

# Oxford and Shires | Ridgeway

Financial Options Appraisal  
**October 2025**

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Contents

**Context:** In response to the publishing of the White Paper, and the subsequent letter from the Minister of State inviting Leaders within remaining two tier areas to work with other Council Leaders in their areas to develop a proposal for local government reorganisation, an appraisal of potential local government reorganisation options available within Oxfordshire & West Berkshire has taken place.

**Purpose:** This document provides a financial appraisal of the three options for local government reorganisation in the geographic area of Oxfordshire & West Berkshire. Using a consistent methodology, it sets out the assumed benefits of reorganisation and transformation to be achieved from staffing, third party spend, members and elections costs, and assets. It also details anticipated disaggregation costs and one-off transition costs to implement the new structural arrangements.

**This Options Appraisal therefore offers a high-level view of the LGR aggregation and subsequent transformation benefits as a starting point for the three options for local government reorganisation, using consistent assumptions and publicly available data. The detailed financial cases for each option will build in more localised insight and factors to inform the costs and benefits of the relevant proposal.**

Financial Options Appraisal Contents	Page
Executive Summary	3 - 7
Context including reorganisation options	8 - 14
Financial Options Appraisal	15 - 25
Appendices	26 - 44

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

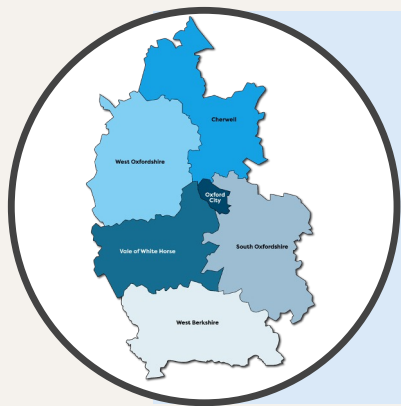
# Executive Summary

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Context | About the Locality



**Oxfordshire is a nationally significant region, known for its world-class research institutions, vibrant communities, and high-value economy.** Together, Oxfordshire and West Berkshire are home to over 900,000 residents across a mix of urban, rural and market town communities. Oxfordshire currently operates under a two-tier system, with Oxfordshire County Council delivering county-wide services and five district councils. West Berkshire is a unitary authority, providing all services to around 163,000 residents.

The region is a vital contributor to the South East's economy, with strong transport links including the M4 and A34 corridors, proximity to London and Heathrow, and access to key rail routes. Oxfordshire is internationally recognised for its academic excellence, innovation clusters, and science parks, while West Berkshire hosts significant logistics and defence operations.

Despite its strengths, the area faces challenges such as housing affordability, transport connectivity, and disparities in access to services. Local government reorganisation presents a chance to address these issues more holistically, equitably and collectively.

This reorganisation aims to reduce duplication, improve financial resilience and ensure decisions remain close to the communities they affect. It offers an opportunity to align services more effectively, enhance local accountability, and create a more sustainable governance model.

## The area at a glance...




Area	GVA	Business Growth	Employment	Digital Propensity Index	Children in Low-Income Families	Deprivation	Overall Health Index	Household Benefit Claim Rate
Oxfordshire	£41.30	0.14%	61.27%	94.98%	9,643	11.58	112.8	11.75%
West Berkshire	£54.10	-0.80%	63.0%	95.00%	9,257	9.89	114.20	13.87%

## Two Councils

Oxford and Shires | Ridgeway

# Options for reorganisation

Three options for Local Government Reorganisation have been proposed for the Oxfordshire region which involve the creation of either 1, 2 or 3 new Unitary Authorities. The three selected options, in the table, show the geographical split of each option and estimated population spread.

Option	Components (City / district / borough level)	Population	Guidance
 <b>1</b> Unitary Authority	<b>Unitary Authority:</b> Covering Oxfordshire County Council and 5 districts; Oxford City, West Oxfordshire, Vale of White Horse, South Oxfordshire and Cherwell  <b>West Berkshire Council</b> as a separate and unchanged unitary.	<b>Oxfordshire Unitary Authority:</b> 790,608  <b>West Berkshire Council:</b> 163,811	The size of the 1UA is greater than the MHCLG guidance figure of 500k.
 <b>2</b> Unitary Authorities	<b>Oxford &amp; Shires:</b> Oxford City, West Oxfordshire and Cherwell  <b>Ridgeway:</b> South Oxfordshire, Vale of White Horse and West Berkshire.	<b>Oxford &amp; Shires:</b> 471,716  <b>Ridgeway:</b> 482,703	The size of the proposed Unitary Authorities are broadly in line with the general steer from MHCLG, noting that the 2UAs would cover a population of approximately 500k.
 <b>3</b> Unitary Authorities	<b>Greater Oxford:</b> Covers the City of Oxford and parts of Cherwell <b>Ridgeway Council:</b> Parts of South Oxfordshire and Vale of White Horse, as well as West Berkshire <b>Northern Unitary:</b> Parts of West Oxfordshire and Cherwell.	<b>Greater Oxford:</b> c272,000 <b>Northern Oxfordshire:</b> c.246,000 <b>Southern Oxfordshire:</b> c436,000	Due to the anticipated boundary shifts, this option has not determined the exact size and population of the proposed unitary authorities. To note, initial figures suggest that two out of the three proposed UAs would be notably smaller than the steer set out by MHCLG, indicating a lesser opportunity to realise financial benefit.

**Source:** Based on 2028 ONS projections

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Options Appraisal - Reorganisation Summary view (1 of 2)

The table below shows, for ease of reference, the gross annual benefit that the financial options appraisal estimates could be achieved in each of the LGR options for Oxfordshire and West Berkshire. It also shows the estimated annual costs of disaggregation, the net annual benefit and the one-off transitions costs that it is estimated would be incurred in order to implement each option, plus subsequent transformation benefits and costs (with base and stretch scenarios). Finally it shows the cumulative net benefit after one year and after five years.

Category		Gross annual benefit	Additional annual costs	Recurring net annual benefit	One-off transition costs	Payback period	Net benefit after 1 year	Net benefit after 5 years	Comments
Single UA for all of Oxfordshire (Excluding West Berkshire)	Reorganisation	£27.3m	£0	£27.3m	£23.8m	3.1 years	-£16.3m	£44.3m	This option achieves greater financial benefits from LGR due to consolidation, economies of scale and addressing duplication. As County services are not disaggregated, there are no additional annual costs. Transition costs are lower to reflect the lower complexity involved in not disaggregating County services when setting up the new Unitary Authority arrangement.
	Transformation (base)	£20.9m	N/A	£20.9m	£14.6m	1.7 years	-£1.5m	£37.7m	
	Transformation (stretch)	£31.1m	N/A	£31.1m	£21.7m	1.7 years	-£2.2m	£55.9m	
2 UAs - Oxford & Shires and Ridgeway	Reorganisation	£24.9m	£3.0m	£21.9m	£30.4m	4.2 years	-£24.9m	£16.6m	The inclusion of West Berkshire means that while % savings from LGR are lower, the proportion is applied against a larger baseline. While existing West Berkshire infrastructure will be used (eg senior leadership, statutory posts are already in place), this option incurs additional annual costs for running disaggregated County services that do not currently exist at the same level in West Berkshire.
	Transformation (base)	£25.6m	N/A	£25.6m	£17.9m	1.7 years	-£1.8m	£46.1m	
	Transformation (stretch)	£37.9m	N/A	£37.9m	£26.5m	1.7 years	-£2.7m	£68.2m	
3UAs - Greater Oxford, North Oxfordshire and Ridgeway	Reorganisation	£20.2m	£10.7m	£9.5m	£32.5m	8.7 years	-£34.7m	-£35.5m	There are lower financial benefits due to the reduced opportunities for consolidation. While existing West Berkshire infrastructure has been taken into consideration, additional annual costs are incurred due to additional senior leadership, management for disaggregated servicers, and democratic costs. Additional transition costs are incurred due to new council infrastructure and redrawing boundaries.
	Transformation (base)	£25.8m	N/A	£25.8m	£18.1m	1.7 years	-£1.8m	£46.5m	
	Transformation (stretch)	£38.2m	N/A	£38.2m	£26.7m	1.7 years	-£2.7m	£68.7m	

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Options Appraisal - Reorganisation Summary view (2 of 2)

The table below shows the combined reorganisation and transformation costs and benefits position for all three LGR options based on the high-level analysis within this Options Appraisal.

Category		Gross annual benefit	Additional annual costs	Recurring net annual benefit	One-off transition costs	Payback period	Net benefit after 1 year	Net benefit after 5 years
Single UA for all of Oxfordshire (Excluding West Berkshire)	Combined reorganisation and transformation (base)	£48.2m	£0	£48.2m	£38.4m	2.8 years	-£17.8m	£81.9m
	Combined reorganisation and transformation (stretch)	£58.4m	£0	£58.4m	£45.5m	2.7 years	-£18.5m	£100.2m
2 UAs - Oxford & Shires and Ridgeway	Combined reorganisation and transformation (base)	£50.5m	£3m	£47.5m	£48.3m	3.4 years	-£26.7m	£62.7m
	Combined reorganisation and transformation (stretch)	£62.8m	£3m	£59.8m	£56.9m	3.2 years	-£27.6m	£84.8m
3UAs - Greater Oxford, North Oxfordshire and Ridgeway	Combined reorganisation and transformation (base)	£46.0m	£10.7m	£35.3m	£50.6m	4.7 years	-£36.5m	£11m
	Combined reorganisation and transformation (stretch)	£58.4m	£10.7m	£47.7m	£59.2m	4.2 years	-£37.4m	£33.2m

The analysis for this Options Appraisal uses publicly available data and consistent assumptions applied in the same way across all three proposals for local government reorganisation. More detailed analysis is undertaken for the Financial Case of the Oxford & Shires and Ridgeway proposal to further develop anticipated benefits and costs, using local insights and tailored assumptions. This results in more refined and prudent totals in the Financial Case. It is anticipated that the councils preparing proposals for other options will have refined their more detailed cases in a similar way.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Context

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway



# Context | Local Government Challenges

The national relationship with local government is evolving, with councils being encouraged to align to a single tier of governance and increased regional collaboration. Government is pursuing local government reorganisation (LGR) to create simpler, more efficient local structures, which pave the way for greater devolution. While local authorities have adapted to local challenges to date, the pace of change requires reform.

1

## FINANCIAL PRESSURE



Local government in the UK is facing significant financial challenge. The LGA estimates a £4 billion funding gap over the next two years.<sup>1</sup>



Despite additional funding, many councils must make substantial cost savings after a prolonged period of austerity, and increases in council tax to balance budgets are inevitable.



This financial strain impacts delivery of local services and living standards for residents.

2

## DEMAND FOR SERVICES



Population growth, ageing demographics, and increasingly complex community needs are driving increased demand for higher-cost services.



This is particularly the case for special educational needs and disabilities, where deficits in the Dedicated Schools Grant are affecting general funding and increasing financial pressures for local areas.

3

## SOCIAL CARE COSTS



The costs of commissioning and delivering social care for adults and children are a rising significant financial pressure.



Over the past five years, adult social care costs have increased by 9% in real terms, while children's social care costs have risen by 18%.<sup>2</sup>



These services are heavily regulated, leaving local authorities with limited options to reduce costs and demands whilst still meeting the expected standards.

— A once-in-a-generation opportunity —

### Two Councils

Oxford and Shires | Ridgeway

# Context | Devolution and Reorganisation

## Local Government Reorganisation (LGR)

refers to the national ambition to simplify and strengthen local governance by moving from a two-tier system (county and district councils) to more streamlined and strategic unitary authorities. This is part of a wider shift in public service delivery aimed at improving outcomes, efficiency, and accountability.

The Devolution White Paper signals a major change in how local government is structured and funded, promoting **country-wide reform** to address financial sustainability, improve service delivery, and empower local areas. The White Paper supports both **Reorganisation** (creation of new or consolidated unitary authorities) and **Devolution** (the transfer of powers and responsibilities to strategic local bodies, with or without elected mayors).

The Devolution White Paper is driven by three primary objectives:



Enhancing the powers vested in local and regional governments



New entities that cover larger geographic areas whilst respecting local identities



Implementing changes at pace, in order to support swift benefit realisation

To realise these, the **White Paper** provides **two routes to the consolidation of governance...**

### Reorganisation

This approach involves creation of new unitary authorities to replace the existing 'two tier' delivery model. This may involve the creation of a new unitary council which amalgamates or merges a current county council and districts into a single 'county unitary' council, or creation of new unitary authorities to replace counties, which brings together groups of districts with disaggregated county services.

### Devolution

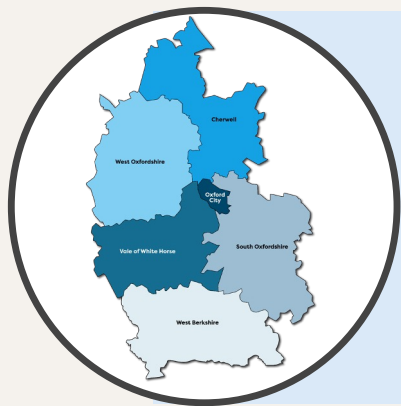
This focuses on establishing Strategic Authorities with or without a Mayor, which coordinate and commission services at a regional level. This could include collaboration of multiple unitary authorities to provide a strategic regional authority. The white paper includes specific ambitions and incentives for these authorities to drive economic growth and lead regional transport initiatives.

— A once-in-a-generation opportunity —

## Two Councils

Oxford and Shires | Ridgeway

# Context | About the Locality



**Oxfordshire is a nationally significant region, known for its world-class research institutions, vibrant communities, and high-value economy.** Together, Oxfordshire and West Berkshire are home to over 900,000 residents across a mix of urban, rural and market town communities. Oxfordshire currently operates under a two-tier system, with Oxfordshire County Council delivering county-wide services and five district councils. West Berkshire is a unitary authority, providing all services to around 163,000 residents.

The region is a vital contributor to the South East's economy, with strong transport links including the M4 and A34 corridors, proximity to London and Heathrow, and access to key rail routes. Oxfordshire is internationally recognised for its academic excellence, innovation clusters, and science parks, while West Berkshire hosts significant logistics and defence operations.

Despite its strengths, the area faces challenges such as housing affordability, transport connectivity, and disparities in access to services. Local government reorganisation presents a chance to address these issues more holistically, equitably and collectively.

This reorganisation aims to reduce duplication, improve financial resilience and ensure decisions remain close to the communities they affect. It offers an opportunity to align services more effectively, enhance local accountability, and create a more sustainable governance model.

## The area at a glance...

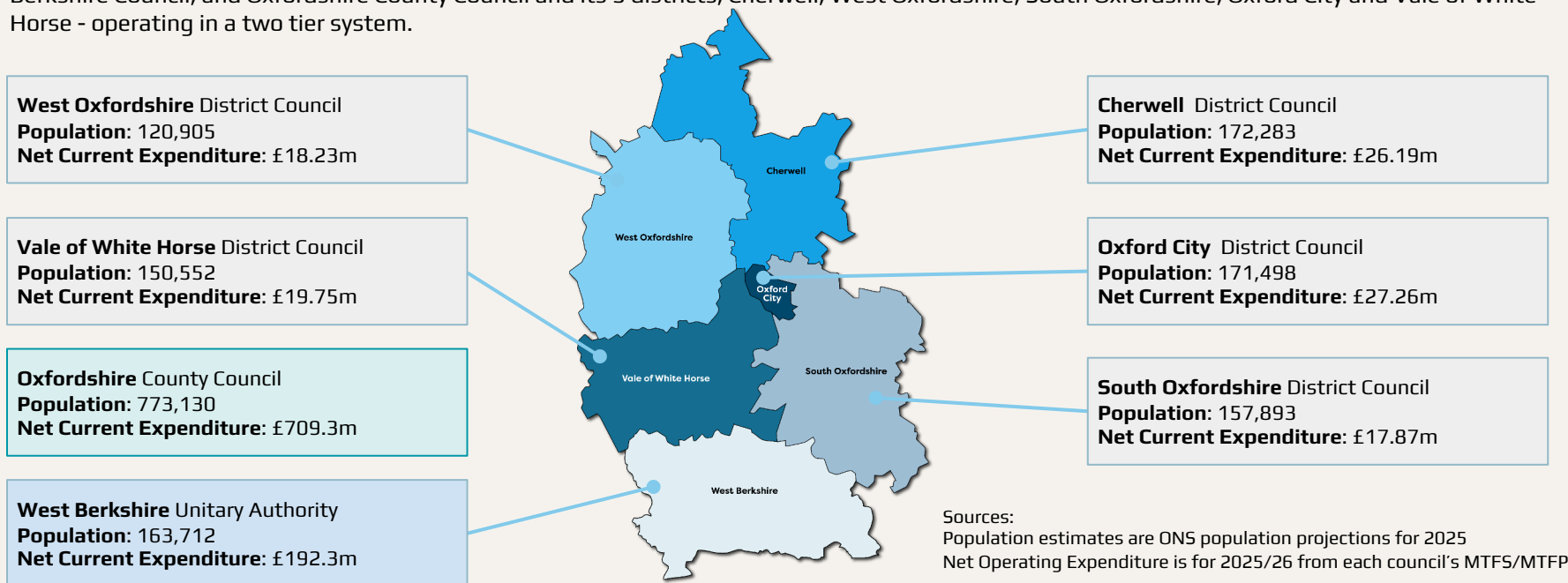
Area	GVA	Business Growth	Employment	Digital Propensity Index	Children in Low-Income Families	Deprivation	Overall Health Index	Household Benefit Claim Rate
Oxfordshire	£41.30	0.14%	61.27%	94.98%	9,643	11.58	112.8	11.75%
West Berkshire	£54.10	-0.80%	63.0%	95.00%	9,257	9.89	114.20	13.87%

## Two Councils

Oxford and Shires | Ridgeway

# Context | Current State Overview

Oxfordshire and West Berkshire is home to over 900,000 people across its seven councils. These are comprised of one unitary authority, West Berkshire Council, and Oxfordshire County Council and its 5 districts; Cherwell, West Oxfordshire, South Oxfordshire, Oxford City and Vale of White Horse - operating in a two tier system.



— A once-in-a-generation opportunity —

## Two Councils

Oxford and Shires | Ridgeway

# Context | Current State Overview

The population of Oxfordshire is set to increase, leading to different demographics and challenges faced in each of the areas as well as different quantities of benefits delivered by LGR, with vesting day set for 2028/29. The estimated figures up to that point and for the first 5 years after have been used in calculations.

Organisation	2024	2025	2026	2027	2028	2029	2030	2031	2032
Cherwell	170,119	172,283	174,214	176,065	177,917	179,804	181,661	183,507	185,337
Vale of White Horse	148,246	150,552	152,620	154,532	156,414	158,299	160,110	161,864	163,566
Oxford City	171,899	171,498	170,562	169,946	169,797	170,096	170,562	171,052	171,425
South Oxfordshire	156,126	157,893	159,508	160,995	162,478	163,954	165,404	166,825	168,232
West Oxfordshire	119,739	120,905	121,965	122,987	124,002	125,056	126,101	127,115	128,137
West Berkshire	163,540	163,712	163,754	163,725	163,811	163,953	164,123	164,303	164,507

\*Note: The population estimates are ONS 2022-based datasets are the latest projection

— A once-in-a-generation opportunity —




**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Options for reorganisation

Three options for Local Government Reorganisation have been proposed for the Oxfordshire region which involve the creation of either 1, 2 or 3 new Unitary Authorities. The three selected options, in the table, show the geographical split of each option and estimated population spread.

Option	Components (City / district / borough level)	Population	Guidance
 <b>1</b> Unitary Authority	<b>Unitary Authority:</b> Covering Oxfordshire County Council and 5 districts; Oxford City, West Oxfordshire, Vale of White Horse, South Oxfordshire and Cherwell  <b>West Berkshire Council</b> as a separate and unchanged unitary.	<b>Oxfordshire Unitary Authority:</b> 790,608  <b>West Berkshire Council:</b> 163,811	The size of the 1UA is greater than the MHCLG guidance figure of 500k.
 <b>2</b> Unitary Authorities	<b>Oxford &amp; Shires:</b> Oxford City, West Oxfordshire and Cherwell  <b>Ridgeway:</b> South Oxfordshire, Vale of White Horse and West Berkshire.	<b>Oxford &amp; Shires:</b> 471,716  <b>Ridgeway:</b> 482,703	The size of the proposed Unitary Authorities are broadly in line with the general steer from MHCLG, noting that the 2UAs would cover a population of approximately 500k.
 <b>3</b> Unitary Authorities	<b>Greater Oxford:</b> Covers the City of Oxford and parts of Cherwell <b>Ridgeway Council:</b> Parts of South Oxfordshire and Vale of White Horse, as well as West Berkshire <b>Northern Unitary:</b> Parts of West Oxfordshire and Cherwell.	<b>Greater Oxford:</b> c272,000 <b>Northern Oxfordshire:</b> c.246,000 <b>Southern Oxfordshire:</b> c436,000	Due to the anticipated boundary shifts, this option has not determined the exact size and population of the proposed unitary authorities. To note, initial figures suggest that two out of the three proposed UAs would be notably smaller than the steer set out by MHCLG, indicating a lesser opportunity to realise financial benefit.

**Source:** Based on 2028 ONS projections

A once-in-a-generation opportunity

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Financial Options Appraisal

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Options Appraisal vs detailed Financial Case

The financial analysis was undertaken across two phases. The initial phase focussed on a financial options analysis for all the LGR options at a high level for comparative purposes. The second phase undertook a detailed financial model for the Oxfordshire Districts and West Berkshire's preferred option of 2 unitary authorities, refining assumptions and bringing deeper insights.

## Options Appraisal (this document)

## Financial Case

Description

The outputs are an objective appraisal of the costs and benefits of different reorganisation options. It looks to illustrate **the high-level financial implications of implementing and operating** a single unitary authority, two unitary authorities or three unitary authorities.

The financial case sets out the detailed implications of the preferred option. It helps to model **what the future budgets will look like**, provides a more detailed view on the **starting financial position**, and **draws out the financial implications of local government reorganisation and wider transformation benefits**.

Includes

- Aggregation and disaggregation of net revenue expenditure in simple terms, grouped primarily by FTE Spend, Third Party Spend, Property and Democracy expenditure.
- One-off costs related to the transition to the new authority (ie. redundancy).
- A phased view of net benefits in relation to the costs of LGR and any recurring service costs.

- Refined view of the benefits of aggregation and/or disaggregation, through a detailed look at Assets, Third Party Spend, Income, Borrowing and Debt, Policy and Transformation, Member Numbers, Demand Increases, MTFS and Staffing Pay.
- A range of outcomes depending on the direction organisations choose to put ahead, including a upper and lower boundary financial forecast for specific components (ie. cost of members).

This does NOT...

It **does not** provide any commentary around service quality, democratic representation or any other factors that may factor into the wider strategic case.

The outputs present a detailed view of the Year 1 financial budgets and position of the reorganised entities. While a detailed model, it remains an estimation. It does not forecast the exact annual income (ie. figure for Tax Receipts) or outgoing expenditure, as those are reliant on policy decisions.

— A once-in-a-generation opportunity —

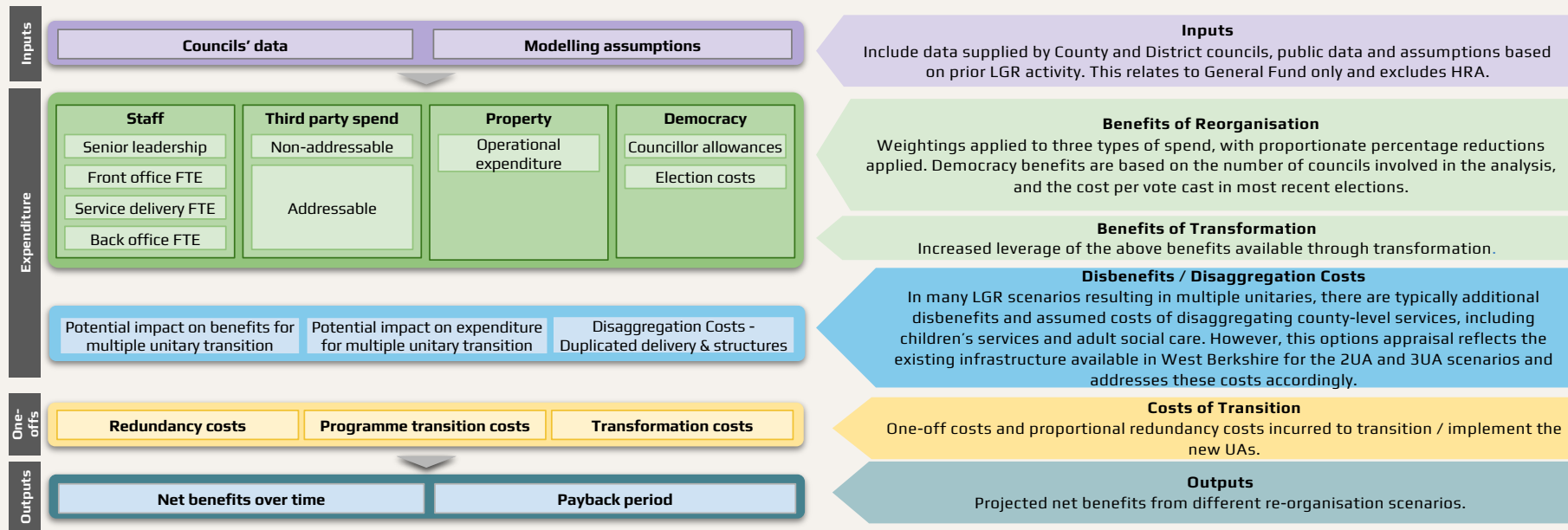
**Two Councils**

Oxford and Shires | Ridgeway



# Financial Options Appraisal: Methodology

The illustration below sets out the key components of the modelling undertaken for the purposes of this financial options appraisal. The detailed financial case then builds in more detail and refines assumptions to build deeper understanding of costs and benefits.

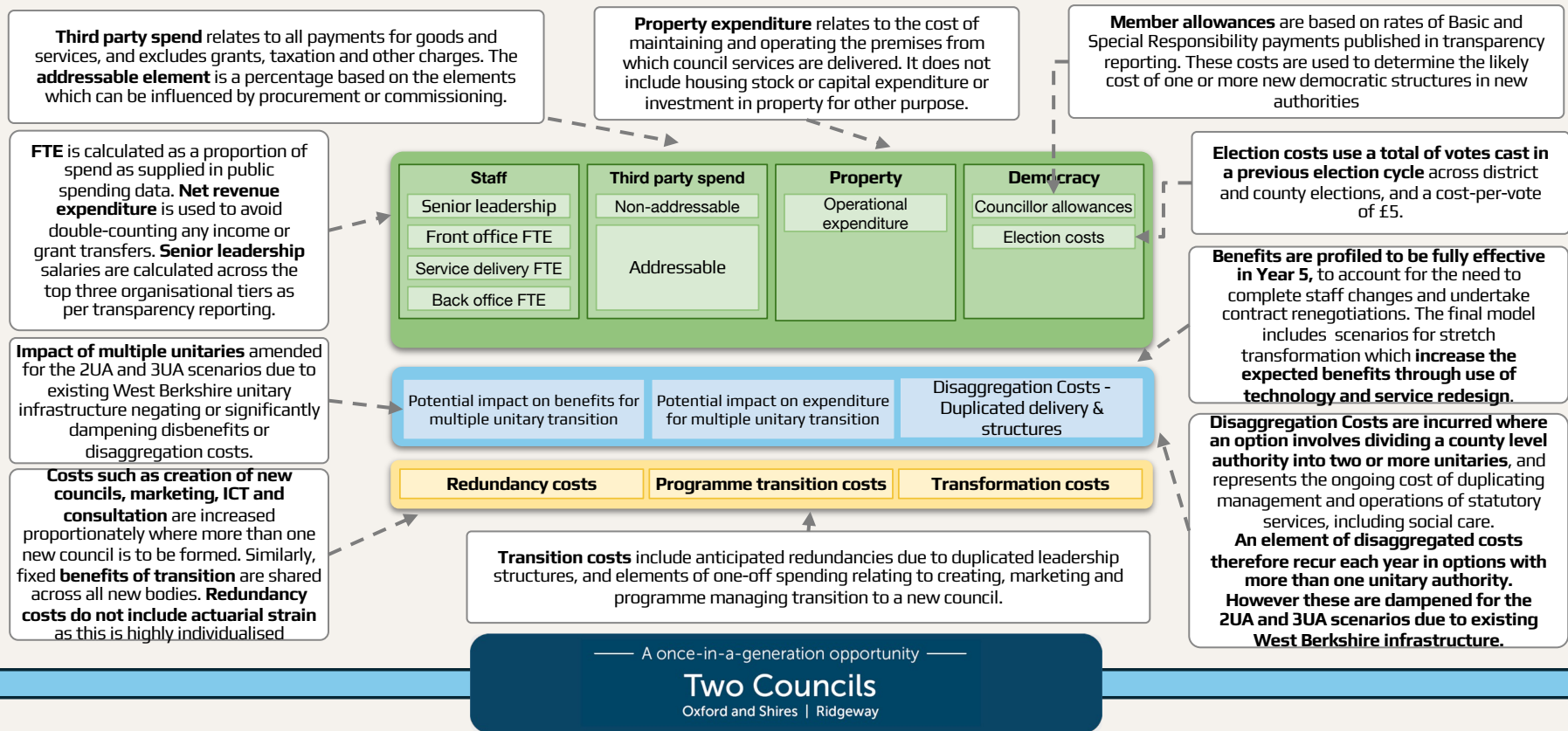


— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Financial Options Appraisal: Methodology



# Options Appraisal - Reorganisation Summary view

The table below shows, for ease of reference, the gross annual benefit that the financial options appraisal estimates could be achieved in each of the LGR options for Oxfordshire and West Berkshire. It also shows the estimated annual costs of disaggregation, the net annual benefit and the one-off transitions costs that it is estimated would be incurred in order to implement each option, plus subsequent transformation benefits and costs (with base and stretch scenarios). Finally it shows the cumulative net benefit after one year and after five years.

Category		Gross annual benefit	Additional annual costs	Recurring net annual benefit	One-off transition costs	Payback period	Net benefit after 1 year	Net benefit after 5 years	Comments
Single UA for all of Oxfordshire (Excluding West Berkshire)	Reorganisation	£27.3m	£0	£27.3m	£23.8m	3.1 years	-£16.3m	£44.3m	This option achieves greater financial benefits from LGR due to consolidation, economies of scale and addressing duplication. As County services are not disaggregated, there are no additional annual costs. Transition costs are lower to reflect the lower complexity involved in not disaggregating County services when setting up the new Unitary Authority arrangement.
	Transformation (base)	£20.9m	N/A	£20.9m	£14.6m	1.7 years	-£1.5m	£37.7m	
	Transformation (stretch)	£31.1m	N/A	£31.1m	£21.7m	1.7 years	-£2.2m	£55.9m	
2 UAs - Oxford & Shires and Ridgeway	Reorganisation	£24.9m	£3.0m	£21.9m	£30.4m	4.2 years	-£24.9m	£16.6m	The inclusion of West Berkshire means that while % savings from LGR are lower, the proportion is applied against a larger baseline. While existing West Berkshire infrastructure will be used (eg senior leadership, statutory posts are already in place), this option incurs additional annual costs for running disaggregated County services that do not currently exist at the same level in West Berkshire.
	Transformation (base)	£25.6m	N/A	£25.6m	£17.9m	1.7 years	-£1.8m	£46.1m	
	Transformation (stretch)	£37.9m	N/A	£37.9m	£26.5m	1.7 years	-£2.7m	£68.2m	
3UAs - Greater Oxford, North Oxfordshire and Ridgeway	Reorganisation	£20.2m	£10.7m	£9.5m	£32.5m	8.7 years	-£34.7m	-£35.5m	There are lower financial benefits due to the reduced opportunities for consolidation. While existing West Berkshire infrastructure has been taken into consideration, additional annual costs are incurred due to additional senior leadership, management for disaggregated servicers, and democratic costs. Additional transition costs are incurred due to new council infrastructure and redrawing boundaries.
	Transformation (base)	£25.8m	N/A	£25.8m	£18.1m	1.7 years	-£1.8m	£46.5m	
	Transformation (stretch)	£38.2m	N/A	£38.2m	£26.7m	1.7 years	-£2.7m	£68.7m	

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Options Appraisal - 1 UA

Set out below is the view to total benefits and costs of the reorganisation. For the 1UA assumption, it is assumed that there are no recurring disaggregation costs as there are no duplicated senior leadership, service delivery and democratic costs as it maintains the same number of Upper Tier Level Authorities (UTLAs) in the area.

## BENEFITS OF AGGREGATION

Category	Staffing Front Office	Staffing Service Delivery	Staffing Back Office	Staffing Management	Third Party Spend	Property	Democracy	Total aggregation benefits (annual)
Saving (£)	5,147,894	3,703,624	3,088,736	7,508,699	3,136,811	2,201,271	2,463,724	27,250,759

## TRANSITION COSTS

Category	Programme transition costs	Redundancy costs	Total transition costs (one-off)
Cost (£)	17,990,364	5,834,686	23,825,050

## DISAGGREGATION COSTS

Category	Additional senior leadership costs	Additional service delivery costs	Additional democratic costs	Total disaggregation costs (annual)
Cost (£)	0	0	0	0

## NET BENEFITS

Total net benefit after one year	Total net benefit after five years	Payback period
-16,334,964	44,301,847	3.1 years

— A once-in-a-generation opportunity —

**Two Councils**  
Oxford and Shires | Ridgeway

# Options Appraisal - 2 UA

Set out below is the view to total benefits and costs of the reorganisation. For the 2UA assumption, disaggregation costs have been dampened to reflect the net neutral change in the number of Upper Tier Level Authorities (UTLAs) post reorganisation, from 2UAs to 2UAs with the inclusion of West Berkshire unitary authority.

BENEFITS OF AGGREGATION								
Category	Staffing Front Office	Staffing Service Delivery	Staffing Back Office	Staffing Management	Third Party Spend	Property	Democracy	Total aggregation benefits (annual)
Saving (£)	4,993,230	1,924,474	2,808,692	7,508,699	3,028,930	2,214,130	2,463,724	24,941,879

TRANSITION COSTS			
Category	Programme transition costs	Redundancy costs	Total transition costs (one-off)
Cost (£)	25,297,020	5,135,299	30,432,319

DISAGGREGATION COSTS				
Category	Additional senior leadership costs	Additional service delivery costs	Additional democratic costs	Total disaggregation costs (annual)
Cost (£)	0	3,058,000	0	3,058,000

NET BENEFITS		
Total net benefit after one year	Total net benefit after five years	Payback period
-24,909,667	16,632,379	4.2 years

— A once-in-a-generation opportunity —

**Two Councils**  
Oxford and Shires | Ridgeway

# Options Appraisal - 3 UA

Set out below is the view to total benefits and costs of the reorganisation. For the 3UA assumption, disaggregation costs have been dampened to reflect what may be typically expected from a 2UA model neutral change in the number of Upper Tier Level Authorities (UTLAs) post reorganisation, from 2UAs to 3UAs with the inclusion of West Berkshire unitary authority. To note, certain programme transition costs have been further uplifted (eg. creation of a new Council) to recognise the added complexity of redrawing boundaries under the 3UA option.

BENEFITS OF AGGREGATION								
Category	Staffing Front Office	Staffing Service Delivery	Staffing Back Office	Staffing Management	Third Party Spend	Property	Democracy	Total aggregation benefits (annual)
Saving (£)	3,744,923	1,282,983	1,872,461	7,508,699	1,514,465	1,771,304	2,463,724	20,158,559

TRANSITION COSTS			
Category	Programme transition costs	Redundancy costs	Total transition costs (one-off)
Cost (£)	28,155,420	4,322,720	32,478,140

DISAGGREGATION COSTS				
Category	Additional senior leadership costs	Additional service delivery costs	Additional democratic costs	Total disaggregation costs (annual)
Cost (£)	3,137,107	7,549,159	445,300	10,686,266

NET BENEFITS		
Total net benefit after one year	Total net benefit after five years	Payback period
-34,652,922	-35,513,074	8.7 years

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Options Appraisal - Phasing of reorganisation costs and benefits

Year	0	1	2	3	4	5	6	7	8	9	10
<b>1UA (£'000)</b>											
<b>Cumulative Benefit (£m)</b>	0	2,725	8,175	21,801	40,876	68,127	95,377	122,628	149,879	177,129	204,381
<b>Cumulative Cost</b>	-9,530	-19,060	-23,825	-23,825	-23,825	-23,825	-23,825	-23,825	-23,825	-23,825	-23,825
<b>Total Cumulative Net Benefit</b>	-9,530	-16,335	-15,649	-2,024	17,051	44,302	71,552	98,803	126,054	153,305	180,556
<b>2UA (£'000)</b>											
<b>Cumulative Benefit (£m)</b>	0	2,494	7,483	19,954	37,413	62,355	87,297	112,238	137,180	162,122	187,064
<b>Cumulative Cost</b>	-12,173	-27,404	-36,548	-39,606	-42,664	-45,722	-48,780	-51,838	-54,896	-57,954	-61,012
<b>Total Cumulative Net Benefit</b>	-12,173	-24,910	-29,066	-19,653	-5,252	16,632	38,516	60,400	82,284	104,168	126,052
<b>3UA (£'000)</b>											
<b>Cumulative Benefit</b>	0	2,016	6,048	16,127	30,238	50,396	70,555	90,714	110,872	131,031	151,189
<b>Cumulative Cost</b>	-12,991	-36,669	-53,851	-64,537	-75,223	-85,909	-96,596	-107,28	-117,968	-128,655	-139,341
<b>Total Cumulative Net Benefit</b>	-12,991	-34,653	-47,803	-48,410	-44,985	-35,513	-26,041	-16,568	-7,096	2,376	11,848

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Options Appraisal - Phasing of transformation costs and benefits

Year	1	2	3	4	5	6	7	8	9	10
<b>1UA (£'000)</b>										
<b>Cumulative Benefit (£m)</b>	0	4,184	14,642	31,376	52,294	73,211	94,129	115,046	135,964	156,882
<b>Cumulative Cost</b>	-1,464	-3,661	-8,053	-12,446	-14,642	-14,642	-14,642	-14,642	-14,642	-14,642
<b>Total Cumulative Net Benefit</b>	-1,464	523	6,589	18,930	37,652	58,569	79,487	100,404	121,322	142,240
<b>2UA (£'000)</b>										
<b>Cumulative Benefit (£m)</b>	0	5,117	17,909	38,376	63,960	89,544	115,128	140,711	166,295	192,123
<b>Cumulative Cost</b>	-1,791	-4,477	-9,850	-15,222	-17,909	-17,909	-17,909	-17,909	-17,909	-17,909
<b>Total Cumulative Net Benefit</b>	-1,791	640	8,059	23,154	46,051	71,635	97,219	122,803	148,386	174,214
<b>3UA (£'000)</b>										
<b>Cumulative Benefit</b>	0	5,166	18,079	38,742	64,569	90,397	116,225	142,052	167,880	193,708
<b>Cumulative Cost</b>	-1,808	-4,520	-9,944	-15,367	-18,079	-18,079	-18,079	-18,079	-18,079	-18,079
<b>Total Cumulative Net Benefit</b>	-1,808	646	8,135	23,375	46,490	72,318	98,146	123,973	149,801	175,629

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway



# How do the different options measure against the baseline?

	Annual Net Revenue Expenditure (£m) (Incl. reorganisation benefits only)					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
O) Option 0 - No Change	885.7	885.7	885.7	885.7	885.7	885.7
A) Option 1 - 1UA	895.1	895.1	887.9	880.2	873.2	866.6
B) Option 2 - 2UA	897.8	900.8	892.3	889.8	876.2	871.3
C) Option 3 - 3UA	898.6	907.3	898.8	886.3	882.2	876.2
	Annual Net Transformation Benefits (Cumulative) (£m)					
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
O) Option 0 - No Change	0	0	0	0	0	0
A) Option 1 - 1UA	0	-1.5	0.5	6.6	18.9	37.7
B) Option 2 - 2UA	0	-1.8	0.6	8.1	23.2	46.1
C) Option 3 - 3UA	0	-1.8	0.6	8.1	23.4	46.5

\*Note that at this stage, projections do not factor in inflation on net revenue expenditure.

## Annual Net Revenue Expenditure

- Projected expenditure **factors in one-off transition costs, disaggregation costs and aggregation benefits.**
- Measured against the baseline, **Option 1(1UA)** would provide the **largest cumulative net saving of £44.3m** across five years, **Option 2 (2UA)** would **realise £16.6m** and **Option 3 (3UA)** would **incur additional costs of £35.5m**
- In the 1UA scenario, West Berkshire's expenditure has been included in the baseline for comparative purposes but would not benefit from any savings made by reorganisation.
- The **1UA option** is projected to deliver a **combined benefit** of approximately **£82.0m**, the **2UA** is projected to deliver **£62.7m** and the **3UA** is set to deliver **£11.0m** by **2028/29**. This is primarily realised through a **reduction in expenditure**, and some additional input from anticipated income generation under transformation.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Appendix 1 - Assumptions Detailed Breakdown

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Financial Analysis: Approach

The approach to the financial case for reorganisation assesses the benefits, costs and payback period for the three options. This enables understanding of the length of time for savings to cover the costs of reorganisation and transformation across the options. Detailed baseline data has been used and wherever an actual figure was available via a local or publicly available source, this has been used in preference to a generalisation. This appendix includes details of the approach and assumptions.

1

**Financial calculations consider costs and benefits of the following scenarios:**



1. Transition from one county and 5 districts to one unitary authority, plus West Berkshire as an existing unchanged unitary authority.

2. Transition from one county, 5 districts and West Berkshire as an existing unitary authority, to a two unitary authority model.

3. Transition from one county, 5 districts and West Berkshire as an existing unitary authority, to a three unitary authority model.

2

**The following costs and benefits are considered:**



**1. Aggregation Benefits:** Weightings applied to three types of spend, with percentage reductions then applied. Democracy benefits uses the number of districts multiplied by an average cost.

**2. Transition Costs:** Fixed cost and proportional redundancy costs incurred (excluding disaggregation). These are one off costs of reorganisation.

**3. Disaggregation Costs:** This is the additional recurring cost of splitting county-wide services into multiple unitaries. This would also include the reduction in benefit from reorganisation to multiple unitaries, as opposed to a single unitary option.

3

**Data sources and assumptions applied**



The data sources and assumptions that are applied are a combination of publicly available data; some benchmarking; data from the Oxfordshire Districts, Oxfordshire County Council and West Berkshire; and experience of completing similar work on local government reform business cases in other areas. The assumptions have been refined and validated with representatives from the Oxfordshire Districts, Oxfordshire County Council and West Berkshire.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

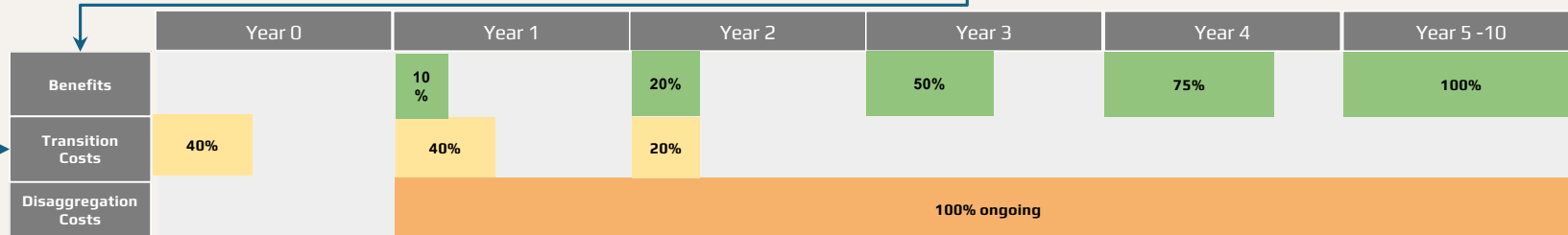
Oxford and Shires | Ridgeway

# Cost and Benefits

The following sets out how benefits, transition costs and disaggregation costs have been phased in the model.

**Transition costs** are expected to land across **Year 0, the year before vesting day, and Year 1 and 2**. This recognises that much of the preparation to support with reorganisation occurs before Y1.

**Benefits** are phased over **five years** to indicate the relative timescales over which some aspects of delivery will occur (eg. ongoing programme of cost reductions, next election date, various contract end dates for third party spend)



**Disaggregation costs** are incurred where county services are split into new councils, and are an ongoing cost of duplicating leadership and operational delivery, but do not include the cost of services delivered.

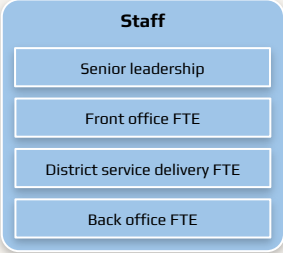
— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Reorganisation Benefit | Staff

## Financial Analysis Element



**Note:** where local data has been provided this has been used in the model, rather than the assumption.

## Benefit Driver & Methodology

1

Staff expenditure has been estimated and categorised into front office, service delivery, and back office functions, using local authority averages as a baseline, to be refined based on Oxfordshire & West Berkshire-specific knowledge to ensure assumptions reflect local operational structures in the detailed Financial Case.

## Assumptions applied

Area	Key figures			Rationale
	1UA	2UA	3UA	
Proportion of net revenue expenditure spent on staff	40%			A localised value was agreed between OCC, District Councils and West Berkshire. Initial CCN assumption was 34%.
Front Office* FTE	36.0%			Average proportions of effort, previously calculated by PwC through unitary authority activity analysis, this work conducted across 60+ local authorities.
Service Delivery** FTE	37.0%			
Back Office FTE	27.0%			

\* **Front office staff** refers to staff who serve as the first point of contact for the public, handling inquiries, processing requests, and managing complaints. Their roles focus on customer service, including application processing, administrative procedures, and general support to ensure smooth communication between the council and residents.

\*\* **Service delivery staff** refers to staff who are responsible for maintaining and executing council services such as waste collection, road maintenance, park services, and community safety. While they have limited direct interaction with the public, their work is essential to delivering effective and high-quality local services.

# Reorganisation Benefit | Staff cont.

## Financial Analysis Element

### Staff

Senior leadership

Front office FTE

District service delivery FTE

Back office FTE

**Note:** where local data has been provided this has been used in the model, rather than the assumption.

## Benefit Driver & Methodology

2	Efficiency-driven percentage reductions have been applied to front office, district service delivery, and back office FTE to reflect savings from eliminating duplicate roles and streamlining operations.
3	Greater economies of scale are expected in the one and two-unitary model, leading to higher percentage reductions, whereas the three unitary model achieves fewer efficiencies due to a more fragmented structure.
4	Senior leadership reductions, including the removal of duplicated posts and associated on-costs, contribute to additional financial benefits.

## Assumptions applied

Area	Key figures			Rationale
	1UA	2UA	3 UA	
Reduction in front office FTE	5.0%	4.0%	3%	Percentage reductions in line with previous work undertaken for the County Councils Network.
Reduction in service delivery FTE	3.5%	1.5%	1.0%	Percentage reductions in line with previous work undertaken for the County Councils Network.
Reduction in back office FTE	4.0%	3.0%	2.0%	Percentage reductions in line with previous work undertaken for the County Councils Network.
Senior management team costs	£1.5m			Calculated using an average of the higher band of the top three tier senior salaries for each individual district, county and unitary. Assumption that a generic senior management team includes: (1) Chief Exec (3) Directors (2) ADs (6) HoS and additional oncosts

— A once-in-a-generation opportunity —

## Two Councils

Oxford and Shires | Ridgeway

# Reorganisation Benefit | Property

## Financial Analysis Element

### Property

Operational Expenditure

**Note:** where local data has been provided this has been used in the model, rather than the assumption.

## Benefit Driver & Methodology

1	Net Expenditure is based on local data provided by the councils on property assets
2	This is spend relating to the ongoing running costs of office spaces such as energy, cleaning and repairs rather than from the one-off sale of capital assets, or rental income from available office space. Any council-owned housing stock has also been excluded from this calculation.
3	A percentage reduction has been applied to the property baseline to provide the estimated benefit of a consolidated property portfolio through shared occupation, reduced duplication of office locations and more efficient use of space.
4	The potential to rationalise and use office spaces more effectively and innovatively is increased in a one or two unitary authority scenario compared to a three unitary authority scenario.

## Assumptions applied

Area	Key figures			Rationale
	1UA	2UA	3UA	
Proportion of net expenditure spent on property	2%			Assumption based on an average of available national figures was 5%. Additional data has been provided by the council shown limited portfolio heritage and community assets, which has served to dampen property operational expenditure assumptions to 2%.
Reduction in property spend	15%	12.5%	10%	This percentage has been calculated using the England average from revenue outturns submitted to the Ministry of Housing, Communities & Local Government 2018 - 2019. Reduction drawn primarily from property rationalisation.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Reorganisation Benefit | Third Party Spend

## Financial Analysis Element

### Third Party Spend

Addressable

Non-Addressable

**Note:** where local data has been provided this has been used in the model, rather than the assumption.

## Benefit Driver & Methodology

1	Net Expenditure is based on local data provided by the councils on external spend across different service categories.
2	This is spend relating to third party and externally delivered services, and includes contractual costs related to systems, agency resource and more. In this Oxfordshire and West Berkshire context, both Ubico and Publica spend is addressed via Third Party Spend.
3	It is assumed that some Third Party Spend data is not addressable (eg. long-term contracts), and a portion will remain unchanged throughout the reorganisation process.
4	It is assumed that additional costs will be incurred when existing Third Party Spend contracts are dissolved, notably for upper tier level services

## Assumptions applied

Area	Key figures			Rationale
	1UA	2UA	3UA	
Proportion of Third Party Spend which is addressable	38%			Additional data has been provided by the council to update this assumption, notably that there is limited addressability via in both the 1UA, 2UA and 3UA option in regards to Social Care and Education spend, and has been influenced by further rationale behind actual change in number of UTLAs pre- and post-reorganisation.
Disaggregation Benefits on Operational Expenditure	2.5%	2.0%	1.0%	Additional data has been provided by the council to update the 2UA assumptions to recognise the potential capacity to leverage West Berkshire and Oxfordshire County Council's existing service infrastructure.

— A once-in-a-generation opportunity —

## Two Councils

Oxford and Shires | Ridgeway



# Reorganisation Benefit | Democracy

## Financial Analysis Element



**Note:** where local data has been provided this has been used in the model, rather than the assumption.

## Benefit Driver & Methodology

- 1 The one, two and three unitary council models will require fewer councillors than the current seven-council makeup of Oxfordshire and West Berkshire. Therefore a saving can be made in terms of the base and special responsibility allowances paid to elected Members.
- 2 Fewer councils will also mean fewer elections, reducing the administrative costs of running local elections. However, some of these savings may be offset by the need for alternative local decision-making arrangements, such as area committees or devolved governance models.

## Assumptions applied

Area	Key figures (£)			Rationale
	1UA	2UA	3UA	
<b>SRA and base allowances incurred as part of the democratic structure</b>	0	0	445,300	This is calculated by identifying the difference between current and future unitary local authorities which is multiplied by the structure cost per unitary. A reduced SRA increases annual benefit. <b>Note:</b> In both the 1UA and 2UA model (due to the inclusion of West Berkshire) there is no net gain or loss of Upper Tier Local Authority (UTLA), meaning it is cost neutral. In the 3UA model there is a net gain of 1 UTLA, meaning it would incur additional costs offsetting some of the benefits.
<b>Annual savings against elections</b>	502,105			This has been calculated using data from the election turnout and the cost per vote during an election. NOTE: this is used within the broader Democracy calculations but accounts for the net change to the number of UTLA's. Savings against elections does not form the total of the Democracy calculations. <b>If there is a requirement to hold additional shadow elections in 2027 then an additional cost will be incurred (not currently factored into calculations).</b>
<b>Cost per vote during an election</b>	5.00			The cost per vote has been uplifted from the HM Government's estimated cost of an election of £3 per vote, as per the last General Election.

— A once-in-a-generation opportunity —

## Two Councils

Oxford and Shires | Ridgeway

# Transition Costs | One-off Costs

## Financial Analysis Element

Transition Costs
Contingency
Organisation closedown
Creating the new council
Public consultation
ICT costs
Redundancy

## Benefit Driver & Methodology

1	One-off redundancy costs will be incurred as part of restructuring local authorities. These have been calculated as a proportion of savings from FTE reductions. Due to the variability among individual cases, using a general proxy for pension strain is not sufficiently reliable and has therefore been omitted from the analysis.
2	Transition costs will arise from closing down existing local authorities and establishing new unitary authorities. While efficiencies will be gained, the process requires investment in legal, financial, and administrative restructuring, with the majority of these costs impacting all new unitary authorities.
3	To enable transformation while maintaining service continuity, one-off costs will be incurred for external support and internal programme management. These will provide capacity and expertise for change management, governance structures, and operational transformation.
4	Further costs will relate to the safe and secure migration of information and consolidation of systems in order to maintain operational delivery. As transformation relies on technology to enable efficiencies, this requires substantial investment.

## Assumptions applied

Area	Key figures (£m)			Rationale
	1UA	2UA	3UA	
Contingency	2.12	3.23	4.23	Provision for extra expenses potentially incurred through reorganisation.
Organisation closedown	0.37	0.73	1.10	Costs involved with legally and financially closing down councils and create sound budgetary control systems, estimated through averages of similar costs for other councils.
Creating the new council	0.73	1.46	2.20	The legal costs of setting up a new council, supporting with training staff etc. To note the 3UA option has been uplifted due to need for boundary changes.
Public consultation	0.33	0.49	0.49	Assuming costs for adverts in local media and surveys to consult public on proposed changes.
ICT costs	6.20	6.86	7.29	Costs reflect phased system migration, past LGR cases, and scaling complexity, factoring in reporting changes, security, licences, data migration, and cloud transition cost increases.
Redundancy	5.83	5.14	4.32	One-off redundancy payments, assumed as 30% of staff salary. This does not consider pension strain.

— A once-in-a-generation opportunity —

## Two Councils

Oxford and Shires | Ridgeway

# Transition Costs | One-off Costs cont.

## Financial Analysis Element

### Transition Costs

Shadow Chief Exec and Member costs
External support for implementation
Internal programme management costs
External communications, rebranding

## Benefit Driver & Methodology

1	One-off redundancy costs will be incurred as part of restructuring local authorities. These have been calculated as a proportion of savings from FTE reductions. Due to the variability among individual cases, using a general proxy for pension strain is not sufficiently reliable and has therefore been omitted from the analysis.
2	Transition costs will arise from closing down existing local authorities and establishing new unitary authorities. While efficiencies will be gained, the process requires investment in legal, financial, and administrative restructuring, with the majority of these costs impacting all new unitary authorities.
3	To enable transformation while maintaining service continuity, one-off costs will be incurred for external support and internal programme management. These will provide capacity and expertise for change management, governance structures, and operational transformation.
4	Further costs will relate to the safe and secure migration of information and consolidation of systems in order to maintain operational delivery. As transformation relies on technology to enable efficiencies, this requires substantial investment.

## Assumptions applied

Area	Key figures (£m)			Rationale
	1UA	2UA	3UA	
Shadow Chief Exec/Member costs	0.37	0.75	0.75	This refers to the costs of establishing and running a shadow leadership team ahead of a new unitary authority taking control, with figures aligned to previous local government reorganisations
External support	5.12	7.69	7.69	Assuming costs for external implementation support.
Internal Programme Management Costs	2.28	3.43	3.43	Aligned with previous local government reorganisations, uplifted for inflation and long-term programme management requirements.
External Comms and rebranding	0.44	0.66	0.99	Communications, branding and advertising needed to support the set up of the new Council, including subscriptions for services to support with communications delivery.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Disaggregation Costs | Recurring

## Financial Analysis Element

### Recurring

Duplicated senior leadership

Duplicated County Service Delivery

Duplicated Democratic Structures

**Note:** where local data has been provided this has been used in the model, rather than the assumption.

## Benefit Driver & Methodology

1	Disaggregation costs apply only where multiple unitary authorities are created, arising from the need to replicate county-level services, such as Social Care, Education, and Public Health, across separate unitary areas. They reflect the cost of providing the structures needed to safely and legally deliver these services, but not the cost of commissioned or provided services.
2	Additional senior leadership teams will be required to manage the new unitary authorities. These costs are estimated using Oxfordshire County Council senior leadership salaries, based on the top three tiers of management in existing District Councils.
3	Disaggregating services currently provided at county level will require additional FTE to effectively lead and support high quality outcomes. The amount of effort used in service delivery management & supervision has been used as a proxy to estimate the size of the increase required under the new unitary authorities.
4	The cost of a representative democratic structure has been estimated as an additional requirement in the new unitary authorities.

## Assumptions applied

Area	Key figures (£m)			Rationale
	1UA	2UA	3UA	
Senior management cost for additional unitaries	0	0	3.1	Additional leadership and frontline service management FTE will be required in new unitary authorities. Proportion of effort spent on management and supervision has been used as a proxy to estimate this cost. Note: this has been calculated based on the net change to the number of UTLA's i.e. for 2UA option, there is no change in UTLAs, and therefore warranting no additional costs.
Duplicated Service Delivery management layers	0	3.1	7.6	To note, the original CCN service delivery management assumptions for both the 2UA and 3UA have been dampened and tailored to recognise the potential to leverage existing upper tier Oxfordshire County and West Berkshire infrastructure.
New SRA costs	0	0	0.5	This is calculated by identifying the difference between current and future unitary local authorities which is multiplied by the SRA cost per unitary.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Appendix 2 - Options Appraisal Transformation Modelling

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Overview of Transformation Opportunities

## Purpose

This component looks at the **additional efficiency savings and income growth the new authorities could achieve post-vesting day** through localised service delivery agreements and transformation. **At the Financial Appraisals level, it takes a set of standard assumptions, which have not been closely amended to localised factors and conditions.**

The specific outputs from the module aims to:

- Develop an indicative view of savings potential over and above reorganisation benefits.
- Transformation potential is considered independent of structural model and delivered once consolidation is complete.

## FTE (Front Office, Service Delivery, Back Office)

Following the same approach to identifying and sizing the FTE-related benefits of aggregation, and disaggregation, it assumes that there may be additional opportunities to optimise service delivery across the new unitary authorities beyond the combination of like services.

## Addressable Third Party Spend

Transformation around Third Party Spend moves a step beyond the removal of duplicate contracts and commissioned services, and considers the future organisation's capability to strengthen commissioning, contract management and procurement processes.

## Income Generation

The Income Generation component of transformation considers whether there may be a need to apply more consistent or uplifted sales, fees and charges across the new geographies and boundaries.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Transformation Assumptions

Detailed below are the set of standard transformation assumptions, applied to the refined baseline of each reorganised unitary authorities' Net Revenue Expenditure. The refined Net Revenue Expenditure has already factored in the anticipated benefits from reorganisation.

Category	Transformation Assumptions	
	Base %	Stretch %
Front office FTE	6%	10%
Service delivery FTE	3%	5%
Back office FTE	7%	8%
TPS	2.5%	3%
Income	0%	1%

## Standard Assumptions

In contrast to reorganisation, which is impacted by net change in upper tier level authorities pre-and post reorganisation, it is assumed that all future organisations have the similar potential for transformation at the Financial Options Appraisal level. The figures are then refined via a more nuanced assessment of the size of transformation opportunity as part of the detailed Financial Case.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Transformation Opportunities: 1UA

Detailed below are the high-level transformation opportunities for the future 1UA. To note, this does not take into extensive account of previous or ongoing transformation activity that has already taken place. The 1UA option does not include West Berkshire it expenditure baseline.

Category	Refreshed Baseline (£'000)	Base %	Base Savings (£'000)	Stretch %	Stretch Savings (£'000)
Front office FTE	97,810	6%	5,869	10%	9,781
Service delivery FTE	102,114	3%	3,063	5%	5,106
Back office FTE	74,130	7%	5,190	8%	5,930
TPS	271,857	2.5%	6,796	3%	8,156
Income	209,229	0%	0	1%	2,092
Total			20,918		31,065

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway



# Transformation Opportunities: 2UA

Detailed below are the high-level transformation opportunities for the future 2UA. To note, this does not take into extensive account of previous or ongoing transformation activity that has already taken place. The 2UA option does include West Berkshire it expenditure baseline.

Category	Refreshed Baseline (£'000)	Base %	Base Savings (£'000)	Stretch %	Stretch Savings (£'000)
Front office FTE	119,838	6%	7,190	10%	11,984
Service delivery FTE	126,374	3%	3,791	5%	6,319
Back office FTE	90,814	7%	6,357	8%	7,265
TPS	329,817	2.5%	8,245	3%	9,895
Income	240,729	0%	0	1%	2,407
Total			25,584		37,869

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Transformation Opportunities: 3UA

Detailed below are the high-level transformation opportunities for the future 3UA. To note, this does not take into extensive account of previous or ongoing transformation activity that has already taken place. The 3UA option does include West Berkshire it expenditure baseline.

Category	Refreshed Baseline (£'000)	Base %	Base Savings (£'000)	Stretch %	Stretch Savings (£'000)
Front office FTE	121,086	6%	7,265	10%	12,109
Service delivery FTE	127,015	3%	3,810	5%	6,351
Back office FTE	91,751	7%	6,443	8%	7,340
TPS	336,548	2.5%	8,330	3%	9,995
Income	240,729	0%	0	1%	2,407
Total			25,828		38,202

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

Oxford and Shires | Ridgeway

# Transformation: Cost and Benefits Phasing (Base)

Transformation is anticipated to be delivered within the first five years of vesting day. It assumes that the benefits and costs are spread across the five year period, starting from 2028/29. To note, there is an additional assumption that there is a one-off transformation cost set at 70% of base benefits.

Cost / Benefits Phasing					
	Y1	Y2	Y3	Y4	Y5
<i>Transformation benefits (recurring)</i>	0%	20%	50%	80%	100%
<i>Transformation costs (one-off)</i>	10%	15%	30%	30%	15%

Benefits and Cost Summary	1UA (£'000)	2UA (£'000)	3UA (£'000)
<i>Transformation Benefit (Base)</i>	20,918	25,584	25,828
<i>Transformation Cost</i> <i>(Assumed 70% of Transformation Benefit)</i>	14,652	17,909	18,070

One-off transformation costs are modelled on a high-level assumption of 70% of the total recurring transformation benefits (for both the base and stretch scenarios). These costs would consist of additional capacity and delivery resources, additional investment for systems and software, plus contingency and ad hoc costs. For the stretch scenario, it is assumed costs would scale due to the additional capacity and potential investment in systems required to achieve a greater level of benefit. The detailed financial case will further refine the estimated costs based on the anticipated transformation opportunities using more local insight and refined assumptions.

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway

# Transformation Phasing Modelled (Base)

1UA Cost / Benefits Phasing					
	Y1	Y2	Y3	Y4	Y5
<i>Transformation benefits (recurring) (£m)</i>	0	4.2	10.5	16.7	20.9
<i>Transformation costs (one-off) (£m)</i>	-1.5	-2.2	-4.4	-4.4	-2.2
<i>Net total (£m)</i>	-1.5	-2.0	6.1	12.3	18.7
2UA Cost / Benefits Phasing					
	Y1	Y2	Y3	Y4	Y5
<i>Transformation benefits (recurring) (£m)</i>	0	5.1	12.8	20.5	25.6
<i>Transformation costs (one-off) (£m)</i>	-1.8	-2.7	5.4	5.4	2.7
<i>Net total (£m)</i>	-1.8	2.4	7.4	15.1	22.9
3UA Cost / Benefits Phasing					
	Y1	Y2	Y3	Y4	Y5
<i>Transformation benefits (recurring) (£m)</i>	0	5.2	12.9	20.7	25.8
<i>Transformation costs (one-off) (£m)</i>	1.8	2.7	5.4	5.4	2.7
<i>Net total (£m)</i>	-1.8	2.5	7.5	15.2	23.1

— A once-in-a-generation opportunity —

**Two Councils**

Oxford and Shires | Ridgeway