Northamptonshire
Phase 2: Strategic options case for the future of public services
FINAL REPORT
CONFIDENTIAL
17 April 2018
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Deloitte LLP
Leeds
April 2018

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## Glossary of terms

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<td>3. Northampton Borough, Corby Borough, Daventry District, East Northamptonshire Borough, Kettering Borough, South Northamptonshire Borough and Borough of Wellingborough. Where reference is made to South Northamptonshire Borough it includes the joint partnership arrangements between South Northamptonshire and Cherwell District Council.</td>
<td>“Northamptonshire” or the “Districts”</td>
</tr>
<tr>
<td>4. Deloitte LLP</td>
<td>“Deloitte”</td>
</tr>
<tr>
<td>5. Options to be assessed for the reform of public service delivery and local government organisational structures within Northamptonshire.</td>
<td>“The Options”</td>
</tr>
<tr>
<td>6. The study of options for the future of public services within Northamptonshire.</td>
<td>“The Engagement”</td>
</tr>
</tbody>
</table>
Executive summary

Purpose of this report

In view of the ongoing discussions concerning public sector reform in Northamptonshire, a consortium of District and Borough Councils in Northamptonshire including Northampton Borough Council, Corby Borough Council, Daventry District Council, East Northamptonshire Council, Kettering Borough Council, South Northamptonshire Council and the Borough Council of Wellingborough commissioned Deloitte to produce a strategic review of options identified by the consortium for revised local public service delivery in Northamptonshire. The options identified are focused on public sector reform of which local government reorganisation and the creation of unitary councils are part of and are intended to be considered alongside the need to reform public services more widely than just reorganisation local government. The outcome of the review is intended to help the consortium form a view of which local government reorganisation option in the context of wider public sector reform best serves the long-term interests of residents of Northamptonshire and it should feed into more detailed work on options that involve public sector partners to find a solution to the health and social care challenges faced by local government and the NHS.

This document represents the output of two phases of work that involve performing a non-financial and financial assessment of options for public service delivery based on agreed criteria and criteria weightings identified by the consortium.

Public services in Northamptonshire

Northamptonshire has eight councils: Northamptonshire County Council, Northampton Borough Council, Kettering Borough Council, Corby Borough Council, Borough Council of Wellingborough, East Northamptonshire District Council, Daventry District Council and South Northamptonshire District Council. Northamptonshire has 276 parish and town councils, and a total population of 733,128. Northampton Borough Council is the largest district council within Northamptonshire with a population of 225,474. Kettering Borough Council is the second largest district council with a population of 99,002. Residents are represented by seven Members of Parliament, 57 County Councillors and 264 District Council Members. All councils are part of the wider South East Midlands growth area and South East Midlands Local Enterprise Partnership.

The Northamptonshire health economy consists of two Clinical Commissioning Groups (NHS Corby Clinical Commissioning Group and NHS Nene Clinical Commissioning Group), Northampton General Hospital NHS Trust, Northamptonshire Healthcare NHS Foundation Trust and Kettering General Hospital NHS Foundation.

Blue light services are provided by Northamptonshire Police, Northamptonshire Fire and Rescue Service and East Midlands Ambulance Service NHS Trust.

Context for public service reform in Northamptonshire

The national and local context for public services has changed markedly in recent years. The twin challenges of constrained resources and rising demand driven by demographic change requires a fundamental rethink to the way services are designed and delivered for the long term.

Local government reorganisation will not solve this challenge alone. Sustainable solutions are required across the public sector but, in particular, in the health and social care system. Any reorganisation of local government should, therefore, be part of a
wider public sector reform programme for Northamptonshire that has the interests of local people at the heart of how services will be designed and delivered. This would need to include:

- the integration and transformation of social care and health services to address the current distressed health economy and finding a solution that tackles increasing demand and financial challenges;

- exploiting the economic opportunities presented by Northamptonshire’s position in the Cambridge – Milton Keynes – Oxford corridor to transform housing and employment growth, ensuring that Northamptonshire has the infrastructure and that local people have the skills to optimise the benefits of growth; and

- ensuring that local people benefit from growth thereby reducing demand for public services, better alignment of priorities and resources and, most importantly, shaping a new relationship with residents which promotes independence, resilience and focusses on improved outcomes for local people.

Inclusive, sustainable economic growth and public sector reform, in our view, should be seen as two sides of the same coin. Future funding for public services depends on a more productive resilient economy and this, in turn, is reliant on high quality infrastructure, a healthier, skilled and more productive workforce. Furthermore getting more people into good jobs reduces demand for hard-pressed public services and improves outcomes for individuals, families and communities. Sustainable and inclusive growth is about raising and spreading prosperity without impacting negatively on the quality of life of local people and the communities in which they live.

The starting point for this journey, therefore, needs to be about building a broad consensus, across public sector partners in Northamptonshire, on an ambitious vision for the future of public services. However, it must be emphasised that no single change or element of reform including the establishment of an Accountable Care System or local government reorganisation can solve the financial challenges faced by local government and other parts of the public sector and that is why setting them in the context of a coherent programme of public sector reform is so important in meeting the future needs and expectations of the people of Northamptonshire in a financially sustainable way.

The deteriorating financial position at the County Council has accelerated the need to consider the reform of local government and public services in Northamptonshire. The seriousness of the situation has been brought sharply into focus by the Local Government Association (LGA) Financial Peer Review which was carried out in September 2017 and identified serious concerns about the financial sustainability of the County Council going forward. The Secretary of State also deemed it necessary to establish a Best Value Inspection of the County Council with the possibility of formal intervention. The outcome of the inspection was published on 15 March 2018¹ and included the following three significant points which would have a short and long term impact on local government in Northamptonshire:

- Northamptonshire County Council has failed to comply with its duty under the Local Government Act 1999 to provide best value in the delivery of its services

- the Inspection team believe that a new start is required for the residents of Northamptonshire which can deliver confidence and quality in the full range of Local Government services. This can best be achieved by the creation of two new Unitary Councils, one covering the area of Daventry, Northampton and South

Northamptonshire and the other encompassing Corby, East Northamptonshire, Kettering and Wellingborough.

- the Secretary of State should give serious consideration to whether Commissioners should take over the running of all services save planning currently provided by Northamptonshire County Council and on what basis.

Alongside continuing funding pressures facing all of local government, devolution deals and wider public service reform, 2016 witnessed a change in Government policy with regard to local government reorganisation. Through amendments to the Cities and Local Government Devolution Bill the Government enshrined in law an open invitation for unitary proposals that did not require the consent of all partners.

**Key challenges**

There are significant financial and demand pressures faced by councils in Northamptonshire and the key challenges include:

- An inspection of governance and financial systems at Northamptonshire County Council was ordered by Central Government in January 2018 to consider if the council is in breach of its best value duty. The inspection completed in March 2018 and concluded that Northamptonshire County Council has failed to comply with its duty under the Local Government Act 1999 to provide best value in the delivery of its services. Central Government are now considering whether or not to exercise powers of intervention under section 15 of the Local Government Act 1999. The council is also facing a deepening financial challenge following the issue of a Section 114 notice in February 2018. Prior to the issue of this notice a Local Government Association Financial Peer Review Report has raised significant issues around the viability of the council. The 2015/16 and 2016/17 external audit reports for the council have raised significant value for money concerns relating to the Next Generation Model and have issued qualified conclusions on value for money in both years which means the auditors were unable to state that during the year the council has proper arrangements for informed decision-making, sustainable resource deployment and working with partners and third parties.

- The National Audit Office Report ‘Financial sustainability of local authorities 2018’\(^2\) states that financial pressures in local government have increased markedly over recent years, demand and cost pressures are increasing and local authorities are relying on using their savings to fund local services and are overspending on services, which is not financially sustainable. The report goes on to show that if local authorities with social care responsibilities keep using their reserves at current rates, one in ten could have exhausted them within three years. Northamptonshire County Council has effectively exhausted all of its reserves, has used capital receipts to fund revenue deficits and the recent audit, peer review and inspection point to it not being financially sustainable.

- Changes to the way in which local government is funded in England mean councils are facing sharp reductions in the amount of Revenue Support Grant (RSG) they have historically received, with the RSG expected to end for all councils by 2020/21 as part of finance reforms to localise business rate retention. The total funding settlement amounts (RSG and Business Rates) for the Northamptonshire Districts is reducing year-on-year over the four years 2016/17 to 2019/20, from £28.14m in 2016/17 to £20.69m in 2019/20. The total settlement amount for the County Council is also reducing year-on-year, from £140.08m in 2016/17 to £101.84m in 2019/20.

- Nationally, the demand for health and social care services is increasing year-on-year, placing increased pressure on public finances. In Northamptonshire, the Sustainability

and Transformation Plan has identified a 2016/17 NHS cost gap of £41m rising to £230m by 2020/21 unless action is taken.

- There is a growing consensus among the Districts to work with all partners to create an Accountable Care System (ACS) that brings together the commissioning and provider functions for the whole health and social care economy into a coherent framework capable of transforming models of care, creating financial sustainability, and most importantly of all, improving health and care outcomes for local people. However, to date there has been limited progress to move the discussions between health and local government partners into agreement and detailed plans for a new model of care. This is a critical element of the public service reform agenda in Northamptonshire and should be considered at the forefront of any options which are pursued for the future of local government as the savings from structural reform of local government will not be sufficient in the medium to long term to fund the social care financial challenge and a sustainable platform for other public services to be delivered effectively.

- The most recent Ofsted report (2016) found that children’s services within Northamptonshire ‘require improvement’, which follows the previous inspection where services were given an ‘inadequate’ rating. The County Council has committed an extra £62m over the past three years to improve the service and there are a number of outstanding issues that still need to be addressed.

- The November 2017 National Infrastructure Commission Report ‘Partnering for Prosperity’ 3 has challenged Northampton and neighbouring areas of Oxford, Milton Keynes, Bedford and Cambridge as part of the Cambridge – Milton Keynes – Oxford Arc to work together to deliver new infrastructure that unlocks opportunities to deliver 1 million new homes and jobs by 2050.

- Northamptonshire is a predominantly rural county and whilst many areas are affluent there are pockets of deprivation where social and economic issues face some neighbourhoods and communities. Holistic programmes of regeneration are required to improve economic inclusion and create the capacity and infrastructure to support the significant future growth potential identified in the NIC report.

- There are a number of transport challenges with an increasing number of people using the national road network (such as the M1) for local journeys around urban areas, leading to increased congestion. Further challenges include the West Coast Mainline which is particularly congested around Northampton, has a limited range of destinations within Northamptonshire, and has infrequent services when compared to nearby towns such as Coventry, Rugby and Milton Keynes.

- There has been considerable housing growth in Northamptonshire over recent years. However, there is a supply shortfall of new housing for Northampton-related needs.

- Three quarters of Northamptonshire business leaders are concerned about the lack of available skills to take their companies forward and the skills shortage is widely thought to be the biggest barrier to growth in Northamptonshire.

- South Northamptonshire and Cherwell effectively operate as one organisation through joint partnership arrangements and any future options for local government will need to consider maintaining or unwinding these arrangements and if unwound the impact this will have on residents and the ongoing cost to the public purse. It is quite possible to develop a new model of local government for Northamptonshire which is flexible enough to enable this innovative partnership to continue if this is deemed to be the best option for local people.

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Summary of options appraisal

Five local government combination options were identified by the District and Borough Councils to be assessed at this stage. There are potentially other options available but these have not been considered as part of this review, e.g. options involving councils outside the Northamptonshire geography, alternative funding and delivery models, joint working etc. The options are shown in the table below:

<table>
<thead>
<tr>
<th>Table: Options</th>
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<tbody>
<tr>
<td>Option</td>
</tr>
<tr>
<td>Option 1 - Status quo</td>
</tr>
<tr>
<td>Option 2 - Single unitary model</td>
</tr>
<tr>
<td>Option 3a - Two unitary model</td>
</tr>
<tr>
<td>Option 3b - Two unitary model</td>
</tr>
<tr>
<td>Option 4 - Three unitary model</td>
</tr>
</tbody>
</table>

Weighted scoring of options

The following table provides a weighted score for each option against non-financial and financial criteria based on an unweighted score of 1 to 3 (3 being the highest scoring rating for each criterion). Where a criteria has been allocated a ‘medium’ weighting the scores have been multiplied by 2. Where a criteria has been allocated a ‘low’ weighting the scores have been multiplied by 1. If it is not possible to score an option for valid reasons a nil score has been allocated.
Table: Weighted scoring of options

<table>
<thead>
<tr>
<th>Options criteria</th>
<th>Status quo (1)</th>
<th>Single unitary model (2)</th>
<th>Two unitary model (3a)</th>
<th>Two unitary model (3b)</th>
<th>Three unitary model (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community geographies</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Value for money</td>
<td>0</td>
<td>9</td>
<td>3</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>The fiscal and performance profile of constituent authorities</td>
<td>Fail</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
</tr>
<tr>
<td>Comprehensiveness of proposals including their coherence with other</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>neighbouring plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Economic geographies</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Key service challenges</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Track record of joint and collaborative working</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>The cultural alignment between constituent authorities</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Opportunities for real transformation and deep integration of services</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Effective, locally accountable leadership</td>
<td>6</td>
<td>3</td>
<td>9</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
<td><strong>39</strong></td>
<td><strong>53</strong></td>
<td><strong>41</strong></td>
<td><strong>56</strong></td>
</tr>
</tbody>
</table>

The following table provides a summary of the high-level revenue costs and savings (£m on a real basis) estimated for each option over a 10-year period from 2020/21 to 2030/31.

Table: Financial analysis of options

<table>
<thead>
<tr>
<th>Income foregone, costs and savings £m</th>
<th>Status quo (1)</th>
<th>Single unitary model (2)</th>
<th>Two unitary model (3a)</th>
<th>Two unitary model (3b)</th>
<th>Three unitary model (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income foregone</td>
<td>-</td>
<td>25.6</td>
<td>28.8</td>
<td>11.0</td>
<td>17.9</td>
</tr>
<tr>
<td>Total costs</td>
<td>-</td>
<td>17.3</td>
<td>17.2</td>
<td>17.2</td>
<td>17.1</td>
</tr>
<tr>
<td>Total savings</td>
<td>-</td>
<td>144.4</td>
<td>123.4</td>
<td>122.1</td>
<td>105.9</td>
</tr>
<tr>
<td>Net savings over 10 years</td>
<td>-</td>
<td>101.5</td>
<td>77.4</td>
<td>93.9</td>
<td>70.9</td>
</tr>
</tbody>
</table>

It is important to emphasise that the assumptions underpinning the financial analysis are at a high level at this stage. The financial analysis and assumptions would need to be worked up in more detail once the financial position of the County Council is established and detailed business cases are developed for the different integration and transformation workstreams for any preferred option(s).

Options appraisal summary

The financial analysis concludes that a single new unitary solution (option 2) for Northamptonshire may deliver savings of £101m over ten years which is the highest net saving option. A new three unitary solution may deliver nearly £71m over ten years and this is the lowest net saving option. The difference between the highest and lowest option is approximately £30m over ten years.

The overall scores table on the previous page demonstrates that the three unitary model (option 4) has been allocated the highest overall score, closely followed by option 3a.
Option 3b has been allocated the third lowest score and the single unitary option (option 2) has been allocated the second lowest score. The status quo option has been allocated the lowest overall score and critically has failed the pass/fail test on fiscal and financial performance. The current financial position of the County Council through the issue of a Section 114 notice and the outcome of the recent Local Government Association Financial Peer review have led to this ‘fail’ and as a result a nil score has been allocated to the value-for-money test.

**Conclusion**

Owing to the deepening financial crisis at the County Council following the issue of a Section 114 notice and the outcome of the best value inspection, whether the existing two-tier local government structure in Northamptonshire is the best model to secure the quality of life for local people will be questioned by a range of stakeholders including Central Government following the outcome of the best value inspection.

It is important to note that whilst local government reorganisation is not a prerequisite for public sector reform, wider transformation of public services is unquestionably required to ensure long-term financial viability because of the ongoing pressure on social care services and without transformation and resources being committed to social care services none of the unitary options considered in this report are likely to be financially viable. This is because the financial pressures related to social care currently faced by the County Council will be inherited by any new model. Therefore, any future model of local government will need to fundamentally transform the relationship between residents and public sector services and shift the role of local government towards supporting individuals, families and communities to secure their own wellbeing. This can be achieved through focused local leadership and locally accountable decision-making where the people of different places within Northamptonshire are at the heart of such decisions.

Therefore, based on the overall weighed scores options 4 (3 unitary) and 3a (2 unitary) provide the greatest opportunity to transform local government for the people of Northamptonshire and achieve long-term financial and operational sustainability.

If Central Government’s consideration of options for local government reorganisation is driven by the County Council crisis and conclusions made in the best value inspection report, then a two unitary model (option 3a) is likely to be preferred. Whilst factoring this into the scoring of the options wasn’t part of the brief for this review, it is recommended that both options 4 and 3a continue to be considered as the situation at the County Council develops.
Introduction

Purpose of our report

In view of the ongoing discussions concerning public sector reform in Northamptonshire, the District and Borough Councils in Northamptonshire commissioned Deloitte to produce a strategic review that provides an independent analysis of options for revised local public service delivery in Northamptonshire. The appraisal scope includes the consideration of service delivery of Northampton Borough Council, Corby Borough Council, Daventry District Council, East Northamptonshire Council, Kettering Borough Council, South Northamptonshire Council and the Borough Council of Wellingborough (the “Consortium”). A number of options identified by the Consortium are set out in this report to satisfy the need for a robust and authoritative assessment. The assessment is intended to help the Consortium form a view of which option best serves the long-term interests of residents in and around Northamptonshire.

This document represents the output of phase 1 and 2 of the Deloitte engagement. The scope of the work for phase 1 is summarised below:

- Deliver a workshop at the outset of the project with Chief Executives and Leaders to establish the strategic context for local government reform in Northamptonshire, confirm the options for revised local public service delivery and agree the criteria against which these options will be appraised.
- Facilitate a series of workshops with senior management teams to agree a shared vision for future public sector service delivery and examine how key strategic services can be delivered, including adult social care and children’s services.
- Perform a non-financial analysis of the options for revised public service delivery based on agreed criteria.

Phase 2 builds on phase 1 and involves a more comprehensive analysis of the short-listed options, including detailed financial analysis, risk analysis and implementation considerations.

This section of the report provides:

- An overview of Northamptonshire; and
- Context for local public service reform in Northamptonshire.

Overview of Northamptonshire

Northamptonshire has eight councils: Northamptonshire County Council, Northampton Borough Council, Kettering Borough Council, Corby Borough Council, Borough Council of Wellingborough, East Northamptonshire District Council, Daventry District Council and South Northamptonshire District Council. Any reference to Northamptonshire within the context of this report refers to the geography covered by the ceremonial county of Northamptonshire, rather than the County Council.

In a two-tier model, county councils cover the whole of the county area and are responsible for managing services such as highways, libraries, household waste sites, public health, social care, education and trading standards. Counties are divided into districts and district councils, which may also be called borough councils or city councils if the district has borough or city status, cover a smaller area and provide more local services. District councils are responsible for managing services such as planning applications, environmental health, housing, refuse collection, leisure and council tax collection. A list of services provided by county, district and parish councils is included in Appendix A.
Northamptonshire has 276 parish and town councils, and a total population of 733,128. Northampton Borough Council is the largest district council within Northamptonshire with a population of 225,474. The table below outlines the populations for each of the local authorities. Kettering Borough Council is the second largest district council with a population of 99,002.\(^4\) Residents are represented by seven Members of Parliament, 57 County Councillors and 264 District Council Members.

Surrounding unitary authorities include Milton Keynes Council with a population of 261,762, Bedford Borough Council with a population of 166,252, Rutland County Council with a population of 38,046 and Peterborough City Council with a population of 193,980.\(^5\) Other surrounding top tier authorities include Cambridgeshire County Council, Buckinghamshire County Council, Oxfordshire County Council, Warwickshire County Council and Leicestershire County Council.

The following table provides information about the authorities within Northamptonshire. The table outlines staff full-time equivalents (FTEs) at each Council.\(^6\) The net current expenditure figures have been taken from the 2016/17 Revenue Account Budget statistics. The population figures are taken from the Office for National Statistics as at mid-2016. The projected population figures are taken from the Office for National Statistics as at mid-2014.

Further background information regarding Northamptonshire’s locality and current authorities within this geography is included in Appendix B.

**Table: Key council statistics**

<table>
<thead>
<tr>
<th>Council</th>
<th>Staff FTEs</th>
<th>Net current expenditure (£k)</th>
<th>Population</th>
<th>Projected growth by 2030</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corby Borough Council</td>
<td>423</td>
<td>29,621</td>
<td>68,187</td>
<td>82,000</td>
<td>29</td>
</tr>
<tr>
<td>Daventry District Council</td>
<td>178</td>
<td>26,003</td>
<td>81,316</td>
<td>86,000</td>
<td>36</td>
</tr>
<tr>
<td>East Northamptonshire District Council</td>
<td>177</td>
<td>32,205</td>
<td>90,999</td>
<td>98,000</td>
<td>40</td>
</tr>
<tr>
<td>Kettering Borough Council</td>
<td>459</td>
<td>38,264</td>
<td>99,002</td>
<td>111,000</td>
<td>36</td>
</tr>
<tr>
<td>Northampton Borough Council</td>
<td>256</td>
<td>100,651</td>
<td>225,474</td>
<td>254,000</td>
<td>45</td>
</tr>
<tr>
<td>Northamptonshire County Council</td>
<td>4,459</td>
<td>706,469</td>
<td>733,128</td>
<td>811,000</td>
<td>57</td>
</tr>
<tr>
<td>South Northamptonshire District Council</td>
<td>201</td>
<td>27,120</td>
<td>89,959</td>
<td>98,000</td>
<td>42</td>
</tr>
<tr>
<td>Borough Council of Wellingborough</td>
<td>108</td>
<td>32,770</td>
<td>78,191</td>
<td>83,000</td>
<td>36</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,261</strong></td>
<td><strong>993,103</strong></td>
<td><strong>733,128</strong></td>
<td><strong>811,000</strong></td>
<td><strong>321</strong></td>
</tr>
</tbody>
</table>

\(^4\) Office for National Statistics as at mid-2016  
\(^5\) Office for National Statistics as at mid-2016  
\(^6\) Local Government Inform, Q4 2016
Context for public sector reform in Northamptonshire

National context

Alongside continuing funding pressures, devolution deals and wider public service reform, 2016 witnessed a change in Government policy with regard to local government reorganisation. Through amendments to the Cities and Local Government Devolution Bill the Government enshrined in law an open invitation for unitary proposals that did not require the consent of all partners.7

Local context and vision for the future of public services

Any revised model of local government will need to take place in the context of wider public sector reform and optimise the conditions for inclusive and sustainable growth alongside long-term service transformation. Creating a financially sustainable system of health and social care which is capable of delivering better outcomes for local people is a priority for future public services in Northamptonshire. To ensure the long-term success and sustainability of local government in Northamptonshire a holistic approach is required which takes into account health and social care, housing growth, infrastructure, investment and skills. The starting point for this journey, therefore, needs to be about building a broad consensus, across public sector partners in Northamptonshire, on an ambitious vision for the future of public services. This vision needs to be set in the context of rapidly rising demand as a result of demographic change and continued resource constraints across the public sector.

Northamptonshire is one of the fastest-growing economies and populations in the UK and its strategic location means it is likely to play an increasingly significant role in accelerating economic growth and improving productivity over the coming years, especially given the role of the Northampton, Daventry and Wellingborough districts in the Oxford – Cambridge – Milton Keynes corridor. Its strategic location means Northamptonshire is well placed to serve logistics firms and this is a significant industry in the area. Any future model of local government will need to continue to harness the benefits of this industry whilst developing strengths in other areas in order to diversify Northamptonshire’s economic base and employment opportunities. Further, any local government reorganisation will need to consider the fact that Northamptonshire is not a homogenous place but a diverse county with an urban core surrounded by market towns and villages. Successful local government in the future will therefore need to ensure it is reflective of the needs of discrete communities whilst ensuring Northamptonshire’s voice is heard at a national strategic level. The ability to build a new set of relationships with individual communities at a local level, underpinned by visible and accountable leadership, will be key to any reformed model of local government. Even on the issues which benefit from greater scale, such as economic planning, it is the action on the ground in communities that will prove to be truly transformational in securing improved outcomes for local people.

Consolidation of local government into a single tier, whilst providing important savings, will not lead to improved outcomes and long-term financial sustainability, if pursued in isolation. Any future model of local government will need to reshape its relationship with the residents of Northamptonshire, focusing much more on building resilience and independence rather than defaulting automatically to service provision. Sustainable local government will work alongside people and communities to assist them in securing their own wellbeing, with much greater emphasis on early intervention and prevention to avoid demand for hard-stretched public services. It is therefore critical that any new model of local government delivers enhanced community engagement and locally accountable leadership to provide a platform for this change.

7 County Councils Network response to independent studies on structural reform
Financial pressure on public services

The LGA responded to the recent draft financial settlement for 2018/19 with a prediction that local government faces an overall funding gap of £5.8 billion by 2020 with adults social care, children’s services and homelessness services being at the tipping point as a result of funding gaps and increased demand for these services.

HM Treasury modelling suggests that the deficit – the difference between what the state earns and what it spends – could be £58 billion in 2017/18. Making up that shortfall could see the government’s debt rise and affect decisions on public spending, including local government spending, which will depend on ministerial choices. Local public sector finances are exposed in the event of economic decline as reform to council finances has made local government highly dependent on the strength of their local economies. Local authorities are already facing financial challenges and as mentioned above from the LGA, demand for services including social care continue to rise. This increase in demand is demonstrated by the fact that since 2005 the number of people aged 85 and over – and most likely to require social care support – has increased by a third.\(^8\)

Revised fiscal plans could also have particular implications for non-protected areas of day-to-day public spending, especially if the Government weights investment towards infrastructure. Financial pressures have already led to a 37% real terms reduction in funding over the past five years for local government in England. Further, the National Audit Office (NAO) reported concerns in 2014 as to whether 52% of single and upper tier authorities would be able to deliver their medium-term financial plans. As councils are legally required to set balanced budgets there is no precedent for financial failure in local government. This means financial difficulties might only become evident when services fail, with potentially distressing consequences for citizens.

All authorities in the area face financial challenges and the options considered in this report represent an opportunity to address these challenges. However, it must be emphasised that no single change or element of reform including local government reorganisation can solve the financial challenges faced by local government and other parts of the public sector and that is why setting them in the context of a coherent programme of public sector reform is so important in meeting the future needs and expectations of the people of Northamptonshire in a financially sustainable way.

\(^8\) State of the State, Deloitte
Case for change

This section of the report highlights the key challenges that threaten the long-term financial and operational sustainability of local government organisations in Northamptonshire.

Health and social care

Nationally the demand for health and social care is increasing year-on-year and this is placing increased pressure on public finances. In Northamptonshire, the Sustainability and Transformation Plan which is currently in the process of being reset, it has identified a 2016/17 NHS cost gap of £41m rising to £230m by 2020/21 unless action is taken. The STP identified a need to improve integration of services across the health and social care system to improve effectiveness, efficiency and reduce duplication.

Northampton General Hospital NHS Trust was rated overall as ‘good’ in November 2017\(^9\). Northamptonshire Healthcare NHS Foundation Trust were also rated overall as ‘good’ in March 2017\(^10\). However, Kettering General Hospital NHS Foundation Trust which is currently under special measures was rated overall as ‘inadequate’ in October 2016 and again in September 2017\(^11\) with some improvements made between the two inspections but significant improvements are still needed before it is taken out of special measures.

The graph below provides evidence of inefficiencies within the health and social care system in Northamptonshire. The graph demonstrates there are more delayed transfers of care (DTOCs) from hospital attributable to social care in Northamptonshire than the average for England and neighbouring local authorities, excluding Oxfordshire.\(^12\)

![Graph showing DTOCs from hospital per 100,000 population, 2015/16](image)

According to the latest publicly available DTOC statistics\(^13\) for the months April 2017 to October 2017, Northampton General Hospital NHS Trust was in the top quartile of total delayed transfer of care days for all Trusts in England in five of seven months and was very close to being in the top quartile in the two other months. Kettering General Hospital

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9 http://www.cqc.org.uk/location/RNS01
10 http://www.cqc.org.uk/provider/RP1
11 http://www.cqc.org.uk/location/RNQ51
12 Local Government Inform Tool
NHS Foundation Trust has been in the top quartile for total delay days in all seven months and has been in the highest 10% for four of the seven months.

The proportion of over-65s who were still at home 91 days after being discharged from hospital into reablement services indicates there is room to improve the effectiveness of these services. The chart below indicates that the effectiveness of reablement/rehabilitation services is below the national average and below neighbouring authorities, excluding Cambridgeshire, Buckinghamshire and Bedford Borough.14

Alongside ineffective intermediate services there is evidence to suggest demand for adult social care services in Northamptonshire is increasing, for example:

- The number of people aged 80 and over has doubled in the last 20 years and is expected to double again by 2030.15 The elderly population places the most demand on health and social care services and the expected increase is likely to impact significantly on services.

- The number of people with dementia in Northamptonshire is also expected to rise to 11,900 in 2025 from 7,000 in 2012.16

- The previous STP plan for Northamptonshire which is in the process of being reset predicted that there will be an additional 2,452 new social care requests and 1,756 more ongoing social care requests by 2021 if no transformational initiatives are put in place.17

Further, Northamptonshire does not have enough good quality care home beds to meet demand and will need to increase provision, particularly outside Northampton and Wellingborough. An additional 909 care home beds are needed by 2030.18 Put simply, the predicted increase in demand for health and social care services is unsustainable and the current models of care are no longer fit for purpose.

We understand that there is a broad consensus in favour of creating an Accountable Care System (ACS) to bring together the commissioning and provider functions for the whole health and social care economy into a coherent framework capable of transforming models of care, creating financial sustainability and, most importantly of all, improving health and care outcomes for local people. However, whilst there is a degree of consensus, the key stakeholders have not signed up to a single vision for an ACS and based on this progress and the time it will take to implement, the full benefits of an ACS for Northamptonshire are a number of years away. We believe this is a critical element of the public service reform agenda in Northamptonshire and should be considered as part of the solution to

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14 Local Government Inform Tool
15 JSNA, Social Isolation in Northamptonshire
16 www.poppi.org.uk
17 Northamptonshire’s Sustainability and Transformation Plan, 2016
18 Social Care Accommodation Strategy for Older People, 2016-2021
sustainability alongside any options which are pursued for the future of local government. Creating an ACS, on its own, will not solve the financial challenges in the public sector, but not creating an integrated system for health and social care may make it impossible to secure a stable future for the public sector in Northamptonshire given the present and projected demand pressures in social care.

**Children and young people**

The most recent Ofsted report (2016) found that children’s services within Northamptonshire ‘require improvement’ which follows on from previous years, where three successive Ofsted inspections judged services to be inadequate. Inspectors found serious and widespread weakness across all services, including child protection, looked after children and adoption. These deficiencies exposed many children and young people to the risk of harm. Government intervention followed, including the establishment of an improvement board with multi-agency partners and an independent chair.

Over the last three years, there has been much focused work to improve services. Councillors and the chief executive have fully supported the improvement plan and have committed an additional £62 million to the service. The Council plans to continue this budget increase for the next four years. This budget increase is required to meet increasing demand. There has been more than a 20% increase in the number of looked after children, mainly due to the greater recognition of need, but also due to the increase in unaccompanied asylum seekers. The additional budget also funds the greater cost of placements, the base workforce, the social work academy and the substantial use of agency and temporary staff. Further evidence of the increased demand experienced by the service is provided below:

- As of January 2016, 4,676 children were formally in need of specialist children’s services. This is an increase of 496 from 4,180 in 2015.
- As of January 2016, 1,052 children and young people were the subject of a child protection plan. This is an increase of 64 from 988 in 2015.
- As of January 2016, 977 children were looked after by the authority. This is an increase of 42 from 935 in 2015. Of the 977, 228 live outside the local authority area.

Despite the commitment demonstrated by the County Council to improve services, there are a number of outstanding issues, which led to Ofsted’s most recent rating of ‘requires improvement’. These issues are summarised below:

- Over 43% of staff are employed through agencies, including managers at all levels of the organisation. Children and young people who were spoken to by Ofsted inspectors repeatedly raised issues about agency workers who stayed for a short period of time and visited infrequently. Dissatisfaction was also expressed at having to repeat their stories and build new relationships with social workers at every ‘change-over’.
- Poor supervision of social workers, unfocused case plans and poor responses to private fostering.
- A lack of consistency in social work and management work, for example the quality of assessments.

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19 Northamptonshire Ofsted Report, 2016

Deloitte Confidential: Public Sector – For Approved External Use
Final Report 17 April 2018
Too many unnecessary delays, in particular the council’s legal service.

Children and young people who go missing from out-of-county placements do not receive the same high-quality service provided for those who live in-county.

The range of placements, including accommodation of care leavers, is insufficient to provide for all those whose needs could be met in Northamptonshire.

The County Council is in the process of developing a children’s trust to outsource its children’s services with the aim of improving its ability to attract high-quality permanent staffing.

**Economic development**

Northamptonshire is a predominantly rural county situated in the heart of England with a growing population of over 700,000. It is polycentric, with seven locations each providing a distinct offer to support economic growth, housing and population growth. This has been identified in the recent National Infrastructure Commission’s (NIC) ‘Partnering for Prosperity’ Report (17 November 2017) which has challenged parts of Northamptonshire and neighbouring areas of Oxford, Milton Keynes, Bedford and Cambridge as part of the Cambridge – Milton Keynes – Oxford Arc to work together to deliver new infrastructure (rail, roads and land) that unlocks identified opportunities to deliver 1 million new homes and jobs by 2050. The report recommends that Government works with local authorities to put in place sub-regional and arc-wide governance arrangements to provide the strategic platform to support this growth and Northamptonshire should be supporting this with whatever option is taken forward. The NIC report was supported by the UK Government in the Autumn 2017 Budget\(^2\) where there was recognition that the arc has high potential to be a globally significant economy, but there has not yet been a specific endorsement of the recommendation for sub-regional and arc-wide governance arrangements. Some key highlights in the NIC report relating to Northamptonshire include:

- it has the second highest number of new business start-ups per 10,000 residents in the UK outside London
- there has been sustained growth in degree-level qualifications
- the working population grew by 17% between 1992 and 2016
- population grew by 34% between 1992 and 2016 which is double the national average
- GVA per worker contribution to national output is £5,000 more per worker than the national average
- it is one of the major economic centres of the arc identified by the commission with high-performance engineering clusters identified as a key strength to achieve the desired growth

The administrative and commercial centre of the County Council is Northampton, which contains nearly a third of the County Council’s residents. Outside Northampton, there are a number of market towns and villages in the Northamptonshire geography. The large urban areas to the south and west are Daventry, Towcester and Brackley, and in the north-east Rushden, Wellingborough, Kettering and Corby are closely inter-linked along a north-

south corridor. Market towns in East Northamptonshire also play an important role in supporting the rural economy.

The West Northamptonshire area is generally an affluent one. However, there are pockets of deprivation. Northampton Borough contains significant pockets of deprivation in central and eastern areas, with 16 wards that are among the most deprived 20% in the country. In addition Northampton town centre requires regeneration if it is to become a leading centre for the County Council. There is also a small pocket of deprivation in Daventry town. In North Northamptonshire there are some run-down and deprived urban areas in need of regeneration, for example parts of Corby town centre. Consequently, there are a number of social and economic issues facing some neighbourhoods and communities where regeneration and intervention is required.

**Transport**

Northamptonshire’s strategic road and rail connections have made the area economically attractive for distribution and other industries which rely on national, and, increasingly, international connections. However, there are a number of transport challenges in Northamptonshire as outlined below:

- An increasing number of people are using the national road network (such as the M1) for local journeys around urban areas. This increases congestion and compromises its ability to function efficiently.

- The West Coast Mainline provides the key north-south rail link, but is particularly congested around Northampton where freight and passenger services share the same lines. As both freight and passenger demand increases there may be a conflict of interest between users. The Midland Mainline also has capacity challenges but upgrades to signalling and a second line between Kettering and Corby are underway to improve capacity in 2018.

- Whilst the area benefits from the West Coast Mainline the range of destinations available and the frequency and speed of connections is weaker than nearby towns such as Coventry, Rugby and Milton Keynes.

- Eight in every ten commuting journeys is made by car due to limitations of the transport network according to the National Infrastructure Commission’s ‘Partnering for Prosperity’ Report.

There are a number of major developments which have been designed to alleviate the projected increased pressure on Northamptonshire’s transport networks. For example, HS2 is predicted to relieve the capacity pressures on existing lines. HS2 is also expected to release capacity on the M1. However, the timescales for delivering HS2 remain uncertain.

**Housing**

There has been considerable housing growth within Northamptonshire in recent years and whilst there are some areas of high house prices, affordability is relatively good in comparison with national house prices. A five-year supply for housing is maintained for everywhere except Northampton. The shortfall in Northampton is a reflection of some complex urban sites. The graph below shows that average house prices in Northamptonshire are below the national average and below that of surrounding areas, excluding Leicestershire.21

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21 Local Government Inform Tool
Skills

Over three quarters of Northamptonshire business leaders are concerned about the lack of available skills to take their companies forward and the skills shortage is widely thought to be the biggest barrier to growth in Northamptonshire. The chart below shows the proportion of working age adults who have a level 1 qualification or above. The working age population includes those aged 19 to 64 for males and 19 to 59 for females. The graph demonstrates that the percentage of the working age population qualified to level 1 and above is slightly above the national average and below all neighbouring authorities, excluding Peterborough.

Opportunities for service improvement

Northamptonshire’s performance against a range of indicators has been benchmarked against neighbouring local authorities in Appendix C. However, it must be stressed that local government reorganisation alone will not solve any service issues and if there is local government reorganisation, during the transition period and years that follow, service issues may remain or new issues may emerge because of the distraction of reorganisation.

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22 Survey of Northamptonshire businesses, Grant Thornton, 2016
23 Local Government Inform Tool
Financial challenges

The national financial and demand pressures highlighted above are also felt by the local authorities in the area. Even if all of the County Council’s ambitious savings targets are met, by 2018/19 it will have a further £20m per annum of savings to find, which exceeds its available reserves. In practice it may run out of usable revenue sooner than that. Given the size of the financial challenge faced by the County Council, structural change alone will not address the financial issue and transformational change is required. Furthermore, the District and Borough Councils are facing increased financial challenges due to changes in Government policy, for example the policy to enforce a rent reduction for social housing of 1% for each of the next four years has impacted on the future stability of housing capital programmes.

Changes to the way in which local government is funded in England will mean councils are facing sharp reductions in the amount of RSG they have historically received with the RSG expected to end for all councils by 2020/21 as part of finance reforms to localise business rate retention. Under the current business rate retention scheme there is a system of top-ups and tariffs to redistribute funding from local authorities that collect more in business rates than their identified need, to those who do not collect enough for their needs, i.e. councils may receive additional income or will make a contribution from the rates they collect. Further reforms underway which are being consulted on are likely to see 100% of business rates collected locally being retained by councils in England in the near future.

The national financial and demand pressures highlighted above are also felt by the local authorities in the Northamptonshire area, as illustrated in the table below which shows the 2017/18 four-year local government revenue settlement figures (RSG and Business Rates) reducing year-on-year for the Districts and the County Council:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Corby</td>
<td>2.98</td>
<td>2.62</td>
<td>2.43</td>
<td>2.22</td>
</tr>
<tr>
<td>Daventry</td>
<td>2.82</td>
<td>2.41</td>
<td>2.20</td>
<td>2.11</td>
</tr>
<tr>
<td>East Northamptonshire</td>
<td>3.37</td>
<td>2.96</td>
<td>2.74</td>
<td>2.49</td>
</tr>
<tr>
<td>Kettering</td>
<td>3.47</td>
<td>2.90</td>
<td>2.60</td>
<td>2.52</td>
</tr>
<tr>
<td>Northampton</td>
<td>9.51</td>
<td>8.17</td>
<td>7.47</td>
<td>6.82</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>2.54</td>
<td>2.05</td>
<td>1.82</td>
<td>1.88</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>3.45</td>
<td>3.07</td>
<td>2.86</td>
<td>2.64</td>
</tr>
<tr>
<td><strong>Districts Total</strong></td>
<td><strong>28.14</strong></td>
<td><strong>24.18</strong></td>
<td><strong>22.12</strong></td>
<td><strong>20.68</strong></td>
</tr>
<tr>
<td><strong>County Council Total</strong></td>
<td><strong>140.08</strong></td>
<td><strong>121.45</strong></td>
<td><strong>111.19</strong></td>
<td><strong>101.84</strong></td>
</tr>
</tbody>
</table>

The total settlement amounts for the Districts is reducing year-on-year over the four years, from £28.14m in 2016/17 to £20.68m in 2019/20. All of the Districts will receive some form of RSG in 2016/17 and 2017/18 but it reduces over the four years and in 2019/20
only three of the seven Districts are expected to receive an RSG of less than £220k when the RSG makes up just 2% of the total settlement for the Districts compared to 34% in 2016/17.

The total settlement amount for the County Council is also reducing year-on-year over the four years, from £140.08m in 2016/17 to £101.84m in 2019/20. The RSG for the County Council reduces over the four years, from £55.87m in 2016/17 to £9.98m in 2019/20 when it will make up 10% of the total settlement for the County Council compared to 40% in 2016/17.
Options analysis

This section of the report describes the five options for local government that have been identified by the District and Borough Councils to be assessed. It also outlines the information and approach used to undertake the analysis of the options. There are potentially other options available but these have not been considered as part of this review e.g. options involving councils outside the Northamptonshire geography, alternative delivery models, joint working etc.

Options analysis

Five council combination options have been identified as outlined below. Across all options wider public sector transformational change should be pursued beyond local government reorganisation to ensure long-term sustainability and it is important to note that reorganisation itself will not resolve any existing or future service performance issues and there may be an impact on performance during and after reorganisation takes place.

The analysis assumes that County Council services will continue to be delivered across the County Council’s geography should local government reorganisation take place for all of the options explored. This is because undergoing local government reorganisation and full-scale service transformation at the same time will lead to a significant amount of change which will be difficult to manage. If reorganisation of councils is the preferred way forward, we propose that Northamptonshire should focus on local government reorganisation before exploring service transformation and alternative delivery models.

Table: Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Option description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Option 1 - Status quo</strong></td>
<td>Baseline option where no changes are made to local government boundaries and no reorganisation takes place.</td>
</tr>
<tr>
<td><strong>Option 2 - Single unitary model</strong></td>
<td>Based on existing geography of the seven District Councils and the County Council</td>
</tr>
<tr>
<td><strong>Option 3a - Two unitary model</strong></td>
<td>(1) existing boundaries of East Northamptonshire, Corby, Kettering and Wellingborough District Councils; and (2) combined existing boundaries of Daventry, Northampton and South Northamptonshire District Councils.</td>
</tr>
<tr>
<td><strong>Option 3b - Two unitary model</strong></td>
<td>(1) existing boundary of Northampton with the potential for an extension of the Northampton boundary; and (2) combined existing boundaries of East Northamptonshire, Corby, Kettering, Wellingborough, Daventry and South Northamptonshire District Councils.</td>
</tr>
<tr>
<td><strong>Option 4 - Three unitary model</strong></td>
<td>(1) existing boundary of Northampton with the potential for an extension of the Northampton boundary; (2) combined boundaries of East Northamptonshire, Corby, Kettering and Wellingborough; and (3) combined boundaries of Daventry and South Northamptonshire District Councils.</td>
</tr>
</tbody>
</table>
Options criteria

The following table provides a definition of the non-financial criteria used in order to carry out the analysis of the options. The criteria have been mapped against the following objectives: improved service delivery, value for money, strengthened local relationships and reduced net costs.

**Table: Options criteria**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Improved service delivery</th>
<th>Value for money</th>
<th>Strengthened local relationships</th>
<th>Reduced net costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Community geographies</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Value for money</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. The fiscal and performance profile of constituent authorities</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Comprehensiveness of proposals including their coherence with other neighbouring plans</td>
<td>✓</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Economic geographies</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Key service challenges</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Track record of joint and collaborative working</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. The cultural alignment between constituent authorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. The opportunities for real transformation and deep integration of services</td>
<td></td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Effective, locally accountable leadership</td>
<td></td>
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</tr>
</tbody>
</table>

The table on the next page provides definitions for the criteria and shows their respective weightings (High, Medium, and Low). The third criterion has been identified as a key condition that all options for the future local government in Northamptonshire should meet in order to be considered as a viable option. Therefore, the third criterion is a ‘pass or fail’ and has not been allocated a weighting.
<table>
<thead>
<tr>
<th>Options criteria</th>
<th>Definition</th>
<th>Weighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Community geographies</td>
<td>• How reflective is the model of real communities and how people live their lives including travel-to-work and settlement patterns?</td>
<td>High</td>
</tr>
</tbody>
</table>
| 2. Value for money                                   | • Savings achieved from the transaction itself.  
• Savings achieved through economies of scale because services will be delivered across a wider geography.  
• Savings achieved through new approaches to service delivery which overcome institutional boundaries and reduce duplication and hand-offs. | High/Medium|
| 3. The fiscal and performance profile of constituent authorities | • Any future model will need to be able to deliver a balanced budget and provide services to an appropriate level of quality in order to be considered.                          | Pass/Fail  |
| 4. Coherence with other neighbouring plans           | • Is the model strategically aligned with the Oxford – Cambridge – Milton Keynes corridor?  
• Is the model aligned with the plans of surrounding Local Authorities?                                                                                                                                  | High       |
| 5. Economic geographies                              | • Is the model aligned with Functioning Economic Market Areas?  
• Is the model strategically aligned with the local enterprise partnership(s)?  
• Will the model sub-optimise economic relationships with neighbouring local authorities, e.g. Cherwell and South Northamptonshire? | Medium     |
| 6. Key service challenges                            | • How capable is the model of responding to the challenges across health and social care and children’s services?  
• How capable is the model of delivering growth and the infrastructure to cope with growth including schools, transport and energy?                                       | High       |
| 7. Track record of joint and collaborative working   | • Evidence of past joint working and collaborative working between councils.                                                                                                                              | Low        |
| 8. The cultural alignment between constituent authorities | • How defined are the cultural differences between councils?  
How difficult will it be to overcome cultural differences?                                                                                                                                                | Low        |
| 9. The opportunities for real transformation and deep integration of services | • To what extent does the model enable transformational reform, including health and social care integration?  
• Is the model aligned with the planned boundaries of the ACS and STP?                                                                                                                                | High       |
| 10. Effective, locally accountable leadership         | • To what extent does the model provide effective, locally accountable leadership?                                                                                                                          | High       |
Options scoring

The following table provides a rating for each option against the non-financial and financial criteria set out below from 1 to 3 (3 being the highest scoring rating for each criterion). If there is minimal difference between the different options all options have been allocated the same score. The weightings have been applied to the scorings later on in this section of the report to arrive at weighted scores.

Table: Options scoring

<table>
<thead>
<tr>
<th>Options criteria</th>
<th>Status quo (1)</th>
<th>Single unitary model (2)</th>
<th>Two unitary model (3a)</th>
<th>Two unitary model (3b)</th>
<th>Three unitary model (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Community geographies</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2. Value for money</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. The fiscal and performance profile of constituent authorities</td>
<td>Fail</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
</tr>
<tr>
<td>4. Comprehensiveness of proposals including their coherence with other neighbouring plans</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>5. Economic geographies</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>6. Key service challenges</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>7. Track record of joint and collaborative working</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>8. The cultural alignment between constituent authorities</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>9. The opportunities for real transformation and deep integration of services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>10. Effective, locally accountable leadership</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>15</strong></td>
<td><strong>22</strong></td>
<td><strong>17</strong></td>
<td><strong>23</strong></td>
</tr>
</tbody>
</table>

Rationale for scores

1. **Community geographies**
   Any proposed model of local government should be reflective of the way people live their lives, including where they live and where they work. There are two overlapping housing market areas in Northamptonshire. The first area is in West Northamptonshire and covers the geographical area of Daventry District, Northampton Borough and South Northamptonshire. The second area is in North Northamptonshire and covers the geographical area covered by Corby, Wellingborough, East Northamptonshire and Kettering. When considering this criteria it is also important to take into account travel to work patterns. Analysis of travel to work data suggests that there are strong links between
East Northamptonshire, Corby, Kettering and Wellingborough, and strong links between Daventry and South Northamptonshire and Northampton and Wellingborough.

Given the community geographies outlined above the three unitary model (option 4) has been allocated the highest scoring (3) as this creates authorities covering smaller geographies. This option, more than any other, takes into account the uniqueness of Northampton and provides the rest of Northamptonshire with authorities which are reflective of their local communities. The two unitary models (options 3a and 3b) have been allocated a lower scoring (2) because they create unitary authorities which cover larger geographies or do not take into account the uniqueness of Northampton. Arguably the status quo (option 1) should be allocated the highest score (3) because the second-tier authorities under this option cover smaller geographies which are more reflective of local communities. However, the status quo option is more remote and is less reflective of local communities. Therefore, on balance this option has also been allocated the second highest score (2). The single unitary option (option 2) has been allocated the lowest score (1) as it covers the largest geography and is therefore not as reflective of community geographies.

2. Value for money
A nil score has been allocated to the status quo because of the deepening financial crisis at the County Council following the issue of a Section 114 notice and according to the Local Government Association Financial Peer Review report from September 2017, the County Council is ‘focused on short-term survival to shore up its 2017/18 position and to put forward a balanced budget for 2018/19. Thereafter, the situation looks very serious’ and ‘...the council is at a crossroads in terms of its viability’. Options 2, 3a, 3b and 4 are potentially affordable but are all dependent on a solution to manage the increased demand for social care but they do offer savings potential and perform similarly when considering the payback calculation, i.e. the savings are greater than the transition costs and foregone council tax revenue for the 10-year period reviewed. Option 2 has been allocated the highest score (3) in relation to this criterion as it offers the largest net savings potential due to greater economies of scale by consolidating one county council and six district councils into one organisation. Option 3b has scored 2 as it offers the second highest level of net savings over 10 years at an average £750k less than option 2 per year. Option 3a and option 4 offer the lowest net savings but at similar levels over 10 years, i.e. on average between £2.4m and £3.0m less than option 2.

3. The fiscal and performance profile of constituent authorities
As described in criterion 2, due to the deepening financial crisis in the County Council the status quo is no longer a viable option in its current form and it has therefore been allocated a fail against this criterion. Even though modest savings are estimated over 10 years in options 2, 3a, 3b and 4, which have passed this test for these reasons, they at least offer some savings potential and governance changes to form the foundation for reform to enable potential to begin tackling the future financial and demand challenges that are required to reform local government in Northamptonshire.

4. Comprehensiveness of proposals including their coherence with other neighbouring plans
The National Infrastructure Commission Report on the Oxford – Cambridge – Milton Keynes Arc outlines the need for a collective strategic vision across administrative boundaries to deliver housing and infrastructure. It could be argued that a single unitary structure (option 2) would be beneficial as it would provide a single voice for Northamptonshire leading to fewer parochial interests to manage. Alternatively, a Special Purpose Vehicle (SPV) could be established under the multiple unitary options (option 3a, 3b and 4) and the status quo with the responsibility of providing a single/collective voice for the region on national infrastructure programmes. Therefore, the single unitary (option 2), two unitary (options 3a and 3b) and three unitary (option 4) options have been
allocated the same score (2). The status quo option (option 1) has been allocated the lowest score (1) because of the greater number of organisations under this option and the corresponding number of parochial interests to manage.

5. Economic geographies
There is a high level of economic self-containment within the respective Boroughs and Districts which would support the status quo option (option 1).

Options 3a and 4 have been allocated the highest score (3) because they would create authorities covering smaller geographies which are reflective of the high levels of economic self-containment. The number of political leaders and executives under options 3a and 4 would provide locally responsive and accountable leadership. This would enable senior leaders and executives to develop relationships with local SMEs and enable the authorities to tailor their business support programmes to local circumstances, including relationships with neighbouring local authorities, in order to support growth. The authorities created under option 4 would be smaller than those created under option 3a. However, the options have been allocated the same score because the two unitary model is reflective of the established joint planning units in the north and south of the county.

Options 3b and 2 have been allocated the second lowest score (2) as these options would create authorities covering large geographies which are less reflective of the high levels of economic self-containment. Due to the larger geographies under these options leadership would be less locally responsive and accountable than options 3a or 4. As outlined above (criteria 4) an SPV could be established under the multiple unitary and status quo options with the responsibility of providing a single/collective voice for the region on national infrastructure programmes. This would enable collaboration at scale and for the multiple unitary options the benefits of local knowledge and relationships.

6. Key service challenges
When evaluating this criteria the options have been assessed in terms of their ability to provide a joined-up, holistic approach to service challenges. For this reason, the status quo option has been allocated the lowest score (1) as there is a lack of collaborative working between the District/Borough and the County Council under the current two-tier system.

It is also important to consider scale when assessing key service challenges. For some services, such as adult social care, scale is required to ensure services are resilient. There are plans to implement an ACS in Northamptonshire regardless of local government reorganisation. The ACS(s) will have responsibility for delivering health and social care, including children’s services. The ACS(s) would be funded on a capitation basis – a fixed sum per head of population in its area to deliver health and social care. The fixed sum from local government would enable the ACS to plan its finances with confidence. Scale is also beneficial to enable a strategic approach to be taken with regard to Economic Development. However, scale can still be achieved under the two or three unitary options through SPVs.

It is most important to consider the ability of the models to bring about transformational change by building new sets of relationships with residents which promote independence and resilience rather than defaulting to service delivery. This transformational change depends on local authorities building effective relationships with local residents and communities. Therefore, authorities which cover smaller geographical areas are more likely to be effective in delivering this change. Subsequently, options 3a and 4 have been allocated the highest score (3). Options 3b and 2 have been allocated the second highest score (2) because they create authorities which cover larger geographies.
7. Track record of joint and collaborative working

The district councils in Northamptonshire have a track record of local government collaboration but there are no recent examples of collaboration between the districts and the County Council. Specific examples of joint working for the districts include:

- The seven Districts are delivering growth through two Joint Core Strategies and two Joint Planning Units in the North (Corby, East Northamptonshire, Kettering and Wellingborough) and West (Daventry, Northampton and South Northamptonshire). The two Joint Core Strategies and Planning Units are reflective of the geographical areas covered by the Northern Districts and the Western Districts, as described in option 3a.

- South Northamptonshire and Cherwell established a joint working partnership in 2011 where now all senior management roles, front-line services and back-office services are shared including IT infrastructure. As part of the joint working nearly all staff terms and conditions have been harmonised and a joint committee of councillors from South Northamptonshire and Cherwell has been established to oversee the partnership. To further develop the partnership a jointly-owned services company was set up under the TECKAL exemption in 2017 to provide revenue and benefits services, employing around 20 staff with a further 50 expected to TUPE (Transfer of Undertakings Protection of Employment) to the company in 2018 in order for the company to provide more joint services such as a customer contact centre. The annual savings from the joint staffing structure alone amount to in excess of £3 million annually and additional savings have been achieved through joint procurements business process alignment as well as generating commercial income from environmental services.

- The EnCor is a shared financial service between Corby and East Northamptonshire. The service has improved resilience and in the long term it is thought the service will lead to improved efficiency. All options for local government reorganisation would be supportive of the joint working established between Corby and East Northamptonshire.

- Daventry, Kettering and Wellingborough have a shared service arrangement with District Law. Under options 1, 2 and 3b Daventry would be in a structure that supports collaborative working with Kettering and Wellingborough. At this stage it is unclear how local government reorganisation would impact on collaborative working with District Law as this will depend on other councils’ appetite for joint working with District Law.

- Northampton and Daventry have a shared waste collection contract.

- The Community Safety Partnership between Daventry and South Northamptonshire. All options will support continued collaboration between the two Districts.

- South Northamptonshire and Daventry are collaborating their school sports activities in ‘The South Northants and Daventry School Sports Partnership’. It is one of the largest school sports partnerships in the country and encompasses 95 primary schools, 11 secondary schools and two special schools. All options will support continued collaboration between the two Districts.

We recognise that all of the options will require greater collaboration. Joint working and integration of District and County Council functions can present a host of challenges, as people, processes and cultures are brought together. However, the Joint Core Strategies and Planning Units are the most significant examples of strategic collaborative working within Northamptonshire. These examples support option 3a the most and therefore this
has been allocated the highest score (3). The single unitary option (option 2) has been allocated the lowest score (1) because the merging authorities do not have a great deal of experience of joint working at this scale. The examples of collaborative working highlighted above exist within the current model of local government indicating the current model can support joint working. However, there is a lack of collaborative working between the District/Borough councils and the County Council under the current two-tiered system. Therefore, on balance the status quo option (option 1) has been allocated the second highest score (2). The examples above also highlight the fact that joint working arrangements are in place with local authorities which sit outside Northamptonshire. At this stage it is unclear how local government reorganisation will impact on these relationships. Therefore, two other options (option 3b and 4) have been allocated the second highest score (2).

8. The cultural alignment between constituent authorities

The status quo (option 1) has been allocated the lowest score (1) because there is poor cultural alignment between the County Council and the District and Boroughs under the current arrangement. It is important to note that the lack of cultural alignment between the County Council and Districts is likely to impact on all of the options. However, the track record of District collaboration increases the likelihood of being able to successfully address any cultural alignment issues. The single unitary option (option 2) has also been allocated the lowest score (1) because the merging authorities do not have a great deal of experience of joint working at this scale. The three unitary option (option 4) has been allocated the highest score as this is thought to be most reflective of existing cultures (3). Options 3a and 3b have been allocated the second highest score (2) because they account for the cultural difference between Northampton and the rest of the county or the cultural differences between the north and south of the county.

9. The opportunities for real transformation and deep integration of services

Any future model of local government will need to fundamentally transform the relationship between residents and public sector services to promote independence and manage future demand. The three unitary option (option 4) and option 3a will create authorities covering smaller areas and better reflecting local communities and are, therefore, more likely to be most responsive to local needs. These options provide greater political leadership accountability which will enable greater engagement with residents and bring decision-making closer to communities. They, therefore, have the greatest potential to fundamentally change the relationship between local government and residents from a paternalistic model focused on service provision to one focused on co-production and promoting independence. This will improve the way outcomes are delivered to better manage demand and in the long term provide greater financial and operational sustainability. Options 4 and 3a have therefore been allocated the highest score (3).

Under the current two-tier system there is a lack of joint working with housing services (District/Borough service) and adult social care and children’s services (County Council run). Often these services deal with the same cohort of residents and the two-tier system can lead to dysfunctional services from a customer perspective. The status quo option (option 1) will not help overcome this issue and has therefore been allocated the lowest score (1).

The single unitary option (option 2) creates one authority to cover the entire Northamptonshire geography and whilst in the short term this council option is likely to improve the financial position of local government in Northamptonshire, larger local authorities which serve bigger populations run the risk of services becoming homogenous and less responsive to local needs. However, option 2 does provide the opportunity for the integration of local authority services. Therefore, on balance, option 2 has been allocated the second lowest score (2). Option 3b has also been allocated the second lowest score (2) because this would create a unitary authority which would cover a very large geography (the whole of Northamptonshire excluding Northampton).
10. Effective, locally accountable leadership
As outlined above, the three unitary option (option 4) and option 3a will create authorities covering smaller areas containing fewer residents that are more likely to be responsive to local needs. These options will provide greater political leadership and accountability which will enable greater engagement with residents and have the greatest potential to fundamentally change the relationship between local government and residents, from a paternalistic model focused on service provision to one focused on co-production and promotion of independence. This will enable local government to better manage demand and in the long term provide greater financial and operational sustainability. Option 4 and 3a have therefore been allocated the highest score (3).

The status quo option (option 1) like options 4 and 3a will cover smaller areas containing fewer residents meaning the authorities are more likely to be responsive to local needs. However, under this option the effectiveness of political leadership is reduced because of the confusing nature of the two-tier system which means the roles and responsibilities of local authorities are not always clear to the public and local businesses. Further, the two-tier system can lead to efforts being duplicated because of the cross-over between District and County Council responsibilities. The status quo option (1) will not provide as effective leadership as options 4 and 3a and has therefore been allocated the second highest score (2).

By contrast the single unitary option (option 2) creates one authority to cover the entire Northamptonshire geography and whilst this option is likely to deliver financial savings in the short term, larger local authorities which serve bigger populations run the risk of services becoming homogenous and less responsive to local needs. Therefore, option 2 has been allocated the lowest score (1). Option 3b has also been allocated the lowest score (1) because this would create a unitary authority which would cover a very large geography.

Weighted scores
The table on the next page applies the weightings to the scores outlined above. Where a criteria has been allocated a 'high' weighting the scores have been multiplied by 3. Where a criteria has been allocated a 'medium' weighting the scores have been multiplied by 2. Where a criteria has been allocated a 'low' weighting the scores have been multiplied by 1.
Table: Weighted scores

<table>
<thead>
<tr>
<th>Options criteria</th>
<th>Weighing</th>
<th>Status quo (1)</th>
<th>Single unitary model (2)</th>
<th>Two unitary model (3a)</th>
<th>Two unitary model (3b)</th>
<th>Three unitary model (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Community geographies</td>
<td>High (x3)</td>
<td>6</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>2. Value for money</td>
<td>High (x3)</td>
<td>0</td>
<td>9</td>
<td>3</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>3. The fiscal and performance profile of constituent authorities</td>
<td>Pass/ fail</td>
<td>Fail</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
<td>Pass</td>
</tr>
<tr>
<td>4. Comprehensiveness of proposals including their coherence with other neighbouring plans</td>
<td>High (x3)</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>5. Economic geographies</td>
<td>Med. (x2)</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>6. Key service challenges</td>
<td>High (x3)</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>7. Track record of joint and collaborative working</td>
<td>Low (x1)</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>8. The cultural alignment between constituent authorities</td>
<td>Low (x1)</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>9. The opportunities for real transformation and deep integration of services</td>
<td>High (x3)</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>10. Effective, locally accountable leadership</td>
<td>High (x3)</td>
<td>6</td>
<td>3</td>
<td>9</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>26</td>
<td>39</td>
<td>53</td>
<td>41</td>
<td>56</td>
</tr>
</tbody>
</table>

The table demonstrates that three unitary model (option 4) has been allocated the highest overall score, closely followed by option 3a. Option 3b has been allocated the third lowest score and the single unitary option (option 2) has been allocated the second lowest score. The status quo option (option 1) has been allocated the lowest overall score.

Financial analysis

The financial analysis considers income foregone and costs and savings that are likely where new councils are created through the combination of arrangements under the two-tier local government system. However, due to the recent emergence of significant financial issues at Northamptonshire County Council through the issue of a Section 114 notice and according to a recent Local Government Association Peer Financial Peer...
Review Report\(^\text{24}\) ‘the Council is at a crossroads in terms of its viability’, for the purpose of this financial analysis no service efficiencies have been assumed for the County Council until a viable financial position is established and there is more clarity on the structure and funding of the County Council’s Next Generation Model. However, high-level savings and costs relating to senior staff positions and council members for the County Council have been included in the analysis.

Therefore, it should be noted that the assumptions are at a high level at this stage and a high degree of caution has been built into the analysis. The financial analysis and assumptions would need to be worked up in more detail once the financial position of the County Council is established and detailed business cases are developed for the different integration and transformation workstreams that would be required and the costs or savings involved with these, for example but not limited to: ongoing change support; harmonised IT; harmonised pay, terms and conditions; novating contracts; joint working including the potential to unwind any existing joint working arrangements; and estates rationalisation.

**Analysis of costs**

The costs for reorganisation cover:

- Income foregone from harmonising council tax;
- Reductions in senior staff headcount; and
- Change management for reorganisation of the councils.

The approach to the analysis of each is as follows:

- **Income foregone from harmonising council tax**
  Where councils are formed by combining existing authorities there will need to be a process of harmonising council tax levels.

- **Reductions in senior staff headcount**
  Senior staff restructuring costs relate to redundancy payments and pension costs for those posts in tiers one (Chief Executive), two (Deputy Chief Executive and Strategic Directors) and three (Senior Management/Heads of Service) no longer needed to run a reduced number of authorities or because local government functions will be delivered at a Northamptonshire-wide level or beyond where existing partnerships are in place or are planned to be in place.

- **Change management for reorganising of the councils**
  The change costs are one-off costs to support the reorganisation change process, including setting up the new unitary councils, Northamptonshire-wide functions (e.g. adult social care, children’s services, economic development, transport and strategic planning), a single shared service back-office function and the integration of IT systems across multiple organisations.

**Analysis of savings**

The savings from reorganisation cover:

- Reduction in senior officer posts;
- Reduction in the number of members;
- Savings in corporate services;
- Service optimisation savings; and
- Property rationalisation savings.

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\(^{24}\) Local Government Association - Financial Peer Review Northamptonshire County Council - 12th – 14th September 2017
The approach to the analysis of each of the above is as follows:

- **Reduction in senior officer posts**
  The savings in respect of the senior staff structure are the salaries and on-costs saved for the reduced numbers of senior staff posts required to run the new authority.

- **Reduction in the number of members**
  Member savings come from having fewer authorities and hence a requirement for fewer members.

- **Savings in corporate services**
  Corporate services savings are achieved through the consolidation of these functions and the economies of scale typically achieved.

- **Service optimisation savings**
  The service optimisation savings are achieved through service consolidation and procurement savings, e.g. a single waste collection contract.

- **Property rationalisation savings**
  The savings from property rationalisation, consolidated purchasing of utilities and FM contracts.

The following table provides a summary of the high-level revenue costs and savings (on a real basis) estimated for options 2, 3a, 3b and 4 option over a 10-year period from 2020/21 to 2030/31:

**Table: Financial analysis**

<table>
<thead>
<tr>
<th>Income foregone, costs and savings</th>
<th>Option 2 Single-unitary model of local government £m</th>
<th>Option 3a Two-unitary model of local government £m</th>
<th>Option 3b Two-unitary model of local government £m</th>
<th>Option 4 Three-unitary model of local government £m</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income foregone</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council tax harmonisation</td>
<td>25.6</td>
<td>28.8</td>
<td>11.0</td>
<td>17.9</td>
</tr>
<tr>
<td><strong>Total income foregone</strong></td>
<td><strong>25.6</strong></td>
<td><strong>28.8</strong></td>
<td><strong>11.0</strong></td>
<td><strong>17.9</strong></td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior staff restructuring</td>
<td>8.0</td>
<td>6.8</td>
<td>6.8</td>
<td>5.7</td>
</tr>
<tr>
<td>Change management</td>
<td>9.3</td>
<td>10.4</td>
<td>10.4</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Total costs</strong></td>
<td><strong>17.3</strong></td>
<td><strong>17.2</strong></td>
<td><strong>17.2</strong></td>
<td><strong>17.1</strong></td>
</tr>
<tr>
<td><strong>Savings</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior staff restructuring</td>
<td>84.9</td>
<td>72.3</td>
<td>72.3</td>
<td>60.9</td>
</tr>
<tr>
<td>Member costs</td>
<td>18.5</td>
<td>16.1</td>
<td>14.8</td>
<td>11.9</td>
</tr>
<tr>
<td>Corporate services</td>
<td>22.8</td>
<td>19.5</td>
<td>19.5</td>
<td>18.4</td>
</tr>
<tr>
<td>Service optimisation</td>
<td>8.5</td>
<td>7.0</td>
<td>7.0</td>
<td>6.6</td>
</tr>
<tr>
<td>Property rationalisation</td>
<td>9.7</td>
<td>8.5</td>
<td>8.5</td>
<td>8.1</td>
</tr>
<tr>
<td><strong>Total savings</strong></td>
<td><strong>144.4</strong></td>
<td><strong>123.4</strong></td>
<td><strong>122.1</strong></td>
<td><strong>105.9</strong></td>
</tr>
<tr>
<td><strong>Net savings</strong></td>
<td><strong>101.5</strong></td>
<td><strong>77.4</strong></td>
<td><strong>93.9</strong></td>
<td><strong>70.9</strong></td>
</tr>
</tbody>
</table>
Appendix D provides assumptions underpinning the income foregone, cost and saving figures shown on the previous page.

**Funding the transition**

In the early years following the creation of any new council structure there would be a requirement for the authorities to fund income foregone as a result of council tax harmonisation and the cost of implementing the new structures, e.g. one-off change costs and staff exit costs (prior to year one of the new council structures being in place). It is important to note that the income foregone from harmonising council tax show in the table on the previous page is the amount foregone over the 10-year period but the time it will take to harmonise with the lowest financial impact is much longer and council tax income foregone will be much greater than the numbers presented above. For example the estimated income foregone under option 2 is £177m before council tax is harmonised 22 years after the new councils are formed in 2020/21, assuming the councils would increase council tax each year by the maximum permitted amount.

**Payback**

Under all options payback is achieved in the second year with the first year (2019/20) being the year in which the shadow councils are formed and only changes costs are incurred. Estimated savings are assumed not to exceed council tax revenue foregone and reorganisation costs until 2020/21 and are estimated to accrue for the whole 10 years this analysis covers.

**Funding reorganisation**

The table below shows the combined earmarked and unallocated reserves for each option according to each authority’s Revenue Account Budget as at 31 March 2017.

**Table: Reserves**

<table>
<thead>
<tr>
<th>Revenue Account Budget 31 March 2017</th>
<th>Earmarked reserves £m</th>
<th>Unallocated reserves £m</th>
<th>Total reserves £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northamptonshire County Council</td>
<td>12.1</td>
<td>0</td>
<td>12.1</td>
</tr>
<tr>
<td>Northampton Borough Council</td>
<td>19.5</td>
<td>0</td>
<td>19.5</td>
</tr>
<tr>
<td>Kettering</td>
<td>21.3</td>
<td>1.5</td>
<td>22.8</td>
</tr>
<tr>
<td>Corby</td>
<td>2.0</td>
<td>7.8</td>
<td>9.8</td>
</tr>
<tr>
<td>Daventry</td>
<td>9.7</td>
<td>8.1</td>
<td>17.8</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>4.1</td>
<td>2.7</td>
<td>6.8</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>10.0</td>
<td>3.5</td>
<td>13.5</td>
</tr>
<tr>
<td>East Northamptonshire</td>
<td>10.2</td>
<td>1.5</td>
<td>11.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>88.9</strong></td>
<td><strong>25.1</strong></td>
<td><strong>114.0</strong></td>
</tr>
</tbody>
</table>

The source of funding the foregone council tax revenue and reorganisation costs in the early years could be council reserves for some of the council combinations but there is a much longer financial impact from foregone council tax revenue to be considered which may require the new councils to borrow to fund the foregone income gap. The unallocated reserves of all eight councils as at 31 March 2017 were estimated to be £25.1m. However, Northamptonshire County Council and Northampton Borough Council’s unallocated reserves are nil according to these revenue expenditure statistics and therefore, under option 3b and 4, the creation of the Northampton unitary may need to be funded by borrowing or transformation funding from central government in the first year if reserves remain at or close to these levels at the time of reorganisation. The reserves for the other council combinations are modest (between £11.6m and £25.1m depending on the council

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combinations) and so there may also be a need to fund the cost of reorganisation from a combination of reserves, central government transformation funding and borrowing until the savings materialise and outweigh the costs in year two.
Risk analysis

Should reorganisation go ahead, the Northamptonshire councils will need to anticipate and manage three different types of risk themes, as follows:

- Risks associated with the delivery of large-scale transformation;
- Risks associated with local government reorganisation and working across new geographies; and
- Risks associated with the status quo.

Some of the risks relating to local government reorganisation have been captured in the matrix below following discussions with the Chief Executives of the six districts. Ratings have been included based on the likelihood of the risk arising and the severity of its impact should it materialise and these were also discussed with the Chief Executives at a risk workshop and the ratings were moderated thereafter.

5 is the highest rating and 1 is the lowest. The severity and impact scores have been multiplied together to give an overall risk score. Mitigating actions have been outlined against each of the identified risks. The table also identifies which option(s) of local government reorganisation the risk applies to.

The risks outlined on the next page have been assigned to the above risk ‘themes’.

It is important to note that while the risks need to be considered carefully they are not intended to be a substitute for a detailed risk register for implementing any option.
<table>
<thead>
<tr>
<th>Risk</th>
<th>Theme</th>
<th>Likelihood (1 to 5)</th>
<th>Impact (1 to 5)</th>
<th>Risk score (1 to 25)</th>
<th>Mitigation</th>
<th>Which option(s) does the risk apply to?</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Council may run out of usable reserves in the near future to fund increasing demand pressures for its services</td>
<td>Status quo</td>
<td>5</td>
<td>5</td>
<td>25</td>
<td>• The County Council may mitigate against this increase by increasing Council Tax, seeking transformational funding from central government or putting forward a proposal for single unitary local government which would give the County Council access to the District’s assets and reserves. • Government intervention and extra funding to support the council</td>
<td>• Option 1 (status quo)</td>
</tr>
<tr>
<td>Under the Next Generation federated model, should one of the providers fail (financially or through service quality) there is a risk that services may not be delivered in some cases to vulnerable residents</td>
<td>Status quo</td>
<td>4</td>
<td>5</td>
<td>20</td>
<td>• If the current provider were to fail it is possible Central Government may appoint commissioners to take over/recommission service delivery. • Government intervention and extra funding to support the council</td>
<td>• Option 1 (status quo)</td>
</tr>
<tr>
<td>Preparing for the transition to new unitary councils may draw resource away from delivering other council strategies and plans, increase the risk of service disruption and reduce resilience of the existing and new councils</td>
<td>Reorganisation / Large-scale transformation</td>
<td>4</td>
<td>4</td>
<td>16</td>
<td>• It is suggested that councils embark on a phased approach by firstly carrying out local government reorganisation and then embarking on a programme of service transformation. • Test resilience in shadow councils to ensure crisis systems, risk capacity and risk management systems are in place. • Establish a clear split between those working on the merger and those running the business of the councils</td>
<td>• Option 2 (single unitary) • Options 3a and 3b (two unitary) • Option 4 (three unitary)</td>
</tr>
<tr>
<td>Risk Description</td>
<td>Reorganisation/Transformation</td>
<td>Reorganisation/Transformation</td>
<td>Potential Solutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------</td>
<td>------------------------------</td>
<td>------------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Prior to the new councils being established and bringing in additional resources where there are capacity and skills gaps. | Reorganisation               | 4                            | • Establish arrangements to help elected members encourage community participation in decision-making.  
|                                                                                 |                              | 3                            | • Engage town and parish councils in the discussions about the potential devolution of service responsibilities.  
|                                                                                 |                              | 12                           | • Exploit the opportunities that modern technology offers to increase engagement between residents and elected members.  
|                                                                                 |                              |                              | • Adopt the sorts of area structures implemented by Wiltshire and Cornwall to increase engagement between residents and elected members.  |
| The larger the unitary council the greater the risk the council may not be able to respond to distinctive local needs and respect local identities. | Reorganisation               | 4                            | • Establish arrangements to help elected members encourage community participation in decision-making.  
|                                                                                 |                              | 3                            | • Engage town and parish councils in the discussions about the potential devolution of service responsibilities.  
|                                                                                 |                              | 12                           | • Exploit the opportunities that modern technology offers to increase engagement between residents and elected members.  
|                                                                                 |                              |                              | • Adopt the sorts of area structures implemented by Wiltshire and Cornwall to increase engagement between residents and elected members.  |
| Splitting adult social care and safeguarding functions across multiple unitary councils may pose a governance risk. | Reorganisation               | 3                            | • Agree ways of working and governance models which enable safeguarding information to be shared across appropriate geographies.  
|                                                                                 |                              | 4                            | • Use national best practice model to design governance arrangements for social care.  
|                                                                                 |                              | 12                           | • Establish a programme management office.  
|                                                                                 |                              |                              | • Development of a detailed implementation plan.  
|                                                                                 |                              |                              | • Implement a robust change management process.  |
| Failure to effectively manage interdependencies between transformation activities may lead to increased cost of delivery and/or implementation delays. | Large-scale transformation    | 3                            | • Establish a programme management office.  
|                                                                                 |                              | 4                            | • Development of a detailed implementation plan.  
|                                                                                 |                              | 12                           | • Implement a robust change management process.  |
| Newly-formed teams and organisational cultures are not integrated which may lead to culture conflict and reduced team effectiveness. | Reorganisation               | 3                            | • A communications strategy and plan should be produced explaining the |  
|                                                                                 |                              | 4                            |                                                                                     |  
|                                                                                 |                              | 12                           |                                                                                     |

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| Lead to staff issues such as reduced morale and increased staff turnover | Transition process and the operating principles of the new authorities.  
• Identify opportunities to create capacity through alternative delivery models.  
• Maximise the opportunities afforded by workforce agility, technology and partnership working with other public sector agencies.  
• Senior leadership should model the new behaviours and actively manage culture change during the transition.  
• Embed new ways of working into performance management and reward systems.  
• Identify staff change champions.  
• Implement strong governance arrangement to plan and manage the implementation. | Options 3a and 3b (two unitary)  
• Option 4 (three unitary) |
| --- | --- | --- |
| Anticipated savings are not achieved and/or transition costs exceed estimates which may impact on the financial resilience of the new unitary councils | Large-scale transformation  
3  
4  
12 | Development of a clear approach to benefits realisation and establishment of appropriate monitoring arrangements through a programme management office.  
• Develop thorough and realistic cost and savings plans based on independent estimates. Use scenarios to stress-test best and worst case outcomes. | Option 2 (single unitary)  
• Options 3a and 3b (two unitary)  
• Option 4 (three unitary) |
| Multiple unitary councils may result in Northamptonshire not having a single strategic voice and less of an ability to influence the emerging national sub-agenda | Reorganisation  
3  
3  
9 | Establish a Special Purpose Vehicle (SPV) such as a combined authority under a multiple unitary option with the responsibility of providing a single/collective voice for the region on national infrastructure programmes. A major challenge would be designing the governance arrangements to allow quick and effective decision-making. | Options 3a and 3b (two unitary)  
• Option 4 (three unitary) |
and balancing potentially conflicting interests to mutual benefit.

- All councils to agree a shared strategic vision for those areas of comment interest and make sure that Northamptonshire has multiple voices saying the same thing on important issues.

| Lack of programme management and transformation capacity and capability to deliver effective local government reorganisation and transformation around the same time | Large-scale transformation | 3 | 3 | 9 | Transformational funding will be required to fund additional Council Staff posts and external consultancy support to manage the change. A phased approach where local government reorganisation is implemented first along with robust change management processes before wider large-scale transformation takes place will help ensure there is sufficient change management capacity. Where appropriate buy in the skills and capacity needed. | Option 2 (single unitary) Options 3a and 3b (two unitary) Option 4 (three unitary) |

| The complexity of IT integration may undermine and put at risk the potential benefits of common working practices gained from IT integration | Reorganisation | 2 | 4 | 8 | The future IT architecture will need to be defined and the current position baseline understood. A clear plan for migrating IT systems during the migration. Be realistic about the pace of integration - it will take several years and a lot of investment. | Option 2 (single unitary) Options 3a and 3b (two unitary) Option 4 (three unitary) |

| Establishment of larger local authorities could lead to a ‘democratic deficit’ as a result of the reduction in the overall number of elected | Reorganisation | 2 | 3 | 6 | Establish arrangements to help elected members encourage community participation in decision-making. | Option 2 (single unitary) Options 3a and Option 3b (two unitary) |
| members and the removal of the district tier | | | | | • Engage town and parish councils in the discussions about the potential devolution of service responsibilities. • Exploit the opportunities that modern technology offers to increase engagement between residents and elected members. • Adopt the sorts of area structures implemented by Wiltshire and Cornwall to increase engagement between residents and elected members. | |

| Multiple unitary councils may result in diseconomies of scale and risk long-term sustainability of local government | Reorganisation | 2 | 3 | 6 | • Any reorganisation of local government in Northamptonshire should be designed to sit at the heart of wider public sector reform and transformation. Without this, consolidation of local government into a single tier, whilst providing important savings, will not create the improved outcomes and long-term sustainability which residents require. • Local government reorganisation should enable and accelerate reform across the public sector, providing leadership of place and democratic accountability. | Options 2 (single unitary) Options 3a and 3b (two unitary) Option 4 (three unitary) |

| Multiple unitary councils may lead to increased complexity and cost in relation to partner organisations e.g. other councils, contracts with private sector, third sector | Reorganisation | 2 | 3 | 6 | • All relationships with partner organisations would need to be catalogued and the implications for any contractual arrangements would need to be understood and reviewed prior to the change taking place. | Option 2 (single unitary) Options 3a and 3b (two unitary) Option 4 (three unitary) |
Implementation considerations

Should the District and Borough Councils submit a proposal to government, and should government grant approval, consideration would need to be given to establishing a programme to manage the transition for the newly-created councils to be fully operating by 1 April 2021.

Statutory Framework

In order to ensure the smooth transition from the existing to the new authorities Northamptonshire should consider the statutory framework, which includes Implementation Orders and General Regulations.

Implementation Orders

Orders will provide shadow councils with the necessary functions to prepare for the reorganisation date, including the dissolution of councils, establishment of new authorities, and the date for the transfer of functions and electoral arrangements.

Prior to elections councillors from existing councils will need to be appointed to avoid a potential 'dead period'. Such councillors should be drawn from County Council and District members. It is likely the Secretary of State will appoint based on the recommendations put forward by the councils. Elections will need to be held at a later date in consideration of district and county election cycles. Parish elections will then need to be aligned with the new council cycles.

General Regulations

The scope of General Regulations has been outlined below:

- Staffing arrangements including transfer of staff and staff engagement.
- Finance matters including budgeting powers, establishing grant allocations, reserves and assets and pension fund responsibilities.
- Transfer of assets and liabilities.
- Provision to ensure the councils can plan the implementation.
- Provision for the appointment of joint implementation teams.
- Establishment of implementation milestones.
- Provision to ensure continuity, i.e. service delivery, contracts, decision-making, licences, approvals etc.\(^2^6\)

The next section of the report outlines a plan for implementing local government reorganisation split into three phases: design and planning, transition management, and delivering transformation.

Design and planning

During this phase new operating models for the new councils would be designed with associated implementation plans and consultation with stakeholders. These need to be clear and coherent, owned by stakeholders and explain what services the future councils

would deliver; how they would be organised; how the support functions would be managed; where they would be based; how performance would be managed; and what technology they would rely on. During this phase it will also be important to think about the vision and culture of the new councils.

Prior to the coming into force of Implementation Orders councils in all areas affected should establish a Joint Committee with representatives from all existing councils and a Chair of the Joint Committee will need to be identified

A Joint Implementation Team (JIT) should also be established. Suggested responsibilities are outlined below:

- Ensuring that the existing councils draw up accurate and comprehensive records of assets and liabilities, staffing, IT etc.
- Establishing relationships with the relevant trade unions and opening negotiations on the detailed terms of transfer or severance for individual staff members.
- Agreeing local protocol on how to deal with staff vacancies leading up to the implementation.
- Ensuring that key local partners (public, private and third sector) are given opportunities to influence priorities going forward.
- Identify staff to transfer under TUPE.
- Define the organisational structure to determine how many senior staff and staff engaged in back-office functions are required. Staff will be invited to apply for their posts and an appeals mechanism should be established.
- Appointments to Senior Posts – Heads of Paid Services, statutory chief officers, and non-statutory chief officers are required by regulations to be appointed by open competition, including Chief Executive posts.
- Examine redundancy pay and ensure transparency.
- Complete an early pay and grading review and establish new single pay and grading structures. The resolution of this issue will be a major activity and will require significant resource in the year of transition.
- Compile relevant information on the staff, buildings, liabilities and assets of the existing councils.
- Establish an agreed protocol on how councils should work together.

Northamptonshire should consider agreeing a lead Chief Executive Officer of the bidding council to lead the JIT and the short-term backfilling of role likely as a consequence.

**Transition management**

Once the design and planning stage is complete and a programme of activity is to be agreed the transition to the new council structures would need to commence. Decisions would need to be taken on the scale and pace of this change. The timeframe in which the councils would like to achieve the anticipated benefits is another key consideration during this stage. During this period, the existing councils will continue to have responsibility for delivering services.

**Delivering transformation**

This phase would take place after the vesting of the new unitary councils. It would see further benefits being delivered as a result of the new councils refining their approach to transformation and the day-to-day management of services. A formal date for the completion of the transition programme would also be decided.

During this period the opportunity should be taken to finalise any outstanding work from the handover process and close the accounts of the predecessor councils.
As the full benefits of organisation transformation can take three years or longer to come into force it is recommended that a parallel workstream be set up when a preferred option is taken forward to start early planning of transformation projects that can be implemented at pace once any new organisations come into existence. This is important given the financial stress on the system caused by the County Council’s problems and may also give Central Government confidence that any financial injections they need to put in would be time-limited.

Implementation plan

The diagram below outlines a high-level implementation plan for the establishment of unitary local government. The plan is split into the three phases discussed above: design and planning, transition management, and delivering transformation. The plan outlines five workstreams covering programme management and governance; technology and property; people and culture; finances; and the service offer. Further detail is provided on each of these workstreams in the following sections of the report.
Programme management and governance

This workstream would procure and establish the programme management arrangements required to deliver the reorganisation project on time and within budget. It would also establish the member oversight arrangements for the design and delivery of the new councils and ensure appropriate reporting and escalation arrangements are in place.

Technology and property

This workstream would look at the key assets and enablers that the future council would need in order to deliver services effectively. The future technology architecture would need to be designed to support the transition to a new operating model and there would need to be a clear understanding of the phasing and pace of technology change required.

Decisions would also need to be taken about the physical locations that the new council would occupy. This could involve investment but is likely to be offset by savings made from surplus elsewhere.

People and culture

This work stream would identify activities required to support the transition of staff to a new model of operation as defined by the organisational structures for the new council and their working practices. The new councils would need to consider what kind of culture they want to develop, as well as the initiatives they would put in place to support staff and the pay/salary structures. Time will be required for extensive consultation with staff. Staff need to be kept informed and decisions on their individual futures communicated as soon as possible.

Finances

A key task for the shadow council will be to establish what the budget requirement, the council tax requirement and the band D council tax would be for the year restructuring comes into effect.

All existing councils will need to work with the shadow councils to amalgamate potentially different discretionary policies employed by those councils, for example, policies of second homes and discretionary reliefs and discounts.

Services offer

This workstream would develop customer service strategies and focus on front-line delivery, ensuring there is seamless transition to the new council for customers and that ambitions for performance standards are set at a high level.
Conclusion and next steps

Conclusion

**It is important to note that whilst local government reorganisation is not a prerequisite for public sector reform, wider transformation of public services is unquestionably required to ensure long-term financial viability because of the ongoing pressure on social care services.** This is due to the fact that existing County Council pressures would be inherited under any new model and would significantly exceed savings from reorganisation alone. Any future model of local government will need to fundamentally transform the relationship between residents and public services and shift the role of local government towards supporting individuals, families and communities to secure their own wellbeing whilst delivering value for money. A key distinction for any future public service model in Northamptonshire is that it should be capable of supporting existing partnerships and be flexible enough to incorporate new partnerships. This is because Northamptonshire is not a homogenous county and different solutions may be required in different places. An example of this may be the successful partnership between South Northants and Cherwell. In our view, reorganisation should be able to accommodate this arrangement if it is deemed to be in the best interests of local people.

Based on the weighted scoring of options against criteria set by the district and borough councils, options 4 and 3a provide the greatest opportunity to transform local government and to achieve long-term financial and operational sustainability. Whilst option 4 scores marginally higher than option 3a, it is recommended that both options should be kept under consideration at this stage as the criteria may change if the County Council fails and Central Government looks for a straightforward solution that is easier to implement.

To demonstrate a commitment to Central Government and other stakeholders to provide better services for residents in Northamptonshire the councils could begin designing an initial transformation programme as soon as a preferred option is decided on.

Next steps

**Stakeholder engagement**

In order to reach consensus with regard to the most appropriate model for local government in Northamptonshire the District and Borough Councils will need to produce a stakeholder engagement plan. This plan should identify key stakeholders including, but not limited to, the County Council, emergency services, MPs, health partners, and town and parish councils.
Appendix A: What each council does

Council services provided by District Councils include:

- Household recycling and waste collection
- Local planning and building regulations
- Housing
- Licensing
- Environmental health
- Benefits
- Council tax collection
- Community safety
- Public car parks
- Parks and community centres
- Waste collection

Council services provided by County Councils include:

- Education
- Libraries
- Public health
- Transport
- Social services
- Trading standards
- Registrar of births, deaths and marriages
- Waste disposal

Parish Councils may provide the following services:

- Allotments
- Public clocks
- Bus shelters
- Fixed penalty fines for dog offences, litter, graffiti and fly posting
- Street lighting
- Grass cutting
- Village halls and community centres
- Recreation grounds

The above lists provide an indication of the type of services provided by the different councils but each council provides a more comprehensive list of services.
Appendix B: Key boundaries

Key boundaries and public sector organisations

The following maps demonstrate the area covered by the County Council and the District/Borough councils:

Northamptonshire County Council

District and Borough Councils
Northamptonshire Police, Northamptonshire Fire and Rescue Service and East Midlands Ambulance Service

Blue light services are provided by Northamptonshire Police, Northamptonshire Fire and Rescue Service and East Midlands Ambulance Service NHS Trust.

South East Midlands Local Enterprise Partnership

Bedford Borough, Central Bedfordshire, Cherwell District, Corby Borough, Daventry District, East Northamptonshire District, Kettering Borough, Luton Borough, Milton Keynes, Northampton Borough, South Northamptonshire District and Wellingborough Borough councils are all part of the South East Midlands Local Enterprise Partnership (SEMLEP) following the merger of SEMLEP and Northamptonshire Enterprise Partnership (NEP) in August 2016. The following maps outline the areas covered by the SEMLEP.

Cambridge – Milton Keynes – Oxford corridor

The Arc is home to 3.3 million people, stretching around 130 miles from Cambridgeshire, via Bedford and the south east midlands, to Oxfordshire. It forms a broad arc around the north and west of London’s green belt, encompassing Northamptonshire, Daventry and Wellingborough to the north, and Luton and Aylesbury to the south. The arc links with Norfolk and Suffolk in the east and with Swindon to the west.
Clinical Commissioning Groups

The Districts of Northamptonshire are served by two CCGs.

NHS Nene CCG
NHS Nene CCG is split into eight localities: Daventry, East Northamptonshire, Kettering, Northampton Central, Northampton East and South, South Northamptonshire, Northampton West and Wellingborough. The regions covered by the different localities are outlined in the map below.

NHS Corby CCG
Northamptonshire STP

The Sustainability and Transformation Plan (STP) is a place-based, strategic plan demonstrating how key partners across the health and social care system will work together to drive transformation to meet future demand and close the health and wellbeing gap. The footprint of the STP covers a population of 0.7 million and two CCGs. STP partners include Kettering General Hospital NHS Foundation Trust, NHS Corby Clinical Commissioning Group, NHS Nene Clinical Commissioning Group, Northampton General Hospital NHS Trust, Northamptonshire County Council and Northamptonshire Healthcare NHS Foundation Trust.

North Northamptonshire Joint Planning and Delivery Unit
Appendix C: Performance

The following section of the report outlines the performance of neighbouring councils for key services where Northamptonshire is facing significant demand challenges: adult social care, children’s services and housing.

**Adult Social Care**

**Social care related quality of life (QoL), 2015/16**

The graph on the left shows the social care related quality of life score. The maximum score is 24. The data is taken from the Local Government Inform Tool.

The graph suggests that adult social care users in Northamptonshire are more satisfied with their care and support than they are elsewhere in the country. Northamptonshire’s performance against this indicator is above the average for England and all neighbouring councils, excluding Rutland.

**Overall satisfaction of people who use services with their care and support, 2015/16**

This is the overall satisfaction of people who use adult social services with the care and support expressed as a percentage. The data is taken from the Local Government Inform Tool.

Northamptonshire’s performance against this indicator is above the average for England and neighbouring councils.
Delayed transfers of care (DTOCs) from hospital, 2015/16

This is the number of delayed transfers of care from hospital per 100,000 population attributable to adult social care. The data is taken from the Local Government Inform Tool.

There are more delayed transfers of care in Northamptonshire than the average for England and neighbouring councils, excluding Oxfordshire.

Long-term support needs of older people met by admission to residential and nursing care homes, 2015/16

The graph on the left shows the number of older people whose long-term support needs were met by admission to residential and nursing care homes per 100,000. The data is taken from the Local Government Inform Tool.

The chart above demonstrates that fewer older people in Northamptonshire have their long-term support needs met by admission to residential and nursing care homes than the English average, suggesting more people are enabled to be supported at home which is in line with good practice nationally.
Revenue expenditure per head - adults services, 2015/16

The graph on the left demonstrates the total revenue expenditure, per head of population (18 and over) in 2015/16, for adult services and includes employee costs and running expenses for neighbouring councils. It is taken from the Local Government Inform Tool.

The chart indicates that revenue per head in Northamptonshire is less than the average for England and less than its neighbouring councils.

Proportion of service users who reported that they had as much social contact as they would like, 2015/16

The graph on the left demonstrates the percentage of service users in 2015/16, for adult services, who reported that they had as much social contact as they would like. The information is taken from the Local Government Inform Tool.

The graph above indicates that the proportion of service users who reported that they had as much social contact as they would like is above the average for English councils and neighbouring councils, excluding Oxfordshire, Rutland and Milton Keynes.
Proportion of people who use services who find it easy to find information about services, 2015/16

The graph on the left demonstrates the proportion of people who use adult social care services who find it easy to access information about services. The data is taken from the Local Government Inform tool.

The chart above indicates that the proportion of people who use services who find it easy to use information about services is lower than all neighbouring councils, excluding Leicestershire and below the national average.

Percentage of adults using social care who receive self-directed support

The graph on the left shows the percentage of adults using social care who receive self-directed support. The information is taken from the Local Government Inform tool.

The chart indicates that the percentage of adult social care service users using self-directed support is below the national average and below the percentage reported by neighbouring councils, excluding Bedford Borough, Oxfordshire and Rutland.
Proportion of adults in contact with secondary mental health services who live independently or with health and support, 2015/16

The graph on the left shows the percentage of adults who are receiving secondary mental health services on the Care Programme Approach recorded as living independently, with or without support, as a percentage of adults who are receiving secondary mental health services and who are on the Care Programme Approach. The information is taken from the Local Government Inform tool.

The graph above demonstrates that the percentage of adults on the Care Programme Approach who live independently is below the national average and below their own neighbouring councils.

Proportion of adults with Learning Disabilities who live at home or with their family, 2015/16

The graph on the left shows the percentage of adults with learning disabilities who live in their own home or with their family. The information is taken from the Local Government Inform tool.

The graph above demonstrates that the percentage of adults with learning disabilities who live in their own home or with their family is below the national average and below all neighbouring councils excluding Buckinghamshire.
Income Deprivation Affecting Older People Index (IDAOPI), 2015

The table below outlines the IDAOPI average score for each of the Districts. Income deprivation affecting older people appears to be higher in Corby and Northampton.

<table>
<thead>
<tr>
<th>Council</th>
<th>IDAOPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corby</td>
<td>0.17</td>
</tr>
<tr>
<td>Kettering</td>
<td>0.14</td>
</tr>
<tr>
<td>East Northamptonshire</td>
<td>0.12</td>
</tr>
<tr>
<td>Daventry</td>
<td>0.09</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>0.09</td>
</tr>
<tr>
<td>Northampton</td>
<td>0.17</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>0.16</td>
</tr>
</tbody>
</table>

Children’s services

Ofsted inspections of children’s social care

The table below outlines the results of the most recent Ofsted reports for children’s services for Northamptonshire and neighbouring councils. Warwickshire has been excluded because it’s most recent Ofsted report date backs to 2011 where the Ofsted reports were presented in a different format and therefore are not directly comparable. Northamptonshire, alongside Milton Keynes, appears to have the worst performing children’s services when compared to neighbouring councils excluding Buckinghamshire.

<table>
<thead>
<tr>
<th></th>
<th>Northamptonshire</th>
<th>Milton Keynes</th>
<th>Rutland</th>
<th>Cambridgeshire</th>
<th>Oxfordshire</th>
<th>Buckinghamshire</th>
<th>Leicestershire</th>
<th>Peterborough</th>
<th>Bedford Borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children who need help and protection</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Good</td>
<td>Inadequate</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
</tr>
<tr>
<td>Children looked after and achieving permanence</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Good</td>
<td>Good</td>
<td>Inadequate</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
</tr>
<tr>
<td>Adoption performance</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Good</td>
<td>Good</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>Experiences and progress of care leavers</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Good</td>
<td>Good</td>
<td>Good</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Good</td>
</tr>
<tr>
<td>Leadership, management and governance</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Good</td>
<td>Good</td>
<td>Inadequate</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
<td>Requires improvement</td>
</tr>
</tbody>
</table>

Income Deprivation Affecting Children Index (IDACI), 2015

The table below outlines the IDACI average score for each of the Districts. Income deprivation affecting children appears to be higher in Corby, Northampton and Wellingborough.

<table>
<thead>
<tr>
<th>Council</th>
<th>IDACI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corby</td>
<td>0.22</td>
</tr>
<tr>
<td>Kettering</td>
<td>0.17</td>
</tr>
<tr>
<td>East Northamptonshire</td>
<td>0.13</td>
</tr>
<tr>
<td>Daventry</td>
<td>0.13</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>0.07</td>
</tr>
<tr>
<td>Northampton</td>
<td>0.21</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>0.21</td>
</tr>
</tbody>
</table>

Housing services
Households on housing waiting lists, 2015/16

The graph on the left shows the total number of households on a housing waiting list as of 1 April 2015/16. The housing waiting list includes both households in housing need and those not in housing need. It excludes existing council tenants seeking a transfer with the council’s own stock. The information is taken from the Local Government Inform tool.

The graph above demonstrates that the total number of households on a housing waiting list in Northampton is above all other neighbouring councils. The graph also shows the number of households on a housing waiting list as a percentage of the councils’ population. The graph shows that the percentage of households on the housing waiting list in Northampton and Corby is greater than the other neighbouring councils.

Percentage of local authority housing stock which is non-decent, 2015/16

The on the next page outlines the percentage of local authority housing stock which is non-decent in Northamptonshire. The information is taken from the Local Government Inform tool and indicates that non-decent housing stock is a particular issue in Corby and, to a lesser extent, Kettering. Both councils are located in the north of Northamptonshire.

---

Council | Percentage of housing stock which is non-decent, 2015/16
--- | ---
Corby | 7.5
Kettering | 2.8
East Northamptonshire | 0
Daventry | 0
South Northamptonshire | 0
Northampton | 0.2
Wellingborough | 0

**Economic Development**

**Education, skills and training deprivation, 2015**

The table below outlines the performance of the Districts against the Education, Skills and Training Deprivation Domain. This indicator measures deprivation in educational attainment, skills and training for children, young people and the working age population. Nationally, the area with a rank of 1 is the most deprived. The information is taken from the Local Government Inform tool. The table shows that education, skills and training deprivation is a particular issue in Corby and to a lesser extent Northampton and Wellingborough.

<table>
<thead>
<tr>
<th>Council</th>
<th>Education, skills and training deprivation, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corby</td>
<td>16</td>
</tr>
<tr>
<td>Kettering</td>
<td>120</td>
</tr>
<tr>
<td>East Northamptonshire</td>
<td>157</td>
</tr>
<tr>
<td>Daventry</td>
<td>183</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>300</td>
</tr>
<tr>
<td>Northampton</td>
<td>59</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>69</td>
</tr>
</tbody>
</table>

**Index of multiple deprivation (IMD), 2015**

The table on the next page outlines the IMD average score for each of the District Councils. The table indicates that overall levels of deprivation are higher in Corby and Northampton than the other Districts. The table shows that income deprivation is higher in Corby, Wellingborough and Northampton. Employment deprivation appears to be higher in Corby and Wellingborough. Health and educational deprivation appears to be higher in Corby. Crime, barriers to housing and services, and the living environment appear to be higher in Northampton.

---

<table>
<thead>
<tr>
<th>Council</th>
<th>IMD</th>
<th>Income</th>
<th>Employment</th>
<th>Education, skills and training</th>
<th>Health deprivation and disability</th>
<th>Crime</th>
<th>Barriers to housing and services</th>
<th>Living environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corby</td>
<td>25.8</td>
<td>0.16</td>
<td>0.14</td>
<td>35.8</td>
<td>0.58</td>
<td>0.22</td>
<td>20.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Kettering</td>
<td>18.9</td>
<td>0.13</td>
<td>0.11</td>
<td>23.6</td>
<td>0.01</td>
<td>0.05</td>
<td>16.2</td>
<td>16.7</td>
</tr>
<tr>
<td>East Northamptonshire</td>
<td>14.2</td>
<td>0.10</td>
<td>0.09</td>
<td>19.7</td>
<td>-0.47</td>
<td>-0.26</td>
<td>20.3</td>
<td>14.6</td>
</tr>
<tr>
<td>Daventry</td>
<td>13.5</td>
<td>0.09</td>
<td>0.08</td>
<td>18.1</td>
<td>-0.66</td>
<td>-0.31</td>
<td>24.6</td>
<td>15.6</td>
</tr>
<tr>
<td>South Northamptonshire</td>
<td>7.8</td>
<td>0.06</td>
<td>0.05</td>
<td>9.6</td>
<td>-1.19</td>
<td>-0.78</td>
<td>23.3</td>
<td>14.0</td>
</tr>
<tr>
<td>Northampton</td>
<td>24.3</td>
<td>0.15</td>
<td>0.11</td>
<td>29.1</td>
<td>0.25</td>
<td>0.33</td>
<td>26.8</td>
<td>19.7</td>
</tr>
<tr>
<td>Wellingborough</td>
<td>21.7</td>
<td>0.15</td>
<td>0.13</td>
<td>28.0</td>
<td>-0.09</td>
<td>0.14</td>
<td>22.6</td>
<td>13.7</td>
</tr>
</tbody>
</table>
Appendix D: Financial assumptions

Below are a list of assumptions that have been made to determine the high-level costs and savings for the different options.

It should be noted that the assumptions are at a high level at this stage and a high degree of caution has been built into the analysis. The financial analysis and assumptions would need to be worked up in more detail once the financial position of the County Council is established and detailed business cases are developed for the different integration and transformation workstreams that would be required and the costs or savings involved with these, e.g. ongoing change support; harmonised IT; harmonised pay, terms and conditions; novating contracts, joint working including the potential to unwind any existing joint working arrangements, estates rationalisation.

Costs

<table>
<thead>
<tr>
<th>Assumption category</th>
<th>Assumption description and Source</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Council tax</strong></td>
<td>Publicly available data has been used on council tax base and average band D council tax rates for 2017/18 and based on the principal council element only for the County Council and the Districts, i.e. excluding parish, fire and police precepts. In 2018/19 the council tax rates have been uplifted by 4.98% (including the 3% for additional council tax on top of the authority’s existing referendum threshold on the understanding that the additional council tax revenue collected is used for adult social care) for the County Council and 1.99% for the District Councils. From 2019/20 onwards, the council tax rates are assumed to increase by 1.99% annually for both the County Council and the District Councils.</td>
</tr>
</tbody>
</table>

The 2017/18 average band D council tax rates\(^\text{30}\) used in the calculations are as follows:

- Northamptonshire County Council - £1,166.59
- Corby - £184.50
- Daventry - £151.14
- East Northamptonshire - £133.65
- Kettering - £205.39
- Northampton - £212.91
- South Northamptonshire - £180.37
- Wellingborough - £141.06

The 2017/18 council tax base\(^\text{31}\) used in the calculations with 1% growth assumed thereafter is as follows:

- Corby – 18,336
- Daventry – 29,857
- East Northamptonshire – 30,871
- Kettering – 31,234
- Northampton – 65,709
- South Northamptonshire – 34,474
- Wellingborough – 23,849

\(^{30}\) Council Tax rates for 2017/18 are based on CTR and CTB forms and include special expenses

\(^{31}\) Council tax base for council tax setting purposes in 2017/18
Change programme costs

The financial analysis assumes the following for each option (over a two-year change programme):

• Three-unitary model (Option 4) – creating three unitary councils will require:
  o 40 extra Council staff at £45k per annum (including on-costs) per member of staff to set up the County Council-wide services including a shared back-office service and the integration of IT systems.
  o £1.9m of external consultancy support per annum to set up three new unitaries, integrate IT systems and set up the County Council-wide shared back-office service.

• Two-unitary model (Options 3a and 3b) – creating two unitary councils will require:
  o 35 extra Council staff at £45k per annum (including on-costs) per member of staff to set up the County Council-wide services including a shared back-office service and the integration of IT systems.
  o £1.6m of external consultancy support per annum to set up two new unitaries, integrate IT systems and set up the County Council-wide shared back-office service.

• Single-unitary model (Option 2) – creating one unitary council will require:
  o 30 extra Council staff at £45k per annum (including on-costs) per member of staff to set up the County Council-wide services including a shared back-office service and the integration of IT systems.
  o £1.3m of external consultancy support per annum to set up two new unitaries, integrate IT systems and set up the County Council-wide shared back-office service.

• As this is a strategic options case and more detailed work on the costs of reorganisation will be performed at the outline business case and full business case stage, a contingency cost of £2m per annum has been included for each option for the first two years following reorganisation.

Senior staff restructuring (estimated cost of reducing the number of senior posts)

Publicly available data from each council on the pay policies and senior staff pay has been used. The assumed exit cost per head is £95k for senior staff. This is the proposed cap being set by HM Treasury for the total cost of all forms of exit payments (including pension payments) available to individuals leaving local government. This has been assumed as most senior staff are likely to reach this due to their pay and years of service. To inform the senior staff structure assumption for the proposed new structures, Wiltshire Council has been used as a reference point.

Based on this, the assumption used in the financial analysis assumes the following for each option:

• Three-unitary model (Option 4) – creating three unitary councils

There are currently 101 senior members of staff across the eight councils. A total of 41 senior members of staff are required under the three-unitary model. The senior staff headcount will be reduced by 60 across the three-unitary model at a cost of £95k per member of staff.

• Two-unitary model (Options 3a and 3b) – creating two unitary councils
There are currently 101 senior members of staff across the eight councils. A total of 29 senior members of staff are required under the two-unitary model. The senior staff headcount will be reduced by 72 across the two-unitary model at a cost of £95k per member of staff.

- Single-unitary model (Option 2) – creating one unitary council

There are currently 101 senior members of staff across the eight councils. A total of 17 senior members of staff are required under the single-unitary model. The senior staff headcount will be reduced by 84 across the single-unitary model at a cost of £95k per member of staff.

### Savings

<table>
<thead>
<tr>
<th>Assumption category</th>
<th>Assumption description</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior staff restructuring (estimated savings from comparing current cost to new structure cost)</td>
<td>Publicly available data from each council on the pay policies and senior staff pay has been used. The estimated current senior staff cost for the County Council and the seven districts is £10.3m including 25% on costs per annum. Based on this, the assumption used in the financial analysis assumes the following for each option:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Three-unitary model (Option 4) – creating three unitary councils</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The combined cost of the three new organisations is assumed to be based on the following:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Chief Executives at £150,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9 Strategic Directors at £100,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>29 Heads of Service at £70,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The current senior staff costs for the three</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Two-unitary model (Options 3a and 3b) – creating two unitary councils</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The combined cost of the two new organisations is assumed to be based on the following:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2 Chief Executives at £170,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>6 Strategic Directors at £110,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>21 Heads of Service at £70,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Single-unitary model (Option 2) – creating one unitary council</td>
<td></td>
</tr>
<tr>
<td></td>
<td>The senior staff cost for the new organisation is assumed to be based on the following:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1 Chief Executive at £190,300 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3 Strategic Directors at £120,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td></td>
<td>13 Heads of Service at £70,000 including 25% on costs per annum</td>
<td></td>
</tr>
<tr>
<td>Democratic</td>
<td>Publicly available data from each council on member allowances and expenses has been used to establish the expenditure incurred by members. The average amount of allowances and expenses paid to members of the eight councils is £8,823 based on the latest publicly available data (a mixture of 2016/17 and 2017/18 publicly available data). Due to extra responsibilities under a unitary model it has been assumed the average allowances and expenses paid to members will be £10,000.</td>
<td></td>
</tr>
</tbody>
</table>
Local Government Boundary Commission for England data on member-to-electorate ratios has been used to determine a reasonable member-to-electorate ratio for rural and urban unitary authorities.

Under the current democratic structures for the eight councils there are currently 321 members. Under the reorganised structures the financial analysis assumes the following for each option:

- Three-unitary model (Option 4) – creating three unitary councils with a combined 164 members
- Two-unitary model (Option 3b) – creating two unitary councils with 135 members
- Two-unitary model (Option 3a) – creating two unitary councils with 122 members
- Single-unitary model (Option 2) – creating one unitary council with 98 members

No assumption has been made at this stage as to the distribution of the members in each option as this will be determined by a Boundary Commission review as part of the reorganisation process.

| Corporate services | Strategic Financial Case reports for three local government reorganisations in England which suggest Corporate Services, including ICT, savings are possible when combining authorities. As a percentage of total service expenditure from Revenue Account (RA) statistics, the estimated average saving across the proposed three Council reorganisations is 2.59%.

The 2.59% has been applied to the total service expenditure from the RA statistics for 2017/18 for the seven district councils. It is assumed that in the first full year following reorganisation 33.3% of the estimated annual saving will be achieved, 66% in year two and 100% in year three. In each year thereafter, 100% of the estimated saving is assumed to be achieved. The County Council has been excluded from the analysis at this stage due to the recent emergence of significant financial issues so no service efficiencies have been assumed until a viable financial position is established and there is more clarity on the structure and funding of the County Council’s Next Generation Model to calculate the estimated annual saving.

It has been assumed that the single-unitary option will receive a greater benefit from potential efficiencies when compared to the two and three-unitary options. Therefore, the following adjustments have been made to reflect this:

- Three-unitary model – benefit reduced by a factor of 0.15.
- Two-unitary model – benefit reduced by a factor of 0.10.

| Service optimisation | Strategic Financial Case reports for three local government reorganisations in England which suggest service optimisation efficiency savings are possible when combining authorities. As a percentage of total net service expenditure from RA statistics, the estimated average saving across the proposed three authority reorganisations is 1.62%. The County Council has been excluded from the analysis at this stage due to the recent emergence of significant financial issues so no service efficiencies have been assumed until a viable financial position is established and there is more clarity on the structure and funding of the County Council’s Next Generation Model to calculate the estimated annual saving.

The 1.62% has been applied to the total service expenditure from the RA statistics for 2017/18 for the seven District councils to calculate the
estimated annual saving. It is assumed that in the first full year following reorganisation 33.3% of the estimated annual saving will be achieved, 66% in year two and 100% in year three. In each year thereafter, 100% of the estimated saving is assumed to be achieved.

It has been assumed that the single-unitary option will receive a greater benefit from potential efficiencies when compared to the two and three-unitary options. Therefore, the following adjustments have been made to reflect this:

- Three-unitary model – benefit reduced by a factor of 0.15.
- Two-unitary model – benefit reduced by a factor of 0.10.

**Property rationalisation**

Strategic Financial Case reports for three local government reorganisations in England which suggest property rationalisation savings are possible when combining authorities. As a percentage of total net service expenditure from RA statistics the estimated average saving across the proposed three authority reorganisations is 0.44%. The County Council has been excluded from the analysis at this stage due to the recent emergence of significant financial issues so no service efficiencies have been assumed until a viable financial position is established and there is more clarity on the structure and funding of the County Council’s Next Generation Model to calculate the estimated annual saving.

The 0.44% has been applied to the total service expenditure from the RA statistics for 2017/18 for the seven District councils to calculate the estimated annual saving. It is assumed that in the first full year following reorganisation 33.3% of the estimated annual saving will be achieved, 66% in year two and 100% in year three. In each year thereafter, 100% of the estimated savings is assumed to be achieved.

It has been assumed that the single-unitary option will receive a greater benefit from potential efficiencies when compared to the two and three-unitary options. Therefore, the following adjustments have been made to reflect this:

- Three-unitary model – benefit reduced by a factor of 0.15.
- Two-unitary model – benefit reduced by a factor of 0.10.

<table>
<thead>
<tr>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assumption category</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Reorganisation year</td>
</tr>
<tr>
<td>Shadow reorganisation year</td>
</tr>
</tbody>
</table>
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