

Local Government Reform in Hertfordshire

February 2020

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Introduction and context

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Introduction

Given the context of the national policy agenda, confirmed in the December 2019 Queen's Speech, Hertfordshire County Council have decided to explore what local government reform options might be appropriate in the current environment.

In order to inform this thinking and any future decision-making, a high level and rapid options appraisal was requested. This report is intended to be a short thought leadership piece, supported by high level analysis that provides a view on the feasibility of different options. It also takes into consideration the potential risks, benefits and commitment involved that would be required to pursue any of the identified options.

This document is structured as follows:

Introduction and context - the purpose of this document, and a high level look at the local government, Hertfordshire and public sector reform landscape including possible drivers for change.

Approach - sets out our methodology for this work and the completed analysis to be delivered.

Case for Change Overview - outlines the reasoning and the need for change.

Options for Change - sets out the identified and agreed options for potential change.

Analysis - analysis of options against agreed criteria including financial modelling.

Roadmap - proposed next steps for structural change and transformation.

Summary - key points raised throughout the report.

Appendix - including financial modelling assumptions.

National context - local government

Few have felt the impact of this ten year period of austerity more than those in local government. During this time there have been reductions in funding for councils despite greater pressure for increased service provision, particularly in care services. The evidence that austerity has had a profound impact on local government is clear. But **transformation and change is also a priority**.

A national survey of local government chief executives concluded that despite an uncertain backdrop, there is a system leadership role to play in delivering a fair and inclusive future, with 94% agreeing that place leadership is important. It is also telling that in trying to achieve transformational change and ensure better outcomes for their residents, **64% say unaligned incentives and funding are a barrier** and **70% say that lack of investment infrastructure is a barrier to growth**.

49.1%

Reduction in government funding between 2010/11 to 2017/18

This equates to a real terms reduction in spending power of 28.6% over the same period.

The impact has been widespread and it is **estimated** that the reduction in government funding will be at 60% by 2020. This prolonged period of pressure has forced many authorities to change how they operate, how services are delivered and to whom.

£8bn

The total expected funding gap in 2024–25

This would be just to deliver the same level of service being provided today and is despite large cutbacks in areas of discretionary spending* ranging from 5% in adult social care to over 50% in planning and development services.

At the same time as managing these pressures, local government is also facing continuing uncertainty that includes the timing and uncertain impact of Brexit, the delayed spending review and short-term financial settlements.

£3.9bn

Predicted funding shortfall in 2019/20

Further integration is required

There is broad agreement that the public sector should be more integrated and aligned on the priorities for their place - with 80% agreeing that health and social care integration will have a positive impact on health outcomes. In the context of ageing populations and wider demands in social care, joining up services across the public sector is essential.

Intro and context	Approach	Case for Change	Options for Change
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National context - devolution and local government reform

Renewed focus on structural change?

Different parts of the UK have **varying degrees of devolution in place** that have developed over the last twenty years. At a national level, 1998 saw the establishment of national assemblies in Scotland, Wales and Northern Ireland, and in 1999 the Greater London Authority was created - bringing **devolved governance** to the capital. Greater Manchester is arguably the most noteworthy, and certainly longest-established of other regional combined authorities. More recently a series of devolution deals has been agreed between national government and local leaders, so that there are now a total of **eight combined authorities** with elected mayors and two without.

However, **in recent years that pace of change has slowed**. A change in policy occurred during the passage of the Cities & Local Government Devolution Act 2015 that specifically permits the Secretary of State to **streamline the process for reorganisation**. The then Secretary of State subsequently made clear his belief that **unitary status can be an effective model** and if local areas want it, he would do his best to make it happen in order to encourage local areas to think creatively about solutions as they move to self-financing by 2020.

Statements last Autumn by the Chancellor and the new Secretary of State followed by the announcement in the Queen's Speech (in October and then again in December) that there will be a new White Paper on English Devolution have served to **reignite interest in reform**. The Rt. Hon. Robert Jenrick MP has said on several occasions in recent months that he wants to **encourage more district councils to merge into new unitary authorities** to help them deal with **strategic issues including housing and transport**. In particular, at the 2019 Conservative Party conference he said that **he does not feel there is a long-term future for two-tier local government** and that the mayoral model in conjunction with unitary councils is strongly preferred by government when considering **devolution** deals. In this context, it is expected that any case for change presented to government will need to include **the potential for a combined authority to be established**.

In response to the general election outcome, Cllr David Williams made a statement as Chair of the County Councils Network, part of which said... *"our message to the new government is simple: with the right tools, the right powers, and the right funding, we can work with you to unleash the potential of our communities."* The picture of how and when the Government will pursue further devolution and structural change is still emerging, but there is now a clear mandate to pursue publication of the White Paper and go further if they choose to do so.

Local context - drivers for change

Local government reorganisation could present a significant opportunity for Hertfordshire. Building on the partnerships that already exist, there are possibilities which range from **further two-tier collaboration to a single unitary authority for the place**. Like most local government areas, the current model and structures the Hertfordshire councils are working within are reaching the limits of what can be achieved. In addition to the county still needing to deliver **approx £97 million of savings over four years, district councils** are also likely to experience increasing financial pressure over the coming years. Hertfordshire Forward demonstrates a willingness of the eleven councils and other local partners to work together, setting out a set of aims and ambitions for the place. The councils are now beginning to explore ways in which two-tier collaboration might deliver further opportunities and efficiencies, although these conversations are at an early stage. The Hertfordshire Growth Board has set out some more ambitious aims, with a strategic narrative and developing offer to central government which structural change could accelerate. ***Given these pressures and the wider context, retaining the status quo is not an option, so alternatives need to be explored.***

£39.3bn

is the significant contribution Hertfordshire makes to the UK economy each year.

In addition Hertfordshire have been successful in leveraging inward investment including £309m of Government and European funding. This, combined with the wealth of industries that are established in the county, means that there are huge opportunities to develop as part of the growth agenda and ask of central government.

£90m

per annum savings gap that the county council needs to close by 2023.

Whilst £315m in savings has already been delivered since 2010/11 there is still a significant gap that needs to be closed over the next few years. This is in the face of rising demand in particular service areas such as adult social care and learning disabilities. Like many places, Hertfordshire also has an ageing population, placing additional pressure on stretched services.

87%

of council CEXs say economic and productivity growth is their primary objective.

Hertfordshire is no different.

If 100,000 new homes and jobs are to be delivered by 2031, there is a need for all partners in Hertfordshire to work together to deliver for the place. Given the opportunities that exist in terms of established industries, garden town designation and regeneration of town centres, there is a huge amount of potential to be realised. Having a stronger county-wide voice and joined-up growth ambitions will be invaluable in delivery.

Approach

Approach to our analysis

This report is intended to provide a high level assessment and evidence base for a range of local government reform options in Hertfordshire. In developing our analysis and evaluation, we have considered how each option might satisfy the ‘criteria’ or framework that the Ministry for Housing, Communities and Local Government (MHCLG) have indicated any proposal or business case must meet. These ‘criteria’ (set out below) have been used by central government to assess recent proposals and are not formalised or permanent in any way. For example, government officials have recently indicated a softening of the expectations around size of any new authority in relation to population. Previous guidance suggested a ceiling of around 700,000 residents but more recent intelligence suggests that proposals that involve larger resident populations would be considered.

MHCLG key criteria for a local government reform business case

Deliver improved services and outcomes for local residents

Demonstrate improved value for money and efficiency

Deliver cost savings and demonstrate how the cost of change can be recovered over a fixed period

Support stronger and more accountable leadership

Demonstrate how the new model is sustainable in the immediate to long term both in service delivery and financial terms

Approach and methodology used

Our methodology for evaluating potential for local government reform options in Hertfordshire comprised of four key steps which are set out in detail below.

Identifying options



The three options of local government reform identified and agreed at the outset of this work reflected the desire to understand the implications of a range of possibilities. National government criteria for change in local government, and the wider government agenda following the outcome of the General Election has also been considered.

Initial engagement



Initial conversations have been invaluable in creating a better understanding of the local and regional landscape as well as producing necessary qualitative and quantitative analysis. This has included gathering initial information regarding service delivery, strategy, vision and priorities for the place, and existing partnerships.

Financial and qualitative analysis



The filters or lenses used throughout our research include financial, political, geographical and demographic. Financial analysis has included a comparison between the status quo and structural reform, taking into account transition costs for reorganisation and any transformation, savings generated, the cost of harmonising council tax within a unitary organisation, and any additional income that can be generated in a transformed council.

Defining a roadmap



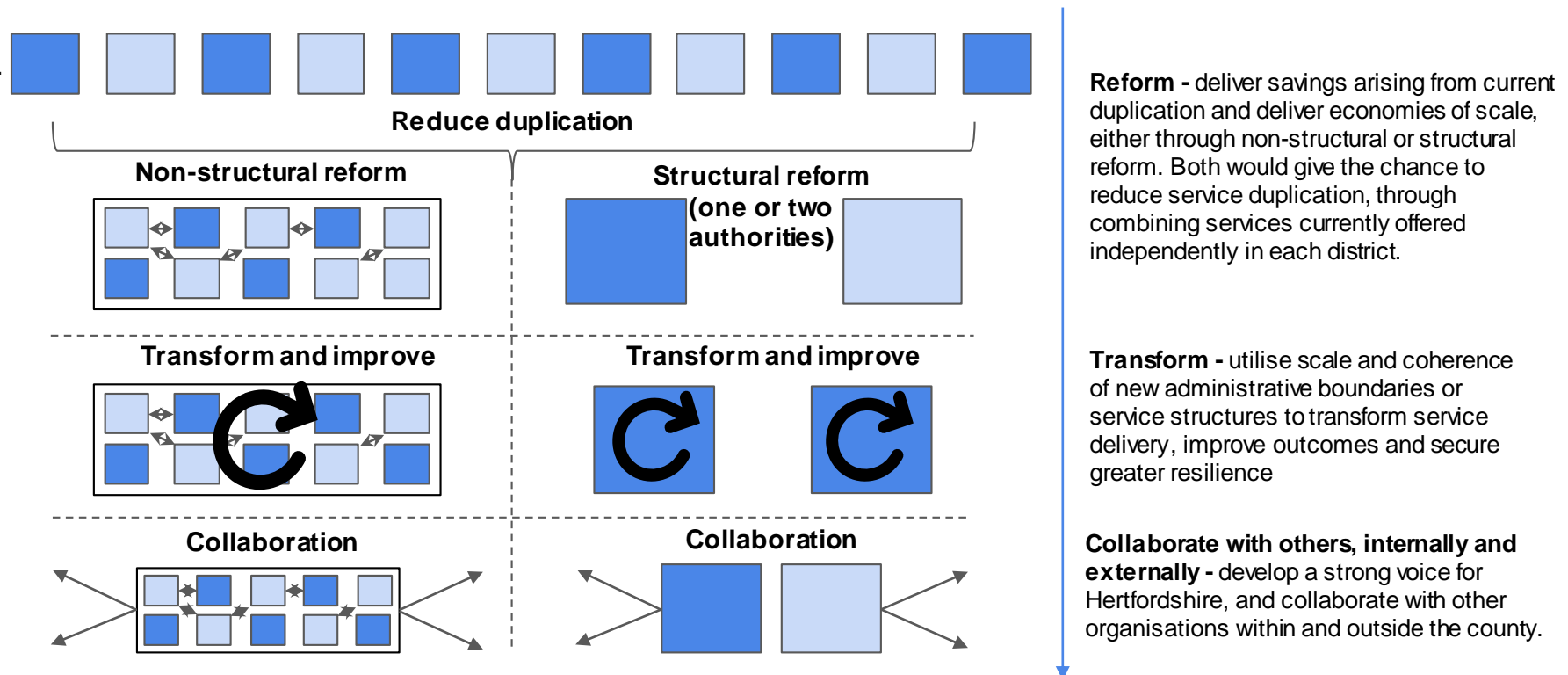
A roadmap is included in the final report setting out an indicative timeline and series of next steps. In doing this we have used our experience of modelling similar activity elsewhere, taking into consideration the scale and complexity involved in delivering such a programme of change.

Case for Change Overview

Case for Change - local government reorganisation

The diagram below (explained further on page 13) sets out a perspective on local government reorganisation and demonstrates how the different options are not mutually exclusive and can be seen as discrete but interconnected to one another - with the common aim of driving better services and outcomes for residents and the place

The diagram depicts all of the impacted councils (represented by the blocks) and seeks to demonstrate the various stages and likely outcome of pursuing either non-structural or structural change.



For the purposes of illustration, this diagram sets out a two unitary option for structural change.

Case for Change

Restructure



At its most basic, the proposal to move from eleven councils to one or two organisations offers a clear opportunity to **reduce the level of duplication present in the current system**. Either option will need fewer councillors and senior managers, smaller support functions, fewer offices and IT systems than the current nine. In addition, the fact that the one or two new councils would be larger organisations than any of the current councils would enable further benefits to be achieved as a result of **economies of scale**.

Transform and improve



Should Hertfordshire decide to proceed with reorganisation, we believe there is an opportunity to do something more ambitious than simply rearrange the existing administrative boundaries and responsibilities. The process of reorganisation could also be used as **the catalyst to deliver a 21st century model of local government**, and genuine transformation of the way in which local government in Hertfordshire operates.

Collaborate internally and externally



Existing relationships and agreements already suggest that councils in Hertfordshire could benefit greatly from considering further opportunities to work in partnership. In the event that two unitary authorities are established, creating the conditions for those organisations to work closely together or share services or operations would be to the benefit of the councils. This could include **sharing back office functions**, or **collaborating around certain specialist services** to ensure they remain resilient. Even though there would be distinctions between the approaches of two unitary authorities, there will be opportunities for them to complement one another. This would also offer Hertfordshire **a stronger voice to lobby government and other agencies**.

Finally, the case for reorganisation is further enhanced by the advantages gained as a result of working with others. In the case of Hertfordshire, it is critical that the work of the Growth Board is sustained through this change and beyond, but rationalising the number of local authorities would greatly simplify partnerships working and **create a stronger presence both in the region and in the sector nationally**.

Options for change

Options

Using experience developed from delivering similar work elsewhere, insight into the current local government and national government landscape, and early discussions with key council stakeholders, three main options were agreed as the most appropriate to pursue. These are set out in the table below.

The analysis for options two and three in particular will be aligned with the current MHCLG ‘tests’ and also consider further transformation opportunities. We will also take into consideration the national commentary from central government regarding the White Paper proposed in the Queen’s Speech in both October and December 2019 and the desire to create further city-regions with associated devolution of powers and funding.

This section of the report is intended to give an indication of our analysis of each option. It is important to recognise that the options 2 and 3 are the consideration of creating a completely new arrangement for Hertfordshire, not simply rearranging the existing administrative arrangements.

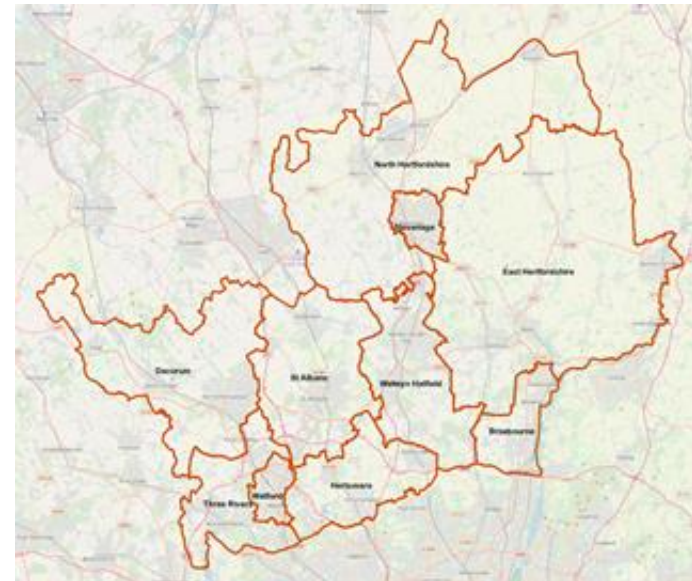
Option	Scope	Geography
1	Optimise existing two-tier collaboration, focusing on agreed areas of waste, customer contact and corporate services (back office support)	As is
2	Single unitary authority	As is (but without district council boundaries)
3	Two unitary authorities	a) Dacorum; Hertsmere; St Albans; Three Rivers; Watford a) Broxbourne; East Hertfordshire; North Hertfordshire; Stevenage; Welwyn Hatfield

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Option one - optimise two-tier collaboration

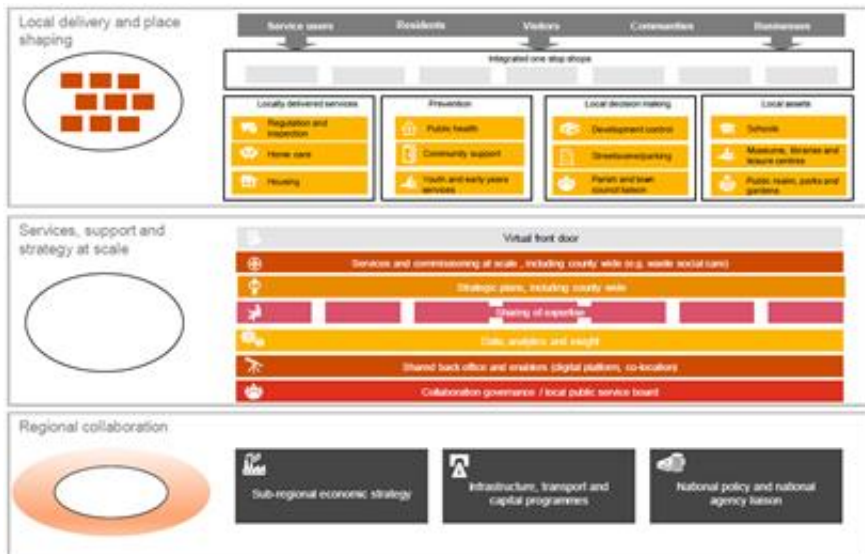
Hertfordshire is currently administered by the county council and ten district councils. Other public services such as the police and fire service operate within the same geographical boundaries but the NHS Sustainability and Transformation Partnership (STP) includes part of Essex. There are also over 100 town and parish councils in the county.

There is a range of partnership working arrangements in place including **Hertfordshire Forward** and the **Hertfordshire Growth Board**. The Growth Board Memorandum of Understanding (MoU) is in the process of being agreed by all councils, setting out the collective ambition for the county and the role each of the existing councils will play in delivering on those aims.



As Hertfordshire County Council will be aware, the County Council Network recently produced a report* which set out **a framework for establishing a different model of working in a two-tier arrangement.**

Taken together, these principles set out a need to identify potential collaborations at three geographic levels: **local, strategic, and wider regional or sub-regional.** Whilst this is a model of non-structural change, it would entail a realignment of responsibilities and influence across these scales, in a way that **reduces duplication and fragmentation of effort and improves efficiency, while protecting the sovereignty of individual councils.**



*Non-structural reform in English two-tier local government - a model for change (April 2019)

Option two - creation of a single unitary authority

Option two would result in the creation of a single unitary authority as a completely new organisation operating across the whole county area. The existing administrative arrangements both at county council and district council level would cease to exist in this scenario..

The current district and county boundaries are coterminous, so a single unitary authority would cover the same population and geographical area as the present county council arrangements.

This unitary authority would combine all services currently provided by each of the districts and take responsibility for provision of these services - for example, waste, housing, leisure and recreation.



District	2018 Population	2031 projected population
Broxbourne	96,876	105,100
Dacorum	154,280	169,000
East Hertfordshire	148,105	164,800
Hertsmere	104,205	112,400
North Hertfordshire	133,214	146,500
St Albans	147,373	159,100
Stevenage	87,754	94,800
Three Rivers	93,045	102,800
Watford	96,767	108,300
Welwyn Hatfield	122,746	139,700
Total	1,184,365	1,302,500

Option three - creation of two unitary authorities

Option three would result in the creation of two unitary authorities. Once again, these would collectively be coterminous with current county boundaries, but two unitary areas would be created. The suggested geography broadly aligns with existing partnership arrangements in the South West and North East areas of Hertfordshire.

South West	North East
Dacorum	Broxbourne
Hertsmere	East Hertfordshire
St Albans	North Hertfordshire
Three Rivers	Stevenage
Watford	Welwyn Hatfield



District	2018 Population	2031 projected population
Dacorum	154,280	169,000
Hertsmere	104,205	112,400
St Albans	147,373	159,100
Three Rivers	93,045	102,800
Watford	96,767	108,300
Total	595,670	651,600

District	2018 Population	2031 projected population
Broxbourne	96,876	105,100
East Hertfordshire	148,105	164,800
North Hertfordshire	133,214	146,500
Stevenage	87,754	94,800
Welwyn Hatfield	122,746	139,700
Total	588,695	650,900

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Future landscape

Following the General Election and the subsequent re-opening of Parliament, the White Paper announced as part of the Queen's Speech in October 2019 was re-confirmed in the December 2019 Queen's Speech.

The high level policy document supporting the announcement of the White Paper stated that:

- Central Government is committed to **levelling up powers and investment** in the regions across England and allowing each part of the country to decide its own destiny
- This means proposals to transform this country with **better infrastructure, better education, and better technology**.
- That a White Paper will be published setting out their strategy to realise the potential of English regions, which will include **plans for spending and local growth funding**.
- It will provide further information on Government's plans for full devolution across England, levelling up powers between Mayoral Combined Authorities, increasing the number of mayors and doing more devolution deals and that these increased powers and funding will mean more local democratic responsibility and accountability.

National commentary over the last few months suggests that there are two options under discussion:

- That a **mayoral and combined authority** would take on the responsibilities of the police and crime commissioner, following the basic model of the existing Tees Valley Combined Authority, with the leader of each constituent council making up a cabinet. Cabinet members would each have an equal vote but would not meet without the mayor. The plan would be to devolve the same powers as Greater Manchester, the most advanced devolution deal, including health responsibilities and follows Chancellor Sajid Javid's speech at the Conservative Party conference, where he promised to 'level up' devolution for all areas.
- This would include a move to **unitary local government** and is believed to include a similar proposal to level up powers, but details of the reorganisation plans are still under development.

Analysis - evaluation of options

Analysis of Options

Once the wider context and financial analysis of options have been analysed, the options can be examined against the key MHCLG criteria which must be met in order for local government reform to be presented as viable.

MHCLG Criteria:	Key indicators of success
Improved outcomes and services	<ul style="list-style-type: none"> • A system which looks after the population of Hertfordshire, taking into account different demographics, different needs for different places, and areas where provision is currently lacking. • A system which provides a unified voice for the whole of Hertfordshire, instead of prioritising areas based on geographical boundaries.
Value for money and efficiency	<ul style="list-style-type: none"> • Local reform which makes full use of any possible service efficiencies or economies of scale, and removes as much duplication of services as possible across Hertfordshire.
Cost savings and recovering costs of change	<ul style="list-style-type: none"> • True reform with a transformative agenda, allowing even more savings to be made through reductions in third party spend and ensuring service efficiency. • Minimising transition and transformation costs while still implementing reform thoroughly.
Stronger and more accountable leadership	<ul style="list-style-type: none"> • A system which encourages leadership to be accountable, decisive and strategic, whilst still factoring in local opinions from across Hertfordshire without needless obstruction through inefficient governance arrangements.
Immediate and long-term sustainability	<ul style="list-style-type: none"> • An operating model which is not only financially viable now, but also years into the future, coping with future demand pressures. • Engagement with the community to examine and work with deprived areas.

Overview

Evaluating each option - two-tier collaboration

Set out below is a high level view of the advantages, disadvantages and impact of option one - further two-tier collaboration. This analysis undertaken against agreed criteria and the outputs of the financial modelling.

Given the discrete and high level nature of this project, quantifying savings has been challenging. However, using the County Councils Network model for two-tier collaboration*, it is possible to identify qualitative benefits.

Some two-tier collaboration already exists and discussion for more is underway. This could potentially include sharing delivery of customer contact, waste and corporate functions.

The council is in discussions with Serco to potentially extend the current contract with Serco as a result of the impact of Covid 19. In future there may be an opportunity to create a new shared approach to delivering some of the functions that are currently part of that contract.

Option	Advantages	Disadvantages	Impact
Optimise existing two-tier collaboration, focusing on agreed areas of waste, customer contact and corporate services (back office support)	<p>Administrative boundaries would remain the same therefore little change/disruption.</p> <p>Depending on the service area or function chosen, a simpler and more coherent experience for residents and service users would be possible.</p> <p>Building on existing relationships, the ability to have a county-wide approach to tackling the most urgent and place-based issues. The Growth Board MoU is a good example of how this approach can work in practice.</p>	<p>Savings are challenging to quantify at this stage and likely to be less than structural change as well as potentially taking longer to deliver.</p> <p>Unlikely to deliver the transformation opportunities associated with the other options.</p> <p>Need to continue to negotiate change/joint working in a complex environment given the existing eleven authorities.</p>	<p>Long term - but there could potentially be short term benefits as well.</p> <p>It is also likely that there would be a need to return to the question of further change in future given the national landscape.</p>

Evaluating each option - single unitary authority

Set out below is a high level view of the advantages, disadvantages and impact of option two - creating a single unitary authority. As before, this analysis undertaken against agreed criteria and the outputs of the financial modelling.

Option	Advantages	Disadvantages	Impact
Single unitary authority	<p>A single stronger voice for the place - likely to be more effective with partners and on a regional and national level.</p> <p>Opportunity to realise significant savings through reduction in duplication and change / transformation. Potential to ensure stability and sustainability of service delivery into the longer term.</p> <p>Residents and customers may benefit from having simplified access points to services .</p> <p>Opportunity to review more localised / community engagement and access to services as well as the relationship with parish / town councils.</p>	<p>Obtaining agreement to a new vision and the change that would need to take place would be challenging.</p> <p>Potential risk to existing relationships and agreed outcomes (e.g. growth MoU).</p> <p>Some may find the period of change and transformation destabilising.</p> <p>There could also be a perception of a single unitary authority being too remote from communities and the electorate.</p>	Medium to long term

Evaluating each option - two unitary authorities

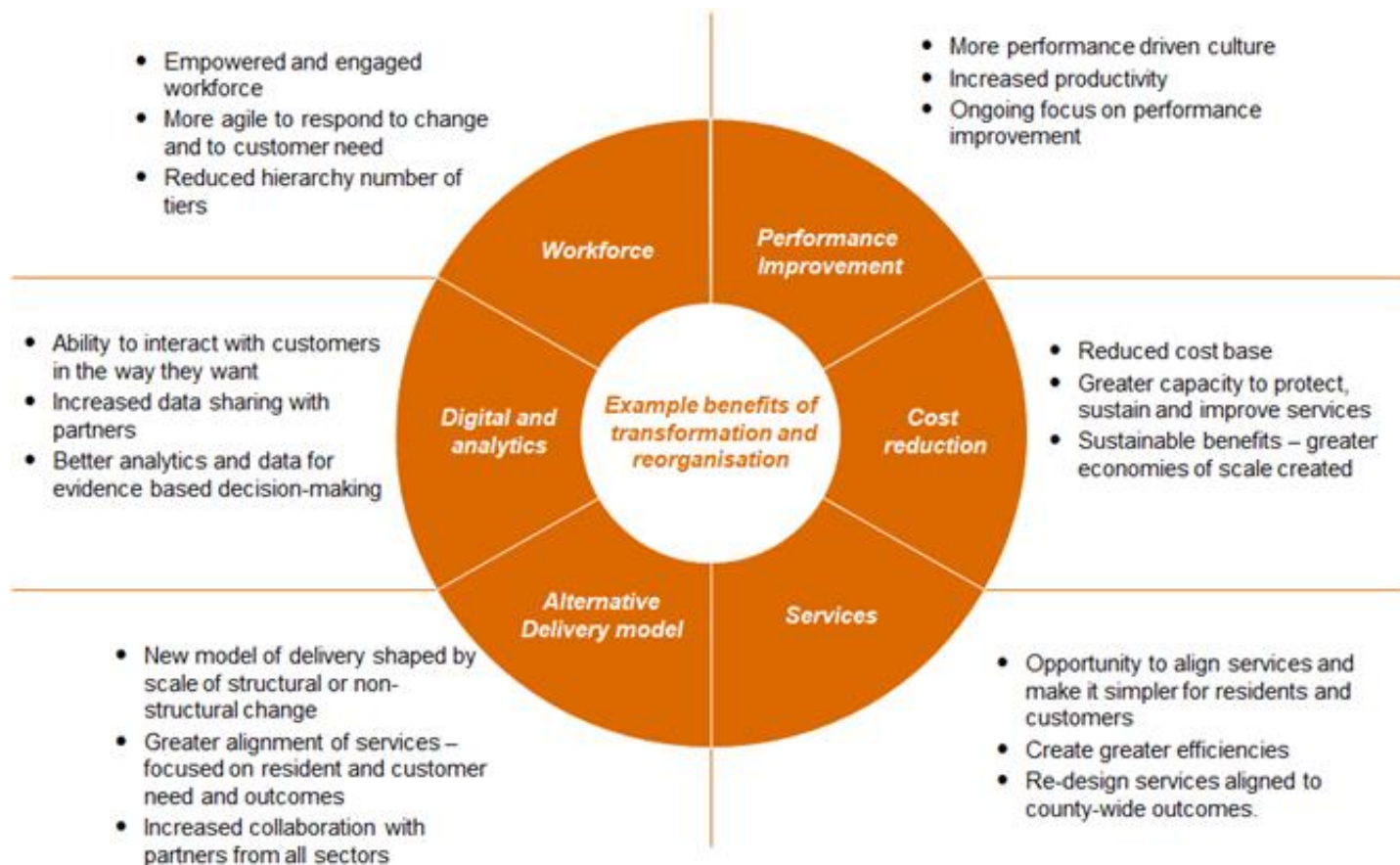
Set out below is a high level view of the advantages, disadvantages and impact of option two - creating two unitary authorities. As before, this analysis undertaken against agreed criteria and the outputs of the financial modelling.

Option	Advantages	Disadvantages	Impact
<p>Two unitary authorities:</p> <p>a) Dacorum; Hertsmere; St Albans; Three Rivers; Watford</p> <p>a) Broxbourne; East Hertfordshire; North Hertfordshire; Stevenage; Welwyn Hatfield</p>	<p>Opportunity to realise savings and deliver change/transformation including establishing joint services where possible e.g. waste collection and disposal.</p> <p>Some efficiencies and economies of scale would be realised.</p> <p>There would be the opportunity to develop a shared service approach across the two organisations as part of a transformation programme.</p> <p>Residents and customers may benefit from having simplified access points to services.</p>	<p>There would potentially still be a need to have two distinct operational management teams in place, especially in relation to social care.</p> <p>Establishing two unitary authorities may have unintended consequences for the fire service and other systems that are coterminous with the county boundary rather than one of the councils in that scenario.</p> <p>The natural geography and capacity to accommodate growth may also mean that it might be challenging to maintain current plans e.g. the need for new housing would be primarily in the North East.</p> <p>As with the one unitary council option, there could also be a perception of unitary authorities being more remote from communities and the electorate than the current arrangements..</p>	<p>Medium to long term</p>

Improved outcomes and
services for residents

Deliver improved services and outcomes for residents

Reorganisation would provide an opportunity to design new, modern and more streamlined councils - prioritising sustainable and inclusive growth. The new authorities would work more effectively together, and with other partners, to deliver improved outcomes, as well as adapting the very best examples of innovation from across the public sector and other industries.



Deliver improved services and outcomes for residents

Hertfordshire has already made significant progress in aligning key partners around a vision and set of outcomes for the place and residents. Through the work of the Growth Board - which has brought all councils together with other main partners such as the LEP - a Memorandum of Understanding has been developed which sets out both the challenges the county faces (set out below) and collectively how all partners propose to tackle them.

- Demand for residential homes of a variety of types and tenures;
- Need for infrastructure and local services serving both new and existing residents, and securing jobs and inward business investment within Hertfordshire;
- Responding to growth pressures from outside Hertfordshire in a considered and appropriate way;
- Pressure on the green belt and providing a sustainable and high-quality environment, as well as the threat climate change poses to the county and its residents.

How reorganisation could help tackle these challenges

Improving infrastructure, housing and the environment

Reorganisation could create an environment where the local response to infrastructure, housing and environment issues is shaped by policies which reflect the ambitions of the place and build on the existing MoU ambitions/recognition of key challenges. A stronger voice for the place would also have more power and influence, enhancing capacity to secure the resources needed. Relationships with key partners would be more effective with simplified access for developers and other key partners.

Delivery on ambitions for the economy, jobs and skills

Growing the local economy, attracting inwards investment and increasing skills and training opportunities are all priorities for the councils, LEP and Growth Board. Further collaboration or reorganisation has the potential to expand and accelerate this work. There would be scope to benefit from the economies of scale that would be achieved and invest further in skills and education services, as well as build stronger and more effective partnerships to develop specialist capacity and expertise.

Improving health & wellbeing

Increasing demand and complexity of demand from a growing and ageing population poses a major challenge. Reorganisation provides the opportunity to make access to services easier for users and patients and realise greater capacity to support those who need it. Transformation of relevant services could also take place with a view to ensuring services are localised as far as possible and there is an appetite to work more closely with health. There may also be an opportunity to review the STP boundary.

Value for money and
efficiency

Demonstrate improved value for money and efficiency

The county council has responded to financial challenges by developing further savings targets in order to meet the projected budget gap, which are outlined below. However, not all of these savings have been identified, and the Integrated Plan 2020/21 acknowledges that a significant proportion of these savings are yet to be found. The table below outlines the status quo financial position for the county, in addition to the estimated financial position for the districts to 2023/24 (more detail on these assumptions can be found in the **Appendix**):

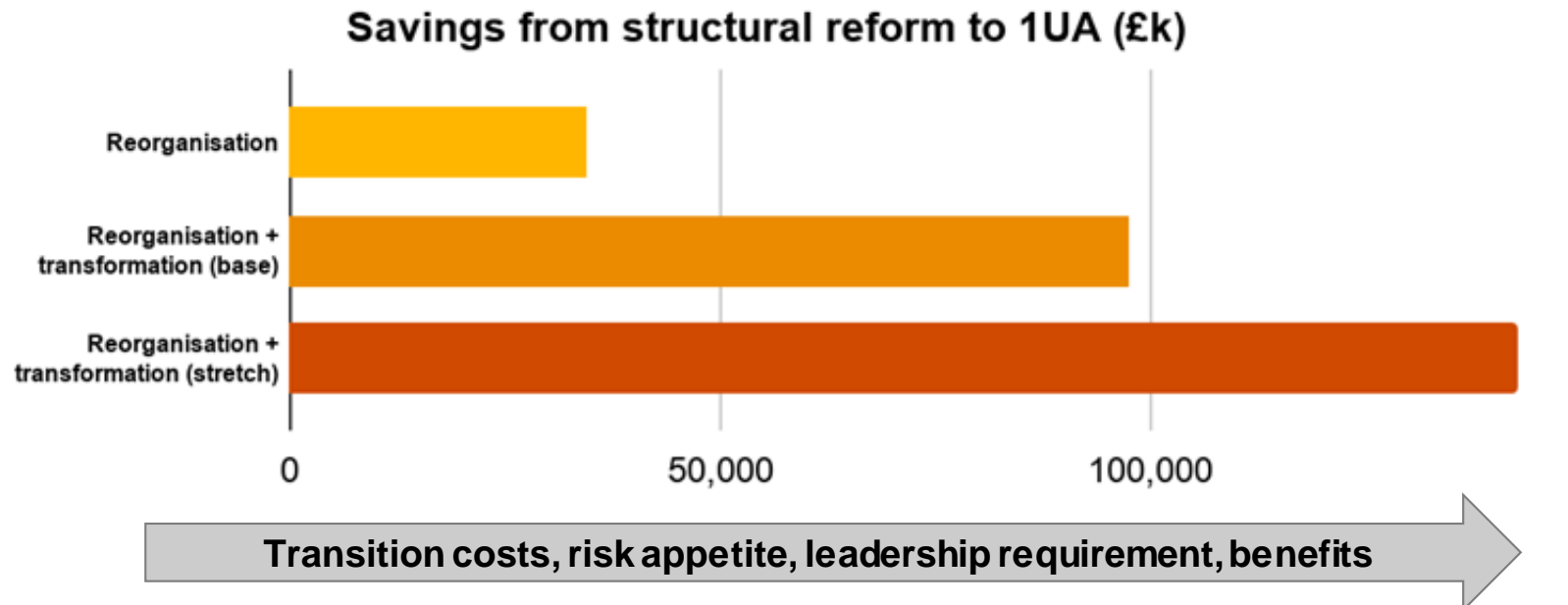
Cumulative county savings (£k)	2020/21	2021/22	2022/23	2023/24
Total savings to be made	17,137	51,001	75,066	97,767
Identified/In progress	17,137	37,402	46,178	61,548
Yet to be identified	0	13,599	28,888	36,219

Cumulative deficit/(surplus)(£k)	2020/21	2021/22	2022/23	2023/24
Broxbourne	0	0	0	0
Dacorum	0	0	0	0
East Herts	190	1,064	1,195	1,254
Hertsmere	0	(822)	(222)	(219)
North Herts	0	0	0	0
St Albans	0	2,000	2,500	3,100
Stevenage	0	380	380	380
Three Rivers	269	726	969	969
Watford	659	477	(52)	1,083
Welwyn Hatfield	0	1,587	1,930	1,930
Total	1,118	5,412	6,700	8,497

Demonstrate improved value for money and efficiency

These challenges, particularly given not all savings have been identified, means there is **a clear financial driver for change**. As a result of the high level financial modelling and analysis, it has been identified that structural change in particular would deliver significant savings. Reorganisation alone, however, would not realise the full range of saving opportunities on offer.

Creating new organisations presents an opportunity to make major changes to the way outcomes are achieved and services are delivered. **Reorganisation combined with a transformation programme** can be seen as an opportunity to **strengthen the council's system leadership role** as well as **re-design interactions with customers and partners, back office services and other enabling activities**. The diagram below gives an example of the savings available from moving to one unitary authority if Hertfordshire has a greater appetite or ambition for change.



Demonstrate improved value for money and efficiency

The CCN two-tier collaboration model identifies four areas of possible financial benefit*. These are:

- **Operational efficiency** - The analysis is based on an assumption that collaboration would allow capacity to be released in the form of a reduction in the overall number of full time equivalent (FTE) employees required across the county and district councils engaged in such an initiative.
- **Third party spending** - Collaboration should also enable participating councils to derive significant savings from their spend with the suppliers of some goods and services, through the consolidation of contracts, as well as by adopting a more powerful and joint negotiating position.
- **Senior management consolidation** - Enhanced collaboration arrangements in two-tier areas could offer additional opportunities to consolidate or share management posts.
- **Premises rationalisation** - Greater collaboration would provide opportunities to share premises.

These financial benefits for a county area can be summarised in the following table, displaying a range from low to high estimated annual savings, and one-off costs. A high level description of the assumptions and analysis that sit behind these figures can be found on **pages 65, 66 and 67**. Full details can also be found in the April 2019 report.

Category	Range of savings/costs	
	Low	High
Annual recurring savings (£m)	12.7	31.1
One-off costs (£m)	23.1	43.2

Cost savings and recovering
the cost of change

Deliver cost savings and demonstrate how the cost of change can be recovered over a fixed period

Each of the unitary authority options under consideration presents an opportunity to realise significant cost savings. Our analysis assessed a range of different types of saving opportunities through reorganisation, and further transformation of the council. Listed below are the key areas of savings opportunities, with the total estimated savings detailed on **pages 57 to 61** in the Appendix:

Savings opportunities through reorganisation:

FTE savings from consolidation of eleven councils into two or three
Property and IT rationalisation savings
Lower levels of third party spend
Election savings
Democratic representation based on a notional unitary authority committee structure

Savings opportunities through transformation:

Further FTE savings through consolidation of front, middle and back office functions
Further reductions in third party spend
Higher levels of income generation through fees and charges

The following page outlines the estimated savings through **reorganisation**, a **base case for transformation of the council/s**, and a **stretch case**.

Deliver cost savings and demonstrate how the cost of change can be recovered over a fixed period

If reorganisation and subsequent transformation into two unitary councils takes place, the estimated savings are as depicted below, ranging from a combined **~£24.3m** from pure reorganisation across both councils, to **~£105.5m** for a stretch case of transformation, fully embracing this opportunity to change ways of working in the councils.

Reorganisation to one unitary council would produce a higher estimated level of savings as a result of reorganisation to a larger scale council, reaching an estimated combined total of **~£34.3m** through reorganisation, and **~£142.7m** through a stretch case of transforming the council.

The estimated savings achieved through reorganisation and transformation in both unitary scenarios have been detailed on **pages 56 to 61** in the Appendix.

Total Savings (£k)	Two Unitary Authorities			One Unitary Authority
	South West	North East	Total	
Reorganisation	12,527	11,763	24,291	34,344
Transformation Base Case + Reorganisation	36,102	34,283	70,385	97,541
Transformation Stretch Case + Reorganisation	54,016	51,543	105,559	142,703

Deliver cost savings and demonstrate how the cost of change can be recovered over a fixed period

One-off transition costs incurred from reorganisation and potentially transformation have been estimated based on previous local government reform work, whilst taking into account the way councils operate in Hertfordshire. The areas of cost following **reorganisation** are primarily:

Transition costs through reorganisation:

Redundancy costs	Costs for shadowing	Closing down the existing councils and creating new ones	Internal and external programme management costs
Costs to migrate IT systems	Public consultation costs	Costs to rebrand the new council/s	Contingency planning

Transforming the councils throughout this reorganisation process will also lead to further costs of change:

Transition costs through transformation:

Redundancy costs	Costs to migrate IT systems	Internal and external programme management costs
------------------	-----------------------------	--

Harmonising council tax between former districts within any new unitary authority will also result in income foregone, or additional income. The methods used to calculate this level of income foregone or gained are described in more detail on **page 54** in the Appendix.

Deliver cost savings and demonstrate how the cost of change can be recovered over a fixed period

If reorganisation and subsequent transformation into two unitary councils takes place, the estimated transition costs are as depicted below, ranging from **~£22.4m** from pure reorganisation, to **~£50.9m** for a stretch case of transformation, due to the extent of the changes taking place.

Reorganisation to one unitary council would produce lower estimated transition costs for both reorganisation and transformation as the processes are not repeated across two councils - with costs ranging from **~£16.5m** through reorganisation through to **~£43.4m** through a stretch case of transformation.

Total Costs (£k)	Two Unitary Authorities			One Unitary Authority
	South West	North East	Total	
Reorganisation	11,249	11,193	22,442	16,540
Transformation Base Case + Reorganisation	22,609	22,308	44,917	36,665
Transformation Stretch Case + Reorganisation	25,662	25,211	50,873	43,449

The table below outlines the estimated total income foregone or gained throughout the process of council tax harmonisation for options 2 and 3, with the methods for calculating this found on **page 54 in the Appendix**:

One Unitary Authority:	Income foregone over five years (£k):
Total	35830

Two Unitary Authorities:	Income foregone over five years (£k):
South West	(10,412)
North East	22,230
Total	11,818

Stronger and more
accountable leadership

Support stronger and more accountable leadership

In considering whether or not local government reform would strengthen leadership and improve accountability in Hertfordshire, we have taken the following issues into account:

- The opportunity to deliver stronger strategic leadership across Hertfordshire.
- The importance of local and community leadership.
- The role that reorganisation could play in supporting clearer decision making.

Place

Strong leadership is required to realise the ambitions of Hertfordshire, where there are currently **over 20 organisations operating in the public sector alone**. Reorganisation would provide the senior leaders of the new councils with **a stronger voice and greater influence at a regional and national level** - further amplified through the formation of the combined authority, facilitating enhanced collaboration between the two new authorities. **Reorganisation has the potential to enable stronger leadership and faster decision making.**

There would be **greatly improved clarity of ownership**, improving transparency to residents. Reorganisation could also bring other benefits given there would be a wider geographical remit than the existing authorities, allowing **a more holistic view across the whole county**. Secondly, the new authority would be bigger, with more resources and more influence at a national level, enhancing its ability to **provide strong place leadership**.

System

One of the challenges of the two-tier model is that lines of accountability can be unclear and confusing. **Local residents, businesses and other public sector partners may be unsure as to which local authority is accountable for which services.** Information sharing is difficult, and the existence of multiple, sometimes competing local authority voices, can undermine the provision of clear leadership. The current structure of local government in Hertfordshire reflects many of these characteristics. Its political leaders face a myriad of synergies and tensions and the ability to manage those tensions and a series of complex delivery issues is made more difficult by the fact that they are being overseen by eleven councils with a total of 515 seats.

The complexity and cost associated with this arrangement poses challenges for the Hertfordshire councils in making the most of the opportunities presented and the challenges that they must tackle. **Existing relationships are variable, with some working very well, whilst others are more problematic.**

Support stronger and more accountable leadership

As part of analysing the impact of each option we have looked at democratic arrangements and considered how this might change in the case of options two and three. Set out below in the first table is a simple presentation of total number of district councillors in Hertfordshire. The second table sets out how this divides between the proposed geographical areas should a two unitary authority option be pursued.

Clearly, the number of members in any unitary arrangement would change significantly. For financially modelling purposes, we have made an assumption of **two members per existing county division**. This would result in 78 members per unitary authority in a two unitary scenario, and roughly 70-90 members in a one unitary scenario. However, this is an assumption and **any democratic changes would be made as a consequence of a full business case being developed** followed by public consultation as well as a boundary review.

Current total number of District Councillors in Hertfordshire	
Political Party	District Councillors
Conservative	214
Labour	95
Lib Dem	133
Other	6

South West Unitary Area		North East Unitary Area	
Political Party	District Councillors	Political Party	District Councillors
Conservative	95	Conservative	119
Labour	35	Labour	60
Lib Dem	99	Lib Dem	34
Other	5	Other	1

Demonstrate
sustainability

Demonstrate how the new model is sustainable in the immediate to long term in both service delivery and financial terms

The sustainability of Hertfordshire's local government system does of course depend significantly on the extent of savings that can be produced through this structural or non-structural reform. These figures must, however, be put into the context of the wider financial situation in Hertfordshire.

Based on our modelling assumption detailed more fully in the Appendix, the county and districts will be facing a collective **~£44.7m deficit by 2023/24**. Reorganisation and even transformation is therefore vital in ensuring long-term sustainability across the county. The figures below and overleaf briefly illustrate how structural reform would affect this potential deficit, with both base and stretch cases of transformation successfully addressing this deficit.

Option Two - Create one unitary authority	Total (deficit)/surplus in 2023/24 (£k)
Total (deficit)/surplus as-is	(44,716)
Total (deficit)/surplus with reorganisation savings	(10,372)
Total (deficit)/surplus with reorganisation/transformation savings (base case)	52,825
Total (deficit)/surplus with reorganisation/transformation savings (stretch case)	97,987

Demonstrate how the new model is sustainable in the immediate to long term in both service delivery and financial terms

An examination of the two unitary option also reaches the conclusion that not only reorganisation, but also transformation, is required in order to ensure financial sustainability across Hertfordshire.

South West	
Option Three - Create two unitary authorities (£k)	Total (deficit)/surplus in 2023/24 (£k)
Total (deficit)/surplus as-is	(23,870)
Total (deficit)/surplus with reorganisation savings	(11,343)
Total (deficit)/surplus with reorganisation/transformation savings (base case)	23,575
Total (deficit)/surplus with reorganisation/transformation savings (stretch case)	41,489

North West	
Option Three - Create two unitary authorities (£k)	Total (deficit)/surplus in 2023/24 (£k)
Total (deficit)/surplus as-is	(20,846)
Total (deficit)/surplus with reorganisation savings	(9,083)
Total (deficit)/surplus with reorganisation/transformation savings (base case)	13,437
Total (deficit)/surplus with reorganisation/transformation savings (stretch case)	30,697

Roadmap - next steps

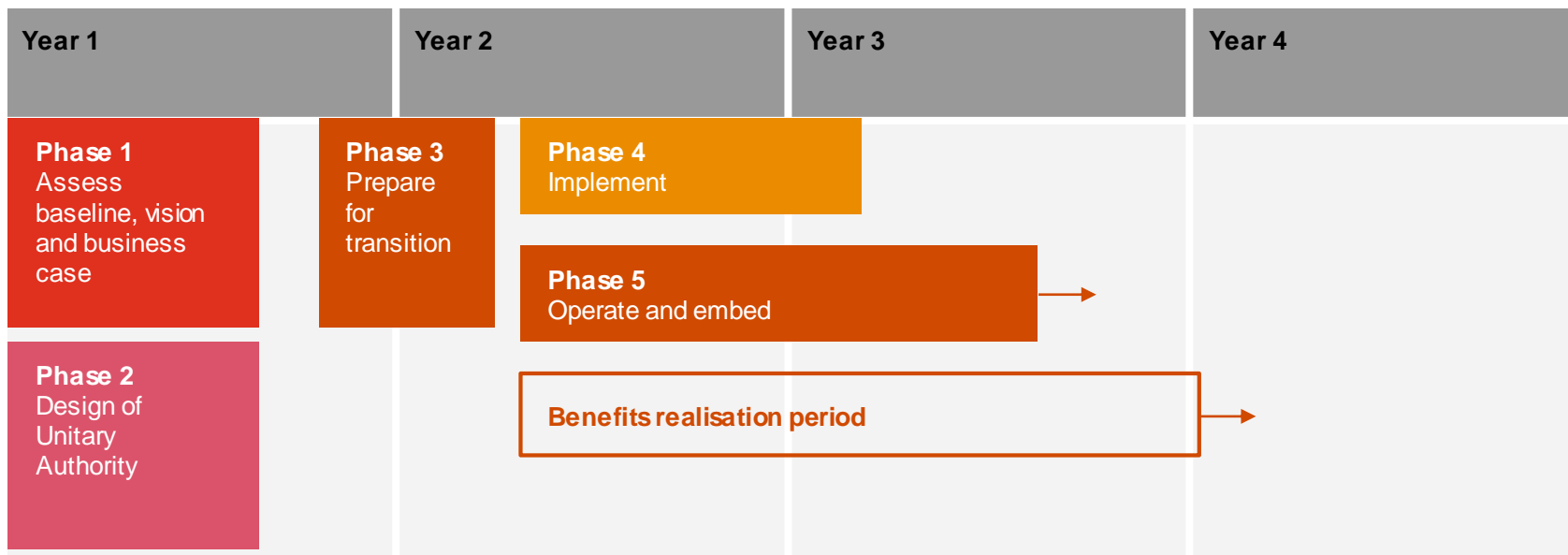
Preparing for structural change

Should the council be minded to pursue structural change, there will be a need to develop a framework for developing and building local consensus among political leaders, partners and key stakeholders as well as the formal consultation process. In Hertfordshire it will also be critical not to destabilise the existing partnerships, particularly in relation to the Growth Board.

In the most recent creation of a county-wide unitary authority - Buckinghamshire - the Secretary of State was required to make a choice between two competing bids. Whilst it is unlikely that central government would expect unanimous support and may even undertake its own consultation prior to any final decisions, they would expect there to be some consensus amongst key partners and stakeholders.

Set out below is an indicative timetable for the overall process of structural reform, and pages 46 and 47 provide a sense of the activities that would be undertaken at each phase.

Structural reform



Intro and context	Approach	Case for Change	Options for Change
	Analysis and Roadmap	Summary	Appendix

Preparing for structural change

Set out below is an example of some of the activities that will be required such as an engagement strategy, developing an evidence base, and moving towards implementation.

Key activities to achieve an in principle agreement on vision, strategic objectives and approach

- Socialisation of options and structured discussions in order to work towards internal alignment at a leadership level.
- Broader internal discussion to gain political agreement with direction of travel.
- Agreeing a framework of engagement with all partner authorities and key stakeholders.
- Developing and establishing a mandate (including agreement on vision and strategic objectives) for commissioning further analysis and design work.

Key activities to design a new operating model

Assuming an in principle agreement is reached across all or the majority of parties, engagement with central government should take place in advance of commencing a design process.

Specific operational model design activities would include:

- Mobilising a programme team.
- Developing a clear quantitative evidence base.
- Developing the conceptual new model into a more granular design.
- Identifying a clear set of benefits and timeline for realisation.

Key activities to commence implementation

Once a detailed design has been completed and agreed, partners could commence to implementation.

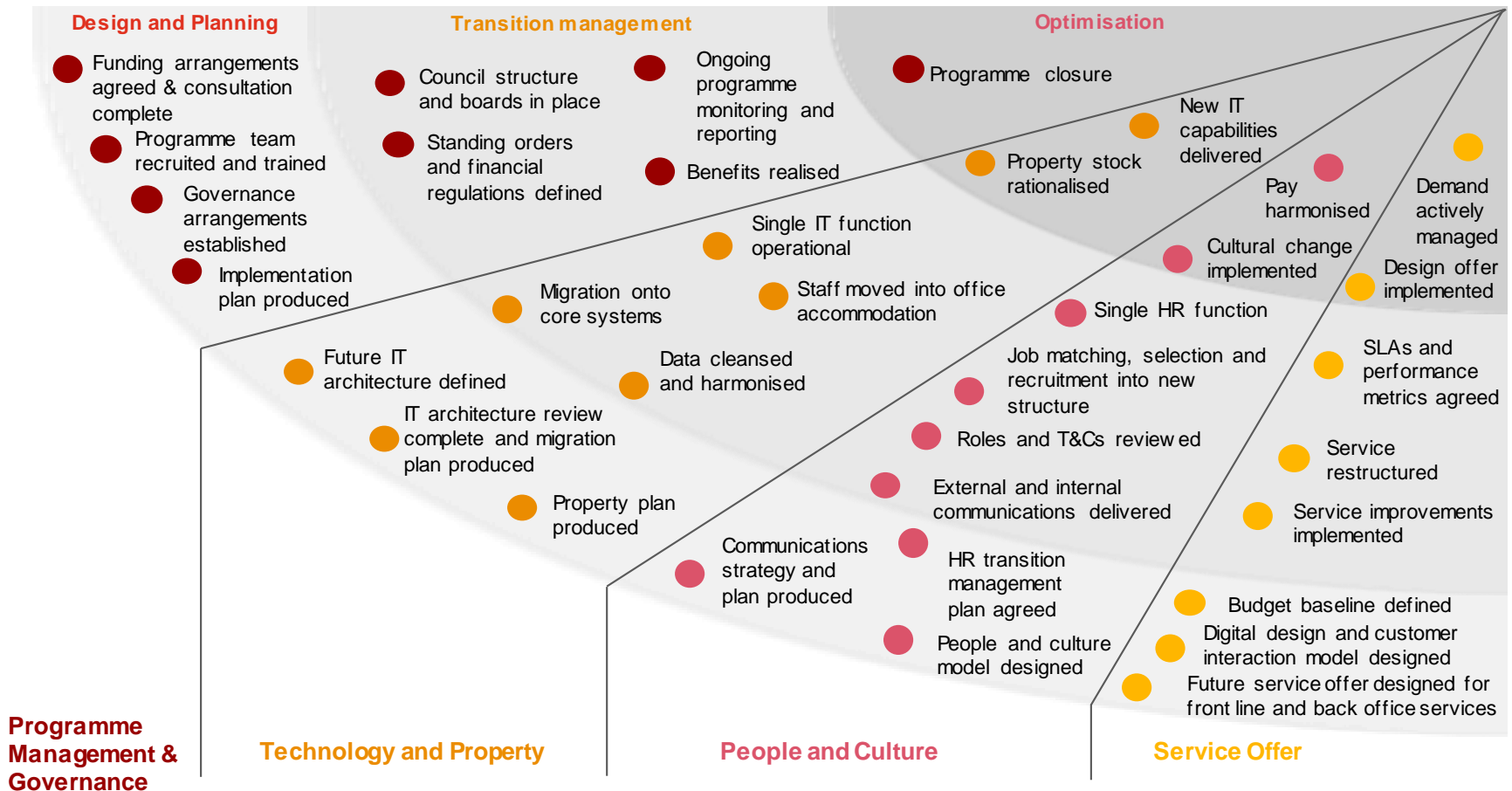
Specific implementation activities would include:

- Developing a detailed implementation plan.
- Establishing governance arrangements for the new model.
- Phased construction and activation of the core components of the target operating model.
- Benefit delivery tracking on an ongoing basis, as well as the identification of further opportunities for improvement.

Intro and context	Approach	Case for Change	Options for Change
	Analysis and Roadmap	Summary	Appendix

Implementation roadmap

In order to fully and successfully implement structural change across the Hertfordshire councils, a wide variety of factors and processes must be considered. Below, a roadmap depicts activities to be completed in **designing and planning** the new councils, **managing the transition** from the current two-tier system to the new unitary structure, and **optimising** the way the new unitary council/s operate.



Summary

Intro and context	Approach	Case for Change	Options for Change
	Analysis and Roadmap	Summary	Appendix

Summary

Hertfordshire is a prosperous county which is viewed by many as an attractive place to live, not least given the range of local employment opportunities as well as the proximity to north and central London. Yet there are also challenges and **ten years on from the beginning of austerity, the financial challenges for local government and the wider public sector remain.**

Whilst this is as true for Hertfordshire as it is for other counties, this is not the only driver for change. There is also **rising demand and a growing population** - some of whom have increasingly complex needs. Across the county, there are also **connectivity, transport and housing infrastructure challenges** that need addressing.

Significant progress has been made in terms of building relationships between all local councils, the LEP, VCS and private sector, particularly through the vehicles of the **Growth Board** and **Hertfordshire Forward**. There have been successes in driving inward investment and attracting new and existing employers to commit to the area as well as making ambitious commitments on **sustainable growth, housing and infrastructure**. Being situated in the golden triangle has brought about opportunities to lead in the area of STEM research, and the recent success of the Stevenage Bioscience Catalyst being named as one of six new Life Sciences Opportunity Zones in the UK has helped to reinforce that position.

Structural or non-structural change delivered at pace could also create an opportunity to **re-cast the way local government engages with local communities, parish and town councils**. As well as aggregating services up to a top tier administrative level, it would also be possible to **disaggregate some functions** and in areas such as health, work with partners to **re-design and deliver services at a more local or community level**.

With a clear focus on sustainable and inclusive growth, there is an opportunity for local government to elevate its system and place leadership role and build on the foundations that already exist. The national political landscape as well the relationships established with key officials, combined with strong local leadership, could create the necessary conditions for positive change. In addition to enabling council leaders to more easily align interests across the county, reorganisation would also provide an opportunity to establish new managerial behaviours and cultures. Should reorganisation be taken forward, new organisations would be established, and as part of a wider transformation programme, this could provide a **unique platform upon which to introduce a fresh approach to leadership of the place, as well as the management and organisation of service delivery.**

Appendix

Financial Modelling

Intro and context	Approach	Case for Change	Options for Change
	Analysis and Roadmap	Summary	Appendix

Approach to financial modelling

1. Developing the baseline

- Establish baseline projections for each council to an agreed timeline
- Identify the savings requirement

2 Disaggregation

- Disaggregate county spend to the different options
- Allocate district spend to the different options

3. Establish savings and transition costs arising from reorganisation and transformation

- Savings will include FTE, third party and democracy spend
- Costs will include redundancy and programme delivery

Key Assumptions - Budget Deficits and Disaggregation

Calculating budget deficits:

In order to model the budget deficit for options one, two and three, we have used:

- For county, the forecasted savings which have not been identified in the 2020/21 Draft Integrated Plan Overview
- For districts, any budget deficit / surplus to 2023/24 specified in published 2020/21 Budget Forecasts or Medium Term Financial Plans

Disaggregation of county spend:

To be able to disaggregate county spend and therefore budget deficits across the two new authorities for option three, a series of proxies have been used to create proportionate expenditure for each directorate:

- **Adults' Services** - Population over 65 within each new authority boundary
- **Children's Services** - Population 0-15 within each new authority boundary
- Services that sit with the CEX, Chief Legal Officer, Resources, Community Protection, Public Health, Environment & Infrastructure - **population within each new authority boundary**

Disaggregation of county income:

- The disaggregation of both county income and transitional costs will be carried out using **proportions of population across the two new authority boundaries.**

Key Assumptions - Income

Council tax has been forecast to increase by 1.99% per annum for county and district.

- In order to model council tax collection for unitary authorities following reorganisation, a mid-point has been modelled between harmonisation of council tax levels to:
 - The lowest level in the new unitary area, with this level increasing at the maximum rate of 1.99% and all other levels slowing to meet this over five years;
 - The highest level in the new unitary area, with this level increasing at 1.99% and all other levels increasing above this rate to meet over five years.
- Band D-equivalent tax bases have been taken from council data for 19/20, and Band D rates have been taken from publicly available data (GOV.UK data 'Council Tax levels set by local authorities in England 2019 to 2020'). A table setting out the current Band D rates (for 19/20) for the relevant councils can be found on the following page.

Key Assumptions - Income

Band D-equivalent tax bases have been taken from council data for 19/20, and Band D rates have been taken from publicly available data (GOV.UK data 'Council Tax levels set by local authorities in England 2019 to 2020'). Set out below are the current Band D rates (2019/20) for the relevant councils.

District	2019/20 Band D Council Tax Level
HCC	£1359.50
Broxbourne	£133.00
Dacorum	£216.00
East Hertfordshire	£238.00
Hertsmere	£207.00
North Hertfordshire	£254.00
St Albans	£221.00
Stevenage	£211.00
Three Rivers	£224.00
Watford	£268.00
Welwyn Hatfield	£252.00

Key Assumptions - Reorganisation

FTE savings:

FTE numbers for reorganising to one unitary authority have been subjected to a blanket reduction of 3.5%, in accordance with calculations used in previous work. This is reduced to 2% for reorganising to two unitary authorities on the basis that there will not be the same scope for FTE reductions given that the same roles will still exist across both councils (although this still accounts for potential joint senior management roles across the two new councils).

- FTE figures and average salaries for county have been provided by the county.
- Publicly available data has been used to compile FTE figures for districts, using the average county salary for districts.

IT Savings:

Currently, IT information has primarily been provided as part of the county's third party spend figures. It is therefore unclear what proportion of this could be reduced through reorganisation.

If more information is made available by the county, licence costs will be extracted and subjected to a 25% blanket decrease.

Property:

Property data is being cross-referenced with the county transformation programme to ensure that planned savings are not being double-counted.

- Currently, a 10% blanket decrease has been applied to annual property costs provided by the county.

Key Assumptions - Reorganisation

Savings resulting from changes to democratic arrangements:

Base and SRA allowances paid to county and district members have been summarised from publicly available data. This current state has been compared with assumptions around democratic arrangements following reorganisation:

- 78 members per unitary authority in a two unitary scenario, assuming two members per electoral division, and roughly 70-90 members in a one unitary scenario.
- These members would be paid the base allowance of £10,382 currently paid by the county.
- The SRA structure would consist of allowances for a Leader, Deputy Leader, six Cabinet Members and 15 Committee Chairs per unitary authority, using current county SRAs for these roles.

Election costs which would be removed for district elections have been estimated over a four-year period by using publicly available turnout data and the frequency of each district election.

- The cost per vote has been estimated at £2.32, in accordance with government estimates for the 2015 General Election (most recent data available).

Third party spend:

- County third party spend data has been provided, and subjected to a 2% blanket decrease minus IT costs for one unitary council, and 1.5% per council for two unitary arrangements..

Key Assumptions - Reorganisation

The estimated savings to be achieved through reorganisation have been outlined below according to the area of saving, based on the assumptions detailed on the previous page:

Estimated reorganisation savings (£k)

Area of Savings:	2 UA			1 UA
	Total Savings (South West Unitary):	Total Savings (North East Unitary):	Total:	Total Savings (1UA):
FTE	3,149	2,919	6,068	10,619
Third party spend	6,854	6,774	13,627	18,170
Property	801	792	1,593	1,593
Member Allowances	1,404	1,021	2,424	3,385
Election Savings	319	258	577	577
Total:	12,527	11,763	24,291	34,344

Key Assumptions - Transformation

Further FTE savings:

Reduced FTE figures following reorganisation have been grouped into three key service areas, according to proportions which reflect previous local authority activity analyses: customer contact (38%), service delivery (35%), and enabling services (27%).

These groups have been subjected to reductions depending on the base or stretch transformation case:

One Unitary Authority	Base Case	Stretch Case
Front Office	12.5%	20.0%
Middle Office	8.0%	10.0%
Back Office	20.0%	32.0%

Two Unitary Authorities	Base Case	Stretch Case
Front Office	8.0%	15.0%
Middle Office	6.0%	7.5%
Back Office	15.0%	24.0%

Third Party Spend:

Further reductions in third party spend have been applied to the total figure: 2.5% for the base case and 3% for the stretch case in the case of one unitary authority, and 1.9% and 2.25% in the case of two unitary authorities.

Income Generation:

2018-19 revenue outturn data has been analysed to find the proportion of fees and charges recouped compared to expenditure. This has been compared to the levels recouped by six unitary authorities, and significant areas of opportunity have been identified. It has been assumed that the base case would involve increasing fees and charges as a proportion of expenditure by 1 percentage point, and 2 p.p. in the stretch case for one unitary authority. This has been reduced to 0.75p.p. and 1.5p.p. for the two unitary case.

Key Assumptions - Transformation Base Case

The estimated savings to be achieved through transformation have been outlined below according to the area of saving, based on the assumptions detailed on the previous page. This has been calculated for both the base case and stretch case:

Estimated transformation savings for the base case (£k)

Area of Savings:	2 UA			1 UA
	Total Savings (South West Unitary):	Total Savings (North East Unitary):	Total:	Total Savings (1UA):
FTE	13,964	12,943	26,907	37,916
Third party spend	1,828	1,806	3,634	4,542
Income Generation	7,783	7,771	15,554	20,739
Total:	23,575	22,520	46,095	63,197
Total + Reorganisation:	36,102	34,283	70,385	97,541

Key Assumptions - Transformation Stretch Case

Estimated transformation savings for the stretch case (£k)

Area of Savings:	2 UA			1 UA
	Total Savings (South West Unitary):	Total Savings (North East Unitary):	Total:	Total Savings (1UA):
FTE	22,496	20,851	43,347	57,796
Third party spend	3,427	3,387	6,814	9,085
Income Generation	15,566	15,542	31,108	41,477
Total:	41,489	39,780	81,269	108,358
Total + Reorganisation:	54,016	51,543	105,559	142,703

Key Assumptions - Benefit Phasing

Reorganisation Savings:

It has been assumed that reorganisation savings will be realised as follows:

	21/22	22/23
Proportion of savings realised	75%	25%

Transformation Savings:

It has been assumed that transformation savings will be realised as follows:

	21/22	22/23	23/24
Proportion of savings realised	25%	50%	25%

Key Assumptions - Reorganisation Transition Costs

In order to estimate the total one-off costs incurred as a result of moving to options two or three, we have made some assumptions about specific costs incurred throughout **reorganisation**, which are detailed in the tables below:

Service area	Rationale
Redundancy	Estimated cost of redundancy using a benchmark from previous work of £7,176 per head, in accordance with 2018/19 county figures.
Shadow CEX/member costs	Costs for year of shadowing from CEXs and members.
ICT	Assumptions for costs relating to system licenses, storage, data cleansing etc.
Public Consultation	Consultation on proposed changes.
Creating a new authority	Costs for creating new exec teams, setting budgets, delivering BAU.
Closedown	Financially closing down councils and creating sound budgetary control systems.
Contingency	Provision for unforeseen or unexpected costs.
Internal	Internal programme management costs.
External support costs	Estimated external consultancy costs to design the reorganised council for each unitary authority.
Rebranding	Costs to develop and implement new signs and logos.

Key Assumptions - Transformation Transition Costs

In order to estimate the total one-off costs incurred as a result of moving to options two or three, we have made some assumptions about specific costs incurred throughout **transformation**, which are detailed in the tables below:

Service area	Rationale
Redundancy	Estimated cost of further redundancies due to FTE reductions throughout transformation.
IT	Significant investment in IT systems in order to enable more digital ways of working (as well as working as an enabler for further efficiency savings through FTE reductions).
Internal project management	Costs for internal project management to guide councils through transformation.
External support costs	Costs for external support to ensure effective transformation: change management, benefits realisation, business and technology design authority, and process redesign and consolidation.

Key Assumptions - two tier collaboration

As stated on page 16, this model has been developed with the County Council Network and uses publicly available data. The majority of savings have been calculated from a set of nine potential service initiatives and the savings potential for each through operational efficiencies and third party spend savings. These nine areas are:

- Waste collection and disposal
- Licensing and regulatory services
- Revenues and benefits
- Back office support and administration
- Building control, planning and related activities
- Street cleansing
- Crime and safety
- Culture
- Election spend

This analysis is based on the assumption that the projected savings will take between four and five years to reach their potential.

Recurring annual savings for a large county area:

	Low	High
Recurring annual saving (£m)	12.7	31.1

Cumulative one-off costs for a large county area:

	Low	High
Costs (£m)	23.1	43.2

Key Assumptions - two tier collaboration

Savings - operational efficiency

Savings have been calculated by dividing employee spend for each of the nine example service initiatives (as set out on **page 64**) into three categories: **contact and assessment**; **service delivery**; and **enabling services**. This has been done in a way that reflects comparator data.

A range of percentage estimates, **low, medium and high**, has then been assumed for the potential reduction in these categories that collaboration could bring - by allowing activity and processes in these areas to be standardised, shared, simplified and/or automated. An example of the percentages used for some of the nine initiative areas are set out in the table below:

Service initiative	Low savings %			Medium savings %			High savings %		
	Contact and assessment	Service delivery	Enabling	Contact and assessment	Service delivery	Enabling	Contact and assessment	Service delivery	Enabling
Waste collection and disposal	2.5%	2.5%	10.0%	5.0%	5.0%	15.0%	7.5%	7.5%	20.0%
Back office support and administration	0.0%	0.0%	15.0%	0.0%	0.0%	20.0%	0.0%	0.0%	25.0%
Election spend	10.0%	2.5%	10.0%	15.0%	5.0%	15.0%	20.0%	7.5%	20.0%

Key Assumptions - two tier collaboration

Cumulative one-off implementation costs

For the purposes of this analysis, it has been estimated that the projected savings will take between **four and five years** to realise their full potential. Securing the benefits described would inevitably require investment in certain areas. For example, supporting a transformation programme of the scale required would incur **programme management costs** as well as the additional sums required for **redundancies, investment in technology infrastructure and contract renegotiations**. There would also be a need to invest in training and development as new ways of working are implemented. The scale of the costs would develop on the extent of the collaboration programme and transformation activity required to design and implement the identified changes. The table below sets out some examples of some of the likely one-off costs and the total amount that would be spent over the course of a four to five year implementation period.

Cost category	Description	Estimated costs (£m)	
		Low	High
Redundancy costs - senior managers	Exit costs for senior manager savings	3.1	15.5
Redundancy costs (excl. senior managers)	Staff exit costs	73.1	138.5
Transition costs	Backfill of council staff that are seconded to a change/transformation delivery programme	2.4	7.2
Service transformation and programme management	Dedicated implementation support which may include external support	120.0	216.0

Democracy

Democracy - local representation

Set out below and on the following page is the current political composition of the county council and each district Council. Also included on page 57 are the details of the Police and Crime Commissioner elections. Hertfordshire has had a PCC in post since November 2012.

Council	Political composition	Next planned election	Additional info
Hertfordshire CC	Conservative - 51 Lib Dem - 18 Labour - 9	2021 (every 4 years)	
North Hertfordshire	Conservative - 22 Labour - 16 Lib Dem - 11	2020 (elections by thirds)	Labour and LD leadership. Mainly parished. Three areas are not.
East Hertfordshire	Conservative - 40 Lib Dem - 6 Labour - 2	2023 (every 4 years)	Entirely parished area.
Broxbourne	Conservative - 27 Labour - 2 Other - 1	2020 (elections by thirds)	Partly parished - Chestnut and Hoddesdon are not parished.
Welwyn Hatfield	Conservative - 23 Labour - 13 Lib Dem - 12	2020 (elections by thirds)	Conservative minority leadership. Mainly parished. Welwyn Garden City is not.
Stevenage	Labour - 27 Conservative - 7 Lib Dem - 5	2020 (elections by thirds)	Not parished.

Democracy - local representation

Council	Political composition	Next planned election	Additional info
Three Rivers	Lib Dem - 24 Conservative - 12 Labour - 3	2020 (elections by thirds)	Fully parished.
Dacorum	Conservative - 31 Lib Dem - 19 Independent - 1	2023 (every 4 years)	Lib Dem net gain of 14 seats in 2019. Conservative net loss of 12 seats in 2019. Mainly parished. Hemel Hempstead is not.
Hertsmere	Conservative - 29 Labour - 7 Lib Dem - 3	2023 (every 4 years)	Mainly parished. Bushey and Potters Bar are not.
Watford	Lib Dem - 28 Labour - 10	2020 (elections by thirds)	Elected Mayor. Not parished.
St Albans	Lib Dem - 25 Conservative - 23 Labour - 6 Other - 3 Green - 1	2020 (elections by thirds)	Lib Dem minority leadership Mainly parished. St Albans (city) is not.
Police & Crime Commissioner	Conservative	2020 (every four years)	

Democracy - national representation

Following the recent general election, there have been some changes to the Members of Parliament representing Hertfordshire in the House of Commons. The table below captures the new cohort of MPs, where there have been changes and any particular positions those MPs hold at a national level.

Constituency	Member of Parliament (December 2019)	Political Party	Additional info
Harpenden & Hitchin	Bim Afolami	Conservative	
St Albans	Daisy Cooper	Lib Dem	New MP in 2019 Lib Dem gain from Con
Hertsmere	Oliver Dowden	Conservative	Secretary of State - DCMS
North East Hertfordshire	Sir Oliver Heald	Conservative	
Hertford & Stortford	Julie Marson	Conservative	New MP in 2019
Stevenage	Stephen McPartland	Conservative	
South West Hertfordshire	Gagan Mohindra	Conservative	New MP in 2019
Hemel Hempstead	Rt Hon Sir Mike Penning	Conservative	
Watford	Dean Russell	Conservative	New MP in 2019
Welwyn Hatfield	Rt Hon Grant Shapps	Conservative	Secretary of State - Transport
Broxbourne	Sir Charles Walker	Conservative	