



Trowers & Hamlins' local government series: Local government reorganisation: bridging the divide



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Trowers' local government team have been engaging with senior leaders across the sector to explore the myriad of

legal, operational and financial issues arising from a local government reorganisation. The outcome is our Local Government Reorganisation: Bridging the Divide series – a collection of interviews, publications and roundtables on the topic; combining an exploration of the legal framework, the practical issues that arise and real life lessons from those at the forefront of the reorganisation process.

Why was a reorganisation pursued in Northamptonshire?

There were two reasons – the main one was the financial issues that the county faced but there was also a wider and longer standing need to recalibrate the local government relationships in the region.

The two tiers of government's relationships in Northamptonshire had deteriorated over many years with the county perceived as being authoritarian, not listening to the district and boroughs, and so there was always an underlying tension there. We weren't working together in the way we should for the benefit of residents.

From 2015 onwards the county had in reality started to lose all control of its budget and governance processes while the external narrative remained positive. However, behind the scenes, people were making decisions based on individual views and areas of interest and the council did not have a grip of making sure savings were delivered. This decline was well documented in the Max Caller report and ultimately led to the intervention by the Secretary of State and commissioners being called in.

This process led to a period of consultation and a Secretary of State decision to fundamentally reorganise local

government in Northamptonshire and abolish the county council and seven district and borough councils replacing them with two new unitary councils.

What were the major obstacles you encountered in the process?

Initially, our biggest obstacle was the inevitable resentment and dwelling on the past and how we got to the decision to replace the eight councils with two new ones. It coloured a lot of things in the beginning and there was a perceived unfairness across the districts and boroughs that they were in effect paying the price for the county council's failures. However, we have got past this now and pulled together in a way that has stood us in good stead for creating our two new councils and also in responding to COVID.

One of the early challenges we faced was the question of council legacy. Given how the reorganisation came about it was understandable that some councils wanted to make key decisions about assets, contracts and initiatives in their final years. But this can create challenges for the new unitaries trying to set budgets and plan strategically across its new services. The option exists in the unitary process to put in place a section 24 that limits the ability for the predecessor councils to do this and bind the future councils. This is an option we didn't take but with hindsight would have been useful in planning and stabilising budgets and commitments.

Another challenge was that there are no existing templates for unitary reform. Much to our surprise there is no library of commonly used documents and checklists, for example, how do you close down a council financially and legally? We did speak to other councils - but everybody has done something slightly differently and had different circumstances and while they could share lessons, we had to find our own way to manage the programme of transition. It's a complex change process that you cannot underestimate and in our case, made more complex by COVID, the need to make some major transformation changes and the need to set up a new Children's Trust all in the same year.

We will be happy to share our templates!

Another challenge is balancing big programmes of change with business as usual. At the outset you can set out your vision as we did in our “prospectus for change” and get on with planning the steps of local government reform. But sooner or later you need to bring the programme and operations together and there is a wealth of practical, legal and operational things to consider as you split services, budgets, customers and systems. I would recommend to any council doing this that you ensure that significant change programmes, like our “future Northants” one, are service led by people who understand the business impact and supported by a dedicated programme team and not the other way round.

Another challenge is budgets, as they do not disaggregate easily. There are lots of ways to split your spend and income, do you split them on population basis or on the basis of assets and how do you avoid being left with stranded costs? For example, if you think about highways it is relatively easy to split them on the miles of road but when you look at adults social care you need to be more nuanced as you need to think about the costs of care, the staff to support caseloads which might vary in complexity and the contracts to deliver care. We have tried to be really scientific in the big areas like adults to avoid this, but it remains a massive and complex task to disaggregate these budgets and in addition you always have the tension of the simplistic aim wanting to split everything when in reality in some cases that would just create extra cost, risk or the need to renegotiate huge numbers of existing contracts.

As a Chief Executive of one of the new Councils – what will your priorities be over the short to medium term?

It is safe to say that year one will be a foundation year, a year where we stabilise and begin longer term planning in earnest and couldn't be done while COVID dominated our thinking. Neither of us have started in a bad place in terms of budget; we have got a balanced budget, which of course legally we have to set, but the county has done a fantastic job really in leaving a strong legacy of replenished reserves and overall underspend in the final year of existence. That's taken a huge effort by everyone.

Despite this however, we have not got a long term settlement and that creates uncertainty and we still have a lot of change as 7,000 staff move to new councils, new systems go live and new Councillors get elected. Therefore, priority one will be setting a new strategic three-year plan post-election so that everyone is clear on our priorities and how we are going to deliver them.

The current situation with COVID has also made it harder to engage staff how we would have liked to. In an ideal world myself and the senior team would have liked to get out and meet staff and done roadshows, but we cannot do that and have had to rely on more virtual engagement. I think that

means we have had to work harder on creating a new identity and culture for my new council. Inevitably people are nervous about change and about their old council being absorbed or overwhelmed by another but we need to create that culture that says “it is not about where we have come from, but about where we are going and our new Council” and that is a big challenge and will be my other key priority for day one.

If you had any advice for those about to undertake this process, what would that be?

First of all, if you can learn from and borrow plans from councils who have done this you should, as starting from scratch is really difficult.

You have also got to be quite service led. It is very easy to think that this is just a programme, like an IT delivery project, where you have just got a set of tasks that you need to do and you set them out in a programme and everybody sets off. You cannot run this kind of programme as something that sits above the organisation; it has got to be run as an integrated programme. There has to be clarity of ownership from directors down to the front line and you have to connect every service area into a central cross cutting programme for the things that underpin an organisation like HR, IT, property and Finance.

I think we did not get services engaged early enough. This has now been addressed and was so important as it's the staff and managers out there that have to own change and deliver the new services on the ground. Of course, if you can learn from somewhere else and use templates that is great, but every organisation is different. You need to engage your customers, stakeholders and staff and have clarity of purpose from the top that ensures everyone owns the future not just the programme team that implement the change.

If you would like to discuss any of the issues raised in this article in relation to local government reorganisation, please do get in touch.

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