



Trowers & Hamlins' local government series:

Local government reorganisation: bridging the divide



Barry Scarr, Executive Director of Finance and Deputy Chief Executive – Northamptonshire County Council (retired 31 March 2021)

The Trowers & Hamlins 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.

What have your experiences been of local government re-organisation?

During my career in local government I have been involved in the re-organisation of a number of local authorities including Durham and Northumberland. Most recently I was involved in the re-organisation of Northamptonshire County Council and it is remarkable that we undertook this reorganisation in the middle of a global pandemic.

This presented significant challenges and lots of stuff was taken for granted, for example the banks still wanted wet signatures on everything!

If one issue had to be singled out in terms of a significant challenge it would be the data sharing and GDPR requirements. The information sharing logistics and carefully navigating the legal requirements "was hard". It has proved to be one of the most difficult things in practice to manage. We needed a lot of advice from the ICO through the process. The information on children was more straightforward than adult care information because

Northamptonshire has established a Children's Trust. The splitting of the care data between the two new authorities was particularly challenging and required a huge amount of time and energy to get right and to put the correct systems in place to enable legal passporting of information to the two new authorities.

What were the major obstacles you encountered in the process?

One of the most significant challenges was disaggregating the budgets. Although some aspects were more straightforward than others, there were significant complications and difficulties in sorting a lot of matters including council loans. The LOBO loans caused a particular challenge due to historic bad press associated with these types of debt.

Merging eight councils into two and creating the new financial systems was a significant challenge. The Districts had housing benefit administration; some had HRAs, which the Counties found baffling. Equally, the adult social care and education budgets were mystifying for the Districts. Getting to grips with all of the different aspects of the different accounts and formulating the strategy to bring all accounts into two new functioning accounts for the new Councils was a very difficult exercise.

A full and through mapping exercise was needed to make sure everything was catered for in the new systems.

As a Finance Director – how did you tackle legacy financial problems and recalibrate finances for the new authorities?

My main focus was to try to address the volatility in the Council's finances as the worse thing we could do is to pass over services which are misaligned with the budgets.

The key task was to build an adequate level of reserves for the new Council to inherit. We successfully did this and left the new Councils in a strong financial position. The key to achieving this is culture as you need to have the right people, processes and resources. It is vital to embed the right culture in organisations in order to avoid tripping up.

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

Get your "storming" over with quickly. The abolition of an organisation is always going to be traumatic. There are a lot of experiences, memories and history that are tied up with the old local authority and people will need to be given an opportunity to go through the process of storming about the decision – but that needs to be done early, quickly and for good!

The District Councils will often feel that the reorganisation is a hostile takeover. It is important to be able to bring all organisations together quickly so they can work together to achieve the best outcome. The Chief Executives of the Districts each had a lead

responsibility for particular work areas and that helped embed a culture of all councils working together to achieve the common goal.

If you would like to discuss any issues in relation to Local Government reorganisation or would like more information about our "Local Government reorganisation - Bridging the Divide" series please reach out to the below contacts.

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