West Sussex County Council Preference – Our Supporting Statement to Government

Summary

West Sussex County Council's view is that the Government should replace all the local authorities in West Sussex with a single unitary authority using the existing West Sussex County Council boundary (option A in the business case). This reflects the footprint of the current County Council, and the aggregate footprint of all Districts and Boroughs in the county and is based on the analysis of the business case that local authorities in West Sussex have worked hard collectively to develop.

A single unitary council provides the strongest foundation to enable local government in West Sussex to deliver for our diverse places and to our residents.

A single unitary council offers the best of both worlds – financial resilience and capacity - option A will deliver over double the efficiency savings as option B (£48m against £18.8m) and will pay back the cost of transformation in less than half the time (2.3 years against 6.3 years). This means £30 million per year to be spent on services that residents value rather than council administration – while operating locally, invigorating neighbourhood level governance and empowering public service reform at a local level, testing and co-designing local solutions to meet local need.

A single unitary option scores highest overall within the shared West Sussex business case and scores substantially higher against the two of the Government's published criteria which will enable and support a future unitary authority that continues to provide high quality services to residents on a financially sustainable basis, criteria 2, financial sustainability, and criteria 3, service provision.

Financial strength, resilience and the opportunity to invest

The financial differential between the options is stark. In a single West Sussex unitary council there would be £30m more revenue funding to direct towards priority services, be they statutory or discretionary, every single year (£48m efficiency savings, against £18.8m for two councils) and will pay back the cost of transformation in less than half the time (2.3 years against 6.3 years).

With the current condition of local government finances, both nationally and locally, and with the Government's Fair Funding 2.0 review widely expected to reduce funding to West Sussex councils by tens of millions of pounds by the time the new structure is in place, foregoing further efficiencies of this magnitude is imprudent and would increase the risk of severe financial challenge and therefore create a high risk of financial failure of local councils in the medium to long term.

Continued improvement and investment in social care

The business case recognises that there will be unavoidable disruption to vital social care services currently delivered at county level if they are to be disaggregated and split into two new councils.

While every effort and significant expertise will be deployed to mitigate this, it is inevitable the huge undertaking of disaggregating social care services will impact on

delivery of day-to-day provision and service reform, which could also have significant cost implications.

The County Council has invested significant time and additional resources (over £170m since 2020/21) in adult social care services, children's social care services and services to children requiring Special Educational Needs and Disabilities (SEND) support, the impact of which has most recently been evidenced by CQC rating our adults' services as "good".

Whilst these improvement journeys are not complete yet, the introduction of the very significant requirements of disaggregation run a significant risk of distracting from further improvement and potentially undermine the progress made so far, slowing wider health and social care system reform locally.

Strengthening communities and focusing on the local

We see local government reorganisation and a single unitary for West Sussex as a huge opportunity to reinvigorate local democracy and community engagement, bringing all services together within one organisation, renewing the relationship with town and parish council councils. It is the model that will work best with and operates at a similar scale and size to our strategic partners in police and the NHS who are also used to adopting an approach that mixes operating at scale with dedicated and focused local provision.

A unitary West Sussex Council will be the catalyst to unlock meaningful empowered localism for our county. Whilst strategic decisions can be taken at county level, neighbourhood boards supporting a strengthened relationships with town and parish councils, will mean that local voices will remain central to how local services are delivered, and that their influence can grow in a structure that is newly designed around reflecting them in a modern and responsive new council.

In our assessment, based on thorough analysis, a single unitary for West Sussex offers the best of both worlds: operating at scale where appropriate, but hyper-locally when required to be responsive to local priorities and need, underpinned by the scale, resources and insight to deliver in a targeted way which reflects local circumstances and drives improved outcomes.

This bespoke approach dovetails well with the vision for neighbourhood governance set out in the English Devolution and Community Engagement Bill. Equally the approach complements the shift in the NHS to building a neighbourhood health service.

Within the current two-tier system, there is already a track record of county-wide services being tailored in their local delivery, recognising that different places have different needs. For example, West Sussex County Council's library service is embedded within the communities they serve, while being supported with scale and size.

Conclusion

The single unitary option is by far the most financially resilient option. It costs less to implement, has lower running costs and is better value for the taxpayer – which means more money to invest in local services that residents value. Learning from other councils which have been through local government reorganisation highlights

that decisions on the implementation model and governance can reduce cost and complexity in a single council model.

A single unitary also avoids a significant downside of splitting social care services in two.

If two unitary councils are chosen, ensuring social care provision is safe and legal on day one will necessarily be the focus. Making the choice to split social care in two would be doing a disservice to our residents and will risk undoing all the good work that has delivered improve social care.

A single unitary will ensure that limited resources and expertise in social care can be focused on service transformation and prevention, on building integrated, multi-disciplinary teams from day one for the benefit of our residents, rather than the complex, time consuming and expensive breaking up of services.

It is our conclusion that the single unitary council option offers a real opportunity to create a local authority for West Sussex that has the scale and resources to deliver, the capacity and capability to build services that focus on the individual and prevention, and flexibility to work in neighbourhoods, to test, design and build differentiated services in places, to meet local need.

A one unitary option will also provide the strategic direction a local authority needs in building a better future for all of the residents, communities and businesses that rely on its services. This strategic ability is already embedded in the practices of the council and will be utilised from day one to ensure that the new structure continues the service journey already being undertaken.

Background

West Sussex Councils' approach to developing the evidence base and business case

While there are different preferences, the business case represents the collective endeavour of all eight councils in the West Sussex area. Working collaboratively through a complex task with many differing perspectives held across our communities and political groups was at times challenging, but also stimulating and exciting.

We have worked together constructively and in good faith, guided by the best interests of the residents, communities and businesses we represent. We are united in our collective response to the Government's invitation and that the options outlined within this business case give our area the best possible opportunity to weather the economic headwinds that lie ahead. Whatever the outcome, we have laid the foundations for working effectively to implement it together.

The business case covers the entirety of the West Sussex area, in line with the expectations set out in your invitation letter. It explores options for a sustainable, effective and coherent model of local government for the county, considering the financial and service delivery challenges we anticipate in the years ahead.

Local government reorganisation will not fix the financial challenges faced by councils, and there is a risk of further pressure in West Sussex, particularly as modelling suggests the Government's Fair Funding 2.0 review is widely expected to reduce funding to West Sussex councils by tens of millions of pounds.

Local government reorganisation will place a huge strain on councils which are already under pressure, and our focus is on ensuring the best outcomes for residents, particularly those who rely on us for social care. Choosing less financially strong options will make the situation even more challenging.

West Sussex County Council's approach to analysis of the options

West Sussex County Council has taken the consistent position that it will follow the evidence contained in the business case before taking a final decision on the preferred option for local government reorganisation.

From the outset of the process, the County Council has maintained that any proposal must:

- Be consistent with the criteria set out in the English Devolution White Paper and subsequent guidance
- Minimise disruption and turbulence to services during transition
- Be financially and socially resilient and have capacity to deliver
- Recognise the costs and risks of splitting services.

As set out in the shared business case, option A fully meets, and scores highest against the Government's criteria.

Assessment against the Government's criteria

Criteria 1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.

The business case concludes that both options fully meet Criteria 1, that the "proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government" as both proposals encompass the entirety of the county.

Appropriate tax base: financial sustainability

Understanding the tax base of the different options in the business case was a key focus for our collective work. Leaders are committed to ensuring that whatever option for local government reorganisation in West Sussex Ministers decide to implement, that the new council or councils are not hamstrung from the start, either by having an unequal proportion of council tax take, or demand for social care.

Undertaking this work emphasised the importance of successor councils being able to harness a wide range of resources to bring to bear on local challenges – such as a broad council tax base and a wide and diverse economy, which is not overly reliant on one sector and therefore susceptible to economic shocks.

Any option put forward by other councils for West Sussex which have not passed the tests applied to those in our shared business case would represent significant risks – as the councils required to implement the changes will have no understanding of the underpinnings of the proposal.

Sensible Economic Area: A driver of economic growth

The West Sussex economy is worth around £27 billion. This is 8% of the South-East region's economy (£336 billion). It has 379,000 employees (9% of the South-East total) working in over 42,600 businesses (9% of the South-East total). Our resident population is around 900,000. This is 35,000 (+4.0%) more than in 2018. In 2022, there were 400 more businesses, but 6,000 fewer people employed in the county than there had been in 2018. Over the same period, our economy grew by 15% in current prices, but by less than 2% when inflation is considered. Our population is projected to increase by more than 50,000 by 2035, driven by significant increases in residents aged 65+, and with only a modest increase (+1,000) in the working age population. West Sussex has a varied economic geography. We have an extensive mix of businesses, including world-leading corporates, strong public services, and a rich array of innovative small and medium-sized enterprises (SMEs) and creative freelancers. It is one of the UK's most attractive counties, with extensive natural and heritage assets, a rich network of vibrant towns and villages, and international connectivity. West Sussex's economy is diverse, which is its strength.

The established West Sussex Economic Growth Strategy sets out the vision for the whole county and how it will be delivered – reflecting the fact the county geography is a sensible and functioning economic area.

A single unitary will be best placed, both in terms of resources and continuity, to deliver the West Sussex Economic Growth Strategy – and will have leverage and scale to successfully link in with and support delivery of the Mayoral County

Combined Authority, including having the capacity to deliver strategic planning across a large, functioning economic area.

Given transition will be more simple to a single unitary, it will enable officers and members of the new council to retain focus on delivery of economic growth – as with many service areas there is an increased risk that the focus on disaggregation and delivery of safe and legal services from day one if two unitaries are chosen may jeopardise the focus on non-statutory services in the short and medium term.

Criteria 2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.

The business case finds that option A, a single unitary, performs strongest against Criteria 2, that councils "must be the right size to achieve efficiencies, improve capacity and withstand financial shocks" as option A will maximise efficiency savings whilst avoiding the costs associated with disaggregating services.

Value for money and payback on investment

Analysis of the Fair Funding 2.0 proposals for local government suggests that West Sussex County Council and its successor will lose at least £30m per year in funding, and the County Council has a significant budget gap projected until 2028 when successor arrangements will come in.

Local government reorganisation will not solve this financial challenge – only national reform and additional funding will. However, incurring additional transition costs and opting for a model which limits the potential achievement of financial savings would represent a missed opportunity in terms of the various steps needed to deliver financially sustainable local government in West Sussex.

Option A is preferred by West Sussex County Council as it is clear from the evidence base and financial modelling that there are lower transitional costs for establishing the new authority – and the opportunity for efficiency savings are greater – with the payback on investment period being significantly lower when creating one council rather than 2.

Using the midpoint figures quoted in the shared business case, option A will deliver over double the efficiency savings as option B (£48M against £18.8M) and will pay back the cost of transformation in less than half the time (2.3 years against 6.3 years). There will be £30m more money available for service delivery, and less money spent on the overheads in local councils.

The potential difference is greater looking at the base and stretch cases, with only the single unitary option presenting an attractive financial option in the base case with payback otherwise potentially spreading beyond 10 years.

Financial and economic resilience

Having a large and diverse council tax base, and a broader economy and business rates base means that a single unitary authority will be best positioned to address financial shocks.

A larger geography also allows places of higher need and demand to be supported by places where there is lower demand for council services or those in receipt of exceptional financial support, and to vary this approach over time.

Criteria 3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.

The business case concludes that option A, single unitary, performs strongest against Criteria 3, "the delivery of high quality and sustainable public services to citizens" as, although both options offer opportunities to deliver public service reform through enabling more integrated and preventative services, option A does this whilst avoiding the need for service disaggregation and the associated risks to service delivery.

The business case and evidence base describe how and why a single council for West Sussex is the optimal solution – describing the additional costs and risk associated with splitting adults and children's social care provision and special educational needs.

West Sussex County Council's children's and adults' services have been on a significant journey of improvement and, disaggregating services into two councils would add to the complexity and cost of service provision.

A single unitary council will be able to operate safe and legal children's and adults' services across the whole of West Sussex from day one, with no changes required to operating models or IT systems. This is not the case if services are disaggregated between two new councils and although this is achievable in the medium term, it will require significant additional resources and carry a material risk to day-to-day delivery.

Coupled with wider national reform of adults and children's provision, and recruitment and retention pressures, splitting these services will not serve the interests of West Sussex residents.

Opportunities for service innovation

There is opportunity for public service reform in West Sussex, both by joining up services which are currently provided by different councils – developing a shared and efficient approach to waste and recycling collection and disposal, joining up housing, adults' services, public health and children's services to focus on prevention and support and closer working between environmental health and trading standards.

A larger unitary council provides the same opportunity for innovation and join up of service delivery as two councils with populations of near 500,000. Size is not a barrier to innovation; service join up and local working. A larger council with greater resources, which is not focused on ensuring disaggregated children's and adults' services operate as safe and legal from day 1, will have more capacity and capability to review operations and deliver public service reform faster and more effectively.

Prevention and support for individuals before they require high-cost intervention is a significant focus of current change activity within the county council, and we would anticipate that additional service provision levers for a new unitary council – particularly with closer working on housing and homelessness - will enable a stronger focus on supporting individuals to live independently, helping residents lead fulfilling lives. These services would be place based and people focused – integrating all the relevant services to offer multi-disciplinary teams that really

know their patch and have the levers, capacity and resource of a larger council to deliver.

A larger unitary council will also be better placed to secure resources to invest in digital platforms, innovation, and data insight—making services easier to access, more responsive, and better tailored to local needs. A single unitary will benefit from greater economies of scale with which to maximise the benefits of exciting new technological innovations, which often require significant investment, for our residents and communities. Furthermore, a larger unitary council will be better equipped to drive sustainability and climate action across the county, in a manner that is meaningful for our residents and communities. A single council will be able to drive county-wide climate and environmental initiatives, aligning housing, transport, waste, and energy policies to meet net-zero ambitions much more effectively through ensuring a consistent approach across West Sussex.

A single unitary council will also offer staff a broader choice of career paths, improving recruitment and retention in critical services, whilst providing great resources and opportunities for staff development.

A single unitary council for West Sussex represents an exciting opportunity to drive a real step change in outcomes for residents. Transformation and innovation based on a platform of stability in social care services, with the resource and expertise that can be brought to bear in an organisation of that scale provide the optimal mix for success.

<u>Criteria 4. Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.</u>

The business case concludes that both options equally meet Criteria 4, that "councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views". The level of collaboration between West Sussex councils is a unique strength of our area.

Collaborative working between the eight councils in West Sussex has been at the core of developing the business case and evidence base, and we consider it is a real strength in our approach.

While West Sussex County Council may ultimately have drawn a different conclusion about the best model for the county from the evidence contained in the business case, than that reached by some other partner councils, there is a recognition that both options contained in the business case are viable options with their own areas of relative strength. It is important to place on record the respect held for the views of partner councils which draw different conclusions, and which may well be informed by the different perspectives and insights they hold within the current two-tier local government system.

The collective programme of planned engagement – conducted jointly by all eight councils in West Sussex – including seeking the views of residents, staff, public sector providers such as health, police, education and fire services, maritime organisations, the voluntary sector, local businesses, environmental organisations, community groups and councils.

From the c 9000 survey responses gathered **23%** preferred a single unitary model, **62%** preferred a two unitary model and **16%** had no preference at this stage.

Of the two unitary models **28%** preferred B1, **62%** preferred B2 and **10%** had no preference at this stage.

21 stakeholder sessions were held and **314** stakeholder responses were received via the online platform, including nine letters from individual stakeholders or groups.

The following feedback collates comments gathered in meetings and webinar sessions with West Sussex MPs, city, parish, town and neighbourhood councils, Sussex Police and Police and Crime Commissioner, West Sussex Fire and Rescue, NHS stakeholders including representatives of Integrated Care Board, key maritime organisation contacts, education stakeholders including university, college, primary and secondary contacts, local BID groups, Sussex Chamber of Commerce, Gatwick Diamond Businesses, larger businesses and representative groups within the local economy, environment, voluntary and third sector community groups .

From survey responses submitted, feedback includes **63** from local councils, **63** from local charities, CICs, and community organisations, **56** from business and commercial organisations including SMEs, chambers of commerce, and sector-specific associations, seven environmental and conservation groups including the Sussex Wildlife Trust and RSPB, **11** from other public bodies including feedback from Sussex NHS, Sussex Police, Govia Thameslink Railway and Shoreham Port.

Common themes raised included:

- **the value of local connection -** particularly keeping services close to communities and preserve local economic identity
- **striking a balance** between financial and strategic concerns, and the potential for coordinating funding resources and information sharing and the opportunity to simplify and streamline arrangements
- **taking on learning from other areas** that have undertaken local government reorganisation
- **concerns about potential costs**, particularly for those currently with lower council tax rates
- **partnership working** – how voluntary and community organisations work would be supported by the new structure, noting the importance of third sector in preventative services and the opportunity for better integration in a new unitary model
- a specific consideration was raised around building in future arrangements for the Fire Authority.

Themes from those supportive of a single unitary model included:

- **financial sustainability** and ability to better strategically direct resource to need
- **transition considerations** -some of the larger stakeholders delivering services across the county felt a single unitary could allow for an easier transition

- **the risk of fragmentation** of adult social care across multiple pathways and the importance of maintaining consistency
- **strategic opportunities** -the potential that a single authority may enable more coherent long-term planning across transport, housing, and economic development
- **economies of scale**, reduced duplication, and streamlined services.
- **simplified governance** - easier for residents to understand who is responsible for services
- **continuity and resilience** - less disruption to existing services and partnerships

Criteria 5. New unitary structures must support devolution arrangements.

The business case shows that both options presented maintain the integrity of the proposed Mayoral Combined Authority for Sussex and Brighton. Option B performs strongest against Criteria 5, that "new unitary structures must support devolution arrangements", although option B is not able to address the disparity of council size anticipated to remain because of the proposals expected from East Sussex councils and Brighton & Hove City Councils.

In West Sussex the County Council has continued to lobby for constituent authority voting to reflect population ratios which is the fairest and most straightforward way of ensuring that all residents are appropriately and equitably represented in the new system.

West Sussex County Council welcomes the significant opportunity the creation of a Mayoral County Combined Authority presents for Sussex, having led the successful bid for Sussex to be part of the Devolution Priority Programme with our partners in Brighton & Hove City Council and East Sussex County Council.

An elected mayor, with a strong voice to advocate for Sussex, will be best supported by financially resilient councils which have the scale, resource and capacity to undertake strategic planning and deliver at scale.

All councils in West Sussex have consistently raised a concern about the imbalance of population to seats on the Sussex Mayoral County Combined Authority.

We recognise that the government's initial approach has been to seek an equal representation *per council* on the combined authority.

Creating a set of principal authorities simply to equalise on population for purpose of making this system work for the MCA in Sussex and Brighton would seem to be a perverse way of shaping organisations that will deliver vital services to 1.7m people in total.

Local authority footprints need to be driven by the criteria set out in the White Paper with a focus on their core role as principal authorities. It would appear to be perfectly possible to construct a combined authority which reflects the relative populations in these places to deliver equity for residents rather than councils. Local government reorganisation gives a great opportunity to base this on a set of footprints that councils themselves have proposed and endorsed.

Cultural identity

West Sussex is an established geography which is recognised by our residents and partners, with a strong identity having been established in 1889.

A single unitary council will speak with greater authority nationally and regionally, securing greater influence in government funding and devolution negotiations. It is unlikely that as yet unnamed geographies, created through the partition of an established county can lay claim to the same historical and cultural antecedents.

The diversity of the county and its long history is its strength. The different places, from large towns to rural villages and hamlets all contribute to the vibrant and diverse West Sussex cultural identity, which is very much more than the sum of their parts.

Devolution can only be successful if it enables the power of local partnerships, which may be put at risk if established geographies and services are fractured and weakened through local government reorganisation.

<u>Criteria 6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</u>

The business case concludes that both options equally meet Criteria 6, structures should "enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment."

The County Council, along with all councils in West Sussex, is committed to ensuring that future models of unitary local government will deliver strong community engagement. Initial thinking around community engagement models building on local and national experiences of neighbourhood working has taken place.

Across the different West Sussex councils, a range of arrangements are already in place for community engagement. Our shared intention is to build on these, drawing lessons and good practices from within our communities and beyond.

We see local government reorganisation and a single unitary as a huge opportunity to reinvigorate local democracy and community engagement, bringing all services together, renewing the relationship with town and parish councils.

A single unitary offers the best of both worlds: operating at scale where appropriate, but hyper-locally where that works. All underpinned by the scale, resources and insight to do that in a targeted way which reflects local circumstances and drives improved outcomes. This dovetails particularly well with the vision for neighbourhood governance set out in the English Devolution and Community Engagement Bill.

Once the new model is set, work across all councils can progress in earnest to design a new system to reinvigorate local democracy, to drive neighbourhood level public service reform, and harness the capabilities to deliver place-based prevention. These are all current ambitions of the local authorities in West Sussex, and indeed many of our key public sector partners, but a new unitary council for the whole county will provide the optimal template and conditions in which to allow this to flourish.

The library service provides a long established and successful model for neighbourhood delivery and place-based support and prevention within a county wide organisation.

There are 36 libraries, grouped in 11 locality clusters with locally based management, staff and volunteers.

A centrally managed countywide service ensures a consistent core offer, whilst locally led delivery enables tailoring to meet individual communities' needs,

Partnerships and co-locations exist with agencies and organisations operating at national, regional, county, district, town/parish and grassroots levels.

Health and social care providers are key partners, especially those agencies commissioned by the county council to deliver services in localities who can use a room in a library to meet with clients and deliver their activity.

Some Town and Parish partners work with libraries as part of a "services under one roof" operation, sharing space and improving access to services for residents in that community.

Voluntary sector and grassroots groups make use of library space, with both long term and 'pop-up' arrangements. These partnerships support place-based working with volunteers, residents and practitioners working together to address community priorities – and we know residents really value the local offer and services located under one roof.

We would look to build on these strong foundations as we develop the local delivery model – and ensure that communities retain the ability to "drop in" and council services remain accessible and not remote.

A one unitary West Sussex Council will be the catalyst to unlock meaningful empowered localism for our county. Whilst strategic decisions can be taken at county level, neighbourhood boards supporting a strengthened relationships with town and parish councils, will mean local voices will remain central to how local services are delivered. We recognise the importance of town and parish councils as representing the interests of local communities.