The Cost of Creating Ridgeway Council

What the merger of West Berkshire, South Oxfordshire and the Vale of White Horse will cost, what it is expected to save, and when the savings overtake the costs

A reference paper compiled from published sources · Version 1.0 · July 2026

1. Purpose and summary

On 16 July 2026 the Government confirmed that the seven councils covering Oxfordshire and West Berkshire will be abolished on 1 April 2028 and replaced by three unitary authorities. One of them, Ridgeway Council, will bring together West Berkshire Council with most of South Oxfordshire and Vale of White Horse districts, serving roughly 430,000–480,000 people.

Reorganisation on this scale is not free. This paper sets out, using only published figures, what the change is likely to cost, where those costs fall, what savings are claimed, when they arrive, and at what point the cumulative savings overtake the cumulative costs.

The headline findings:

Measure	Figure
One-off transition cost, all three new councils	£32.5m rising to £50.6m with transformation
Illustrative share attributable to Ridgeway	£13m – £18m
New recurring costs from splitting county services	£10.7m every year, permanently
Gross recurring savings, all three councils	£20.2m to £48.6m
Break-even point	Year 4 to year 9 — i.e. 2032 to 2037
Government funding towards transition	Just over £1m per new council

The single most important finding is that the break-even date is not a fact but a range, and the width of that range is unusually large. It depends almost entirely on one question: whether savings labelled transformation — better procurement, digitisation, staff reductions through service redesign — are counted as benefits of the merger, or as things the existing councils could have pursued anyway.

2. What is actually being merged

Ridgeway is not a merger of three like-for-like organisations. It is three different problems at once:

- **An aggregation.** Two district councils (South Oxfordshire and Vale of White Horse, already operating a shared-service model) and one existing unitary (West Berkshire) are combined into a single organisation.
- **A disaggregation.** Oxfordshire County Council's upper-tier services — adult social care, children's services, SEND, education, highways, public health — must be broken up and distributed between three new councils. Roughly 40% of the county's adult social care demand and 36% of children's social care demand sits in the Ridgeway area.
- **A boundary change.** Parts of South Oxfordshire and the Vale move into Greater Oxford, requiring assets, staff, records and liabilities to be split at a line that does not currently exist.

For scale: Ridgeway's projected total expenditure in 2027/28 is around £561m, against income of around £549m. Across the whole seven-council area, staff costs are approximately £276m and third-party spend approximately £751m per year. Those are the pools from which savings must come — and the pools that transition costs must be set against.

Timetable: Structural Changes Order autumn 2026 → shadow elections May 2027 → shadow authority operates through 2027/28 → vesting day 1 April 2028.

3. The costs, from the trivial to the structural

Public debate tends to fixate on signage and letterheads. The published modelling shows that these are the smallest part of the bill by a wide margin. The £32.5m one-off cost of the three-council model breaks down as follows.

Cost line	£m	What it covers
External support for implementation	7.69	Consultants, programme delivery, specialist advice
ICT and systems	7.29	Data and systems migration, new systems, hardware, licences, security, cloud transition
Redundancy	4.32	One-off payments, assumed at 30% of salary
Contingency	4.23	Provision for cost overrun
Internal programme management	3.43	Council staff seconded to the transition programme
Creating the new councils	2.20	Legal set-up and training, uplifted for the boundary changes
Organisation closedown	1.10	Legally and financially closing seven councils
External communications and rebranding	0.99	Signage, branding, advertising, public information
Shadow chief executive and member costs	0.75	Shadow leadership team through 2027/28
Public consultation	0.49	Advertising and surveys
Total	**32.48**	

The visible costs are about 3% of the total. Street signs, headed paper, vehicle liveries, new websites and the public information campaign all sit inside a single £0.99m line. What actually drives the bill is the invisible work: merging incompatible IT estates, buying in programme capacity, and paying people to leave.

3.1 The ICT problem

The £7.29m ICT line is the one most likely to move. Three organisations run separate finance, HR, payroll, revenues and benefits, planning, social care and customer systems, on different contracts with different renewal dates. West Berkshire additionally runs a full upper-tier stack that South Oxfordshire and the Vale do not have, while the county's systems must be unpicked and split three ways. The published assumption is “phased system migration, based on past LGR cases”. In Somerset, the outgoing county council's pre-merger systems replacement alone was reported at £8m, with a local MP putting the eventual integrated cost nearer £20m. North Yorkshire spent about £2.3m on technology and digital in a single year of transition.

3.2 Costs modelled but excluded from the headline figure

Several significant items sit outside the £32.5m. They are documented in the same financial work but are not counted in the transition-cost total or the payback calculation:

- **Pay and grading harmonisation.** Bringing staff onto a single pay structure, on the modelled basis that no one loses pay, adds approximately £10.1m a year (3.7%) to the area-wide salary bill, or a cumulative £33m–£54m over five years depending on how quickly alignment is phased. This is an ongoing revenue cost, not a one-off, and it is not netted off the savings figures.
- **Pension strain.** Explicitly excluded from the redundancy assumption as too individually variable to model. In practice, early retirement and redundancy in the Local Government Pension Scheme generates real employer costs.
- **Council tax harmonisation.** Three different tax rates must become one. Modelled on a weighted average for the Ridgeway geography, the harmonised Band D lands at about £2,326: West Berkshire households pay roughly £102 more (+4.6%), South Oxfordshire households about £53 less, Vale households about £63 less. Harmonising downwards instead would forgo income running into hundreds of millions over the harmonisation period; harmonising upwards would breach referendum limits. This is a distributional decision for the shadow authority, not a saving.
- **Debt, stranded costs and deficits.** Ridgeway inherits roughly £860m of forward-looking liabilities, including West Berkshire's Exceptional Financial Support. The Dedicated Schools Grant high-needs deficit is a particular concern: West Berkshire's stood at £37m in 2025/26 and Oxfordshire's at £137m, with roughly 44% of the county's deficit apportioned to the Ridgeway area. The statutory override that keeps these deficits off councils' books runs only to 31 March 2028 — the day Ridgeway is created.
- **Contract exit and re-procurement.** Dissolving shared arrangements and county-wide contracts ahead of their natural end dates carries costs the model acknowledges but does not size.

3.3 The recurring cost nobody can avoid

The largest financial consequence of the three-council model is not a one-off at all. Splitting Oxfordshire's upper-tier services three ways creates £10.7m of additional cost every single year, indefinitely.

Recurring disaggregation cost	£m per year
Additional senior management for the extra upper-tier authority	3.1
Duplicated service delivery management layers	7.6
Additional special responsibility allowances	0.5
Total	**10.7**

This is why the arithmetic is difficult. Against gross reorganisation savings of £20.2m a year, £10.7m of permanent new cost leaves a net recurring reorganisation saving of £9.5m a year across all three councils — less than a fifth of the headline figure most often quoted.

4. The savings, and when they arrive

Savings come from six sources, and they do not arrive on day one. The modelling assumes benefits build over five years: 10% in year 1, 20% in year 2, 50% in year 3, 70% in year 4, and 100% from year 5. Contracts have to run their course, restructures have to be consulted on, and elections happen on a four-year cycle.

Gross annual reorganisation savings, three-council model (£m per year at full run-rate):

Source of saving	£m
Senior management and duplicated leadership posts	7.51
Front office staff	3.74
Democracy — fewer councillors, fewer elections	2.46
Back office staff	1.87
Property running costs	1.77
Third party spend and procurement	1.51
Service delivery staff	1.28
Total gross	**20.16**
Less recurring disaggregation cost	*(10.69)*
Net recurring saving	**9.5**

For Ridgeway specifically, the detailed modelling of the same geography puts gross recurring reorganisation benefits at about £9.6m a year — of which £1.9m is senior management, £4.5m other staffing, £1.4m property, £0.9m procurement and £0.9m democracy — plus a further £12.4m a year from post-merger transformation.

4.1 The transformation question

This is the crux of the whole financial argument. The £48.6m figure quoted in support of the three-council model is not the saving from merging councils. It is the saving from merging councils plus a separate programme of service transformation: 6–10% reductions in front-office staffing, 7–8% in back office, 2.5–3% off addressable third-party spend, and new income generation.

Two things follow. First, transformation carries its own one-off cost, modelled at roughly 70% of the annual benefit — a further £18.1m on top of the £32.5m, taking the total investment required to £50.6m. Second, and more importantly, the transformation assumptions applied to the three-council model are essentially identical to those applied to the one-council and two-council models. The modelling itself states that all future organisations have similar potential for transformation.

These are not savings caused by creating Ridgeway. They are savings that any competently run council of any configuration could pursue. Strip transformation out, and the merger's own contribution is £9.5m a year across three councils. Leave it in, and it is £35.3m.

5. When do the savings cover the costs?

The table below shows the cumulative net position for the three-council model, in £m. Year 0 is 2027/28, the shadow year; year 1 is 2028/29, the first year of the new councils. A negative figure means the area is still out of pocket.

Year	B: Reorg + transformation	C: Reorganisation only	D: Downside
Y0 — 2027/28	−13.0	−13.0	—
Y1 — 2028/29	−36.5	−34.7	—
Y2 — 2029/30	−47.2	−47.8	−71

Year	B: Reorg + transformation	C: Reorganisation only	D: Downside
Y3 — 2030/31	−40.3	−48.4	−67
Y4 — 2031/32	−21.6	−45.0	−62
Y5 — 2032/33	+11.0	−35.5	−44
Y6 — 2033/34	+46.3	−26.0	−23
Y7 — 2034/35	+81.6	−16.6	−1.5
Y8 — 2035/36	+116.9	−7.1	+20
Y9 — 2036/37	+152.2	+2.4	—
Y10 — 2037/38	+187.5	+11.8	—

Reading the table:

- **Scenario A** is the case made by the councils promoting the three-council model: the proposal states it "fully pays back in 4 years, through efficiencies and transformation savings". Break-even around 2032. It is not plotted above because only the endpoint is published.
- **Scenario B** counts both reorganisation and transformation at base assumptions: 4.7 years, break-even in 2032/33. Note the trough — the area is roughly £47m worse off in cash terms in 2029/30 before it starts recovering.
- **Scenario C** counts only the savings that reorganisation itself creates: 8.7 years, break-even in 2036/37, with the cumulative position still negative at the end of the first five years.
- **Scenario D** applies a standard sensitivity — costs 25% higher, savings 25% lower — to Scenario B: break-even slips to roughly year 7, or 2035.

The honest summary is therefore: break-even somewhere between 2032 and 2037, with a central expectation around 2033–2035, and with the area carrying a cash deficit of £20m–£70m for the first four to six years.

5.1 An illustrative Ridgeway-only view

The published costings are modelled at whole-area level. Apportioning the £32.5m one-off cost between the three new councils by population — Ridgeway is about 46% of the total — suggests a Ridgeway share of roughly £15m, with a plausible range of £13m–£18m once fixed per-council costs are allowed for. Around 80% of that lands in 2027/28 and 2028/29, before a single saving has been fully realised.

This apportionment is the author's, not a published figure, and should be treated as indicative.

5.2 Who pays

The Government has allocated £63m nationally in capacity funding, with at least £900,000 per new unitary, plus up to £150,000 per unitary for social care and public health leadership continuity and a share of £1m for complex fire and rescue transitions — "more than £1m per new unitary created". Against an illustrative Ridgeway transition cost of £15m, central government support covers approximately 7%.

The remaining 93% comes from existing council budgets, reserves, and the flexible use of capital receipts. In practice this means it competes directly with service spending in 2027/28 and 2028/29.

6. Why the estimates may be optimistic

Three lines of evidence suggest caution.

The historical record. The Institute for Government's review of the 1990s unitarisation wave found that estimates of transitional costs were seriously underestimated and that in certain cases anticipated savings did not materialise, echoing contemporaneous Audit Commission warnings that poor implementation causes anticipated benefits to fail to appear. The IfG has recommended that Parliament commission a National Audit Office value-for-money study of the current programme.

The recent record. North Yorkshire set aside £38m for its 2023 transition. Somerset launched in April 2023 projecting £18.5m of annual savings and issued a financial emergency notice within months. Cumberland, created by splitting Cumbria, reported a first-year overspend of £17.5m after review, attributed in part to duplicated staffing positions. Against that, Dorset — a single county-wide unitary with no disaggregation — reported £96m of cumulative savings by 2023. The pattern is consistent: aggregation delivers; disaggregation costs.

The provenance of the numbers. The comparative financial appraisal quoted throughout this paper was commissioned by the seven councils and prepared by PwC to compare all three options on a consistent basis. It was produced during a competitive process in which the two-council model was the preferred option of West Berkshire, South Oxfordshire and the Vale — the three councils that will now form Ridgeway. Its unflattering treatment of the three-council model should be read with that in mind. Equally, the £48.6m figure comes from the proposal document of the councils promoting the three-council model. Neither set of numbers is disinterested. Notably, South Oxfordshire's own consultation response criticised the three-council proposal for information gaps on detailed transition and transformation costs.

Two structural risks specific to Ridgeway compound this. West Berkshire is receiving Exceptional Financial Support, having required government approval to balance its 2025/26 and 2026/27 budgets. And the SEND statutory override expires on 31 March 2028 — the day Ridgeway comes into being — potentially crystallising inherited deficits on the new council's balance sheet in its first week.

7. Questions worth putting to the shadow authority

1. What is the current estimate of Ridgeway's own transition cost, as distinct from the whole-area figure, and how is it being funded?
2. Will the £10.7m annual disaggregation cost be reported separately and permanently, so residents can see the standing cost of the three-council structure?
3. Of the savings claimed, how much requires the merger, and how much is transformation that the existing councils could deliver regardless?
4. What is the full cost of pay and grading harmonisation, including pension strain, and why does it not appear in the payback calculation?
5. Which harmonisation option will be used for council tax, and what does it mean for a Band D household in Newbury, Didcot, Abingdon, Wantage and Thame?
6. What happens to the inherited SEND deficits when the statutory override expires on vesting day?
7. Will the shadow authority publish an audited outturn against the transition budget, so the projections in this paper can be tested against reality?

8. Sources

- MHCLG, Written Ministerial Statement on Local Government Reorganisation, 16 July 2026 (HCWS286), and House of Commons debate, 13 July 2026 — decision, timetable and transition funding.
- PwC, Oxford and Shires | Ridgeway — Financial Options Appraisal (October 2025), Appendix B to Oxford City Council LGR papers — comparative costs, savings, transition cost breakdown and payback for all three options.
- PwC, Oxford and Shires | Ridgeway — Detailed Financial Case v3.3 (October 2025), Appendix C — Ridgeway-specific benefits, balance sheet, pay and council tax harmonisation modelling.
- Oxfordshire Local Government Reorganisation: Three Unitary Authorities Proposal (November 2025) and appendices, at 3councils.org and oxford.gov.uk — the approved proposal, including Chapter 5, The Financial Case.
- South Oxfordshire District Council, response to the MHCLG consultation on LGR in Oxfordshire, March 2026.
- Institute for Government, Dual delivery: how can areas successfully reorganise? (2025).
- House of Commons Library, Local government reorganisation 2026 (CBP-10494) and Unitary local government: an explainer.
- Contemporary reporting on the transitions in North Yorkshire, Somerset, Cumberland and Dorset.

This paper synthesises published figures; it does not present original financial modelling. Figures are as published at the dates shown and will be superseded by the shadow authority's own budgets from 2027. Where the author has apportioned area-wide figures to Ridgeway, this is stated explicitly in the text.