CCN RESPONSE TO INDEPENDENT STUDIES ON STRUCTURAL REFORM
This publication provides the County Council Network’s (CCN) response to the findings from two independent research studies undertaken for the organisation:

- **EY**: Independent Analysis of Governance Scenarios and Public Service Reform in County Areas (EY, September 2016)
- **Shared Intelligence**: Learning the Lessons from Local Government Reorganisation (SI, October 2016)

In presenting our response, CCN has sought to provide extracts of the financial and non-financial information contained in these reports. However, while this document draws on evidence contained in the full reports, all the views expressed in this document are those of CCN; not Shared Intelligence or EY.

This response does not contain a full breakdown of the financial and non-financial analysis and technical details and assumptions used in EY’s report. The disclaimer and limitations that apply to the EY study, outlined in the main report, also apply to all financial and non-financial information drawn from the main report and included within this document.

The full reports can be accessed via [www.countycouncilsnetwork.org.uk](http://www.countycouncilsnetwork.org.uk).
Introduction

During the past 12 months, the local government sector has witnessed a number of developments which could fundamentally reshape local services. Alongside continuing funding pressures, devolution deals and wider public service reforms, 2016 witnessed a change in Government policy on local government reorganisation (LGR).

Culminating in late amendments to the then Cities & Local Government Devolution Bill, Government enshrined in law an open invitation for unitary proposals that did not require the consent of all partners.

At the time of the amendments, Government stated their support for local areas to have discussions on structural reform. Our engagement with our member councils and nationally suggested that structural reform was being actively encouraged within some localities and Whitehall as part of devolution deals. There was clear indication before the EU referendum that Government was willing to consider, and potentially act upon, proposals that did not necessarily have the consent of county councils. Since the formation of a new Government, Ministers have stated that they remain open to ‘bottom up’ proposals based on a ‘good deal’ of consensus. However, whether reform will take place remains unclear.

As an organisation representing both county council and county unitary authorities, and with mixed views amongst our membership on their desire to pursue LGR, CCN maintains a position that is neither in favour nor against structural reform.

However, as a body dedicated to supporting evidence-based policy making, it is essential that in response to national developments and in representing the interests of our member councils, we set out a robust evidence-base to ground and guide national and local discussions. During the last round of LGR, CCN took on a similar role, supporting individual member councils and acting to shape the wider policy debate.

Therefore, before the EU Referendum took place, CCN commissioned market leaders EY to undertake a comprehensive financial and non-financial analysis of potential governance options for structural reform in England. In addition, we commissioned Shared Intelligence (SI) to undertake an examination of the lessons learned from previous rounds of LGR to establish an independent evidence base.

In commissioning these independent and impartial studies, CCN has sought to analyse all the options available to local areas. The research has been undertaken in light of the realities facing the sector, the policy drivers influencing potential change, and the importance of delivering sustainable units of local government over time.

Neither this research, nor CCN’s response, puts forward a case or campaign for reform, but an evidence-base in which Government should seek to engage with if they are to consider reform proposals. CCN remains fully committed to supporting our member councils to work closely with their district partners and nationally with the District Councils’ Network in delivering the most effective and efficient services for local residents at a time of major change across public services. Building on the experience of our unitary member councils, we will also support those councils wishing to pursue reform.

Ultimately, the decision to undertake structural reform is one that should be locally driven, mirroring the consensual approach in Dorset. CCN supports an approach that is both bottom up and based on consensual negotiation between local partners. But equally, discussions must be grounded in a robust evidence base, one that looks at the widest range of possible national and local sources, with a consideration of the implications it could have for the sector as a whole.

Overall, the evidence produced for CCN shows that whether it is maximising efficiency savings; minimising service disruption and fragmentation; ensuring long-term financial sustainability; or providing the most effective platform for continuous change, economic growth, devolution and public service reform; the evidence strongly suggests the most effective foundations for structural reform – whether unitary or two-tier – is building on the scale and geography of county councils.
Purpose of Research

The evolution of Government policy on local government reorganisation could potentially have fundamental implications for county councils in England. Our primary objective in commissioning EY and SI to undertake these independent studies was to provide an impartial evidence base to inform both local and national discussions on potential structural reform in England.

There has been a growing debate, both nationally and within some localities, over the most efficient, effective and sustainable means of reforming two-tier governance if Government were to take forward proposals, either through consensus or otherwise. Despite the renewed interest and activity on LGR, there is surprisingly little evidence to support the debate on different approaches to reform. There has been suggestions of a ‘lower’ and ‘upper’ population limit in which any new unitary authorities should be based upon and also an ‘informal’ criteria Government would use to test proposals.

CCN has consistently raised concerns over the unstructured nature of the debate and lack of transparent evidence informing this policy agenda and any potential decisions. The unstructured nature of these debates is underpinned by the absence of an accompanying policy framework, official criteria and Ministerial direction on the process and evidence-base. CCN felt this situation was neither conducive to maximising the efficient and effective delivery of local services at time of local government austerity and rising demand, evidence-based policy making or consensual negotiation over such a fundamental redesign of local services.

To date, the debate on structural reform has been driven by outdated evidence and competing proposals rather than an objective analysis of up-to-date evidence, building on what has been learnt from previous reorganisations and the implications of reforming local services in the context of today.

Merging councils, whether district, unitary or county, has resulted in efficiency savings during previous periods of reform and there has been evidence produced since that suggests significant savings can be achieved. However, many of the studies and research to date has been piecemeal in scope and confined to a specific locality – rather than taking a broader view of the options across the sector and the likely financial, non-financial and wider public service reform principles in which decisions should be tested against.

There is no doubt that when discussing structural reform, a locality focus is clearly an imperative. When considering proposals there may be no one size fits all conclusion to how local authorities may wish to restructure. However, structural reform of councils could have a profound impact not only on the provision of local government services and the residents supported by frontline services, but on the future sustainability of public services across a county area and the success in delivering wider Government policy objectives.

There is much that can be learned from examining the past experiences of local areas, while also considering the future potential financial, non-financial and public service benefits by modelling the implications across a much broader range of national evidence. However, it is critical that the evidence from the past is grounded in the realities of today. The current demand-led pressures facing local authorities, the journey towards the removal of Revenue Support Grant (RSG), business rates retention and the push for integrated service provision provide a very different context for the debate to previous rounds of reorganisation. These factors will ultimately influence whether a decision is taken to reform or retain existing two-tier governance.

CCN recommend that the opportunity is now taken to ensure that any debates about reorganisation are grounded in rigorous evidence and a shared understanding of objectives. This need not be heavy handed, but as a minimum central and local government should be explicit that any proposals should seek to meet certain standards. For example, any proposals must enable the reform of public services, have affordable transitional costs, deliver future financial sustainability, and drive appropriate housing and economic growth for the area – both for the proposed authority and its surrounding areas.

Given the evidence from the EY and SI reports, and various other inquiries which have been undertaken in local areas, we suggest that a practical way forward would be to require the consent of the county council to progress any reorganisation proposals. This would not impose a geography, nor exclude district or other public sector partners from proposals – but it would ensure a strategic approach is taken, and that scale and diverse geographies are built in as a cornerstone of any considerations.
Summary of Key Findings

The evidence produced by EY and SI sets out many of the fundamental financial, non-financial and policy drivers that must be considered to ensure any structural reforms tackle the financial, sustainability, economic and public service challenges facing local government today.

The Importance of Maintaining Scale

• In considering any governance reforms and their ability to deliver efficiency savings, improved and sustainable service delivery and a platform for wider public service reform, a consensus has formed that whatever reform path an area seeks scale in service provision needs to be maintained and potentially enhanced.
• Not only does maintaining rather than fragmenting county-wide scale enable the delivery of significantly greater efficiency savings, long-term financial sustainability and the least disruption to strategic services, it also provides the best platform for delivering economic growth and wider public service transformation beyond the direct financial impact of reorganising services.
• These independent studies show that maintaining scale in the provision of strategic services and delivering efficiency savings does not necessarily require whole scale reorganisation.

Financial Savings

• Solely looking at the financials, creating a single authority within a county area has the largest capacity for saving, the shortest payback timescale, and greatest capacity to absorb short-term transition costs.
• On average a single county unitary could result in efficiency savings that are 68% more than could be achieved by creating two separate unitary authorities within a county area. The pattern continues with three unitaries within a county area, which could result in a net cost over a five year period. This is due to significantly reduced economies of scale, the fragmentation of services, increased democratic costs, duplication of functions and higher implementation costs.
• The research also shows that savings could be found through the rationalisation of the current two-tier system which are potentially equal to, or greater, than those that could be achieved by sub-county unitary options.
• The qualitative findings show the need to ensure that any structural reform creates the organisational capacity for authorities to deliver savings projections. The evidence from previous reorganisations show the capacity of different sized unitary councils to respond to today’s financial and service pressures appeared to be stark, with the larger councils better equipped to succeed.

Sustainability

• The analysis suggests that single tier governance and the creation of single unitary authorities across the 27 county areas could have the greatest potential in moving towards financial sustainability.
• Splitting county authorities into multiple new organisations may create some new authorities which are in a more favourable position with the move to 100% business rates retention, and some which are in a less favourable position. Any structural reform should be done in a way that does not result in one organisation that is disproportionately more financially viable than the other(s). It should instead bring together a healthy diversity of high growth, low growth, urban and rural areas into an authority.
• The scope for traditional savings in smaller councils is limited and many of them lack the capacity to use reduced resources as a driver of innovation and respond to the service pressures facing councils. Evidence shows that even well-managed and financially sound smaller unitary councils are now becoming less resilient and identifying major risks in key services.
Improved Service Delivery

• Of the structural reform options single county unitary authorities are the least disruptive to services, providing a platform for service continuity and transformation, maximising the benefits that could be gained through the integration of housing, planning and waste services at scale. Coupled with higher efficiency savings, this has the greatest potential for investing efficiency savings in the frontline.

• EY’s analysis demonstrates the potential for sub-county unitary proposals to lead to significant disruption in large scale strategic services. Their analysis warns of the risks of fragmenting county-based services, which account for 90% of local expenditure within an area. Creation of unitary authorities which cut through county geographies could lead to the fragmentation of children’s and adults social care services, and add additional cost pressures at a time of substantial financial challenges.

• The impact of fragmentation, disaggregation and long-term consequences of splitting county services across multiple, particularly small, organisations is borne out by the research carried out by SI. Unitary councils created in the 1990s faced substantial challenges in taking on responsibility for what had been county council services, particularly social services and education.

Public Service Reform

• EY found a correlation between the options that deliver the highest level of financial savings and sustainability and the options which most positively relate to the key drivers for public service reform. Areas like social care and health integration, devolution, economic growth, transport, crime, and financial viability and sustainability benefitted from scale, clear governance, enhanced coterminous boundaries with partner agencies and high change capacity.

• Many of the councils that were created in the 1990s are “under-bounded”, making a strategic approach to services and economic growth difficult. Evidence shows that councils with tight geographies are constrained in their ability to take strategic decisions in key areas including the economy, housing, planning and transport, health and care and children’s services. Time and effort is required to negotiate a joint approach with neighbouring councils

• Coterminosity, Partnership working and collaboration between public bodies has become more important to services and sustainability since the last two rounds of local government reorganisation. Equally the geographical scale at which councils have to operate is also increasing.

Strong, Accountable Leadership

• In creating larger single units of unitary government, EY outline that specific attention would be needed to ensure that locality arrangements are put in place to compensate for the potential loss of political representation.

• Overall, the studies wider findings show that a locality focus cannot be sustainable nor delivered to its full potential without being coupled with a body that has the resources and capacity to take strategic decisions.

• The nature of the reorganisation process has a deep and long lasting legacy in the new unitary council, and on the local area. If the process engenders conflict or self-protectionism, rather than a shared understanding of the objectives of any reform, then this can have a knock on impact on the effectiveness of the new organisation.
Research Scope

EY – Independent Analysis of Governance Scenarios & Public Service Reform

Building upon their expertise in the field of structural reform, EY analysed six different governance scenarios. They have looked at the potential financial, non-financial and public service reform impact of reforming local government structures in two-tier areas across six different governance scenarios (see below).

Strategic financial analysis: EY undertook a high-level financial analysis on the potential efficiency savings that could be delivered across the following areas, projecting forward the savings over a five year period across six different scenarios. The areas are: senior management, members, support services rationalisation, service delivery efficiencies and accommodation.

Non-financial analysis: To provide a wider evidence base for each scenario, EY undertook a non-financial high level analysis under a number of thematic areas. This was to provide a better understanding of potential delivery implications, and the practicality of, and barriers to, implementation of the different governance scenarios. The non-financial analysis has been centred on the following themes: financial sustainability; efficiencies and economies of scale; transition and implementation; resident and service user impact; coterminous boundaries; governance and community engagement; information sharing and integration.

Public service reform: Finally, EY considered recent policy drivers to support the understanding of alignment to wider government agendas, the benefits of service delivery and opportunity to reform across varying sizes and scale of two-tier organisations. They placed a particular focus on scale, governance, coterminous boundaries and change capacity across: devolution; economic growth; housing and planning; children’s social care; health and social care integration; crime and community safety; waste; and localism and locality governance.

Shared Intelligence – Learning the Lessons from Local Government Reorganisation

The qualitative research undertaken by SI has engaged with members and officers that had first-hand experience of the previous rounds of LGR, both during and after reforms took place. It has looked at the capacity of the two generations of councils.

To respond to the opportunities and challenges facing local government today and the implications of that for policy development relating to any further reorganisation.

The main source of evidence for this research was a series of semi-structured non-attributable interviews with current and former leaders, chief executives and senior officers from a sample of councils from the two generations of unitary councils. SI have also interviewed a small number of national stakeholders who have had some engagement with this group of councils. They also reviewed published reports of LGA Corporate Peer Challenges of new unitary councils carried out over the last 5 years.
EY Governance Scenarios Analysed

Within their report, EY analysed six different governance scenarios across the two-tier local authority areas in England. The first three scenarios are based upon single tier governance, with one, two, or three unitary authorities being created within each county area on existing county council boundaries. To respond to activity in the sector, EY have incorporated additional scenarios into the financial analysis to reflect some emerging governance activity within current two tier areas and provide a wider view of the analysis.

Scenario 1: Single Unitary Authority
All local authority controlled service expenditure across a county council boundary managed through a single organisation. This scenario would result in a single unitary authority in each of the 27 two-tier counties in England.

Scenario 2: Two Unitary Authorities
All local authority controlled service expenditure across a county council boundary managed through two equally sized organisations. This scenario would result in the creation of two authorities within each county council area, with 54 unitary authorities replacing the current 27 county councils.

Scenario 3: Three Unitary Authorities
All local authority controlled service expenditure across a county council boundary managed through three equally sized organisations. This scenario would result in the creation of three unitary authorities within each county boundary, with 81 unitary authorities replacing the current 27 county councils.

Scenario 4: Multi-County Shared Support Services
The retention of two tier governance across county and district councils but with shared Support Services across at least two county boundaries. This scenario would not result in any reorganisation to the existing tiers of government, with the county council seeking to share senior management support services to increase efficiencies.

Scenario 5: Merged District Authorities
All local authority controlled service expenditure across a county council boundary managed through two tiers of governance with consolidation of the District tier of governance within each county council geography. This option of reorganisation is already in discussion across a number of areas with districts in East Kent, Suffolk and Somerset making public their intentions to explore mergers of district councils.

Scenario 6: Three Unitary Authorities and a combined authority
The consolidation of the county and district councils and the creation of three equally sized unitary authorities (as per scenario 3) with a joint service delivery arrangement for strategic services (Adult Social Care, Children’s Social Care and Transport) and the establishment of a Combined Authority headed by an Elected Mayor. This scenario has been analysed in response to activity in the sector, namely Oxfordshire, where it has been proposed that a number of unitary authorities would be created and additional capacity for strategic services, currently provided by the county, would be transferred to a combined authority and delivered through an alternative service delivery model (ASDM). It is important to note that this type of reorganisation has not been attempted previously, and this type of Combined Authority could be significantly different to those currently in operation in metropolitan authorities and those being developed in county areas.
Overview
The importance of maintaining scale

The evidence produced by EY and SI sets out many of the fundamental financial, non-financial and policy drivers that must be considered to ensure any structural reforms tackle the financial, sustainability, economic and public service challenges facing local government today. Moreover, the studies importantly highlight the conditions and foundations which are needed to help support a bottom up, consensual debate on structural reform.

In considering any governance reforms and their ability to deliver efficiency savings, improved and sustainable service delivery and a platform for wider public service reform, a consensus has formed that whatever reform path an area seeks scale in service provision needs to be maintained and potentially enhanced. The findings from EY and SI continue to demonstrate the central importance of scale, in terms of both population size and geography.

Not only does maintaining rather than fragmenting scale enable the delivery of significantly greater efficiency savings, long-term financial sustainability and the least disruption to strategic services, it also provides the best platform for delivering economic growth and wider public service transformation beyond the direct financial impact of reorganising services.

The importance of maintaining scale has been acknowledged in proposals that have been recently put forward to replace district and county councils with several smaller unitary authorities. For instance, a recent independent study by Deloitte for district councils in Buckinghamshire concluded that consideration be given to continuing to deliver functions such adults, children’s, economic development, transport and spatial planning across the entire county-wide footprint. According to Deloitte maintaining services at a county-wide level is optimal for ‘economies of scale’ and provides ‘a more sustainable funding model’ if jointly commissioned through a joint committee or combined authority.

As part of their study EY have modelled the potential implications of pursuing a Mayoral Combined Authority with alternative service delivery vehicles as a means of maintaining scale in service provision and strategic decision making across services such as care and strategic transport services. This reflects unitary proposals favouring the creation of multiple authorities, as mooted in Oxfordshire and elsewhere.

Combined Authorities between county, district and unitary authorities have an important role to play in bringing together partners across an area at strategic scale, if designed well, for the purposes of coherent growth and/or service strategy. However, recent proposals have suggested a very different form of combined authority – one that acts as a potential mechanism for managing the disruptive impacts of disaggregation and service fragmentation that are a product of removing the scale in service delivery currently provided by county councils.

The analysis by EY shows that combined authorities have the potential to maintain scale over time during structural reform. However, this reorganisation model is untried and untested. The disaggregation and transfer of all county based services and the short-term cost and disruption are sub-optimal to maintaining the scale already provided by county councils – whether unitary or retaining two-tier.

These independent studies show that maintaining scale in the provision of strategic services and delivering efficiency savings does not necessarily require whole scale reorganisation. The analysis shows that either maintaining or reforming existing arrangements, or a combination of the options analysed, could result in savings that are greater, or almost equal to, sub-county unitary scenarios, while minimising disruption, fragmentation and risk.

Overall, whether it is maximising efficiency savings; minimising service disruption and fragmentation; ensuring long-term financial sustainability; or providing the most effective platform for continuous change, economic growth, devolution and public service reform; the evidence strongly suggests the most effective foundations for structural reform – whether unitary or two-tier – is building on the scale and geography of county councils.
EY's analysis is based on a number of assumptions that quantify savings in a number of areas of spend; senior management and middle management costs; support services consolidation; democratic arrangements regarding the number of members; and the frequency of elections; accommodation costs; and the effectiveness of procurement at differing scales.

The analysis shows the potential savings from the six governance scenarios for the 27 county councils and 201 district councils in the current two-tier areas of local government, based on current county council boundaries. The publicly available financial data for all 228 organisations has been analysed and, where required, a representative sample of counties and districts and their data has been used and pro-rated.

The financial analysis within their report is presented in relation to the potential savings that could be achieved within the average sized county. As such, the average county area can be seen to have an estimated population of 0.8m people covering an average of 327,253 hectares (density of 2.49) and an average electorate size of 0.6m.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Cumulative net saving/cost (5 years)</th>
<th>Annual saving (post implementation)</th>
<th>Reduction to spend (excl. Care and Education)**</th>
<th>Implementation costs</th>
<th>Payback period</th>
<th>Cumulative net saving/cost per average county (5 years)</th>
<th>Annual saving (post implementation) per average county</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Unitary (1)</td>
<td>£2.37-£2.86bn</td>
<td>£621-781m</td>
<td>6.0-7.5%</td>
<td>£277-393m</td>
<td>2 years, 2 months</td>
<td>£88-£106m</td>
<td>£23-£29m</td>
</tr>
<tr>
<td>Two Unitaries (2)</td>
<td>£1.17-£1.7bn</td>
<td>£361-520m</td>
<td>3.5-5.0%</td>
<td>£371-519m</td>
<td>3 years, 2 months</td>
<td>£43-£63m</td>
<td>£13-£19m</td>
</tr>
<tr>
<td>Three Unitaries (3)</td>
<td>(-£33m)-£526m</td>
<td>£98-266m</td>
<td>0.9-2.6%</td>
<td>£401-585m</td>
<td>7 years</td>
<td>(-£1m) to £19m</td>
<td>£4-£10m</td>
</tr>
<tr>
<td>Shared Support Services (4)</td>
<td>£160-568m</td>
<td>£63-205m</td>
<td>0.6-2.0%</td>
<td>£84-173m</td>
<td>4 years, 11 months</td>
<td>£6-£21m</td>
<td>£2-£8m</td>
</tr>
<tr>
<td>Merged Districts (5)</td>
<td>£531-839m</td>
<td>£165-266m</td>
<td>1.6-2.6%</td>
<td>£188-325m</td>
<td>3 years, 8 months</td>
<td>£20-£31m</td>
<td>£6-£10m</td>
</tr>
<tr>
<td>Three Unitaries and a CA* (6)</td>
<td>(-£36m)- (-£366m)</td>
<td>£87-257m</td>
<td>0.8-2.5%</td>
<td>£680m-£110bn</td>
<td>7 years +</td>
<td>(-£1m)- (-£14m)</td>
<td>£3-£10m</td>
</tr>
</tbody>
</table>

* Combined Authority
**Annual saving (post implementation) as a percentage of the total county spend, excluding Social Care and Education expenditure

To illustrate the potential savings that could be achieved by a smaller or larger than average county area EY applied a multiplier to this average figure. The below table includes net cumulative savings over a five year period. This is illustrative and further analysis will be required to determine the most accurate savings for a specific county if they decide to follow a specific model of reorganisation.

<table>
<thead>
<tr>
<th>Net saving/cost per county by scenario</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small county 0.4m population £45m spend</td>
<td>£44-£53m</td>
<td>£22-£31m</td>
<td>(-£1m) to £10m</td>
<td>£3-£11m</td>
<td>£10-£16m</td>
<td>(-£1m) to (-£7m)</td>
</tr>
<tr>
<td>Average county 0.8m population £70m spend</td>
<td>£88-106m</td>
<td>£42-£63m</td>
<td>(-£1m) to £19m</td>
<td>£6-£21m</td>
<td>£20-£31m</td>
<td>(-£1m) to (-£14m)</td>
</tr>
<tr>
<td>Large county 1.2m population £1.4bn spend</td>
<td>£132-£159m</td>
<td>£65-£94m</td>
<td>(-£2m) to £29m</td>
<td>£9-£32m</td>
<td>£30-£47m</td>
<td>(-£2m) to (-£20m)</td>
</tr>
</tbody>
</table>
Financial Savings

The study by market leaders EY is the most comprehensive to date on the potential impact of different governance models. The independent modelling by EY represents a prudent assessment of the potential financial savings that could be achieved across different scenarios, grounded in the use of national data across 228 organisations and a tried and tested methodology.

In considering the findings, it is important to look beyond the headline financial savings projected for the 27 county areas, focusing instead on the significant difference in projected savings for the small, average and large county and the key drivers of savings and potential costs. Moreover, what can be drawn from the SI study is the need to ensure that structural reform creates the organisational capacity for authorities to deliver, and potentially exceed, savings projections. As EY conclude, we should not just be looking to the amount of savings that reorganisation might deliver, rather we should aim to identify how to achieve the most appropriate platform for long-term redesign.

Solley looking at the financials, creating a single authority within a county area has the largest capacity for saving, the shortest payback timescale, and greatest capacity to absorb short-term transition costs.

The net cumulative savings for the average county over five years could reach £106m, with the wider national picture resulting in savings up to £2.9bn. It is important to recognise that a single county unitary could result in efficiency savings that are 68% more than could be achieved by creating two separate unitary authorities within a county area. The pattern continues with three unitaries within a county area, which could save £191m for the average county but also result in a net cost over a five year period. This is due to significantly reduced economies of scale, the fragmentation of services, increased democratic costs, duplication of functions and higher implementation costs.

The key driver of higher efficiency savings in scenario one is the economies of scale achieved on a county-wide footprint and the disaggregation and implementation costs of splitting and reforming county and district services into several new authorities. The significantly higher savings modelled in the single county unitary model reflect the unification of executive, management and back office teams, across the breadth of local government services at scale. The diminishing returns for two unitaries are explained in the decreased economies of scale, the duplication of executive, managerial and back office functions within a county area and disaggregation and implementation costs. The overall savings potential could directly impact on the ability of councils to absorb the transition costs of structural reform and invest savings in harmonising council tax to the lowest level, while continuing to have the scope to reinvest savings in frontline services.

As alluded to previously, recent proposals in the sector have proposed that combined authorities and alternative service delivery models (ASDMs) could be used as a mechanism to maintain economies of scale in large strategic services to reduce the potential costs of disaggregation and drive efficiency savings in service provision. However, the analysis by EY shows that this model of reform could potentially lead to unsustainable transition and implementation costs and be highly disruptive to service provision.

The analysis shows that this option is likely to see a net cost for the average county which could range between £1-14m over the first 5 years and a payback time of over 7 years. The reasons for this are largely due to high implementation costs of ASDMs, the lack of certainty in moving wholesale to this new untested way of working and the disaggregation of some county functions.

Importantly, the research also shows that savings could be found through the rationalisation of the current two-tier system which are potentially equal to, or greater, than those that could be achieved by sub-county unitary options. Merging districts rather than full unitary status under scenario three would secure higher savings. Combining the findings for scenario 4 and 5 could result in a saving for the average county of £52m, which surpass the lower range of savings from creating two separate unitary authorities within each area. Again, this demonstrates the importance of maintaining the scale provided by the county council, rather than disaggregating and fragmenting service provision across the largest areas of local government expenditure.

The figures produced by EY for ‘savings’ are critical in identifying which governance model is likely to maximise efficiency and value for money for local taxpayers. This primarily relates to senior management, service optimisation and back-office efficiencies that could be potentially be redirected to the front line. The savings are not easily achievable – as EY state in relation to ‘shared support services’ securing savings in strategic services is challenging and this results in a wider range of achievable savings compared to the efficiencies that could be achieved in lower tier services. Nor is reform a quick fix to the significant funding pressures facing local government; structural reform ultimately requires the consent of the Secretary of State and even the shortest payback period is over two years. It is clear these figures do not represent additional funding that can be removed from the sector in the short or medium term, and does not negate the need for fair funding for county areas and upper-tier councils.
Key Findings

Financial Savings

The results of the financial analysis undertaken by EY demonstrates the following:

- Single county unitary authorities, based on existing county boundaries, could save 68% more compared to the splitting county councils into two separate authorities.
- Three unitary authorities could result in a net cost due to significantly reduced economies of scale.
- Retaining but reforming two-tier governance could result in higher efficiency savings than creating three unitary authorities.
- Single county unitary authorities offer the greatest scope for harmonising council tax rates to the lowest level, due to higher levels of efficiency savings which could be redirected for this purpose.
- Due to both higher levels efficiency savings, quicker payback timescales and greater scope for pooling reserves, capital receipts and treasury management, single unitary authorities could provide the most effective platform for absorbing the short-term transition costs of structural reforms.

In addition, the qualitative analysis by SI shows:

- Larger councils, those with a higher population, are better-placed to deliver economies of scale than smaller councils. They are able to devote a bigger proportion of their resources to the front line.
- The difference in the capacity of different sized unitary councils to respond to today’s financial and service pressures appeared to be stark, with the larger councils better equipped to succeed.
- Many of the 1990s generation of unitary councils are struggling in the current context and that some have struggled since they were established. On the other hand, the larger unitary councils are demonstrating the benefits of scale while creating mechanisms to provide for effective governance and delivery at a locality level.
Sustainability

Both the EY and the SI reports highlight the importance of scale in achieving financial sustainability, collaboration and service reform. Scale can be retained either through enhanced two-tier working or county-wide unitary authorities. Two or three unitary options lose scale and risk fragmenting services, whereas the model of three unitaries with combined authority and alternative service delivery units loses scale in some areas and simply retains the county scale in others – at greater up front cost and risk.

Beyond the short and medium term savings associated with different structural reform options it is arguably more important to consider the long term financial sustainability of any new arrangement. This is particularly important in the context of diminishing local government resources and growing service pressures, which are particularly acute in counties due to growing social care demand.

Both the EY and SI analysis demonstrate that economies of scale are important not only in up front efficiencies, but to the capacity for transformation and the ongoing financial sustainability of an organisation. Considering evidence from interviews SI state that:

"The difference in the capacity of different sized unitary councils to respond to today’s financial and service pressures appears to be stark. There is a strong sense that even the best performing small unitary councils struggle to marshal the capacity to, for example, participate in devolution opportunities, engage in cutting edge partnership working or think creatively about the next round of savings."

Scale, particularly in strategic services, allows for rationalised back office and managerial functions and for the prioritisation of funds to the frontline. Scale is also conducive to efficient contracting and procurement, and places local government in a strong position to work with other public sector and private sector partners.

As we move to a system of greater self-sufficiency for local government, both scale and geography will become very important. More specifically, when councils are reliant on business rates and council tax as their primary income it will be important that local authority areas cover a broad and diverse geography, to balance economic and demographic differences. This has been recognised through Government agendas to bring metropolitan boroughs together into city regions, and evidence from the EY and SI is demonstrating this is equally applicable to county areas.

Pixel Financial Management were commissioned by CCN to consider the profile of business rates in counties. This research has also highlighted the benefits of working across a diverse geography. More specifically this analysis has shown that business rates vary widely between district councils within counties. Neighbouring districts may have very different profiles, with some seeing high value and growth, and others seeing negative growth with high appeals or high reliefs. Such variations could be one element affecting these differences is the predominantly rural or urban nature of districts.

If restructuring takes place on the grounds of homogenous geographies then some new authorities are likely to be particularly high growth areas and be well placed to benefit from full business rates retention. This risks leaving other authorities covering primarily low growth areas and / or areas with high service demand. Not only could this entrench inequality between different areas within a county, it could mean that some authorities are more financially viable than others in the long-run. Equally this approach could blunt the growth incentive which is intended through full business rate retention.
Key Findings

Sustainability

The results of the financial and non-financial analysis undertaken by EY demonstrates the following:

• The analysis suggests that single tier governance and the creation of single unitary authorities across the 27 county areas could have the greatest potential in moving towards financial sustainability but there are a number of considerations which must be addressed.

• In terms of which scenario could be considered as best situated to support financial sustainability, scale is an important factor. The analysis indicates that size and scale presents the opportunity for more equal redistribution of business rates across the whole county area and therefore delivery of efficiency gains and cost reduction as well as greater leverage in negotiating borrowing and exploring new forms of borrowing. Single unitary authorities could maximise the financial reserves that can be pooled together and potentially managed more efficiently.

• Scenario 1 results in the largest reduction in FTEs which could result in a reduction in the accommodation required. Therefore, there could be substantial capital receipts which would result from a property rationalisation programme. These additional funds could be reinvested into the reorganisation and the frontline to ensure sustainability.

• Authorities covering larger and more diverse geographical and economic areas could be better placed to respond to the challenge of the divergence of business rates growth between rural and urban, high and low growth areas. Overall, this should mean that levels of need and income from business rates growth is better balanced across a geography.

• Splitting county authorities into multiple new organisations may create some new authorities which are in a more favourable position with the move to 100% business rates retention, and some which are in a less favourable position. Any structural reform should be done in a way that does not result in one organisation that is disproportionately more financially viable than the other(s). It should instead bring together a healthy diversity of high growth, low growth, urban and rural areas.

In addition, the qualitative analysis by SI shows:

• The importance of scale and geography as councils becoming increasingly reliant on the resources they can generate locally from council tax and business rate income. The interaction between the new business rate system and any reorganisation proposals will be key in ensuring that small populations and or geographies do not concentrate economic, social or demographic challenges that can adversely impact on a council’s ability to be self-sustaining.

• The scope for traditional savings in smaller councils is limited and many of them lack the capacity to use reduced resources as a driver of innovation and respond to the service pressures facing councils. Evidence shows that even well-managed and financially sound smaller unitary councils are now becoming less resilient and identifying major risks in key services.

• Central to the response of councils to financial pressures and financial independence is greater collaboration and joint working between councils and also with public sector partners. Collaboration is considerably easier where the boundaries of the relevant organisations are the same: coterminosity matters.
Improved Service Delivery

These independent studies by EY and SI are critically important in understanding how governance reform could impact on the delivery of existing local government services and whether reforms would lead to improved service delivery across statutory and discretionary services.

EY’s analysis demonstrates the potential for sub-county unitary proposals could lead to significant disruption in large scale strategic services. Their analysis warns of the risks of fragmenting county-based services, which account for 90% of local expenditure within an area. Not only could this lead to inconsistent service provision and a change in the eligibility for services, much greater complexity is involved in the implementation process, migrating service users and renegotiating provider contracts across the largest areas of local government expenditure. Compared to sub-county unitary options, single organisations should maximise the negotiation and facilitation power of councils with private providers and the wider public sector. Sub-county unitary proposals could also negatively impact on the recruitment and retain of staff across areas where there is already a national shortage.

These conclusions demonstrate that if structural reform were to take place, there is a greater ease in incorporating district based services, that while challenging at scale, involves considerably less disruption at a time of rising demand and higher cost pressures in life-critical services such as social care and children’s services. Of the unitary options analysed, single unitary authorities are the least disruptive to services, providing a platform for service continuity and transformation, maximising the benefits that could be gained through the integration of housing, planning and waste services at scale. Coupled with higher efficiency savings, this has the greatest potential for investing efficiency savings in the frontline.

The impact of fragmentation, disaggregation and long-term consequences of splitting county services across multiple, particularly small, organisations is borne out by the research carried out by SI. Unitary councils created in the 1990s faced substantial challenges in taking on responsibility for what had been county council services, particularly social services and education. Underpinning this is the difference in the dynamics involved in splitting up functions such as these, as opposed to absorbing other functions into a larger entity. Therefore, while it is right to conclude that this was successfully implemented in authorities such as Cheshire West and Chester, Cheshire East and Central Bedfordshire, building on the lessons from the past, SI warn of potential consequence of disaggregating services in the context of the pressures facing local government today.

In addition, the research by SI again shows that the scale and geography of a council determines the extent to which it can actually exploit the advantage of a unitary council of having all services in one organisation. Larger councils covering larger geographical areas, such as Herefordshire or East Riding of Yorkshire, are better placed to take these strategic decisions and make the most of their unitary status. Joint working between smaller councils can provide a way of managing these issues, but it takes significant time, effort and scarce corporate and political capacity.

Recent proposals in the sector have proposed that combined authorities and ASDMs could be a mechanism to mitigate the disruptive impact of creating several new unitary authorities in the place of county and district councils, while also providing a platform for innovation in service delivery.

Although EY outline the long-term benefits that can be the product of ASDMs and their ability to keep the delivery of strategic services on a county-wide footprint, their non-financial analysis concludes that the in the short-term this scenario is likely to lead to most disruption to service users. They note the considerable risks associated with the establishment of ASDMs and the ‘systematic’ barriers, such as IT and data sharing, that would need to be addressed. Moreover, rather than enhancing the connectivity that could be gained in services such as social care and housing, this model could actively increase service barriers despite the creation of unitary authorities. This could ultimately impact negatively on the successful delivery of health and social care integration, particularly in the short-term, despite the potential long-term benefits of ASDMs EY conclude could be achieved.

Given the potential risks involved in scenario 6 to service delivery and effective continuation of two-tier service delivery, retaining and reforming two-tier government could avoid the fragmentation and disruption caused by any form of unitarisation. Although these options would not fully unify and integrate service provision, councils can build on strong collaborative working in two-tier areas to improve service delivery.
Key Findings
Improved Service Delivery

The results of the non-financial analysis undertaken by EY demonstrates the following:

• Under Single unitary authorities, service users could benefit from the efficiencies and economies of scale that are generated through streamlined services, removal of duplicated roles and service optimisation. Implementation could be challenging at scale. However, the creation of a single unitary authority will avoid the issue of fragmentation of county council services and would be the least disruptive to large-scale strategic services, reducing the complexity of implementation.

• Scenario 2 provides some efficiencies and economies of scale, but less than scenario 1. This option requires the merger of district councils and could cause disruption by disaggregating the current county council’s functions in two. The disaggregation of county council services into two authorities could potentially lead to inconsistent service provision and increased complexity in migrating service users and renegotiating provider contracts.

• Scenario 3 is likely to be most disruptive of the unitary options analysed in terms of the impact to residents. As with Scenario 2, service users with care needs will most likely fall under the remit of an entirely new organisation. There will be increased complexity in migrating service users and renegotiating provider contracts.

• Under Scenario 4 and 5 the county council and the services it delivers would remain as they are and, as such, the impact on service users would be only in relation to services delivered by the district councils.

• In terms of the impact on service users, Scenario 6 is likely to cause the highest levels of disruption due to the transfer of strategic services to ASDMs and the potential introduction of a combined authority. There is also potentially less connectivity to other services if standalone strategic services exist for example the link between adult social care and housing. It may be argued that ASDMs result in a loss of democratic control with the arms-length organisation acting independently and not always in accordance with the council’s wishes or interests.

In addition, the qualitative analysis by SI shows:

• There is clear evidence from this study on the challenge that many of the unitary councils created in the 1990s faced in taking on responsibility for what had been county council services, particularly social services and education. Underpinning this is an apparent difference in the dynamics involved in splitting up functions such as these, as opposed to absorbing other functions into a larger entity, with resulting impacts on service performance and their capacity to respond to mounting service pressures.

• The disaggregation of social care and education functions following local government reorganisation in the 1990s was particularly disruptive. There is a strong case for arguing that further disruption of this type should be avoided particularly given the need to retain a focus on meeting the needs of an ageing population, securing health and care integration and ensuring the robustness of children’s services.

• The scale and geography of a council determines the extent to which it can actually exploit the advantage of a unitary council of having all services in one organisation. Larger councils covering larger geographical areas are better placed to take these strategic decisions and make the most of their unitary status. Joint working between smaller councils can provide a way of managing these issues, but it takes significant time, effort and scarce corporate and political capacity.

• The effectiveness of councils of all shapes and sizes hinges to a significant extent on the quality of their managerial and political leadership. Large councils are particularly well-placed to recruit and retain high quality managerial leaders. Smaller councils can also do so, but SI’s interviewees were clear that the challenges of managing a small council are intense and require smaller councils to pay similar salaries as larger councils out of a smaller budget. There are also examples of performance coasting or deteriorating following a change in managerial leadership.
Public Service Reform

When considering governance reform and the impact on service provision, the focus needs to transcend a narrow focus on reorganisation and the financial pressures facing councils. The challenges and opportunities facing the sector demand that any reforms look beyond the efficiency savings that could be generated, and seek to provide the most appropriate platform for change, creating sustainable, outcome focused services across local service providers.

Of increasing importance will be the capacity for local government to facilitate integration between different parts of the public sector, overcome local and national public sector silos, work in partnership with business to plan investment and to take on devolved powers.

Again, the importance of scale comes to the forefront of delivering successful reform. As SI conclude;

"Evidence shows that councils with tight geographies are constrained in their ability to take strategic decisions in key areas including the economy, housing, planning and transport, health and care and children’s services. Time and effort is required to negotiate a joint approach with neighbouring councils.....A larger council is likely to be responsible for the geographical area necessary to enable it to take strategic decisions relating to growth, transport, education and skills and health and care, in an integrated way with the broader public sector."

The reports highlight that collaboration is considerably easier where the boundaries of the relevant organisations are the same: in short, coterminosity matters. But it is the interaction between scale and coterminosity that enables an organisation to maximise its change capacity that can drive forward wider reforms to the public sector and deliver long-term sustainability. Looking to the future, the evidence suggest that this most likely to be achieved by retaining the county scale through a single organisation if an area were to pursue unitary proposals. As EY also conclude;

"We have found a correlation between the options that deliver the highest level of financial savings and sustainability and the options which most positively relate to the key drivers for public service reform. We found that areas like social care and health integration, devolution, economic growth, transport, crime, and financial viability and sustainability benefitted from the scenarios that were characterised by maximum scale, clear governance, enhanced coterminous boundaries with partner agencies and high change capacity."

While the boundaries of public service providers and growth partnerships, such as LEPs and STPs, are not all necessarily matched to county boundaries, both reports provide important evidence that suggests sub-county proposals that reduce scale and further weaken co-terminosity may not be conducive to supporting Government agenda’s across health integration, housing and growth.

In relation to health and social care integration, reducing rather than maximising scale, further fragmenting co-terminosity and increasing the number of upper-tier partners – coupled with the potential disruptive impacts of sub-county unitary proposals on social care – could adversely impact the integration agenda. Caution therefore must be given to ensuring that any reforms do not produce further complexity across local health economies or unnecessarily disrupt existing partnerships, which may therefore point towards the continuation of county and district structures rather than unitary proposals.

In effectively promoting and delivering growth, through devolution deals and wider initiatives, both reports provide evidence on the need to maintain and enhance the scale provided by county councils, whether building on unitary or two-tier. Emerging agendas such as Sub-National Transport Bodies, strategic planning and the Industrial Strategy all work on the premise of empowering localities and devolving from Government. It is important to acknowledge that there is a clear direction to harness strategic scale, in the interests of providing local partners with the best platform for pursing their priorities. Fragmenting local government would not be conducive to ensuring county areas can make the most of such opportunities, alongside empowered city regions.
The report by SI highlights that some of the small authorities created in the 1990s are ‘underbounded’ and are therefore constrained in their ability to take strategic decisions in areas such as housing and growth. This emphasises the need for a strategic geography or population size to take decisions relating to growth. A broad and diverse geography covering areas of high and low growth, urban and rural populations could help ensure the capacity to not only support current growth areas, but also invest in regeneration and take a strategic approach to future growth opportunities.

Scale and a strategic and collaborative approach to economic growth will become increasingly important as areas take on more devolved growth functions and fiscal powers. The advantages of devolved powers cannot be fully realised if they are fragmented locally, or if they are not deployed in line with a coherent and ambitious plan for long-term growth, productivity and sustainability.

However, the EY report rightly emphasises that growth initiatives can also be highly localised. Combining both the strategic and local, while maintaining the over ‘brand’ of a county area that comes from the traditional sense of place, is important in this regard. Again, the findings suggest that sub-county unitary proposals could be sub-optimal to achieving this compared to single unitary or retained and reformed two-tier working.

Underpinning devolution and wider public sector reform will be the need to ensure robust and effective governance arrangements. EY conclude that creating single unitary authorities could streamline the process and provide a single point of accountability for devolution proposals. However, the analysis also shows that if government were to deploy a more flexible approach to governance, retained two-tier working has the ability to secure devolution deals. This is the flexible approach CCN has continuously called for.

Through their analysis EY suggested that scenario 6, which includes the establishment of a combined authority and Elected Mayor, has the opportunity to provide the scale necessary for public service reform and a platform for devolved powers. However, it is important to emphasise that this reorganisation model is recreating scale at a significant risks and costs. It is important to again state the untried and untested nature of this model shown throughout the study, which ultimately suggest that it is sub-optimal to single unitary authorities or existing two-tier governance in delivering public service reform.
Key Findings
Public Service Reform

The results of the financial analysis undertaken by EY demonstrates the following:

• Creation of unitary authorities which cut through county geographies could lead to the fragmentation of children’s and adults social care services, and add additional cost pressures at a time of substantial financial challenges.

• Areas like social care and health integration, devolution, economic growth, transport, crime, and financial viability and sustainability benefitted from scale, clear governance, enhanced coterminous boundaries with partner agencies and high change capacity. However there are specific considerations of engagement and accountability which need particular attention in larger scale authorities.

• The work of LEP’s and the importance placed upon that work indicates that certain initiatives, particularly those related to the development of infrastructure, skills and connectivity require action above county level. Size and scale makes that task more straightforward, and whilst other scenarios do not preclude that work being done effectively, the greater the fragmentation the greater the complexity.

• The public service reform agenda in this area is complex and ambitious. It could be concluded that structures based on greater scale are important. Guidance for creating STP footprints encouraged health partners to work with local authorities to determine the size of planning footprints, and advised that they should be large enough to enable the strategic planning decisions needed by 2020/21 to deliver sustainable health and care services.

In addition, the qualitative analysis by SI shows:

• Interviewees with experience of the 1990s unitary councils have pointed out that in some cases partner organisations operating across a small geography suffer from a lack of capacity and critical mass and are being reorganised to secure economies of scale.

• Evidence shows that councils with tight geographies are constrained in their ability to take strategic decisions in key areas including the economy, housing, planning and transport, health and care and children’s services. Time and effort is required to negotiate a joint approach with neighbouring councils.

• Many of the councils that were created in the 1990s are “under-bounded”, making a strategic approach to services and economic growth difficult.

• Coterminosity, Partnership working and collaboration between public bodies has become more important to services and sustainability since the last two rounds of local government reorganisation. Equally the geographical scale at which councils have to operate is also increasing. The establishment of Local Enterprise Partnerships, development of NHS Sustainability & Transformation Plans, Regional Adoption Agencies, Sub-National Transport Bodies and Combined Authorities are all examples of a pattern of scaling up.
Strong, Accountable Leadership

When considering any proposals for structural reform there must be an emphasis on ensuring that new structures continue to provide strong and accountable democratic leadership. Debates regarding what this means in practice, with the inevitable reduction in councils and elected members resulting from structural reform, is perhaps the main source of tension giving rise to competing proposals.

One key finding from the SI inquiry was that the nature of the reorganisation process has a deep and long lasting legacy in the new unitary council, and on the local area. If the process engenders conflict or self-protectionism, rather than a shared understanding of the objectives of any reform, then this can have a knock on impact on the effectiveness of the new organisation. This is an important conclusion when considering the need to put forward consensual, bottom up proposals which the Government has indicated as its preferred option.

Looking at the independent evidence produced for CCN, scale, particularly for strategic services, comes with the clear advantage of a single executive and clear points of contact for businesses, MPs and the public. In two-tier counties the county council, leader and executive fulfil this function for strategic services, in liaison with district councils who provide a more locality focussed function. When considering reorganisation options, EY conclude that a single county unitary option would give the best grounds for clear and accountable leadership. With options for two or three unitaries over a county area - with or without a combined authority, mayor and alternative services delivery units - adding considerable complexity. Indeed, across their study, EY conclude that there are various accountability concerns in relation to scenario 6 which would need addressing.

EY outline that additional consideration will be needed in relation to community engagement. Specific attention would need to ensure that locality arrangements are put in place to compensate for the potential loss of political representation. However, while scale does require a greater focus on achieving effective locality engagement this is possible, as borne out by authorities such as Wiltshire and the evidence presented in both reports, including the increased investment in community development by 2009 unitary authorities. Moreover, it is also important to consider that the National Census of Local Authority Councillors (2013) showed that 14% of district councillors were ‘twin hatters’ (approx. 704) and a further 37% were parish or town councillors (approx. 1,861) – potentially mitigating the overall loss of councillor representation expected through unitary proposals based on a county-wide footprint.

Both the EY and SI analysis underlines the fact that any reorganisation proposal should build strong locality working into its design from the outset. The SI report finds that locality and strategic functions are two sides of the same coin, and that even well designed local governance cannot reach its potential without corresponding strategic governance, and vice versa. This points to practical examples of successful locality working in unitary authorities, such as Wiltshire, Shropshire, Herefordshire and Cornwall, while the opportunity to work with, and devolve to, town and parish councils to enhance the powers and responsibilities they exercise.

Overall, the studies wider findings show that a locality focus cannot be sustainable nor delivered to its full potential without being coupled with a body that has the resources and capacity to take strategic decisions. As EY conclude, the ‘choice’ may not be ‘either, or’ a single option, but a ‘both and’ option that combines the best of both worlds, maximising economies of scale and enhancing community governance.
Key Findings

Strong, Accountable Leadership

The results of the financial analysis undertaken by EY demonstrates the following:

- For some county areas there may be limited requirement for service redesign and intuitive restructuring of the democratic landscape. A single unitary structure could support the transfer of skills, capabilities, knowledge and best practice through shared working arrangements. However, community and locality governance structures would need to be implemented to minimise the impact of reduced political representation and the subsequent barriers to implementation this may cause.

- As two unitaries or three call for additional political representation it may be more straightforward to restructure the democratic landscape and provide a platform for a locality focus. However, these scenarios could reduce the scope to transfer capabilities, knowledge and best practice via shared working arrangements and would be less aligned to boundaries with other public sector agencies.

- The consolidation of district and county council services into one organisation could result in stronger leadership with a single set of Councillors and one clear point of accountability in the county leader. This could also increase the ability of the organisation to secure a devolution deal.

- Where the transition from two-tier to single-tier governance has worked best, the ambition of increasing community participation was explicit from the outset, and formed an important element of the initial proposal and subsequent publicising of the new democratic structures. The devolution of some powers and budgets to a local level – through both locality boards and town and parish councils - can help to ensure that people are more involved than previously.

- Despite any potential benefits of a model of small unitaries brought together by a Mayoral Combined Authority, and Alternative Service Delivery vehicles, this is an untried and unproven method and there are specific public accountability issues which would need to be taken into account.

In addition, the qualitative analysis by SI shows:

- The nature of the process for designing and agreeing unitary arrangements can have a significant impact on a successor council’s performance. An atmosphere of conflict during reorganisation considerations can create a negative legacy for the area. This can be exacerbated by previously senior and experienced councillors being removed from leadership roles.

- Large councils are particularly well-placed to recruit and retain high quality managerial and political leaders. Smaller councils can also do so, but the challenges of managing and leading a small council are intense and require smaller councils to pay similar salaries as larger councils out of a smaller budget.

- Councils work best when their boundaries reflect the way in which people live their lives. Many of the smaller 1990s councils do have a powerful sense of place, but because of size and geography they often lack the capacity to take advantage of it.

- Larger unitary councils created in 2009 have been successful in devolving decision-making to a locality level in a variety of ways. This provides a mechanism for effective governance at a very local level.
Founded in 1997, the County Councils Network (CCN) is a network of 37 County Councils and Unitary authorities that serve county areas. We are a cross party organisation, expressing the views of member councils to the wider Local Government Association and to central Government departments.

To discuss any of CCN’s proposals in more detail, please contact:

Simon Edwards
Director
020 7664 3002
simon.edwards@local.gov.uk

James Maker
Head of Policy and Communications
020 7664 3009
james.maker2@local.gov.uk

Follow us on Twitter
@CCNOffice
@CountyAPPG

Follow us on LinkedIn
County Councils Network