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Review of future options for local government in Oxfordshire

August 2016

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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.

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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 Events and circumstances occurring after the date of our report will, in due course, render our report out of date and, accordingly, we will not accept a duty of care nor assume a responsibility for decisions and actions which are based upon such an out of date report.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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Table of Contents

Section	Page
Executive Summary	05
Background	17
Better service outcomes	24
Cost savings and value for money	34
Economic growth and infrastructure	52
Leadership and accountability	56
Local engagement and empowerment	59
Summary of findings for each option	62
A sixth option?	71
Appendices	74
Appendix A – Glossary	
Appendix B – Full list of engagement activities	
Appendix C – Members of the independent advisory panel	
Appendix D – Bibliography	

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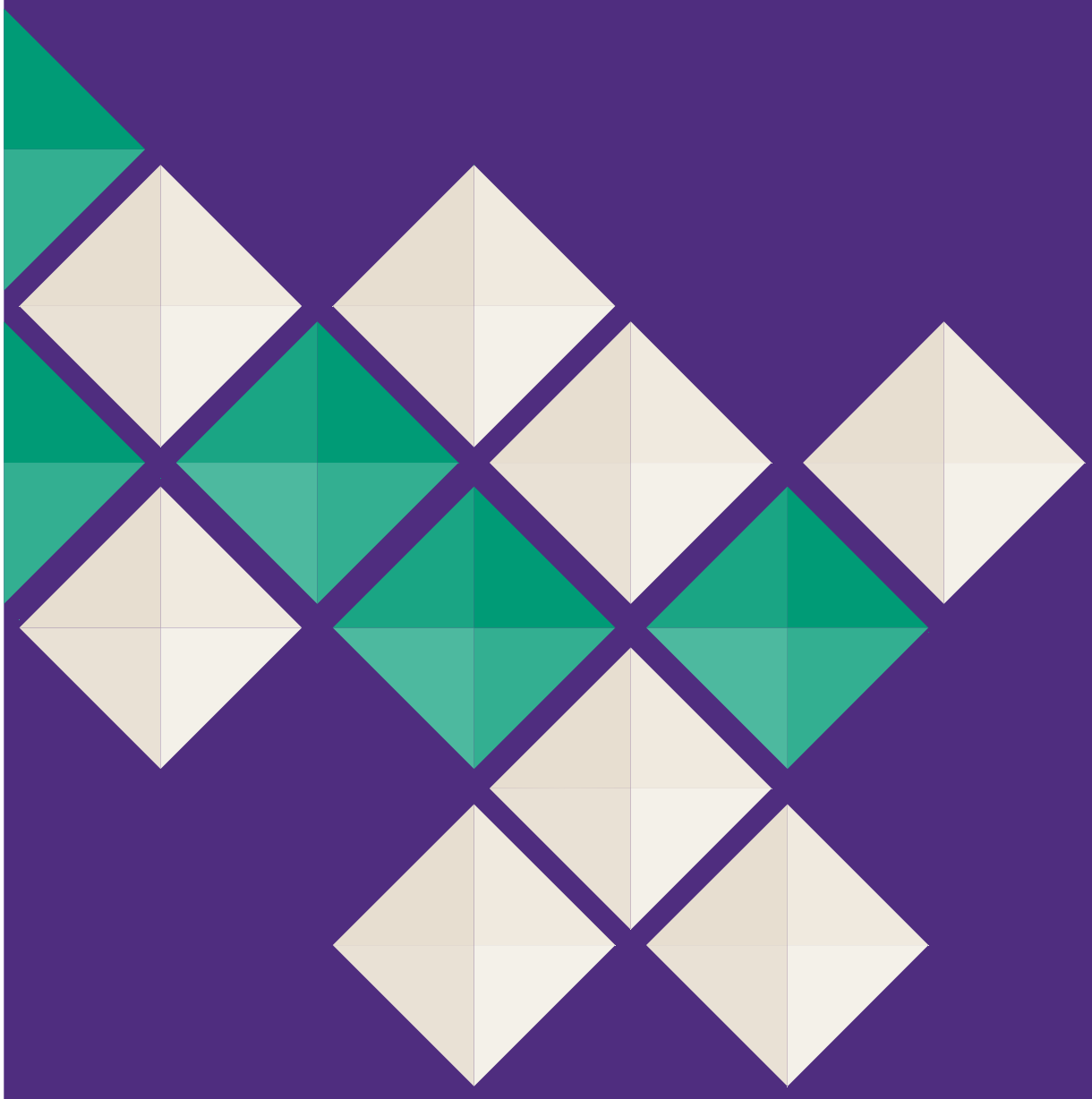
Executive Summary



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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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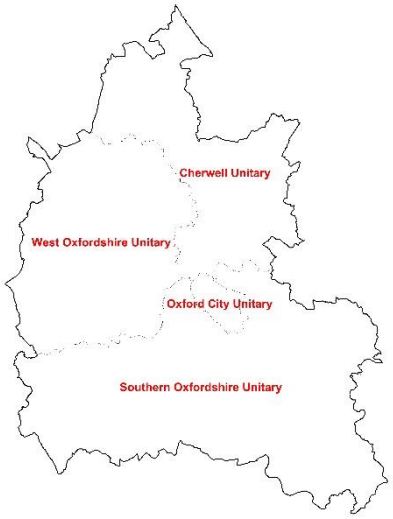
Scope

The five options under consideration are as follows:

Option 1

Four new unitary authorities and a combined authority

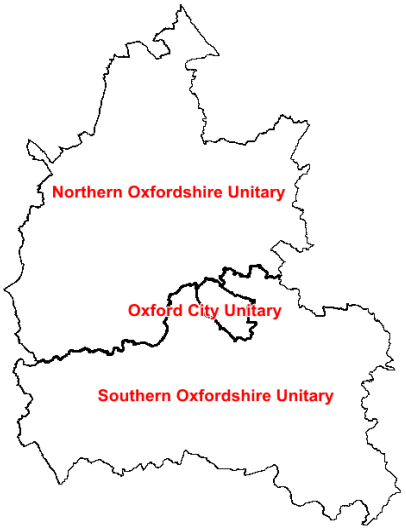


Four unitary authorities covering the administrative areas of:

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

Option 2

Three new unitary authorities and a combined authority

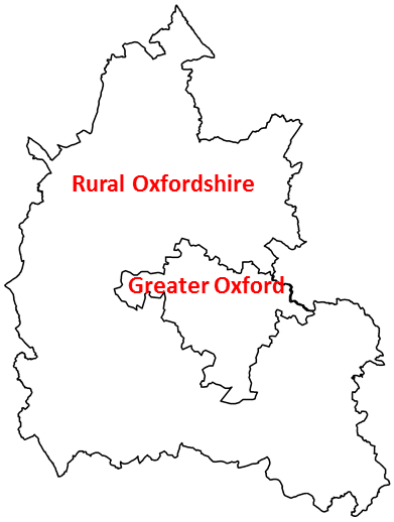


Four unitary authorities covering the administrative areas of:

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

Option 3

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:

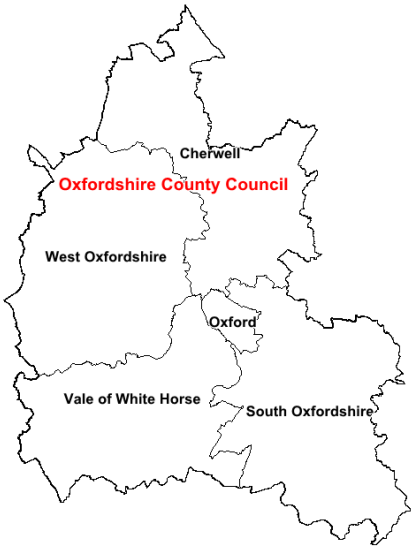
Option 4

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 parties.

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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

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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)

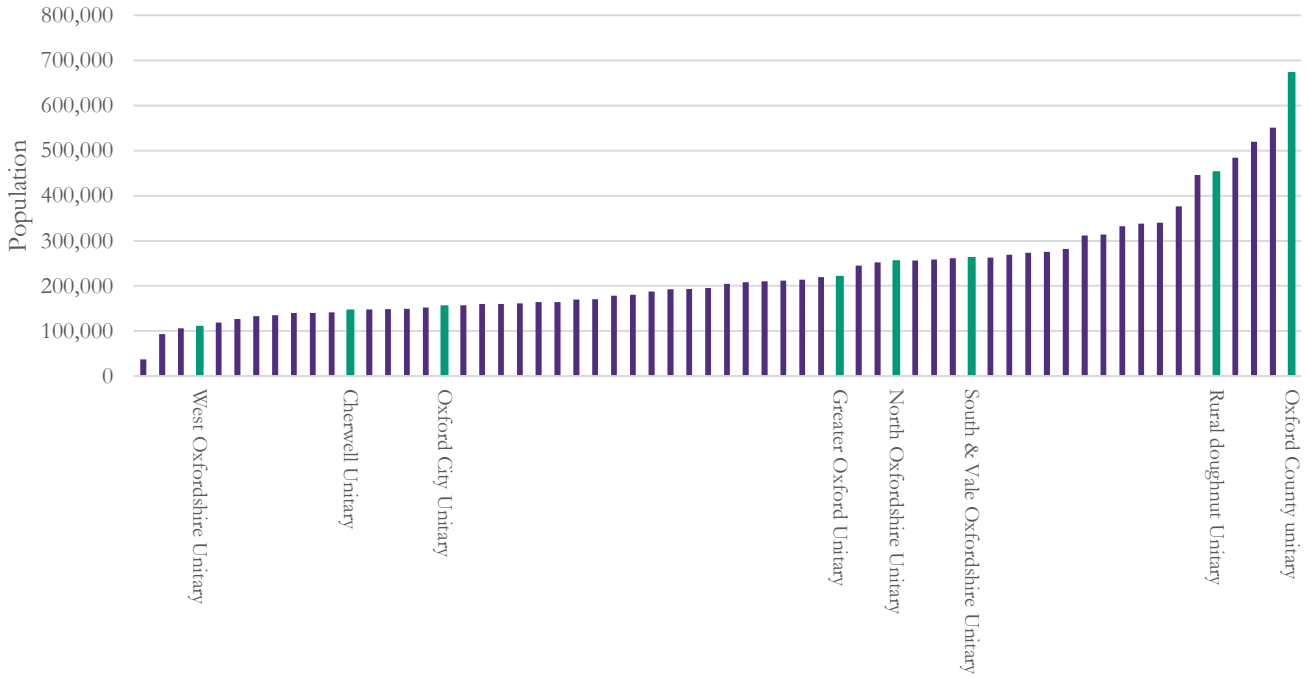
Does Size Matter?

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



[1] Link: http://usj.sagepub.com/content/46/4/739

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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.

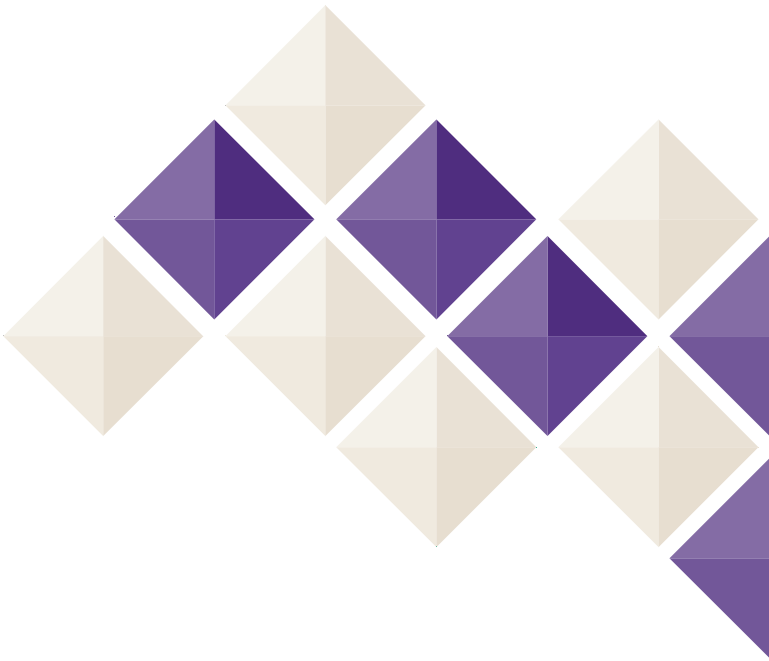
Later that month a different set of outline proposals was published by the five District Council Leaders. The County Council were unaware of these proposals until shortly before the point of publication. Four new unitary councils were proposed, extending beyond the County borders and including districts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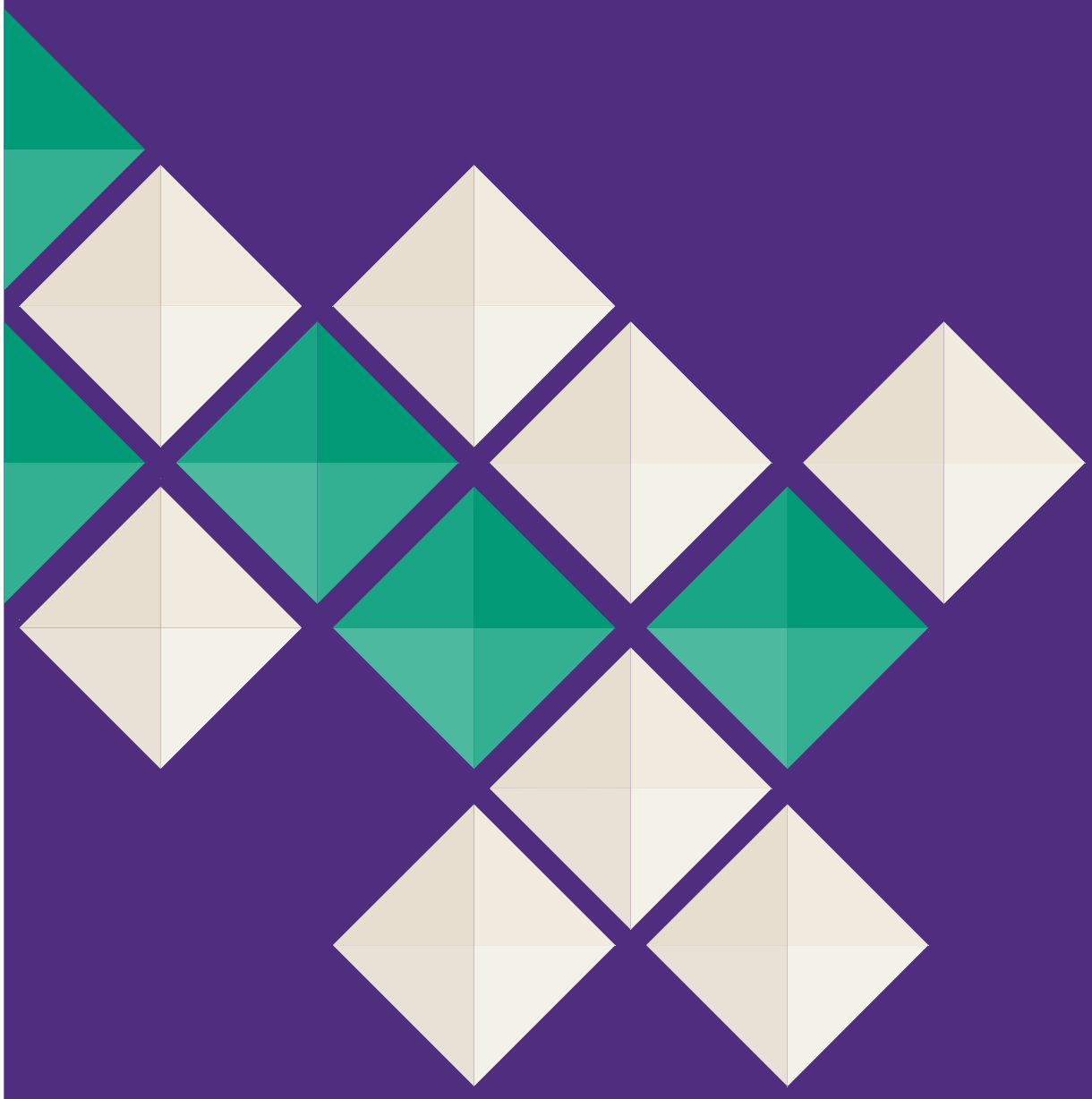
Better service outcomes



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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.

Notes: [2] Office of National Statistics (ONS) population projections

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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.

Notes: [5] DCLG Revenue Outturn figures 2015/16.

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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.

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

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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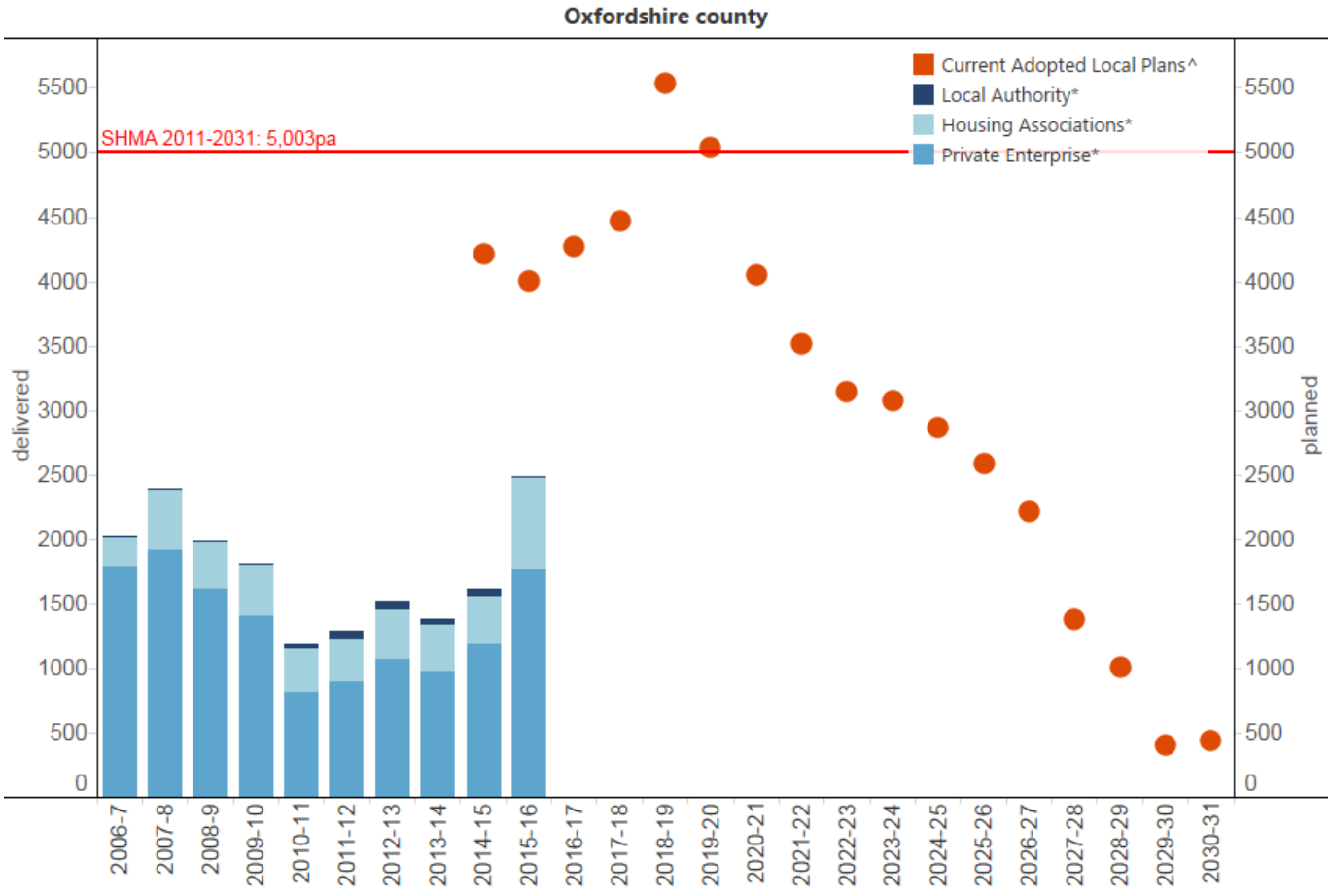
Better service outcomes (continued)

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 Reports published by districts

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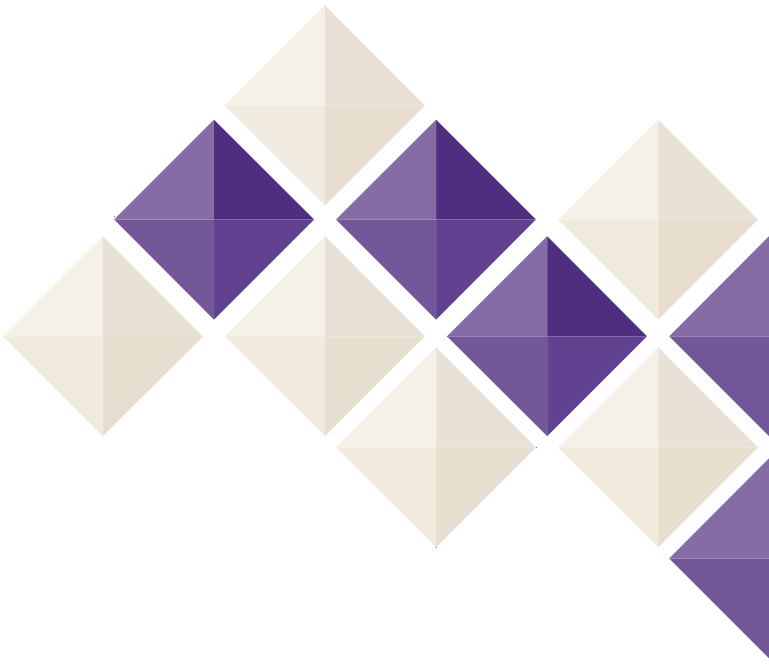
Better service outcomes (continued)

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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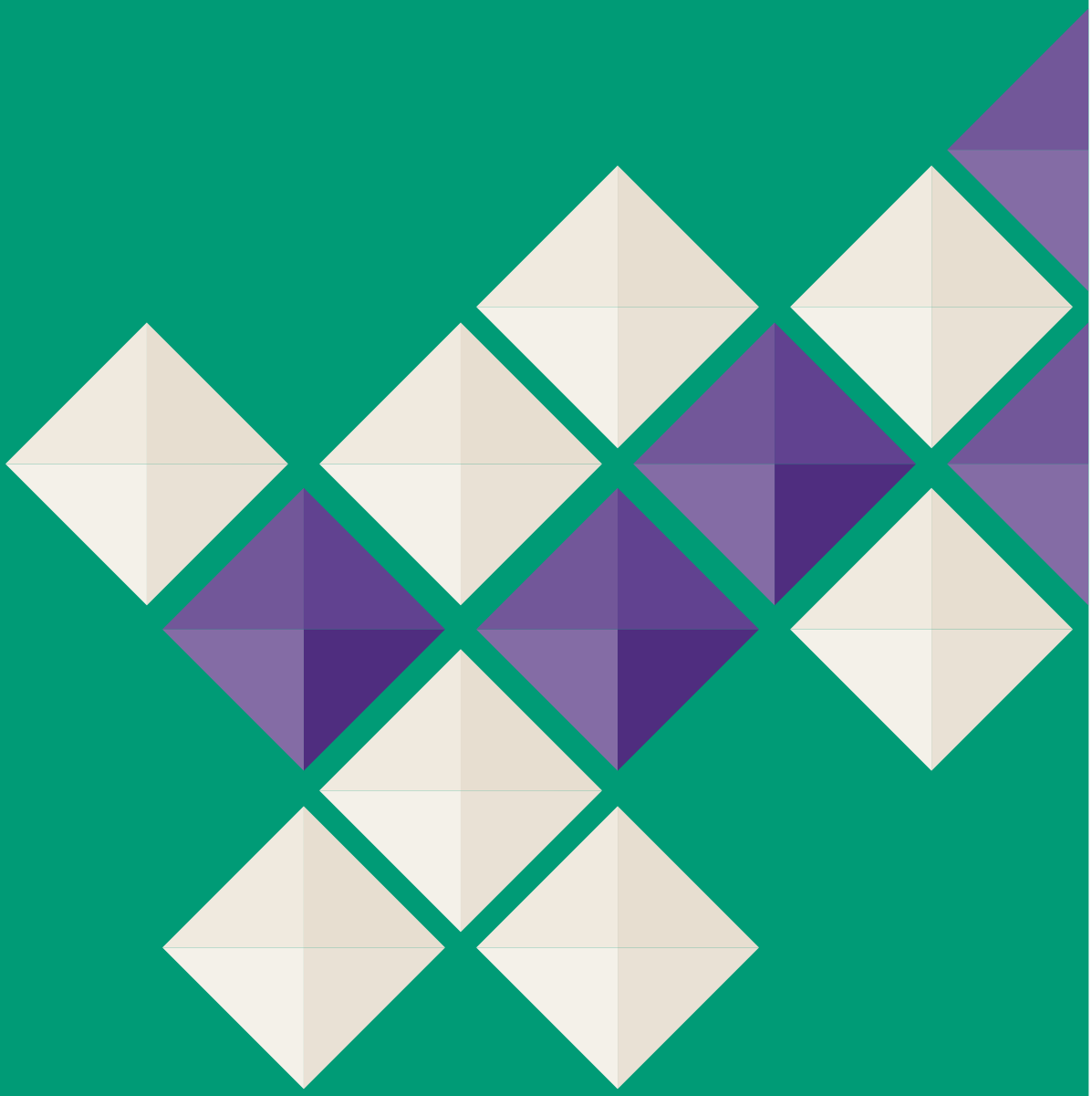
Cost savings and value for money



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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.

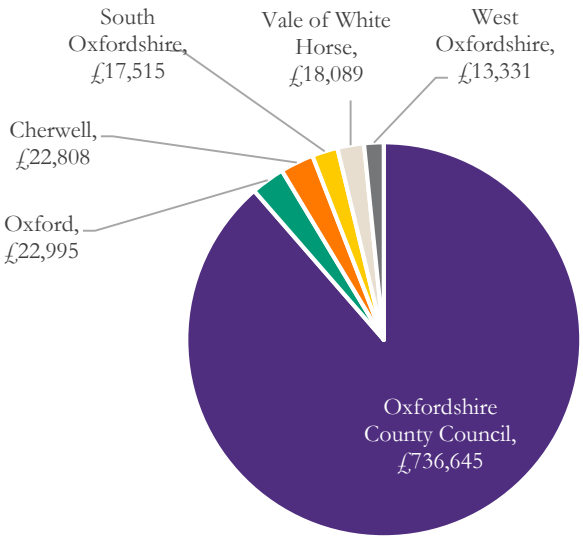
Due to the high level of shared management posts and shared services among the existing District Councils, the benefits from the consolidation under the 3 and 4 unitary options are more limited. There is greater scope for benefits from consolidation of senior management and asset rationalisation under 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)



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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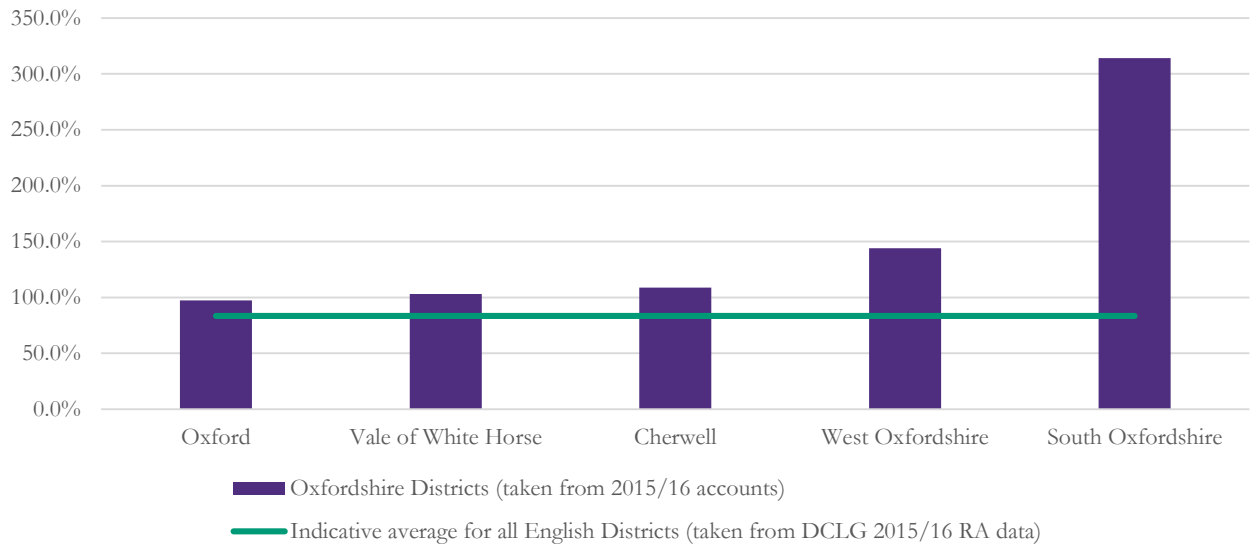
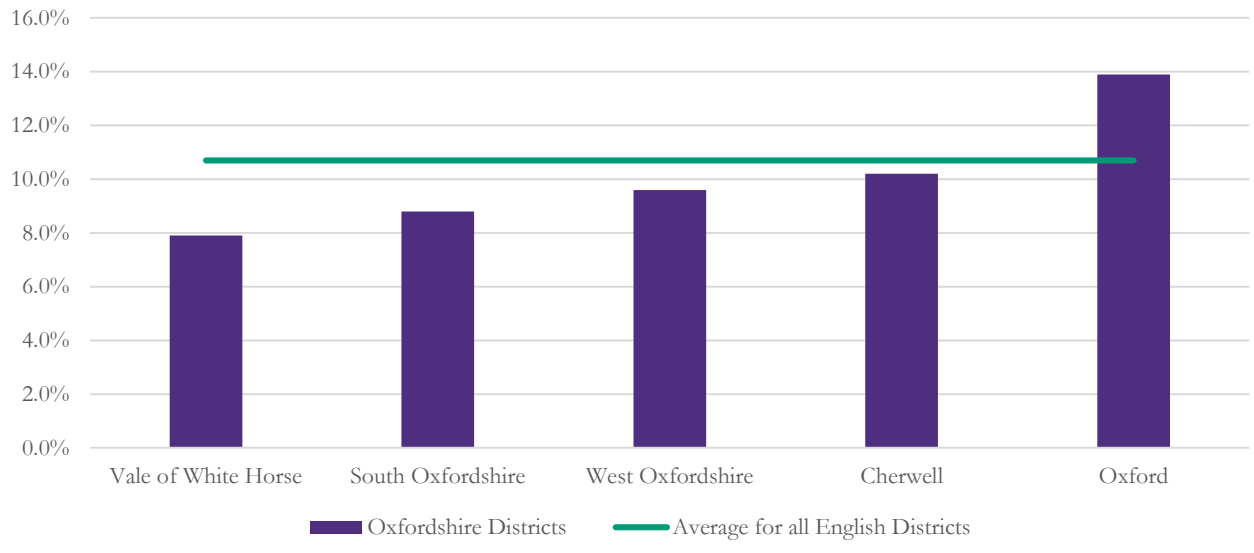
Cost savings and value for money (continued)

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



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



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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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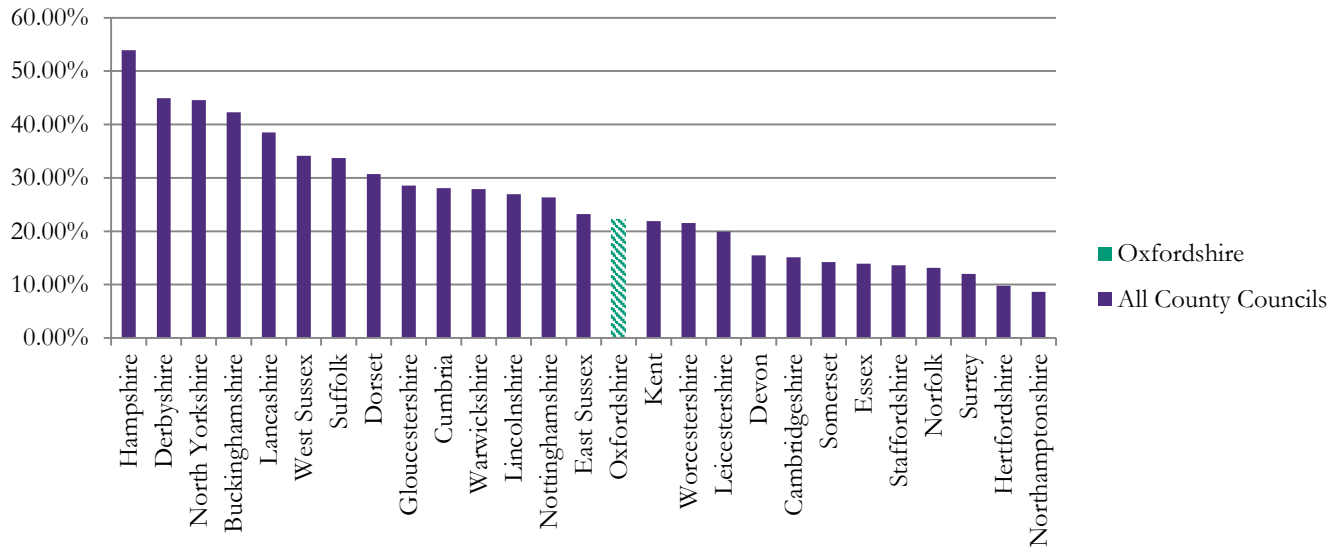
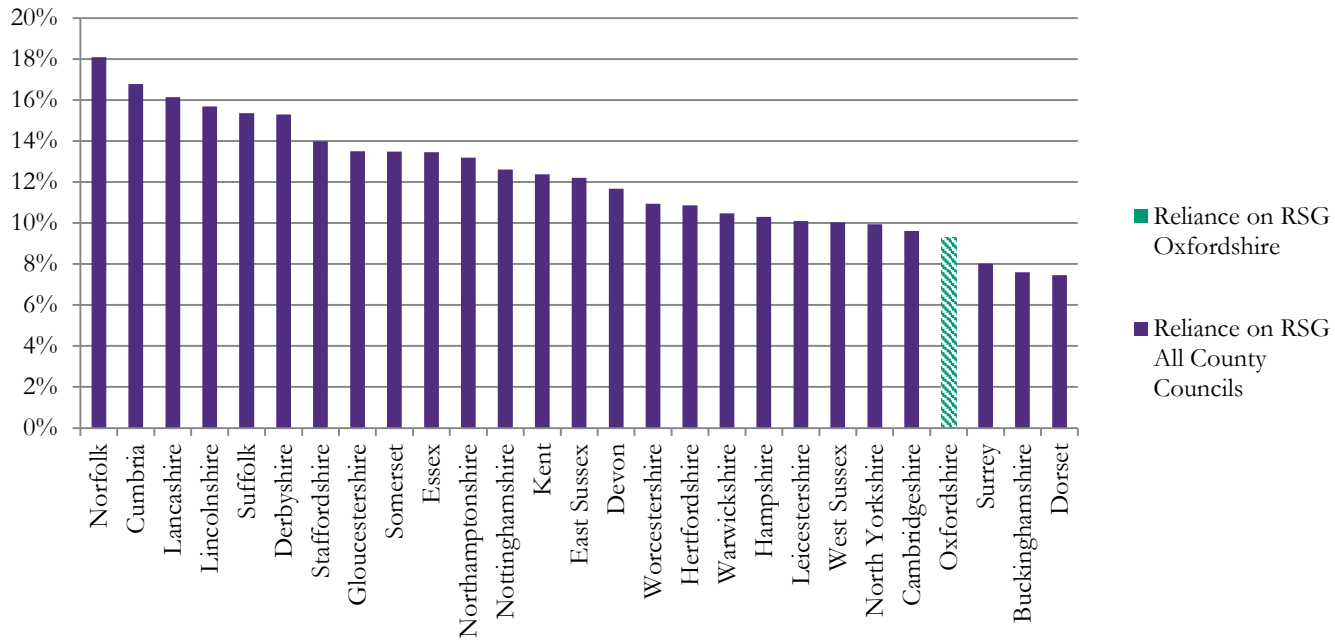
Cost savings and value for money (continued)

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

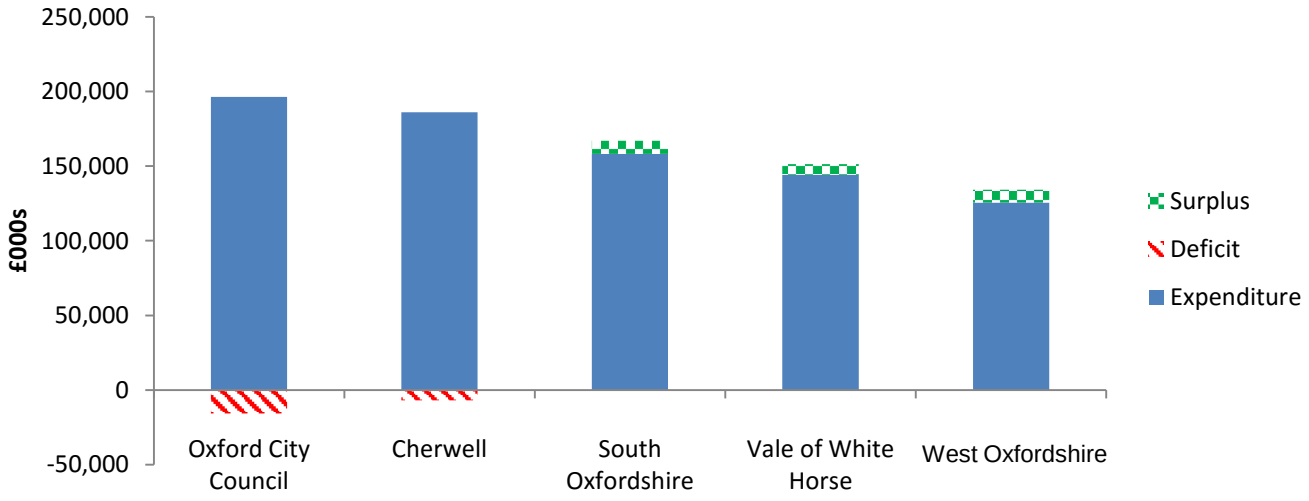
It is not possible to anticipate what view central government will take in determining the settlement funding allocation for newly-formed unitary authorities, especially at a time when funding for all authorities is being reviewed and the proposal for full business rates retention is due to be implemented 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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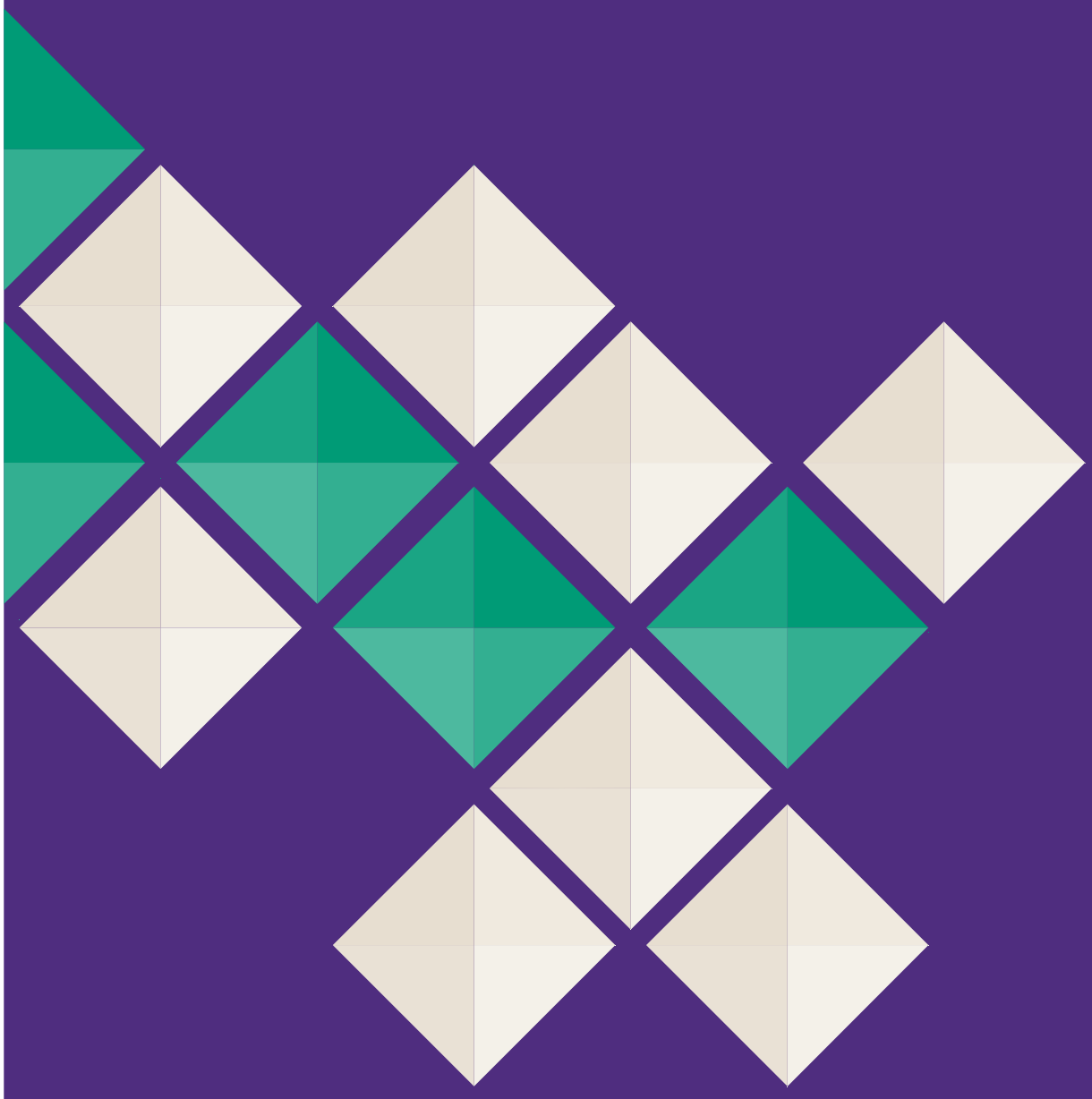
Economic growth and infrastructure



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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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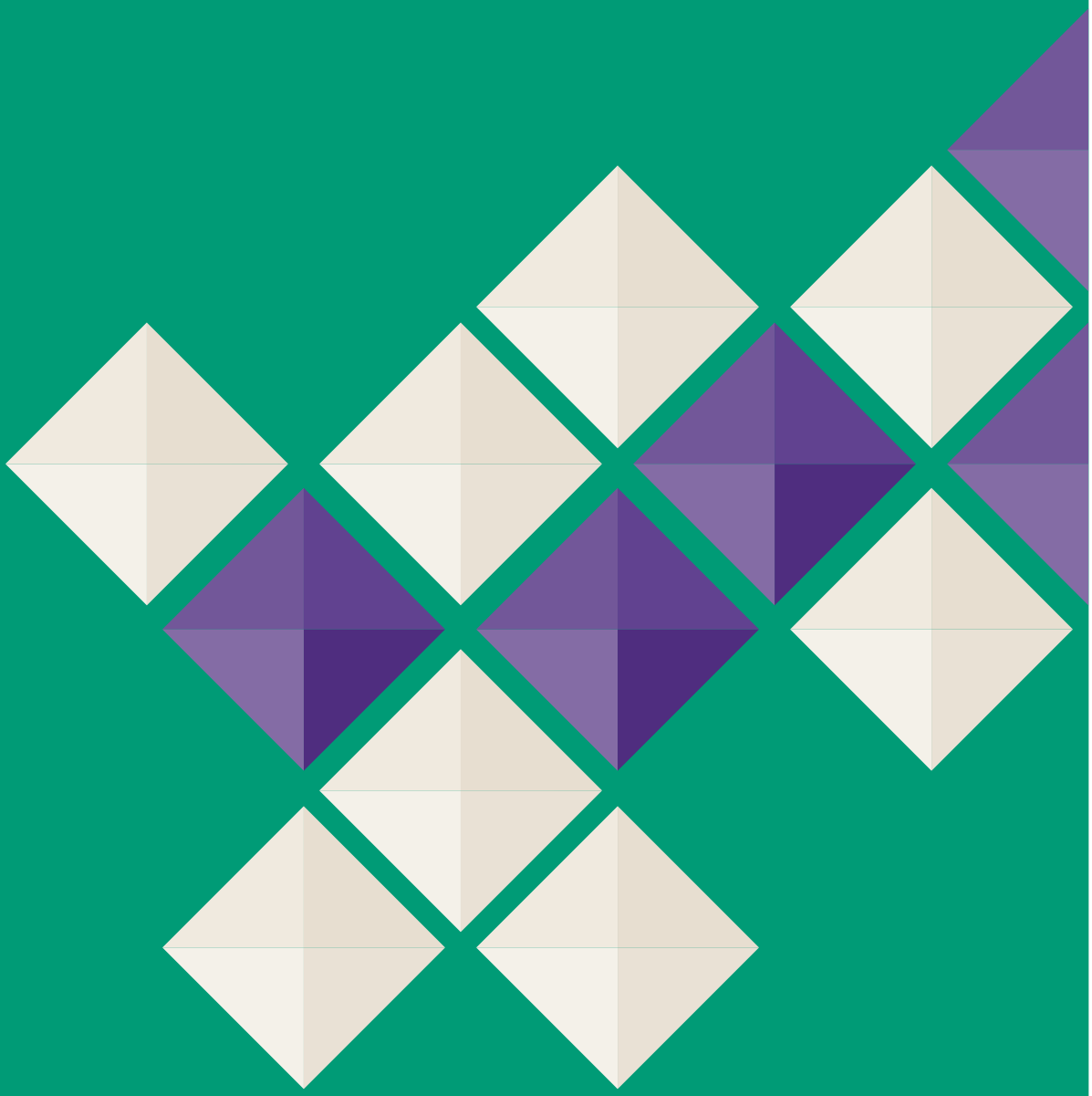
Leadership and accountability



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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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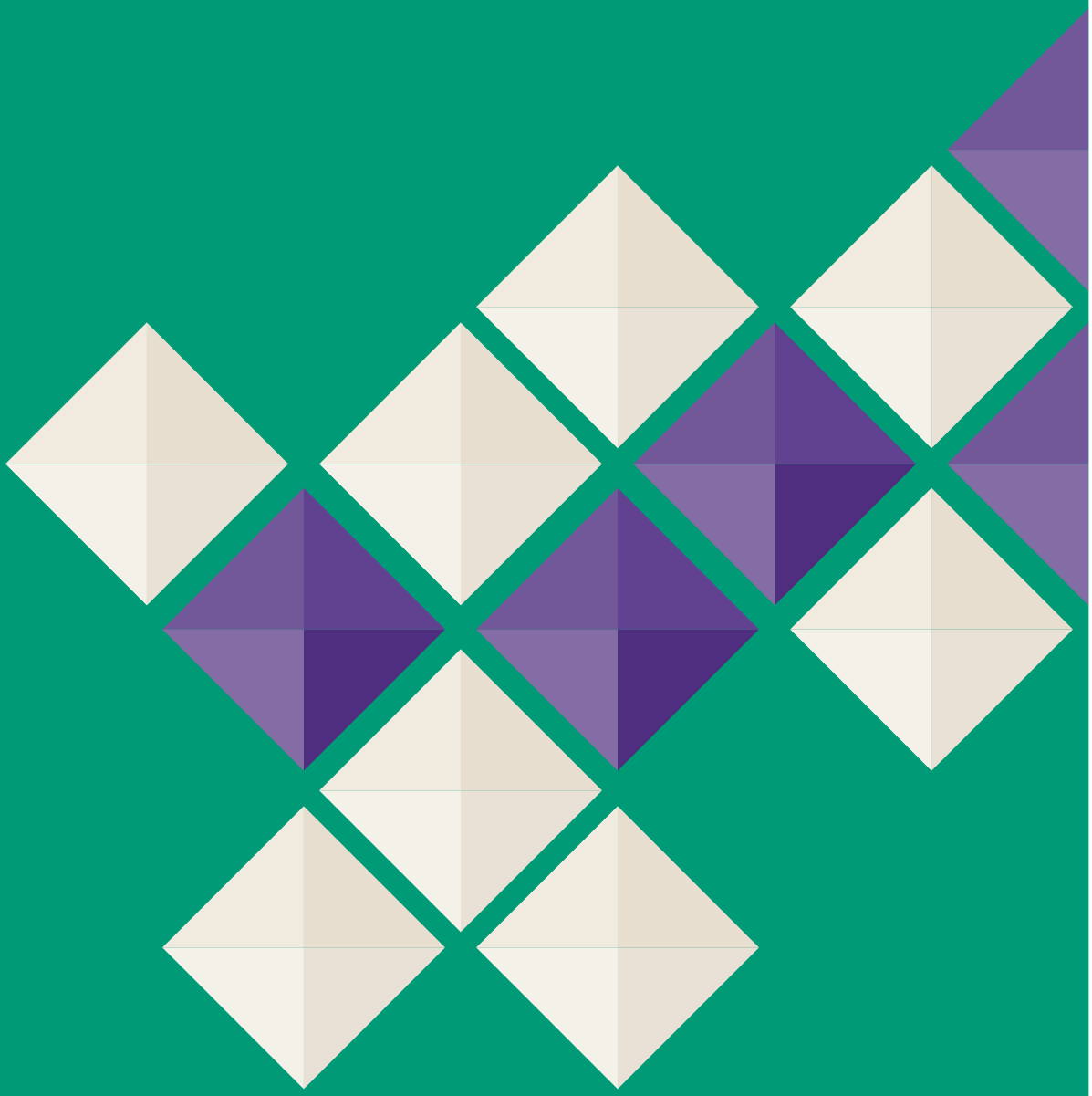
Local engagement and empowerment



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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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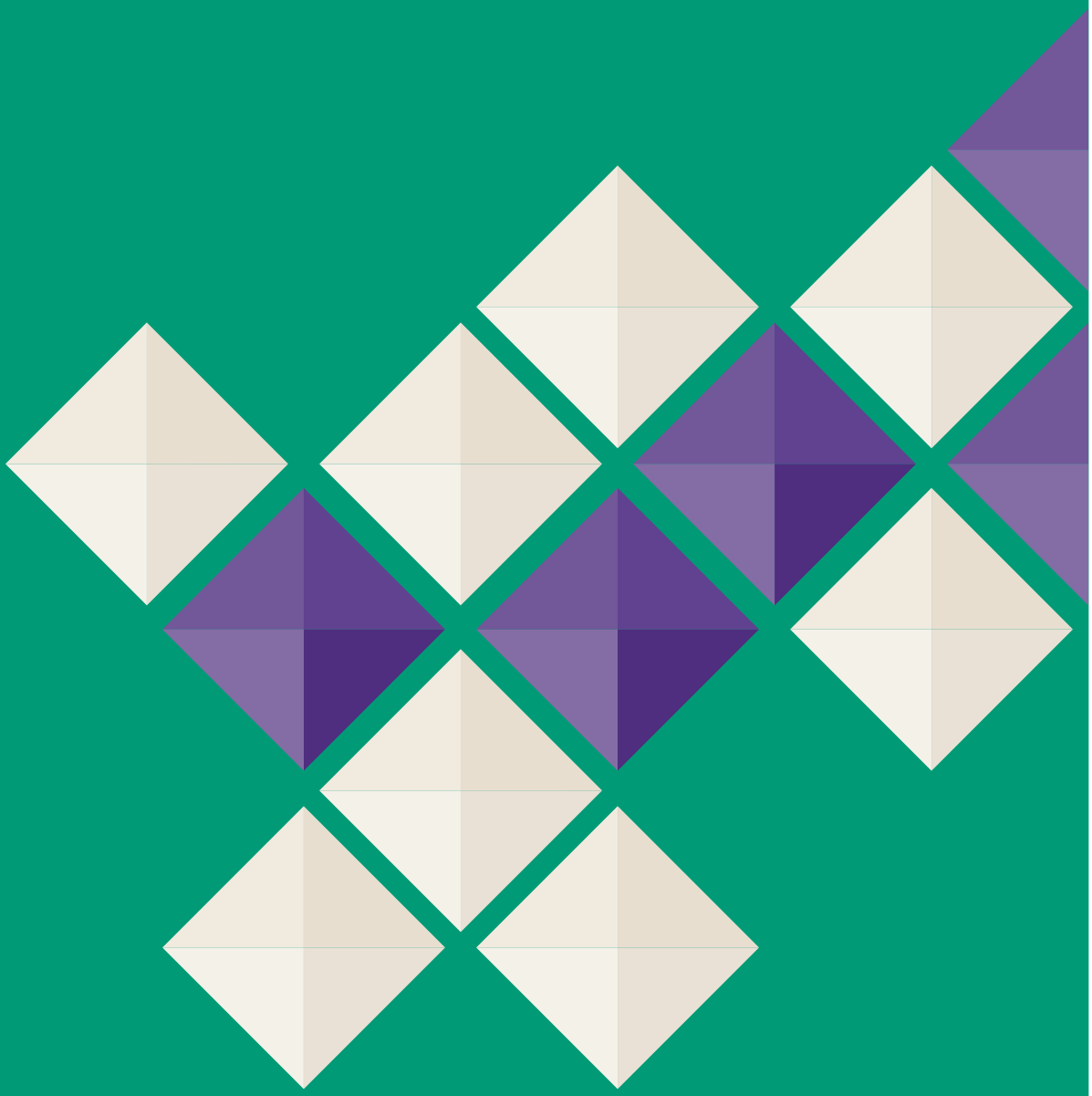
Summary of findings for each option



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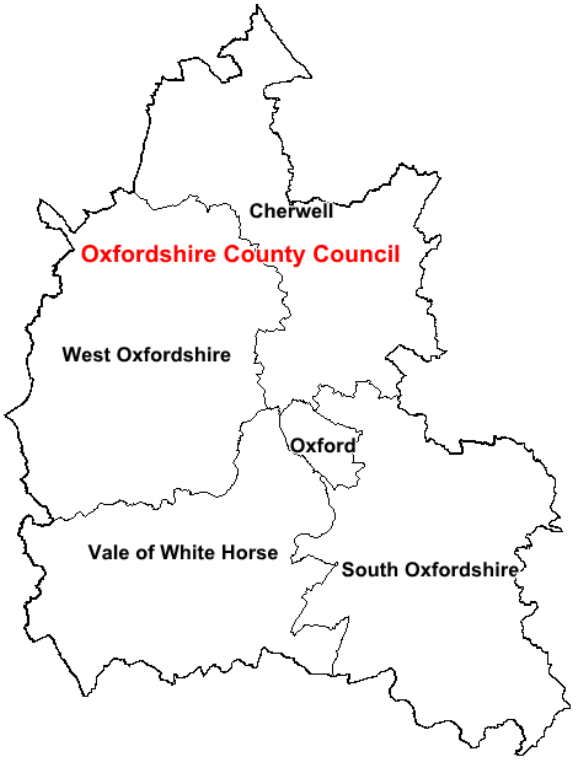
Option 5 – The status quo

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.

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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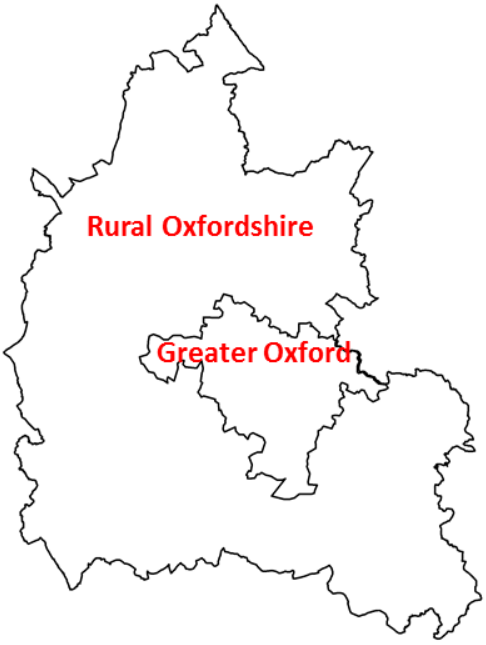
Option 3 – Two unitary Councils

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 on the boundaries of Oxford.

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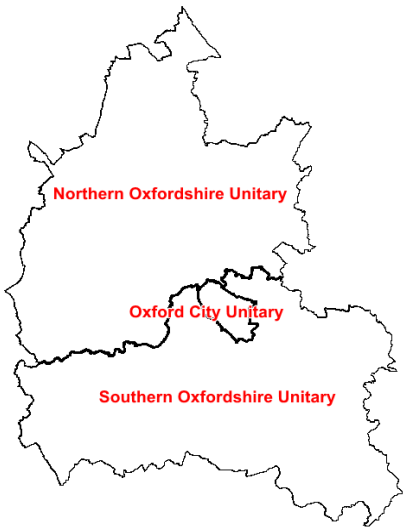
Option 2 – Three unitary councils



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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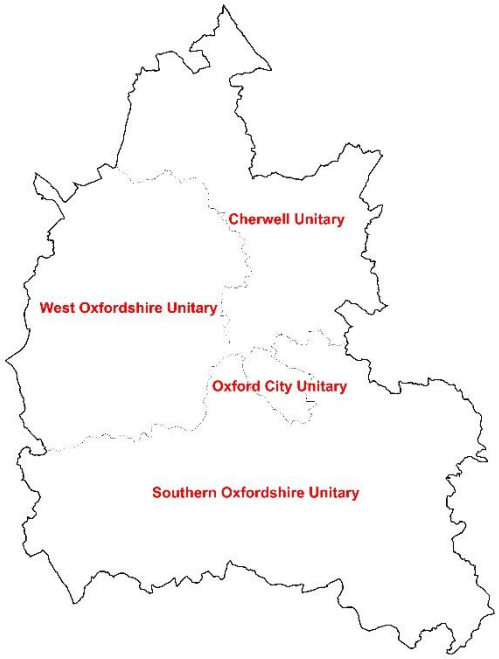
Option 1 – Four unitary councils



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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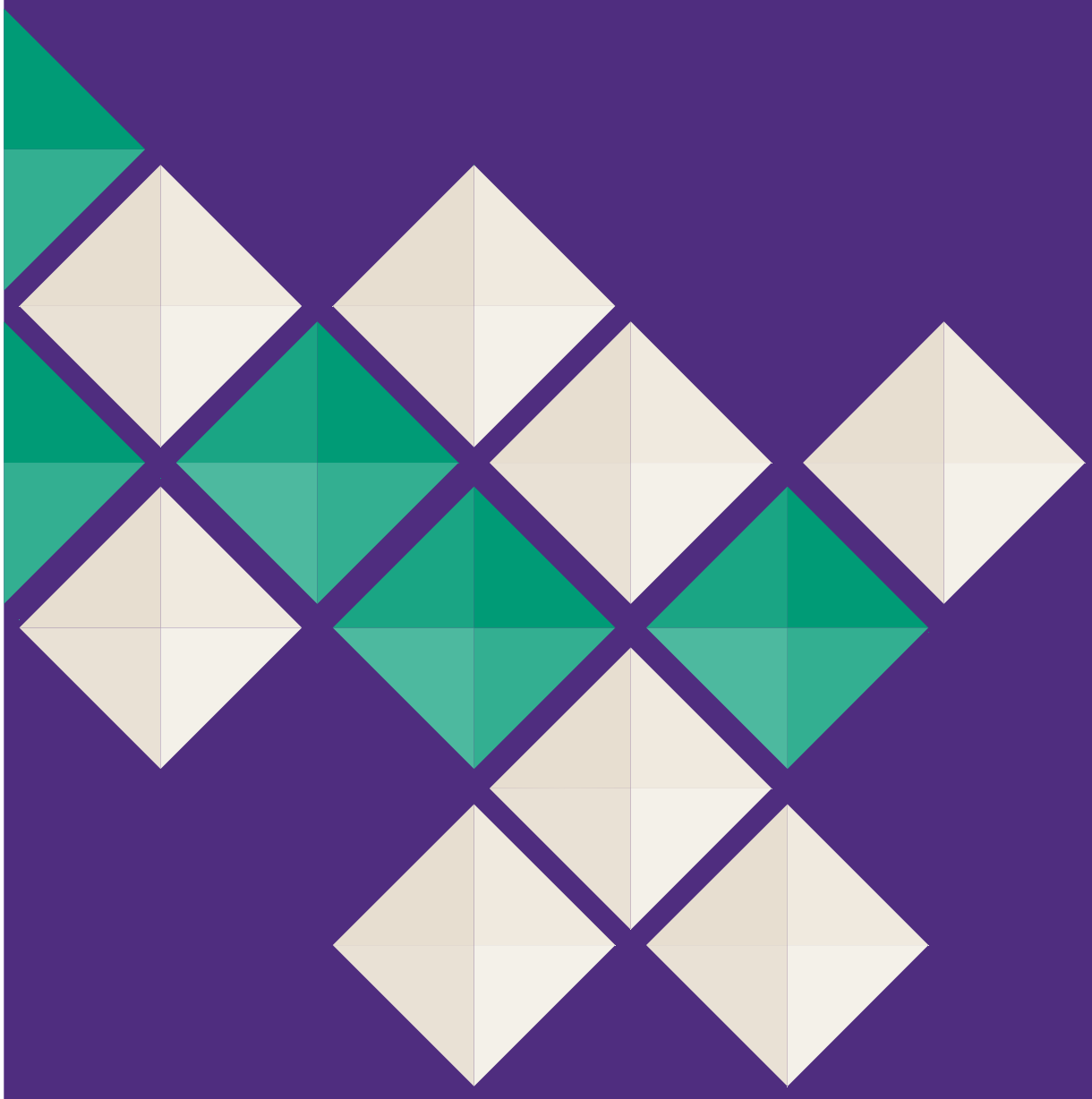
A sixth option?



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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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