

Oxfordshire Unitary Government Study

July 2016

Review of proposed Unitary
Authority options with a Combined
Authority

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Important notice

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

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Executive summary

Introduction

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

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

1. ***Rising demand and declining budgets means that traditional approaches are not sustainable.*** Oxfordshire County Council's use of reserves to balance the budget for each of the last four years is not sustainable in the long run and it needs a fundamental transformation.
2. ***A sustainable solution requires integration across the whole system and a wholesale commitment by all parties to truly integrated outcomes to start shifting activity up stream to reduce long run demand.*** This is particularly the case in adult social care, and to a lesser extent children's services, where the level of demand, costs involved and importance of protecting the vulnerable demands a robust, ambitious and innovative response that recognises no single organisation can do it alone. Some stakeholders are not convinced the County recognises that it needs new skills and capabilities to effectively work in different ways without being in direct control.
3. ***Long standing frustrations with planning, transport and housing delivery are now having a material impact on operational performance and will increasingly hold back the potential of the region.*** The split of governance, decision making, strategic development and service provision across the two-tier system has not provided a whole-place approach to these issues. Therefore the current rate of economic growth will be increasingly constrained by the lack of capacity of the transport network, unmet demand for affordable housing and commercial space, and a lack of clear strategic planning vision. Stakeholders are already citing practical examples where they are struggling to fill posts due to the consequences of these issues. A unitary model could help achieve this.

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

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

The five options considered in this study are:

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

Population size

1. A single UA option for Oxfordshire would make it the third largest UA in England, third to Birmingham and Leeds. Oxfordshire's population could reach 883,637 by 2031 if the 100,000 housing need was met as outlined in the Strategic Housing Market Assessment. Whilst there are other single tier authorities of this size, the others are either city UAs or county UAs that do not have a large city within them.
2. The four UA option creates three of what would be the smallest UAs in population terms in England and would be unequal in proportion to South Oxfordshire.
3. The three UA option creates a more equal distribution of population between the Northern and the Southern UAs, with the city having a lower population in general, but a higher proportion of working age population. This option also recognises and reflects the distinct socio-economic conditions of the City.
4. The two UA option creates the 9th largest single tier authority in England, but also one of the 18th smallest. This creates a potential imbalance that could be addressed by expanding the city boundary.

Financial analysis – value for money and cost of transition

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

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

- Based on this methodology, the 4UA and 3UA options are in deficit with the exception of Southern Oxfordshire UA which is in a surplus of £20.1m (pre transformation). For the 4UA, 3UA, 2UA options, Oxford City has the largest pre-transformation deficit in both 2015/16 and 2020/21 (£10.7m and £16.8m respectively), though these amounts represent just 1% and 2% of total revenue expenditure across Oxfordshire. For the expanded 2UA option, Oxford City has lower deficits of £6.2m and £12.4m for 2015/15 and 2020/21 respectively. For the 1UA option, there is no surplus or deficit. This revenue neutral position is to be expected given that the 1UA option encompasses all five Districts and the County Council.
- After transformation savings and efficiency costs, (of between £113.3m and £56.4m over a 5 year period), all the UA options are in a surplus, with the exception of Oxford City.
- Based on the analysis we have undertaken and the assumptions we have used, an Oxford City UA would be in deficit post transformation, except with an expanded boundary. If the Oxford City UA is expanded, its deficit is replaced with a small surplus of £1.9m.
- This is due to a disparity between the funding and expenditure for children's services, and a lesser extent adults services. All UAs are sensitive to this service, and in any of the UA models, there must be a commitment to shared commissioning and delivery mechanisms and pooled grant to ensure that funds are allocated on a needs basis as opposed to a geographical basis. By sharing the commissioning and delivery of these services (and funding these through pooled resources), the financial disparity is significantly reduced between the different UAs, providing Oxford City with a surplus of £5.5m in 2021, increasing Cherwell's surplus to £10.6m, whilst reducing Southern Oxfordshire and West Oxfordshire surpluses to £17.3m and £3.1m respectively).
- On its existing boundary, Oxford City generates significant business rates and is a net contributor to the Treasury, which in a future local government finance system with the 100% retention of business rates, will improve the Oxford City financial position.
- The ability to deliver the planned growth up to 2031 will also have a material impact on the financial position of all UA options– it has the potential, if managed properly, to have a positive impact on the overall financial capacity and resilience of the Oxford City unitary. The extent of this will depend on the level of investment required both to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).
- Based purely on our analysis, a single Unitary Authority has the potential to generate the most financial benefits due to the economies of scale (an estimated net saving of £113.3m over a 5 year period).
- A 2UA option (based on the existing city boundary) provides £94.5m net savings and has similar financial benefits as the Expanded Oxford City option. However, the mismatch and imbalance between the population size, resources and service levels between the two Unitary Authorities does need to be considered. By design it creates a new two tier status, but in this case, between the two Unitaries.
- A 3UA option provides net savings of £75.5m over 5 years, and based on our analysis, two of the authorities are financial stable. The Oxford City Unitary (for reasons outlined above) would be in deficit in revenue terms by £16.8m in 2020/21 (pre-transformation). This deficit would need to be remedied through a needs based spending settlement but it is not material in terms of the total spending across the local government system. This option reduces the mismatch between the population sizes of the UAs (157,997, 252,652 and 261,867).
- The 4UA option provides the least financial benefit (£56.4m net savings over 5 years), whilst also having significant differences in the financial position of the various UAs (South Oxfordshire in a surplus of £20.1m in 2020/21 (pre-transformation) and the remaining three UAs in a deficit.

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

Strong and accountable local leadership

- The 4 UA model provides the maximum level of democratic accountability and connectivity to local communities.
- The 3 UA model would provide a balance between addressing local needs in communities, increased accountability through three democratic structures within Oxfordshire, and it would reflect and recognise distinct urban and rural issues, and different socio-economic characteristics that any new local government settlement needs to address.
- The 2 UA option recognises the difference between urban and rural priorities and the different demographic and socio economic characteristics. However the scale of the expanded area of Oxfordshire dilutes democratic accountability in the rural geography, with a population of 452,246 and a geographical area of 2,245km².
- A single UA will be viewed as similar to the current County arrangement which risks a remoteness of services and gives rise to loss of accountability with potentially lower levels of political representation at decision making committees than other models. This would need to be addressed through the creation of sub-structures and area committees which could result in reduction of benefits from economies of scale, albeit greater representation. Routes of accountability would need to be made clear in this option.

Delivering better services

- All councils across Oxfordshire need to further transform service delivery as part of the move to a self-financing model for local government. This is an opportunity to further redesign services around users and communities with the ability to reflect local priorities and plans for growth.
- A single UA will generate economies of scale but this needs to be balanced with the fact that it will become the third largest single tier authority in England that will need to provide District level services to a city and rural areas. This option carries a risk of a lack of responsiveness to the diversity and vast differences in local needs across the County geography. A bureaucracy of this scale may be less flexible and agile to the changing nature of need and demand, so mechanisms would need to be created to enhance responsiveness of the 1UA option.
- A 2 UA option enables a tailored approach to rural and urban geographies, but is imbalanced between City and 'donut' (population size, demography and economics).
- A 3 UA options provides better alignment to geographic and urban / rural settings and economy and tailoring services to rural and urban geographies. This option addresses the imbalances of City and 'donut' option and builds on existing relationship in the South of the County.
- Whilst providing the opportunity for the most extensive tailoring of services to local needs, a 4 UA option would provide limited opportunities to achieve economies of scale.

Combined Authority

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

- The Combined Authority provides a mechanism for pooling funds, resources and raising income to maximise growth or address need/ service demand.
- At the same time, the CA model allows a degree of local UA flexibility and efficient delivery through UAs and partners, and provides a strong platform for ongoing dialogue with government to secure further investment and devolution.
- It would also provide a means to give business, health, police and other key partners a seat at the table and a voice in collective decision making, providing overall leadership and coordination of the public sector in a single decision making body.

Children's services

- Children's services in Oxfordshire are generally good, but faced with rising demand and declining budgets there are concerns that capability and capacity will become stretched and result in a retrenchment into statutory protective responsibilities. Protecting vulnerable children must remain the overriding priority, but alongside those that need intensive support is a need to focus on those on the edge of care to help prevent more children from requiring intensive support through early identification and action.
- The ambition is to progressively reduce the number of children needing intensive support through earlier identification and action, while improving the outcomes for any children that do come into care. The goal is to enable local government, health and police authorities work ever closely together to provide leadership on a shared ambition for children across the region.
- Helping prevent children needing external support and helping families help themselves is a shared responsibility, requiring a commitment across local government, the NHS, the police, the wider public sector, as well as the voluntary and community sectors and the engagement and commitment of children and young people, their families and their communities. It requires system wide reform which the combined authority would be committed to leading.
- Alongside the protective duties of local government, a unitary and combined authority model as part of a devolution deal would complement a fundamental review of the whole system so that it focusses on building on the strengths of the current system while also designing in early and preventative work with children and young people, their families and their communities.

Adults services

- Adult social care is a system under strain nationally and locally. There is universal recognition that better co-ordination of health and social care designed around the person is needed to both improve service outcomes and to reduce costs. Shifting care into the community, closer to home, making care more personalised and supporting people to live independently for longer is the overall aim.
- The challenge in Oxfordshire is making this shift happen. There is overall agreement on the need for integration of commissioning but the execution of those plans are still at a formative stage and linked to specific services. In addition there is a need for one team delivery of out of hospital services, which a unitary solution for local government would help create. Greater alignment and collaborative working could be designed in with synergies across community services such as housing, recreation and leisure that help to keep people out of hospital and enable them to live independently for longer.
- The overall state of health in Oxfordshire is good, and has improved, but it is recognised that to continue improving a more comprehensive approach to tackling health challenges is needed. Integration of health and social care was a key element of the devolution proposals which all parties in Oxfordshire agreed. That remains the case, but there is an increasing ambition to move forward at pace and truly integrate the resources, responsibilities and roles in a shared approach across health and local government. A joined up approach to service delivery and effective demand management is the aim of

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

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

Conclusion

Oxfordshire now has to make a choice.

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

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

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

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

1. Introduction

1.1 Background context

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

1.1.1 Oxfordshire

Oxfordshire has a population of 672,516¹ and covers a geography of 2,606 km squared. It is administered by a two-tier local government system.

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

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

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

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

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

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

1.1.2 Purpose of the study

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

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

¹ Office National Statistics - 2014

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

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

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

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

1.1.3 The options

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

Table 1: The Unitary Options

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

4UA	As above but with districts in the north remaining separate.	1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) West Oxfordshire 4) Cherwell
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An alternative 4 UA 'outer-County' option was initially within scope of the study which included a West Oxfordshire & Cotswold unitary option and a Cherwell & South Northamptonshire unitary option that built on existing working relationships. However this option was removed from the scope following discussions we held with local and national stakeholders which concluded that this option was not feasible within reasonable timescales given the additional complexity and consequential impacts it would have on additional areas outside of scope. It was clear that the lack of support for such an approach made any further analysis of this option of limited value.

2. The case for change

2.1 Devolution

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

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

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

To deliver against these opportunities, in the context of decreasing budgets and the potential for more accountability and control over functions, local authorities recognise that they have to be able to influence and co-ordinate strategy, investment and delivery of services across a much broader range of public sector organisations. Council leadership has shifted from being about directing delivery, to providing the place leadership for a more inclusive and collaborative arrangement that works not just for the wider public sector but which also engages and empowers leading firms, knowledge institutes and engages citizens².

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

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

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

2.2 Local government reform

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

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

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

Councils have embraced an agenda of transformation that has not yet been seen in many other areas across the public sector. The last six years have seen a period of fundamental change for local government. For many years, local authorities sought to improve outcomes for citizens primarily by managing the delivery, or by commissioning the delivery, of services in their local areas. The prolonged austerity has meant the ability to support vulnerable people, help children and young people reach their potential, grow local economies and keep communities safe through traditional service delivery has been severely compromised. In an annual survey of local authority leaders and chief executives PwC found a high expectation that some local authorities will fail to deliver the essential services that residents require, rising from 43% in the next year to 77% in the next three to five years. Over the last five years the public acceptance of cuts in local authority funding has fallen from nearly half to just under a third³.

For some authorities, facing rapidly changing, growing and complex demands while dealing with almost certain contraction in Government funding has led to an exploration of how to manage withdrawal and retreat to core and statutory services. For others, the outlook is different and they are exploring what they want to achieve, assessing everything they do and foster new ideas, innovation and thinking about how they deliver outcomes⁴.

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

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

2.3 The opportunity for Oxfordshire

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

- the fastest growing economy of any LEP area since the recession, with economic growth of over 20% GVA between 2009 and 2013⁶
- the lowest JSA claimant count in the country (2178 (0.5%) - July 2015)
- world renowned knowledge-based and quality of life competitive advantages;
- been named as the most innovative area in the country⁷, second only to London for growth of fast growing businesses⁸

³ PwC, 2016, The Local State We're In

⁴ PwC, 2016, Beyond Control, Local government in the age of participation

<http://pwc.blogs.com/publicsectormatters/2016/03/beyond-council-control-harnessing-the-power-of-participation.html>

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

⁶ <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-393471>

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

⁸ Enterprise Research Centre

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

So why change?

Whilst the local economy is growing steadily, there are serious underlying challenges which need to be addressed in Oxfordshire, in order to maintain and enhance the sustainability of the economic growth and future prosperity of Oxfordshire. The Oxfordshire Innovation Engine⁹ report published in 2014 found that the rate of growth in Oxfordshire had been constrained and could be significantly improved by:

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

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

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

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

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

⁹ <http://www.sqw.co.uk/insights-and-publications/oxfordshire-innovation-engine/>

¹⁰ A plan for unlocking growth, housing and jobs in the Cambridge – Milton Keynes – Oxford corridor Terms of Reference

¹¹ Oxford and Oxfordshire City Deal

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/276205/Oxford-Oxfordshire-City-Deal.pdf

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

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

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

The proposal to Government includes:

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

2.4 Responding to the opportunity in Oxfordshire

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

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

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

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

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

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

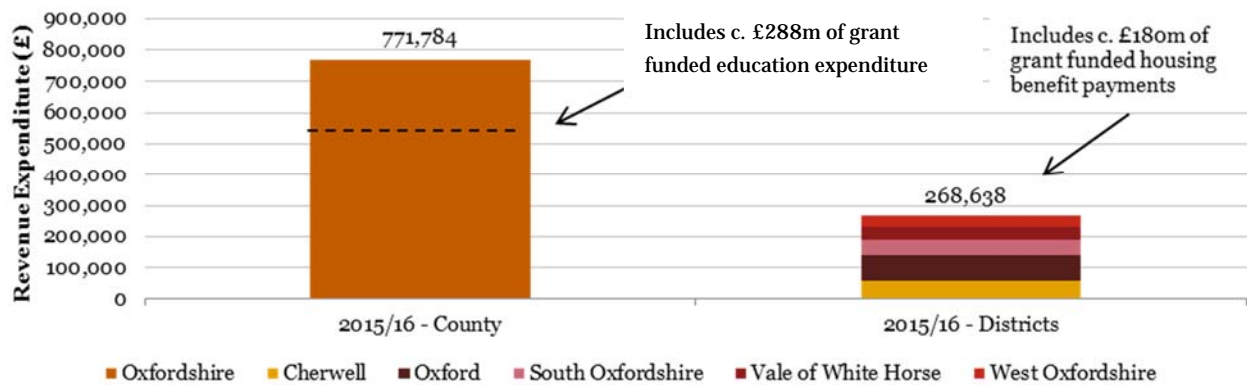
2.5 The current model

2.5.1 Current expenditure

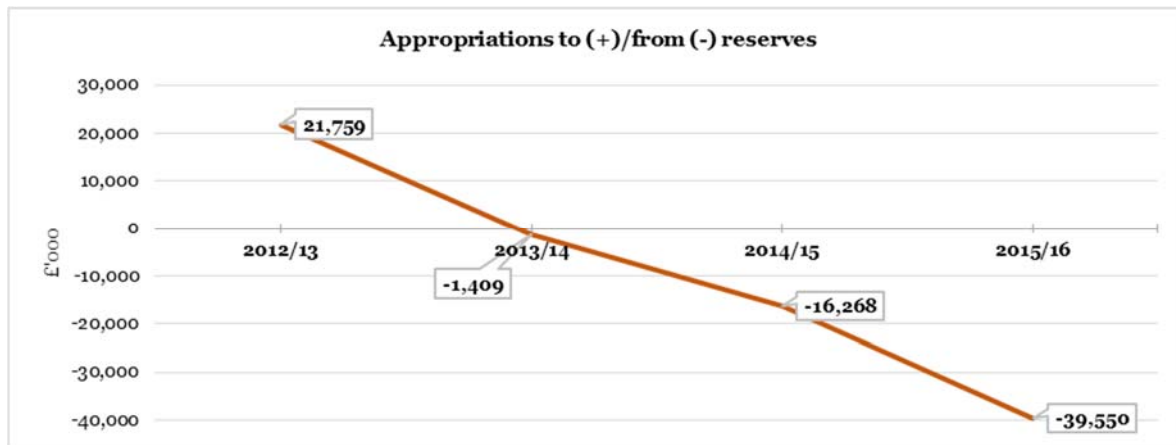
The County Council currently operates on a much larger scale compared to the five District Councils. As evidenced by the 2015/16 RA data, the County's revenue expenditure budget totals £793.5m; 8.7 times larger than the combined revenue expenditure of the five districts (£91.1m). Education services account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

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

Net Current Expenditure in 2015/16 per RA data



Whilst the County Council has been in a position to make contributions to its financial reserves as recently as 2012/2013 (+£21.8m); since then it has found itself having to appropriate from its reserves on an annual basis and to an increasing extent, with appropriations totalling £39.6m as per the 2015/16 RA data. The Districts have balanced budgets for the next 4 years, hence only the County data is considered here.



Over the period to 2019/20, the County Council are projecting the need for substantial increases in council tax yield of approximately 6% per annum¹².

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

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

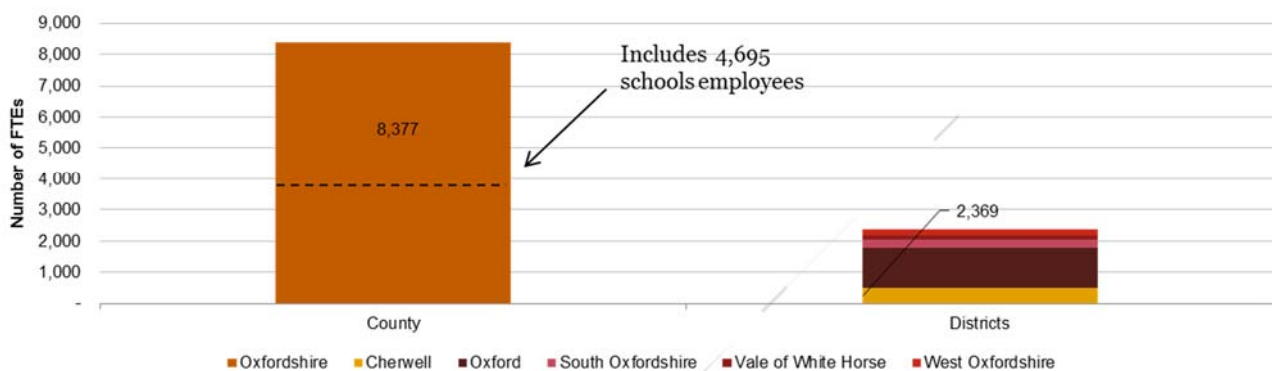
¹² Oxfordshire County Council data

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

2.5.2 Current resources

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

Number of Full Time Employees (FTE) 2015/16



2.5.3 Current business models

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

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

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

Table 2: Proportion of staff spend versus third party spend

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

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

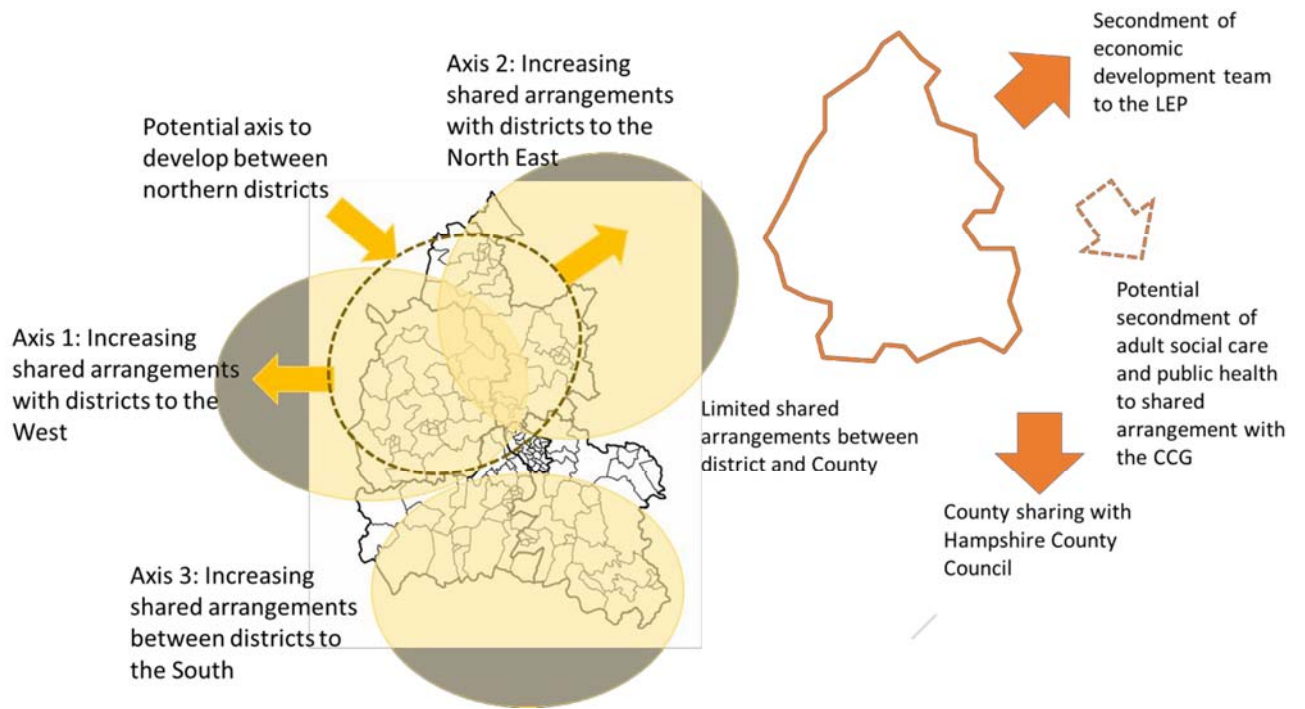
The principal current alignments between District Councils are between:

- West Oxfordshire District Council with Cotswold District Council (located within Gloucestershire) and beyond** – Shared service management arrangements are in place, although operational service delivery is often undertaken at a single council level. This shared working arrangement is being further developed through a Vision 2020 plan to increase shared services between the authorities and with Cheltenham Borough Council and Forest of Dean Borough Council. Some major services are currently outsourced to third parties through single council contracts and a significant minority of services continue to operate on a single council basis at both management and delivery level e.g. Planning and Strategic Housing; Democratic and Member Services and Communications.
- Cherwell District Council and South Northamptonshire District Council (located in Northamptonshire)** – This extensive joint working arrangement is now managed through a joint committee and a strategic transformation programme. The authorities have adopted the model as it “streamlines the complexity associated with collaborative working and drives the operational performance and delivery of commissioned services”. The respective Executive and Cabinet have agreed to move to a confederation model with councils as parents of Teckal and other independent companies for service delivery to trade with public sector organisations and the private sector. The goal is to improve growth and self-sustainability with full transition by 2018. The new delivery arrangements offer a flexible alternative to more traditional arrangements, combining the opportunities for cost savings with the development of valuable future revenue streams. Most services are delivered in-house, with staff remaining employed by their council of employment prior to sharing of services. There is an expectation that staff divide their working time equally between each council. Costs are apportioned on a service-by-service basis according to an agreed business case.
- Vale of White Horse District Council and South Oxfordshire District Council** - Due to their proximity they have many common issues, particularly as regards growth. Their merging of services started in 2008 with a decision to create one shared management team, building on some joint work in financial functions. The decision meant an initial reduction of senior management posts from 21 to 12, creating recurring savings with one off redundancy and pension costs. South Oxfordshire had outsourced more of its service management and delivery to external companies in

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

- **Oxford City** - Oxford City Council operates as a single council with no shared service arrangements currently in place. Council services are provided in-house, with exception of management of leisure centres (outsourced to Fusion Leisure in March 2009, contract ends April 2024) and ICT services. The Council achieved the MJ council of the year award in 2014 and was awarded Investors in People Gold and Champion status in 2015. The council has retained housing stock of 7500 dwellings. It recently agreed to establish a wholly owned Housing Company to undertake new build and investment in housing. The council has also set up joint venture LLP companies to deliver housing and regeneration schemes. The first is in partnership with Grosvenor to deliver more than 800 new homes at Barton, the second is partnership with Nuffield College to deliver between 300-500 new homes and regeneration of the West End of the City. The council has set up a fraud investigation team which has saved over £3 million in avoided losses and provides services to surrounding authorities. The City Council provides road maintenance services in the City on minor roads. Additionally the council undertakes external trading with public sector organisations, private individuals and businesses providing services such as building maintenance, vehicle repairs, refuse collection and engineering services.
- **Oxfordshire County Council** - The County Council also have shared service arrangements, primarily in partnership with Hampshire County Council for back office functions. The county and districts tend not to have too many shared functions because of their different responsibilities. In 2010, the council agreed a ten year partnership agreement with WS Akins for highways maintenance, design and construction which was transferred to Skanska in 2013 following a restructuring of the suppliers UK business. In 2012 another ten year contract was agreed with Carillion for the provision of a broad range of facilities management and maintenance services.
- **Additional planned collaborations** – In addition to these existing collaborations both West Oxfordshire and Cherwell District Councils have been discussing the potential for further amalgamation of their responsibilities within an extended shared management and potential delivery arrangement.

Figure 1: Principal Current Alignments



3 Analysing the Unitary Authority options

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

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

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

Ensure strong and accountable local leadership and governance

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

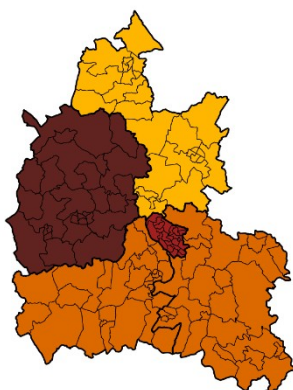
Delivering better public services

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

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

3.1 Four Unitary Authorities

The four Unitary Authorities includes the following:



West Oxfordshire (comprises current West Oxfordshire District Council with a geographical area of 714km²)

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

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

Southern Oxfordshire (comprises current South Oxfordshire and

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

Demographics

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

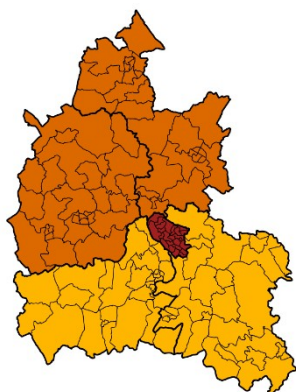
Population data for 2031 are shown for illustrative purposes and reflect housing growth projected in the Strategic Housing Market Assessment¹³. The net financial impact of these have not been analysed as part of this report. This is because there are no long-term (past 2021) budget projections for the local authorities in Oxfordshire, and this, coupled with an unknown future of the local government finance system means that any modelling would be of limited value as it would be reliant on too many overlaid



assumptions. Southern Oxfordshire has the joint lowest proportion of working age adults (18-64) with 58% and the joint highest proportion of both individuals under the age of 18 (22%) and those 65 and over (20%). In contrast, those 65 and over account for only 11% of Oxford City’s population, whilst its working age population is the largest, in percentage terms of the four UAs, making up 70% of its total population.

3.2 Three Unitary Authorities

This option has the following three unitary authorities:



- **Northern Oxfordshire** (comprises current Cherwell and West Oxfordshire District Councils with a geographical area of 1,303km²)
- **Oxford City** (comprises current Oxford City Council with a geographical area of 46km²)
- **Southern Oxfordshire** (comprises current South Oxfordshire and Vale of White Horse District Councils with a geographical area of 1,257km²)

Demographics

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

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

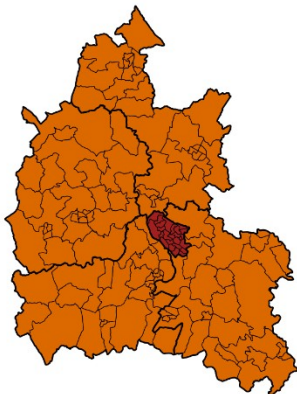
Unitary is the most densely populated of the three proposed authorities, with a geographical area of just 46km² home to a population of 157,997; a number which itself is set to grow by 41% to 222,495 over the period to 2031.

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



3.3 Two Unitary Authorities

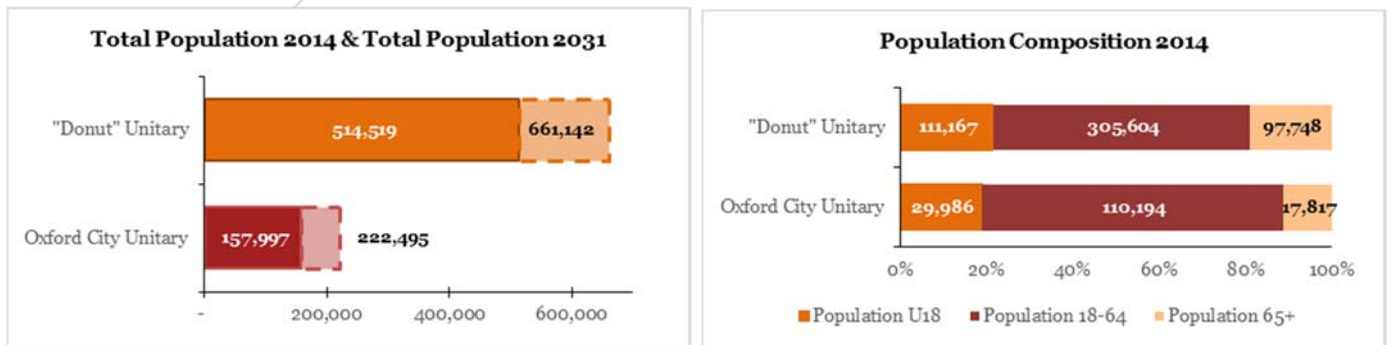
This option has the following two unitary authorities:



- Oxford City** (comprises current Oxford City Council with a geographical area of 46km²)
- “Donut”** (comprises current Cherwell, South Oxfordshire, Vale of White Horse and West Oxfordshire District Councils with a geographical area of 2,560km²)

Demographics

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



3.4 Two Unitary Authorities – Expanded Oxford City

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



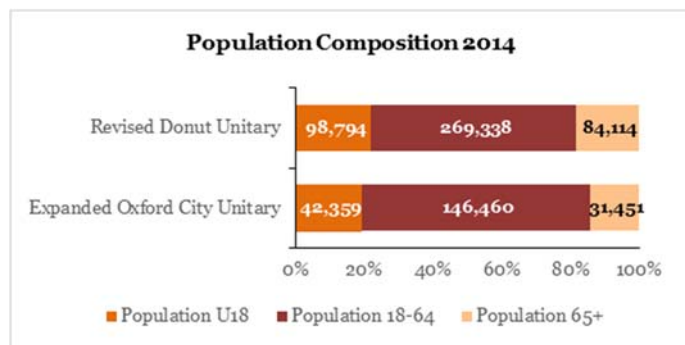
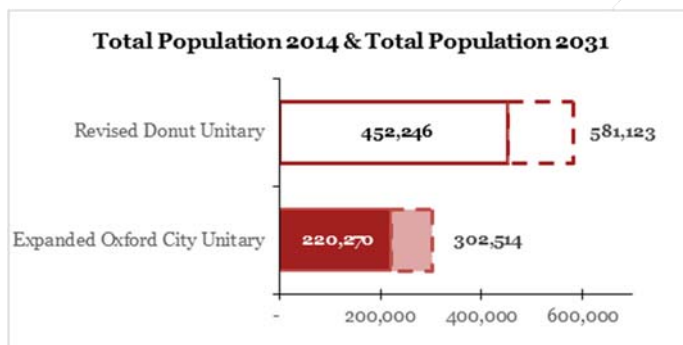
- Expanded Oxford City** (comprises current Oxford City Council + 3 Cherwell wards, 4 South Oxfordshire wards, 5 Vale of White Horse wards and 1 West Oxfordshire ward with a geographical area of 361km²)

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

Demographics

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

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



3.5 One Unitary Authority

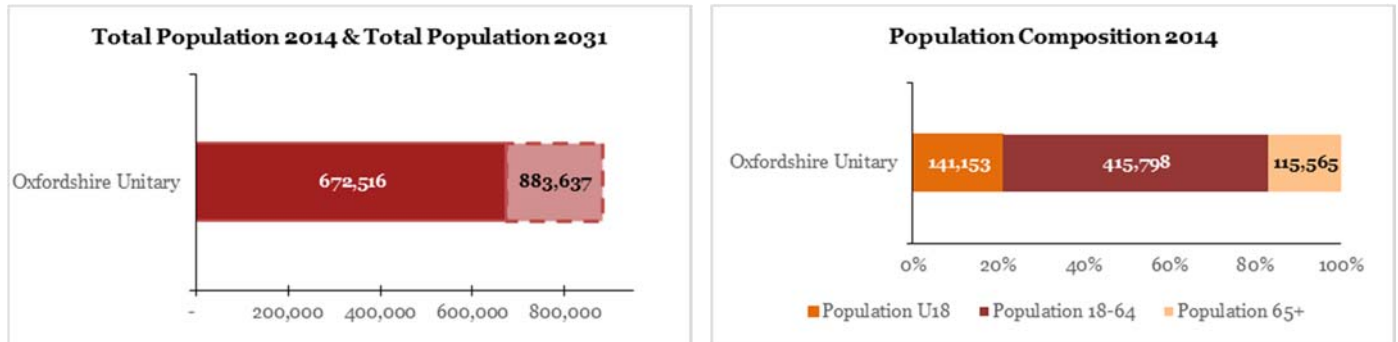
This option sees the establishment of a single unitary authority for the region.



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

Demographics

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



3.6 Population impacts of the UA options

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

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

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

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

4 Financial analysis

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

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

Step		Approach
1	Financial disaggregation of income and expenditure	Income and service expenditure incurred by both the Districts and County was analysed, and disaggregated by the 'key driver' for that income or expenditure (e.g. by population, children, rateable value, etc.) to each ward within Oxfordshire.
2	Financial viability analysis of UA options	Each UA was then re-constructed based on the wards it includes. This analysis outlines the aggregate level of service consumed by each UA and the corresponding contribution it makes based on current and forecast expenditure. However, at this stage, it does not reflect any transitional costs or change in the way services are provided
3	Transition savings/costs for UAs	Based on the data provided, our experience from other projects and evidence from previous local government reorganisation, we have estimated: <ul style="list-style-type: none"> • FTE reductions from removing duplication and creating efficiencies. • Employee severance costs • New management structures • Election / democratic savings • Asset disaggregation (change in the level of core office space required due to changes in staffing levels) • Transformation savings • Other transition costs (which includes project/change management costs, Business/systems costs, ICT integration, Closedown of authorities, Signs / logos / rebranding).
4	Payback	Based on the analysis undertaken above, we undertook an assessment of the payback periods for each option

4.1 Financial analysis of UA options

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

4.1.1 Underlying baseline position

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

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

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

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

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

4.1.2 Efficiency, transformation and transition costs

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

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

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

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

4.1.3 The analysis

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

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

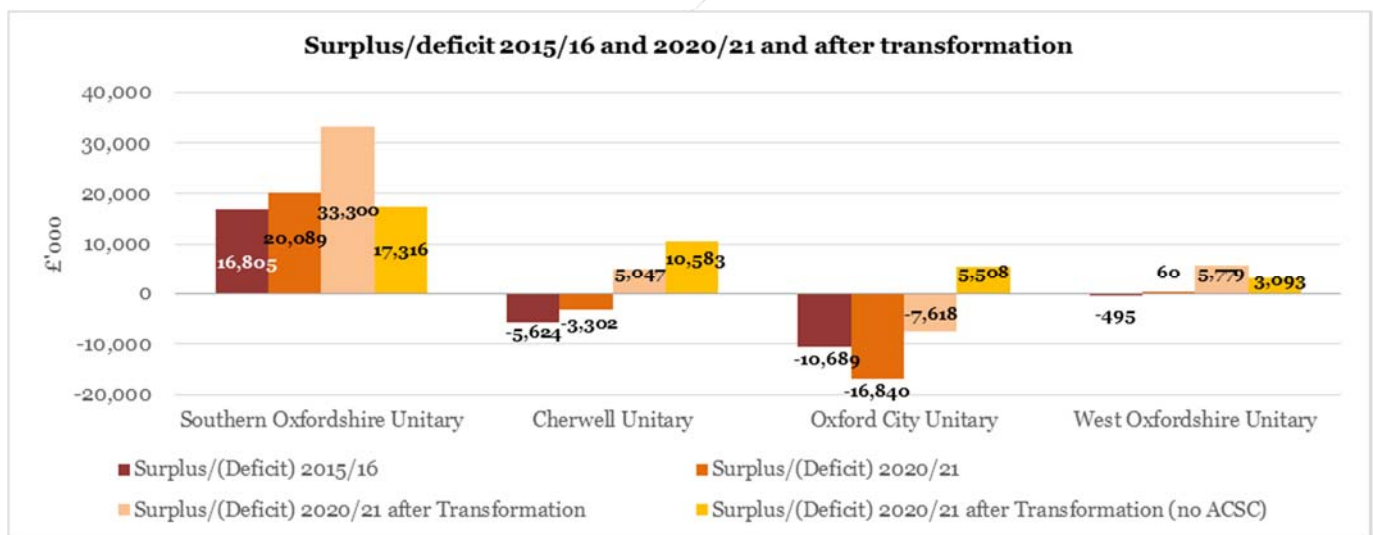
¹⁴ The level of council tax for Oxfordshire County Council were provided by the County. These showed council tax increases of 6% or more in the coming years. 2.5.1 outlines this and the potential impact of capping these.

- We have assumed no changes in local government finance systems but reflected the level of grants and business rates provided in the Medium Term Financial Plans. As announced in the Spending Review in November 2015, the Government’s intention is that under local government finance system reform, the Revenue Support Grant will be phased out with the possible introduction of full business rate retention (the actual plans are under development). Some authorities, such as Oxford City, generate significant levels of business rates, the majority of which are passed to Central Government.
- The Government’s calculation for the ‘needs’ and planned changes in Business Rates are thus expected to redress some of the current variations in deficits and surpluses between the different authorities that we have found in our analysis.

4.2 Four Unitary Authorities

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

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



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

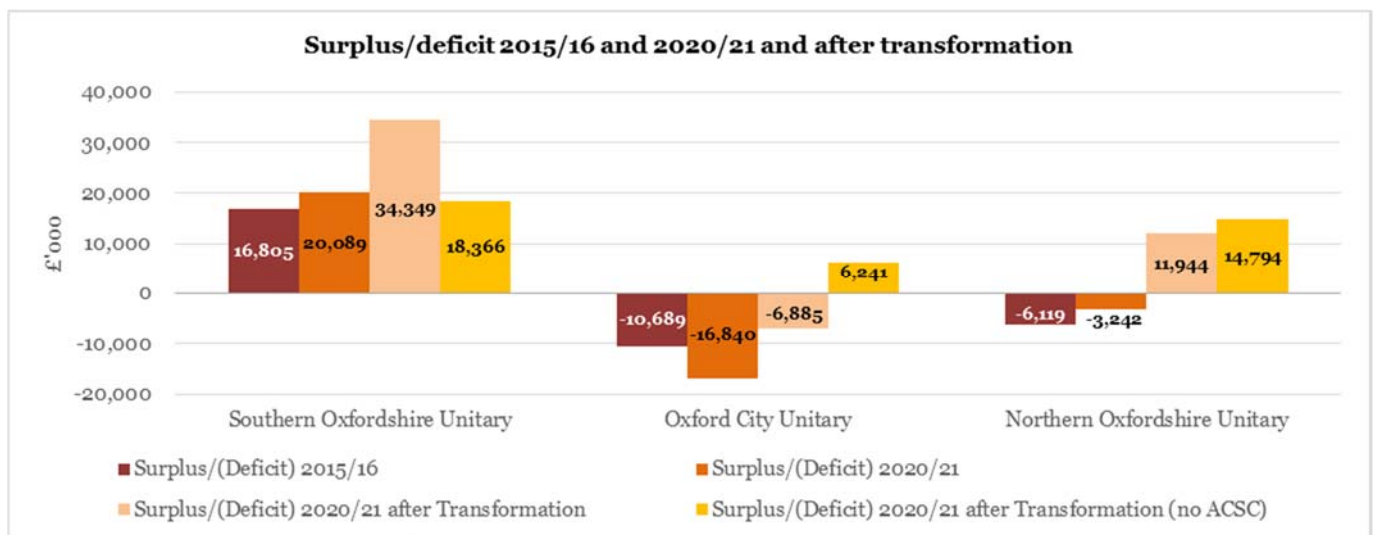
¹⁵ To note, the transformation savings per UA option are split proportionately to the unitaries within an option on the basis of unitary expenditure.

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

4.3 Three Unitary Authorities

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

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



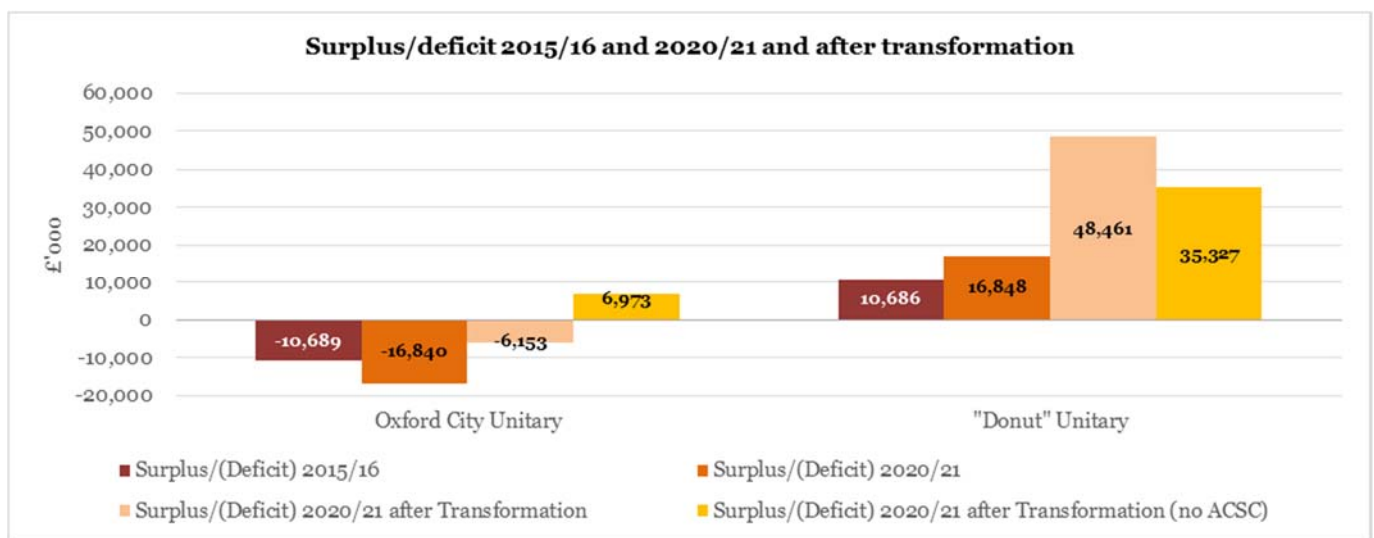
From the baseline analysis, both Oxford City Unitary and Northern Oxfordshire Unitary would be in deficit across the period to 2020/21. Whilst the effects of transformation would allow Northern Oxfordshire Unitary to move into a surplus (£11.9m), Oxford City Unitary would remain in deficit, albeit at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

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

4.4 Two Unitary Authorities

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

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



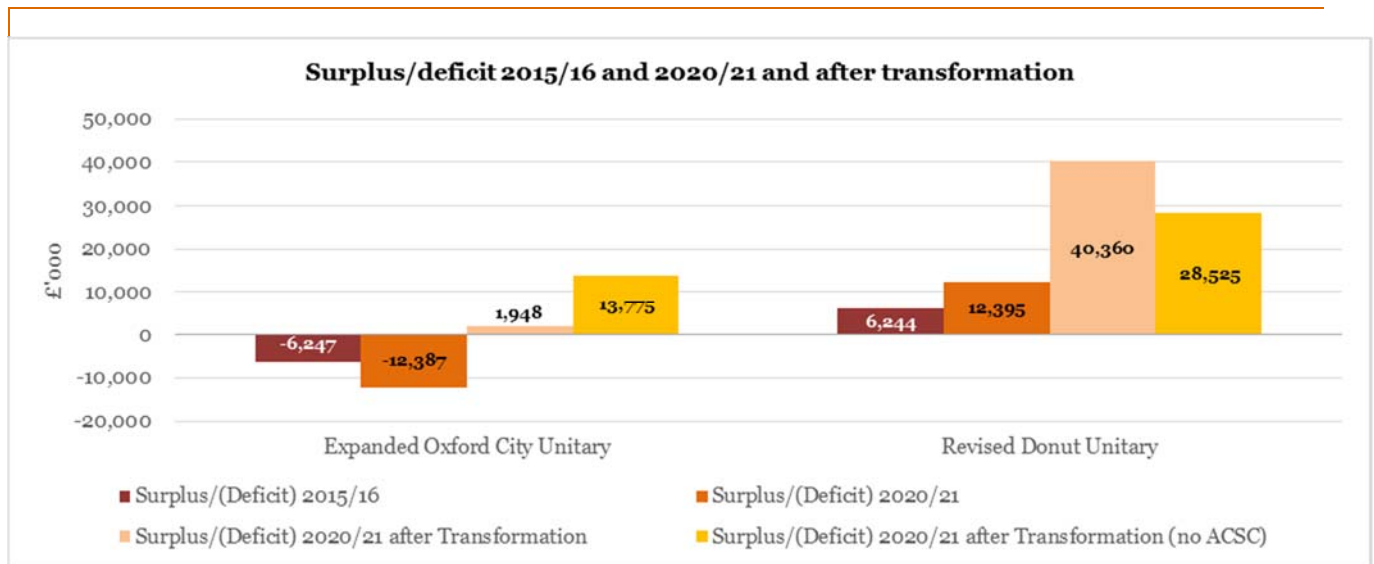
As shown, post transformation, Oxford City Unitary would remain in deficit (albeit to a smaller magnitude) whereas the Donut Unitary would remain in a surplus position throughout the period to 2020/21; a position which improves favourably post transformation to £48.5m.

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

4.5 Two Unitary Authorities – Expanded Oxford City

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

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



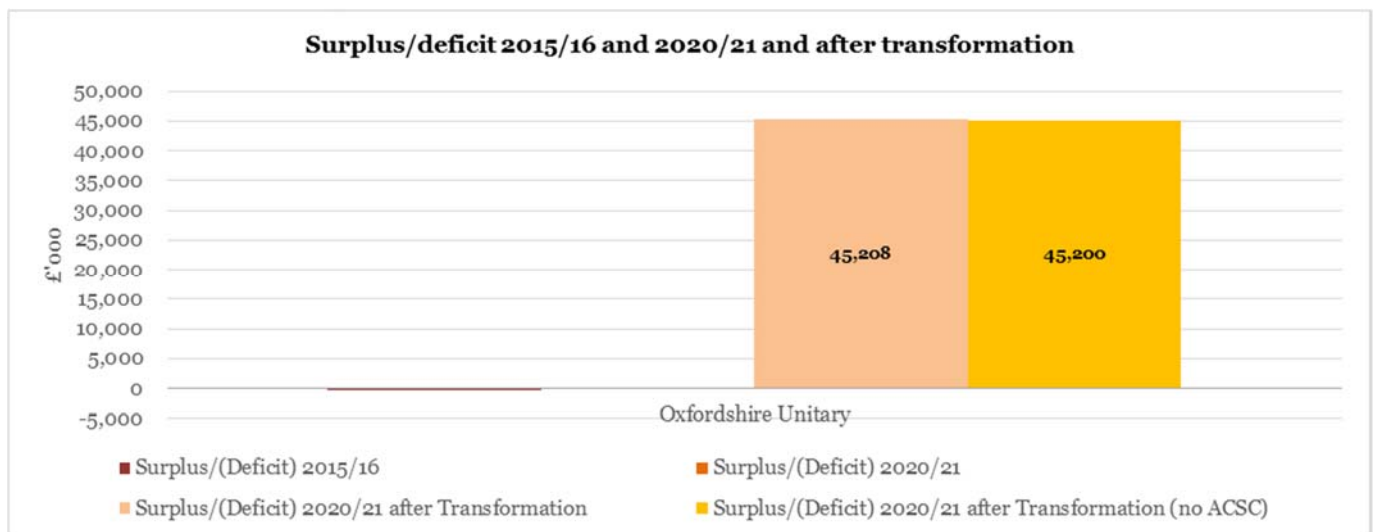
From the baseline analysis, Expanded Oxford City has a deficit of £12.4m in 2021 (reduced from £16.8m from the existing boundaries). Following transformation, Expanded Oxford City Unitary will generate a surplus, albeit marginal at £1.9m. The Revised Donut Unitary would generate a financial surplus throughout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

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

4.6 One Unitary Authority

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

	Surplus/deficit 2015/16	Surplus/deficit 2020/21	Surplus/deficit 2020/21 after transformation	Surplus/(deficit) 2020/21 after transformation (No ACSC)
1 UA Option				
Oxfordshire Unitary	£0.0m	£0.0m	£45.2m	£45.2m



4.7 Transition savings and cost of UA options

4.7.1 Introduction

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

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

Our headline findings are contained below.

Table 3: Transition cost methodology

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

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

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

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

		but will continue as long as the arrangements are in place.	
Other transition costs	<p>Cost estimates associated with other material cost lines which would be expected in a move to UA status</p> <p>Varies by UA option in direct proportion to increased number of UAs.</p>	<p>Costs across five areas amalgamated into single bucket of 'other transition costs'. Costs evidenced from published business cases. Expected to fall over 3 years only.</p> <p>Includes: Project/change management, Business management/systems change, ICT integration, Closedown of authorities, Signs/logos/branding</p> <p>For modelling purposes costs have been assumed to increase in direct proportion to the number of UAs created, e.g. ICT and change costs assumed to double if 2UA (compared to 1UA), treble if 3UA etc.</p> <p>Further work is required to understand the likely cost of IT system integration / transition / adoption in particular. In all UA options, County level systems will need to be adopted or integrated with District systems. This is likely to be more complex and potentially costly depending on the number of existing systems to be adopted by each UA. For example, existing District systems that are already shared (e.g. between South Oxfordshire and Vale of White Horse) will cost less to transition than adopting multiple uncommon systems in a 3UA, 2UA or 1UA. Vice-versa, with more UAs, the cost of transitioning County systems to each UA will also have a cost. However, for the purposes of this options appraisal, we have assumed costs increase with the number of new UAs created, but this is an area that needs to be further explored in the business case.</p>	<p>Range from £3.3m p.a. cost (1UA) to £13.1m p.a. cost (4UA)</p>

Note: The following cost items have been excluded from the 'other transition cost' analysis (since this report is a high-level options analysis rather than a full business case) but should be explored and considered in any full

business case as they may have a significant bearing on the cost/savings assumptions made above, e.g. the unwinding of multiple District contracts in a 1UA option may impact on the quantum or speed of savings.

- Early retirement costs
- Travel costs (additional travel costs of travelling to new work locations due to changes to estate)
- Pension costs
- Relocation costs (costs related to the changes in estates)
- Recruitment costs
- Contingency
- Unwinding of contracts

4.7.2 Transformation savings

The transition to new structures within Oxfordshire can be a trigger for implementing a transformation programme that optimises the new structures and responsibilities across whole systems. Most authorities are already planning and embarking on a new wave of transformation programmes to redesign how they operate, but a unitary solution would allow for enhancement of these plans including development of a shared programme.

The current workforce, excluding teachers, across the local authorities in Oxfordshire is around 6050 full time equivalents (FTE) based on an amalgamation of each councils data returns. Over half of the total effort is within the County Council.

A high level analysis of the activity of these FTE according to standard processes is shown in the table below, indicating that around half of the effort is on contact, assessment and enabling functions.

	FTE	Total Oxfordshire	Local Authority Average*
Contact & Assessment	1,133	18.7%	15.4%
Service Delivery	3,101	51.2%	60.3%
Enabling Support	1,817	30.0%	24.5%
Total FTE	6,051		
Total £	£240.7m		

*The average refers to activity analysis in other authorities for illustration purposes

The average cost per FTE used in the above analysis is £39,800. This is the total staff spend divided by the total FTE.

As local authorities embark on the next generation of transformation programmes, utilising new and emerging technology to transform internal and customer processes they are identifying further opportunities to make efficiencies. In all Councils there is already work underway but the alignment and removal of boundaries between authorities further enables end to end process design and simplification. It is also recognised that development costs can be kept to a minimum if the Unitaries adopted a common process design and limitations on customisation. For the purposes of this review we have assumed a similar initiative would be adopted by any new unitary to

- Eliminate the need for activity;
- Automate the activity undertaken;
- Simplify the activity undertaken;

- Improve the activity undertaken; and
- Invest in new capabilities.

Contact and assessment can be further reduced through wider application of digital solutions to enable more self-service around transactional processes, greater automation of rules based assessment and adoption of intelligent solutions that reduce the need for human intervention. This is support by consolidation of existing effort and adoption of standard operating procedures and performance management. Service delivery effort can be reduced through enabling employees to be more self-sufficient, reconfiguring layers and spans and in adopting effective team management approaches to increasing productivity. Enabling support activity can be re-scoped by eliminating the need for activity, reducing the volume of activity and using business intelligence to inform decision making.

For the purpose of this assessment the mid-point from the following saving ranges have been applied to the Total Oxfordshire workforce as an indication of the transformation potential based on recent transformation business cases, and using the potential to savings described above:

- 18.75% reduction in contact and assessment effort equivalent to £8.4m;
- 7.5% reduction in service delivery effort saving £9.2m; and
- 27.5% reduction in enabling support saving £19.9m.

Applying savings achieved through other transformation programmes to the total Oxfordshire population could result a target saving of 569 to 1320 FTE, with a mid-point of 945 FTE.

This range is indicative and will depend on the choices made about the transformation programme. At current costs, assumed at £39.8k per FTE, this could result, once fully implemented, in annual recurring savings of between £22.6m and £52.5m per annum. A mid-point of £37.6m has been used in the analysis.

The costs of a transformation programme can be reduced by aligning to the transition to unitary, avoiding duplication within each area, and by adopting common design principles, increasing alignment between programmes and reuse products in each authority. An example would be agreement to adopt a common digital platform across all authorities reducing the design, development and integration costs.

4.7.3 Summary of transition costs

Total transition savings/costs for each unitary option are outlined in sections 4.7.3.1 to 4.7.3.4 below. As shown, the key driver of transition costs and savings is the transformation savings. The scale of savings achieved by each future UA, will depend heavily on the ambition of transformation and scale of transformation successfully delivered by each UAs

These dwarf any of the other impacts and therefore require some particular focus.

The table below outlines the estimated savings by option. Note this does not include the costs. These are further outlined in the sections below, along with the 'net' savings.

Option	Total savings over 5 year period
1UA	£148.3 million
2UA	£140.0 million
3UA	£131.8 million
4UA	£125.7 million

The analysis above includes savings and costs related to FTE reductions, transformation, severance, assets, senior management structures, election and democratic changes, and other transition costs. Some of these vary by UA option and some do not. The table below summarises this.

Cost or saving varies by UA option	Cost or saving does not vary by UA option
<ul style="list-style-type: none"> Transformation savings Senior management structures UA democratic system costs Other transition costs 	<ul style="list-style-type: none"> Reduction in members Election and democratic costs Employee severance costs Office space asset disaggregation

It is important to note that the presentation of the transition cost and savings alone only presents part of the story, as the transition costs and savings need to be overlaid on to the financial disaggregation analysis to gauge a true picture of the longer term 5 year financial viability of the options. The preceding sections 4.2 to 4.6 presented this analysis. The analysis below solely considers the transition elements of those costs. By year 5 most of the transition costs have been worked through – and offset by the large transformation savings – hence the net transition savings in year 5 look broadly similar across all UA options. But caution should be taken with interpreting these in isolation.

4.7.3.1 Four Unitary Authorities

If Oxfordshire were to reorganise itself to form four unitary authorities, total savings over the period to 2020/21 would be £56.4m. This is the lowest amount of savings across all UA options, and is mainly due to the significant 'other transition costs' (see section 4.7.1) of £39.2m associated with this option. They are four times larger than those in the 1UA option, and therefore represent a large deduction to the potential savings. Transformation savings are £112.0m for this option (the lowest of all the options). Member costs (in terms of new democratic structures) total £4.3m over the period to 2020/21, (the largest of the four options given the need to replicate structures four times over) but this still represents just over 5% of the total cost. Senior management structural changes also represent a cost in this option rather than a benefit or saving (as in the other options), at £2.2m over the whole time period.

4 UA						
	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Transition costs (£million)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	4.3	0.9	0.9	0.9	0.9	0.9
Other transition costs	39.2	13.1	13.1	13.1		
Senior management structures	2.2	0.2	0.2	0.2	0.7	0.7
Total costs	69.3	22.0	22.0	22.0	1.6	1.6
Savings (£million)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-112.0	-0.7	-8.8	-31.8	-35.3	-35.3
Total Savings	-125.7	-3.4	-11.6	-34.6	-38.1	-38.1
Net costs	-56.4	18.6	10.5	-12.5	-36.5	-36.5

Note: figures have been presented to one decimal place, hence rounding differences.

4.7.3.2 Three Unitary Authorities

Adopting a three unitary authority structure for Oxfordshire would generate potential net savings totalling £75.5m over the period to 2020/21. Again, the savings are largely driven by the transformation savings of £114.4m. This option also has fairly significant 'other transition costs' at £29.4m, but benefits from slightly lower member costs (at £3.3m). This option is beneficial compared to the 4UA option in terms of senior management structure; generating savings of £3.6m (which actually represent a cost in the 4UA option).

3 UA						
	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Transition costs (£million)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	3.3	0.7	0.7	0.7	0.7	0.7
Other transition costs	29.4	9.8	9.8	9.8		
Total costs	56.3	18.3	18.3	18.3	0.7	0.7
Savings (£million)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Senior management structures	-3.6	-0.4	-0.4	-0.4	-1.2	-1.2
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-114.4	-0.7	-9.0	-32.5	-36.1	-36.1
Total Savings	-131.8	-3.9	-12.2	-35.6	-40.0	-40.0
Net costs	-75.5	14.5	6.2	-17.3	-39.4	-39.4

Note: figures have been presented to one decimal place, hence rounding differences.

4.7.3.3 Two Unitary Authorities

Reorganising to form two unitary authorities has the potential to generate total savings of £94.5m over the period to 2020/21. Again this is largely driven by the transformation savings, and 'other transition costs' (replicated just twice at £19.6m in total). This option also has even lower member costs (at just £2.3m) and senior management structure savings are also greater compared to 4UA and 3UA options at £9.5m.

2 UA						
	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Transition costs (£million)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	2.3	0.5	0.5	0.5	0.5	0.5
Other transition costs	19.6	6.5	6.5	6.5		
Total costs	45.5	14.9	14.9	14.9	0.5	0.5
Savings (£million)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Senior management structures	-9.5	-1.1	-1.1	-1.1	-3.2	-3.2
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-116.8	-0.7	-9.2	-33.2	-36.8	-36.8
Total Savings	-140.0	-4.5	-13.0	-37.0	-42.8	-42.8
Net costs	-94.5	10.3	1.9	-22.1	-42.3	-42.3

Note: figures have been presented to one decimal place, hence rounding differences.

4.7.3.4 One Unitary Authority

Establishing a single unitary authority for Oxfordshire, has the potential to generate the largest amount of savings over the next five years with total savings amounting to £113.3m. This is due to fewer costs affecting the large transformative savings potential. The 'other transition costs' are at their lowest since they only need to be replicated once (for the 1UA set up). Senior management structures also generate the largest savings across all options at £15.4m, and the additional member costs are lowest at £1.6m.

1 UA						
	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Transition costs (£m)						
Employee severance costs	23.6	7.9	7.9	7.9		
Member costs	1.6	0.3	0.3	0.3	0.3	0.3
Other transition costs	9.8	3.3	3.3	3.3		
Total costs	35.0	11.5	11.5	11.5	0.3	0.3
Savings (£m)						
Member savings	-5.0	-1.0	-1.0	-1.0	-1.0	-1.0
Election savings	-1.6	-0.3	-0.3	-0.3	-0.3	-0.3
Senior management structures	-15.4	-1.7	-1.7	-1.7	-5.1	-5.1
Office space disaggregation	-7.1	-1.4	-1.4	-1.4	-1.4	-1.4
Transformation savings	-119.2	-0.8	-9.4	-33.8	-37.6	-37.6
Total Savings	-148.3	-5.2	-13.9	-38.3	-45.5	-45.5
Net costs	-113.3	6.3	-2.4	-26.8	-45.2	-45.2

Note: figures have been presented to one decimal place, hence rounding differences.

4.8 Council tax harmonisation

Combining district authorities will require converging council tax rates within a unitary authority. Once transition costs and transformation savings have been considered we would expect no increase in council tax rates required for at least the next 5 years for the majority of unitary scenarios. Oxford City Unitary would be the only exception and would require a marginal annual increase in council tax rates to fund any budget deficit remaining post transition costs and transformation savings. However, Oxford City could change if Adult and Children Social Care are provided as a combined service over several authorities and also be the retention of business rates.

4.9 Payback period

The costs associated with reorganising to form a single unitary authority (1UA) will be recouped in year two, with potential net savings of £2.4m. The first year would incur a net cost of £6.3m.

The payback period associated with the 2UA option would be slightly longer at 3 years (where a net saving of £22.1m would be achieved). Years one and two would create net costs of £10.3m and £1.9m respectively. Option 4UA would also take 3 years to experience net savings, of £12.5m. Net costs of £18.6m and £10.5m would be experienced in years one and two respectively.

Option	Payback period
1UA	2 years
2UA	3 years
3UA	3 years
4UA	3 years

4.10 Conclusions on the financial analysis

Based on our analysis, we summarise our findings:

- The 2015/16 General Fund Revenue Account outturn data (“RA data”) for the five District Councils and Oxfordshire County Council has been used to disaggregate resources and expenditure using appropriately selected drivers. Further detail on the methodology is contained within Section 4, and the assumptions used in 4.1.3.
- Based on this methodology, the 4UA and 3UA options are in deficit with the exception of Southern Oxfordshire UA which is in a surplus of £20.1m (pre transformation). For the 4UA, 3UA, 2UA options, Oxford City has the largest pre-transformation deficit in both 2015/16 and 2020/21 (£10.7m and £16.8m respectively), though these amounts represent just 1% and 2% of total revenue expenditure across Oxfordshire. For the expanded 2UA option, Oxford City has lower deficits of £6.2m and £12.4m for 2015/15 and 2020/21 respectively. For the 1UA option, there is no surplus or deficit. This revenue neutral position is to be expected given that the 1UA option encompasses all five Districts and the County Council.
- After transformation savings and efficiency costs, (of between £113.3m and £56.4m over a 5 year period), all the UA options are in a surplus, with the exception of Oxford City.
- Based on the analysis we have undertaken and the assumptions we have used, an Oxford City UA would be in deficit post transformation, except with an expanded boundary. If the Oxford City UA is expanded, its deficit is replaced with a small surplus of £1.9m.
- This is due to a disparity between the funding and expenditure for children’s services, and a lesser extent adult’s services. All UAs are sensitive to this service, and in any of the UA models, there must be

a commitment to shared commissioning and delivery mechanisms and pooled grant to ensure that funds are allocated on a needs basis as opposed to a geographical basis. By sharing the commissioning and delivery of these services (and funding these through pooled resources), the financial disparity is significantly reduced between the different UAs, providing Oxford City with a surplus of £5.5m in 2021, increasing Cherwell's surplus to £10.6m, whilst reducing Southern Oxfordshire and West Oxfordshire surpluses to £17.3m and £3.1m respectively).

- On its existing boundary, Oxford City generates significant business rates and is a net contributor to the Treasury, which in a future local government finance system with the 100% retention of business rates, will improve the Oxford City financial position.
- The ability to deliver the planned growth up to 2031 will also have a material impact on the financial position of all UA options– it has the potential, if managed properly, to have a positive impact on the overall financial capacity and resilience of the Oxford City unitary. The extent of this will depend on the level of investment required both to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).
- Based purely on our analysis, a single Unitary Authority has the potential to generate the most financial benefits due to the economies of scale (an estimated net saving of £113.3m over a 5 year period).
- A 2UA option (based on the existing city boundary) provides £94.5m net savings and has similar financial benefits as the Expanded Oxford City option. However, the mismatch and imbalance between the population size, resources and service levels between the two Unitary Authorities does need to be considered.
- A 3UA option provides net savings of £75.5m over 5 years, and based on our analysis, two of the authorities are financial stable. The Oxford City Unitary (for reasons outlined above) would be in deficit in revenue terms by £16.8m in 2020/21 (pre-transformation). This deficit would need to be remedied through a needs based spending settlement but it is not material in terms of the total spending across the local government system. This option reduces the mismatch between the population sizes of the UAs (157,997, 252,652 and 261,867).
- The 4UA option provides the least financial benefit (£56.4m net savings over 5 years), whilst also having significant differences in the financial position of the various UAs (South Oxfordshire in a surplus of £20.1m in 2020/21 (pre-transformation) and the remaining three UAs in a deficit).
- The savings estimates outlined in our analysis are modelled on a consistent basis across all the UA options and do not take into account past track record in the Districts and County Councils of managing a balanced budget and delivering transformation programmes. As an illustration, the Districts have balanced budgets for the next 4 years and have undertaken transformation and efficiency programmes, and the County Council has in recent years appropriated £39.6m from its reserves (as per the 2015/16 RA data). The scale of savings achieved by each future UA, will depend heavily on the level of ambition for transformation and the scale of transformation successfully delivered by each of the UAs.

However, it should be noted that:

- The analysis undertaken, including the savings and transitional costs are not a detailed but indicative at this stage based on a number of high level assumptions.
- The Revenue Support Grant is provided by the Government to local authorities using a 'needs' based formula. This is a complex formula which has not been replicated for the purposes of this report. It is expected that the RSG would alleviate some of the financial differences between the different authorities.
- Oxford City generates significantly more business rates than the other UAs, which in the future would improve Oxford City's financial position significantly if it was allowed to retain more of the rates.

The position can also change if the authorities have the ability accelerate growth within the authorities. For instance, the ability to deliver the planned housing and economic growth up to 2031 will have a material impact on the financial position of all UA options– it has the potential, if managed appropriately, to positively impact the overall financial capacity and resilience of the authorities including Oxford City unitary. The extent of this will depend on the level (and effectiveness) of investment made to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).

- Finally, the financial analysis assumes the continuation of the County using £39.6m in reserves / 6% council tax increase to deal with the deficit arising from delivering services on the county wide area so the benefits in terms of savings are only realisable if there is a step change in the way county wide services are delivered.

5 Qualitative analysis

5.1 Ensure strong and accountable local leadership and governance

5.1.1 The ratio of democratic representation

Each Unitary Authority will need to create a democratic structure i.e. a Leader, cabinet and committees that will undertake the democratic functions, set the budget and make decisions for the electorate it serves. Generally speaking, the more UAs that are created, the closer the decision making is to the community that is served. However, other large UAs such as Wiltshire Council have created Area Boards which have a role in dealing with localised issues such as road repairs and traffic problems, but do not have a budget.¹⁸ Another option is to devolve more responsibility to Town and Parish Councils which is discussed in 5.1.2 below. Further consideration would need to be given to the suitability and additional cost associated with these options for Oxfordshire, recognising that Oxfordshire has a city of national and international economic importance and with city priorities which are distinct from the surrounding rural area.

Our analysis in section 4 made the assumption that each UA would be served by a Leader and Cabinet model with regulatory, planning and scrutiny committees.

5.1.2 Balancing the need for strategic and local decision making

Oxfordshire is a diverse county and stakeholders have expressed a view that with the creation of UAs, there is a need to balance Oxfordshire as a functional economic area and the need for strategic decision making on issues such as better strategic planning, housing, transport, and closer integration of health and social care, with local decision making that reflects the locality characteristics, such as those between rural and city areas. For example:

- There are stark differences between the percentage of the over 65 population in Oxford City (11%) with Southern Oxfordshire (20%)¹⁹.
- According to the 2015 Indices of Deprivation, within Oxfordshire, there are 2 areas in Oxford within the 10% most deprived in England and a further 13 areas in Oxford and Cherwell in the 20% most deprived in England²⁰.
- Median gross earnings differ from £32,506 in Vale of White Horse to £26,172 in West Oxfordshire²¹.
- West Oxfordshire has the lowest population density of the districts.

As discussed in 5.1.3, there are different models of achieving a balance, for example, in a 1 UA model by establishing Area Boards in smaller geographies which are responsible for representing the interests of their communities, although this will add additional democratic cost depending on the number of Boards created. In the 2, 3 and 4 UA options, there are opportunities to either continue with some of the existing strategic partnerships, or establish a Combined Authority. The right model will be for the local authorities to decide, but initial feedback from stakeholders is that there is a need to improve decision making structures on issues that impact on Oxfordshire's ability to deliver its economic growth ambition, and the devolution deal proposals, as well as clearer accountability for delivery of services. There is also a need to develop the delivery models that

¹⁸ Wiltshire.gov.uk

¹⁹ ONS Mid-year population estimates 2014

²⁰ DCLG IMD

²¹ ONS Survey of hours and earnings

integrate across public authorities, in particular with health where there are opportunities to further enhance efficiencies.

Within Oxfordshire there are a wide range of town and parish councils and parish meetings covering large areas of the region but there is not universal coverage. These organisations are another important form of local representation and democracy, and where communities want them can make a valuable contribution. In recent years there have been moves to make it easier to establish such bodies and to encourage a greater role for very local and neighbourhood bodies, for example by developing 'neighbourhood plans'. While local councils are an important dimension of local government within the region, it has to be recognised that not every area has such representation and it should be for local communities to determine whether they wish to set up such bodies if they don't already exist and what role they should play if they do. We have not proposed any option which is dependent on local councils but each option would enable these councils to take on more roles should they and their communities wish.

5.2 Delivering better public services

The District Councils' view is that only unitary authorities with a geography that matches the challenges of their communities can have the insight and focus needed to tackle the structural barriers they face, and deliver services locally in ways which are more cost effective and reflective of local priorities. A combined authority could provide the means for the Unitaries to work together and take decisions on strategic issues and services that need to be delivered across a wider area with the ability to connect these to services delivered locally.

Unitary proposals should not mean simply merging existing council functions along current county or district boundaries. That would be a missed opportunity. Unlike previous local government reorganisations the current opportunity is being driven by a devolution agenda not vice versa. That means the real opportunity is to design and create new structures that best reflect the level at which interests are best represented, and that decisions can be taken to deliver the best outcomes.

All parties have a unique opportunity to shape their future by clarifying what they need from Government to unlock economic growth potential, meet housing demand and establish an approach that keeps people healthier for longer and allows children to start well in life.

An operating model describes how an organisation uses its customer offering, business capabilities and corporate structure to deliver value in accordance with its strategy. The operating model is unique to each organisation and made up of key components such as the strategy, customer channels and business processes, systems and people and how they interact. These operating model components can be assessed, designed, constructed, implemented and operated.

For the proposed councils at this stage of their development a move to unitary government would enable the transformation of services taking a fresh look at how organisations are structured to deliver. We have assumed that the authorities, being created in parallel, would adopt common processes and approaches to minimise customisation. The benefits potential from transformation are based on programmes from elsewhere and pro-rata application to the Oxfordshire context.

5.2.1 The current operating model

There is limited scope to keep finding efficiencies while still working in the same way. All councils have been making efficiencies in what they do over the last decade but there is increasingly a need to rethink what councils do and how they deliver. Unitaries are an opportunity to build on previous transformation gains by further simplifying and joining up systems and responsibilities to enable end to end process and system redesign. Plus, the need now is to find efficiencies in the interactions between organisations with shared responsibilities for an overall outcome. Challenges from the current arrangement include:

- Creating a customer centric model when there are multiple organisations with responsibilities for the same geographies. People have to work harder to understand organisational responsibilities than they should and can key information can fall between the boundaries.

- Aligning service delivery activity to customer insights and intelligence when that understanding is dispersed between authorities. This can make it harder to design earlier interventions and anticipate and shape service demands.
- Reducing support costs by exploiting efficiencies from shared and standard ways of working.
- This has resulted in more interactions and alignments between authorities with similar responsibilities that between authorities within the same place. Unitary government would encourage and enable a greater focus on whole system reform within the geography of Oxfordshire.
- Based on the activity analysis of current staff effort, and practice and approaches elsewhere, there is significant potential for redesigning services around customers, achieving cost reductions while improving outcomes.
- By taking a process view across all authorities, using returns from the districts and assumptions about the County activity based on local authority averages, it is estimated that there are:
 - A total of over 6050 FTE effort, excluding teachers, agency staff and temporary staff working across councils in Oxfordshire, with a total staff cost of £241m;
 - 51% of this effort (3101 FTE) relates to actual service delivery and associated support activity such as management and supervision;
 - 19% of this effort (1133 FTE) is focused on supporting customer contact and assessment activities which enable service delivery including customer engagement, assessment and administration.
 - 31% of effort (1817 FTE) is related to back office processes and support services such as finance, procurement, HR, ICT etc.

This is a high level analysis and an indication of where effort is focused. Although further work, involving all partners would be needed to quantify the activity within these process areas to a greater level of detail, the results indicate there are opportunities for redesigning the operating model of local government across the region.

Achieving those savings will depend on the ability to consolidate, rationalise and improve current activities as part of a co-ordinated programme. This does not necessarily mean that a single authority would be better placed as the effectiveness of the programme will depend more on good management and governance in line with an agreed strategy and design. A programme can work across multiple partners allowing for the shared cost of developing solutions while retaining flexibility to tailor around local needs. Implementation could be achieved in around two years.

5.2.2 Customer contact and assessment

In customer contact and assessment the districts collectively have a comparable effort to the county resulting in over 1100 FTE focussed on customer contact and assessment. This is an area where even within councils there is a focus on addressing multiple entry points organised around functional areas to establishing a single point of access with a tailored customer experience with integrated processes and systems making life easier for customers. While councils have done much in the area in the past, particularly on channel shift to move transactions on line, there is considerable scope through emerging technologies and developments to help manage demand and simplify transactions. The aim is to create more intelligent information provision which:

- gives customers easy and quick access to information at first point of contact, removing the need for human intervention. Typically up to 40% of council contact centre traffic is handling information requests (this is a national figure). Simple solutions, such as enabling natural language search, targets the elimination of this cost.
- addresses both inbound information requests and places an emphasis on pre-empting customer need and pro-actively communicating throughout-bound intelligent information.
- is enabled by analytics providing the insight to target interventions to customers in the most effective way to provide support at the correct time.

By removing complexity the councils will be able to improve performance, enhance the customer experience and increase employee satisfaction as more of their time is spent on adding value to residents and others.



We have assumed a conservative ambition would be to reduce the required effort by 12.5% to 25% resulting in a potential saving of £5.6m to £11.3m per annum once fully implemented.

5.2.3 Service delivery

In service delivery and support activity there are over 3100 FTE involved, on top of which further effort is funded through commissioned services. Within the directly employed staff there are opportunities for councils to explore how to increase productivity and redesign service pathways as part of an integrated system. Much of the benefit from within service delivery will come from doing different things as the new Unitaries adopt a strategic focus on early intervention and prevention activities but also from effective management of existing resources.

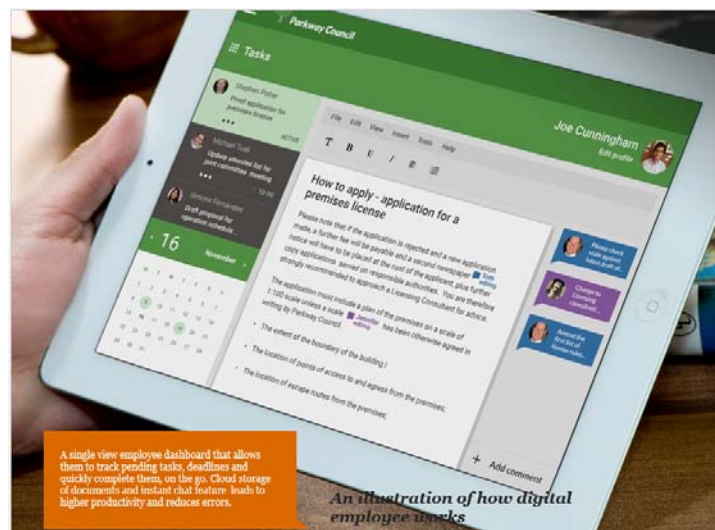
We have assumed that by adopting performance and productivity approaches effectively there could be scope to increase productivity by 5-10% of this effort resulting in a potential saving of £6.2m to £12.3m per annum.

5.2.4 Enabling activity

In enabling activity such as HR, IT and finance, the districts collectively again have a comparable effort to the county resulting in over 1800 FTE engaged in these processes. These are also areas where all of the authorities have been extending shared and collaboration outside of the region, but where there is potential for enhanced integration within the region. Organisations are focussing on more effective integration of the enabling functions to help deliver their strategic direction and ambition. Key trends include:

Enabling the digital employee within organisations means there is less need for 'business support' and greater self-reliance and management, and enhanced integration between systems and functions. This can help with

- Eliminating and automating transactional processes within the organisation;
- Developing functional centres of expertise in complex and specialist functions shared across organisational boundaries;
- Development and utilisation of advanced business intelligence and predictive analytics to inform strategic decision making about the future and management of current performance.



Building on these trends and current work to eliminate unnecessary activity, automate simple processes and release effort to focus on strategic insight and direction offers the potential for further savings. We would expect unitary government to create additional opportunities for removing duplication of roles and responsibilities between authorities and within authorities, releasing staff to focus on higher value strategic work, automating routine information practices and enabling self-serve and stopping unnecessary activities and steps in processes.

We have assumed that by adopting a corporate redesign of the enabling functions, and working to a common set of design principles, the councils across Oxfordshire could reduce current effort. A conservative ambition would be to reduce the required effort by 15% to 40% resulting in a potential saving of £10.8m to £28.9m per annum once fully implemented.

6 Summary of unitary authority options

The following factors, as outlined also in section 3 above, provide the basis from which to appraise the options. These factors are assessed in an evidence-based way, based on the above analysis and the stakeholder conversations we have had.

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

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

Ensure strong and accountable local leadership and governance

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

Delivering better public services

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

Financial analysis (feeds into ‘value for money’ and costs against efficiency savings)				
1UA	2UA	2UA+	3UA	4UA
<p>County wide unitary based on economies of scale.</p> <p>Generates large surplus post reorganisation (£45.2m in 2020/21).</p> <p>Generates greatest potential net savings (£113.3m) over the period to 2020/21.</p> <p>Driven by lowest “Other Transition Costs” (£9.8m) and highest potential transformation savings (£119.2m) of the proposed UA options.</p> <p>Quickest payback period at just 2 years.</p>	<p>Considerable mismatch between the two Unitaries in terms of financial position.</p> <p>Oxford City remains in deficit post transformation (£6.2m in 2020/21).</p> <p>Only when Adults and Children’s Social Care services are elevated to a CA level does Oxford City generate a surplus (£7.0m).</p> <p>Potential to generate comparable transformation savings with the 1UA option (£116.8m vs £119.2m) though “Other Transition Costs” double from £9.8m to £19.6m.</p> <p>Generate potential net savings of £94.5m over five years to 2020/21.</p> <p>Payback period of 3 years.</p>	<p>An Expanded Oxford City Council sees an improved financial position pre and post transformation with a surplus (£1.9m in 2020/21) generated following reorganisation.</p> <p>The elevation of Adults and Children’s Social Care to a CA level increases this surplus (£13.8m).</p> <p>Potential to generate comparable transformation savings with the 1UA option (£116.8m vs £119.2m) though “Other Transition Costs” double from £9.8m to £19.6m.</p> <p>Generate potential net savings of £94.5m over five years to 2020/21.</p> <p>Payback period of 3 years.</p>	<p>Southern and Northern Oxfordshire deliver financial surplus post transformation.</p> <p>Oxford City in deficit post transformation (£6.9m 2020/21)</p> <p>Oxford City’s deficit becomes a surplus (£6.2m) if Adults and Children’s Social Care services are removed from outside its control.</p> <p>Potential to generate comparable transformation savings with the 1UA option (£114.4m vs £119.2m) though “Other Transition Costs” treble from £9.8m to £29.4m.</p> <p>Generate potential net savings of £75.5m over five years to 2020/21.</p> <p>Payback period of 3 years.</p>	<p>Considerable financial mismatch between proposed unitary authorities.</p> <p>Southern Oxfordshire delivers strong surplus pre and post transformation.</p> <p>West Oxfordshire delivers marginal surplus pre-transformation (£0.1m) but more of a surplus post-transformation (£5.8m).</p> <p>Cherwell delivers a small deficit pre-transformation (£3.3m) and a small surplus post-transformation (£5.0m).</p> <p>Oxford City in deficit before and post reorganisation, though generates a surplus (£5.5m) should provision of Adults and Children’s Social Care services be elevated to a CA level.</p> <p>UA option that would generate lowest potential net savings (£56.4m) over the period to 2020/21</p> <p>Driven by highest “Other transition Costs” (£39.2m) and lowest transformation savings (£112.0m) of the proposed UA options.</p> <p>Payback period of 3 years.</p>
<p>Largely immaterial difference between all UA options if consider total net transition savings in context of total net annual expenditure in Oxfordshire 2015/2016 (£1,040,422,000). The figure is 0.83% looking at the year 5 picture, i.e. £8.7m divided by annual expenditure, or if you consider over 5 years the figure is 1.1%, i.e. £56.9m divided by five times annual expenditure. This does not account for the surplus/deficit position but solely looking at UA transition savings.</p>				

<i>See supporting summary table for further details</i>			
Ensuring strong and accountable local leadership and governance			
1UA	2UA	3UA	4UA
<p>A single UA could rise to loss of accountability with potentially lower levels of political representation at decision making committees than other UA models (i.e. a democratic deficit). This could be addressed through design of the UA with for example the creation of Area Boards (e.g. Wiltshire model). However, further consideration should be given to the characteristics of Oxfordshire and the replicability of the Wiltshire model. For example. Oxfordshire is larger and more diverse, with Oxford as a large urban centre where needs and priorities are distinct from the surrounding rural area.</p>	<p>Recognises the difference between urban and rural priorities.</p> <p>Improves democratic accountability compared with one UA option.</p> <p>However the scale of the residual ('donut') area of Oxfordshire dilutes democratic accountability in rural geography, with a population of 452,246 and a geographical area of 2,245km².</p>	<p>Improves level of accountability compared to 1UA and 2UAs.</p> <p>Recognises geographic differences between North and South of the County and the different demographic and socio economic characteristics.</p> <p>Provides a balance between addressing local needs in communities, increased accountability through three democratic structures within Oxfordshire, and it would reflect and recognise distinct City and rural issues that any new local government settlement needs to address.</p>	<p>Provides the maximum level of democratic accountability and connectivity to local communities.</p> <p>Greater costs of democratic system with increased UAs, although this depends on number of Area Boards/increase in Parish role.</p>

Delivering better public services			
1UA	2UA	3UA	4UA
<p>Economies of scale have potential to drive efficiency. Will become third largest UA in England.</p> <p>Complex process of integration but potential opportunity for single wholesale transformation is significant.</p> <p>Risk of a lack of responsiveness to the diversity and vast differences in local needs across the County geography. But the creation of Area Boards could help with this.</p> <p>A bureaucracy of this scale may be less flexible and agile to the changing nature of need and demand.</p>	<p>Economies of scale driving efficiency.</p> <p>Enables tailored approach to rural and urban geographies.</p> <p>Population and economics imbalance between City and 'Donut' which could be addressed to some extent by the 2UA+ option which extends the City boundary to some of the surrounding wards.</p>	<p>Alignment of UAs better reflects geographic and urban / rural settings and economy.</p> <p>More effective tailoring services to rural and urban geographies.</p> <p>Addresses imbalance of City and 'Donut' option.</p> <p>Builds on existing relationship in the South of the County.</p> <p>Provides a mechanism for innovation around County services through a CA.</p>	<p>Limited economies of scale / duplication.</p> <p>Unequal sizing of UAs.</p> <p>Partial change / ability to change.</p> <p>Tailored and responsive service provision to local needs is more possible.</p> <p>Capacity and capability to absorb large county services is enhanced.</p>

	Surplus/(deficit) 2015/16	Surplus/(deficit) 2020/21	Surplus/(deficit) 2020/21 after transformation	Surplus/(deficit) 2020/21 after transformation (No ACSC)
4 UAs Option				
Southern Oxfordshire Unitary	£16.8m	£20.1m	£33.3m	£17.3m
Cherwell Unitary	(£5.6m)	(£3.3m)	£5.0m	£10.6m
Oxford City Unitary	(£10.7m)	(£16.8m)	(£7.6m)	£5.5m
West Oxfordshire Unitary	(£0.5m)	£0.1m	£5.8m	£3.1m
3 UAs Option				
Southern Oxfordshire Unitary	£16.8m	£20.1m	£34.3m	£18.4m
Oxford City Unitary	(£10.7m)	(£16.8m)	(£6.9m)	£6.2m
Northern Oxfordshire Unitary	(£6.1m)	(£3.2m)	£11.9m	£14.8m
2UAs Option				
Oxford City Unitary	(£10.7m)	(£16.8m)	(£6.2m)	£7.0m
“Donut” Unitary	£10.7m	£16.8m	£48.5m	£35.3m
2UAs + Option				
Expanded Oxford City Unitary	(£6.2m)	(£12.4m)	£1.9m	£13.8m
Revised Donut Unitary	£6.2m	£12.4m	£40.4m	£28.5m
1UA Option				
Oxfordshire Unitary	£0.0m	£0.0m	£45.2m	£45.2m

	Year 1 (£m)	Year 2 (£m)	Year 3 (£m)	Year 4 (£m)	Year 5 (£m)	TOTAL (£m)
4 UAs Option						
Total costs	22.0	22.0	22.0	1.6	1.6	69.3
Total savings	3.4	11.6	34.6	38.1	38.1	125.7
Total net savings	18.6	10.5	12.5	36.5	36.5	56.4
3 UAs Option						
Total costs	18.3	18.3	18.3	0.7	0.7	56.3
Total savings	3.9	12.2	35.6	40.0	40.0	131.8
Total net savings	14.5	6.2	17.3	39.4	39.4	75.5
2UAs Option						
Total costs	14.9	14.9	14.9	0.5	0.5	45.5
Total savings	4.5	13.0	37.0	42.8	42.8	140.0
Total net savings	10.3	1.9	22.1	42.3	42.3	94.5
2UAs + Option						
Total costs	14.9	14.9	14.9	0.5	0.5	45.5
Total savings	4.5	13.0	37.0	42.8	42.8	140.0
Total net savings	10.3	1.9	22.1	42.3	42.3	94.5
1UA Option						
Total costs	11.5	11.5	11.5	0.3	0.3	35.0
Total savings	5.2	13.9	38.3	45.5	45.5	148.3
Total net savings	6.3	2.4	26.8	45.2	45.2	113.3

Note: figures have been presented to one decimal place, hence rounding differences.

7 *Combined Authority*

The effectiveness and sustainability of the UAs can be enhanced and value added by the creation of a Combined Authority (CA). The stakeholders we consulted agreed that in order to address the issue of housing affordability, congestion and lack of strategic planning, strong leadership is needed at a Combined Authority (and potentially through a Mayor):

- Which had a clear remit for housing, transport and strategic planning;
- Where there is collective decision making; and
- Where there is clear accountability for delivery.

It was suggested that whilst there are agreed strategies, such as the SEP, there is a current lack of clarity about how the strategies are executed and who is responsible for delivering the infrastructure required. In addition, views were expressed that:

- There is a need for a sustainable transport strategy (including cycling) aligned to a housing development plan – so that housing developments have sustainable transport links.
- There is a need for strategic planning across the region so that there is a coherent strategy to assist the sustainable growth of the City.
- A greater, coherent voice for Oxfordshire with Government and influence over national commissioners and agencies such as Network Rail is needed. This role is missing currently, but is increasingly important with the emergence of Combined Authorities in the Core Cities which have ongoing dialogue with Government.
- There is a real need to provide consistency of services to businesses, such as planning and regulatory services, to make investment easier for businesses.
- Adult social care integration with health should be a priority as it will result in clearer pathways of care and less fragmentation. Local government needs to think about services in terms of the end to end process to help stem demand flowing into acute settings and make the most of their skills

A Combined Authority (CA) is a public body with its own legal personality and can be established at the request of two or more local authorities by an Order issued by the Secretary of State and are increasingly the vehicle by which devolution from Central Government to Local Government is enabled. A Combined Authority will change the relationship with government and will provide a strong platform for ongoing dialogue with government to secure further investment and devolution.

Under the new Cities and Local Government Devolution Act 2016, a CA may have statutory functions transferred to it relating to any local government function, and no longer only economic development and transport. This could include the transfer of health service functions. The 2016 Act also allows the creation of Mayoral CA, with a directly elected mayor.

7.1 Functions of the Oxfordshire Combined Authority

To respond to the challenges set out above, to deliver Oxfordshire's devolution deal proposal and complement the UA model, it is suggested that a Combined Authority has the following functions:

- **Strategic planning** – one agreed spatial plan (an agreed strategy for growth and housing and employment sites, transport and connectivity plan; property and assets) i.e. planning on a whole-place basis.
- **Infrastructure strategy** – an agreed investment programme to deliver the infrastructure required to unlock growth.
- **Economic development** and business services i.e. a consistent approach to attracting investment and providing a consistent and streamlined service to businesses locating e.g. planning applications,

regulatory services, business and supply chain support.

- **Skills:** providing the skills for local people that local and future businesses need
- **Integrated commissioning of adult social care and health with the CCG**– the right governance and delivery arrangements should be used including an understanding of how to incentivise providers to improve the health and well-being of the population before they need acute care services.
- **Children’s services** – Jointly led and commissioned in partnership with the Police and NHS, and other public and community organisations, to build on strengths and create a system wide redesign with early intervention, resilience and synergy with community investment and housing services.

The integration of adult social care and health and children’s services are covered in sections 8 and 9 of the report.

7.2 Enablers of the Combined Authority

The benefits of a Combined Authority is that it will have additional enablers to the UAs to achieve the outcomes stated in the devolution deal. These enablers will have the potential to create greater resources for investment in Oxfordshire’s priorities:

Pooling of funding and investment prioritisation

- Pool funds to create investment pots and have greater borrowing power;
- Prioritise collectively where investment in Oxfordshire will make the biggest impact on growth or allow the allocation of funds based on need / demand (recognising that each UA will benefit at different times – but priority is to benefit Oxfordshire as a whole);

Income / funding generation:

- A Combined Authority can impose a levy on constituent authorities and borrow under the prudential borrowing scheme.
- A Mayoral Combined Authority may also place a precept to raise funds.
- A Mayoral Combined Authority may raise an additional 2p in the pound on business rates subject to agreement of the LEP.
- Successful devolution deals awarded to Combined Authorities have included a Single Pot c.£1bn over 30 years, but negotiations have required agreement to a directly elected mayor to be accountable for some (to be negotiated) devolved powers and funding;
- Facilitation of a strategic approach to public sector asset rationalisation.

The Combined Authority would provide accountability and enable collective decision-making on statutory functions but also collaboration and joint-commissioning of services under a single structure. However this model would also provide the UAs with the ability to maintain sovereignty for certain functions, and tailor services to their local area’s needs, utilising the different delivery models that the UAs establish. In addition, other services such as waste disposal could be jointly commissioned either by the CA or, following the London Tri-borough model, by whichever UA is best to lead.

7.3 Governance

An illustration of the governance structure for the Combined Authority is set out below. This will need to be developed through the development of a Scheme with DCLG, but a proposal is being developed for the Combined Authority to include voting membership for the UAs, CCG and the LEP.

Strategic Leadership and accountability



Strategy and policy development and joint commissioning



Assurance



The 2016 Act requires each Combined Authority to set up at least one overview and scrutiny committee. The committee must publish a plan indicating how it will exercise its powers, and it will have the power to suspend decisions of the combined authority whilst it reviews them. Because the Combined Authority will be an Accountable Body for public funds, there will need to be a committee with responsibility for audit, which will advise the CA on financial management, internal and external audit, the code of conduct and corporate governance matters.

7.4 Organisation

To support the democratic function and coordinate delivery, the CA will need a core office / secretariat to develop the required strategies and administer devolved funds. This will include appointing to three statutory roles of Head of Paid Service, Section 151 officer and Monitoring Officer.

To resource these activities, there will be options for the resource to be sat within a Combined Authority office or using the resources within the UAs (who may also have specific locality responsibilities). As an example the Sheffield City Region CA employees zero staff (employees are employed by Barnsley MBC or Sheffield City Council then recharged to the SCR), whereas the Greater Manchester CA employs 983 staff.

However the driving principle behind the developing Oxfordshire Combined Authority proposal is that it is a small core officer team, drawing on the resources of the UAs and partner organisations as opposed to creating an additional large employment organisation.

It is also assumed that the statutory Director of Public Health role would be a joint appointment between the Unitaries to cover the whole of the current region, or is a direct appointment by the Combined Authority under a devolution deal. Joint appointments are increasingly common as authorities seek to reduce cost, but also because public health issues are more effective across a large population to help identify trends and to utilise specialist analytical skills.

In relation to the statutory Director of Children's Services and Lead Member for Children's services the suggested approach is similar to the tri-Borough arrangement in London. Each authority would have a Lead Member for Children's Services. A Director of Children's Services would sit over all the authorities as a joint appointment and each authority would have an Assistant Director of Children's Services covering more operational delivery in their locality, plus some shared responsibilities across the region. This approach potentially strengthens the senior leadership for Children's Services across the region and builds in potential for succession planning and development of specific focus relevant to each area.

In relation to Adult Social Care, the creation of unitary authorities with social service responsibilities would require each to ensure that have sufficient staff to perform their statutory functions and act in line with statutory guidance, The strategic chief officer post of director of adult social services (DASS) should be directly accountable to the Chief Executive and comparable to the Director of Children's Services.

Statutory guidance on this role allows for local authorities to jointly appoint a single Director of Adult Social Services to cover their local authority areas and also to enable joint funding of posts between a local authority and an NHS body. Where such a joint appointment occurs the DASS must remain an employee of the local authority for the full range of social services responsibilities. In addition, local authorities may extend the DASS's responsibilities to cover other local authority services and responsibilities (such as leisure, housing, transport and adult education).

A comparable arrangement for adult social care and children's services would therefore be possible to utilise expertise across the region and to build a resilient team operating across adult social care, health and wider determinants of health.

7.5 Conclusion

A Combined Authority for Oxfordshire would complement the UA model by providing a vehicle for strategic decision making, and accountability through a Mayor for the strategic issues that need to be addressed to enable Oxfordshire to reach its economic potential. The ability to pool funds and budgets and prioritise to maximise growth or address need. At the same time, the CA model allows a degree of local UA flexibility and efficient delivery through UAs and partners.

8 Children's services

8.1 Context

Oxfordshire is not alone in facing challenges raised by either children and young people experiencing abuse and neglect and the increasing volumes of those in need, nor in terms of variance in educational achievement. Vulnerable children and young people generally have poorer outcomes than their peers, across measures such as health status, educational attainment, social inclusion and employment and skills. Traditionally councils have tried to address these deficits by focusing on the needs of vulnerable children and young people, an approach which is encouraged by statutory duties, requirements and inspection. Oxfordshire does this well.

Good foundations

The good foundations in Children's services across Oxfordshire needs to be seen as a platform for further improvement and enhancement. The overall good position is recognised both locally by stakeholders and nationally in inspection reports and stakeholder discussions. Following the crisis revealed by the Bullfinch case which identified issues with joint working and joined up front line there has been a particular focus in recent years on child sexual exploitation leading to the development and piloting of nationally recognised leading practices. This was recognised by the Joint Targeted Area Inspection of the multi-agency response to abuse and neglect in Oxfordshire which said '*the specialist, multi-agency child sexual exploitation team, Kingfisher, is pivotal to the operational responses of the local authority, police and health services, and this ensures that there is a high standard of inter-agency working with sexually exploited children*²².

The report also found that this strong practice was not consistent across all services offered to other children and families when they are first referred to the children's services. Children and families first contact sometimes experienced poor processes and practices at the front door. There are plans in place to address this but progress was criticised for being slow and partners have highlighted the need to respond to demand to non-acute cases.

Ofsted's most recent inspection outcomes rated children's services in Oxfordshire as good overall across all judgement areas, which while not outstanding compares favourably with the other 87 local authorities inspected in the South East.

Ofsted Judgements on South East Local Authorities Childrens Services

Judgements	Outstanding	Good (Oxfordshire)	Requires improvement	Inadequate
Overall effectiveness	2%	24%	49%	24%
Children who need help and protection	0%	23%	56%	21%
Children looked after and achieving permanence	2%	32%	55%	10%
Adoption performance	8%	46%	39%	7%
Experiences and progress of care leavers	2%	34%	49%	14%
Leadership, management and governance	8%	23%	48%	21%

Stakeholders generally agree that operationally teams are working well together but that commissioning in some areas can be fragmented and uncoordinated. The overriding priority is to maintain the focus on protecting

²²

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/521906/Joint_inspections_of_child_sexual_exploitation_and_missing_children_Oxfordshire.pdf

vulnerable children, building on the good foundations but recognising the potential improvement areas and need to recognise the challenges ahead.

Challenges ahead

The Children, Education and Families Directorate at Oxfordshire County Council, and other partners, face a number of challenges, irrespective of any change in the structure of local government. The budget position within the council means that significant savings are required as the current approach is unsustainable. There is also increasing pressure on services as a result of rising demand and changing requirements. Given services will already be going through a period of change and transformation, the question is whether the transformation which County Council is currently taking forward could be enhanced and strengthened by a devolution deal and unitary solution.

The challenges facing children's services are significant:

- Financial – local government has many of the ultimate accountabilities for outcomes for children but is facing a financial challenge to reduce expenditure and improve outcomes. In the Oxfordshire context the specific resources on children's services are being redesigned to reduce spend by 40% while creating a wholly new £12m service.
- Demand – the number of children requiring care and support is volatile but has been steadily increasing nationally and locally. In Oxfordshire the number of children on child protection plans rose 50% between March 2011 and March 2014, compared to 9% nationally, and has continued to rise since. This above average national increase is common in areas that have experienced high profile Child Sexual Exploitation cases, although most children on child protection plans in Oxfordshire are subject to a plan because of neglect. Other contributory trends include the rapid increase in Unaccompanied Asylum Seeking Children (UASC).
- Operating environment – the operating environment for children's services, and the role and accountabilities of local government, are complex and subject to rapid change. Across the UK, there were 98 separate Acts of Parliament affecting children passed between 1987 and 2008, with over 400 different initiatives, strategies, funding streams, legislation or guidance and organisational changes to services affecting children and young people²³. The pace of change has not slowed down since.
- In addition, changes to society mean that new challenges and demands are being placed on children's services, for example where technology has transformed childhood and the average 11 year old boy has viewed pornography and 1 in 12 children deliberately harm themselves.
- People challenges – social work is hard with challenging personal and professional responsibilities. Many social workers choose to leave the active profession after a few years for a variety of reasons, including increasing referral rates, increasing caseloads, diminishing support and lack of control of career development. As experienced staff leave it puts extra pressure on less-experienced staff and increases the reliance on agency staff. In Oxfordshire programmes are being introduced to attract more staff but the challenge is compounded by the high cost of living and affordability of housing.
- Leadership challenges – there is a recognised shortage of leadership excellence within children's services nationally and a desire to bring the best people into the profession. Due to the challenging nature of the work there is a potential concern that finding numerous strong local leaders and teams could be a risk. Essex is a good example of an authority where strong leadership has helped develop a pipeline of talent and nurturing of practice excellence. The leadership of these services is important in changing culture and practice and empowering all practice staff to spend more time with families and children.

County approach

In response to these challenges the County Council consulted last year and is in the process of implementing plans to withdraw from universal service provision and redesign early intervention work to focus the service

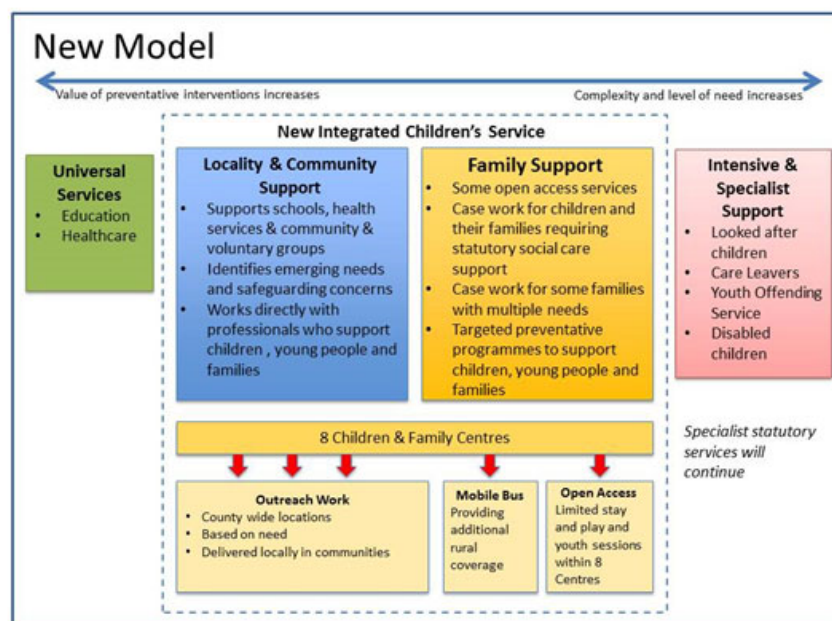
²³ Action for Children, 2008, As long as it takes: A new politics for children

more on the statutory duties and requirements on local government as it seeks to find savings of £8m across children's services. This would include closing the majority of the 44 children's centres across the region.

The transformation aims to create a wholly redesigned £12m service consisting of a Locality and Community Support Service, Family Support Service and eight designated Children and Family Centres delivering a range of primarily targeted, with additional open access, sessions supported by an administrative service.

It is intended that the new service will have strong working relationships with other social care teams within the Youth Offending Service including specialist services provided by partner organisations and universal services.

The diagram below provides an illustration of the new service, with the parts inside the dotted line showing the new service proposed by the County. This direction of travel is at odds with that being followed by partners notably Thames Valley Police and NHS who prefer early effective intervention as a means of providing better protection to children now and preventing more acute cases in the future. The Department for Education suggest that there is a need to consider innovative responses to children at the edge of care to prevent an escalation of intervention requirements, although they are less convinced of the evidence around universal services without effective targeting.



Ambition for children

The ambition of the districts is that, alongside the protective duties of local government, a unitary and combined authority model could allow the whole system to be redesigned to nurture the assets within children and young people, their families and their communities so as to build resilience and aspiration. Universal services are seen as a gateway to the specialist health and social care support that children with more moderate and severe levels of need require. Access to quality provision is vital.

Achieving resilient families is a shared responsibility, requiring a commitment across local government, the NHS and the wider public sector, as well as the voluntary and community sectors and the engagement and commitment of children and young people, their families and their communities. It requires system wide reform which a devolution deal could help to trigger by stimulating ever closer integrated working between authorities, other partners and with communities.

8.2 Devolution proposals

The current devolution proposals relevant to children focus on health and well-being, rather than just at risk, where the aim is to bring together a single approach for health and social care in Oxfordshire, bringing together organisations and budgets to create a system that will deliver care and better value for money. These proposals are based on three phases of work:

- Firstly, to build on existing arrangements and powers to integrate local commissioning teams, increase the current pooled commissioning budget and to strengthen the Health and Wellbeing Board;
- Secondly, to devolve national budgets and powers and evolve the Health and Wellbeing Board into a body, responsible for commissioning of all health and social care and public health services for Oxfordshire’s residents.
- Thirdly to consider how health and social care governance arrangements interlocks with and complements those of any new Combined Authority structure.

The intention was that this arrangement should cover both children’s and adult social care services. From the current proposals there is a risk that the specific needs of children’s services will be dominated by a focus on integration of health and adult social care, which is a national concern of the Association of Directors of Adult Social Care. This could perpetuate the perceived position locally where the business of the Health and Well-Being Board is dominated by adult health and social care, leaving the issues of commissioning services for children fragmented and missing opportunities to integrate with other front line services such as housing, schools and community safety. A specific focus on children’s services would help to avoid this risk and recognise that in relation to children services local government, health and the police are critical. Specific proposals on using a devolution deal for improving outcomes for children would be valuable.

Nationally, there are few devolution deals that have had a focus on children’s services. The two areas that are most explicit are in further devolution deals to both the Liverpool City Region and Greater Manchester, where in both areas there is a commitment to undertaking a fundamental review of the way that all children’s services are delivered making the best use of existing resources.

Liverpool City Region <i>Further devolution to the city region combined authority and to the directly elected mayor</i>	Greater Manchester <i>Further devolution to the combined authority and to the directly elected mayor</i>
<p>The government will support Liverpool City Region to undertake a fundamental review of the way that children’s services are delivered. The review will explore how integrated and more efficient ways of delivering services can be achieved by making best use of existing resources. The proposals will be developed from April 2016 within a framework of locally accountable leadership, delivery and commissioning arrangements, and specific proposals will be subject to Department for Education, HM Treasury and individual local authority approval.</p>	<p>The Government and Local Authorities will undertake a fundamental review of the way that all children’s services are delivered, including services by Local Authorities and other public service providers. The review will explore how integrated and more efficient ways of delivery of all services can be achieved by and for Greater Manchester Local Authorities, making best use of existing resources and linking service transformation to the scaling up of Early Years new delivery models and to the education and criminal justice systems. The proposals will be developed within a framework of locally accountable leadership, delivery and commissioning arrangements and specific proposals will be subject to Department for Education, HM Treasury and individual Local Authority approval.</p>

In addition to these two areas, there are other sub-regional proposals being developed within Local Safeguarding Children Boards including:

- Birmingham’s Safeguarding Children Board Transforming Programme, changing the function of the Board to concentrate on scrutiny, assurance and evaluation, whereas the OSCB is seen as having to step in and support commissioning; and
- West Midlands LSCB Chairs System Change Project, which aims to reassign a number of functions from individual Boards to be carried out in a regional model.

There is support for greater consideration of children’s services within devolution proposals. The Wood Review, which was established to review the role and function of Local Children’s Safeguarding Boards, and reported earlier this year made, a specific call for devolution proposals to be incentivised and encouraged by Government.

The applicants for devolution deals who have a deal in place or are in negotiations should be invited, if they have not already done so, to include proposals for transforming multi-agency arrangements for child protection and safeguarding services more widely in their bids. »

Wood Review

The similarity in both current devolution deals suggests that devolution on children's services will be more likely with a combined authority and directly elected mayor, where there is a commitment to key components including:

- A fundamental review of the way in which children's services are delivered
- Integration and more efficient ways of delivering services
- Making the best use of existing resources
- A framework of locally accountable leadership, delivery and commissioning relationships
- Specific proposals being subject to Department for Education, HM Treasury and individual local authority approval

8.3 Future ambition

Approach

This section outlines a possible approach for Oxfordshire which aligns to these key components of existing devolution deals and the ambition of local partners.

Strategic ambition

A strategic ambition for a devolution deal around children's services could focus on creating:

A proactive integrated approach to investing in children and families capacity and capability across Oxfordshire so that they take every opportunity to fulfil their positive potential.

The purpose of which would be to ensure safeguarding of children and young people, meaning that they are not only protected from harm but their welfare is promoted through:

- Investing in the strengths and assets of children, families and communities
- Integrating actions within a shared and collaborative way of working
- Putting children and young people at the heart of what we do
- Enhancing life chances

The aim would be to ensure better outcomes for Oxfordshire in terms of: lower levels of vulnerable children and families; enhanced aspirations of families for their children and improved educational attainment and achievement; and a reduction in the impact of parental risk factors that contribute most to abuse and neglect of children. Within five years the goal could be to have shifted resources into positive activities without increasing the risk to vulnerable children, making the case for upfront investment to change the projected profile of demand. The objective would be to have secured agreement locally by the end of the year and devolution deal by the end of financial year to enable this shift.

A fundamental review of the way in which children's services are delivered

Stakeholders are concerned that the good performance of current arrangements will be at risk during transition to any new arrangements, particularly as the County is already undertaking a transformation programme. While the focus of the County's work is to meet its statutory and protective duties there is a concern that reducing the focus on universal services will weaken the early intervention and prevention activity. For the County this is necessary to release the resources and capacity to manage increasing caseloads where children are judged to be vulnerable and at risk.

Reducing universal services is a national concern of the UK Children's Commissioners who in their most recent report to the UN stated:

« There has also been a significant reduction in funding to statutory authorities across the UK. It is feared that reduced access to local universal services for children will put further pressure on services for those most in need; the Commissioners are very concerned that, due to budget cuts, statutory services are only focussing

on delivery of their statutory duties. In practice, this means that funding is being withdrawn from many critical preventative and early intervention services that play an important role in the lives of vulnerable children. »

5th period report of the UK Childrens Commisioners

The Wood Review has explored the role of Local Children's Safeguarding Boards and identified a need for a new model that will ensure collective accountability across the system, with local authorities, health and the police playing the lead roles in a more flexible and focussed arrangement. A key recommendation is for greater separation of strategic focus within the boards from operational and business planning, with greater alignment and co-terminosity between key partners. The perception of the City, where issues are mostly concentrated, and of partners is that the safeguarding board in Oxfordshire performs well but at times has to step into areas of commissioning outside of its intended remit where there is no robust commissioning and scrutiny structure in place.

In its response, the Government has stated that it wants strong and effective arrangements for local agencies to work together to improve outcomes for children and their families and share information effectively and will bring forward legislation to make it happen. The Government's goal is to support and enable local agencies to work together in a system where:

- Excellent practice is the norm;
- Partner agencies hold one other to account effectively;
- There is early identification of 'new' safeguarding issues;
- Learning is promoted and embedded;
- Information is shared effectively;
- The public can feel confident that children are protected from harm.

In seeking to establish unitary government there is an opportunity for Oxfordshire to frame its ambition, alongside the protective duties, as creating and establishing a whole system that nurtures the assets within children and young people, their families and their communities so as to build resilience and aspiration. A commitment to a fundamental review, working with Government and acting as a pathfinder for new arrangements, could build on previous agreements and reflect the districts ambition.

It is suggested that the unitary solution adopted should through a devolution proposal seek local and national agreement for 'The government to support Oxfordshire Region to undertake a fundamental review of the way that children's services are delivered *and demand can be reduced*. The review will explore how integrated and more efficient ways of delivering services can be achieved by making best use of existing resources. *It will also explore how early intervention and prevention at the edge of care can reduce the demand for statutory protective services.*'

Integration and more efficient ways of delivering services

This review was not intended to include a detailed design of a more integrated and efficient way of delivery services, which would require significant additional resource. Plus the County have already consulted on and are in the process of implementing an approach to drive efficiencies from the protective duties that they are responsible for. That consultation identified 14 key messages for the County that while recognising the funding pressures generally rejecting the proposals put forward and seeking to protect universal services with concern reduced prevention will have damaging knock on effects.

However, those proposals could be reconsidered in relation to the wider benefits of a unitary government model and additional simplification of organisational responsibilities. All stakeholders have agreed that a unitary model would allow further consideration of greater integration and more efficient ways of delivering services, relevant to each locality. Specific opportunity areas identified included:

- Integration with housing services – the role of housing in supporting early intervention and in identifying needs could be more visible and integral, particularly in the city. Homes and the communities that families live in are a vital part of their lives, and housing providers can be well placed to be among the first to spot signs of difficulties with debt, anti-social behaviour, and challenges like domestic violence that can all impact on children's welfare. They can be an important partner in sharing information and data about families who are experiencing difficulties, coordinating assessments, and delivering 'family first' responses.

- Integration with leisure and recreational services – these services can be important in providing children and young people with opportunities for social inclusion and to enhance self-esteem, enjoyment and achievement. Evidence suggests that where leisure time activities are sustained throughout teenage years they can have a significant impact on young people’s resilience and on their outcomes in later life.
- Integration at a community level – developing the integration of community responses, including in high risk areas, would build on the framework of community partnerships and enhance the role and responsibility of schools and other community organisations, particularly where early signs could be picked up and interventions can be effective in tackling those children at the edge of care.

A unitary model would allow for more seamless integration of these functions to enhance and develop these opportunities, in particular to focus on how universal services, early intervention and prevention can help reduce the number and seriousness of vulnerable children needing care and protection.

Building resilient families and communities can only be achieved by building effective and connective services and support that builds capacity and releases capability, with the aim of reducing children and young people coming into care and building the pathways to independent lives. Any change in children’s services needs to ensure it maintains and enhances outcomes for children and young people, and has the full support of all partners.

The development of the unitary and combined authority model for children’s services would be a new innovation and can be design to use evidence about what works in children’s services, and should align to the ambition of the Government’s innovation fund which recognises that there is a need for *‘the future shape of children’s social care to be defined not by Whitehall, but by the very best professionals and leaders using the very best evidence’*²⁴.

With world class local Universities and an interest in evidencing ‘what works’ through research plus the development of teaching and training, Oxfordshire is well placed to be at the forefront of innovation in children’s social care and development of a pipeline of excellent leaders. The particular focus in Oxfordshire would be on demonstrating how early intervention and prevention services at the edge of care could commence a move to lower future public spending and better outcomes.

Tri-Borough (Westminster, Kensington and Chelsea, Hammersmith and Fulham local authorities) received £4m through the DfE’s Innovation Fund to implement their ambitious new model called Focus on Practice to achieve more purposeful practice and effective interventions with children, young people and their families. The Tri-Borough are investing in training their children’s social care workforce, just over 700 staff in total, from top leadership through to frontline practitioners across the three local authorities. Focus on Practice includes; training in evidenced based methodologies including systemic practice, motivational interviewing, parenting theory and skills and Signs of Safety, new approaches to supervision and embedding clinical psychologists and family therapists in teams. This is enabling frontline staff to engage more positively and proactively with families with the long term aim of reducing re-referrals and entries into care. Early evidence suggests these new approaches are having a positive impact on staff and the families they engage with.

Making the best use of existing resources

Excluding schools, there are currently 1175 FTE (plus 98 FTE temporary staff) at the County, with a staff budget of £42.7m and non-staff spend of £90.9m (and a net expenditure of £51.7m), means the scale of this function alone is larger than the four non-city districts. But the County resources are only part of the effort that is needed to improve outcomes for children and young people, and increasingly is focussed on the areas where intervention is required.

²⁴ Department for Education, 2016, Children’s Social Care Innovation Programme

The belief is that early intervention would offer the potential to make better use of existing resources over time, recognising that it may initially cost more before programmes start to reduce demand. Research on the financial impact of early years interventions in Scotland suggested that if a package of interventions can reduce future public cost associated with not having the best start in life by 100%, and that impacts persist through life, then the package would result in an increase in public spending for approximately 2 years across the moderate and severe groups. After this period, as the effectiveness of the package, and the number of cohorts affected, offsets the cost of the intervention package we estimate future public spending on these groups would fall. Analysis shows that should the package of interventions prove to be successful in reducing future public cost by just 10%, then public spending would still only increase for a 2 year period, but future public spending would reduce at a slower rate.

Evidence from the Early Intervention Foundation suggests that there are three key enablers that drive success in delivering early intervention locally and should be the underpinning strategic aspects of local planning and delivery. The three key enablers are:

- The breadth and depth of the local partnership
- Having a clear strategic approach, which includes use of the best evidence based programmes
- Rich use of data to assess how well things are working locally

Developing a unitary and combined authority model in Oxfordshire, as part of a devolution deal, should provide an opportunity to strengthen all of these enablers. It could create the foundations for a new partnership model with a strategic framework established at combined authority level and practice based delivery through integrated teams within individual localities based on unitary authorities, health clusters and local policing areas. The County is already developing locality based working, structured around three areas so this would align to current plans.

There is recognition of the need for agreeing the strategic approach to utilise the best evidence available and make rich use of data to assess how well things are working locally. This is an opportunity for greater alignment with the university sector to develop a strong understanding of ‘what works’ to maintain a strict focus on ensuring every pound spent is value for money. Investment will be prioritised on evidence based policy, with an invitation to utilise knowledge partners locally to help put evidence at the heart of delivery plans.

A framework of locally accountable leadership, delivery and commissioning relationships

The current framework for accountable leadership, delivery and commissioning means that the County Council has a lead but not sole role – there is a shared responsibility for outcomes involving many more partners. For those partners any change is also an opportunity to revisit the overlap between existing committees including the LSCB, Health and Wellbeing Board, Community Safety Partnerships, Local Family Justice Boards, Safeguarding Adults Board and Children’s Trust.

It is also an opportunity to create a more streamlined accountable monitoring system that allows greater freedom for innovation and collaboration between local partners. As the Government looks to update requirements on local governance for child protection it is likely to require local government, health and police partners to work together to establish governance arrangements and decide a range of issues, including the following:

- The area or region which should be covered under the joint arrangements;
- How they will involve and work with other agencies who have a key role in protecting children;
- A plan setting out details of the arrangements, which they will publish;
- Resourcing for the arrangements;
- How they will ensure a strong degree of independent scrutiny of the arrangements.

In relation to children’s services, proposals that are being developed by groups of local authorities, health and police services to improve services and reduce overlap from which Oxfordshire could benefit. The factors being taken into account are the scale of the area, geography and different organisational boundaries.

In education, the progressive removal of local authority involvement and emergence of multi-academy trusts suggests that there is a need for a strategic framework for overseeing the relationship with schools (for example on school place admissions) and a local delivery relationship with individual schools (for example on their role in preventative and early intervention work around child protection).

Our discussions with the County, local districts, the Department for Education and PwC's advisors, many of whom are former practitioners, suggest that consensus could be reached on a model which provides:

- Strategic leadership operating at the Oxfordshire level – this is necessary to provide the framework within which services are commissioned and reviewed but also to maximise the input from senior officers and partners, where a sub-division into more local areas would increase the time spent in liaison and reduce the time and resources focussed on delivery. This could be addressed through a combined authority led strategic arrangement for strategic issues on safeguarding, schools and service planning.
- Strategic commissioning for specialist support – it is also a preference for strategic commissioning to operate at this level to make efficient use of resources and to recognise that smaller authorities can be severely impacted by the need for high cost provision in care services or lack access to the specialist provision required.
- Operational delivery around localities – An integrated delivery / practice led model based around localities which are coterminous wherever possible is also the shared ambition of all parties. The current basic building blocks for this in three key partners – local government, health and policing – are all modelled on three localities (Northern Oxfordshire, Oxford and Southern Oxfordshire) within which more local delivery arrangements with individual children, families and schools would operate.
- Flexibility on the delivery models – there is recognition that the focus and requirements across Oxfordshire vary considerably. Much of the child protection focus is located in Oxford itself, alongside Banbury and Didcot. However educational attainment and achievement are a common issue across the county. There are also different delivery preferences and priorities within each area which the proposals will need to respect.

Another enabler of effective innovation identified by the Government's evaluation of its innovation programme is to ensure that the voices of children, young people and families are listened to as part of the process of developing new services to support them. This can be more difficult if decisions are too far removed from those that they affect.

The unitary authorities would need to cover the role of the Director of Children's Services and Lead Member, while recognising that there is a national need for strengthening the pipeline of leadership excellence. While a current County lead reduced the need for multiple leaders it depends on the quality of that leadership and has limited in built resilience and natural succession. The model adopted in the Tri-Borough arrangement has some parallels for a combined authority and unitary solution in Oxfordshire. In that model there is a single Executive Director for Children's Services, acting as the statutory DCS for all authorities, but who is supported by Directors of Children's Services within each authority who have operational delivery responsibilities but who also take a lead across all authorities on specific services, such as adoption and fostering. Each authority retains a lead member for Children's Services. This model could work well in Oxfordshire, reflecting the variety of pressures within the region, while allowing for the development of strong leadership team working across traditional boundaries. There would also be potential, as part of the combined authority and mayoral model, for a 'deputy mayor' for children's services. Current statutory guidance on the requirements for a Director of Children's Services and Lead Member is likely to be reviewed and this is an opportunity to test a proposal that is most likely to drive collaboration and co-ordination between all parties, not just the local authorities, and support the pipeline of leadership excellence which the Government is seeking.

Specific proposals being subject to Department for Education, HM Treasury and individual local authority approval

The development of specific proposals needs to be taken forward in agreement between all parties before Government approval is sought. That process will take some time but can be based on some agreed principles for the design of a fundamental review and service model.

8.4 Principals within a unitary model

Any change in current arrangements must not put children and young people at risk, either during transition or as a result of transition. The result of any change should be a robust model for safeguarding children and young people, particularly at the edge of care, while also raising ambition and aspiration.

Proposals for children's services within a unitary government model in Oxfordshire need shared understanding agreement and development. At this point the focus has been on developing strategic guiding principles that can be used as the basis for working toward a consensus and inform decision making about how change could enhance current arrangements. They are not hard-and-fast rules but seek to describe the preferences for what a unitary and combined authority model would seek to achieve and the behaviours it would facilitate.

The proposed guiding principles are any move to unitary government will be a stimulus for developing a model of safeguarding children and young people which establishes:

- A new relationship between local government, health and policing to provide integrated strategic leadership and commissioning that enables shared decision making, genuine co-production and joint delivery of services placing outcomes for children and families at the heart of everything;
- The first priority for children's services must be to keep children safe from abuse and neglect which will be done by meeting statutory duties as efficiently and effectively as possible at a combined authority level,
- A commitment to building resilience and aspiration by acting before children are vulnerable by recognising and building on the strengths of individual children, relationships within families and within communities to change behaviour and reduce demand for statutory services;
- This shift requires:
 - A focus on prevention and early intervention and the provision of specialist interventions and improving outcomes for citizens where providers in each locality are incentivized achieve early interventions through managing total budgets.
 - Evidence of what works to inform both an understanding of what is happening and to shape strategic commissioning, which should include the involvement of children and families through meaningful consultation and engagement.
 - A workforce has the training, skills, information and tools that it needs to work effectively.
 - An ability to share data and insight about past performance in close to real time and predictive analytics to inform both operational and strategic planning
 - An outcomes focus where the commitment is to increasingly shift resources into universal and preventative services
 - Integrated local provision focused on what is needed in each locality levels from the family to the school to the region.

It is recommended that as part of any Oxfordshire devolution settlement a similar approach is taken to undertaken a detailed and fundamental review of the way children's services are delivered involving all those with a shared responsibility.

9 Adults services

9.1 Context

Adult social care is a system under strain nationally and locally. It is perhaps the single biggest pressure on local authority finances with a clear recognition of the challenges this represents. The Spending Review 2015 announced new powers to raise Council Tax by up to 2 per cent to spend on social care, providing flexibility for local authorities alongside additional money for social care provided through the Better Care Fund from 2017/18. Despite this the social care funding gap has been estimated at between £2bn and £2.7bn nationally and within Oxfordshire there is a need to find savings of £176m by 2020/21 across health and social care.

“I do not believe that it would be prudent for us to assume any additional NHS funding over the next several years, not least because I think there is a strong argument that were extra funding to be available, frankly we should be arguing that it should be going to social care. That is one of the arguments that I have been making publicly, and I think social care has a very strong case for that.”

Simon Stevens, Chief Executive of NHS England speech to the NHS Confederation 20 June 2016

There is universal recognition that better co-ordination of health and social care designed around the person is needed to provide both improved service outcomes and to reduce costs. The aim is to shift care into the community, closer to home, making care more personalised and supporting people to live more independently for longer.

Integrated care means different things to different people. While most recognise the benefits of integrated care, others are uncertain about means or threatened by possible consequences, such as implied organisational changes. Increasingly, integrated care is about the ability to work across organisational boundaries under single management control and director rather than organisational integration to deliver the benefits of integrated care. No single ‘best practice’ model of integrated care exists. What matters most is clinical and service-level integration that focuses on how care can be better provided around the needs of individuals, especially where this care is being given by a number of different professionals and organisations.

In the recent Spending Review the Government committed to integration of health and social care by 2020 in all places. The challenge for Oxfordshire is to understand how best to create a system that maximises the benefits of integration and creates the right incentives for the system to focus on health and well-being. This is a challenge that goes beyond local government and requires collaboration between the Clinical Commissioning Group, wider health sector and providers. The current Oxfordshire Transformation Board recognises that there needs to be fundamental reform of the health and social care system to adopt new models of care.

Good foundations

Health in Oxfordshire is good overall and has been improving, with comparatively low levels of disability although 90,000 people report being limited in their daily activities. People are living longer across Oxfordshire – a woman is now likely to live to 87 – and the over 65 population is forecast to rise 18% by 2025 while the over 85 population increases by 30%. Overall disability free life expectancy in Oxfordshire is significantly above the national average.

Within the overall figures there are variances between different places reflecting the diversity of the region. For example, the more rural districts have a higher proportion of over 85s with growth highest in West Oxfordshire. Older people and population change is one of the primary health challenges in the region, resulting in changing health needs and requirements.

The Health and Well-being Board assumed statutory responsibilities in 2013 and is considered strong and established by the County Council, although some stakeholders feel it is too dominated by local government. As Oxfordshire seeks to find savings and is already relatively efficient the Oxfordshire Transformation Board recognises it will require fundamental changes to the way services are delivered.

The current consultation identifies three health and well-being gaps which will be important to address as the work develops both on the reform to health system but also consideration of the future of local government in the region. The three gaps are:

- a lifestyle and motivation gap through making it easier for people to help themselves using apps and the web
- a service gap through which all professionals prevent ill health by helping to improve unhealthy lifestyles
- a community gap and development of healthier community design and, as the county's largest employer, work harder to improve NHS workforce's health

The Districts believe that a unitary solution for local government, with a combined authority, would be well suited to delivering the emerging plans and offer the potential to create greater synergies and commitment to collaborative working at the right localities for the delivery of care closer to the home.

Challenges

- **Ageing population** – This aging population is impacting on health and local authority services across Oxfordshire, whether through demand on GPs, delayed transfers of care or pressures on social services. This pressure is not uniform. By 2023 the most likely scenario is that there will be a further 6300 over 85s in the region, but the projected proportional change between 2012 and 2037 is almost double the level of the city in West Oxfordshire. Different localities will experience different pressures, but all characterised by increasing complexity of long term conditions and frailty.
- **Wider determinants of health** – Health and wellbeing are impacted by more than just health and social care services. The built environment, housing, local environmental quality, economic growth and prosperity are all important determinants of supporting a healthy population. In a two tier system there is a disconnect between the functions planning and delivering services which have wider determinants on health from those focused on health and social care. Just as integration between health and social care is important so is integration with functions with a significant impact on health, such as transport, housing and social isolation. These issues, and their relative importance vary significantly between the District authorities, where the needs of the city are quite different to those in rural West Oxfordshire.

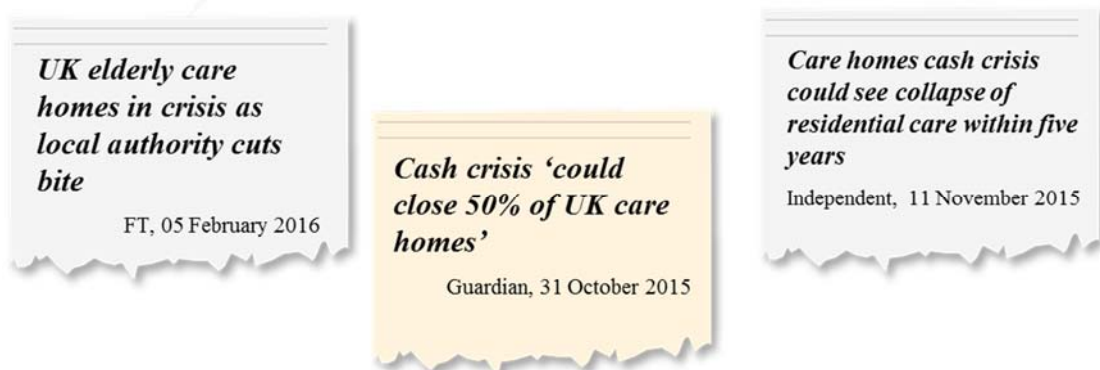
The current systems to make all this happen are complex and confusing to say the least: a mixture of District and County Councils, developers, appeals, inspectors, businesses and the views of Town and Parish Councils and the views of many local people. New developments are rarely welcomed by locals, and the whole system is fraught with difficulties until an uneasy compromise is reached.
Oxfordshire Director of Public Health Annual Report 2014-15

- **Moving forward on integration of health and social care** – The Oxfordshire health and social care system has long-standing problems in being able to transfer patients to the next stage of their care from both Oxford University Hospitals NHS Foundation Trust (OUHFT) and Oxford Health NHS Foundation Trust (OHFT). Delays in transferring to home with domiciliary support, or to a residential or nursing home setting or from community hospitals impacts on both the patient experience but also the flow of patients the Trust can support and introduces additional expense.
- **Cost pressures** – Within the Oxfordshire health system there is a need to find savings of around £176m by 2020/21 across health and social care – equivalent to 100% of CCG current spend on mental health, learning disability, community and primary care. A joint transformation approach, and the integration proposed through the devolution agenda, is essential in enabling all parties to develop a whole system redesign to achieve these savings.
- **Perversity of the pressure** – Councils believe that they were running out of scope for 'efficiencies' while the ADASS Budget Survey showed that adult social care spending on prevention has decreased despite being seen by Directors as the most important way of realising savings and being the core focus

of national and local policy. Additional cost pressures include implementation of the National Living Wage.

As budgets reduce it becomes harder for councils to manage the tension between prioritising statutory duties towards those with the greatest needs and investing in services that will prevent and reduce future needs.
ADASS Budget Survey 2016

- **Workforce gaps**– The vast majority of social worker jobs are in local government but these make up a minority of the roles within the overall adult social care sector according to Skills for Care. The workforce continues to grow with a shift away from local authority staff (down 50,000 and 27% since 2009) to independent sector jobs (up 225,000 jobs and 23%), and forecasts that demand for care staff will be at double the rate of population growth. Many of these roles are comparatively low paid where the high cost of accommodation in Oxfordshire, as well as issues with transportation and competition between local employers, will make recruitment and retention of staff even more challenging and is already an issue for both health and social care. Furthermore, 30% of Oxfordshire GP respondents reported that they plan to retire within five years, while some practices report it takes 6-12 months to recruit a GP.
- **Eligibility** – As councils have responded to declining budgets, eligibility and access to services has been tightened. There are an estimated 400,000 fewer people receiving social care since 2009-10 with those still supported receiving less care. However, in Oxfordshire there has been a 53% increase in the commissioning of home care since 2011, with an average wait of 12 days between a client being ready and receiving long term care
- **Overloaded services impacting on quality** – The pressures on commissioners and funding for providers is starting to impact on quality. 29% of patients reported the length of wait to see their GP was unacceptable, and 20% of people choose A&E rather than a GP resulting in A&E attendance rising by 1-3% annually and only 31% said they received good care managing their long term condition. Demand for hospital services is forecast to rise by 15% over the next 5 years. The CQC 2015 data for Oxfordshire shows that 8.7% of adult social care providers inspected were rated as inadequate and a further 31.9% were ‘requiring improvement’.
- **Provider capacity** – Within the provider landscape, funding pressures and under-occupancy are driving a decrease in fee rates, and suppliers of care homes are exiting the independent care homes market increasing pressure on local authority provision and making care at home increasingly important.



Both the integration of health and social care and devolution proposals are fundamental to enabling reform of the system to allow for care closer to home. The pressures on the system mean that there is a need to operate at pace to move from the case for change into new models of care as soon as possible. While a joint challenge, this

is fundamentally a health driven agenda to identify the best possible use of £1.2bn annual resources to meet the population's health needs.

9.2 Devolution proposals

The current devolution proposals relevant to health and well-being aims is to bring together a single approach for health and social care in Oxfordshire, bringing together organisations and budgets to create a system that will deliver care and better value for money.

The aim is to build on existing arrangements and powers to integrate local commissioning teams, increase the current pooled commissioning budget and to strengthen / reconstitute the Health and Wellbeing Board to enable it to hold contracts. This is then intended to be the recipient of devolved national budgets and powers so that the Health and Wellbeing Board becomes responsible for commissioning of all health and social care and public health services for Oxfordshire's residents. A move to unitary government would allow for consideration on how health and social care governance arrangements interlock with and complement any new Combined Authority structure.

The devolution deal with Greater Manchester, and the wider ambitions of the NHS Five Year Forward View, has stimulated the development of new thinking on both the integration of commissioning but also the models of delivery for health care.

Area	Deal text relating to social care
Cornwall	<p>Cornwall faces demographic challenges that are likely to put pressure on resources in future years. For example, the population of Cornwall contains more residents over the age of 75 than the average for England. This group is expected to continue to grow significantly.</p> <p>Greater integration of health and social care can help Cornwall plan for such demographic changes and maximise the efficient use of public resources. This will help enable local services to work better together, addressing issues of demand and financial pressure.</p> <p>Integrating such complex services will require re-shaping the whole system which can only be achieved through careful planning. This will require co-operation between: local partners; arm's length bodies including NHS England; and Government. This Devolution Deal for Cornwall signals a commitment to take forward the goal of improving local services and building resilience for future generations.</p> <p>Once Cornwall partners have put into effect their plans for going further and faster towards integrated care any devolution of health powers would be subject to careful consideration by Government and NHS England, taking into account the needs of people in Cornwall and elsewhere.</p> <p>In order to take forward their ambitions for health and social care integration Cornwall Council, the Council of the Isles of Scilly, NHS Kernow and other local partners will work together and with Government, NHS England and other national partners to co-design a business plan to move progressively towards integration of health and social care across Cornwall and the Isles of Scilly, bringing together available local health and social care resources to improve outcomes for the people of Cornwall and including a plan to reduce pressure on Accident and Emergency and avoidable hospital admissions. NHS England and local organisations will remain accountable for meeting the full range of their statutory duties.</p>
Greater Manchester	Health and social care leaders from across Greater Manchester are now coming together as part of the transition to control of their £6bn health and social care budget.

	<p>Together they are making progress on work to extend seven day access to primary care, radically upgrade prevention and public health, help those with mental ill health into work and make Greater Manchester’s Academic Health Science System a national leader.</p> <p>By the end of this year they will have a Strategic Transformation Plan in place to show how they will deliver a clinically and financially sustainable set of health and social care services for the people of Greater Manchester. The production of the Strategic Sustainability Plan will be aligned with the Spending Review process that applies to NHS, Public Health and Local Authority social care funding.</p>
<p>North East</p>	<p>The North East Combined Authority and the NHS will jointly establish a Commission for Health and Social Care Integration, chaired by a senior national figure, to establish the scope and basis for integration, deeper collaboration and devolution across the Combined Authority’s area, in order to improve outcomes and reduce health inequalities. It will report by Summer 2016. Terms of reference, agreed between the Combined Authority and NHS England, are attached.</p> <p>The Commission will look across the whole system, including acute care, primary care, community services, mental health services, social care and public health. It will strengthen the NHS in the North East Combined Authority area, and continue to uphold its values, standards and constitution. The commission will build on best practice, including pioneer status, and the experience of integration in Northumberland.</p>

Additional deals have been agreed in the West Midlands focussed on integrating mental health services, in Liverpool City region on further discussions on health and care devolution and in London on piloting prevention, integration and estates.

Although included in devolution deals in most areas proposals are at the early stages of development, and generally there is a commitment to explore further integration of health and social care. There is, in all areas, a need to undertake significant engagement on developing proposals into firm plans for change along the lines currently being undertaken in Oxfordshire.

Greater Manchester is the most advanced area in terms of devolution of health and social responsibilities. In their plans, health is fundamental to achieving the economic objectives of growth and prosperity to the region, with over 250,000 out of work, two thirds of whom have mental health problems, and the average healthy life expectations of parts of Greater Manchester being 57 years. While the context is different there are elements of the approach which are useful for Oxfordshire to understand including:

- The **strategic plan** builds on the ten locality plans with five priorities for system transformation based on prevention and population health, transforming community based care and support, standardising acute hospital care, standardising clinical support and back office services, enabling better care and investing in transformation.
- A **governance framework** that recognises it is still subject to the NHS Constitution or Mandate and the national regulatory framework. The Partnership Board brings together the whole system, including councils, CCGs, providers, Healthwatch and the community and voluntary sector as system-wide commitment and ownership is crucial. In addition the Provider Federation brings together all NHS providers to pool responsibilities and share services across multiple sites. The Joint Commissioning Board is co-chaired by council and CCG chief executives will commission pan- Greater Manchester specialist services but also develop common evidence-based frameworks for community and public health services if appropriate and there is a clear commitment to subsidiarity, with commissioning decisions taken at the most appropriate level.
- A **financial strategy** that recognises the most essential change needed is to reduce demand and established a £450 million Transformation Fund to invest in new models to drive prevention to change demand for services through integrated pathways for mental and physical health services, proactive strategies to reduce disease, investment in primary care and community health services, with £750 million in efficiencies to be realised in standardising acute hospital care to reduce variation and a shared back office. It is now recognised that it is difficult to shift the pattern of investment in services without wider reform of the payment system in the NHS because the tariff continues to reward activity

in the acute sector rather than prevention and that substantial capital investment was needed to shift models of provision and support.

Devolution has helped stimulate new thinking across Greater Manchester and establish governance arrangements that underpin and reinforce a place based approach that includes all partners, with increasing emphasis on the relationship with the public and the role of public services aiming to create an asset based model that enables people to avoid the need for support. Challenges, which are relevant to the Oxfordshire context include:

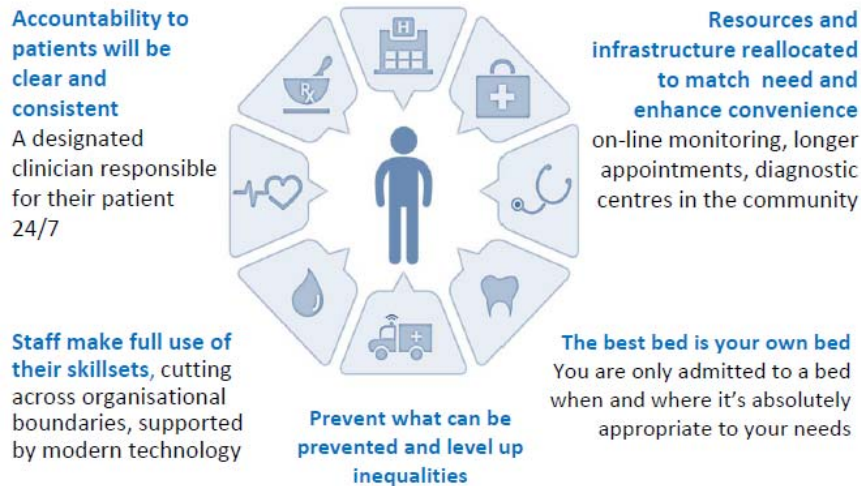
- **Operating at the right spatial level**, balancing the need of localities with the benefits of scale across a wider region. There is need for clarity on what is the most appropriate local level for decision making;
- **Making the case for prevention** to demonstrate the links between health and early intervention outcomes where the evidence base needs strengthening to convince sceptics, particularly where benefits lag the investment required. As a knowledge intensive region this is an area of potential engagement where Oxfordshire is well placed to develop robust evidence that would benefit other places.
- **Exciting the public and the workforce** about devolution to show that there are tangible benefits for those receiving and delivering care. This means being able to respond to concerns about the current system and plans and show how they will deliver more appropriate care and reflect the diverse needs of the region. It also means being able to create a system that attracts and retains the workforce required.
- **Shifting the provider landscape** to encourage and incentivise providers to work on a system wide basis which will result in winners and losers, and where a shift to community based prevention will reduce income for those focussed on traditional models of treatment.

9.3 Future ambition

Approach

The Oxfordshire vision for a future integrated health and social care system is based on aiming to move care being closer to the home, the key elements of which being to introduce a system which has the following characteristics and operates across six health settings:

- increases people's confidence to manage their own care
- General Practice acts as 'the gate keeper'
- delivers more integrated GP, community, hospital & social care
- manages the population's health to improve outcomes
- increases the capacity of community workforce
- organisations work together across Oxfordshire
- services focus on quality, experience and outcomes



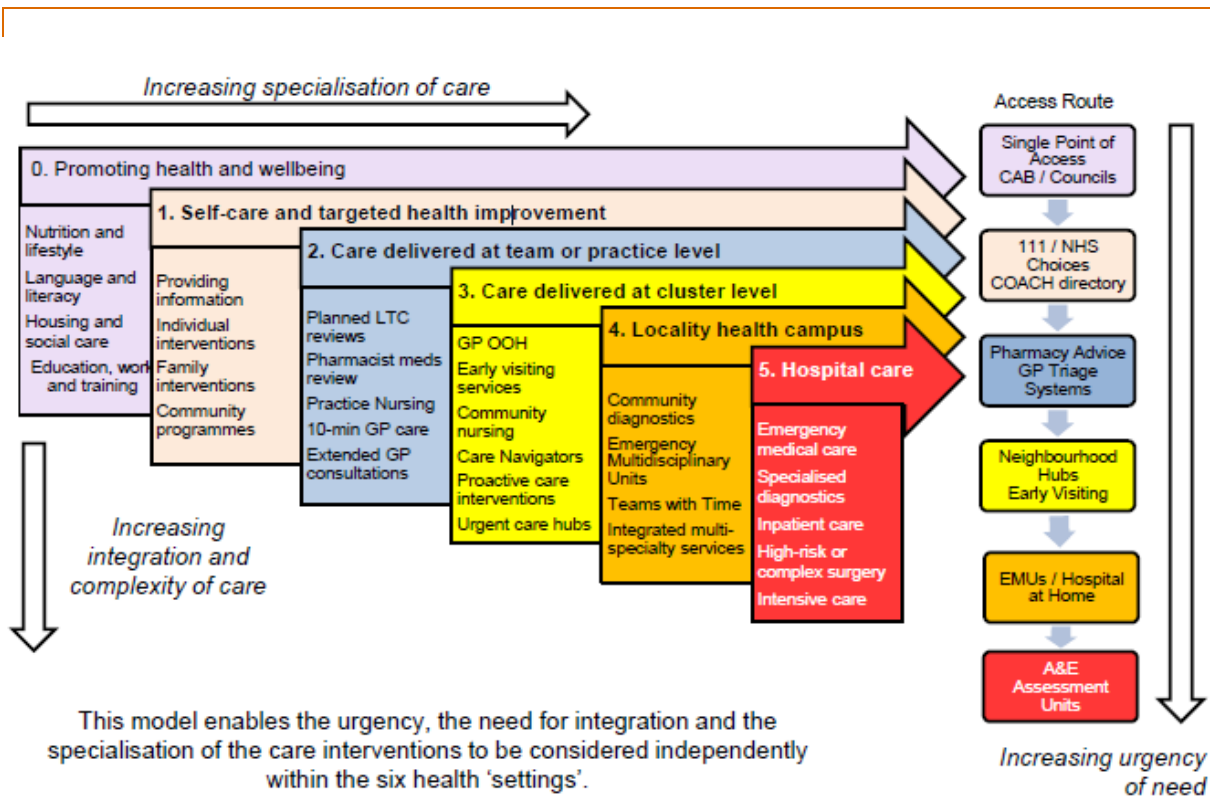
Strategic ambition

The Oxfordshire Transformation Board's current approach and ambition is to move care closer to the home where this is the best possible use of resources to meet the forecast rise in demand, and wherever possible, reduce that demand by improving the population health. This overall strategic ambition is agreed locally and forms the basis of the devolution proposals.

The purpose would be to ensure:

- Individuals take a role in managing their own care and choosing healthier lifestyles
- Integrated actions within different health settings
- Reducing the flow of those needing specialized care
- Reducing the urgency and cost of care
- Recognition of the diverse range of needs and tailoring solutions to localities and communities

The ambition is articulated around a model that envisages six health settings within which urgency, integration and specialisation of care can be considered independently:

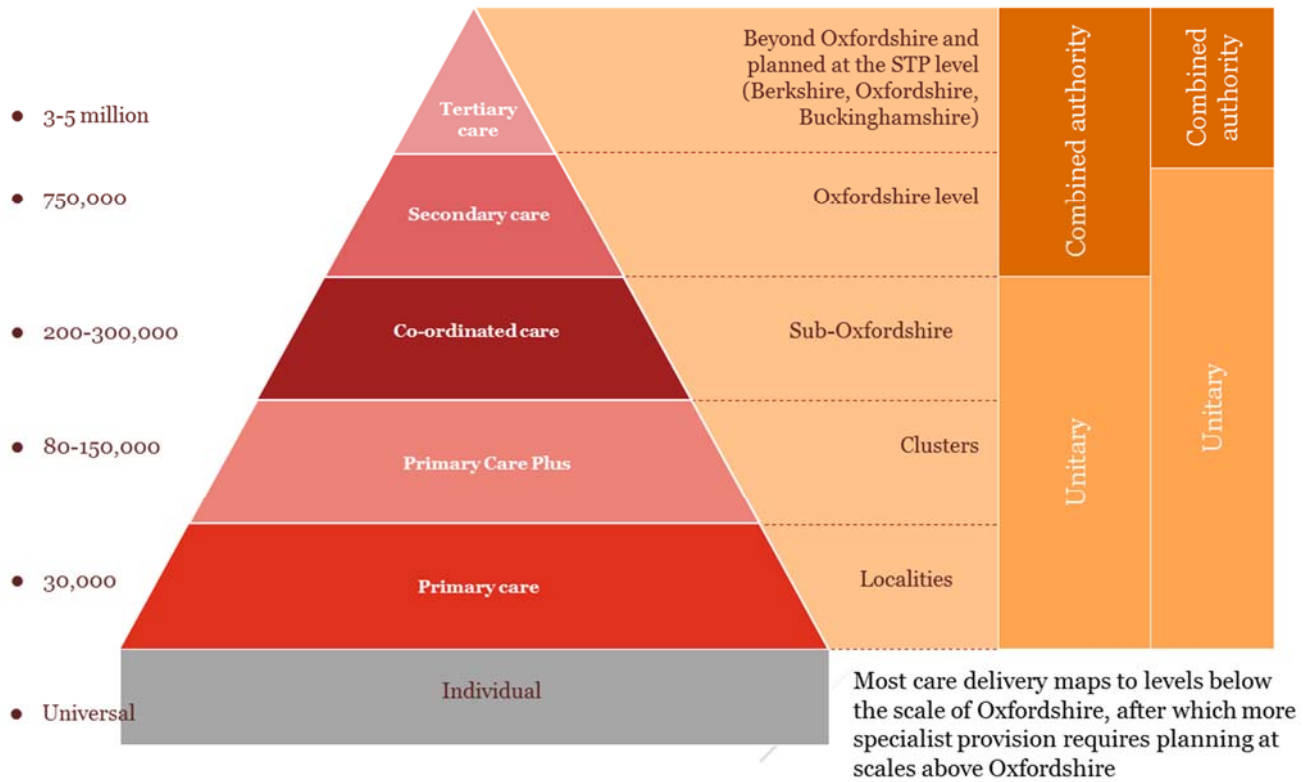


In this model health and care is organised around promoting health and wellbeing to the individual, targeted self-care and then organised the GP practices, grouped into clusters, which are grouped into six localities across the region (West, North, North East, City, South East and South West).

The majority of care in this model would be delivered at localities with populations well below the current population of the County. For elements such as tertiary care (specialised consultative care, usually on referral from primary or secondary medical care personnel, by specialists working in a centre that has personnel and facilities for special investigation and treatment) planning for health services operates above the scale of Oxfordshire.

The primary difference between options for unitary government in Oxfordshire is whether secondary care, which the CCG is mainly responsible for commissioning, would be co-terminus with a single authority or would be aligned within a combined authority geography. In either option the approach would commission services at a lower locality scale.

Care pyramid



In the developing model unitary local government would be well placed to support this model achieving maximum benefits and to work with local care organisations to co-ordinate care and related services.

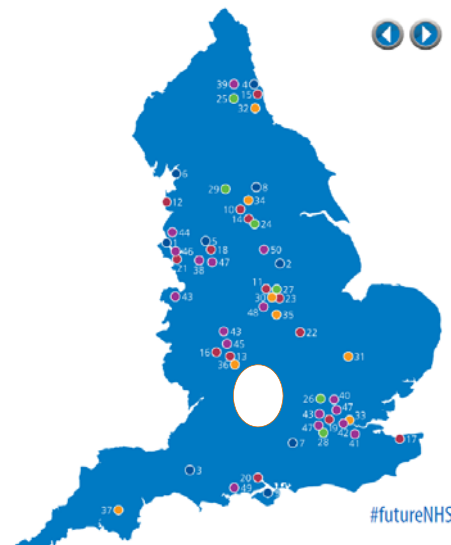
Local care organisations

The NHS Five Year Forward View signalled a commitment to dissolve traditional boundaries between primary care, community services and hospitals which are increasingly a barrier to the personalised and co-ordinated care that people need. It made long term conditions a central task of the NHS, where caring for these needs ‘requires a partnership with patients over the long term’. Oxfordshire has not been at the forefront of developing new care models with the Vanguards that are developing a blueprint for the future of the NHS and care services surrounding the region.

New care models - the vanguards

- Integrated primary and acute care systems - joining up GP, hospital, community and mental health services
 - Wirral Partners
 - Mid Nottinghamshire Better Together
 - South Somerset Symphony Programme
 - Northumberland Accountable Care Organisation
 - Salford Together
 - Better Care Together (Morecambe Bay Health Community)
 - North East Hampshire and Farnham
 - Harrogate and Rural District Clinical Commissioning Group
 - My Life a Full Life (Ide of Wight)
- Multiplicity community providers - moving specialist care out of hospitals into the community
 - Calderdale Health and Social Care Economy
 - Wellbeing Erewash
 - Fylde Coast Local Health Economy
 - Modality Birmingham and Sandwell
 - West Wakefield Health and Wellbeing Ltd
 - All Together Better Sunderland
 - Dudley Multiproject Community Provider
 - Escompass (Whitstable, Faversham and Canterbury)
 - Stockport Together
 - Tower Hamlets Integrated Provider Partnership
 - Better Local Care (Southern Hampshire)
 - West Cheshire Way
 - Lakeside Healthcare (Northamptonshire)
 - Principia Partners in Health (Southern Nottinghamshire)
- Enhanced health in care homes - offering older people better, joined up health, care and rehabilitation services
 - Connecting Care - Wakefield District
 - Galeshead Care Home Project
 - East and North Hertfordshire Clinical Commissioning Group
 - Nottingham City Clinical Commissioning Group
 - Sutton Homes of Care
 - Airedale & Partners
- Urgent and emergency care - new approaches to improve the coordination of services and reduce pressure on A&E departments
 - Greater Nottingham System Resilience Group
 - Cambridgeshire and Peterborough Clinical Commissioning Group
 - North East Urgent Care Network
 - Barking and Dagenham, Havering and Redbridge System Resilience Group
 - West Yorkshire Urgent and Emergency Care Network
 - Leicester, Leicestershire & Rutland System Resilience Group
 - Solihull Together for Better Lives
 - South Devon and Torbay System Resilience Group
- Acute care collaborations - linking hospitals together to improve their clinical and financial viability
 - Salford and Wigan Foundation Chain
 - Northumbria Foundation Group
 - Royal Free London
 - Foundation Healthcare Group (Dartford and Gravesham)
 - Moorfields
 - National Orthopaedic Alliance
 - The Neure Network (The Walton Centre, Liverpool)
 - MERIT (The Mental Health Alliance for Excellence, Resilience, Innovation and Training) (West Midlands)
 - Cheshire and Merseyside Women's and Children's Services
 - Accountable Clinical Network for Cancer (ACNC)
 - EMRAD - East Midlands Radiology Consortium
 - Developing One NHS in Dorset
 - Working Together Partnership (South Yorkshire, Mid Yorkshire, North Derbyshire)

#futureNHS



The first 29 Vanguard focussed on integrated primary and acute care systems to join up GP, hospital, community and mental health services, multispecialty community providers to move specialist care out of hospitals into the community and enhanced health in care homes to offer older people better, joined up health, care and rehabilitation services. Additional Vanguard have been established to look at urgent and emergency care and acute care collaborations to link hospitals together to improve their clinical and financial viability, reducing variation on care and efficiency. The learning from these Vanguard and other emerging practice is shaping the development of local care organisations which form the basis of the future for integrated care.

Oxfordshire is larger than almost all the first 29 Vanguard, which serve an average population of 264,000. The integration of primary and acute care systems Vanguard have an average population of 261,000, the Multispecialty Community Providers 209,000 and the enhanced health in care homes 400,000.

Torbay

Torbay was an early example of integrated teams of health and social care staff delivering care for older people in Torbay and Southern Devon. It was first established on a pilot basis in 2004 and served a locality of between 25,000 and 40,000 people and aligned with the general practices in the locality. Budgets were pooled and used flexibly by teams who are able to arrange and fund services to meet the specific needs of older people. A major priority was to increase spending on intermediate care services that enable older people to be supported at home and help avoid inappropriate hospital admissions. Initial results included a reduction in the daily average number of occupied beds from 750 in 1998/9 to 502 in 2009/10, emergency bed day use in the population aged 65 and over that is the lowest in the region, and negligible delayed transfers of care.

In October 2015 Torbay and South Devon NHS Foundation Trust was created, merging South Devon Healthcare NHS Foundation Trust, which ran Torbay Hospital with Torbay and Southern Devon Health and Care NHS Trust, the Trust that provided community health and social care services.

The new organisational vision reflects what local people have told the Trust they want:

Our vision is a community where we are all supported and empowered to be as well and as independent as possible, able to manage our own health and wellbeing, in our own homes. When we need care we have choice about how our needs are met, only having to tell our story once

The changes reflect that fact that many people find the health and care system complicated and they can feel overwhelmed at the range of information available, not knowing where to go for support. As a result of becoming one single organisation the benefits emphasised are:

- one budget covering all services, money can now be spent where it is needed most.
- an ability to find new ways to meet the growing needs of the population without more money.
- working more effectively and efficiently to improve and secure safe, high quality local health and social care services.
- working with commissioners to engage and consult local people to inform and plan changes to services.

Care will be centred around communities and people, and focused on wellbeing, self-care and prevention of ill-health. Voluntary services will play a fundamental role in supporting people to maintain an active and fulfilling life, retaining their independence for as long as possible. More specialised services will be provided to people at home and in their local communities. People will only go to hospital when they need treatment or care that cannot be provided in their own community.



Manchester City

In development work across Greater Manchester, different models within the overall framework are emerging to reflect the priorities of each localities. In Manchester City locality the seven principles of change are:

1. People and place will have priority above organisational interests
2. Commissioners and providers will work together on reform and strategic change
3. Costs will be reduced by better co-ordinated proactive care which keeps people well enough not to need acute or long term care
4. Waste will be reduced, duplication avoided and activities stopped which will have limited or no value
5. Strong working relationships will be developed within the system with clear aims and a shared vision for the future
6. There will be partnership with the people of Manchester, the workforce, voluntary and community organisations
7. The partnership will work to safeguard children, young people and adults

The three key pillars which together will drive the radical transformation of health and care services are:

- **A single commissioning system** ensuring the efficient commissioning of health and care services on a city wide basis with a single line of accountability for the delivery of services. This approach will integrate spending across health and social care on high cost/high risk cohort, reducing duplication of service delivery and fragmentation of care;
- **One team delivering integrated and accessible out of hospital services** through community based health, primary and social care services within neighbourhoods. Through the combining of resources residents will get integrated services, resulting in improved outcomes (holistic needs addressed) at reduced cost;
- **A 'Single Manchester Hospital Service'** delivering cost efficiencies and strengthened clinical services, with consistent and complementary arrangements for the delivery of acute services achieving a fully aligned hospital model for the region.

In seeking to turn this strategy into deliverable plans the locality is now working on the design of a local care organisation with a programme to clarify all aspects of the strategy and organisational design. Key questions in the work relevant to Manchester, but which also need to be addressed in Oxfordshire, include:

Dimension	Key questions
Strategy and outcomes	<ul style="list-style-type: none"> • What work has already been done to agree the outcomes? • What are you unsure about at this stage?
Operating model design	<ul style="list-style-type: none"> • What needs to happen to bring your ‘One Team’ system-wide and LCO models to life? • Out of the following, where have you made the most progress so far: care pathway design, workforce, processes, performance and technology? • What are the key enablers? • What are the key barriers you face to delivering your model of care?
Governance	<ul style="list-style-type: none"> • What is your existing governance structure? • What will the leadership and governance arrangements look like? • Are all stakeholders engaged in making this happen? • Are the targeted outcomes and KPIs shared and agreed with all impacted stakeholders?
Financial and commercial	<ul style="list-style-type: none"> • Have you identified and quantified your financial benefits (and costs)? • Have you identified and quantified the non-financial benefits (and costs) for each intervention? • Are commissioning budgets to be pooled or aligned in the LCO?
Contracting	<ul style="list-style-type: none"> • Which ICO model (prime provider/alliance agreement/special purpose vehicle) best fits your priorities? • How will the LCO be regulated?
Capability	<ul style="list-style-type: none"> • Do you have the capability and capacity required by a population health risk bearing organisation? • If you have “gaps”, do you have a plan to fill these? • Have you drafted job descriptions for leadership roles? • What is your understanding of, and appetite for, risk?

In addition to the emerging practice around local care organisations in the UK, there are examples of models and approaches internationally which have relevance to the Oxfordshire scenario. Three examples from different countries illustrate the range of approaches:

Alzira , Spain – Since 2003, the Alzira care model has used both capitation and outcomes based mechanisms for the delivery of integrated care covering the acute, community, mental health and primary care services. A single provider – UTE-Ribera – is responsible for all care for the population and receives a fixed capitated budget every year to provide universal access to approximately 245,000 people. They are measured against outcomes and able to retain profits of up to 7.5%, with additional savings returned to the commissioner.

The model aligns incentives across providers so that they are treated in the most appropriate setting and has seen a 30% drop in emergency admissions, 90% patient satisfaction, 75% increase in hospital productivity and 25% reduction in net cost per head.

Canterbury, New Zealand, transformed their health and social care by integrating their primary, community, hospital and social care services using an alliance-type model and adopting a 'One system, one budget' mantra. This helped the system flip from being in deficit to one making a surplus, with low rates of acute medical admissions compared to others, low lengths of stay and acute readmission and reduced waiting times. GPs now have access to more diagnostic tests and are treating a range of conditions that were previously only done in hospital. In addition fewer patients are entering care homes as more people are supported in the community, slowing the rise in demand.

ChenMed, United States, created a capitated system for elderly patients with complex chronic conditions with its individual clinicians. The capitated budgets for individuals are determined by Medicare based on a stepwise regression of diagnosed conditions to vary budgets according to anticipated needs and likely costs. ChenMed uses these aggregated individual budgets to invest in an intensive primary care service that includes monthly 30 minute appointments with the same GP, ambulatory care hubs with access to diagnostics and specialist support and MDT case conferences three times a week.

ChenMed also developed individual clinician performance incentives and risk share. In the first phase, ChenMed physicians were paid a fee for service but with performance management to track their outcomes. In the second phase, physicians were moved onto a salary plus a share of upside risk so they could share in any savings from improved care quality and lower resource use. In the third phase, physicians began to share full risk but could receive greater share of savings.

This approach has helped reduce hospitalisation rates by 18-30%, readmission by 17-43% and achieved a 92% net promoter score and 20% decrease in costs across the system.

All these examples, from the UK and internationally, illustrate there are potential benefits from greater integration between health and social care. To benefit from the current transformation funding and to shape the development of the care models that will increasingly govern the health and care system Oxfordshire needs to continue developing its model and thinking on health and social care.

For the unitary options, it is the desire of the districts to work with the CCG and wider healthcare partners to reduce overall costs while improving outcomes and support a move to care being closer to home through a focus on prevention with aligned incentives to achieve it.

9.4 Principles within a unitary model

Any change in current arrangements of local government is not intended to change the fundamental direction of travel with greater integration between health and social care enabling a move to care being closer to home. What this direction means is that the current arrangements need to fundamentally change, irrespective of what happens to local government.

As social care moves toward a more integrated model, there needs to remain a robust model for safeguarding and strategic planning of specialist services, but also the development of wider community services and responses that support reduced demand for care.

The ambition is that by 2021 residents of Oxfordshire will:

- Benefit from a transformed, integrated health and social care system, in which they receive health and care interventions which are joined up, of high quality, and are affordable;
- Be supported and encouraged to do what they can to remain healthy;
- Live in a region which encourages and support them to make the right choices;

- Ensure that when they need access to more specialist support they receive it in the right place at the right time appropriate to their needs and wishes.

Proposals for adult services within a unitary government model in Oxfordshire need to be developed in light of the ambition for integrated health and social care by 2020, and not seen as a transfer of existing responsibilities. The current model of delivery needs to change.

10 Key findings

10.1 Current local government arrangements

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

1. **Rising demand and declining budgets means that traditional approaches are not sustainable.** Oxfordshire County Council's use of reserves to balance the budget for each of the last four years is not sustainable in the long run and it needs a fundamental transformation.
2. **A sustainable solution requires integration across the whole system and a wholesale commitment by all parties to truly integrated outcomes to start shifting activity up stream to reduce long run demand.** This is particularly the case in adult social care, and to a lesser extent children's services, where the level of demand, costs involved and importance of protecting the vulnerable demands a robust, ambitious and innovative response that recognises no single organisation can do it alone. Some stakeholders are not convinced the County recognises that it needs new skills and capabilities to effectively work in different ways without being in direct control.
3. **Long standing frustrations with planning, transport and housing delivery are now having a material impact on operational performance and will increasingly hold back the potential of the region.** The split of governance, decision making, strategic development and service provision across the two-tier system has not provided a whole-place approach to these issues. Therefore the current rate of economic growth will be increasingly constrained by the lack of capacity of the transport network, unmet demand for affordable housing and commercial space, and a lack of clear strategic planning vision. Stakeholders are already citing practical examples where they are struggling to fill posts due to the consequences of these issues. A unitary model could help achieve this.

10.1.1 Unitary Authority Options

Five unitary authority options have been explored in this study:

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

4UA	As above but with districts in the north remaining separate.	<ol style="list-style-type: none"> 1) Oxford City 2) Vale of White Horse and South Oxfordshire 3) West Oxfordshire 4) Cherwell
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10.2 Population size

- A single UA option for Oxfordshire would make it the third largest UA in England, third to Birmingham and Leeds. Oxfordshire’s population could reach 883,637 by 2031 if the 100,000 housing need was met. Whilst there are other single tier authorities of this size, the others are either City UAs or County UAs that do not have a large city within them.
- The four UA option creates three of what would be the smallest UAs in population terms in England and would be unequal proportion to South Oxfordshire.
- The three UA option creates a more equal distribution of population between the Northern and the Southern UAs, with the city having a lower population in general, but a higher proportion of working age population. This option also recognises and reflects the distinct socio-economic conditions of the City.
- The two UA option creates the 9th largest single tier authority in England, but also one of the 18th smallest. This creates a potential imbalance that could be addressed by expanding the city boundary.

10.3 Financial analysis

- The 2015/16 General Fund Revenue Account outturn data (“RA data”) for the five District Councils and Oxfordshire County Council has been used to disaggregate resources and expenditure using appropriately selected drivers. Further detail on the methodology is contained within Section 4, and the assumptions used in 4.1.3.
- Based on this methodology, the 4UA and 3UA options are in deficit with the exception of Southern Oxfordshire UA which is in a surplus of £20.1m (pre transformation). For the 4UA, 3UA, 2UA options, Oxford City has the largest pre-transformation deficit in both 2015/16 and 2020/21 (£10.7m and £16.8m respectively), though these amounts represent just 1% and 2% of total revenue expenditure across Oxfordshire. For the expanded 2UA option, Oxford City has lower deficits of £6.2m and £12.4m for 2015/15 and 2020/21 respectively. For the 1UA option, there is no surplus or deficit. This revenue neutral position is to be expected given that the 1UA option encompasses all five Districts and the County Council.
- After transformation savings and efficiency costs, (of between £113.3m and £56.4m over a 5 year period), all the UA options are in a surplus, with the exception of Oxford City.
- Based on the analysis we have undertaken and the assumptions we have used, an Oxford City UA would be in deficit post transformation, except with an expanded boundary. If the Oxford City UA is expanded, its deficit is replaced with a small surplus of £1.9m.
- This is due to a disparity between the funding and expenditure for children’s services, and a lesser extent adult’s services. All UAs are sensitive to this service, and in any of the UA models, there must be a commitment to shared commissioning and delivery mechanisms and pooled grant to ensure that funds are allocated on a needs basis as opposed to a geographical basis. By sharing the commissioning and delivery of these services (and funding these through pooled resources), the financial disparity is significantly reduced between the different UAs, providing Oxford City with a surplus of £5.5m in 2021, increasing Cherwell’s surplus to £10.6m, whilst reducing Southern Oxfordshire and West Oxfordshire

surpluses to £17.3m and £3.1m respectively).

- On its existing boundary, Oxford City generates significantly more business rates than the other UA options, which in a future local government finance system with the 100% retention of business rates, will improve the Oxford City financial position.
- The ability to deliver the planned growth up to 2031 will also have a material impact on the financial position of all UA options– it has the potential, if managed properly, to have a positive impact on the overall financial capacity and resilience of the Oxford City unitary. The extent of this will depend on the level of investment required both to facilitate the growth and the net growth in funding (i.e. the net of the increase in income receipts against increase in costs to deliver services).
- Based purely on the financial analysis, a single Unitary Authority has the potential to generate the most financial benefits due to the economies of scale (an estimated net saving of £113.3m over a 5 year period).
- The current trajectory of the County Council finances (explained further in section 2.5.1) means that the modelled financial savings need to be viewed – and interpreted – through a lens of practicability at the local level.
- A 2UA option (based on the existing city boundary) has similar financial benefits as the Expanded Oxford City option. However, the mismatch and imbalance between the size, resources and service levels between the two Unitary Authorities does need to be considered.
- A 3UA option reduces the mismatch between the overall size of the Councils (157,997, 252,652 and 261,867) and based on our analysis, two of the authorities are financial stable. The Oxford City Unitary (for reasons outlined above) would be in deficit in revenue terms by £16.8m in 2020/21 (pre-transformation). This deficit would need to be remedied through a needs based spending settlement but it is not material in terms of the total spending across the local government system.
- The 4UA option provides the least financial benefit (£56.4m net savings over 5 years), whilst also having significant differences in the financial position of the various UAs (South Oxfordshire in a surplus of £20.1m in 2020/21 (pre-transformation) and the remaining three UAs in a deficit).
- The 3UA option provides net savings of £75.5m over 5 years, whilst the 2UA options provides £94.5m net savings and the 1UA option provides £113.3m net savings. The difference in transition savings between the 1UA and 4UA option is £56.9m (i.e. £113.3m less £56.4m). This means that the 1UA option achieves the most savings, although it must be borne in mind that these are theoretical savings, based on financial modelling, and in reality the level of savings will depend heavily on the scale and ambition of transformation.

10.4 Strong and accountable local leadership

- The 4 UA model provides the maximum level of democratic accountability and connectivity to local communities.
- The 3 UA model would provide a balance between addressing local needs in communities, increased accountability through three democratic structures within Oxfordshire, and it would reflect and recognise distinct urban and rural issues, and different socio-economic characteristics that any new local government settlement needs to address.
- The 2 UA option recognises the difference between urban and rural priorities and the different demographic and socio economic characteristics. It improves democratic accountability compared with one UA option. However the scale of the expanded area of Oxfordshire dilutes democratic accountability in rural geography, with a population of 452,246 and a geographical area of 2,245km².

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

10.5 Delivering better services

- All councils across Oxfordshire need to further transform service delivery as part of the move to a self-financing model for local government. This is an opportunity to further redesign services around users and communities with the ability to reflect local priorities and plans for growth.
- A single UA will generate economies of scale but this needs to be balanced with the fact that it will become the third largest single tier authority in England that will need to provide District level services to a City and rural areas. This option carries a risk of a lack of responsiveness to the diversity and vast differences in local needs across the County geography. A bureaucracy of this scale may be less flexible and agile to the changing nature of need and demand, so mechanisms would need to be created to enhance responsiveness of the 1UA option. A combined authority could help with this.
- A 2 UA option enables a tailored approach to rural and urban geographies, but is imbalanced between City and 'donut' (population size, demography and economics).
- A 3 UA options provides better alignment to geographic and urban / rural settings and economy and tailoring services to rural and urban geographies. This option addresses the imbalances of City and 'donut' option and builds on existing relationship in the South of the County.
- Whilst providing the opportunity for the most extensive tailoring of services to local needs, a 4 UA option would provide limited opportunities to achieve economies of scale.

10.6 Combined Authority

- A Combined Authority for Oxfordshire would provide a collaborative vehicle for Oxfordshire wide decision making and accountability for delivery of the issues that are restraining economic growth - in particular strategic planning, housing, transport and infrastructure. The Combined Authority provides a mechanism for pooling funds, resources and raising income to maximise growth or address need/ service demand. At the same time, the CA model allows a degree of local UA flexibility and efficient delivery through UAs and partners, and provides a strong platform for ongoing dialogue with government to secure further investment and devolution. It would also provide a means to give business, health, police and other key partners a seat at the table and a voice in collective decision making, providing overall leadership and coordination of the public sector in a single decision making body.

10.7 Children's services

- Children's services in Oxfordshire are generally good, but faced with rising demand and declining budgets there are concerns that capability and capacity will become stretched and result in a retrenchment into statutory protective responsibilities. Protecting vulnerable children must remain the overriding priority, but alongside those that need intensive support is a need to focus on those on the edge of care to help prevent more children from requiring intensive support through early identification and action.
- The ambition is to progressively reduce the number of children needing intensive support through earlier identification and action, while improving the outcomes for any children that do come into care. The goal is to enable local government, health and police authorities work ever closely together to provide leadership on a shared ambition for children across the region.

- Helping prevent children needing external support and helping families help themselves is a shared responsibility, requiring a commitment across local government, the NHS, the police, the wider public sector, as well as the voluntary and community sectors and the engagement and commitment of children and young people, their families and their communities. It requires system wide reform which the combined authority would be committed to leading.
- Alongside the protective duties of local government, a unitary and combined authority model as part of a devolution deal would complement a fundamental review of the whole system so that it focusses on building on the strengths of the current system while also designing in early and preventative work with children and young people, their families and their communities.

10.8 Adults services

- Adult social care is a system under strain nationally and locally. There is universal recognition that better co-ordination of health and social care designed around the person is needed to both improve service outcomes and to reduce costs. Shifting care into the community, closer to home, making care more personalised and supporting people to live independently for longer is the overall aim.
- The challenge in Oxfordshire is making this shift happen. There is overall agreement on the need for integration of commissioning but the execution of those plans are still at a formative stage and linked to specific services. In addition there is a need for one team delivery of out of hospital services, which a unitary solution for local government would help create. Greater alignment and collaborative working could be designed in with synergies across community services such as housing, recreation and leisure that help to keep people out of hospital and enable them to live independently for longer.
- The overall state of health in Oxfordshire is good, and has improved, but it is recognised that to continue improving a more comprehensive approach to tackling health challenges is needed. Integration of health and social care was a key element of the devolution proposals which all parties in Oxfordshire agreed. That remains the case, but there is an increasing ambition to move forward at pace and truly integrate the resources, responsibilities and roles in a shared approach across health and local government. A joined up approach to service delivery and effective demand management is the aim of pooling budgets and jointly commissioning services through a Combined Authority with CCG membership and full participation.
- Integrating commissioning is one pillar but further work will be needed to align all stakeholders behind a clear set out outcomes and a clear set of interventions identified that will deliver change in both community services and in hospital health settings. That work needs the comprehensive approach and agreed principles for developing for the right solution in Oxfordshire, including the development of the appropriate Local Care Organisation.

10.9 Conclusion

Oxfordshire now has to make a choice.

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

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

Our conclusion is that, based on the work undertaken and the analysis carried out, now is the time for a decision to be made on a new settlement for the structure and form of Government and Governance in

Oxfordshire. A new settlement that will create new structures for the administration and delivery of key public services across; Health and social care and Children's and Adults services and also have responsibility for both economic and housing growth.

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

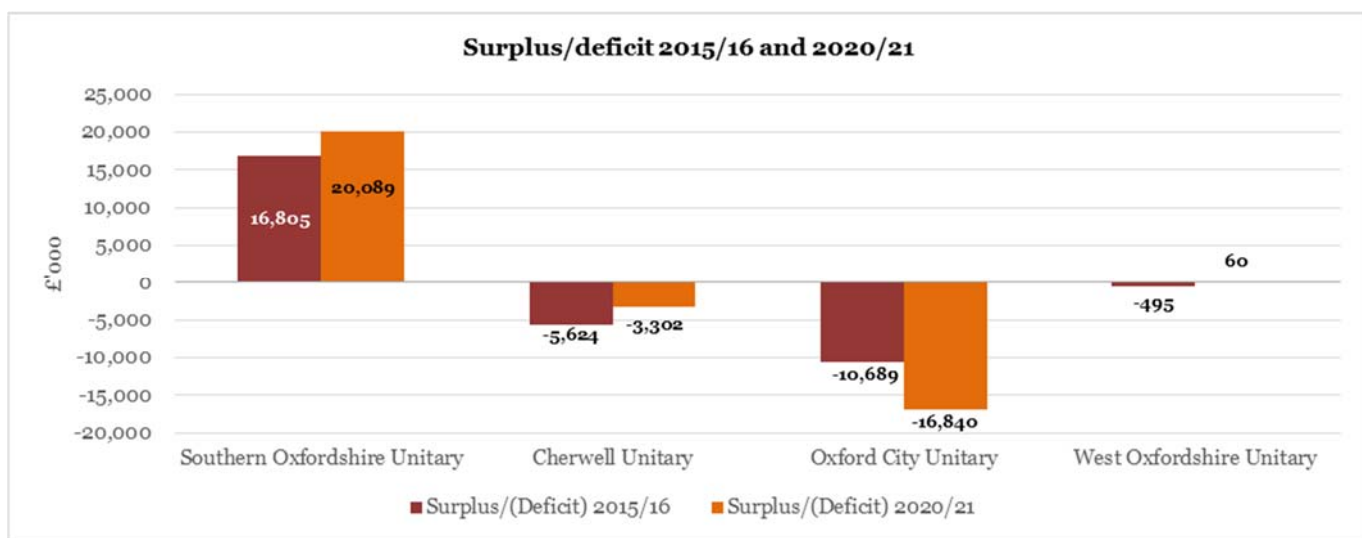
Appendix B – Baseline Analysis

Four Unitary Authorities

Current service consumption and revenues

Under our analysis, the Southern Oxfordshire Unitary is in surplus. It is in receipt of £16.8m of revenues over and above that which it needs to provide services; a position which improves by 20% to £20.1m by 2020/21.

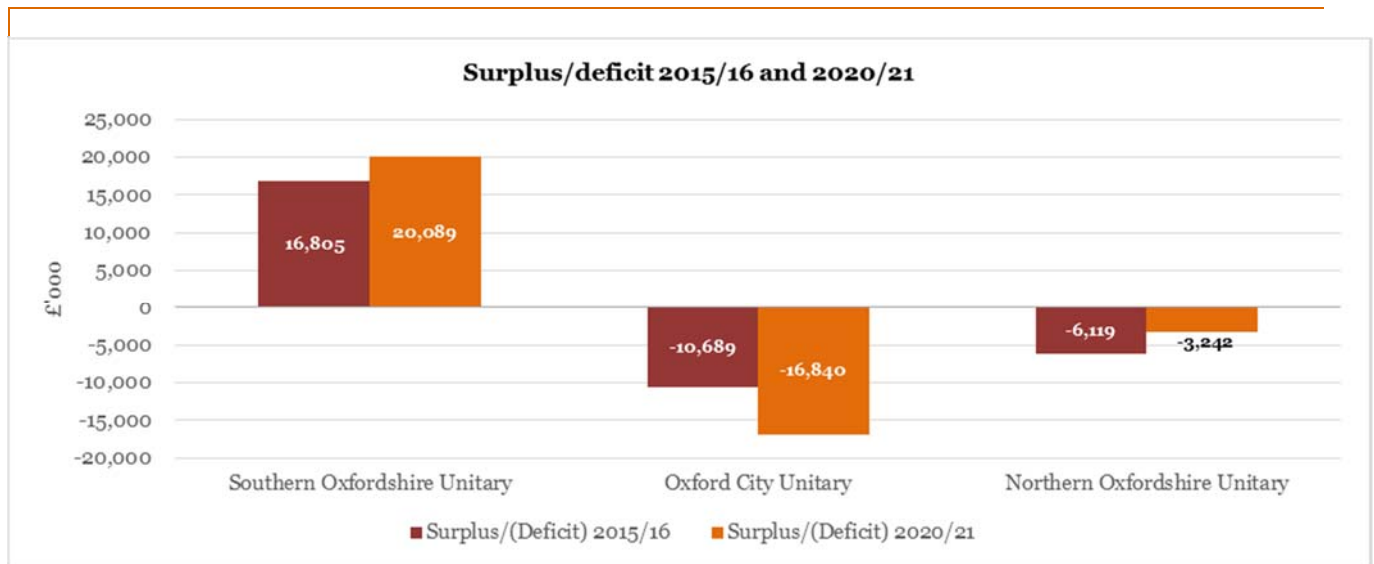
By contrast, Oxford City and Cherwell are in deficit, as under our analysis the cost of providing services is greater than the revenues they receive. Whilst Cherwell’s position improves during the period to 2020/21 at which point the shortfall has narrowed to from £5.6m to £3.3m, Oxford City’s financial position actually worsens during the same period with its shortfall increasing by 57% from £10.7m to £16.8m at 2020/21.



Three Unitary Authorities

Current service consumption and revenues

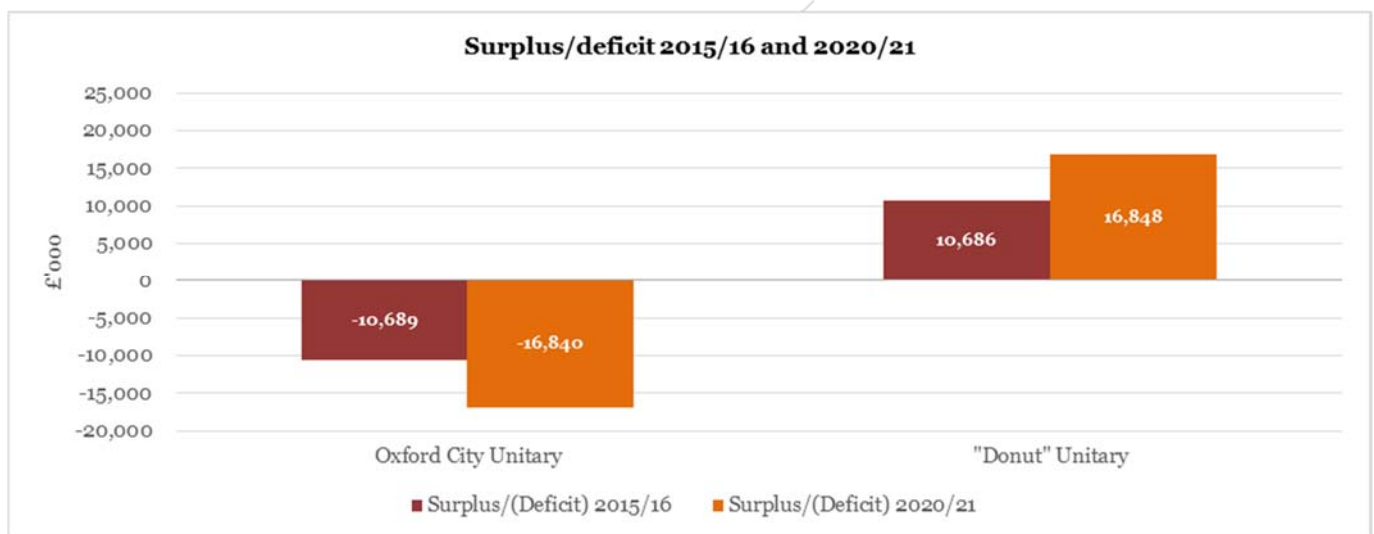
Southern Oxfordshire UA is the only authority that generates surpluses - of £16.8m in 2015/16 and £20.1m in 2020/21. Both Oxford City and Northern Oxfordshire UA run at a deficit during the period to 2020/21, and whilst the deficit reduces in the period for Northern Oxfordshire (from £6.1m to £3.2m) it increases with respect to Oxford City UA (from £10.7m to £16.8m).



Two Unitary Authorities

Current service consumption and revenues

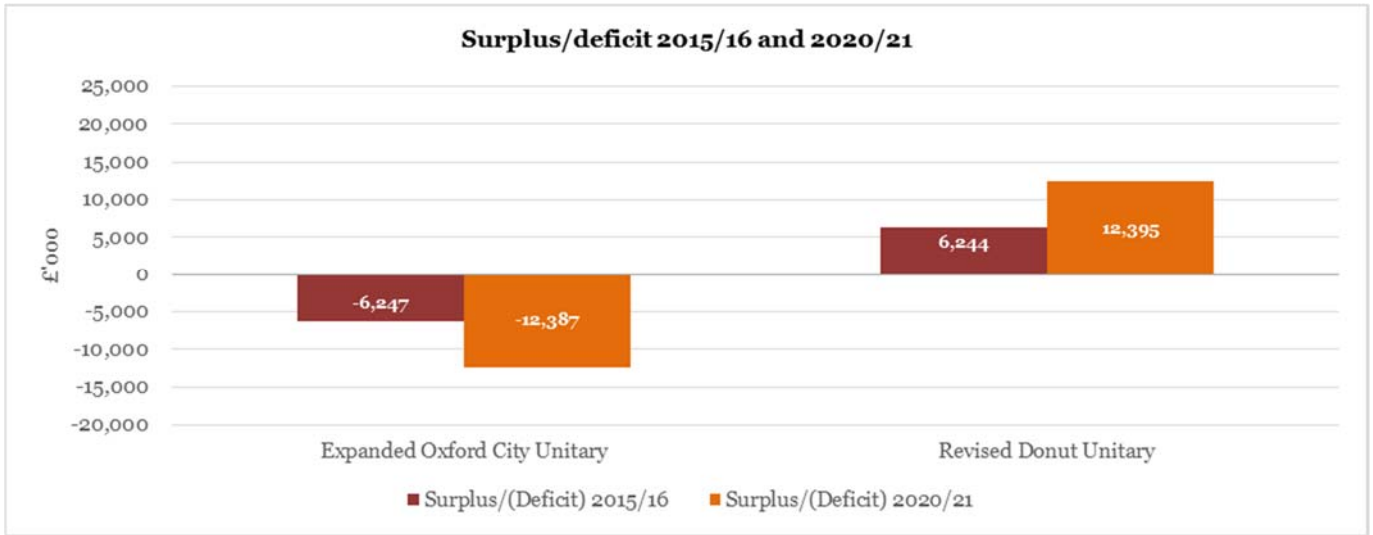
As outlined earlier, Oxford City unitary would return a deficit in 2015/16 through to 2020/21. Conversely, the Donut option would return a surplus in 2015/16 and its position would in fact markedly improve in the period to 2020/21 wherein it would achieve a financial surplus of £16.8m (an increase of 57%).



Two Unitary Authorities – Expanded Oxford City

Current service consumption and revenues

Based on current expenditure and income forecasts, Expanded Oxford City reduces the deficit significantly, albeit still with one (£6.3m and £12.4m in 2015/16 and 2020/21 respectively compared to £10.7m and then £16.8m under the Oxford City unitary option). As is to be expected therefore, the surplus generated by the Revised Boundary unitary is reduced when compared to the Donut option by corresponding amounts.



One Unitary Authority

Current service consumption and revenues

As detailed earlier, our analysis is driven by the 2015/16 RA data. Given then that the Oxfordshire unitary encompasses all five Districts and the County Council it is to be expected that it will be financially neutral, which as the graph below confirms.

It should be noted that Oxfordshire County Council ran deficits of £39.5m in 2015/16 (which for comparison purposes has been netted off in the analysis above). In future years, Oxfordshire County Council expects to have council tax rise by circa 6% per annum to avoid further depleting its reserves.



Drivers of the surplus/deficit

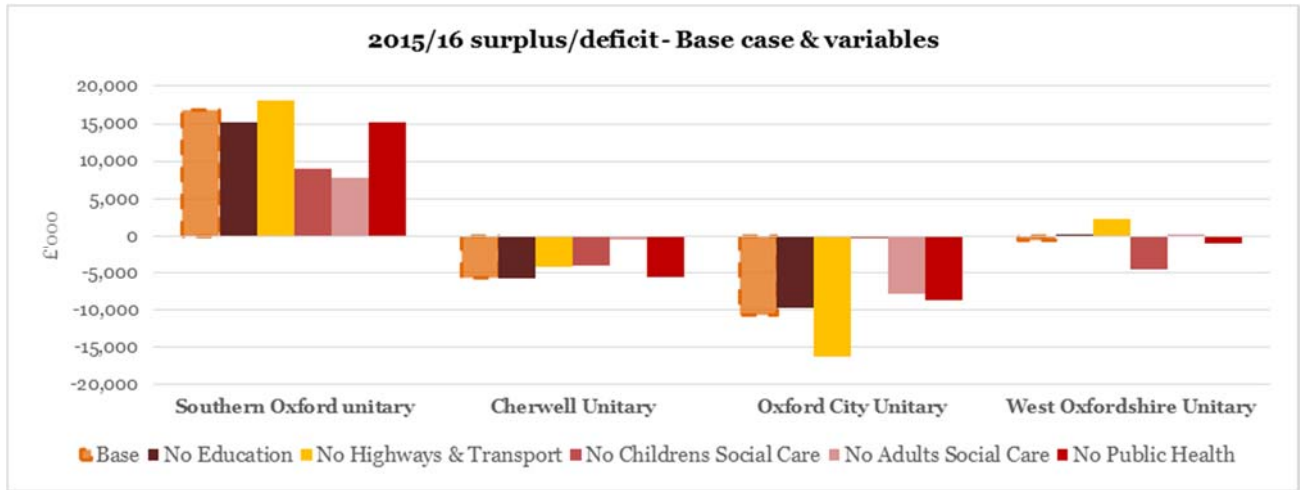
To better understand the drivers behind the surplus / deficit position of each unitary option, we have examined the impact, on the 2015/16 baseline, of removing certain services that are currently provided by the County Council, from the control of the new unitary authorities. We outline this for the 2015/16 position in the four Unitary Authority option given that the four unitary option is the closest to the current district set up.

As the graph below demonstrates, the removal of Childrens and Adult’s Social Care has a noticeable impact upon the financial position for each of the four unitaries.

In particular, the removal of Childrens Social Care reduces Oxford City Unitary’s deficit by 97%, from £10.7m to £0.3m whilst the removal of Adult’s Social Care reduces its deficit to £7.7m; a 28% reduction from the base case.

Conversely, Southern Oxfordshire’s surplus of £16.8m is reduced by 47% to £8.9m when Childrens Social Care is removed and by 53% to £7.9m when Adult’s Social Care is ‘switched off’, indicating that as a unitary, the funding it receives for these services exceeds the expenditure it incurs providing them.

In the case of the West Oxfordshire Unitary, the deficit increases (from £0.5m to £4.6m) when Childrens Social Care is removed whilst it switches to a surplus of £0.3m when Adults Social Care is.



Appendix C – Transition costs

Employee severance costs

Applying transformation savings achieved in existing unitary local authorities to the total Oxfordshire population could result a target saving of 569 to 1320 FTE. This range is indicative and will depend on the choices made about the transformation programme. For the purpose of analysis a mid-point of 945 FTE reduction has been assumed which, when combined with an average public sector redundancy cost of £25,000²⁵, creates a total cost of redundancy of £23.6m. When split over a three year period, this equates to an annual cost of £7.9m.

This is considered a conservative assumption because:

- Redundancy costs can be mitigated by workforce planning arising from natural churn in staff roles with costs from compulsory redundancy likely to fall at the end of a programme;
- Reductions in the use of temporary and agency staff will reduce the impact;
- Although 100% of reduced FTEs are assumed to be made redundant (and therefore receive 'exit compensation') the numbers do not include pension costs which would be expected to increase the average exit payment. This effect is assumed to net-out, but should be explored further in any full business case.

New management structures

In the current arrangement, from data we analysed from the client, Oxfordshire has 71 roles within the top three layers of each organisation, including the Chief Executives. These are the role which attract much attention because they have the greatest accountability and responsibility, as well as remuneration. These roles cost approximately £7.1m per annum based on publicly available information on senior officer salaries. The FTE numbers are based on the client data we received and therefore include any existing joint management arrangements, but do not take into account of any planned future joint management arrangements. As part of future planning joint management arrangements between UAs and other districts will be considered, building on the existing shared management arrangements.

In all future options it is assumed that these roles would be replaced with new structures designed with unitary government and devolved responsibilities in mind. For every Unitary, there will be an optimal pattern of hierarchical relationships. It won't be the same for every council and will reflect their organisational design and strategy, but it should support the capabilities relevant to that organisation.

Unitary authority leadership roles tend to be higher paid than District Councils and lower than County Councils. For the purpose of this analysis we have used median salaries based on data from the recent Local Government Chief Officers Remuneration report for the DCLG Select Committee²⁶. Actual costings would depend on the future role design and evaluation.

²⁵ <https://www.gov.uk/government/consultations/consultation-on-a-public-sector-exit-payment-cap/consultation-on-a-public-sector-exit-payment-cap>

²⁶ Local Government Chief Officers Remuneration, 2014.

www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/191/191.pdf.

Median costs have been updated in line with official UK national inflation figures since 2013.

Table 4: Assumed Chief Officer Remuneration

Layers	Unitary Median salary	County	District
1	£167,000	£194,000	£121,000
2	£119,000	£156,000	£94,000
3	£82,00	£114,000	£73,000

The data in Table 5 is designed to show the impact of different unitary options on future leadership roles and shows two scenarios (a) the quantum of roles that could be afforded within the current cost envelope on the basis of these role costs and (b) the number of roles requires if a consistent span of control (1:4) was applied across these layers.

Table 5

	Now	4 UA		3 UA		2 UA		1 UA	
	#	C	S	C	S	C	S	C	S
Layer 1	5	4		3		2		1	
<i>Span of control</i>		4	4	4	4	4	4	4	4
Layer 2	25	16	16	12	12	8	8	4	4
<i>Span of control</i>		3.4	4	5.3	4	7.75	4	19.75	4
Layer 3	41	55	64	64	48	62	32	79	16
Total roles	71	75	105	78	63	72	42	84	21
Total cost (£m)	7.16	7.08	7.82	7.09	5.86	7.10	3.91	7.12	1.95
Saving (£m)		0.08	-0.74	0.06	1.21	0.05	3.17	0.04	5.13

This suggests that there is a balance to be considered in seeking to assess the senior management savings potential across the authorities. Key points include:

- The maximum overall savings are little more than £5m per annum, based on a single unitary but which risks lacking the capacity and capability to deliver all services;
- A four unitary option could increase costs of median salaries and overall roles increase meaning it costs more than the current arrangement;
- A two unitary option is at the upper end of spans of control if costs are maintained and lower end of the capacity if costs are reduced.

While all options could be designed to work within a financial envelope and span of control this suggests that from a senior management lens a two or three unitary structure would offer the ability to reduce costs and retain leadership capacity and capability. Total savings could range from £1.2m (3UA) to £5.1m (1UA).

The other dimension is considering the layers of the future structures. A lower number of layers helps to improve information flows and create greater accountabilities at each level. However, the trade-off is that leaders would need to have a greater span of control. Where work is routine and heavily automated, such as in call centres, a single manager might have 15-20 people reporting to them. Increasing the number of layers frees up management time, which can be desirable where leaders are running complex projects and direct only a few people each, but if there are too many layers it is harder to get clear messages from the bottom to the top.

This dimension of the analysis will be affected in all options by choices around how much supervision is required, the role of technology and collaboration, but it can also be impacted by geography and the physical separation of managers and their teams. Table 6 below illustrates the potential span of control required if there is a maximum of five layers built into the future design.

This indicates that from a span of control lens, with a maximum of five layers, a 3 or 4 unitary model would be preferable as a single or 2 unitary model requires high spans of control.

Table 6

		4 UA		3 UA		2 UA		1 UA	
		6000	5000	6000	5000	6000	5000	6000	5000
		10	9	11	10	14	12	19	18
Layer 1	Roles	4		3		2		1	
	Target Span	4		4		4		4	
Layer 2	Roles	16		12		8		4	
	Target Span	4		4		4		4	
Layer 3	Roles	64		48		32		16	
Layer 4	Roles	640	576	528	480	448	384	304	288
Layer 5	Roles	6400	5184	5808	4800	6272	4608	5776	5184
Total	Maximum Roles	7124	5844	6399	5343	6762	5034	6101	5493

Election and democratic savings

There are three components to any election and democratic savings that might be expected in a move to a UA option in Oxfordshire:

- 1) Savings expected from a reduction in the number of council members
- 2) Savings expected from a reduction in election costs
- 3) Costs related to new UA democratic systems

Savings expected from a reduction in the number of council members

Through removing a tier of local government, it is assumed that this will also require fewer council members. Currently in Oxfordshire there are 63 County Council members, with an average annual member allowance of £14,061. There are also 219 District Council members with a lower average annual member allowance of £6,834²⁷. This equates to a current total of 282 council members across Oxfordshire.

²⁷ From publicly available council data

Member allowances above relate to a basic allowance, special responsibilities and travel and subsistence.

Council members in any UA option would be expected to have greater responsibilities than a District Council member, and be more in line with a County Council member. We have therefore assumed that any UA members would have member allowances more similar to a County Council member than a District member, i.e. a member allowance of around £14,000. The total amount of savings expected from having fewer members will depend on the total number of fewer members, as outlined below. The savings would be expected to be the same across all UA options, assuming the member reductions are the same.

Table 7: Assumptions regarding council members in new UA arrangements

Number of fewer members	Rationale	Savings
71	Assumed saving of 25% of current members	Approximate total saving of £1 million per annum

Savings expected from a reduction in election costs

Currently there is no single year in Oxfordshire when all local elections run at once, as demonstrated in Table 8: **Current election cycles in Oxfordshire** (www.gov.uk) below. Data from the Electoral Commission and from Democratic Audit estimates a cost per vote in the region varying from £2.82 to £5.99, depending on the election year and the constituency. Based on calculations explained further within Appendix C this provides an annual cost of elections of approximately £650k (based on a 5 year average).

Table 8: Current election cycles in Oxfordshire (www.gov.uk)

Council	Election cycle	Year
Oxfordshire County Council	Whole county	2017 then 2021
Oxford City Council	Shire district biennially	2018, 2020, 2022
West Oxfordshire District Council	Shire district by thirds	2018, 2019, 2020, 2022
Cherwell District Council	Shire district by thirds	2018, 2019, 2020, 2022
South Oxfordshire District Council	Shire district whole council	2019, 2023
Vale of White Horse District Council	Shire district whole council	2019, 2023

Moving to a UA governance structure should create the opportunity for fewer elections and therefore is likely to create cost savings. If we assume that by moving to a UA organisational structure, elections can be reduced by 50%, this would create cost savings of £1.6 million over a 5 year period. The saving would be the same across all UA options, assuming the council members would be the same across all options.

There may be additional election costs in year one, related to additional elections costs to determine the memberships of the new UAs, but this has not been modelled within this analysis.

Costs related to new UA democratic systems

As well as savings, some costs will also be created via the move to a new democratic UA system. These costs will relate to the additional allowances required by Leaders, Deputy Leaders, Cabinet Members, Regulatory Committee Chairs, Planning Committee Chairs and Scrutiny Committee Chairs.

Under the assumptions below, regarding additional allowances and numbers of Members needed per role, the total costs will be as follows:

- Total of £1.6m in 1UA option
- Total of £2.3m in 2UA option
- Total of £3.3m in 3UA option
- Total of £4.3m in 4UA option

Assumed additional allowance costs for the following functions. The source for the figures is Oxfordshire County Council annual 2015/16 member allowances. We have outlined our UA assumptions also in the table below.

Role	Allowance/Cost
Leader	£29,290
Deputy Leader	£20,200
Cabinet Member (assume 6 per UA)	£16,160
Regulatory Committee Chair (assume 5 per UA)	£6,060
Planning Committee Chair (assume 5)	£6,060
Scrutiny Committee Chair (assume 5 per UA)	£6,060

Office space disaggregation and apportionment

A revised organisational structure with a reduction in FTE would result in a surplus of office assets. This would allow unitary authorities to embark on an office rationalisation programme unlocking potential value. In the absence of detailed estates portfolios for each authority our analysis has focused on a reduction in core office assets only.

Assuming each district authority is currently using industry best practices of c. 100 sq. ft. per FTE and a ratio of 4 desks to 5 FTE a reduction of 945 FTE would result in 75,560 sq.ft. surplus office space.

Carter Jonas (a local commercial property agent) attaches an average rental value to office space in Oxfordshire of £18.75²⁸ per sq. ft. This translates to a total potential revenue source of £1.4m per annum irrespective of UA option. This has been modelled as a saving benefit in the transition cost analysis but it is important to highlight that this is not a guaranteed benefit as it will depend on commercial conditions.

Our analysis does not include potential capital receipts from disposal of assets, and does not recognise that some assets may attract higher values depending on their locality within Oxfordshire.

With a more complete dataset on all property in the County and District property portfolio, how efficiently each authority uses office space could be compared to industry standards and produce a more accurate amount of surplus office space. Surplus assets could then be assumed to be disposed of at local market rates to provide a capital receipt.

Other transition costs

In addition to the four types of costs outlined above there are other transition costs which we can provide a broad estimate of by referring to existing evidence from the unitary authority submissions in 2008/9 for Central Bedfordshire, Cornwall, Leicestershire, Suffolk and Wiltshire. The additional costs included are:

- Project/change management

²⁸ Carter Jonas, Commercial Edge, Oxfordshire, Spring 2015. £18.75 mid-point between £25.50 for primary asset space and £12.00 for secondary office space

- Business management programmes / systems change
- ICT integration
- Closedown of authorities
- Signs/logos/rebranding

Using existing evidence, a summary of which is contained within Transition cost evidence, the average total is £9.8m per UA, which gives a broad order of magnitude for these cost lines. This accounts for cost inflation since the majority of these studies were conducted. Without the cost inflation the total would be £8.09m.

In reality however, estimates for other transition costs in Oxfordshire will vary according to a number of factors, including, the number of UAs created, the number of District Councils contained in any option (reflecting the possible diversity in existing schemes, IT arrangements, ways of working etc.).

To note, supplier contract disaggregation costs have been assumed to be zero, as it seems wise to let contracts run their course rather than spend potentially significant resources on contract terminations, unless through negotiation there are additional benefits from realigning at a disaggregated level. This would need to be considered in detailed design and also reflect the District Council shared service arrangements out of county. Our analysis therefore has omitted any costs associated with running down legacy County Council contracts. A category management approach across the councils would look at opportunities to renegotiate and or re-commission these contracts but access is needed to County Council contracts data to do this coherently.

The following cost items have been excluded from the 'other transition cost' analysis but could usefully be considered in any future Business Case:

- Early retirement costs
- Travel costs (additional travel costs of travelling to new work locations due to changes to estate)
- Pension costs
- Relocation costs (costs related to the changes in estates)
- Recruitment costs
- Contingency
- Unwinding of contracts

Transition cost evidence

Local authority election costs – evidence

	2015	2014	2013	2012	2011	2010	2009
Est cost (source: Democratic audit)			£34,200,000	£41,100,000	£74,600,000	£39,500,000	£32,600,000
Est cost per vote	£4.70	£4.70	£5.99	£5.65	£4.34	£2.82	£4.70
County (source: Electoral commission)	NA	NA	Yes	NA	NA	NA	Yes
Cherwell	48313	26603	30,531	20765	29687	43199	38312
Oxford	NA	40961	29,076	32670	NA	67596	37404
South Oxfordshire	66953	NA	31,042	NA	47541	NA	40076
Vale of White Horse	63253	NA	30,391	NA	45275	NA	33204
West Oxfordshire	19982	25,984	19318	26401	36862	33085	
Total	220132	87546	147024	72753	148904	147657	182081
Est cost Oxfordshire	£1,034,620	£411,466	£880,676	£411,054	£646,243	£416,393	£855,781
	2011-2015		2009-2013				
5 year average cost	£676,812 pa		£642,029 pa				

Other transition costs – evidence

Line item	Central Bedfordshire	Cornwall	Leicestershire	Suffolk	Wiltshire	Average estimate
ICT Integration	£8 million	£3.8 million	£2 million	£4 million	£2.5 million	£4 million
Project / change management	£2.5 million	£500 k	£500 k	-	£1.6 million	£1.3 million
Business Management Programme (systems)	-	-	£1 million	-	£1.5 million	£1.25 million
Closedown of authorities	£340 k	£1.3 million	-	-	£500 k	£710 k
Signs / logos / rebranding	£305 k	-	£200 k	-	£300 k	£270 k

Source:	Creating Central Bedfordshire Progress Report 17 Feb 2009	Our proposal for a single Council for Cornwall, Appendix 4, Finance & Value for Money, 2009	Leicestershire County Council, Strategic Financial Case for a Unitary Council, Feb 2014	Suffolk Unitary Submission, Page 16, 2008	One Council for Wiltshire, Costs and Savings update for the Implementation Executive 13 Feb 2008, Appendix A	Total = <u>£7.5 million</u> <u>Low estimate</u> = <u>£4 million</u> <u>High estimate</u> = <u>£13.6 million</u>
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Appendix D – Assumptions log

Wards in expanded Oxford City Unitary

Ward	Current District
Kidlington North	Cherwell
Kidlington South	Cherwell
Yarton Gosford and Water Eaton	Cherwell
Forest Hill and Halton	South Oxfordshire
Garsington	South Oxfordshire
Sandford	South Oxfordshire
Wheatley	South Oxfordshire
Appleton and Cumnor	Vale of White Horse
Kennington and South Hinksey	Vale of White Horse
North Hinksey and Wythym	Vale of White Horse
Radley	Vale of White Horse
Sunningwell and Wotton	Vale of White Horse
Eynsham and Cassington	West Oxfordshire

Disaggregators

Metric	Source	Units	Granularity
Population	ONS, 2014	Persons	Ward
Population 0-4	ONS, 2014	Persons	Ward
Population 0-18	ONS, 2014	Persons	Ward
Population 16-18	ONS, 2014	Persons	Ward
Population 18+	ONS, 2014	Persons	Ward
Population 18-64	ONS, 2014	Persons	Ward
Population 65+	ONS, 2014	Persons	Ward
Population 5-19	ONS, 2014	Persons	Ward
Population 0-5	ONS, 2014	Persons	Ward
Population of Primary school age (5 - 11)	ONS, 2014	Persons	Ward
Population of Secondary school age (11 - 18)	ONS, 2014	Persons	Ward
Population (4-5 and 10-11)	ONS, 2014	Persons	Ward
Population 10 - 17	ONS, 2014	Persons	Ward
Population 5-18	ONS, 2014	Persons	Ward
Population 5-7	ONS, 2014	Persons	Ward
Population 6+	ONS, 2014	Persons	Ward
Standard Area Measurement	ONS, 2014	km2	Ward
# Recorded Deaths	ONS, 2014	Persons	Ward
Population (2031)	Oxfordshire Insights 2015	Persons	Ward
# All new STI diagnoses	Public Health England, 2014	Persons	District
# Excess weight adults	Public Health England, 2012	Persons	District
# Alcohol-specific hospital admissions	Public Health England, 2013/14	Persons	District
# Smokers	Public Health England, 2014	Persons	District
# Housing Benefit Claimants	District Data	Persons	Ward
# Total business entities local units	ONS, 2015	Businesses	District
# Total households	District Data	Households	Ward
# Offences	LG Inform, Y/E 2015	Offences	District
# Households in receipt of housing benefits (000's)	DWP (via LG Inform) Nov 2015	Households	District

# HRA dwellings	Oxford City Council statement of accounts, 2015	Households	District
# Traveller caravans	DCLG, July 2015	Caravans	District
# of persons aged 18-64 claiming JSA or out of work Universal Credit	NOMIS vis Oxfordshire Insight, March 2016	Persons	District
Physical support - Adults (18-64)	Oxfordshire County Council, 2016	Persons	District
Physical support - Older people (65+)	Oxfordshire County Council, 2016	Persons	District
# new builds	Financial Statements	Houses	District
# PFI programmes	Financial Statements	Programmes	District
# homeless individuals	District Data	Persons	Ward
# council employees	Districts	Persons	District
# Pupils with SEN Support	DfE, Jan 2015	Persons	District
Total road length (km)	DfT, 2014	km	District
# of concessionary travel passes	DfT, 2014/15	Travel Passes	County
# pupils eligible for free school meals	DfE, 2015	Persons	County
# Obese Year 6 students	Public Health England, 2014/15	Persons	County
Net amount receivable from rate payers	NNDR3 14/15	Value	District
Learning disability support - Adults (18-64)	Oxfordshire County Council, 2016	Persons	District
Mental health support - Adults (18-64)	Oxfordshire County Council, 2016	Persons	District
Information and early intervention	Oxfordshire County Council, 2016	Persons	District
Assistive equipment and technology	Oxfordshire County Council, 2016	Persons	District
Learning disability support (65+)	Oxfordshire County Council, 2016	Persons	District
Mental health support - Adults (65+)	Oxfordshire County Council, 2016	Persons	District
Sensory support - older people (65+)	Oxfordshire County Council, 2016	Persons	District
Support with memory and cognition - older people (65+)	Oxfordshire County Council, 2016	Persons	District
Looked after Children	Oxfordshire County Council, 2016	Persons	District
Children in need of a plan	Oxfordshire County Council, 2016	Persons	District
Visits by Trading Standards	Oxfordshire County Council, 2016	Visits	District
Parking Spaces	District Data	Spaces	Ward
Food Premises	District Data	Premises	Ward
Number of Businesses	District Data	Businesses	Ward
Service Use	RA Data 15/16	Spend	Ward

Disaggregators selected

Income/Expenditure Line	Disaggregator Selected
110 Early years	Population 0-4
120 Primary schools	Population of Primary school age (5 - 11)
130 Secondary schools	Population of Secondary school age (11 - 18)
140 Special schools and alternative provision	# Pupils with SEN Support
145 Post-16 provision	Population 16-18
165 Other education and community budget	Population 18+
TOTAL EDUCATION SERVICES (total of lines 110 to 165)	
210 Transport planning, policy and strategy	Population
230 Structural maintenance	Total road length (km)
247 Environmental, safety and routine maintenance	Total road length (km)
248 Winter service	Total road length (km)
249 Street lighting (including energy costs)	Total road length (km)
252 Traffic management and road safety: traffic management - bus lane enforcement	Total road length (km)

258 Traffic management and road safety: other	Total road length (km)
260 Parking services	Parking Spaces
271 Public transport: statutory concessionary fares	# of concessionary travel passes
272 Public transport: discretionary concessionary fares	# of concessionary travel passes
275 Public transport: support to operators	Population
276 Public transport: co-ordination	Population
TOTAL HIGHWAYS AND TRANSPORT SERVICES (total of lines 210 to 280)	
310 Children's social care: Sure start children's centres/flying start and early years	Population 0-18
313 Children's social care: Children looked after	Looked after Children
315 Children's social care: Other children and family services	Population 0-18
322 Children's social care: Family support services	Population 0-18
323 Children's social care: Youth justice	Population 0-18
325 Children's social care: Safeguarding children and young people's services	Children in need of a plan
326 Children's social care: Asylum seekers	Population 0-18
327 Children's social care: Services for young people	Population 0-18
TOTAL CHILDRENS SOCIAL CARE (total of lines 310 to 327)	
332 Physical support - adults (18–64)	Physical support - Adults (18-64)
333 Physical support - older people (65+)	Physical support - Older people (65+)
334 Sensory support - Fs (18–64)	Population 18-64
335 Sensory support - older people (65+)	Sensory support - older people (65+)
336 Support with memory and cognition - adults (18–64)	Population 18-64
337 Support with memory and cognition - older people (65+)	Support with memory and cognition - older people (65+)
340 Learning disability support - adults (18–64)	Learning disability support - Adults (18-64)
341 Learning disability support - older people (65+)	Learning disability support (65+)
344 Mental health support - adults (18–64)	Mental health support - Adults (18-64)
345 Mental health support - older people (65+)	Mental health support - Adults (65+)
348 Social support: Substance misuse support	Population 18+
349 Social support: Asylum seeker support	Population 18+
350 Social support: Support for carer	Population 18+
351 Social support: Social Isolation	Population 18+
353 Assistive equipment and technology	Assistive equipment and technology
354 Social care activities	Population 18+
355 Information and early intervention	Information and early intervention
356 Commissioning and service delivery	Population 18+
TOTAL ADULT SOCIAL CARE (total of lines 332 to 356)	
361 Sexual health services - STI testing and treatment (prescribed functions)	# All new STI diagnoses
362 Sexual health services - Contraception (prescribed functions)	Population 18-64
363 Sexual health services - Advice, prevention and promotion (non-prescribed functions)	Population 18-64
365 NHS health check programme (prescribed functions)	Population
366 Health protection - Local authority role in health protection (prescribed functions)	Population
368 National child measurement programme (prescribed functions)	Population (4-5 and 10-11)
370 Public health advice (prescribed functions)	Population
371 Obesity - adults	# Excess weight adults
372 Obesity - children	# Obese Year 6 students

373 Physical activity - adults	Population 18-64
374 Physical activity - children	Population 0-18
376 Substance misuse - Drug misuse - adults	Population 18+
377 Substance misuse - Alcohol misuse - adults	# Alcohol-specific hospital admissions
378 Substance misuse - (drugs and alcohol) - youth services	Population 0-18
380 Smoking and tobacco - Stop smoking services and interventions	# Smokers
381 Smoking and tobacco - Wider tobacco control	# Smokers
383 Children 5–19 public health programmes	Population 5-19
384 Misc public health services - Childrens 0-5 services (prescribed functions)	Population 0-5
385 Misc public health services - Childrens 0-5 services - Other (non-prescribed functions)	Population 0-5
386 Miscellaneous public health services - other	Population
TOTAL PUBLIC HEALTH (total of lines 361 to 385)	
409 Housing strategy, advice, advances, enabling, renewals and licensing	Population
440 Homelessness	# homeless individuals
456 Housing benefits: rent allowances and rent rebates - discretionary payments	# Housing Benefit Claimants
457 Housing benefits administration	# Housing Benefit Claimants
460 Other council property - travellers' sites and non-HRA council property	# Traveller caravans
475 Housing welfare: Supporting People	Population
478 Other welfare services	# of persons aged 18-64 claiming JSA or out of work Universal Credit
TOTAL HOUSING SERVICES (GFRA only) (total of lines 409 to 478)	
500 Archives	Population
501 Culture and heritage (excluding Archives)	Population
502 Recreation and sport	Population
503 Open spaces	Population
504 Tourism	Population
505 Library service	Population
TOTAL CULTURAL AND RELATED SERVICES (total of lines 500 to 505)	
510 Cemetery, cremation and mortuary services	# Recorded Deaths
519 Regulatory services: Trading standards	Visits by Trading Standards
520 Regulatory services: Water safety	Population
521 Regulatory services: Food safety	Population
522 Regulatory services: Environmental protection; noise and nuisance	Food premises
523 Regulatory services: Housing standards	# Total households
524 Regulatory services: Health and safety	Population
526 Regulatory services: Port health levies	Population
527 Regulatory services: Pest control	Population
528 Regulatory services: Public conveniences	Population
529 Regulatory services: Animal and public health; infectious disease	Population
530 Regulatory services: Licensing - Alcohol and entertainment licensing; taxi licensing	Food premises
531 Community safety (Crime reduction)	# Offences
532 Community safety (Safety services)	# Offences
533 Community safety (CCTV)	# Offences

541 Defences against flooding	Population
543 Land drainage and related work (excluding levy / Special levies)	Population
550 Agriculture and fisheries services	Population
570 Street cleansing (not chargeable to Highways)	Total road length (km)
581 Waste collection	# Total households
582 Waste disposal	# Total households
583 Trade waste	Number of businesses
584 Recycling	# Total households
585 Waste minimisation	# Total households
586 Climate change costs	Population
TOTAL ENVIRONMENTAL AND REGULATORY SERVICES (total of lines 510 to 586)	
591 Building control	Population
592 Development control	Population
593 Planning policy	Population
594 Environmental initiatives	Population
595 Economic development	Population
596 Community development	Population
597 Economic research	Population
598 Business Support	Population
TOTAL PLANNING AND DEVELOPMENT SERVICES (total of lines 591 to 598)	
602 TOTAL FIRE AND RESCUE SERVICES	Population
604 Coroners' court services	# Recorded Deaths
Other court services	
610 Corporate and democratic core	Population
625 Local tax collection: council tax support administration	# Total households
628 Local tax collection: other	# Total households
650 Emergency planning	Population
675 Central services to the public: other	Population
681 Non-distributed costs - retirement benefits	Population
TOTAL CENTRAL SERVICES (total of lines 604 to 684)	
698 TOTAL OTHER SERVICES	Population
811 Housing benefits: rent allowances - mandatory payments	# Households in receipt of housing benefits (000's)
812 Housing benefits: non-HRA rent rebates - mandatory payments	# Households in receipt of housing benefits (000's)
813 Housing benefits: rent rebates to HRA tenants - mandatory payments	# Households in receipt of housing benefits (000's)
821 Parish Precepts	Population
831 External Trading Accounts net surplus(-)/ deficit(+)	Population
832 Internal Trading Accounts net surplus(-)/ deficit(+)	Population
842 Capital items accounted for in Internal Trading Accounts	Population
848 Adjustments to net current expenditure	Population
NET CURRENT EXPENDITURE (total of lines 799 to 848)	
859 Levy: Environment Agency flood defence	Population

865 Capital expenditure charged to the GF Revenue Account (CERA) (exclude Public Health)	Population
871 Provision for bad debts (+/-)	Population
873 Provision for repayment of principal	Population
881 Interest: external payments	Population
883 Interest: HRA item 8 payments and receipts	Population
SUB-TOTAL (total of lines 849 to 883)	
886 Interest and investment income (-): external receipts and dividends	Population
888 Private Finance Initiative (PFI) schemes - difference from service charge	Population
891 Specific and special grants outside AEF [SG line 799 as income]	Population
REVENUE EXPENDITURE (total of lines 885 to 896)	
903 Local Services Support Grant (LSSG)	Population
904 Specific and special grants inside AEF [SG line 699 as income]	Population
NET REVENUE EXPENDITURE (total of lines 900 to 904)	
906 Inter-authority transfers in respect of reorganisation	Population
911 Appropriations to(+)/ from(-) schools' reserves	Population
914 Appropriations to(+)/ from(-) public health financial reserves	Population
915 Appropriations to(+)/ from(-) other earmarked financial reserves	Population
916 Appropriations to(+)/ from(-) unallocated financial reserves	Population
951 Revenue Support Grant	Population
956 Police grant	Population
970 Retained income from Rate Retention Scheme	Net amount receivable from rate payers
980 Other items	Population
COUNCIL TAX REQUIREMENT (total of lines 905 to 980)	
Dedicated Schools Grant (DSG)	Population 5-18
Pupil Premium Grant	# pupils eligible for free school meals
Education Services Grant	Population 5-18
Universal Infants Free School Meals	Population 5-7
GLA Transport Grant	
Public Health Grant [Excludes Children 0-5 funding allocation]	Population 6+
Public Health Grant - Children 0-5 funding allocation [October 2015]	Population 0-5
Adult Social Care Implementation 2015-16	Population 65+
Housing Benefit Subsidy Admin Grant	# Households in receipt of housing benefits (000's)
New Homes Bonus	# new builds
The Private Finance Initiative (PFI)	# PFI programmes
Other grants within AEF	Population
TOTAL REVENUE GRANTS WITHIN AEF (total of lines 102 to 698)	
Adult and Community Learning from Skills Funding Agency	Population 18+
Sixth Form Funding from the Education Funding Agency (EFA)	Population 16-18
Mandatory Rent Allowances: subsidy	# Households in receipt of housing benefits (000's)
Mandatory Rent Rebates outside HRA: subsidy	# Households in receipt of housing benefits (000's)

Rent Rebates Granted to HRA Tenants: subsidy	# Households in receipt of housing benefits (000's)
Other grants outside AEF	Population

Growth assumptions

Cherwell	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	-1280%	1%	1%	4%	2%
Housing Services (GFRA)	6%	1%	1%	4%	2%
Cultural and Related	-9%	1%	0%	4%	2%
Environmental and Regulatory	13%	1%	0%	4%	1%
Planning and Development	35%	1%	0%	4%	2%
Central Services	95%	1%	0%	4%	2%
Other Services	0%	0%	0%	0%	0%
Housing Benefits	9%	1%	0%	4%	2%
Precepts & Levies	18%	1%	0%	4%	2%
Misc. Items.	-249%	20%	11%	7%	5%
Specific and special grants outside AEF (as income)	9%	1%	0%	4%	2%
Specific and special grants inside AEF (as income)	34%	1%	0%	4%	2%
FUNDING					
Revenue Support Grant	-32%	-40%	-42%	-82%	-100%
Other Government Grants	0%	5%	-27%	0%	-23%
Business Rate Retention Scheme	58%	6%	10%	10%	10%
Reserves	-100%	0%	0%	0%	0%
Council Tax	-38%	0%	2%	2%	2%
Other Items	-173%	47%	0%	0%	0%

Oxford	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	12%	5%	-1%	2%	
Housing Services (GFRA)	-3%	5%	-1%	2%	
Cultural and Related	-2%	5%	-1%	2%	
Environmental and Regulatory	-4%	5%	-1%	2%	
Planning and Development	4%	5%	-1%	2%	
Central Services	0%	5%	-1%	2%	
Other Services	7%	5%	-1%	2%	
Housing Benefits	-4%	5%	-1%	2%	
Precepts & Levies	0%	5%	-1%	2%	
Misc. Items.	-54%	5%	-1%	2%	
Specific and special grants outside AEF (as income)	-4%	5%	-1%	2%	
Specific and special grants inside AEF (as income)	21%	5%	-1%	2%	
FUNDING					
Revenue Support Grant	-37%	-48%	-57%	-100%	
Other Government Grants	0%	0%	0%	0%	
Business Rate Retention Scheme	-4%	7%	5%	10%	
Reserves	0%	0%	0%	0%	
Council Tax	4%	2%	3%	3%	
Other Items	-706%	-91%	0%	0%	

Note - no projections were provided for 2020/21. Nil growth assumed in year 2020/21.

South Oxfordshire	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	3%	0%	0%	0%	0%
Housing Services (GFRA)	10%	-20%	-16%	0%	0%
Cultural and Related	0%	-3%	-4%	0%	0%
Environmental and Regulatory	1%	1%	1%	0%	1%
Planning and Development	6%	-4%	-14%	-2%	0%
Central Services	-8%	0%	-1%	1%	-1%
Other Services	0%	0%	0%	0%	0%
Housing Benefits	-103%	0%	0%	0%	0%
Precepts & Levies	-100%	0%	0%	0%	0%
Misc. Items.	3%	-11%	-7%	-16%	-35%
Specific and special grants outside AEF (as income)	-100%	0%	0%	0%	0%
Specific and special grants inside AEF (as income)	-100%	0%	0%	0%	0%
FUNDING					
Revenue Support Grant	-38%	-52%	-66%	-100%	0%
Other Government Grants	0%	-18%	-9%	-19%	-10%
Business Rate Retention Scheme	2%	2%	3%	3%	2%
Reserves	-11%	-85%	31%	-537%	101%
Council Tax	-40%	1%	1%	1%	1%
Other Items	-64%	3%	11%	-169%	8%

Vale of White Horse	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	-26%	-22%	0%	0%	0%
Housing Services (GFRA)	-6%	-4%	0%	0%	0%
Cultural and Related	26%	-6%	-8%	-84%	0%
Environmental and Regulatory	0%	-2%	1%	1%	0%
Planning and Development	6%	-18%	-12%	-7%	0%
Central Services	-7%	-3%	-1%	1%	-1%
Other Services	0%	0%	0%	0%	0%
Housing Benefits	-103%	0%	0%	0%	0%
Precepts & Levies	-100%	0%	0%	0%	0%
Misc. Items.	-25%	0%	6%	-13%	-29%
Specific and special grants outside AEF (as income)	-100%	0%	0%	0%	0%
Specific and special grants inside AEF (as income)	-100%	0%	0%	0%	0%
FUNDING					
Revenue Support Grant	-38%	-53%	-68%	-100%	0%
Other Government Grants	0%	-16%	3%	-3%	-16%
Business Rate Retention Scheme	-493%	2%	3%	3%	2%
Reserves	-198%	1%	40%	12%	-25%
Council Tax	-34%	6%	6%	5%	3%
Other Items	-82%	0%	80%	-290%	5%

West Oxfordshire	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Highways and Transport Services	14%	0%	0%	2%	2%
Housing Services (GFRA)	-28%	0%	-7%	2%	2%
Cultural and Related	-3%	0%	-3%	2%	2%
Environmental and Regulatory	8%	2%	2%	1%	2%
Planning and Development	-7%	0%	-27%	2%	2%
Central Services	3%	-2%	-8%	-1%	2%
Other Services	0%	0%	0%	2%	2%
Housing Benefits	-98%	0%	0%	2%	2%
Precepts & Levies	-100%	0%	0%	0%	0%
Misc. Items.	-12%	2%	1%	2%	2%
Specific and special grants outside AEF (as income)	-100%	0%	0%	0%	0%
Specific and special grants inside AEF (as income)	-100%	0%	0%	0%	0%
FUNDING					
Revenue Support Grant	-33%	-40%	-41%	-79%	-100%
Other Government Grants	100%	-22%	-1%	2%	-6%
Business Rate Retention Scheme	-28%	1%	1%	1%	-24%
Reserves	-119%	286%	-114%	119%	-528%
Council Tax	-44%	7%	7%	6%	3%
Other Items	-175%	61%	9%	11%	9%

Oxfordshire County Council	2017 Growth	2018 Growth	2019 Growth	2020 Growth	2021 Growth
EXPENDITURE					
Education Services	-12%	-1%	-1%	0%	
Highways and Transport Services	-16%	-18%	-1%	-3%	
Childrens Social Care	-4%	-6%	0%	0%	
Adult Social Care	2%	2%	2%	2%	
Public Health	-12%	0%	0%	0%	
Housing Services (GFRA)	22%	-10%	-10%	-12%	
Cultural and Related	-16%	-2%	-1%	0%	
Environmental and Regulatory	-2%	2%	2%	2%	
Planning and Development	-49%	-6%	12%	-2%	
Fire and Rescue Services	-5%	-2%	0%	0%	
Central Services	-21%	0%	0%	0%	
Other Services	0%	0%	-41%	-120%	
Housing Benefits	0%	0%	0%	0%	
Precepts & Levies	0%	0%	0%	0%	
Misc. Items	-6%	51%	2%	0%	
Specific and special grants outside AEF (as income)	-60%	0%	0%	0%	
Specific and special grants inside AEF (as income)	-4%	0%	0%	0%	
FUNDING					
Revenue Support Grant	-37%	-53%	-69%	-100%	
Other Government Grants	0%	0%	0%	0%	
Business Rate Retention Scheme	-1%	3%	3%	-6%	
Reserves	-89%	-100%	0%	0%	
Council Tax	6%	7%	6%	6%	
Other Items	-16%	-100%	0%	0%	

Note - no projections were provided for 2020/21. Nil growth assumed in year 2020/21.

Council Tax assumptions - rate

	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire
2015/16					
District Band D Equivalent 15/16	123.50	278.97	111.24	116.69	81.63
Oxford CC Band D Equivalent 15/16	1,232.46	1,232.46	1,232.46	1,232.46	1,232.46
Town/Parish Council 15/16	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 15/16	1,440.60	1,515.46	1,420.93	1,412.78	1,388.21
2016/17					
District Band D Equivalent 16/17	123.50	288.46	111.24	116.69	86.63
Oxford CC Band D Equivalent 16/17	1,281.64	1,281.64	1,281.64	1,281.64	1,281.64
Town/Parish Council 16/17	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 16/17	1,489.78	1,574.13	1,470.11	1,461.96	1,442.39
2017/18					
District Band D Equivalent 17/18	123.50	293.43	111.24	121.69	91.63
Oxford CC Band D Equivalent 17/18	1,358.95	1,358.95	1,281.64	1,358.95	1,358.95
Town/Parish Council 17/18	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 17/18	1,567.09	1,656.41	1,470.11	1,544.27	1,524.70
2018/19					
District Band D Equivalent 18/19	123.50	298.46	111.24	126.69	96.63
Oxford CC Band D Equivalent 18/19	1,414.85	1,414.85	1,414.85	1,414.85	1,414.85
Town/Parish Council 18/19	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 18/19	1,622.99	1,717.34	1,603.32	1,605.17	1,585.60
2019/2020					
District Band D Equivalent 19/20	123.50	303.57	111.24	131.69	101.63
Oxford CC Band D Equivalent 19/20	1,474.18	1,474.18	1,474.18	1,474.18	1,474.18
Town/Parish Council 19/20	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 19/20	1,682.32	1,781.78	1,662.65	1,669.50	1,649.93
2020/21					
District Band D Equivalent 19/20	123.50	308.78	111.24	134.31	103.66
Oxford CC Band D Equivalent 20/21	1,454.80	1,454.80	1,454.80	1,454.80	1,454.80
Town/Parish Council 20/21	84.64	4.03	77.23	63.63	74.12
TOTAL AVERAGE BAND 20/21	1,662.94	1,767.61	1,643.27	1,652.74	1,632.58

Council Tax assumptions – Tax base

	Cherwell	Oxford	South Oxfordshire	Vale of White Horse	West Oxfordshire
2015/16					
Council Tax Base	48,253	42,659	54,234	47,563	41,176
2016/17					
Council Tax Base	50,356	43,665	54,965	48,177	41,512
2017/18					
Council Tax Base	50,494	43,770	55,553	49,094	41,927
2018/19					
Council Tax Base	51,506	44,208	56,141	50,041	42,415
2019/20					
Council Tax Base	52,534	44,650	56,697	50,793	42,982
2020/21					
Council Tax Base	53,587	45,096	57,253	51,465	43,519

Transition cost assumptions

Type of transition cost	Assumption	Source
Employee severance costs	Average public sector redundancy pay is £25k	https://www.gov.uk/government/consultations/consultation-on-a-public-sector-exit-payment-cap/consultation-on-a-public-sector-exit-payment-cap
	Reduced FTEs in new organisational structure is 945	PwC evidence-based assumption
	100% of reduced FTEs receive a redundancy payout	PwC assumption which potentially overestimates true cost (as not accounting for natural attrition)
	Excludes pension costs	This will mean that severance costs will be underestimated, which counterbalances the above over-estimate
Member costs	Additional member allowances moving to a new democratic system, as outlined	County Council annual 2015/16 allowances
	Role	Allowance/Cost
	Leader	£29,290
	Deputy Leader	£20,200
	Cabinet Member (assume 6 per UA)	£16,160
	Regulatory Committee Chair (assume 5 per UA)	£6,060
	Planning Committee Chair (assume 5)	£6,060
	Scrutiny Committee Chair (assume 5 per UA)	£6,060
Other transition costs	Includes: Project/change management, Business management/systems change, ICT integration, Closedown of authorities, Signs/logos/branding	Evidenced from existing UA business cases, and amalgamated.
Senior management structures	Current cost of 71 senior management roles within region is £7.2m	FTE data provided by client, and publicly available information on salaries (www.publications.parliament.uk/pa/cm201415/cmselect/cmcomloc/191/191.pdf)
	Assumes a span of control of 4	PwC evidence-based assumption
Member savings	282 Members across Oxfordshire	Publicly available information
	Assumed 25% reduction in Members over a 4 year period in new organisational structure	Client's suggested assumption
Election savings	Assumed 50% election costs saved over 4 years	PwC evidence-based assumption
Office asset disaggregation	FTE to desk space ratio of 5:4	Industry best practice
	Best practice square footage of 100 square foot	Industry best practice
Transformation savings	Transformation savings estimated as average annual saving of £24m p.a. (annualised over 5 year period, gearing up to maximum annual transformation benefit of £37m)	PwC evidence-based assumption
	Potential scale of transformation benefits has a proportionate relationship to expenditure	PwC evidence-based assumption
	As number of UAs increase, scale of potential saving reduces slightly, between 2% and 6%	PwC evidence-based assumption

Appendix E – Stakeholder engagement

Below is a list of the stakeholders that PwC have engaged with during the course of this study to seek views on current local government organisation, UA options, opportunities and risks. Their input has influenced the options analysis aspect to this work.

- Department for Communities and Local Government (DCLG)
- District Council leaders and Chief Executives
- Oxfordshire County Council
- Oxfordshire Local Enterprise Partnership (OXLEP)
- Oxfordshire Clinical Commissioning Group
- Thames Valley Police
- University of Oxford
- Oxford Brookes University
- Oxford Health NHS Trust
- Oxford University Hospitals NHS Trust
- Oxford Spires Academy

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