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# Devolution plans for Oxfordshire

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Report of the Devolution Review Group

Commissioned by Oxford City Council's Scrutiny  
Committee

January 2017

## **Foreword by the Chair of the Devolution Review Group**

Our city and the wider county have international significance as a result of our high concentration of human capital, knowledge and innovation. These factors drive growth in our region and mean we have an important role to play in the country's knowledge-economy – attracting investment in new industry and facilitating trade. However, this growth must be matched by services, housing and infrastructure which meet our population's needs and aspirations. Devolution provides the opportunity to bring governance closer to the people and ensure high-quality services better reflect the local needs of the places where our constituents live and work. Achieving a devolution deal would release substantial financial benefits of greater Business Rates retention and extended New Homes Bonus payments, as well as presenting an important opportunity to match skills training to local needs and reducing poverty.

We were tasked by the Scrutiny Committee to examine what governance structures can provide the strong, accountable governance to deliver a devolution deal while balancing transformational savings and stable, high quality long-term service delivery. At the same time, the fast-paced national context meant there was an imperative to scrutinise the process of securing an agreement and taking the findings of the consultants' reports forwards.

In the context of the narrow window of opportunity, to achieve consensus between councils, and obtain a devolution deal from government, the Review Group found that the structure of the combined authority plus elected mayor balanced the objectives of strong, accountable governance, with high quality service delivery with securing an agreement expeditiously. As such, there is much for the city, district and county councils to learn from the Cambridgeshire and Peterborough Devolution Deal, which utilises this model. For example, they have already received £70m for new social housing and £100m for new affordable housing over 5 years. Releasing such funds would augment the important work our City Council has already undertaken with regards to social housing.

The consultants' reports were significant in highlighting the opportunity for service transformation. We urge both the City and County Councils to recognise the need for high quality service transformation – not just because of funding pressures but because shifting demographics require sensitive preventative service delivery. Cambridgeshire and Peterborough are already ahead of the curve on this front. Working with Health Economists from Public Health England and the National Audit Office, they are building an economic case for pooled budgets to deliver place-based health interventions that overcome silo working. The combined authority governance structure supports such sensitive locality focussed allocation of resources. It also mitigates the risk of losing the city's critical revenue generating activities, which enable re-investment in and improvement of our public services.

I would like to thank councillors who were part of the Review Group developing the lines of enquiry, gathering evidence and shaping this final report and recommendations. I would also like to thank all the officers who supported this review, in particular, Andrew Brown for his diligence and Caroline Green for being an astute sounding board for the Review Group.

Our Review Group benefitted enormously from the contributions made by those who provided evidence, especially those who travelled significant distance to do so. The group is grateful to all contributors for their generosity of time and expertise.

It is our hope that this review receives support from Scrutiny Committee and that the City Executive Board takes forward our recommendations in its work to secure a devolution deal which unlocks the potential of the people in our region.

**Councillor Marie Tidball**  
**Chair of the Devolution Review Group**

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*Appendix 1: Scope of Devolution Review*

*Appendix 2: Assessment of Proposed Governance Models for Oxfordshire*

## **Introduction**

1. The role of Oxford City Council's Scrutiny Committee is similar to the role of select committees at the UK parliament. Scrutiny is led by councillors who are not on the City Executive Board (the main council decision making body) and is empowered to question council decision makers and make recommendations to them. Scrutiny can also investigate any issue that affects the local area or its inhabitants, whether or not it is the direct responsibility of the City Executive Board.

2. The Scrutiny Committee established the Devolution Review Group in autumn 2016 on the basis that devolution was one of the biggest issues facing the City Council and local government in Oxfordshire. The Committee tasked the Review Group with examining devolution proposals for Oxfordshire over a series of meetings before reporting back with findings and suggested recommendations. The Review Group has cross-party membership comprising of the following councillors:
  - Councillor Marie Tidball (Chair)
  - Councillor Van Coulter
  - Councillor Andrew Gant
  - Councillor Tom Hayes
  - Councillor Craig Simmons
3. This report aims to provide helpful-evidence based recommendations and constructive commentary on what an offer to government for devolved powers and the associated governance arrangements should look like and how local councils and strategic partners can continue to work together on shared priorities for the greater good of Oxfordshire.
4. During the course of this scrutiny review a number of national and local developments took place and significant progress was made in moving the devolution debate in Oxfordshire forwards. The Review Group have attempted to capture these developments in this report to ensure it is up to date at the time of publication. It is impossible to know to what degree if any the meetings and work of the Review Group have helped to contribute to the progress made to date but the Review Group hope that any influence they have been able to exercise has been positive and beneficial.

## **Background**

5. The government has actively offered areas in England the chance to have additional funding and devolved powers, indicating that priority will be given to cities and regions where strong governance arrangements have been implemented. All Councils in Oxfordshire agreed a joint proposal to put to government in February 2016 aimed at unlocking £1.4bn of funding for infrastructure, housing and employment to realise Oxfordshire's economic growth potential. Government advised that a deal hinged on strengthening the governance arrangements.
6. Following discussions with the Secretary of State at the time, Greg Clark MP, the city and district councils in Oxfordshire commissioned PricewaterhouseCoopers (PwC) to undertake an independent study into the options for unitary government to inform their thinking. The County Council separately commissioned Grant Thornton to consider options for future models of local government across Oxfordshire. Both reports were published in summer 2016. Subsequently the County Council has declared its intention to develop proposals for a unitary council covering all of Oxfordshire. This proposal has not been supported by the District Leaders who support an alternative proposal for three new unitary

authorities and a combined authority as the preferred option for any potential reorganisation.

7. This work has taken place against a backdrop of considerable political uncertainty and significant changes at national level. A new Prime Minister and cabinet reshuffle followed the public referendum held on 23rd June, which resulted in a decision for the UK to leave the European Union.
8. As a consequence of these national changes, officials from the Department of Communities and Local Government (DCLG) met with representatives of the city, district and county councils. The Review Group heard that officials' advice made clear that government would not act as referee between different proposals and would only agree proposals for devolution or local government reorganisation where the parties involved had an agreed approach. The Review Group was also advised that government remains open to discussions on locally supported devolution proposals that include strong, accountable governance and clear accountability.
9. In the absence of agreement between the Oxfordshire councils on a future unitary model and no government-led process to resolve the matter, the District Leaders' view was that the focus should be on working collectively to deliver the savings that the PwC and Grant Thornton reports identified; and the potential for a revised devolution deal based on current councils and a combined authority led by a directly elected mayor. Such a deal was also being considered for Cambridgeshire and Peterborough and that deal has since been approved.
10. At a meeting of the Oxfordshire Growth Board on 26 September 2016 a recommendation was agreed that a working group should be established including chief executives and leaders of local authorities, Oxfordshire Clinical Commissioning Group and Oxfordshire Local Enterprise Partnership (LEP) to explore how transformational changes can be progressed in areas including, but not limited to: infrastructure, skills, economic development, strategic spatial planning, public assets, business rates, health and social care. The working group would also review the future function of the Oxfordshire Growth Board and consider the feasibility of establishing a combined authority for Oxfordshire<sup>1</sup>.
11. At a meeting on 6 December 2016 the LEP Board confirmed that it wished to prioritise securing a devolution deal with government at the earliest opportunity. It confirmed LEP support for a revised submission to government for a devolution deal based on combined authority and elected mayor model and the current county, city and district councils. The leaders of the county, district and city councils were asked to seek a commitment from each of the councils to support this approach and enable rapid and collective progress on a serious proposal to government<sup>2</sup>.
12. The Review Group understand that government will be producing guidance on its policies on both devolution and local government reorganisation early in 2017

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<sup>1</sup> [Minutes of Oxfordshire Growth Board meeting held on 26 September 2016, page 3 \(accessed 20 December 2016\)](#)

<sup>2</sup> [Devolution update to 15 December 2016 City Executive Board, Oxford City Council, paragraph 10 \(accessed 20 December 2016\)](#)

and that councils have been advised to wait until the advice is published before submitting proposals either for a devolution deal or a unitary bid. The Review Group also understands that government's view is that proposals for unitary government would not be a requirement of devolution deals in two tier areas and that the two strands of devolution and reorganisation could be considered independently of each other<sup>3</sup>.

## Principal objective

13. The Review Group's first task was to agree what the focus and methodology of their review should be. The first meeting took place on 19 September 2016 and the Review Group was grateful to have the opportunity to speak to the leaders and chief executives of the County Council and the City Council. The Review Group agreed a scoping document (attached as Appendix 1), which was endorsed by the Scrutiny Committee in October. This scoping document articulated that the purpose of the review would be:

*To examine what governance structures can provide the strong, accountable governance to deliver a devolution deal while balancing cost savings and stable, high quality long-term service delivery, and the process of securing an agreement and taking the findings of the consultants' reports forwards.*

## Methods of investigation

14. The Review Group's findings and recommendations have been informed by evidence provided by a number of stakeholders and witnesses over five meetings (see acknowledgements), as well as document reviews and desk research. The Review Group has:

- Considered verbal and written evidence provided by key stakeholders and expert witnesses;
- Reviewed the PwC and Grant Thornton reports on unitary options;
- Reviewed the original proposals for devolution to Oxfordshire that were agreed by the Leaders of all Oxfordshire councils in February 2016;
- Assessed the strengths and weaknesses of different governance models through the lenses of:
  - the original proposals for devolution to Oxfordshire,
  - the government's criteria for evaluating proposals, and
  - the delivery of key services such as spatial planning, health and adult social care services;
- Considered the process of securing an agreement and how progress can be made in building a consensus and taking the consultants' findings forward to improve outcomes;
- Considered examples from other areas including lessons from the Cambridgeshire and Peterborough devolution deal;
- Conducted desk research and a literature review.

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<sup>3</sup> [Devolution update to 15 December 2016 City Executive Board, Oxford City Council, paragraph 7 \(accessed 20 December 2016\)](#)

## Acknowledgments

15. The Review Group would like to thank the following people for providing evidence and advice to inform their findings and recommendations. Particular thanks go to those who gave up their own time and travelled from other parts of the country to attend meetings. The leaders of other Oxfordshire district councils were also invited to meetings but were unable to attend on the dates offered.

From Bluemarle:

- Martin Whiteley, Programme and Transformation Director.

From Oxford City Council:

- Councillor Bob Price, Leader and Board Member for Corporate Strategy and Economic Development;
- Peter Sloman, Chief Executive;
- Tim Sadler, Executive Director for Community Services;
- Caroline Green, Assistant Chief Executive;
- Patsy Dell, Head of Planning and Regulatory Services;
- Pat Jones, Committee and Member Services Manager.

From Oxfordshire Clinical Commissioning Group:

- Catherine Mountford, Director of Governance.

From Oxfordshire County Council:

- Councillor Ian Hudspeth, Leader;
- Peter Clark, County Director;
- Kate Terroni, Deputy Director – Joint Commissioning (Adults & Children);
- Lucy Butler, Deputy Director for Children’s Social Care.

From Oxfordshire Local Enterprise Partnership (OxLEP):

- Jeremy Long, Chair.

From PricewaterhouseCoopers:

- Paul Brewer, Corporate Finance Partner;
- Tahir Rabani, Director of Infrastructure and Government;
- Tim Pope, Senior Manager.

## Findings and recommendations

### The case for devolution

16. Devolution is about bringing powers and funding down to the lowest appropriate level. The UK is widely recognised as being one of the most centralised developed countries in the world, with powers concentrated in London, and all major parties went into the last general election promising to transfer powers from central government to cities and regions across the UK.

17. It is clear that the economic case for devolution to Oxfordshire is very strong. Oxfordshire is an economic success story that has very low unemployment and is

home to global leaders in a number of sectors. Oxfordshire's growth is endogenous, meaning that growth is driven by internal factors such as the concentration of highly skilled people, knowledge and innovation within the region. However, continued economic growth is putting significant strain on infrastructure, housing and skills in the local area, with housing costs among the least affordable in the UK. These underlying challenges are increasingly holding the region back from achieving its full growth potential. This case is articulated in the original proposals for devolution to Oxfordshire agreed by the leaders of all Oxfordshire councils in February 2016.

18. Devolution could bring very substantial financial benefits to Oxfordshire, for example from greater local retention of Business Rates income and extended New Homes Bonus payments, as set out in the February 2016 Oxfordshire devolution proposals. This would facilitate significant investments in housing, transport infrastructure and skills to provide a catalyst for continued growth. A lack of investment over the coming years could have considerable long term consequences. Devolution presents opportunities to increase the delivery of new homes and to match skills training to local needs, which can help to reduce poverty. Skills, transport and housing are the key issues in Oxfordshire and improvements in these areas would have wider advantages including benefits for children, older people and health services. Ultimately, maximising economic growth results in more people being better off and more resources being available which can be invested in local services.

#### **A potential window of opportunity**

19. The case for devolution to Oxfordshire remains strong and is arguably even stronger now than in February 2016 due to the impacts of the UK's decision to leave the European Union on the UK economy and on government policy, including the emerging industrial strategy. Oxfordshire has international significance and is a net contributor to the Treasury so it is well placed to play a key role in supporting post-Brexit government priorities such as increasing trade links around the world, attracting inward investment and realising the potential of the Oxford-Milton Keynes-Cambridge corridor as a single knowledge-intensive cluster. There is a compelling case to be made for Oxfordshire to be given the tools it needs to unlock the growth potential in the local economy.
20. It is unclear whether any new devolution deals agreed by government will be similar to those already agreed and there are some concerns about government's capacity to pursue multiple priorities in addition to delivering Brexit. However, the Review Group were encouraged by the Chancellor of the Exchequer's Autumn Statement in November 2016. This included the line that 'devolution remains at the heart of government's approach to supporting local growth'<sup>4</sup>, as well as an announcement that new mayoral combined authorities would be supported with new borrowing powers. The Chancellor has also announced funding for a feasibility study into a new Oxford to Cambridge 'expressway', which would include a new highway linking Oxford and Milton Keynes. This indicates that the city and wider region remain at the forefront of government thinking.

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<sup>4</sup> [Autumn Statement 2016 Phillip Hammond's Speech, Gov.uk \(accessed 1 December 2016\)](#)



21. The Review Group was advised that progress could be achieved relatively quickly in formulating an updated devolution proposal that takes account of changes since February 2016.

**Strong, accountable governance**

22. It is widely recognised by key stakeholders that the current governance structures in Oxfordshire are not optimal for overcoming these challenges. Collaborative working through the Oxfordshire Growth Board has gone some way to overcoming deadlocks in strategic decision making but there are no mechanisms for enabling a collaborative planning process that is sufficiently fast and effective to meet the local challenges around infrastructure and housing delivery. The original proposals for devolution to Oxfordshire included provisions for a combined authority based on a strengthened Growth Board. This was rejected by government on the basis that new powers should come with stronger leadership and clearer accountability for decision making.

23. The PwC and Grant Thornton reports provide financial and non-financial assessments of different proposed models of unitary governance for Oxfordshire. The Review Group has sought to supplement these assessments by providing its own assessment of different governance models (including a two-tier model with a combined authority and mayor) in terms of whether they would deliver a devolution deal, their responsiveness to communities and the degree of local support for these models. This assessment of the different governance models draws on findings of the two consultant reports and other evidence considered by the Review Group and is included as Appendix 2.

24. Any move to unitary authorities would require parliamentary approval and involve the abolition of the county and district councils (including the City Council) and the establishment of one or more new authorities responsible for the delivery of all local government services within their area. There is currently a lack of consensus about which model of unitary government would be best for Oxfordshire, and the Review Group heard that government has indicated unwillingness to use powers it has to impose local government reorganisation.

25. In the context of the significant potential benefits that a devolution deal could deliver and in light of what was known about government policy on devolution, the Review Group did find an emerging consensus on the option of a directly elected mayor for Oxfordshire. The only areas to have negotiated a devolution deal without a directly elected mayor are Cornwall and West Yorkshire. It appears from government announcements and the devolution deals agreed to date that devolution proposals based on 'alternative governance arrangements', such as the creation of unitary authorities, district council mergers or reductions in the number of councillors, are less likely to result in the devolution of substantial powers than proposals with a directly elected mayor<sup>5</sup>.

26. The Review Group sought views from witnesses on whether they thought the addition of a directly elected mayor to the February 2016 devolution proposal would provide the strong, accountable governance that would be acceptable to

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<sup>5</sup> [Combined Authorities, House of Commons Library, 23 November 2016, p. 7-8 \(accessed 20 December 2016\)](#)

government. The Review Group heard different opinions about this but agreed that a mayoral combined authority represents the best basis for moving forwards with an updated and refocused devolution proposal in the absence of a consensus around a preferred model of unitary government. An example of the real value of the combined authority model is in transport, where it could simplify budgets and responsibilities with strong leadership and clear, accountable decision making. A mayoral combined authority for Oxfordshire is discussed further in paragraphs 39-58.

***Recommendation 1 - That the City Council, in partnership with the Oxfordshire County and District Councils and the Oxfordshire Local Enterprise Partnership, prioritises securing a devolution deal with government as soon as practicably possible within the current potential window of opportunity, based on an updated and refocused version of the proposal that was agreed by the leaders of all Oxfordshire councils in February 2016, with the addition of a directly elected mayor as a key line of accountability to a combined authority structure.***

**A refreshed devolution proposal focused on economic growth**

27. The Review Group found a high degree of consensus on the need to make a strong case to government for devolved powers that can enable Oxfordshire to maximise its growth potential. Oxfordshire LEP's Strategic Economic Plan (SEP) sets the strategic economic vision that 'by 2030 Oxfordshire will be recognised as a vibrant, sustainable, inclusive, world leading economy, driven by innovation, enterprise and research excellence'<sup>6</sup>. Any devolution deal should support the delivery of this long term plan for our region. There was widespread agreement that the priorities of infrastructure, planning and housing delivery and skills and employment (work streams one and two) in the February 2017 devolution proposal were broadly the right ones. These should be reviewed to take account of changes and government announcements since February 2016.
28. The Review Group heard that Cambridge City Council has been able to secure £70m for new social housing and £100m for new affordable housing over 5 years through the Cambridgeshire and Peterborough devolution deal. This can potentially resolve 25% of the homelessness problem in Cambridge but securing the funding is just a start and there is a need to develop new relationships with builders and providers. Given that Oxford faces comparable challenges to Cambridge in terms of homelessness and the availability and affordability of housing, the Review Group would like to see a similarly ambitious approach taken to social and affordable housing through an updated devolution proposal.

***Recommendation 2 - That a refreshed devolution proposal is refocused on making the strongest possible case for unlocking the Oxfordshire's economic growth potential through devolved powers and budgets for transport infrastructure, housing (including the delivery of significant new social and affordable housing), planning for sustainable development and skills.***

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<sup>6</sup> [Strategic Economic Plan, Oxfordshire LEP, page 10 \(accessed 20 December 2016\)](#)

29. The Review Group suggest that a refreshed devolution proposal should articulate how a devolution deal could help to make the proposed Oxford-Milton Keynes-Cambridge 'growth corridor' a reality and maximise the economic benefits the corridor could bring to the regional and national economies. Government recognises that these cities are currently better connected to London than they are to each other and is investing significant resources to improving connectivity between them through investments in road and rail infrastructure. If fully realised, the Oxford-Milton Keynes-Cambridge corridor could eventually become 'a single knowledge intensive functional economic area to support the continued growth of the region'<sup>7</sup>. A devolution deal could help to ensure that this national strategic infrastructure project will be optimally supported through well-focused investments in local infrastructure, housing and skills, with decisions taken by strong local leaders who are responsible and accountable for their delivery.

***Recommendation 3 - That a refreshed devolution proposal is aligned to and strongly supports the delivery of the Oxford-Milton Keynes-Cambridge 'growth corridor', including the proposed Oxford to Cambridge expressway, and reflects the high priority government attaches to local and regional sustainability, infrastructure and housing growth.***

30. A devolution deal could enable local decision makers to work with the leaders of neighbouring regions with devolved powers, such as the West Midlands. Combined authorities provide a mechanism for enabling effective collaboration between Oxfordshire and other areas on strategic issues such as transport, infrastructure and skills. For example, the Cambridgeshire and Peterborough devolution proposal included a Cambridgeshire, Norfolk, Peterborough and Suffolk Joint Committee, recognising the strategic economic importance of transport, infrastructure, higher education and skills to the wider East Anglia region and the need for a joined up approach to tackling these issues. The Review Group suggest that a devolution deal for an Oxfordshire combined authority should be enabling of collaborative working with other strategic bodies on solving shared strategic problems, such as transport connectivity. This would also enable the projection of Oxfordshire's influence on strategic decision making over a wider area.

***Recommendation 4 - That a refreshed devolution proposal supports the delivery of improved sustainable transport corridors and connectivity with neighbouring combined authority areas, such as the West Midlands, with an Oxfordshire Combined Authority providing a vehicle for joint working with other regional strategic bodies.***

31. The Review Group heard that a priority of Cambridgeshire and Peterborough was to secure control over all the skills funding for their area and shift to an employer-led model of workplace skills training. The current supply-led model is seen as resulting in over and under-supplies of labour and unfounded aspirations, while an employer-led model would better match skills training to the needs of the local economy. The Review Group was told that the Secretary of State had been very

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<sup>7</sup> [Oxford to Cambridge Expressway Strategic Study Stage 3 Report, p. 3 \(accessed 30 November 2016\)](#)

supportive of this approach and had pushed for more radical proposals aimed at tackling this national problem.

32. Oxfordshire is similarly well-placed to lead in developing local solutions to national problems, for example productivity and housing delivery. The Review Group was advised by a consultant that increasing economic productivity would be a central theme if he was starting a devolution proposal now given that UK productivity lags behind that of most other developed Western economies and addressing this is a government priority. Oxfordshire has a knowledge rich economy and is a centre of excellence for science, innovation and learning. Within the UK, Oxfordshire has relatively high productivity at 6.7% above the UK average<sup>8</sup> but it is below a number of neighbouring areas such as Berkshire, Buckinghamshire, Milton Keynes and Swindon, as well as Cambridgeshire. There are differences in the local economies of these areas but this data suggests that productivity in Oxfordshire could be higher still. The Review Group suggest that a refreshed devolution proposal could have a strong focus on the benefits of investments in transport, infrastructure, housing and skills in terms of increased productivity, and the national as well as local benefits that would bring.

***Recommendation 5 - That consideration is given to how a refreshed devolution proposal could facilitate the development of local solutions to macro-economic government priorities, such as productivity and housing delivery. As a potentially highly productive part of the UK, Oxfordshire is in a unique position to be an exemplar for sharing the benefits of enhanced productivity, knowledge and innovation across the country.***

33. A refreshed devolution proposal would provide opportunities for local leaders to engage in discussions with government about the economic potential of Oxfordshire. The Review Group suggest that this could lead to a strengthened relationship with government and new conversations about different types of trade and inward investment opportunities. This could be particularly beneficial in a post-Brexit environment given the city has a high percentage of residents who are EU nationals and local institutions such as the two universities have strong links with Europe and the rest of the world. Advocacy for Oxfordshire at a national and international level would be part of the role of a mayor if a devolution deal was agreed and in the meantime the Review Group feel it is important to maintain dialogue and ensure that Oxfordshire remains forefront in government thinking.

***Recommendation 6 - That devolution to an Oxfordshire Combined Authority is treated as an opportunity to forge a new relationship with government (as well as other national and international actors) that ensures Oxfordshire is at the forefront of government thinking in terms of trade and inward investment post-Brexit.***

#### **Developing a new long term model for health and social care services**

34. The Review Group carefully considered whether the Health and Wellbeing work stream set out in the February 2016 devolution proposal (work stream four)

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<sup>8</sup> [Subregional Productivity - February 2015, Office for National Statistics \(accessed 1 December 2016\)](#)

should be included in a refreshed proposal. This articulated an aim which is also in the County Council's Corporate Plan of creating 'a single approach for health and social care in Oxfordshire, bringing together organisations and budgets to create a system that will deliver the care that residents and service users need, as well as better value for money for tax payers'<sup>9</sup>.

35. The Review Group heard that social care services in Oxfordshire remain safe, robust and high performing against national benchmarks despite increases in demand and funding pressures. Significant pooled budgeting arrangements are in place between health and social care and collaborative working has led to reductions in delayed transfers of care in Oxfordshire, which had been the worst in the country. It was widely recognised that more could be done to build on these joint working arrangements, particularly given the government's ambition for health and social care services to be fully integrated by 2020<sup>10</sup>.
36. The Review Group were impressed by the approach taken by Cambridgeshire and Peterborough, who are integrating health and social care resources to provide better outcomes for residents<sup>11</sup>. The Review Group heard that Cambridgeshire and Peterborough had recognised that the economic case for place-based health interventions had not been strong enough. Public Health England had agreed and lent two health economists to help them understand the impacts of different interventions in areas of deprivation and develop solutions that could tackle wider public spending issues, with benefits for the justice system and worklessness budgets for example. Pooled budgets focused on specific places had the potential to overcome silo working and deliver big gains.
37. The NHS Strategic Transformation Plans (STPs) have added further complexity and uncertainty to the governance and delivery of health services. The STP for Oxfordshire also covers Buckinghamshire and West Berkshire, so coterminous boundaries between local government and health service provision over a county-footprint has been lost. The emerging STP will set out plans for how a potential funding deficit of £587m by 2020/21<sup>12</sup> across the Oxfordshire, Buckinghamshire and West Berkshire region will be closed. It is expected to have profound implications for the delivery of health services in Oxfordshire but at this stage it is not possible to fully understand what these implications will be.
38. The Review Group note that the current system of health and social care is increasingly being viewed as failing at a national level and support efforts to develop local joint working arrangements, with the aim of eventually reaching a point where a single set of decision makers are accountable for these services. However, given that the health and wellbeing agenda has moved on somewhat since February 2016, it is suggested that a refreshed devolution proposal should not seek new local powers to facilitate this ambition at this stage. The Review Group see devolution as being an iterative process and it may be appropriate to

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<sup>9</sup> [Corporate Plan 2016-2020, Oxfordshire County Council, p. 7 \(accessed 22 December 2016\)](#)

<sup>10</sup> [Public health and social care, Public Sector Executive, 25 November 2015 \(accessed 20 December 2016\)](#)

<sup>11</sup> [Devolution for Cambridgeshire and Peterborough - find out more, Cambridgeshire County Council \(accessed 12 January 2017\)](#)

<sup>12</sup> [Buckinghamshire, Oxfordshire and Berkshire West \(BOB\) Sustainability and Transformation Plan \(STP\), NHS, 26 July 2016 \(accessed 13 December 2016\)](#)

revisit this in future, once the implications of the STP are known. In the meantime, it is suggested that the City Council monitors the emerging STP and seeks to be fully involved with partners in shaping the new model of health and social care.

***Recommendation 7 - That given the challenges to the sustainability of health and social care services, the ambition to create a more integrated approach to health and social care should not be lost and the City Council should seek to play a full and active role in the consideration of what a new model for health and social care in Oxfordshire should look like, once the fundamental implications of the Buckinghamshire, Oxfordshire and Berkshire West NHS Sustainability and Transformation Plan (STP) become clearer.***

#### **A mayoral combined authority for Oxfordshire**

39. The primary purpose of a mayoral combined authority for Oxfordshire would be to exercise devolved powers and manage budgets over transport, infrastructure, strategic planning, housing delivery and skills to drive strategic economic growth in Oxfordshire. The combined authority would manage a programme of investment and seek to align strategic investments with local priorities.
40. Prior to the establishment of a combined authority the local authorities would be required to conduct a governance review and may prepare a scheme setting out how they think the combined authority could operate including its proposed area, functions and constitution.
41. The City and Local Government Devolution Act 2016 makes provisions for the general functions of mayoral combined authorities but its precise functions would be detailed in an Order made by the Secretary of State to establish the combined authority, at the request of the local authorities who must all consent to this. The Order could confer functions solely on the mayor or on the combined authority collectively<sup>13</sup>. Membership of the combined authority would include a representative from each of the six constituent councils (the five districts plus the county), normally the council leaders.

#### **The role and powers of an elected mayor**

42. The 2016 Act requires that an elected mayor is a member and chair of a combined authority. They are required to appoint a deputy mayor and can allocate portfolio responsibilities to other members of the combined authority but have no powers over who those members are. Mayors can also delegate functions to cabinet members (i.e. council leaders and other members of the combined authority), committees or officers of the combined authority.
43. Elected mayors have powers to raise revenues, including the power to levy a precept on constituent authorities' council tax bills. They can also levy an additional 2% on Business Rates to pay for infrastructure investments, subject to the agreement of the LEP<sup>14</sup>. The membership of the LEP Board includes all

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<sup>13</sup> [Combined Authorities, House of Commons Library, 23 November 2016, p. 6 \(accessed 20 December 2016\)](#)

<sup>14</sup> [Combined Authorities, House of Commons Library, 23 November 2016, p. 8-9 \(accessed 20 December 2016\)](#)

Oxfordshire council leaders but a majority of the board members including the Chair must be from the private sector<sup>15</sup>. The Chancellor's Autumn Statement in December 2016 included an announcement that mayoral combined authorities would be granted new borrowing powers to reflect their new responsibilities<sup>16</sup>.

44. A directly elected mayor could have a powerful advocacy role for Oxfordshire at national and international levels. However, to provide the strong, accountable governance required by government and to improve on the status quo, a mayor would also need to have the ability to unblock strategic decision making, such as high-level decisions about the delivery of new housing outside the city to cater for Oxford's unmet housing need. It is important to strike the right balance between overcoming deadlocks in strategic decision making and paying due regard to the wishes of local areas. As a minimum an elected mayor for Oxfordshire would need to have powers to propose budgets for devolved funding for strategic investments and county-wide economic, transport and non-statutory spatial strategies. However, the mayor should be required to seek support on the combined authority for the adoption and implementation of their plans.
45. The Review Group note that a mayoral combined authority would need to work closely with the LEP on shared agendas linked to economic growth and the mayor would need the LEP's agreement to raise an additional levy on Business Rates. To ensure effective joined up working between the public and private sectors in these areas the Review Group suggest that the mayor should be a member of the LEP, and that a representative of the LEP (e.g. the Chair) should be a full voting member of the combined authority. This would help to ensure that the voice of business could be heard at the top table and have an equal say in strategic decision making.

***Recommendation 8 - That the role and powers of an elected mayor for Oxfordshire, together with associated checks and balances, should be carefully considered by the City Council, other Oxfordshire councils and the LEP, with reference to existing models such as the Cambridgeshire and Peterborough Combined Authority. An elected mayor would Chair the Combined Authority and as a minimum should:***

- a) Assign clear cabinet portfolio responsibilities to members of the combined authority;***
- b) Propose annual spending plans for devolved funding, economic strategies, transport plans and non-statutory spatial plans;***
- c) Be a member of Oxfordshire Local Enterprise Partnership.***

#### **Governance of a combined authority for Oxfordshire**

46. A mayoral combined authority for Oxfordshire would be governed by the law and by a written constitution which would need to be formally agreed by all of the constituent councils. Combined authority meetings and decision making processes would be governed by the same legislation as local councils, so meetings would be held in public and decision notices would have to be published 28 days in advance of decisions being taken. The constitution for the

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<sup>15</sup> [LEP assurance framework, HM Government, December 2014, p. 5 \(accessed 20 December 2016\)](#)

<sup>16</sup> [Autumn Statement 2016: Philip Hammond's speech, HM Government, 23 November 2016 \(accessed 20 December 2016\)](#)

combined authority would need to stipulate the powers of the elected mayor and combined authority members and include effective mechanisms for transparency, scrutiny and holding to account. The Review Group considered what the governance arrangements for a mayoral combined authority for Oxfordshire may need to look like, drawing on examples such as the Cambridgeshire and Peterborough Combined Authority, which the Review Group suggest provides a useful starting point for consideration in Oxfordshire.

47. The Review Group heard that the early design of a constitution for the Cambridgeshire and Peterborough Combined Authority had been very helpful in building confidence in the new arrangements. The Review Group suggest that a similar approach is taken in Oxfordshire, with a robust constitution for a mayoral combined authority being designed and agreed by the constituent councils prior to the election of a mayor. The development of a constitution would require detailed and careful consideration. Once adopted, the combined authority Monitoring Officer would be responsible for the operation of the constitution and changes to the constitution should need the approval of all constituent councils.
48. The constitution of the combined authority would need to include details of how decision making and voting would operate, including the circumstances in which a combined authority could over-rule the mayor. On the Cambridgeshire and Peterborough Combined Authority a 2/3 majority of members present and voting can reject mayoral proposals. For transport plans the majority must include the votes of the two upper tier-authorities who are responsible for transport and highways in their areas<sup>17</sup>. The Dorset Combined Authority uses a simple majority system for all decisions apart from certain 'reserved matters' that require unanimity, including budgets and transport plans<sup>18</sup>. The Review Group suggest that the provisions for overturning mayoral proposals on some form of majority basis (e.g. a 2/3 majority) should be subject to careful consideration and discussion between the councils at appropriate levels.
49. There may be decisions where the votes of particular combined authority members should be required e.g. for transport plans. In the Norfolk and Suffolk devolution agreement decisions are taken by a simple majority of members present and voting, subject to that majority including the vote of the Mayor (with some qualifications)<sup>19</sup>. The Review Group suggest that in principle the votes of all voting members of the combined authority should count equally and prefer the Cambridgeshire and Peterborough approach, where combined authority members each have one vote and the mayor has no casting vote.
50. The Review Group recognise that devolution should be about bringing powers and responsibilities down to the lowest possible level and heard that in Cambridgeshire and Peterborough the only powers elevated to the combined authority are transport powers that resided with upper-tier authorities. There may be instances where new powers and responsibilities devolved from government could be exercised at district-council or county-council level rather than combined authority level. The Review Group suggest that the principle of

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<sup>17</sup> [Cambridgeshire and Peterborough East Anglia Devolution Proposal, 17 June 2016 \(accessed 20 December 2016\)](#)

<sup>18</sup> [Dorset Combined Authority scheme, Dorset councils online, p. 1 \(accessed 21 December 2016\)](#)

<sup>19</sup> [The Norfolk and Suffolk Devolution Agreement, June 2016 \(accessed 20 December 2016\)](#)



subsidiarity should apply to devolved functions and be reflected in the governance of a combined authority, as with the Norfolk and Suffolk Combined Authority<sup>20</sup>.

51. Combined authorities are required to have at least one overview and scrutiny committee with the equivalent powers to local authority scrutiny committees, including powers to call in and suspend decisions and to require members and officers to attend meetings to provide evidence. The majority of members of the Overview and Scrutiny Committee must be members of constituent councils and can't hold executive positions in those councils. There is no requirement that the membership of the Overview and Scrutiny Committee reflects the political balance across the constituent councils but other combined authority areas have chosen to do this and government has recognised that good governance practice is for scrutiny committees to be 'politically balanced, enabling appropriate representation of councils' minority parties'<sup>21</sup>. The proposal for the Cambridgeshire and Peterborough Overview and Scrutiny Committee is that the Committee will have 'at least 1 member from each of the [nine] constituent councils, with the size of the committee being appropriate to reflect political balance across Cambridgeshire and Peterborough'<sup>22</sup>. It is suggested that this committee will have at least 11 members but the details of how the political balance will be calculated and how seats will be allocated has not been seen.
52. Options for some form of overall calculation of political proportionality across the combined authority area could be considered to ensure that smaller political parties are appropriately represented. However, the overall political proportionality could be impacted by every council by-election and a process would need to be created for allocating seats to the constituent councils based on overall proportionality. There is also an issue in that the numbers of elected members vary across the different Oxfordshire councils and are not necessarily proportionate to population size. Another approach could be for each constituent council to allocate two seats (as is the case in Dorset) based on their own political proportionality. This is likely to result in lower representation of smaller parties. A possible middle-option could be for each council to allocate a first seat based on its own political proportionality (i.e. to its largest party) and for a second seat to be allocated to each council based on a calculation of overall proportionality. This would require a mechanism for determining which councils would allocate members from which political parties. The Review Group suggest that proper consideration is given to how the membership of the combined authority overview and scrutiny committee would be geographically and politically-balanced.
53. It is also a requirement that the Chair of the Overview and Scrutiny Committee is from a different political party from the combined authority mayor. This helps to provide assurance that the combined authority is subject to robust independent scrutiny. The Review Group suggest that in the event that the mayor is independent, the Chair of Scrutiny should not be from the largest party on the combined authority.

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<sup>20</sup> [The Norfolk and Suffolk Devolution Agreement, June 2016, p. 8 \(accessed 21 December 2016\)](#)

<sup>21</sup> [Combined Authorities, House of Commons Library, 23 November 2016, p. 7 \(accessed 20 December 2016\)](#)

<sup>22</sup> [Guidance note scrutiny arrangements for combined authority, Huntingdonshire Council \(accessed 21 December 2016\)](#)

54. The combined authority would be required to meet in public and have similar arrangements for openness, transparency and the accessibility of documents as meetings of local authorities. Unlike the Oxfordshire Growth Board, which is a joint executive committee and does not have an overview and scrutiny function, combined authority decisions should be subject to scrutiny in public before they are taken as this is likely to provide for more effective scrutiny than suspending decisions that have already been taken. Specific arrangements for scrutiny and public participation would need to be developed and agreed before being designed-in to the constitution of the combined authority.
55. A number of partner organisations including local universities, Highways England and the Environment Agency are represented on the Growth Board by non-voting members. A similar arrangement for bringing different stakeholders into decision making is likely to be useful in a combined authority model. The February 2016 devolution proposal stated that representatives of partner organisations could sit on the combined authority as non-constituent members. The constitution of a combined authority would need to include provisions for governing non-constituent members, including how they would be appointed and any circumstances in which they could vote. The Review Group note that the West Midlands Combined Authority also includes non-constituent members from neighbouring local authorities and LEPs, who are empowered to vote in certain circumstances such as matters to do with economic development<sup>23</sup>. This has not been proposed in Oxfordshire but could potentially be considered in future.
56. The Review Group suggest that the combined authority should be required to report back to constituent authorities at appropriate intervals (e.g. annually) to ensure that all elected members are kept informed about the work of the combined authority.

***Recommendation 9 - That the constitution of a combined authority, including provisions for ensuring transparency and effective accountability, should be agreed prior to the election of a mayor following careful consideration by the City Council, other Oxfordshire councils and the LEP, with reference to existing models such as the Cambridgeshire and Peterborough combined authority. We suggest that the constitution of a combined authority would include:***

- a) Tight controls around how the constitution could be amended once adopted, for example requiring unanimous agreement amongst the constituent authorities;***
- b) Powers to reject proposals put forward by the mayor on some form of majority basis (e.g. a 2/3 majority);***
- c) Equal votes for all members, including the representative of Oxfordshire Local Enterprise Partnership and the elected mayor;***
- d) A principle of subsidiarity so that powers and responsibilities devolved from government are discharged at the lowest appropriate level, bringing governance closer to the people;***

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<sup>23</sup> [FAQs, West Midlands Combined Authority \(accessed 21 December 2016\)](#)

- e) **An overview and scrutiny committee that includes at least one (preferably two) non-executive members from each constituent council, taking proportionality across the county into account;**
- f) **A rule that if the Mayor is independent, the Chair of Scrutiny can't be from the majority party on the combined authority;**
- g) **Provisions for promoting openness and transparency including scrutiny of decisions in public before they are taken;**
- h) **Provisions for non-constituent members, including specifying any circumstances in which constituent members could give voting rights to non-constituent members;**
- i) **Mechanisms for reporting back to constituent authorities.**

57. A combined authority for Oxfordshire would be a separate legal entity from its constituent councils and would require its own secretariat including a Head of the Paid Service (Chief Executive), Finance Officer and Monitoring Officer, as well as scrutiny and audit functions. The additional costs associated with a mayoral combined authority would support the delivery of potentially very significant new investments in Oxfordshire, so it is likely that the additional costs would be dwarfed by the overall gains from a devolution deal. Meeting these costs should therefore not be a barrier to achieving a deal.

58. Combined authorities can raise a levy on their members to fund costs attributable to their functions. In Dorset, these costs will be met by the constituent councils and apportioned based on population<sup>24</sup>. In Cambridgeshire and Peterborough work is underway to establish what resources their combined authority will need but there is an aspiration to look at using existing resources where possible<sup>25</sup>. Another option could be for efficiency savings that are jointly delivered in partnership by the constituent councils to be reinvested in to contributing to the running costs of the combined authority. The Review Group suggest that consideration should be given to options for covering the running costs of the combined authority in a way that does not result in an overall increase in the cost of democracy in Oxfordshire or a shift of funding away from existing councils services. Other, project-specific costs could be factored into project plans and paid for from devolved budgets.

***Recommendation 10 - That consideration is given by the City Council, other Oxfordshire councils and the LEP as to how the administrative running costs associated with a mayoral combined authority (which would come with significant new investments and additional responsibilities for local government) could be met without increasing the overall running costs of local government in Oxfordshire.***

59. The Review Group found that another key lesson from the Cambridgeshire and Peterborough devolution deal was the need for open engagement with all elected members about the role and powers of a mayor and the statements from government that devolved powers required new models of local leadership and governance. The Review Group suggest that elected members and the public

<sup>24</sup> [Dorset Combined Authority scheme, Dorset councils online, p. 13 \(accessed 21 December 2016\)](#)

<sup>25</sup> [Devolution - what it means locally, Cambridge City Council \(accessed 3 January 2017\)](#)

should be engaged with before a new devolution proposal for Oxfordshire is put to government.

***Recommendation 11 - That elected members and the public should be engaged with about what a mayoral combined authority model for Oxfordshire would look like, as well as the various benefits that securing a devolution deal would bring, before a proposal is submitted to government.***

#### **Joint working**

60. The Review Group considered how the findings of the PwC and Grant Thornton reports were being taken forwards by the Oxfordshire councils, noting the commonality between the findings of the two reports. Both reports highlighted Oxfordshire's economic growth potential, significant levels of savings that could be achieved from reorganising local government and transforming services and the need for councils to work together for the greater good of Oxfordshire.
61. The Chief Executives of Oxfordshire councils have agreed to work together to achieve efficiencies in three areas; infrastructure and planning, making better use of council assets and exploring how district functions such as housing could help to reduce pressure on adult social care services. The Review Group strongly support these efforts to release efficiencies through joint working.

***Recommendation 12 - That the City Council continues to work with the other Oxfordshire councils to unlock efficiencies through joint working between infrastructure and planning functions, making better use of council assets and exploring how district functions such as housing could help to reduce pressure on adult social care services.***

62. The Review Group note that substantial savings could be achieved from transforming the way public services are delivered and heard that much could be achieved without the reorganisation of local government structures. It was suggested to the Review Group that government may be unwilling to devolve funding and powers in the absence of a plan to achieve the potential savings identified locally. Delivering savings has not been a requirement of devolution deals granted to other areas.
63. The Review Group hope that the councils can build on this collaborative working and look at other areas where joint working could release efficiencies. It was suggested that closer working between trading standards and environmental health teams and between the different customer services functions could release relatively non-contentious efficiency savings. The Review Group would encourage this collaborative working resulting in the development of a shared plan for delivering efficiency savings and service transformation. This could help to provide assurance to the public that savings identified in the two consultant reports are being delivered, and may help to give confidence to government that the councils are working together effectively and efficiency.

***Recommendation 13 - That ideally collaborative working between councils aimed at releasing efficiency savings should result in a jointly developed***

***and agreed plan for efficiencies and service transformation that can be delivered without local government reorganisation.***

64. The Review Group hope that closer engagement between the Oxfordshire councils at leader and senior officer level on an updated devolution proposal and identifying efficiency savings from joint working, as well as through the Growth Board, will lead to increased dialogue and an emerging consensus between the Councils, the LEP and other partners about the key priorities for Oxfordshire and what high-level outcomes they should be seeking to achieve in partnership.

***Recommendation 14 - That collaborative working on devolution and identifying efficiencies are treated as opportunities to build a consensus among the Oxfordshire councils and strategic partners around what the shared strategic priorities and outcomes for Oxfordshire should be.***

#### **Local government reorganisation**

65. The Review Group concluded that reorganising local government structures is not the best route to securing a devolution deal at this time. The Review Group recognise that the PwC and Grant Thornton reports show that significant savings could be achieved from reorganising local government in Oxfordshire, replacing the existing two-tier system of County, City and District Councils with one or more unitary authorities. Reorganisation would release savings from reduced duplication of back office functions, management structures, lower democratic costs, better use of assets and contracting at a larger scale. The debate about unitary structures is highly politicised, with a lack of consensus between the county and district councils about what the best model of unitary government for Oxfordshire is, and government indicating that it is unwilling to impose a solution.
66. All Oxfordshire councils are expected to remain financially viable over the medium term but the Grant Thornton report states that ‘in common with many county councils across England, rising demand for adult and children’s social care combined with reducing settlement funding presents a significant challenge to Oxfordshire County Council’s longer term financial stability’<sup>26</sup>. The Review Group believe that if local government continues on its current financial trajectory and pressure on services continues to mount then the issue of reorganisation will need to be addressed at some point in the future. However, the Review Group suggest that financial savings should not be the main driver of local government reorganisation and that it is more important to consider how any proposed governance model would support the delivery of high quality services based on shared priorities and outcomes.

***Recommendation 15 - That any future governance model for local government in Oxfordshire should be designed to facilitate the achievement of shared priorities and outcomes, not simply to deliver cash savings or to engineer political outcomes.***

67. The Review Group recognise that all proposed unitary models are untested in terms of local accountability and all have benefits and dis-benefits. The

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<sup>26</sup> [Review of future options for local government in Oxfordshire, Grant Thornton, August 2016, p. 38 \(accessed 6 December 2016\)](#)

strengths and weaknesses of different models are listed in Appendix 2 but no weighting has been applied to these. It is widely accepted that any model would need to have strategic and operation layers and the Review Group heard that there is potentially a lot of similarity between, for example, a single unitary council with executive area boards and a county-wide combined authority with three or more unitary councils. It comes down to a judgement about which model is the most sensible for Oxfordshire and would be best placed to deliver the desired outcomes. The Review Group suggest that their assessment of the strengths and weaknesses of different models of unitary government should help to inform any future City Council decisions on local government reorganisation.

***Recommendation 16 - That the work the Review Group has undertaken in identifying the strengths and weaknesses of different governance models (see Appendix 2) should be used as part of an evidence base to inform any future consideration of local government reorganisation in Oxfordshire.***

68. The Review Group have not been able to make an economic assessment of the different proposed governance models in terms of how different local government structures could help to unlock economic growth and potentially release external sources of funding for investment. The Review Group suggest that such modelling should form part of an evidence base that informs any future decisions on local government reorganisation in Oxfordshire. The City Council in partnership with other Oxfordshire councils and the LEP could look to commission an economic assessment of governance structures from local universities for other local or national bodies.

***Recommendation 17 – That the evidence base that informs any future decisions about local government reorganisation in Oxfordshire includes an economic assessment of different governance models.***

69. The Review Group considered the financial modelling used by PwC and Grant Thornton in assessing different unitary options, and had an opportunity to question PwC about their financial analysis. The PwC analysis was based on publically-available information contained in the Medium Term Financial Plans of the six Oxfordshire councils and involved dividing up total local government resources and expenditure by service at ward level and using this data as building blocks.
70. The potential savings PwC identified were based on removing duplication and benchmarks of savings that have been delivered in other parts of the country. In addition, PwC projected savings that could be achieved from transforming the way that local government services are delivered although they stress that the level of savings achieved 'would depend heavily on the level of ambition and the scale of transformation successfully delivered'<sup>27</sup>. Significant discrepancies between the financial analyses of PwC and Grant Thornton can be almost entirely explained by the assumed levels of service transformation facilitated by closer working resulting from local government reorganisation.

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<sup>27</sup> [Oxfordshire Unitary Government Study, PwC, July 2016, p. 9 \(accessed 6 December 2016\)](#)

71. Both reports predict that a city unitary authority on the current City Council boundaries would have a baseline (pre-transformation) financial deficit of a similar order of magnitude, ranging from -£11.5m to -£16.8m depending on the total number of unitary authorities in the model. In both cases it is the concentration of demand for adult and children's social care services in the city that is the main cause of this deficit. Post-transformation, these figures are reduced by an amount based on the assumed level of net savings. PwC assumed no changes to local government financing beyond those already accounted for in the councils' financial plans and recognised that planned changes to Business Rates, which were expected to be of relative benefit the city, would redress some of the variations in deficits and surpluses predicted in their financial analysis<sup>28</sup>.
72. The Review Group found that the PwC analysis does not take account of the geographical distribution of potential revenue opportunities (e.g. from trading services) and think that there are likely to be greater opportunities to grow local government revenues within the city economy than in other parts of the county due to the concentration of economic activity in the city. The Review Group think that local government reorganisation could represent a risk to this critical and growing source of non-government income and suggest that revenue generation should be taken in to account in any future decisions on local government reorganisation.
73. The Review Group explored whether in a model with two or more unitary authorities social care services could continue to be delivered on a county-wide basis through a contracted agreement as an alternative to breaking up these services. The Review Group found that there is currently no track record of services being delivered in this way and few precedents are emerging elsewhere in the country. A tri-borough arrangement in South-West London is one such example but that operates over a much smaller geographical area. If this option was pursued in future it would require the development of a bespoke solution for Oxfordshire. The Review Group suggest that the impacts of the STP and any changes to the delivery of health and social care services would also need to be factored in to any future financial analysis of unitary options for Oxfordshire.

***Recommendation 18 - That the net savings estimates from any future reorganisation of local government in Oxfordshire, together with projections for the long term sustainability of unitary authorities, would need to be re-considered in light of changes to local government finance settlements (i.e. Business Rates retention), any changes to local government responsibilities and any new models for delivering social care and health services. Any future decisions on local government reorganisation should also take into account the revenue generation potential of the different unitary authorities and the potential for achieving efficiencies to deliver service transformation.***

74. The Review Group have refrained from stating a preference for a particular model of unitary government. Instead, the Review Group have sought to take an

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<sup>28</sup> [Oxfordshire Unitary Government Study, PwC, July 2016, p. 34 \(accessed 22 December 2016\)](#)

evidence-based approach to identifying the things that any future model of unitary government would need to provide for, including the good things that are already happening that should be preserved and improvements that are needed.

75. A key issue that any form of local government reorganisation would need to resolve as far as possible is the potential for logjams in strategic decision making caused by a lack of consensus between sovereign authorities with differing priorities. There is lots of consensus in the PwC and Grant Thornton reports and amongst people the Review Group spoke to about the need for a mechanism to unblock decision making. A well governed mayoral combined authority or single county-wide unitary authority could do this but careful consideration would need to be given to balancing strategic and local decision making.
76. The city is an economic hub for the region which has a number of distinctive assets and a global brand. The Review Group would want to ensure that any future reorganisation of local government structures would support the sustainable growth of the city-region economy and build on any devolution deal in a way that capitalises on the unique assets of the city.
77. Allied to this is the need for the city (and other district areas) to be appropriately represented in democratic decision making. Oxford is an urban environment, which presents a different set of opportunities and challenges compared with other areas. For example, the city has 10 small local areas that are among the 10% most deprived area in the country. The city also has a very different demographic make-up from other parts of the county, with a population profile that is significantly younger (and more diverse) than that of Oxfordshire (excl. Oxford)<sup>29</sup>. As a group of City Councillors elected by people living in Oxford, the Review Group strongly believe that the population and demographics of the city need to be reflected in decision making and the lines of accountability for decisions that affect local services in the city.
78. The Review Group note that different service delivery models are in place across Oxfordshire due to different choices made by District Councils in response to the particular needs of their areas. For example, the City Council is the only district in Oxfordshire that has chosen to retain its social housing stock and has made difficult decisions in the past about insourcing services and growing revenues through trading. The Review Group suggest that any future unitary model of local government in Oxfordshire would need to preserve the diversity of choices and preferences of different parts of the county and enable future decisions to be similarly responsive to local areas, rather than imposing a one-size fits all solution on a large and diverse geography.
79. It is clear that there is potential for closer working between county and district council functions to unlock efficiencies and it is hoped that much can be achieved in the absence of reorganisation. The Review Group note that structural changes would not necessarily accelerate progress in collaborative working because silos can exist within a single organisation and much depends on people and relationships. Consideration would need to be given to how any

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<sup>29</sup> [Age profile, Oxford City Council \(accessed 20 December 2016\)](#)



future model of unitary government could facilitate joint working and potentially the pooling of budgets where synergies exist.

80. The Review Group found a widespread consensus that any future model of local government reorganisation would need to provide for more coherent leadership and advocacy for Oxfordshire focused on inward investment, together with effective engagement with key stakeholders including business, health partners, local universities, central government and other regional, national and international bodies to project Oxfordshire's interests.
81. The Review Group considered how spatial planning could operate more effectively in future. The Review Group was advised that the development of a single local plan for an area the size of Oxfordshire would take many years and would risk becoming mired in process and examination. The main improvement identified was the need for an aligned overview of housing, jobs and growth that could be planned and delivered at a strategic level. The Review Group heard that achieving this in Cambridgeshire had not been easy but there had been an alignment of interests across the local councils, resulting in the signing of a memorandum of understanding in 2012/13. This was a strategic document that was light-touch but robust and local councils had to take account of it in their local plans. The new mayor's spatial plan will be non-statutory and built up from local plans at district level. The Review Group recognise that active progress has been made in Oxfordshire in seeking to resolve the issues of land supply in the city which mean that the City Council is reliant on the co-operation of neighbouring authorities to cater for Oxford's unmet housing need, which is key to achieving sustained economic growth.
82. The PwC report highlights the various pressures on adult services in Oxfordshire and the need for a more joined up approach to health, social care and other services that impact on health and wellbeing such as housing, transport and community services. The Review Group support these aims and, as discussed in paragraphs 34-38, believe there is a need to move towards creating a new system for health and social care with aligned planning for these services at a high level. Such a model would need to be sensitive to the particular needs of different places because, as the PwC report states, the needs of the city are very different from those of rural areas<sup>30</sup>. Any future reorganisation of local government structures should be consistent with and enabling of this direction of travel.
83. The Review Group heard evidence that children's services delivered by the County Council are safe and resilient despite significant increases in assessments and caseloads. In 2014 Oxfordshire's children's social care services received were rated 'good' by Ofsted<sup>31</sup>. Having a single body responsible for children's services (with local area delivery teams) has a number of benefits. For example, resources can be mobilised across Oxfordshire in response to emergency situations or major police operations with very little notice. In contrast, smaller authorities tend to struggle to recruit staff and remain

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<sup>30</sup> [Oxfordshire Unitary Government Study, PwC, July 2016, p. 75 \(accessed 7 December 2016\)](#)

<sup>31</sup> [Oxfordshire's children's social care services rated "Good" by Ofsted, Oxfordshire County Council, July 2014 \(accessed 20 December 2016\)](#)

viable. The Review Group note that some strong partnership arrangements are in place and joint working on issues such as child sexual exploitation and asylum seeking children is good.

84. The Review Group agree with the PwC analysis that these foundations should be seen as a platform for further improvement. In particular, there is a need for a greater focus on preventative interventions that can build resilience and aspiration within families on the edge of care and communities with the greatest need. This approach would cost more in the short term but save money over the longer term by preventing more acute cases in future, particularly in the city where need is concentrated. The Review Group note concern that the current direction of travel for children's services, which is to withdraw universal provision and focus on statutory requirements, is not consistent with a preventative-led approach<sup>32</sup>. There are also opportunities to increase the integration of children's services with related local government services such as housing and leisure.
85. The Review Group suggest that any future model of local government reorganisation would need to be flexible enough to ensure that all local government services can be of high quality and delivered at the right scale, be that over a county-wide or more localised (e.g. district) footprint. Breaking up county-wide services such as libraries, trading standards etc. is likely to be detrimental to the economies of scale and resilience of these services. Alternative delivery models, such as trust models, may be options for retaining some County Council services over a county-wide footprint in a model with two or more unitary councils but ensuring the best outcomes should be the first priority and form should follow function. Equally, merging district-level functions such as housing and community services over a larger geography could result in these services being less tailored and responsive to local communities, diluting democratic accountability for their delivery.
86. Finally, the Review Group suggest that any reorganisation of local government in Oxfordshire would need to deliver efficiencies from reducing duplication of effort, reductions in management posts, reductions in the number and cost of elections and councillors, and contracting at scale. Decisions could be made in future about how such efficiencies would be utilised i.e. whether resources would be redeployed in priority areas, invested in services or projects or taken out as cash savings. The Review Group would not support targeting specific levels of financial savings from the outset because any reorganisation would be highly disruptive and should be designed to enable local government to fulfil its purpose of delivering efficient high quality services to residents and tax payers.

***Recommendation 19 - That any future governance model for local government in Oxfordshire that impacts the city and the wider city-region should have strategic and operational layers and facilitate the following things over the longer term:***

***a) Strong, democratically accountable decision making at strategic and local levels that minimises logjams in decision making;***

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<sup>32</sup> [Oxfordshire Unitary Government Study, PwC, July 2016, p. 65-66 \(accessed 13 December 2016\)](#)

- b) The sustainable economic growth of the city and wider city-region that capitalises on the unique assets of the city;***
- c) Accountable representation that reflects the urban geography and demographics of the city;***
- d) The continuation and enhancement of historical preferences and decision-making legacies in the city and other parts of the county, such as different approaches to social housing, trading, outsourcing, etc.***
- e) The protection and growth of local government revenues from non-government sources (e.g. traded services, commercial property rents, etc.)***
- f) Closer working that overcomes silos and unlocks efficiencies in areas where synergies exist, such as housing and social care, trading standards and environmental health, customer services, etc.***
- g) Effective engagement and strong relationships between local government, strategic partners and key stakeholders, including government and business, together with powerful, coherent advocacy for Oxfordshire on the international stage to attract inward investment;***
- h) Aligned strategic planning for economic growth, transport, infrastructure, housing, skills and jobs at county-level that joins up local plan making over district-area footprints;***
- i) Aligned strategic planning for a better integrated approach to health and social care services that is sensitive to the particular needs of place, especially areas with high levels of health inequality and deprivation;***
- j) The safe and resilient delivery of children's services over a county-footprint that reflects the socio-economic benefits of preventative-led delivery and is sensitive to localities with concentrated demographic need;***
- k) The delivery of quality council services at the most appropriate scales;***
- l) Savings from reductions in duplication of back office functions, management costs, democratic costs, contracting at scale, etc.***

## **Conclusion**

87. The Review Group found that there is a compelling case for devolution to Oxfordshire and urge the local councils and partners to get together and make the strongest possible case to government at the earliest opportunity. This proposal should be based on unlocking the region's growth potential by devolving powers over transport infrastructure, housing and skills to a mayoral combined authority. Government recognises Oxfordshire's growth potential, as demonstrated by investments in the Oxford-MK-Cambridge corridor, and is likely to be receptive to a detailed and robust proposal with strong, accountable governance.
88. The Review Group hope Oxfordshire councils continue to demonstrate that they can work effectively together on a shared agenda for the region and joint working on the delivery of efficiency savings is a very welcome development. The Review Group hope that this is the beginning of a period of closer collaboration and consensus about the key outcomes that local government and other public services need to deliver because structures should be secondary to outcomes.

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