorities in the Core Cities which have ongoing dialogue with Government.
- There is a real need to provide consistency of services to businesses, such as planning and regulatory services, to make investment easier for businesses.
- Adult social care integration with health should be a priority as it will result in clearer pathways of care and less fragmentation. Local government needs to think about services in terms of the end to end process to help stem demand flowing into acute settings and make the most of their skills

A Combined Authority (CA) is a public body with its own legal personality and can be established at the request of two or more local authorities by an Order issued by the Secretary of State and are increasingly the vehicle by which devolution from Central Government to Local Government is enabled. A Combined Authority will change the relationship with government and will provide a strong platform for ongoing dialogue with government to secure further investment and devolution.

Under the new Cities and Local Government Devolution Act 2016, a CA may have statutory functions transferred to it relating to any local government function, and no longer only economic development and transport. This could include the transfer of health service functions. The 2016 Act also allows the creation of Mayoral CA, with a directly elected mayor.

7.1 Functions of the Oxfordshire Combined Authority

To respond to the challenges set out above, to deliver Oxfordshire's devolution deal proposal and complement the UA model, it is suggested that a Combined Authority has the following functions:

- **Strategic planning** – one agreed spatial plan (an agreed strategy for growth and housing and employment sites, transport and connectivity plan; property and assets) i.e. planning on a whole-place basis.

- **Infrastructure strategy** – an agreed investment programme to deliver the infrastructure required to unlock growth.

- **Economic development** and business services i.e. a consistent approach to attracting investment and providing a consistent and streamlined service to businesses locating e.g. planning applications,

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regulatory services, business and supply chain support.

- **Skills**: providing the skills for local people that local and future businesses need

- **Integrated commissioning of adult social care and health with the CCG**– the right governance and delivery arrangements should be used including an understanding of how to incentivise providers to improve the health and well-being of the population before they need acute care services.

- **Children's services** – Jointly led and commissioned in partnership with the Police and NHS, and other public and community organisations, to build on strengths and create a system wide redesign with early intervention, resilience and synergy with community investment and housing services.

The integration of adult social care and health and children's services are covered in sections 8 and 9 of the report.

7.2 Enablers of the Combined Authority

The benefits of a Combined Authority is that it will have additional enablers to the UAs to achieve the outcomes stated in the devolution deal. These enablers will have the potential to create greater resources for investment in Oxfordshire's priorities:

Pooling of funding and investment prioritisation

- Pool funds to create investment pots and have greater borrowing power;
- Prioritise collectively where investment in Oxfordshire will make the biggest impact on growth or allow the allocation of funds based on need / demand (recognising that each UA will benefit at different times – but priority is to benefit Oxfordshire as a whole);

Income / funding generation:

- A Combined Authority can impose a levy on constituent authorities and borrow under the prudential borrowing scheme.
- A Mayoral Combined Authority may also place a precept to raise funds.
- A Mayoral Combined Authority may raise an additional 2p in the pound on business rates subject to agreement of the LEP.
- Successful devolution deals awarded to Combined Authorities have included a Single Pot c.£1bn over 30 years, but negotiations have required agreement to a directly elected mayor to be accountable for some (to be negotiated) devolved powers and funding;
- Facilitation of a strategic approach to public sector asset rationalisation.

The Combined Authority would provide accountability and enable collective decision-making on statutory functions but also collaboration and joint-commissioning of services under a single structure. However this model would also provide the UAs with the ability to maintain sovereignty for certain functions, and tailor services to their local area's needs, utilising the different delivery models that the UAs establish. In addition, other services such as waste disposal could be jointly commissioned either by the CA or, following the London Tri-borough model, by whichever UA is best to lead.

7.3 Governance

An illustration of the governance structure for the Combined Authority is set out below. This will need to be developed through the development of a Scheme with DCLG, but a proposal is being developed for the Combined Authority to include voting membership for the UAs, CCG and the LEP.

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The 2016 Act requires each Combined Authority to set up at least one overview and scrutiny committee. The committee must publish a plan indicating how it will exercise its powers, and it will have the power to suspend decisions of the combined authority whilst it reviews them. Because the Combined Authority will be an Accountable Body for public funds, there will need to be a committee with responsibility for audit, which will advise the CA on financial management, internal and external audit, the code of conduct and corporate governance matters.

7.4 Organisation

To support the democratic function and coordinate delivery, the CA will need a core office / secretariat to develop the required strategies and administer devolved funds. This will include appointing to three statutory roles of Head of Paid Service, Section 151 officer and Monitoring Officer.

To resource these activities, there will be options for the resource to be sat within a Combined Authority office or using the resources within the UAs (who may also have specific locality responsibilities). As an example the Sheffield City Region CA employees zero staff (employees are employed by Barnsley MBC or Sheffield City Council then recharged to the SCR), whereas the Greater Manchester CA employs 983 staff.

However the driving principle behind the developing Oxfordshire Combined Authority proposal is that it is a small core officer team, drawing on the resources of the UAs and partner organisations as opposed to creating an additional large employment organisation.

It is also assumed that the statutory Director of Public Health role would be a joint appointment between the Unitaries to cover the whole of the current region, or is a direct appointment by the Combined Authority under a devolution deal. Joint appointments are increasingly common as authorities seek to reduce cost, but also because public health issues are more effective across a large population to help identify trends and to utilise specialist analytical skills.

In relation to the statutory Director of Children's Services and Lead Member for Children's services the suggested approach is similar to the tri-Borough arrangement in London. Each authority would have a Lead Member for Children's Services. A Director of Children's Services would sit over all the authorities as a joint appointment and each authority would have an Assistant Director of Children's Services covering more operational delivery in their locality, plus some shared responsibilities across the region. This approach potentially strengthens the senior leadership for Children's Services across the region and builds in potential for succession planning and development of specific focus relevant to each area.

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In relation to Adult Social Care, the creation of unitary authorities with social service responsibilities would require each to ensure that have sufficient staff to perform their statutory functions and act in line with statutory guidance, The strategic chief officer post of director of adult social services (DASS) should be directly accountable to the Chief Executive and comparable to the Director of Children's Services.

Statutory guidance on this role allows for local authorities to jointly appoint a single Director of Adult Social Services to cover their local authority areas and also to enable joint funding of posts between a local authority and an NHS body. Where such a joint appointment occurs the DASS must remain an employee of the local authority for the full range of social services responsibilities. In addition, local authorities may extend the DASS's responsibilities to cover other local authority services and responsibilities (such as leisure, housing, transport and adult education).

A comparable arrangement for adult social care and children's services would therefore be possible to utilise expertise across the region and to build a resilient team operating across adult social care, health and wider determinants of health.

7.5 Conclusion

A Combined Authority for Oxfordshire would complement the UA model by providing a vehicle for strategic decision making, and accountability through a Mayor for the strategic issues that need to be addressed to enable Oxfordshire to reach its economic potential. The ability to pool funds and budgets and prioritise to maximise growth or address need. At the same time, the CA model allows a degree of local UA flexibility and efficient delivery through UAs and partners.

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8 Children's services

8.1 Context

Oxfordshire is not alone in facing challenges raised by either children and young people experiencing abuse and neglect and the increasing volumes of those in need, nor in terms of variance in educational achievement. Vulnerable children and young people generally have poorer outcomes than their peers, across measures such as health status, educational attainment, social inclusion and employment and skills. Traditionally councils have tried to address these deficits by focusing on the needs of vulnerable children and young people, an approach which is encouraged by statutory duties, requirements and inspection. Oxfordshire does this well.

Good foundations

The good foundations in Children's services across Oxfordshire needs to be seen as a platform for further improvement and enhancement. The overall good position is recognised both locally by stakeholders and nationally in inspection reports and stakeholder discussions. Following the crisis revealed by the Bullfinch case which identified issues with joint working and joined up front line there has a been a particular focus in recent years on child sexual exploitation leading to the development and piloting of nationally recognised leading practices. This was recognised by the Joint Targeted Area Inspection of the multi-agency response to abuse and neglect in Oxfordshire which said '*the specialist, multi-agency child sexual exploitation team, Kingfisher, is pivotal to the operational responses of the local authority, police and health services, and this ensures that there is a high standard of inter-agency working with sexually exploited children*'[22].

The report also found that this strong practice was not consistent across all services offered to other children and families when they are first referred to the children's services. Children and families first contact sometimes experienced poor processes and practices at the front door. There are plans in place to address this but progress was criticised for being slow and partners have highlighted the need to respond to demand to non-acute cases.

Ofsted's most recent inspection outcomes rated children's services in Oxfordshire as good overall across all judgement areas, which while not outstanding compares favourably with the other 87 local authorities inspected in the South East.

Ofsted Judgements on South East Local Authorities Childrens Services

Judgements	Outstanding	Good (Oxfordshire)	Requires improvement	Inadequate
Overall effectiveness	2%	24%	49%	24%
Children who need help and protection	0%	23%	56%	21%
Children looked after and achieving permanence	2%	32%	55%	10%
Adoption performance	8%	46%	39%	7%
Experiences and progress of care leavers	2%	34%	49%	14%
Leadership, management and governance	8%	23%	48%	21%

Stakeholders generally agree that operationally teams are working well together but that commissioning in some areas can be fragmented and uncoordinated. The overriding priority is to maintain the focus on protecting

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[22]

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/521906/Joint_inspections_of_child_sexual_exploitation_and_missing_children_Oxfordshire.pdf

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vulnerable children, building on the good foundations but recognising the potential improvement areas and need to recognise the challenges ahead.

Challenges ahead

The Children, Education and Families Directorate at Oxfordshire County Council, and other partners, face a number of challenges, irrespective of any change in the structure of local government. The budget position within the council means that significant savings are required as the current approach is unsustainable. There is also increasing pressure on services as a result of rising demand and changing requirements. Given services will already be going through a period of change and transformation, the question is whether the transformation which County Council is currently taking forward could be enhanced and strengthened by a devolution deal and unitary solution.

The challenges facing children's services are significant:

- Financial – local government has many of the ultimate accountabilities for outcomes for children but is facing a financial challenge to reduce expenditure and improve outcomes. In the Oxfordshire context the specific resources on children's services are being redesigned to reduce spend by 40% while creating a wholly new £12m service.

- Demand – the number of children requiring care and support is volatile but has been steadily increasing nationally and locally. In Oxfordshire the number of children on child protection plans rose 50% between March 2011 and March 2014, compared to 9% nationally, and has continued to rise since. This above average national increase is common in areas that have experienced high profile Child Sexual Exploitation cases, although most children on child protection plans in Oxfordshire are subject to a plan because of neglect. Other contributory trends include the rapid increase in Unaccompanied Asylum Seeking Children (UASC).

- Operating environment – the operating environment for children's services, and the role and accountabilities of local government, are complex and subject to rapid change. Across the UK, there were 98 separate Acts of Parliament affecting children passed between 1987 and 2008, with over 400 different initiatives, strategies, funding streams, legislation or guidance and organisational changes to services affecting children and young people[23]. The pace of change has not slowed down since.

- In addition, changes to society mean that new challenges and demands are being placed on children's services, for example where technology has transformed childhood and the average 11 year old boy has viewed pornography and 1 in 12 children deliberately harm themselves.

- People challenges – social work is hard with challenging personal and professional responsibilities. Many social workers choose to leave the active profession after a few years for a variety of reasons, including increasing referral rates, increasing caseloads, diminishing support and lack of control of career development. As experienced staff leave it puts extra pressure on less-experienced staff and increases the reliance on agency staff. In Oxfordshire programmes are being introduced to attract more staff but the challenge is compounded by the high cost of living and affordability of housing.

- Leadership challenges – there is a recognised shortage of leadership excellence within children's services nationally and a desire to bring the best people into the profession. Due to the challenging nature of the work there is a potential concern that finding numerous strong local leaders and teams could be a risk. Essex is a good example of an authority where strong leadership has helped develop a pipeline of talent and nurturing of practice excellence. The leadership of these services is important in changing culture and practice and empowering all practice staff to spend more time with families and children.

County approach

In response to these challenges the County Council consulted last year and is in the process of implementing plans to withdraw from universal service provision and redesign early intervention work to focus the service

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[23] Action for Children, 2008, As long as it takes: A new politics for children

<div align="center">Page 157</div>

more on the statutory duties and requirements on local government as is seeks to find savings of £8m across children's services. This would include closing the majority of the 44 children's centres across the region.

The transformation aims to create a wholly redesigned£12m service consisting of a Locality and Community Support Service, Family Support Service and eight designated Children and Family Centres delivering a range of primarily targeted, with additional open access, sessions supported by an administrative service.

It is intended that the new service will have strong working relationships with other social care teams within the Youth Offending Service including specialist services provided by partner organisations and universal services.

The diagram below provides an illustration of the new service, with the parts inside the dotted line showing the new service proposed by the County. This direction of travel is at odds with that being followed by partners notably Thames Valley Police and NHS who prefer early effective intervention as a means of providing better protection to children now and preventing more acute cases in the future. The Department for Education suggest that there is a need to consider innovative responses to children at the edge of care to prevent an escalation of intervention requirements, although they are less convinced of the evidence around universal services without effective targeting.
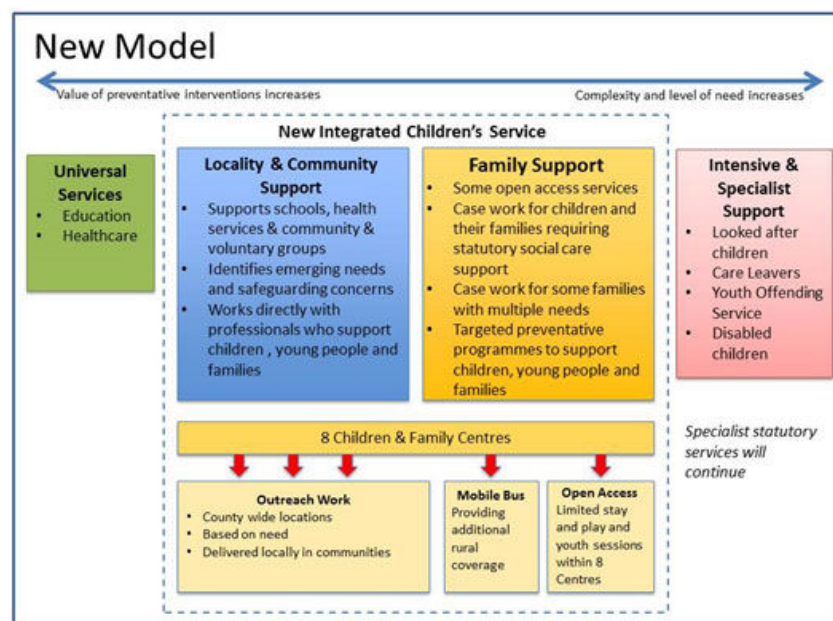
Ambition for children

The ambition of the districts is that, alongside the protective duties of local government, a unitary and combined authority model could allow the whole system to be redesigned to nurture the assets within children and young people, their families and their communities so as to build resilience and aspiration. Universal services are seen as a gateway to the specialist health and social care support that children with more moderate and severe levels of need require. Access to quality provision is vital.

Achieving resilient families is a shared responsibility, requiring a commitment across local government, the NHS and the wider public sector, as well as the voluntary and community sectors and the engagement and commitment of children and young people, their families and their communities. It requires system wide reform which a devolution deal could help to trigger by stimulating ever closer integrated working between authorities, other partners and with communities.

8.2 Devolution proposals

The current devolution proposals relevant to children focus on health and well-being, rather than just at risk, where the aim is to bring together a single approach for health and social care in Oxfordshire, bringing together organisations and budgets to create a system that will deliver care and better value for money. These proposals are based on three phases of work:

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- Firstly, to build on existing arrangements and powers to integrate local commissioning teams, increase the current pooled commissioning budget and to strengthen the Health and Wellbeing Board;

- Secondly, to devolve national budgets and powers and evolve the Health and Wellbeing Board into a body, responsible for commissioning of all health and social care and public health services for Oxfordshire's residents.

- Thirdly to consider how health and social care governance arrangements interlocks with and complements those of any new Combined Authority structure.

The intention was that this arrangement should cover both children's and adult social care services. From the current proposals there is a risk that the specific needs of children's services will be dominated by a focus on integration of health and adult social care, which is a national concern of the Association of Directors of Adult Social Care. This could perpetuate the perceived position locally where the business of the Health and Well-Being Board is dominated by adult health and social care, leaving the issues of commissioning services for children fragmented and missing opportunities to integrate with other front line services such as housing, schools and community safety. A specific focus on children's services would help to avoid this risk and recognise that in relation to children services local government, health and the police are critical. Specific proposals on using a devolution deal for improving outcomes for children would be valuable.

Nationally, there are few devolution deals that have had a focus on children's services. The two areas that are most explicit are in further devolution deals to both the Liverpool City Region and Greater Manchester, where in both areas there is a commitment to undertaking a fundamental review of the way that all children's services are delivered making the best use of existing resources.

Liverpool City Region *Further devolution to the city region combined authority and to the directly elected mayor*	Greater Manchester *Further devolution to the combined authority and to the directly elected mayor*
The government will support Liverpool City Region to undertake a fundamental review of the way that children's services are delivered. The review will explore how integrated and more efficient ways of delivering services can be achieved by making best use of existing resources. The proposals will be developed from April 2016 within a framework of locally accountable leadership, delivery and commissioning arrangements, and specific proposals will be subject to Department for Education, HM Treasury and individual local authority approval.	The Government and Local Authorities will undertake a fundamental review of the way that all children's services are delivered, including services by Local Authorities and other public service providers. The review will explore how integrated and more efficient ways of delivery of all services can be achieved by and for Greater Manchester Local Authorities, making best use of existing resources and linking service transformation to the scaling up of Early Years new delivery models and to the education and criminal justice systems. The proposals will be developed within a framework of locally accountable leadership, delivery and commissioning arrangements and specific proposals will be subject to Department for Education, HM Treasury and individual Local Authority approval.

In addition to these two areas, there are other sub-regional proposals being developed within Local Safeguarding Children Boards including:

- Birmingham's Safeguarding Children Board Transforming Programme, changing the function of the Board to concentrate on scrutiny, assurance and evaluation, whereas the OSCB is seen as having to step in and support commissioning; and

- West Midlands LSCB Chairs System Change Project, which aims to reassign a number of functions from individual Boards to be carried out in a regional model.

There is support for greater consideration of children's services within devolution proposals. The Wood Review, which was established to review the role and function of Local Children's Safeguarding Boards, and reported earlier this year made, a specific call for devolution proposals to be incentivised and encouraged by Government.

The similarity in both current devolution deals suggests that devolution on children's services will be more likely with a combined authority and directly elected mayor, where there is a commitment to key components including:

- A fundamental review of the way in which children's services are delivered
- Integration and more efficient ways of delivering services
- Making the best use of existing resources
- A framework of locally accountable leadership, delivery and commissioning relationships
- Specific proposals being subject to Department for Education, HM Treasury and individual local authority approval

8.3 Future ambition

Approach
This section outlines a possible approach for Oxfordshire which aligns to these key components of existing devolution deals and the ambition of local partners.

Strategic ambition
A strategic ambition for a devolution deal around children's services could focus on creating:

A proactive integrated approach to investing in children and families capacity and capability across Oxfordshire so that they take every opportunity to fulfil their positive potential.

The purpose of which would be to ensure safeguarding of children and young people, meaning that they are not only protected from harm but their welfare is promoted through:

- Investing in the strengths and assets of children, families and communities
- Integrating actions within a shared and collaborative way of working
- Putting children and young people at the heart of what we do
- Enhancing life chances

The aim would be to ensure better outcomes for Oxfordshire in terms of: lower levels of vulnerable children and families; enhanced aspirations of families for their children and improved educational attainment and achievement; and a reduction in the impact of parental risk factors that contribute most to abuse and neglect of children. Within five years the goal could be to have shifted resources into positive activities without increasing the risk to vulnerable children, making the case for upfront investment to change the projected profile of demand. The objective would be to have secured agreement locally by the end of the year and devolution deal by the end of financial year to enable this shift.

A fundamental review of the way in which children's services are delivered
Stakeholders are concerned that the good performance of current arrangements will be at risk during transition to any new arrangements, particularly as the County is already undertaking a transformation programme. While the focus of the County's work is to meet its statutory and protective duties there is a concern that reducing the focus on universal services will weaken the early intervention and prevention activity. For the County this is necessary to release the resources and capacity to manage increasing caseloads where children are judged to be vulnerable and at risk.

Reducing universal services is a national concern of the UK Children's Commissioners who in their most recent report to the UN stated:

« There has also been a significant reduction in funding to statutory authorities across the UK. It is feared that reduced access to local universal services for children will put further pressure on services for those most in need; the Commissioners are very concerned that, due to budget cuts, statutory services are only focussing

on delivery of their statutory duties. In practice, this means that funding is being withdrawn from many critical preventative and early intervention services that play an important role in the lives of vulnerable children. »

5th period report of the UK Childrens Commisioners

The Wood Review has explored the role of Local Children's Safeguarding Boards and identified a need for a new model that will ensure collective accountability across the system, with local authorities, health and the police playing the lead roles in a more flexible and focussed arrangement. A key recommendation is for greater separation of strategic focus within the boards form operational and business planning, with greater alignment and co-terminosity between key partners. The perception of the City, where issues are mostly concentrated, and of partners is that the safeguarding board in Oxfordshire performs well but at times has to step into areas of commissioning outside of its intended remit where there is no robust commissioning and scrutiny structure in place.

In its response, the Government has stated that it wants strong and effective arrangements for local agencies to work together to improve outcomes for children and their families and share information effectively and will bring forward legislation to make it happen. The Government's goal is to support and enable local agencies to work together in a system where:

- Excellent practice is the norm;
- Partner agencies hold one other to account effectively;
- There is early identification of 'new' safeguarding issues;
- Learning is promoted and embedded;
- Information is shared effectively;
- The public can feel confident that children are protected from harm.

In seeking to establish unitary government there is an opportunity for Oxfordshire to frame its ambition, alongside the protective duties, as creating and establishing a whole system that nurtures the assets within children and young people, their families and their communities so as to build resilience and aspiration. A commitment to a fundamental review, working with Government and acting as a pathfinder for new arrangements, could build on previous agreements and reflect the districts ambition.

It is suggested that the unitary solution adopted should through a devolution proposal seek local and national agreement for 'The government to support Oxfordshire Region to undertake a fundamental review of the way that children's services are delivered *and demand can be reduced*. The review will explore how integrated and more efficient ways of delivering services can be achieved by making best use of existing resources. *It will also explore how early intervention and prevention at the edge of care can reduce the demand for statutory protective services*.'

Integration and more efficient ways of delivering services

This review was not intended to include a detailed design of a more integrated and efficient way of delivery services, which would require significant additional resource. Plus the County have already consulted on and are in the process of implementing an approach to drive efficiencies from the protective duties that they are responsible for. That consultation identified 14 key messages for the County that while recognising the funding pressures generally rejecting the proposals put forward and seeking to protect universal services with concern reduced prevention will have damaging knock on effects.

However, those proposals could be reconsidered in relation to the wider benefits of a unitary government model and additional simplification of organisational responsibilities. All stakeholders have agreed that a unitary model would allow further consideration of greater integration and more efficient ways of delivering services, relevant to each locality. Specific opportunity areas identified included:

- Integration with housing services – the role of housing in supporting early intervention and in identifying needs could be more visible and integral, particularly in the city. Homes and the communities that families live in are a vital part of their lives, and housing providers can be well placed to be among the first to spot signs of difficulties with debt, anti-social behaviour, and challenges like domestic violence that can all impact on children's welfare. They can be an important partner in sharing information and data about families who are experiencing difficulties, coordinating assessments, and delivering 'family first' responses.

- Integration with leisure and recreational services – these services can be important in providing children and young people with opportunities for social inclusion and to enhance self-esteem, enjoyment and achievement. Evidence suggests that where leisure time activities are sustained throughout teenage years they can have a significant impact on young people's resilience and on their outcomes in later life.

- Integration at a community level – developing the integration of community responses, including in high risk areas, would building on the framework of community partnerships and enhance the role and responsibility of schools and other community organisations, particularly where early signs could be picked up and interventions can be effective in tackling those children at the edge of care.

A unitary model would allow for more seamless integration of these functions to enhance and develop these opportunities, in particular to focus on how universal services, early intervention and prevention can help reduce the number and seriousness of vulnerable children needing care and protection.

Building resilient families and communities can only be achieved by building effective and connective services and support that builds capacity and releases capability, with the aim of reducing children and young people coming into care and building the pathways to independent lives. Any change in children's services needs to ensure it maintains and enhances outcomes for children and young people, and has the full support of all partners.

The development of the unitary and combined authority model for children's services would be a new innovation and can be design to use evidence about what works in children's services, and should align to the ambition of the Governments innovation fund which recognises that there is a need for *'the future shape of children's social care to be defined not by Whitehall, but by the very best professionals and leaders using the very best evidence'*[24].

With world class local Universities and an interest in evidencing 'what works' through research plus the development of teaching and training, Oxfordshire is well placed to be at the forefront of innovation in children's social care and development of a pipeline of excellent leaders. The particular focus in Oxfordshire would be on demonstrating how early intervention and prevention services at the edge of care could commence a move to lower future public spending and better outcomes.

Tri-Borough (Westminster, Kensington and Chelsea, Hammersmith and Fulham local authorities) received £4m through the DfE's Innovation Fund to implement their ambitious new model called Focus on Practice to achieve more purposeful practice and effective interventions with children, young people and their families. The Tri-Borough are investing in training their children's social care workforce, just over 700 staff in total, from top leadership through to frontline practitioners across the three local authorities. Focus on Practice includes; training in evidenced based methodologies including systemic practice, motivational interviewing, parenting theory and skills and Signs of Safety, new approaches to supervision and embedding clinical psychologists and family therapists in teams. This is enabling frontline staff to engage more positively and proactively with families with the long term aim of reducing re-referrals and entries into care. Early evidence suggests these new approaches are having a positive impact on staff and the families they engage with.

Making the best use of existing resources

Excluding schools, there are currently 1175 FTE (plus 98 FTE temporary staff) at the County, with a staff budget of £42.7m and non-staff spend of £90.9m (and a net expenditure of £51.7m), means the scale of this function alone is larger than the four non-city districts. But the County resources are only part of the effort that is needed to improve outcomes for children and young people, and increasingly is focussed on the areas where intervention is required.

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[24] Department for Education, 2016, Children's Social Care Innovation Programme

The belief is that early intervention would offer the potential to make better use of existing resources over time, recognising that it may initially cost more before programmes start to reduce demand. Research on the financial impact of early years interventions in Scotland suggested that if a package of interventions can reduce future public cost associated with not having the best start in life by 100%, and that impacts persist through life, then the package would result in an increase in public spending for approximately 2 years across the moderate and severe groups. After this period, as the effectiveness of the package, and the number of cohorts affected, offsets the cost of the intervention package we estimate future public spending on these groups would fall. Analysis shows that should the package of interventions prove to be successful in reducing future public cost by just 10%, then public spending would still only increase for a 2 year period, but future public spending would reduce at a slower rate.

Evidence from the Early Intervention Foundation suggests that there are three key enablers that drive success in delivering early intervention locally and should be the underpinning strategic aspects of local planning and delivery. The three key enablers are:

- The breadth and depth of the local partnership
- Having a clear strategic approach, which includes use of the best evidence based programmes
- Rich use of data to assess how well things are working locally

Developing a unitary and combined authority model in Oxfordshire, as part of a devolution deal, should provide an opportunity to strengthen all of these enablers. It could create the foundations for a new partnership model with a strategic framework established at combined authority level and practice based delivery through integrated teams within individual localities based on unitary authorities, health clusters and local policing areas. The County is already developing locality based working, structured around three areas so this would align to current plans.

There is recognition of the need for agreeing the strategic approach to utilise the best evidence available and make rich use of data to assess how well things are working locally. This is an opportunity for greater alignment with the university sector to develop a strong understanding of 'what works' to maintain a strict focus on ensuring every pound spent is value for money. Investment will be prioritised on evidence based policy, with an invitation to utilise knowledge partners locally to help put evidence at the heart of delivery plans.

A framework of locally accountable leadership, delivery and commissioning relationships

The current framework for accountable leadership, delivery and commissioning means that the County Council has a lead but not sole role – there is a shared responsibility for outcomes involving many more partners. For those partners any change is also an opportunity to revisit the overlap between existing committees including the LSCB, Health and Wellbeing Board, Community Safety Partnerships, Local Family Justice Boards, Safeguarding Adults Board and Children's Trust.

It is also an opportunity to create a more streamlined accountable monitoring system that allows greater freedom for innovation and collaboration between local partners. As the Government looks to update requirements on local governance for child protection it is likely to require local government, health and police partners to work together to establish governance arrangements and decide a range of issues, including the following:

- The area or region which should be covered under the joint arrangements;
- How they will involve and work with other agencies who have a key role in protecting children;
- A plan setting out details of the arrangements, which they will publish;
- Resourcing for the arrangements;
- How they will ensure a strong degree of independent scrutiny of the arrangements.

In relation to children's services, proposals that are being developed by groups of local authorities, health and police services to improve services and reduce overlap from which Oxfordshire could benefit. The factors being taken into take account are the scale of the area, geography and different organisational boundaries.

In education, the progressive removal of local authority involvement and emergence of multi-academy trusts suggests that there is a need for a strategic framework for overseeing the relationship with schools (for example on school place admissions) and a local delivery relationship with individual schools (for example on their role in preventative and early intervention work around child protection).

Our discussions with the County, local districts, the Department for Education and PwC's advisors, many of whom are former practitioners, suggest that consensus could be reached on a model which provides:

- Strategic leadership operating at the Oxfordshire level – this is necessary to provide the framework within which services are commissioned and reviewed but also to maximise the input from senior officers and partners, where a sub-division into more local areas would increase the time spent in liaison and reduce the time and resources focussed on delivery. This could be addressed through a combined authority led strategic arrangement for strategic issues on safeguarding, schools and service planning.

- Strategic commissioning for specialist support – it is also a preference for strategic commissioning to operate at this level to make efficient use of resources and to recognise that smaller authorities can be severely impacted by the need for high cost provision in care services or lack access to the specialist provision required.

- Operational delivery around localities – An integrated delivery / practice led model based around localities which are coterminous wherever possible is also the shared ambition of all parties. The current basic building blocks for this in three key partners – local government, health and policing – are all modelled on three localities (Northern Oxfordshire, Oxford and Southern Oxfordshire) within which more local delivery arrangements with individual children, families and schools would operate.

- Flexibility on the delivery models – there is recognition that the focus and requirements across Oxfordshire vary considerably. Much of the child protection focus is located in Oxford itself, alongside Banbury and Didcot. However educational attainment and achievement are a common issue across the county. There are also different delivery preferences and priorities within each area which the proposals will need to respect.

Another enabler of effective innovation identified by the Government's evaluation of its innovation programme is to ensure that the voices of children, young people and families are listened to as part of the process of developing new services to support them. This can be more difficult is decisions are too far removed from those that they affect.

The unitary authorities would need to cover the role of the Director of Children's Services and Lead Member, while recognising that there is a national need for strengthening the pipeline of leadership excellence. While a current County lead reduced the need for multiple leaders it depends on the quality of that leadership and has limited in built resilience and natural succession. The model adopted in the Tri-Borough arrangement has some parallels for a combined authority and unitary solution in Oxfordshire. In that model there is a single Executive Director for Children's Services, acting as the statutory DCS for all authorities, but who is supported by Directors of Children's Services within each authority who have operational delivery responsibilities but who also take a lead across all authorities on specific services, such as adoption and fostering. Each authority retains a lead member for Children's Services. This model could work well in Oxfordshire, reflecting the variety of pressures within the region, while allowing for the development of strong leadership team working across traditional boundaries. There would also be potential, as part of the combined authority and mayoral model, for a 'deputy mayor' for children's services. Current statutory guidance on the requirements for a Director of Children's Services and Lead Member is likely to be reviewed and this is an opportunity to test a proposal that is most likely to drive collaboration and co-ordination between all parties, not just the local authorities, and support the pipeline of leadership excellence which the Government is seeking.

Specific proposals being subject to Department for Education, HM Treasury and individual local authority approval

The development of specific proposals needs to be taken forward in agreement between all parties before Government approval is sought. That process will take some time but can be based on some agreed principles for the design of a fundamental review and service model.

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8.4 Principals within a unitary model

Any change in current arrangements must not put children and young people at risk, either during transition or as a result of transition. The result of any change should be a robust model for safeguarding children and young people, particularly at the edge of care, while also raising ambition and aspiration.

Proposals for children's services within a unitary government model in Oxfordshire need shared understanding agreement and development. At this point the focus has been on developing strategic guiding principles that can be used as the basis for working toward a consensus and inform decision making about how change could enhance current arrangements. They are not hard-and-fast rules but seek to describe the preferences for what a unitary and combined authority model would seek to achieve and the behaviours it would facilitate.

The proposed guiding principles are any move to unitary government will be a stimulus for developing a model of safeguarding children and young people which establishes:

- A new relationship between local government, health and policing to provide integrated strategic leadership and commissioning that enables shared decision making, genuine co-production and joint delivery of services placing outcomes for children and families at the heart of everything;

- The first priority for children's services must be to keep children safe from abuse and neglect which will be done by meeting statutory duties as efficiently and effectively as possible at a combined authority level,

- A commitment to building resilience and aspiration by acting before children are vulnerable by recognising and building on the strengths of individual children, relationships within families and within communities to change behaviour and reduce demand for statutory services;

- This shift requires:
  - A focus on prevention and early intervention and the provision of specialist interventions and improving outcomes for citizens where providers in each locality are incentivized achieve early interventions through managing total budgets.
  - Evidence of what works to inform both an understanding of what is happening and to shape strategic commissioning, which should include the involvement of children and families through meaningful consultation and engagement.
  - A workforce has the training, skills, information and tools that it needs to work effectively.
  - An ability to share data and insight about past performance in close to real time and predictive analytics to inform both operational and strategic planning
  - An outcomes focus where the commitment is to increasingly shift resources into universal and preventative services
  - Integrated local provision focused on what is needed in each locality levels from the family to the school to the region.

It is recommended that as part of any Oxfordshire devolution settlement a similar approach is taken to undertaken a detailed and fundamental review of the way children's services are delivered involving all those with a shared responsibility.

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9 Adults services

9.1 Context

Adult social care is a system under strain nationally and locally. It is perhaps the single biggest pressure on local authority finances with a clear recognition of the challenges this represents. The Spending Review 2015 announced new powers to raise Council Tax by up to 2 per cent to spend on social care, providing flexibility for local authorities alongside additional money for social care provided through the Better Care Fund from 2017/18. Despite this the social care funding gap has been estimated at between £2bn and £2.7bn nationally and within Oxfordshire there is a need to find savings of £176m by 2020/21 across health and social care.

"I do not believe that it would be prudent for us to assume any additional NHS funding over the next several years, not least because I think there is a strong argument that were extra funding to be available, frankly we should be arguing that it should be going to social care. That is one of the arguments that I have been making publicly, and I think social care has a very strong case for that."

Simon Stevens, Chief Executive of NHS England speech to the NHS Confederation 20 June 2016

There is universal recognition that better co-ordination of health and social care designed around the person is needed to provide both improved service outcomes and to reduce costs. The aim is to shift care into the community, closer to home, making care more personalised and supporting people to live more independently for longer.

Integrated care means different things to different people. While most recognise the benefits of integrated care, others are uncertain about means or threatened by possible consequences, such as implied organisational changes. Increasingly, integrated care is about the ability to work across organisational boundaries under single management control and director rather than organisational integration to deliver the benefits of integrated care. No single 'best practice' model of integrated care exists. What matters most is clinical and service-level integration that focuses on how care can be better provided around the needs of individuals, especially where this care is being given by a number of different professionals and organisations.

In the recent Spending Review the Government committed to integration of health and social care by 2020 in all places. The challenge for Oxfordshire is to understand how best to create a system that maximises the benefits of integration and creates the right incentives for the system to focus on health and well-being. This is a challenge that goes beyond local government and requires collaboration between the Clinical Commissioning Group, wider health sector and providers. The current Oxfordshire Transformation Board recognises that there needs to be fundamental reform of the health and social care system to adopt new models of care.

Good foundations

Health in Oxfordshire is good overall and has been improving, with comparatively low levels of disability although 90,000 people report being limited in their daily activities. People are living longer across Oxfordshire – a woman is now likely to live to 87 – and the over 65 population is forecast to rise 18% by 2025 while the over 85 population increases by 30%. Overall disability free life expectancy in Oxfordshire is significantly above the national average.

Within the overall figures there are variances between different places reflecting the diversity of the region. For example, the more rural districts have a higher proportion of over 85s with growth highest in West Oxfordshire. Older people and population change is one of the primary health challenges in the region, resulting in changing health needs and requirements.

The Health and Well-being Board assumed statutory responsibilities in 2013 and is considered strong and established by the County Council, although some stakeholders feel it is too dominated by local government. As Oxfordshire seeks to find savings and is already relatively efficient the Oxfordshire Transformation Board recognises it will require fundamental changes to the way services are delivered.

The current consultation identifies three health and well-being gaps which will be important to address as the work develops both on the reform to health system but also consideration of the future of local government in the region. The three gaps are:

- a lifestyle and motivation gap through making it easier for people to help themselves using apps and the web
- a service gap through which all professionals prevent ill health by helping to improve unhealthy lifestyles
- a community gap and development of healthier community design and, as the county's largest employer, work harder to improve NHS workforce's health

The Districts believe that a unitary solution for local government, with a combined authority, would be well suited to delivering the emerging plans and offer the potential to create greater synergies and commitment to collaborative working at the right localities for the delivery of care closer to the home.

Challenges

- **Ageing population** –This aging population is impacting on health and local authority services across Oxfordshire, whether through demand on GPs, delayed transfers of care or pressures on social services. This pressure is not uniform. By 2023 the most likely scenario is that there will be a further 6300 over 85s in the region, but the projected proportional change between 2012 and 2037 is almost double the level of the city in West Oxfordshire. Different localities will experience different pressures, but all characterised by increasing complexity of long term conditions and frailty.

- **Wider determinants of health** – Health and wellbeing are impacted by more than just health and social care services. The built environment, housing, local environmental quality, economic growth and prosperity are all important determinants of supporting a healthy population. In a two tier system there is a disconnect between the functions planning and delivering services which have wider determinants on health from those focused on health and social care. Just as integration between health and social care is important so is integration with functions with a significant impact on health, such as transport, housing and social isolation. These issues, and their relative importance vary significantly between the District authorities, where the needs of the city are quite different to those in rural West Oxfordshire.

> *The current systems to make all this happen are complex and confusing to say the least: a mixture of District and County Councils, developers, appeals, inspectors, businesses and the views of Town and Parish Councils and the views of many local people. New developments are rarely welcomed by locals, and the whole system is fraught with difficulties until an uneasy compromise is reached.*
> *Oxfordshire Director of Public Health Annual Report 2014-15*

- **Moving forward on integration of health and social care** – The Oxfordshire health and social care system has long-standing problems in being able to transfer patients to the next stage of their care from both Oxford University Hospitals NHS Foundation Trust (OUHFT) and Oxford Health NHS Foundation Trust (OHFT). Delays in transferring to home with domiciliary support, or to a residential or nursing home setting or from community hospitals impacts on both the patient experience but also the flow of patients the Trust can support and introduces additional expense.

- **Cost pressures** – Within the Oxfordshire health system there is a need to find savings of around £176m by 2020/21 across health and social care – equivalent to 100% of CCG current spend on mental health, learning disability, community and primary care. A joint transformation approach, and the integration proposed through the devolution agenda, is essential in enabling all parties to develop a whole system redesign to achieve these savings.

- **Perversity of the pressure** – Councils believe that they were running out of scope for 'efficiencies' while the ADASS Budget Survey showed that adult social care spending on prevention has decreased despite being seen by Directors as the most important way of realising savings and being the core focus

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of national and local policy. Additional cost pressures include implementation of the National Living Wage.

As budgets reduce it becomes harder for councils to manage the tension between prioritising statutory duties towards those with the greatest needs and investing in services that will prevent and reduce future needs.
ADASS Budget Survey 2016

- **Workforce gaps**– The vast majority of social worker jobs are in local government but these make up a minority of the roles within the overall adult social care sector according to Skills for Care. The workforce continues to grow with a shift away from local authority staff (down 50,000 and 27% since 2009) to independent sector jobs (up 225,000 jobs and 23%), and forecasts that demand for care staff will be at double the rate of population growth. Many of these roles are comparatively low paid where the high cost of accommodation in Oxfordshire, as well as issues with transportation and competition between local employers, will make recruitment and retention of staff even more challenging and is already an issue for both health and social care. Furthermore, 30% of Oxfordshire GP respondents reported that they plan to retire within five years, while some practices report it takes 6-12 months to recruit a GP.

- **Eligibility** – As councils have responded to declining budgets, eligibility and access to services has been tightened. There are an estimated 400,000 fewer people receiving social care since 2009-10 with those still supported receiving less care. However, in Oxfordshire there has been a 53% increase in the commissioning of home care since 2011, with an average wait of 12 days between a client being ready and receiving long term care

- **Overloaded services impacting on quality** – The pressures on commissioners and funding for providers is starting to impact on quality. 29% of patients reported the length of wait to see their GP was unacceptable, and 20% of people choose A&E rather than a GP resulting in A&E attendance rising by 1-3% annually and only 31% said they received good care managing their long term condition. Demand for hospital services is forecast to rise by 15% over the next 5 years. The CQC 2015 data for Oxfordshire shows that 8.7% of adult social care providers inspected were rated as inadequate and a further 31.9% were 'requiring improvement'.

- **Provider capacity** – Within the provider landscape, funding pressures and under-occupancy are driving a decrease in fee rates, and suppliers of care homes are exiting the independent care homes market increasing pressure on local authority provision and making care at home increasingly important.
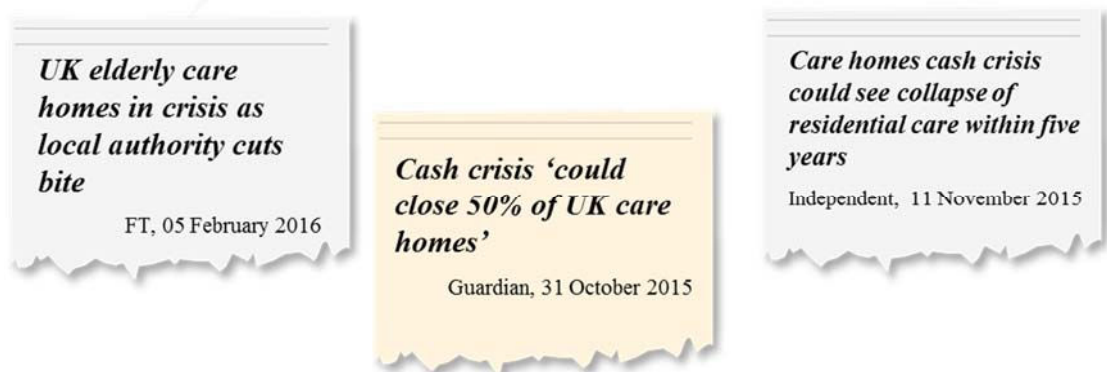
Both the integration of health and social care and devolution proposals are fundamental to enabling reform of the system to allow for care closer to home. The pressures on the system mean that there is a need to operate at pace to move from the case for change into new models of care as soon as possible. While a joint challenge, this

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is fundamentally a health driven agenda to identify the best possible use of £1.2bn annual resources to meet the population's health needs.

9.2 Devolution proposals

The current devolution proposals relevant to health and well-being aims is to bring together a single approach for health and social care in Oxfordshire, bringing together organisations and budgets to create a system that will deliver care and better value for money.

The aim is to build on existing arrangements and powers to integrate local commissioning teams, increase the current pooled commissioning budget and to strengthen / reconstitute the Health and Wellbeing Board to enable it to hold contracts. This is then intended to be the recipient of devolved national budgets and powers so that the Health and Wellbeing Board becomes responsible for commissioning of all health and social care and public health services for Oxfordshire's residents. A move to unitary government would allow for consideration on how health and social care governance arrangements interlock with and complement any new Combined Authority structure.

The devolution deal with Greater Manchester, and the wider ambitions of the NHS Five Year Forward View, has stimulated the development of new thinking on both the integration of commissioning but also the models of delivery for health care.

Area	Deal text relating to social care
Cornwall	Cornwall faces demographic challenges that are likely to put pressure on resources in future years. For example, the population of Cornwall contains more residents over the age of 75 than the average for England. This group is expected to continue to grow significantly. Greater integration of health and social care can help Cornwall plan for such demographic changes and maximise the efficient use of public resources. This will help enable local services to work better together, addressing issues of demand and financial pressure. Integrating such complex services will require re-shaping the whole system which can only be achieved through careful planning. This will require co-operation between: local partners; arm's length bodies including NHS England; and Government. This Devolution Deal for Cornwall signals a commitment to take forward the goal of improving local services and building resilience for future generations. Once Cornwall partners have put into effect their plans for going further and faster towards integrated care any devolution of health powers would be subject to careful consideration by Government and NHS England, taking into account the needs of people in Cornwall and elsewhere. In order to take forward their ambitions for health and social care integration Cornwall Council, the Council of the Isles of Scilly, NHS Kernow and other local partners will work together and with Government, NHS England and other national partners to co-design a business plan to move progressively towards integration of health and social care across Cornwall and the Isles of Scilly, bringing together available local health and social care resources to improve outcomes for the people of Cornwall and including a plan to reduce pressure on Accident and Emergency and avoidable hospital admissions. NHS England and local organisations will remain accountable for meeting the full range of their statutory duties.
Greater Manchester	Health and social care leaders from across Greater Manchester are now coming together as part of the transition to control of their £6bn health and social care budget.

	Together they are making progress on work to extend seven day access to primary care, radically upgrade prevention and public health, help those with mental ill health into work and make Greater Manchester's Academic Health Science System a national leader.
	By the end of this year they will have a Strategic Transformation Plan in place to show how they will deliver a clinically and financially sustainable set of health and social care services for the people of Greater Manchester. The production of the Strategic Sustainability Plan will be aligned with the Spending Review process that applies to NHS, Public Health and Local Authority social care funding.
North East	The North East Combined Authority and the NHS will jointly establish a Commission for Health and Social Care Integration, chaired by a senior national figure, to establish the scope and basis for integration, deeper collaboration and devolution across the Combined Authority's area, in order to improve outcomes and reduce health inequalities. It will report by Summer 2016. Terms of reference, agreed between the Combined Authority and NHS England, are attached. The Commission will look across the whole system, including acute care, primary care, community services, mental health services, social care and public health. It will strengthen the NHS in the North East Combined Authority area, and continue to uphold its values, standards and constitution. The commission will build on best practice, including pioneer status, and the experience of integration in Northumberland.

Additional deals have been agreed in the West Midlands focussed on integrating mental health services, in Liverpool City region on further discussions on health and care devolution and in London on piloting prevention, integration and estates.

Although included in devolution deals in most areas proposals are at the early stages of development, and generally there is a commitment to explore further integration of health and social care. There is, in all areas, a need to undertake significant engagement on developing proposals into firm plans for change along the lines currently being undertaken in Oxfordshire.

Greater Manchester is the most advanced area in terms of devolution of health and social responsibilities. In their plans, health is fundamental to achieving the economic objectives of growth and prosperity to the region, with over 250,000 out of work, two thirds of whom have mental health problems, and the average healthy life expectations of parts of Greater Manchester being 57 years. While the context is different there are elements of the approach which are useful for Oxfordshire to understand including:

- The **strategic plan** builds on the ten locality plans with five priorities for system transformation based on prevention and population health, transforming community based care and support, standardising acute hospital care, standardising clinical support and back office services, enabling better care and investing in transformation.

- A **governance framework** that recognises it is still subject to the NHS Constitution or Mandate and the national regulatory framework. The Partnership Board brings together the whole system, including councils, CCGs, providers, Healthwatch and the community and voluntary sector as system-wide commitment and ownership is crucial. In addition the Provider Federation brings together all NHS providers to pool responsibilities and share services across multiple sites. The Joint Commissioning Board is co-chaired by council and CCG chief executives will commission pan- Greater Manchester specialist services but also develop common evidence-based frameworks for community and public health services if appropriate and there is a clear commitment to subsidiarity, with commissioning decisions taken at the most appropriate level.

- A **financial strategy** that recognises the most essential change needed is to reduce demand and established a £450 million Transformation Fund to invest in new models to drive prevention to change demand for services through integrated pathways for mental and physical health services, proactive strategies to reduce disease, investment in primary care and community health services, with £750 million in efficiencies to be realised in standardising acute hospital care to reduce variation and a shared back office. It is now recognised that it is difficult to shift the pattern of investment in services without wider reform of the payment system in the NHS because the tariff continues to reward activity

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in the acute sector rather than prevention and that substantial capital investment was needed to shift models of provision and support.

Devolution has helped stimulate new thinking across Greater Manchester and establish governance arrangements that underpin and reinforce a place based approach that includes all partners, with increasing emphasis on the relationship with the public and the role of public services aiming to create an asset based model that enables people to avoid the need for support. Challenges, which are relevant to the Oxfordshire context include:

- **Operating at the right spatial level**, balancing the need of localities with the benefits of scale across a wider region. There is need for clarity on what is the most appropriate local level for decision making;

- **Making the case for prevention** to demonstrate the links between health and early intervention outcomes where the evidence base needs strengthening to convince sceptics, particularly where benefits lag the investment required. As a knowledge intensive region this is an area of potential engagement where Oxfordshire is well places to develop robust evidence that would benefit other places.

- **Exciting the public and the workforce** about devolution to show that there are tangible benefits for those receiving and delivering care. This means being able to respond to concerns about the current system and plans and show how they will deliver more appropriate care and reflect the diverse needs of the region. It also means being able to create a system that attracts and retains the workforce required.

- **Shifting the provider landscape** to encourage and incentivise providers to work on a system wide basis which will result in winners and losers, and where a shift to community based prevention will reduce income for those focussed on traditional models of treatment.

9.3 Future ambition

Approach

The Oxfordshire vision for a future integrated health and social care system is based on aiming to move care being closer to the home, the key elements of which being to introduce a system which has the following characteristics and operates across six health settings:

- increases people's confidence to manage their own care

- General Practice acts as 'the gate keeper'

- delivers more integrated GP, community, hospital & social care

- manages the population's health to improve outcomes

- increases the capacity of community workforce

- organisations work together across Oxfordshire

- services focus on quality, experience and outcomes

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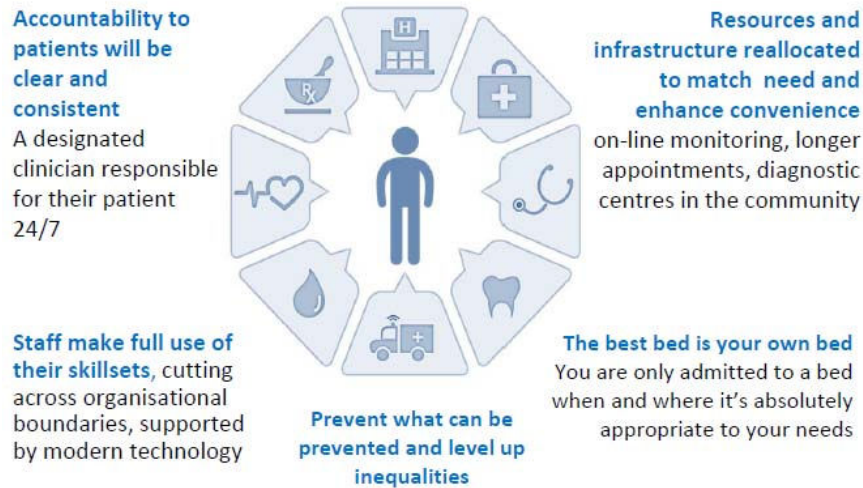
Strategic ambition

The Oxfordshire Transformation Board's current approach and ambition is to move care closer to the home where this is the best possible use of resources to meet the forecast rise in demand, and wherever possible, reduce that demand by improving the population health. This overall strategic ambition is agreed locally and forms the basis of the devolution proposals.

The purpose would be to ensure:

- Individuals take a role in managing their own care and choosing healthier lifestyles
- Integrated actions within different health settings
- Reducing the flow of those needing specialized care
- Reducing the urgency and cost of care
- Recognition of the diverse range of needs and tailoring solutions to localities and communities

The ambition is articulated around a model that envisages six health settings within which urgency, integration and specialisation of care can be considered independently:

Increasing specialisation of care

| | | | | | | Access Route |

0. Promoting health and wellbeing

Nutrition and lifestyle

Language and literacy

Housing and social care

Education, work and training

1. Self-care and targeted health improvement

Providing information

Individual interventions

Family interventions

Community programmes

2. Care delivered at team or practice level

Planned LTC reviews

Pharmacist meds review

Practice Nursing

10-min GP care

Extended GP consultations

3. Care delivered at cluster level

GP OOH

Early visiting services

Community nursing

Care Navigators

Proactive care interventions

Urgent care hubs

4. Locality health campus

Community diagnostics

Emergency Multidisciplinary Units

Teams with Time

Integrated multi-specialty services

5. Hospital care

Emergency medical care

Specialised diagnostics

Inpatient care

High-risk or complex surgery

Intensive care

Access Route:

Single Point of Access CAB / Councils

111 / NHS Choices COACH directory

Pharmacy Advice GP Triage Systems

Neighbourhood Hubs Early Visiting

EMUs / Hospital at Home

A&E Assessment Units

Increasing integration and complexity of care

Increasing urgency of need

This model enables the urgency, the need for integration and the specialisation of the care interventions to be considered independently within the six health 'settings'.

In this model health and care is organised around promoting health and wellbeing to the individual, targeted self-care and then organised the GP practices, grouped into clusters, which are grouped into six localities across the region (West, North, North East, City, South East and South West).

The majority of care in this model would be delivered at localities with populations well below the current population of the County. For elements such as tertiary care (specialised consultative care, usually on referral from primary or secondary medical care personnel, by specialists working in a centre that has personnel and facilities for special investigation and treatment) planning for health services operates above the scale of Oxfordshire.

The primary difference between options for unitary government in Oxfordshire is whether secondary care, which the CCG is mainly responsible for commissioning, would be co-terminus with a single authority or would be aligned within a combined authority geography. In either option the approach would commission services at a lower locality scale.

Care pyramid
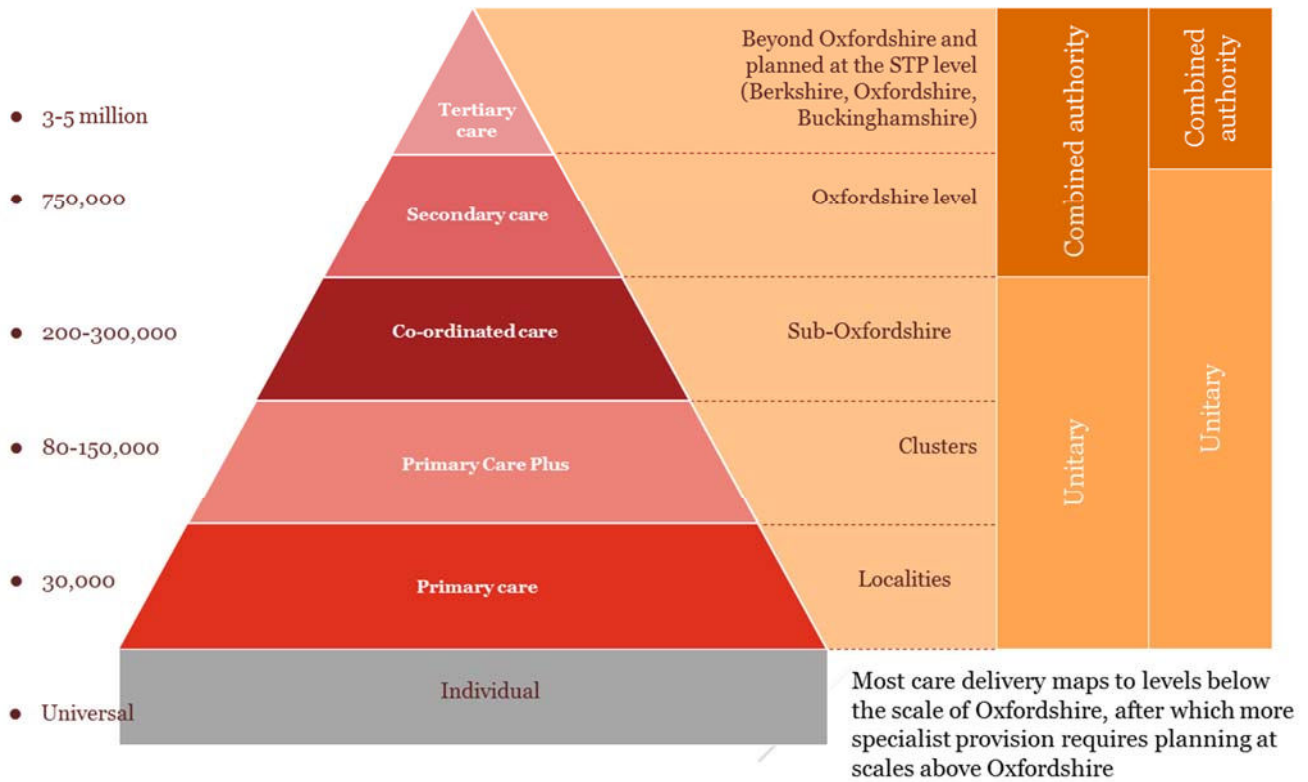
In the developing model unitary local government would be well placed to support this model achieving maximum benefits and to work with local care organisations to co-ordinate care and related services.

Local care organisations

The NHS Five Year Forward View signalled a commitment to dissolve traditional boundaries between primary care, community services and hospitals which are increasingly a barrier to the personalised and co-ordinated care that people need. It made long term conditions a central task of the NHS, where caring for these needs 'requires a partnership with patients over the long term'. Oxfordshire has not been at the forefront of developing new care models with the Vanguards that are developing a blueprint for the future of the NHS and care services surrounding the region.

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The first 29 Vanguards focussed on integrated primary and acute care systems to join up GP, hospital, community and mental health services, multispecialty community providers to move specialist care out of hospitals into the community and enhanced health in care homes to offer older people better, joined up health, care and rehabilitation services. Additional Vanguards have been established to look at urgent and emergency care and acute care collaborations to link hospitals together to improve their clinical and financial viability, reducing variation on care and efficiency. The learning from these Vanguards and other emerging practice is shaping the development of local care organisations which form the basis of the future for integrated care.

Oxfordshire is larger than almost all the first 29 Vanguards, which serve an average population of 264,000. The integration of primary and acute care systems Vanguards have an average population of 261,000, the Multispecialty Community Providers 209,000 and the enhanced health in care homes 400,000.

Torbay

Torbay was an early example of integrated teams of health and social care staff delivering care for older people in Torbay and Southern Devon. It was first established on a pilot basis in 2004 and served a locality of between 25,000 and 40,000 people and aligned with the general practices in the locality. Budgets were pooled and used flexibly by teams who are able to arrange and fund services to meet the specific needs of older people. A major priority was to increase spending on intermediate care services that enable older people to be supported at home and help avoid inappropriate hospital admissions. Initial results included a reduction in the daily average number of occupied beds from 750 in 1998/9 to 502 in 2009/10, emergency bed day use in the population aged 65 and over that is the lowest in the region, and negligible delayed transfers of care.

In October 2015 Torbay and South Devon NHS Foundation Trust was created, merging South Devon Healthcare NHS Foundation Trust, which ran Torbay Hospital with Torbay and Southern Devon Health and Care NHS Trust, the Trust that provided community health and social care services.
The new organisational vision reflects what local people have told the Trust they want:

Our vision is a community where we are all supported and empowered to be as well and as independent as possible, able to manage our own health and wellbeing, in our own homes. When we need care we have choice about how our needs are met, only having to tell our story once

The changes reflect that fact that many people find the health and care system complicated and they can feel overwhelmed at the range of information available, not knowing where to go for support. As a result of becoming one single organisation the benefits emphasised are:

- one budget covering all services, money can now be spent where it is needed most.
- an ability to find new ways to meet the growing needs of the population without more money.
- working more effectively and efficiently to improve and secure safe, high quality local health and social care services.
- working with commissioners to engage and consult local people to inform and plan changes to services.

Care will be centred around communities and people, and focused on wellbeing, self-care and prevention of ill-health. Voluntary services will play a fundamental role in supporting people to maintain an active and fulfilling life, retaining their independence for as long as possible. More specialised services will be provided to people at home and in their local communities. People will only go to hospital when they need treatment or care that cannot be provided in their own community.

Manchester City

In development work across Greater Manchester, different models within the overall framework are emerging to reflect the priorities of each localities. In Manchester City locality the seven principles of change are:

1. People and place will have priority above organisational interests
2. Commissioners and providers will work together on reform and strategic change
3. Costs will be reduced by better co-ordinated proactive care which keeps people well enough not to need acute or long term care
4. Waste will be reduced, duplication avoided and activities stopped which will have limited or no value
5. Strong working relationships will be developed within the system with clear aims and a shared vision for the future
6. There will be partnership with the people of Manchester, the workforce, voluntary and community organisations
7. The partnership will work to safeguard children, young people and adults

The three key pillars which together will drive the radical transformation of health and care services are:

- **A single commissioning system** ensuring the efficient commissioning of health and care services on a city wide basis with a single line of accountability for the delivery of services. This approach will integrate spending across health and social care on high cost/high risk cohort, reducing duplication of service delivery and fragmentation of care;

- **One team delivering integrated and accessible out of hospital services** through community based health, primary and social care services within neighbourhoods. Through the combining of resources residents will get integrated services, resulting in improved outcomes (holistic needs addressed) at reduced cost;

- **A 'Single Manchester Hospital Service'** delivering cost efficiencies and strengthened clinical services, with consistent and complementary arrangements for the delivery of acute services achieving a fully aligned hospital model for the region.

In seeking to turn this strategy into deliverable plans the locality is now working on the design of a local care organisation with a programme to clarify all aspects of the strategy and organisational design. Key questions in the work relevant to Manchester, but which also need to be addressed in Oxfordshire, include:

Dimension	Key questions
Strategy and outcomes	• What work has already been done to agree the outcomes? • What are you unsure about at this stage?
Operating model design	• What needs to happen to bring your 'One Team' system-wide and LCO models to life? • Out of the following, where have you made the most progress so far: care pathway design, workforce, processes, performance and technology? • What are the key enablers? • What are the key barriers you face to delivering your model of care?
Governance	• What is your existing governance structure? • What will the leadership and governance arrangements look like? • Are all stakeholders engaged in making this happen? • Are the targeted outcomes and KPIs shared and agreed with all impacted stakeholders?
Financial and commercial	• Have you identified and quantified your financial benefits (and costs)? • Have you identified and quantified the non-financial benefits (and costs) for each intervention? • Are commissioning budgets to be pooled or aligned in the LCO?
Contracting	• Which ICO model (prime provider/alliance agreement/special purpose vehicle) best fits your priorities? • How will the LCO be regulated?
Capability	• Do you have the capability and capacity required by a population health risk bearing organisation? • If you have "gaps", do you have a plan to fill these? • Have you drafted job descriptions for leadership roles? • What is your understanding of, and appetite for, risk?

In addition to the emerging practice around local care organisations in the UK, there are examples of models and approaches internationally which have relevance to the Oxfordshire scenario. Three examples from different countries illustrate the range of approaches:

Alzira , Spain – Since 2003, the Alzira care model has used both capitation and outcomes based mechanisms for the delivery of integrated care covering the acute, community, mental health and primary care services. A single provider – UTE-Ribera – is responsible for all care for the population and receives a fixed capitated budget every year to provide universal access to approximately 245,000 people. They are measured against outcomes and able to retain profits of up to 7.5%, with additional savings returned to the commissioner.

The model aligns incentives across providers so that they are treated in the most appropriate setting and has seen a 30% drop in emergency admissions, 90% patient satisfaction, 75% increase in hospital productivity and 25% reduction in net cost per head.

Canterbury, New Zealand, transformed their health and social care by integrating their primary, community, hospital and social care services using an alliance-type model and adopting a 'One system, one budget' mantra. This helped the system flip from being in deficit to one making a surplus, with low rates of acute medical admissions compared to others, low lengths of stay and acute readmission and reduced waiting times. GPs now have access to more diagnostic tests and are treating a range of conditions that were previously only done in hospital. In addition fewer patients are entering care homes as more people are supported in the community, slowing the rise in demand.

ChenMed, United States, created a capitated system for elderly patients with complex chronic conditions with its individual clinicians. The capitated budgets for individuals are determined by Medicare based on a stepwise regression of diagnosed conditions to vary budgets according to anticipated needs and likely costs. ChenMed uses these aggregated individual budgets to invest in an intensive primary care service that includes monthly 30 minute appointments with the same GP, ambulatory care hubs with access to diagnostics and specialist support and MDT case conferences three times a week.

ChenMed also developed individual clinician performance incentives and risk share. In the first phase, ChenMed physicians were paid a fee for service but with performance management to track their outcomes. In the second phase, physicians were moved onto a salary plus a share of upside risk so they could share in any savings from improved care quality and lower resource use. In the third phase, physicians began to share full risk but could receive greater share of savings.

This approach has helped reduce hospitalisation rates by 18-30%, readmission by 17-43% and achieved a 92% net promoter score and 20% decrease in costs across the system.

All these examples, from the UK and internationally, illustrate there are potential benefits from greater integration between health and social care. To benefit from the current transformation funding and to shape the development of the care models that will increasingly govern the health and care system Oxfordshire needs to continue developing its model and thinking on health and social care.

For the unitary options, it is the desire of the districts to work with the CCG and wider healthcare partners to reduce overall costs while improving outcomes and support a move to care being closer to home through a focus on prevention with aligned incentives to achieve it.

9.4 Principles within a unitary model

Any change in current arrangements of local government is not intended to change the fundamental direction of travel with greater integration between health and social care enabling a move to care being closer to home. What this direction means is that the current arrangements need to fundamentally change, irrespective of what happens to local government.

As social care moves toward a more integrated model, there needs to remain a robust model for safeguarding and strategic planning of specialist services, but also the development of wider community services and responses that support reduced demand for care.

The ambition is that by 2021 residents of Oxfordshire will:

- Benefit from a transformed, integrated health and social care system, in which they receive health and care interventions which are joined up, of high quality, and are affordable;

- Be supported and encouraged to do what they can to remain healthy;

- Live in a region which encourages and support them to make the right choices;

- Ensure that when they need access to more specialist support they receive it in the right place at the right time appropriate to their needs and wishes.

Proposals for adult services within a unitary government model in Oxfordshire need to be developed in light of the ambition for integrated health and social care by 2020, and not seen as a transfer of existing responsibilities. The current model of delivery needs to change.

10 Key findings

10.1 Current local government arrangements

The current two-tier local government structure in Oxfordshire is under scrutiny and challenge for several key reasons:

1. ***Rising demand and declining budgets means that traditional approaches are not sustainable***. Oxfordshire County Council's use of reserves to balance the budget for each of the last four years is not sustainable in the long run and it needs a fundamental transformation.

2. ***A sustainable solution requires integration across the whole system and a wholesale commitment by all parties to truly integrated outcomes to start shifting activity up stream to reduce long run demand.*** This is particularly the case in adult social care, and to a lesser extent children's services, where the level of demand, costs involved and importance of protecting the vulnerable demands a robust, ambitious and innovative response that recognises no single organisation can do it alone. Some stakeholders are not convinced the County recognises that it needs new skills and capabilities to effectively work in different ways without being in direct control.

3. ***Long standing frustrations with planning, transport and housing delivery are now having a material impact on operational performance and will increasingly hold back the potential of the region.*** The split of governance, decision making, strategic development and service provision across the two-tier system has not provided a whole-place approach to these issues. Therefore the current rate of economic growth will be increasingly constrained by the lack of capacity of the transport network, unmet demand for affordable housing and commercial space, and a lack of clear strategic planning vision. Stakeholders are already citing practical examples where they are struggling to fill posts due to the consequences of these issues. A unitary model could help achieve this.

10.1.1 Unitary Authority Options

Five unitary authority options have been explored in this study:

Option		Geography
1UA	A single Unitary authority covering all of the current Oxfordshire region	1) Oxford City, Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA	Two Unitaries based around the current City Council and a separate authority for the wider region	1) Oxford City 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire
2UA+	As above but with an expanded boundary of the City Council	1) Oxford City (expanded boundary) 2) Vale of White Horse, South Oxfordshire, Cherwell and West Oxfordshire An expanded boundary for the city has been developed which includes new strategic-scale urban extensions around the edge of Oxford that have a close functional link.
3UA	Three Unitaries based around the current city, combining the two districts in the north of the region and likewise in the south of the region	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) Cherwell and West Oxfordshire

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| 4UA | As above but with districts in the north remaining separate. | 1) Oxford City
2) Vale of White Horse and South Oxfordshire
3) West Oxfordshire
4) Cherwell |

10.2 Population size

- A single UA option for Oxfordshire would make it the third largest UA in England, third to Birmingham and Leeds. Oxfordshire's population could reach 883,637 by 2031 if the 100,000 housing need was met. Whist there are other single tier authorities of this size, the others are either City UAs or County UAs that do not have a large city within them.

- The four UA option creates three of what would be the smallest UAs in population terms in England and would be unequal proportion to South Oxfordshire.

- The three UA option creates a more equal distribution of population between the Northern and the Southern UAs, with the city having a lower population in general, but a higher proportion of working age population. This option also recognises and reflects the distinct socio-economic conditions of the City.

- The two UA option creates the 9th largest single tier authority in England, but also one of the 18th smallest. This creates a potential imbalance that could be addressed by expanding the city boundary.

10.3 Financial analysis

- The 2015/16 General Fund Revenue Account outturn data ("RA data") for the five District Councils and Oxfordshire County Council has been used to disaggregate resources and expenditure using appropriately selected drivers. Further detail on the methodology is contained within Section 4, and the assumptions used in 4.1.3.

- Based on this methodology, the 4UA and 3UA options are in deficit with the exception of Southern Oxfordshire UA which is in a surplus of £20.1m (pre transformation). For the 4UA, 3UA, 2UA options, Oxford City has the largest pre-transformation deficit in both 2015/16 and 2020/21 (£10.7m and £16.8m respectively), though these amounts represent just 1% and 2% of total revenue expenditure across Oxfordshire. For the expanded 2UA option, Oxford City has lower deficits of £6.2m and £12.4m for 2015/15 and 2020/21 respectively. For the 1UA option, there is no surplus or deficit. This revenue neutral position is to be expected given that the 1UA option encompasses all five Districts and the County Council.

- After transformation savings and efficiency costs, (of between £113.3m and £56.4m over a 5 year period), all the UA options are in a surplus, with the exception of Oxford City.

- Based on the analysis we have undertaken and the assumptions we have used, an Oxford City UA would be in deficit post transformation, except with an expanded boundary. If the Oxford City UA is expanded, its deficit is replaced with a small surplus of £1.9m.

- This is due to a disparity between the funding and expenditure for children's services, and a lesser extent adult's services. All UAs are sensitive to this service, and in any of the UA models, there must be a commitment to shared commissioning and delivery mechanisms and pooled grant to ensure that funds are allocated on a needs basis as opposed to a geographical basis. By sharing the commissioning and delivery of these services (and funding these through pooled resources), the financial disparity is significantly reduced between the different UAs, providing Oxford City with a surplus of £5.5m in 2021, increasing Cherwell's surplus to £10.6m, whilst reducing Southern Oxfordshire and West Oxfordshire

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surpluses to £17.3m and £3.1m respectively).

- On its existing boundary, Oxford City generates significantly more business rates than the other UA options, which in a future local government finance system with the 100% retention of business rates, will improve the Oxford City financial position.

- The ability to deliver the planned growth up to 2031 will also have a material impact on the financial position of all UA options– it has the potential, if managed properly, to have a positive impact on the overall financial capacity and resilience of the Oxford City unitary. The extent of this will depend on the level of investment required both to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).

- Based purely on the financial analysis, a single Unitary Authority has the potential to generate the most financial benefits due to the economies of scale (an estimated net saving of £113.3m over a 5 year period).

- The current trajectory of the County Council finances (explained further in section 2.5.1) means that the modelled financial savings need to be viewed – and interpreted – through a lens of practicability at the local level.

- A 2UA option (based on the existing city boundary) has similar financial benefits as the Expanded Oxford City option. However, the mismatch and imbalance between the size, resources and service levels between the two Unitary Authorities does need to be considered.

- A 3UA option reduces the mismatch between the overall size of the Councils (157,997, 252,652 and 261,867) and based on our analysis, two of the authorities are financial stable. The Oxford City Unitary (for reasons outlined above) would be in deficit in revenue terms by £16.8m in 2020/21 (pre-transformation). This deficit would need to be remedied through a needs based spending settlement but it is not material in terms of the total spending across the local government system.

- The 4UA option provides the least financial benefit (£56.4m net savings over 5 years), whilst also having significant differences in the financial position of the various UAs (South Oxfordshire in a surplus of £20.1m in 2020/21 (pre-transformation) and the remaining three UAs in a deficit).

- The 3UA option provides net savings of £75.5m over 5 years, whilst the 2UA options provides £94.5m net savings and the 1UA option provides £113.3m net savings. The difference in transition savings between the 1UA and 4UA option is £56.9m (i.e. £113.3m less £56.4m). This means that the 1UA option achieves the most savings, although it must be borne in mind that these are theoretical savings, based on financial modelling, and in reality the level of savings will depend heavily on the scale and ambition of transformation.

10.4 Strong and accountable local leadership

- The 4 UA model provides the maximum level of democratic accountability and connectivity to local communities.

- The 3 UA model would provide a balance between addressing local needs in communities, increased accountability through three democratic structures within Oxfordshire, and it would reflect and recognise distinct urban and rural issues, and different socio-economic characteristics that any new local government settlement needs to address.

- The 2 UA option recognises the difference between urban and rural priorities and the different demographic and socio economic characteristics. It improves democratic accountability compared with one UA option. However the scale of the expanded area of Oxfordshire dilutes democratic accountability in rural geography, with a population of 452,246 and a geographical area of 2,245km².

- A single UA will be viewed as similar to the current County arrangement which risks a remoteness of services and gives rise to loss of accountability with potentially lower levels of political representation at decision making committees than other models. This would need to be addressed through the creation of sub-structures and committees which could result in reduction of benefits from economies of scale, albeit greater representation. Routes of accountability would need to be made clear in this option.

10.5 Delivering better services

- All councils across Oxfordshire need to further transform service delivery as part of the move to a self-financing model for local government. This is an opportunity to further redesign services around users and communities with the ability to reflect local priorities and plans for growth.

- A single UA will generate economies of scale but this needs to be balanced with the fact that it will become the third largest single tier authority in England that will need to provide District level services to a City and rural areas. This option carries a risk of a lack of responsiveness to the diversity and vast differences in local needs across the County geography. A bureaucracy of this scale may be less flexible and agile to the changing nature of need and demand, so mechanisms would need to be created to enhance responsiveness of the 1UA option. A combined authority could help with this.

- A 2 UA option enables a tailored approach to rural and urban geographies, but is imbalanced between City and 'donut' (population size, demography and economics).

- A 3 UA options provides better alignment to geographic and urban / rural settings and economy and tailoring services to rural and urban geographies. This option addresses the imbalances of City and 'donut' option and builds on existing relationship in the South of the County.

- Whilst providing the opportunity for the most extensive tailoring of services to local needs, a 4 UA option would provide limited opportunities to achieve economies of scale.

10.6 Combined Authority

- A Combined Authority for Oxfordshire would provide a collaborative vehicle for Oxfordshire wide decision making and accountability for delivery of the issues that are restraining economic growth - in particular strategic planning, housing, transport and infrastructure. The Combined Authority provides a mechanism for pooling funds, resources and raising income to maximise growth or address need/ service demand. At the same time, the CA model allows a degree of local UA flexibility and efficient delivery through UAs and partners, and provides a strong platform for ongoing dialogue with government to secure further investment and devolution. It would also provide a means to give business, health, police and other key partners a seat at the table and a voice in collective decision making, providing overall leadership and coordination of the public sector in a single decision making body.

10.7 Children's services

- Children's services in Oxfordshire are generally good, but faced with rising demand and declining budgets there are concerns that capability and capacity will become stretched and result in a retrenchment into statutory protective responsibilities. Protecting vulnerable children must remain the overriding priority, but alongside those that need intensive support is a need to focus on those on the edge of care to help prevent more children from requiring intensive support through early identification and action.

- The ambition is to progressively reduce the number of children needing intensive support through earlier identification and action, while improving the outcomes for any children that do come into care. The goal is to enable local government, health and police authorities work ever closely together to provide leadership on a shared ambition for children across the region.

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- Helping prevent children needing external support and helping families help themselves is a shared responsibility, requiring a commitment across local government, the NHS, the police, the wider public sector, as well as the voluntary and community sectors and the engagement and commitment of children and young people, their families and their communities. It requires system wide reform which the combined authority would be committed to leading.

- Alongside the protective duties of local government, a unitary and combined authority model as part of a devolution deal would complement a fundamental review of the whole system so that it focusses on building on the strengths of the current system while also designing in early and preventative work with children and young people, their families and their communities.

10.8 Adults services

- Adult social care is a system under strain nationally and locally. There is universal recognition that better co-ordination of health and social care designed around the person is needed to both improve service outcomes and to reduce costs. Shifting care into the community, closer to home, making care more personalised and supporting people to live independently for longer is the overall aim.

- The challenge in Oxfordshire is making this shift happen. There is overall agreement on the need for integration of commissioning but the execution of those plans are still at a formative stage and linked to specific services. In addition there is a need for one team delivery of out of hospital services, which a unitary solution for local government would help create. Greater alignment and collaborative working could be designed in with synergies across community services such as housing, recreation and leisure that help to keep people out of hospital and enable them to live independently for longer.

- The overall state of health in Oxfordshire is good, and has improved, but it is recognised that to continue improving a more comprehensive approach to tackling health challenges is needed. Integration of health and social care was a key element of the devolution proposals which all parties in Oxfordshire agreed. That remains the case, but there is an increasing ambition to move forward at pace and truly integrate the resources, responsibilities and roles in a shared approach across health and local government. A joined up approach to service delivery and effective demand management is the aim of pooling budgets and jointly commissioning services through a Combined Authority with CCG membership and full participation.

- Integrating commissioning is one pillar but further work will be needed to align all stakeholders behind a clear set out outcomes and a clear set of interventions identified that will deliver change in both community services and in hospital health settings. That work needs the comprehensive approach and agreed principles for developing for the right solution in Oxfordshire, including the development of the appropriate Local Care Organisation.

10.9 Conclusion

Oxfordshire now has to make a choice.

If it maintains the status quo, Political and Chief Officer effort will increasingly be focused on the incessant challenge of managing and delivering core service provision across a diverse geography against the backdrop of budget reductions and rising demand. In doing so, Local Government will not be fulfilling its wider duty - the duty to ensure Oxfordshire retains and leverages its competitive advantage for the benefit of the people and places it serves and the Universities and Businesses that are located in and have chosen to invest in Oxford and Oxfordshire.

There is now an opportunity to look at a new Local Government settlement for Oxfordshire - one that is sustainable and equitable and aligns innovation in service delivery with a new structure that is powered through and empowered by a Unitary and Combined Authority solution that delivers; resilience, growth, and a devolution deal.

Our conclusion is that, based on the work undertaken and the analysis carried out, now is the time for a decision to be made on a new settlement for the structure and form of Government and Governance in

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Oxfordshire. A new settlement that will create new structures for the administration and delivery of key public services across; Health and social care and Children's and Adults services and also have responsibility for both economic and housing growth.

There is now a need for politicians in Westminster and across Oxfordshire to; assess the evidence, evaluate the options and to engage with stakeholders. If this is done in the right way, we are hopeful that agreement will be reached on the design of a new structure of governance and accountability that will deliver better public services, drive economic growth and be a better fit for the future.

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Appendix A – Shared Services

Mapping of Shared Services – Delivery

Mapping of Shared Services - Management

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Appendix B – Baseline Analysis

Four Unitary Authorities

Current service consumption and revenues

Under our analysis, the Southern Oxfordshire Unitary is in surplus. It is in of receipt of £16.8m of revenues over and above that which it needs to provide services; a position which improves by 20% to £20.1m by 2020/21.

By contrast, Oxford City and Cherwell are in deficit, as under our analysis the cost of providing services is greater than the revenues they receive. Whilst Cherwell's position improves during the period to 2020/21 at which point the shortfall has narrowed to from £5.6m to £3.3m, Oxford City's financial position actually worsens during the same period with its shortfall increasing by 57% from £10.7m to £16.8m at 2020/21.
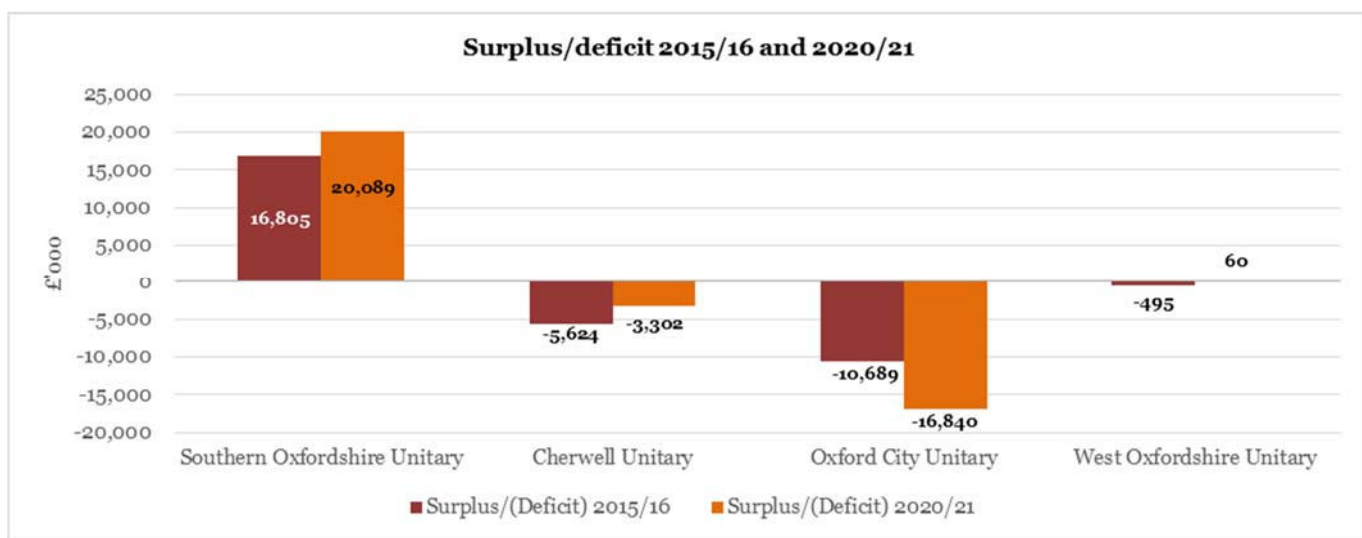
Three Unitary Authorities

Current service consumption and revenues

Southern Oxfordshire UA is the only authority that generates surpluses - of £16.8m in 2015/16 and £20.1m in 2020/21. Both Oxford City and Northern Oxfordshire UA run at a deficit during the period to 2020/21, and whilst the deficit reduces in the period for Northern Oxfordshire (from £6.1m to £3.2m) it increases with respect to Oxford City UA (from £10.7m to £16.8m).

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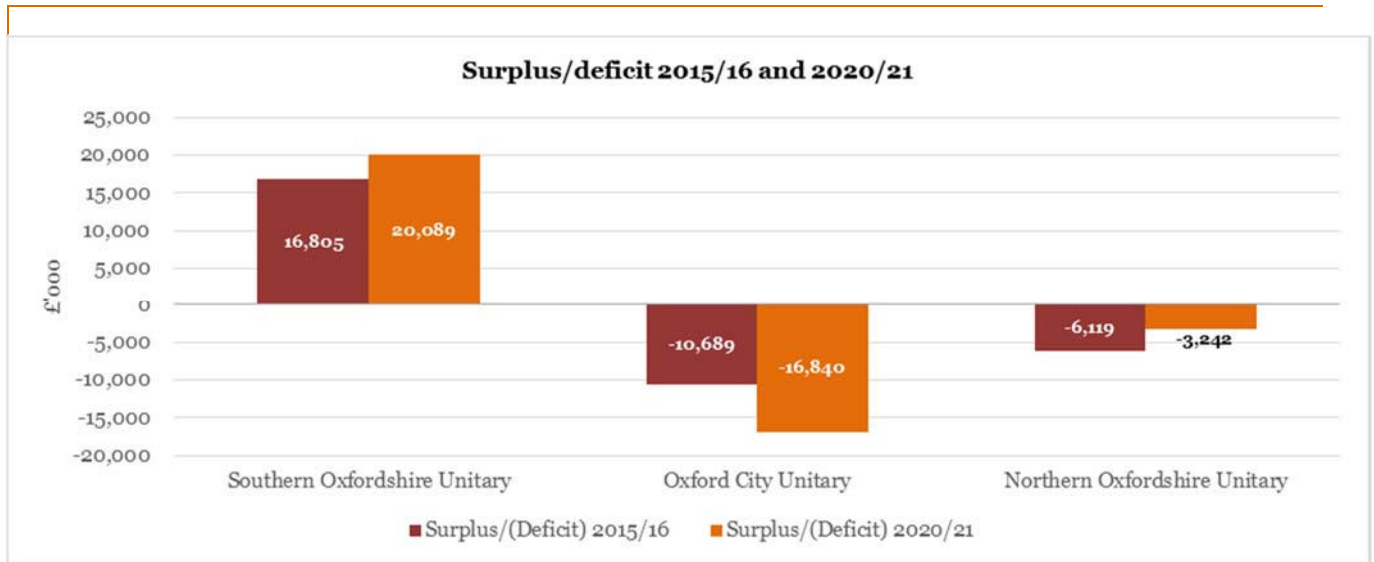
Two Unitary Authorities

Current service consumption and revenues

As outlined earlier, Oxford City unitary would return a deficit in 2015/16 through to 2020/21. Conversely, the Donut option would return a surplus in 2015/16 and its position would in fact markedly improve in the period to 2020/21 wherein it would achieve a financial surplus of £16.8m (an increase of 57%).
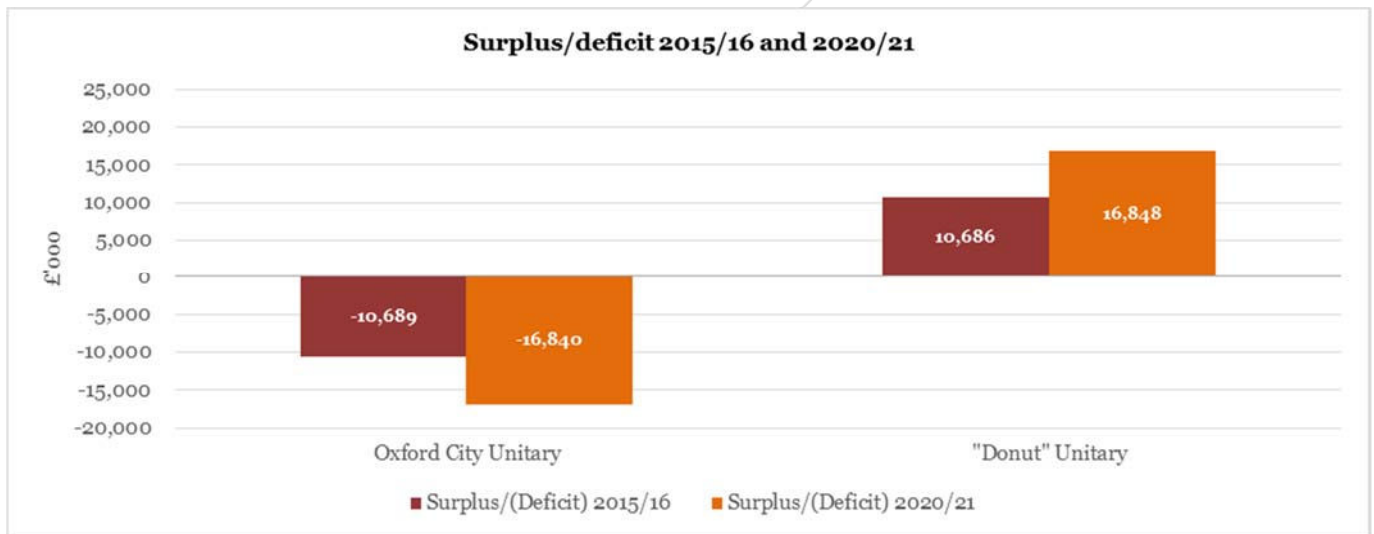
Two Unitary Authorities – Expanded Oxford City

Current service consumption and revenues

Based on current expenditure and income forecasts, Expanded Oxford City reduces the deficit significantly, albeit still with one (£6.3m and £12.4m in 2015/16 and 2020/21 respectively compared to £10.7m and then £16.8m under the Oxford City unitary option). As is to be expected therefore, the surplus generated by the Revised Boundary unitary is reduced when compared to the Donut option by corresponding amounts.

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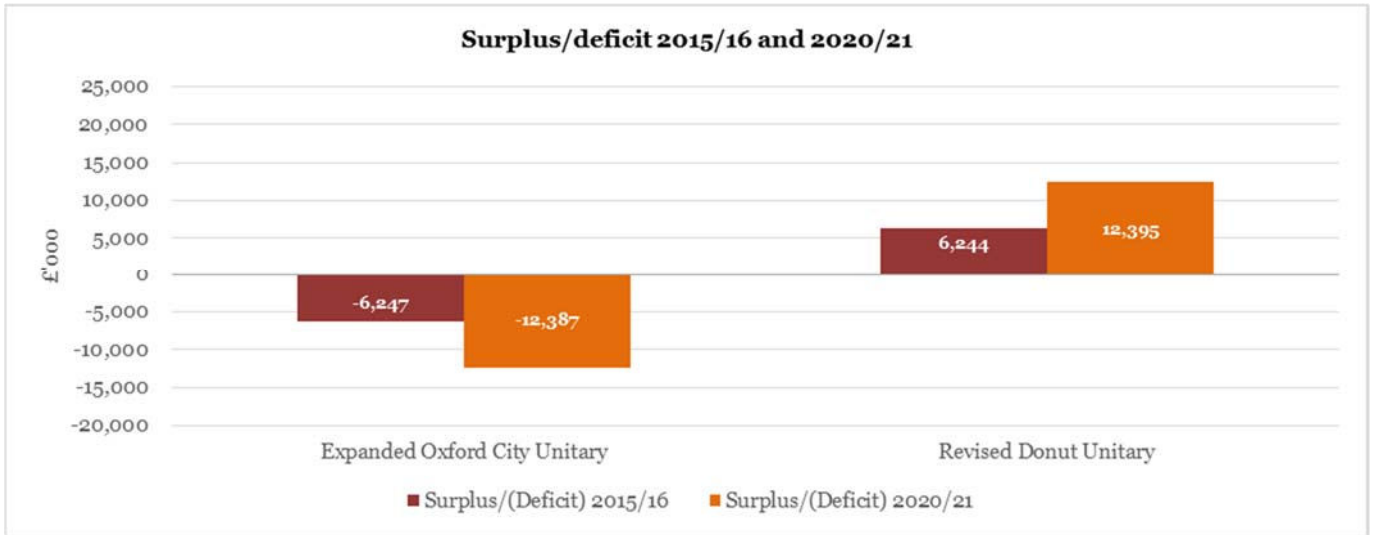
One Unitary Authority

Current service consumption and revenues

As detailed earlier, our analysis is driven by the 2015/16 RA data. Given then that the Oxfordshire unitary encompasses all five Districts and the County Council it is to be expected that it will be financially neutral, which as the graph below confirms.

It should be noted that Oxfordshire County Council ran deficits of £39.5m in 2015/16 (which for comparison purposes has been netted off in the analysis above). In future years, Oxfordshire County Council expects to have council tax rise by circa 6% per annum to avoid further depleting its reserves.

Drivers of the surplus/deficit

To better understand the drivers behind the surplus / deficit position of each unitary option, we have examined the impact, on the 2015/16 baseline, of removing certain services that are currently provided by the County Council, from the control of the new unitary authorities. We outline this for the 2015/16 position in the four Unitary Authority option given that the four unitary option is the closest to the current district set up.

As the graph below demonstrates, the removal of Childrens and Adult's Social Care has a noticeable impact upon the financial position for each of the four unitaries.

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In particular, the removal of Childrens Social Care reduces Oxford City Unitary's deficit by 97%, from £10.7m to £0.3m whilst the removal of Adult's Social Care reduces its deficit to £7.7m; a 28% reduction from the base case.

Conversely, Southern Oxfordshire's surplus of £16.8m is reduced by 47% to £8.9m when Childrens Social Care is removed and by 53% to £7.9m when Adult's Social Care is 'switched off', indicating that as a unitary, the funding it receives for these services exceeds the expenditure it incurs providing them.

In the case of the West Oxfordshire Unitary, the deficit increases (from £0.5m to £4.6m) when Childrens Social Care is removed whilst it switches to a surplus of £0.3m when Adults Social Care is.

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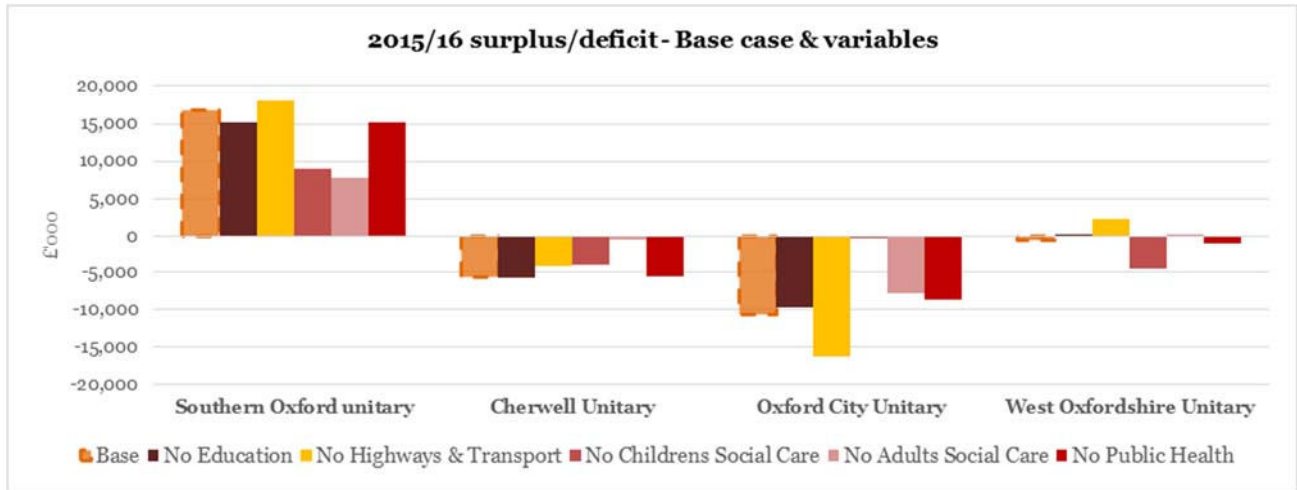
Appendix C – Transition costs

Employee severance costs

Applying transformation savings achieved in existing unitary local authorities to the total Oxfordshire population could result a target saving of 569 to 1320 FTE. This range is indicative and will depend on the choices made about the transformation programme. For the purpose of analysis a mid-point of 945 FTE reduction has been assumed which, when combined with an average public sector redundancy cost of £25,000[25], creates a total cost of redundancy of £23.6m. When split over a three year period, this equates to an annual cost of £7.9m.

This is considered a conservative assumption because:

- Redundancy costs can be mitigated by workforce planning arising from natural churn in staff roles with costs from compulsory redundancy likely to fall at the end of a programme;
- Reductions in the use of temporary and agency staff will reduce the impact;
- Although 100% of reduced FTEs are assumed to be made redundant (and therefore receive 'exit compensation') the numbers do not include pension costs which would be expected to increase the average exit payment. This effect is assumed to net-out, but should be explored further in any full business case.

New management structures

In the current arrangement, from data we analysed from the client, Oxfordshire has 71 roles within the top three layers of each organisation, including the Chief Executives. These are the role which attract much attention because they have the greatest accountability and responsibility, as well as remuneration. These roles cost approximately £7.1m per annum based on publicly available information on senior officer salaries. The FTE numbers are based on the client data we received and therefore include any existing joint management arrangements, but do not take into account of any planned future joint management arrangements. As part of future planning joint management arrangements between UAs and other districts will be considered, building on the existing shared management arrangements.

In all future options it is assumed that these roles would be replaced with new structures designed with unitary government and devolved responsibilities in mind. For every Unitary, there will be an optimal pattern of hierarchical relationships. It won't be the same for every council and will reflect their organisational design and strategy, but it should support the capabilities relevant to that organisation.

Unitary authority leadership roles tend to be higher paid than District Councils and lower than County Councils. For the purpose of this analysis we have used median salaries based on data form the recent Local Government Chief Officers Remuneration report for the DCLG Select Committee[26]. Actual costings would depend on the future role design and evaluation.

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[25] https://www.gov.uk/government/consultations/consultation-on-a-public-sector-exit-payment-cap/consultation-on-a-public-sector-exit-payment-cap

[26] Local Government Chief Officers Remuneration, 2014.
www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/191/191.pdf.
Median costs have been updated in line with official UK national inflation figures since 2013.

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Table 4: Assumed Chief Officer Remuneration

Layers	Unitary Median salary	County	District
1	£167,000	£194,000	£121,000
2	£119,000	£156,000	£94,000
3	£82,00	£114,000	£73,000

The data in Table 5 is designed to show the impact of different unitary options on future leadership roles and shows two scenarios (a) the quantum of roles that could be afforded within the current cost envelope on the basis of these role costs and (b) the number of roles requires if a consistent span of control (1:4) was applied across these layers.

Table 5

	Now	4 UA		3 UA		2 UA		1 UA	
	#	C	S	C	S	C	S	C	S
Layer 1	5	4		3		2		1	
Span of control		4	4	4	4	4	4	4	4
Layer 2	25	16	16	12	12	8	8	4	4
Span of control		3.4	4	5.3	4	7.75	4	19.75	4
Layer 3	41	55	64	64	48	62	32	79	16
Total roles	71	75	105	78	63	72	42	84	21
Total cost (£m)	7.16	7.08	7.82	7.09	5.86	7.10	3.91	7.12	1.95
Saving (£m)		0.08	-0.74	0.06	1.21	0.05	3.17	0.04	5.13

This suggests that there is a balance to be considered in seeking to assess the senior management savings potential across the authorities. Key points include:

- The maximum overall savings are little more than £5m per annum, based on a single unitary but which risks lacking the capacity and capability to deliver all services;
- A four unitary option could increase costs of median salaries and overall roles increase meaning it costs more than the current arrangement;
- A two unitary option is at the upper end of spans of control if costs are maintained and lower end of the capacity if costs are reduced.

While all options could be designed to work within a financial envelope and span of control this suggests that from a senior management lens a two or three unitary structure would offer the ability to reduce costs and retain leadership capacity and capability. Total savings could range from £1.2m (3UA) to £5.1m (1UA).

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The other dimension is considering the layers of the future structures. A lower number of layers helps to improve information flows and create greater accountabilities at each level. However, the trade-off is that leaders would need to have a greater span of control. Where work is routine and heavily automated, such as in call centres, a single manager might have 15-20 people reporting to them. Increasing the number of layers frees up management time, which can be desirable where leaders are running complex projects and direct only a few people each, but if there are too many layers it is harder to get clear messages from the bottom to the top.

This dimension of the analysis will be affected in all options by choices around how much supervision is required, the role of technology and collaboration, but it can also be impacted by geography and the physical separation of managers and their teams. Table 6 below illustrates the potential span of control required if there is a maximum of five layers built into the future design.

This indicates that from a span of control lens, with a maximum of five layers, a 3 or 4 unitary model would be preferable as a single or 2 unitary model requires high spans of control.

Table 6

		4 UA		3 UA		2 UA		1 UA	
	Target FTE	6000	5000	6000	5000	6000	5000	6000	5000
	Required span	10	9	11	10	14	12	19	18
Layer 1	Roles	4		3		2		1	
	Target Span		4		4		4		4
Layer 2	Roles	16		12		8		4	
	Target Span		4		4		4		4
Layer 3	Roles	64		48		32		16	
Layer 4	Roles	640	576	528	480	448	384	304	288
Layer 5	Roles	6400	5184	5808	4800	6272	4608	5776	5184
Total	**Maximum Roles**	**7124**	**5844**	**6399**	**5343**	**6762**	**5034**	**6101**	**5493**

Election and democratic savings

There are three components to any election and democratic savings that might be expected in a move to a UA option in Oxfordshire:

1) Savings expected from a reduction in the number of council members
2) Savings expected from a reduction in election costs
3) Costs related to new UA democratic systems

Savings expected from a reduction in the number of council members

Through removing a tier of local government, it is assumed that this will also require fewer council members. Currently in Oxfordshire there are 63 County Council members, with an average annual member allowance of £14,061. There are also 219 District Council members with a lower average annual member allowance of £6,834[27]. This equates to a current total of 282 council members across Oxfordshire.

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[27] From publicly available council data

Member allowances above relate to a basic allowance, special responsibilities and travel and subsistence.

Council members in any UA option would be expected to have greater responsibilities than a District Council member, and be more in line with a County Council member. We have therefore assumed that any UA members would have member allowances more similar to a County Council member than a District member, i.e. a member allowance of around £14,000. The total amount of savings expected from having fewer members will depend on the total number of fewer members, as outlined below. The savings would be expected to be the same across all UA options, assuming the member reductions are the same.

Table 7: Assumptions regarding council members in new UA arrangements

Number of fewer members	Rationale	Savings
71	Assumed saving of 25% of current members	Approximate total saving of £1 million per annum

Savings expected from a reduction in election costs

Currently there is no single year in Oxfordshire when all local elections run at once, as demonstrated in Table 8**: Current election cycles in Oxfordshire** (www.gov.uk) below. Data from the Electoral Commission and from Democratic Audit estimates a cost per vote in the region varying from £2.82 to £5.99, depending on the election year and the constituency. Based on calculations explained further within Appendix C this provides an annual cost of elections of approximately £650k (based on a 5 year average).

Table 8: Current election cycles in Oxfordshire (www.gov.uk)

Council	Election cycle	Year
Oxfordshire County Council	Whole county	2017 then 2021
Oxford City Council	Shire district biennially	2018, 2020, 2022
West Oxfordshire District Council	Shire district by thirds	2018, 2019, 2020, 2022
Cherwell District Council	Shire district by thirds	2018, 2019, 2020, 2022
South Oxfordshire District Council	Shire district whole council	2019, 2023
Vale of White Horse District Council	Shire district whole council	2019,2023

Moving to a UA governance structure should create the opportunity for fewer elections and therefore is likely to create cost savings. If we assume that by moving to a UA organisational structure, elections can be reduced by 50%, this would create cost savings of £1.6 million over a 5 year period. The saving would be the same across all UA options, assuming the council members would be the same across all options.

There may be additional election costs in year one, related to additional elections costs to determine the memberships of the new UAs, but this has not been modelled within this analysis.

Costs related to new UA democratic systems

As well as savings, some costs will also be created via the move to a new democratic UA system. These costs will relate to the additional allowances required by Leaders, Deputy Leaders, Cabinet Members, Regulatory Committee Chairs, Planning Committee Chairs and Scrutiny Committee Chairs.

Under the assumptions below, regarding additional allowances and numbers of Members needed per role, the total costs will be as follows:

- Total of £1.6m in 1UA option
- Total of £2.3m in 2UA option
- Total of £3.3m in 3UA option
- Total of £4.3m in 4UA option

Assumed additional allowance costs for the following functions. The source for the figures is Oxfordshire County Council annual 2015/16 member allowances. We have outlined our UA assumptions also in the table below.

Role	Allowance/Cost
Leader	£29,290
Deputy Leader	£20,200
Cabinet Member (assume 6 per UA)	£16,160
Regulatory Committee Chair (assume 5 per UA)	£6,060
Planning Committee Chair (assume 5)	£6,060
Scrutiny Committee Chair (assume 5 per UA)	£6,060

Office space disaggregation and apportionment

A revised organisational structure with a reduction in FTE would result in a surplus of office assets. This would allow unitary authorities to embark on an office rationalisation programme unlocking potential value. In the absence of detailed estates portfolios for each authority our analysis has focused on a reduction in core office assets only.

Assuming each district authority is currently using industry best practices of c. 100 sq. ft. per FTE and a ratio of 4 desks to 5 FTE a reduction of 945 FTE would result in 75,560 sq.ft. surplus office space.

Carter Jonas (a local commercial property agent) attaches an average rental value to office space in Oxfordshire of £18.75[28] per sq. ft. This translates to a total potential revenue source of £1.4m per annum irrespective of UA option. This has been modelled as a saving benefit in the transition cost analysis but it is important to highlight that this is not a guaranteed benefit as it will depend on commercial conditions.

Our analysis does not include potential capital receipts from disposal of assets, and does not recognise that some assets may attract higher values depending on their locality within Oxfordshire.

With a more complete dataset on all property in the County and District property portfolio, how efficiently each authority uses office space could be compared to industry standards and produce a more accurate amount of surplus office space. Surplus assets could then be assumed to be disposed of at local market rates to provide a capital receipt.

Other transition costs

In addition to the four types of costs outlined above there are other transition costs which we can provide a broad estimate of by referring to existing evidence from the unitary authority submissions in 2008/9 for Central Bedfordshire, Cornwall, Leicestershire, Suffolk and Wiltshire. The additional costs included are:

- Project/change management

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[28] Carter Jonas, Commercial Edge, Oxfordshire, Spring 2015. £18.75 mid-point between £25.50 for primary asset space and £12.00 for secondary office space

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- Business management programmes / systems change
- ICT integration
- Closedown of authorities
- Signs/logos/rebranding

Using existing evidence, a summary of which is contained within Transition cost evidence, the average total is £9.8m per UA, which gives a broad order of magnitude for these cost lines. This accounts for cost inflation since the majority of these studies were conducted. Without the cost inflation the total would be £8.09m.

In reality however, estimates for other transition costs in Oxfordshire will vary according to a number of factors, including, the number of UAs created, the number of District Councils contained in any option (reflecting the possible diversity in existing schemes, IT arrangements, ways of working etc.).

To note, supplier contract disaggregation costs have been assumed to be zero, as it seems wise to let contracts run their course rather than spend potentially significant resources on contract terminations, unless through negotiation there are additional benefits from realigning at a disaggregated level. This would need to be considered in detailed design and also reflect the District Council shared service arrangements out of county. Our analysis therefore has omitted any costs associated with running down legacy County Council contracts. A category management approach across the councils would look at opportunities to renegotiate and or recommission these contracts but access is needed to County Council contracts data to do this coherently.

The following cost items have been excluded from the 'other transition cost' analysis but could usefully be considered in any future Business Case:

- Early retirement costs
- Travel costs (additional travel costs of travelling to new work locations due to changes to estate)
- Pension costs
- Relocation costs (costs related to the changes in estates))
- Recruitment costs
- Contingency
- Unwinding of contracts

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Transition cost evidence

Local authority election costs – evidence

	2015	2014	2013	2012	2011	2010	2009
Est cost (source: Democratic audit)			£34,200,000	£41,100,000	£74,600,000	£39,500,000	£32,600,000
Est cost per vote	£4.70	£4.70	£5.99	£5.65	£4.34	£2.82	£4.70
County (source: Electoral commission)	NA	NA	Yes	NA	NA	NA	Yes
Cherwell	48313	26603	30,531	20765	29687	43199	38312
Oxford	NA	40961	29,076	32670	NA	67596	37404
South Oxfordshire	66953	NA	31,042	NA	47541	NA	40076
Vale of White Horse	63253	NA	30,391	NA	45275	NA	33204
West Oxfordshire	19982	25,984	19318	26401	36862	33085	
Total	**220132**	**87546**	**147024**	**72753**	**148904**	**147657**	**182081**
Est cost Oxfordshire	**£1,034,620**	**£411,466**	**£880,676**	**£411,054**	**£646,243**	**£416,393**	**£855,781**
	2011-2015		2009-2013				
5 year average cost	**£676,812 pa**		**£642,029 pa**				

Other transition costs – evidence

Line item	Central Bedfordshire	Cornwall	Leicestershire	Suffolk	Wiltshire	Average estimate
ICT Integration	£8 million	£3.8 million	£2 million	£4 million	£2.5 million	£4 million
Project / change management	£2.5 million	£500 k	£500 k	-	£1.6 million	£1.3 million
Business Management Programme (systems)	-	-	£1 million	-	£1.5 million	£1.25 million
Closedown of authorities	£340 k	£1.3 million	-	-	£500 k	£710 k
Signs / logos / rebranding	£305 k	-	£200 k	-	£300 k	£270 k

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| Source: | Creating Central Bedfordshire Progress Report 17 Feb 2009 | Our proposal for a single Council for Cornwall, Appendix 4, Finance & Value for Money, 2009 | Leicestershire County Council, Strategic Financial Case for a Unitary Council, Feb 2014 | Suffolk Unitary Submission, Page 16, 2008 | One Council for Wiltshire, Costs and Savings update for the Implementation Executive 13 Feb 2008, Appendix A | **Total = £7.5 million Low estimate = £4 million High estimate = £13.6 million** |

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Appendix D – Assumptions log

Wards in expanded Oxford City Unitary

Ward	Current District
Kidlington North	Cherwell
Kidlington South	Cherwell
Yarton Gosford and Water Eaton	Cherwell
Forest Hill and Halton	South Oxfordshire
Garsington	South Oxfordshire
Sandford	South Oxfordshire
Wheatley	South Oxfordshire
Appleton and Cumnor	Vale of White Horse
Kennington and South Hinksey	Vale of White Horse
North Hinksey and Wythym	Vale of White Horse
Radley	Vale of White Horse
Sunningwell and Wotton	Vale of White Horse
Eynsham and Cassington	West Oxfordshire

Disaggregators

Metric	Source	Units	Granularity
Population	ONS, 2014	Persons	Ward
Population 0-4	ONS, 2014	Persons	Ward
Population 0-18	ONS, 2014	Persons	Ward
Population 16-18	ONS, 2014	Persons	Ward
Population 18+	ONS, 2014	Persons	Ward
Population 18-64	ONS, 2014	Persons	Ward
Population 65+	ONS, 2014	Persons	Ward
Population 5-19	ONS, 2014	Persons	Ward
Population 0-5	ONS, 2014	Persons	Ward
Population of Primary school age (5 - 11)	ONS, 2014	Persons	Ward
Population of Secondary school age (11 - 18)	ONS, 2014	Persons	Ward
Population (4-5 and 10-11)	ONS, 2014	Persons	Ward
Population 10 - 17	ONS, 2014	Persons	Ward
Population 5-18	ONS, 2014	Persons	Ward
Population 5-7	ONS, 2014	Persons	Ward
Population 6+	ONS, 2014	Persons	Ward
Standard Area Measurement	ONS, 2014	km2	Ward
# Recorded Deaths	ONS, 2014	Persons	Ward
Population (2031)	Oxfordshire Insights 2015	Persons	Ward
# All new STI diagnoses	Public Health England, 2014	Persons	District
# Excess weight adults	Public Health England, 2012	Persons	District
# Alcohol-specific hospital admissions	Public Health England, 2013/14	Persons	District
# Smokers	Public Health England, 2014	Persons	District
# Housing Benefit Claimants	District Data	Persons	Ward
# Total business entities local units	ONS, 2015	Businesses	District
# Total households	District Data	Households	Ward
# Offences	LG Inform, Y/E 2015	Offences	District
# Households in receipt of housing benefits (000's)	DWP (via LG Inform) Nov 2015	Households	District

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# HRA dwellings	Oxford City Council statement of accounts, 2015	Households	District
# Traveller caravans	DCLG, July 2015	Caravans	District
# of persons aged 18-64 claiming JSA or out of work Universal Credit	NOMIS vis Oxfordshire Insight, March 2016	Persons	District
Physical support - Adults (18-64)	Oxfordshire County Council, 2016	Persons	District
Physical support - Older people (65+)	Oxfordshire County Council, 2016	Persons	District
# new builds	Financial Statements	Houses	District
# PFI programmes	Financial Statements	Programmes	District
# homeless individuals	District Data	Persons	Ward
# council employees	Districts	Persons	District
# Pupils with SEN Support	DfE, Jan 2015	Persons	District
Total road length (km)	DfT, 2014	km	District
# of concessionary travel passes	DfT, 2014/15	Travel Passes	County
# pupils eligible for free school meals	DfE. 2015	Persons	County
# Obese Year 6 students	Public Health England, 2014/15	Persons	County
Net amount receivable from rate payers	NNDR3 14/15	Value	District
Learning disability support - Adults (18-64)	Oxfordshire County Council, 2016	Persons	District
Mental health support - Adults (18-64)	Oxfordshire County Council, 2016	Persons	District
Information and early intervention	Oxfordshire County Council, 2016	Persons	District
Assistive equipment and technology	Oxfordshire County Council, 2016	Persons	District
Learning disability support (65+)	Oxfordshire County Council, 2016	Persons	District
Mental health support - Adults (65+)	Oxfordshire County Council, 2016	Persons	District
Sensory support - older people (65+)	Oxfordshire County Council, 2016	Persons	District
Support with memory and cognition - older people (65+)	Oxfordshire County Council, 2016	Persons	District
Looked after Children	Oxfordshire County Council, 2016	Persons	District
Children in need of a plan	Oxfordshire County Council, 2016	Persons	District
Visits by Trading Standards	Oxfordshire County Council, 2016	Visits	District
Parking Spaces	District Data	Spaces	Ward
Food Premises	District Data	Premises	Ward
Number of Businesses	District Data	Businesses	Ward
Service Use	RA Data 15/16	Spend	Ward

Disaggregators selected

Income/Expenditure Line	Disaggregator Selected
110 Early years	Population 0-4
120 Primary schools	Population of Primary school age (5 - 11)
130 Secondary schools	Population of Secondary school age (11 - 18)
140 Special schools and alternative provision	# Pupils with SEN Support
145 Post-16 provision	Population 16-18
165 Other education and community budget	Population 18+
TOTAL EDUCATION SERVICES (total of lines 110 to 165)	
210 Transport planning, policy and strategy	Population
230 Structural maintenance	Total road length (km)
247 Environmental, safety and routine maintenance	Total road length (km)
248 Winter service	Total road length (km)
249 Street lighting (including energy costs)	Total road length (km)
252 Traffic management and road safety: traffic management - bus lane enforcement	Total road length (km)

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258 Traffic management and road safety: other	Total road length (km)
260 Parking services	Parking Spaces
271 Public transport: statutory concessionary fares	# of concessionary travel passes
272 Public transport: discretionary concessionary fares	# of concessionary travel passes
275 Public transport: support to operators	Population
276 Public transport: co-ordination	Population
TOTAL HIGHWAYS AND TRANSPORT SERVICES (total of lines 210 to 280)	
310 Children's social care: Sure start children's centres/flying start and early years	Population 0-18
313 Children's social care: Children looked after	Looked after Children
315 Children's social care: Other children and family services	Population 0-18
322 Children's social care: Family support services	Population 0-18
323 Children's social care: Youth justice	Population 0-18
325 Children's social care: Safeguarding children and young people's services	Children in need of a plan
326 Children's social care: Asylum seekers	Population 0-18
327 Children's social care: Services for young people	Population 0-18
TOTAL CHILDRENS SOCIAL CARE (total of lines 310 to 327)	
332 Physical support - adults (18–64)	Physical support - Adults (18-64)
333 Physical support - older people (65+)	Physical support - Older people (65+)
334 Sensory support - Fs (18–64)	Population 18-64
335 Sensory support - older people (65+)	Sensory support - older people (65+)
336 Support with memory and cognition - adults (18–64)	Population 18-64
337 Support with memory and cognition - older people (65+)	Support with memory and cognition - older people (65+)
340 Learning disability support - adults (18–64)	Learning disability support - Adults (18-64)
341 Learning disability support - older people (65+)	Learning disability support (65+)
344 Mental health support - adults (18–64)	Mental health support - Adults (18-64)
345 Mental health support - older people (65+)	Mental health support - Adults (65+)
348 Social support: Substance misuse support	Population 18+
349 Social support: Asylum seeker support	Population 18+
350 Social support: Support for carer	Population 18+
351 Social support: Social Isolation	Population 18+
353 Assistive equipment and technology	Assistive equipment and technology
354 Social care activities	Population 18+
355 Information and early intervention	Information and early intervention
356 Commissioning and service delivery	Population 18+
TOTAL ADULT SOCIAL CARE (total of lines 332 to 356)	
361 Sexual health services - STI testing and treatment (prescribed functions)	# All new STI diagnoses
362 Sexual health services - Contraception (prescribed functions)	Population 18-64
363 Sexual health services - Advice, prevention and promotion (non-prescribed functions)	Population 18-64
365 NHS health check programme (prescribed functions)	Population
366 Health protection - Local authority role in health protection (prescribed functions)	Population
368 National child measurement programme (prescribed functions)	Population (4-5 and 10-11)
370 Public health advice (prescribed functions)	Population
371 Obesity - adults	# Excess weight adults
372 Obesity - children	# Obese Year 6 students

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373 Physical activity - adults	Population 18-64
374 Physical activity - children	Population 0-18
376 Substance misuse - Drug misuse - adults	Population 18+
377 Substance misuse - Alcohol misuse - adults	# Alcohol-specific hospital admissions
378 Substance misuse - (drugs and alcohol) - youth services	Population 0-18
380 Smoking and tobacco - Stop smoking services and interventions	# Smokers
381 Smoking and tobacco - Wider tobacco control	# Smokers
383 Children 5–19 public health programmes	Population 5-19
384 Misc public health services - Childrens 0-5 services (prescribed functions)	Population 0-5
385 Misc public health services - Childrens 0-5 services - Other (non-prescribed functions)	Population 0-5
386 Miscellaneous public health services - other	Population
TOTAL PUBLIC HEALTH (total of lines 361 to 385)	
409 Housing strategy, advice, advances, enabling, renewals and licensing	Population
440 Homelessness	# homeless individuals
456 Housing benefits: rent allowances and rent rebates - discretionary payments	# Housing Benefit Claimants
457 Housing benefits administration	# Housing Benefit Claimants
460 Other council property - travellers' sites and non-HRA council property	# Traveller caravans
475 Housing welfare: Supporting People	Population
478 Other welfare services	# of persons aged 18-64 claiming JSA or out of work Universal Credit
TOTAL HOUSING SERVICES (GFRA only) (total of lines 409 to 478)	
500 Archives	Population
501 Culture and heritage (excluding Archives)	Population
502 Recreation and sport	Population
503 Open spaces	Population
504 Tourism	Population
505 Library service	Population
TOTAL CULTURAL AND RELATED SERVICES (total of lines 500 to 505)	
510 Cemetery, cremation and mortuary services	# Recorded Deaths
519 Regulatory services: Trading standards	Visits by Trading Standards
520 Regulatory services: Water safety	Population
521 Regulatory services: Food safety	Population
522 Regulatory services: Environmental protection; noise and nuisance	Food premises
523 Regulatory services: Housing standards	# Total households
524 Regulatory services: Health and safety	Population
526 Regulatory services: Port health levies	Population
527 Regulatory services: Pest control	Population
528 Regulatory services: Public conveniences	Population
529 Regulatory services: Animal and public health; infectious disease	Population
530 Regulatory services: Licensing - Alcohol and entertainment licensing; taxi licensing	Food premises
531 Community safety (Crime reduction)	# Offences
532 Community safety (Safety services)	# Offences
533 Community safety (CCTV)	# Offences

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541 Defences against flooding	Population
543 Land drainage and related work (excluding levy / Special levies)	Population
550 Agriculture and fisheries services	Population
570 Street cleansing (not chargeable to Highways)	Total road length (km)
581 Waste collection	# Total households
582 Waste disposal	# Total households
583 Trade waste	Number of businesses
584 Recycling	# Total households
585 Waste minimisation	# Total households
586 Climate change costs	Population
TOTAL ENVIRONMENTAL AND REGULATORY SERVICES (total of lines 510 to 586)	
591 Building control	Population
592 Development control	Population
593 Planning policy	Population
594 Environmental initiatives	Population
595 Economic development	Population
596 Community development	Population
597 Economic research	Population
598 Business Support	Population
TOTAL PLANNING AND DEVELOPMENT SERVICES (total of lines 591 to 598)	
602 TOTAL FIRE AND RESCUE SERVICES	Population
604 Coroners' court services	# Recorded Deaths
Other court services	
610 Corporate and democratic core	Population
625 Local tax collection: council tax support administration	# Total households
628 Local tax collection: other	# Total households
650 Emergency planning	Population
675 Central services to the public: other	Population
681 Non-distributed costs - retirement benefits	Population
TOTAL CENTRAL SERVICES (total of lines 604 to 684)	
698 TOTAL OTHER SERVICES	Population
811 Housing benefits: rent allowances - mandatory payments	# Households in receipt of housing benefits (000's)
812 Housing benefits: non-HRA rent rebates - mandatory payments	# Households in receipt of housing benefits (000's)
813 Housing benefits: rent rebates to HRA tenants - mandatory payments	# Households in receipt of housing benefits (000's)
821 Parish Precepts	Population
831 External Trading Accounts net surplus(-)/ deficit(+)	Population
832 Internal Trading Accounts net surplus(-)/ deficit(+)	Population
842 Capital items accounted for in Internal Trading Accounts	Population
848 Adjustments to net current expenditure	Population
NET CURRENT EXPENDITURE (total of lines 799 to 848)	
859 Levy: Environment Agency flood defence	Population

865 Capital expenditure charged to the GF Revenue Account (CERA) (exclude Public Health)	Population
871 Provision for bad debts (+/-)	Population
873 Provision for repayment of principal	Population
881 Interest: external payments	Population
883 Interest: HRA item 8 payments and receipts	Population
SUB-TOTAL (total of lines 849 to 883)	
886 Interest and investment income (-): external receipts and dividends	Population
888 Private Finance Initiative (PFI) schemes - difference from service charge	Population
891 Specific and special grants outside AEF [SG line 799 as income]	Population
REVENUE EXPENDITURE (total of lines 885 to 896)	
903 Local Services Support Grant (LSSG)	Population
904 Specific and special grants inside AEF [SG line 699 as income]	Population
NET REVENUE EXPENDITURE (total of lines 900 to 904)	
906 Inter-authority transfers in respect of reorganisation	Population
911 Appropriations to(+)/ from(-) schools' reserves	Population
914 Appropriations to(+)/ from(-) public health financial reserves	Population
915 Appropriations to(+)/ from(-) other earmarked financial reserves	Population
916 Appropriations to(+)/ from(-) unallocated financial reserves	Population
951 Revenue Support Grant	Population
956 Police grant	Population
970 Retained income from Rate Retention Scheme	Net amount receivable from rate payers
980 Other items	Population
COUNCIL TAX REQUIREMENT (total of lines 905 to 980)	
Dedicated Schools Grant (DSG)	Population 5-18
Pupil Premium Grant	# pupils eligible for free school meals
Education Services Grant	Population 5-18
Universal Infants Free School Meals	Population 5-7
GLA Transport Grant	
Public Health Grant [Excludes Children 0-5 funding allocation]	Population 6+
Public Health Grant - Children 0-5 funding allocation [October 2015]	Population 0-5
Adult Social Care Implementation 2015-16	Population 65+
Housing Benefit Subsidy Admin Grant	# Households in receipt of housing benefits (000's)
New Homes Bonus	# new builds
The Private Finance Initiative (PFI)	# PFI programmes
Other grants within AEF	Population
TOTAL REVENUE GRANTS WITHIN AEF (total of lines 102 to 698)	
Adult and Community Learning from Skills Funding Agency	Population 18+
Sixth Form Funding from the Education Funding Agency (EFA)	Population 16-18
Mandatory Rent Allowances: subsidy	# Households in receipt of housing benefits (000's)
Mandatory Rent Rebates outside HRA: subsidy	# Households in receipt of housing benefits (000's)

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Rent Rebates Granted to HRA Tenants: subsidy	# Households in receipt of housing benefits (000's)
Other grants outside AEF	Population

Growth assumptions

Cherwell	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	-1280%	1%	1%	4%	2%
Housing Services (GFRA)	6%	1%	1%	4%	2%
Cultutal and Related	-9%	1%	0%	4%	2%
Environmental and Regulatory	13%	1%	0%	4%	1%
Planning and Development	35%	1%	0%	4%	2%
Central Services	95%	1%	0%	4%	2%
Other Services	0%	0%	0%	0%	0%
Housing Benefits	9%	1%	0%	4%	2%
Precepts & Levies	18%	1%	0%	4%	2%
Misc. Items.	-249%	20%	11%	7%	5%
Specific and special grants outside AEF (as income)	9%	1%	0%	4%	2%
Specific and special grants inside AEF (as income	34%	1%	0%	4%	2%
FUNDING					
Revenue Support Grant	-32%	-40%	-42%	-82%	-100%
Other Government Grants	0%	5%	-27%	0%	-23%
Business Rate Retention Scheme	58%	6%	10%	10%	10%
Reserves	-100%	0%	0%	0%	0%
Council Tax	-38%	0%	2%	2%	2%
Other Items	-173%	47%	0%	0%	0%

Oxford	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	12%	5%	-1%	2%	
Housing Services (GFRA)	-3%	5%	-1%	2%	
Cultutal and Related	-2%	5%	-1%	2%	
Environmental and Regulatory	-4%	5%	-1%	2%	
Planning and Development	4%	5%	-1%	2%	
Central Services	0%	5%	-1%	2%	
Other Services	7%	5%	-1%	2%	
Housing Benefits	-4%	5%	-1%	2%	
Precepts & Levies	0%	5%	-1%	2%	
Misc. Items.	-54%	5%	-1%	2%	
Specific and special grants outside AEF (as income)	-4%	5%	-1%	2%	
Specific and special grants inside AEF (as income	21%	5%	-1%	2%	
FUNDING					
Revenue Support Grant	-37%	-48%	-57%	-100%	
Other Government Grants	0%	0%	0%	0%	
Business Rate Retention Scheme	-4%	7%	5%	10%	
Reserves	0%	0%	0%	0%	
Council Tax	4%	2%	3%	3%	
Other Items	-706%	-91%	0%	0%	

Note - no projections were provided for 2020/21. Nil growth assumed in year 2020/21.

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South Oxfordshire	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	3%	0%	0%	0%	0%
Housing Services (GFRA)	10%	-20%	-16%	0%	0%
Cultual and Related	0%	-3%	-4%	0%	0%
Environmental and Regulatory	1%	1%	1%	0%	1%
Planning and Development	6%	-4%	-14%	-2%	0%
Central Services	-8%	0%	-1%	1%	-1%
Other Services	0%	0%	0%	0%	0%
Housing Benefits	-103%	0%	0%	0%	0%
Precepts & Levies	-100%	0%	0%	0%	0%
Misc. Items.	3%	-11%	-7%	-16%	-35%
Specific and special grants outside AEF (as income)	-100%	0%	0%	0%	0%
Specific and special grants inside AEF (as income	-100%	0%	0%	0%	0%
FUNDING					
Revenue Support Grant	-38%	-52%	-66%	-100%	0%
Other Government Grants	0%	-18%	-9%	-19%	-10%
Business Rate Retention Scheme	2%	2%	3%	3%	2%
Reserves	-11%	-85%	31%	-537%	101%
Council Tax	-40%	1%	1%	1%	1%
Other Items	-64%	3%	11%	-169%	8%

Vale of White Horse	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	-26%	-22%	0%	0%	0%
Housing Services (GFRA)	-6%	-4%	0%	0%	0%
Cultual and Related	26%	-6%	-8%	-84%	0%
Environmental and Regulatory	0%	-2%	1%	1%	0%
Planning and Development	6%	-18%	-12%	-7%	0%
Central Services	-7%	-3%	-1%	1%	-1%
Other Services	0%	0%	0%	0%	0%
Housing Benefits	-103%	0%	0%	0%	0%
Precepts & Levies	-100%	0%	0%	0%	0%
Misc. Items.	-25%	0%	6%	-13%	-29%
Specific and special grants outside AEF (as income)	-100%	0%	0%	0%	0%
Specific and special grants inside AEF (as income	-100%	0%	0%	0%	0%
FUNDING					
Revenue Support Grant	-38%	-53%	-68%	-100%	0%
Other Government Grants	0%	-16%	3%	-3%	-16%
Business Rate Retention Scheme	-493%	2%	3%	3%	2%
Reserves	-198%	1%	40%	12%	-25%
Council Tax	-34%	6%	6%	5%	3%
Other Items	-82%	0%	80%	-290%	5%

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West Oxfordshire	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	14%	0%	0%	2%	2%
Housing Services (GFRA)	-28%	0%	-7%	2%	2%
Cultutal and Related	-3%	0%	-3%	2%	2%
Environmental and Regulatory	8%	2%	2%	1%	2%
Planning and Development	-7%	0%	-27%	2%	2%
Central Services	3%	-2%	-8%	-1%	2%
Other Services	0%	0%	0%	2%	2%
Housing Benefits	-98%	0%	0%	2%	2%
Precepts & Levies	-100%	0%	0%	0%	0%
Misc. Items.	-12%	2%	1%	2%	2%
Specific and special grants outside AEF (as income)	-100%	0%	0%	0%	0%
Specific and special grants inside AEF (as income	-100%	0%	0%	0%	0%
FUNDING					
Revenue Support Grant	-33%	-40%	-41%	-79%	-100%
Other Government Grants	100%	-22%	-1%	2%	-6%
Business Rate Retention Scheme	-28%	1%	1%	1%	-24%
Reserves	-119%	286%	-114%	119%	-528%
Council Tax	-44%	7%	7%	6%	3%
Other Items	-175%	61%	9%	11%	9%

Oxfordshire County Council	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Education Services	-12%	-1%	-1%	0%	
Highways and Transport Services	-16%	-18%	-1%	-3%	
Childrens Social Care	-4%	-6%	0%	0%	
Adult Social Care	2%	2%	2%	2%	
Public Health	-12%	0%	0%	0%	
Housing Services (GFRA)	22%	-10%	-10%	-12%	
Cultutal and Related	-16%	-2%	-1%	0%	
Environmental and Regulatory	-2%	2%	2%	2%	
Planning and Development	-49%	-6%	12%	-2%	
Fire and Rescue Services	-5%	-2%	0%	0%	
Central Services	-21%	0%	0%	0%	
Other Services	0%	0%	-41%	-120%	
Housing Benefits	0%	0%	0%	0%	
Precepts & Levies	0%	0%	0%	0%	
Misc. Items	-6%	51%	2%	0%	
Specific and special grants outside AEF (as income)	-60%	0%	0%	0%	
Specific and special grants inside AEF (as income	-4%	0%	0%	0%	
FUNDING					
Revenue Support Grant	-37%	-53%	-69%	-100%	
Other Government Grants	0%	0%	0%	0%	
Business Rate Retention Scheme	-1%	3%	3%	-6%	
Reserves	-89%	-100%	0%	0%	
Council Tax	6%	7%	6%	6%	
Other Items	-16%	-100%	0%	0%	

Note - no projections were provided for 2020/21. Nil growth assumed in year 2020/21.

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Council Tax assumptions - rate

	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire
2015/16					
District Band D Equivalent 15/16	123.50	278.97	111.24	116.69	81.63
Oxford CC Band D Equivalent 15/16	1,232.46	1,232.46	1,232.46	1,232.46	1,232.46
Town/Parish Council 15/16	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 15/16	**1,440.60**	**1,515.46**	**1,420.93**	**1,412.78**	**1,388.21**
2016/17					
District Band D Equivalent 16/17	123.50	288.46	111.24	116.69	86.63
Oxford CC Band D Equivalent 16/17	1,281.64	1,281.64	1,281.64	1,281.64	1,281.64
Town/Parish Council 16/17	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 16/17	**1,489.78**	**1,574.13**	**1,470.11**	**1,461.96**	**1,442.39**
2017/18					
District Band D Equivalent 17/18	123.50	293.43	111.24	121.69	91.63
Oxford CC Band D Equivalent 17/18	1,358.95	1,358.95	1,281.64	1,358.95	1,358.95
Town/Parish Council 17/18	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 17/18	**1,567.09**	**1,656.41**	**1,470.11**	**1,544.27**	**1,524.70**
2018/19					
District Band D Equivalent 18/19	123.50	298.46	111.24	126.69	96.63
Oxford CC Band D Equivalent 18/19	1,414.85	1,414.85	1,414.85	1,414.85	1,414.85
Town/Parish Council 18/19	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 18/19	**1,622.99**	**1,717.34**	**1,603.32**	**1,605.17**	**1,585.60**
2019/2020					
District Band D Equivalent 19/20	123.50	303.57	111.24	131.69	101.63
Oxford CC Band D Equivalent 19/20	1,474.18	1,474.18	1,474.18	1,474.18	1,474.18
Town/Parish Council 19/20	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 19/20	**1,682.32**	**1,781.78**	**1,662.65**	**1,669.50**	**1,649.93**
2020/21					
District Band D Equivalent 19/20	123.50	308.78	111.24	134.31	103.66
Oxford CC Band D Equivalent 20/21	1,454.80	1,454.80	1,454.80	1,454.80	1,454.80
Town/Parish Council 20/21	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 20/21	**1,662.94**	**1,767.61**	**1,643.27**	**1,652.74**	**1,632.58**

Council Tax assumptions – Tax base

	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire
2015/16					
Council Tax Base	48,253	42,659	54,234	47,563	41,176
2016/17					
Council Tax Base	50,356	43,665	54,965	48,177	41,512
2017/18					
Council Tax Base	50,494	43,770	55,553	49,094	41,927
2018/19					
Council Tax Base	51,506	44,208	56,141	50,041	42,415
2019/20					
Council Tax Base	52,534	44,650	56,697	50,793	42,982
2020/21					
Council Tax Base	53,587	45,096	57,253	51,465	43,519

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Transition cost assumptions

Type of transition cost	Assumption	Source
Employee severance costs	Average public sector redundancy pay is £25k	https://www.gov.uk/government/consultations/consultation-on-a-public-sector-exit-payment-cap/consultation-on-a-public-sector-exit-payment-cap
	Reduced FTEs in new organisational structure is 945	PwC evidence-based assumption
	100% of reduced FTEs receive a redundancy payout	PwC assumption which potentially overestimates true cost (as not accounting for natural attrtition)
	Excludes pension costs	This will mean that severance costs will be underestimated, which counterbalances the above over-estimate
Member costs	Additional member allowances moving to a new democratic system, as outlined	County Council annual 2015/16 allowances
	Role	Allowance/Cost
	Leader	£29,290
	Deputy Leader	£20,200
	Cabinet Member (assume 6 per UA)	£16,160
	Regulatory Committee Chair (assume 5 per UA)	£6,060
	Planning Committee Chair (assume 5)	£6,060
	Scrutiny Committee Chair (assume 5 per UA)	£6,060
Other transition costs	Includes: Project/change management, Business management/systems change, ICT integration, Closedown of authorities, Signs/logos/branding	Evidenced from existing UA business cases, and amalgamated.
Senior management structures	Current cost of 71 senior management roles within tegion is £7.2m	FTE data provided by client, and publically available information on salaries (www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/191/191.pdf
	Assumes a span of control of 4	PwC evidence-based assumption
Member savings	282 Members across Oxfordshire	Publically available information
	Assumed 25% reduction in Members over a 4 year period in new organisational structure	Client's suggested assumption
Election savings	Assumed 50% election costs saved over 4 years	PwC evidence-based assumption
Office asset disaggregation	FTE to desk space ratio of 5:4	Industry best practice
	Best practice square footage of 100 square foot	Industry best practice
Transformation savings	Transformation savings estimated as average annual saving of £24m p.a. (annualised over 5 year period, gearing up to maximum annual transformation benefit of £37m)	PwC evidence-based assumption
	Potential scale of transformation benefits has a proportionate relationship to expenditure	PwC evidence-based assumption
	As number of UAs increase, scale of potential saving reduces slightly, between 2% and 6%	PwC evidence-based assumption

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Appendix E – Stakeholder engagement

Below is a list of the stakeholders that PwC have engaged with during the course of this study to seek views on current local government organisation, UA options, opportunities and risks. Their input has influenced the options analysis aspect to this work.

- Department for Communities and Local Government (DCLG)
- District Council leaders and Chief Executives
- Oxfordshire County Council
- Oxfordshire Local Enterprise Partnership (OXLEP)
- Oxfordshire Clinical Commissioning Group
- Thames Valley Police
- University of Oxford
- Oxford Brookes University
- Oxford Health NHS Trust
- Oxford University Hospitals NHS Trust
- Oxford Spires Academy

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