

**Insights into Local Government**

**Reorganisation -**

**Financial Planning and Transformation**

**Key Issues to consider**

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# LGR – Financial planning and Transformation

Top tips:

- 1. Be realistic** – about timing, complexity and the need to be responsive and flexible
  - 2. Be honest** – about existing financial position, capacity available and skills required
  - 3. Be curious** – there is a lot that can transfer across from one LGR programme to another but ultimately it's your story, your financial modelling and your new Chief Officers and shadow members who will set the first budget, agree the constitution and develop the Council Plan and priorities for the future
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# LGR – Financial planning and Transformation

- It's a marathon not a sprint
  - Find your best programme managers and start planning now
  - Be clear about the different milestones
    - LGR programme – governance, implementation costs, team, timeline
    - Ending Well for the legacy councils
    - Shadow Councils – elections, interim shadow officers, budget setting, constitution,
    - Day one (Vesting day) – transfer in of functions and staff
    - Day two – ambition v reality of getting the basic right and doing the boring well
    - Year two ? – starting to drive through efficiencies and change programmes
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# LGR –Financial planning and transformation

- Disaggregation is challenging but so is integration
  - Need to think about funding being separate to budget spend
  - Funding is more complex to model
    - Council tax harmonisation
    - Business rate
    - Grant allocation based on formulae – add in review of LG funding
    - Fees and charges
  - Budget is based on allocations built on need, council plan aspirations and often politics
  - Be prepared that the funding/spend disaggregation exercises may not match
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# Key Issues to Consider – LGR Programme

- Strong agreed approach to Governance – political and officers
  - Role of the existing Statutory Officers and how skills and capacity is best utilised
  - Professional alignment and collaboration of Section 151s
  - Early agreement on:
    - Use of reserves
    - Disposal of Assets
    - Procurement of new contracts
    - New Capital investment
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# Key Issues to Consider – Efficiencies and Transformation

- Transformation – is more likely to be about your new Council priorities and operating model
  - Need a robust approach to potential saving delivery and wider benefits realisation.
  - Unitary benefits are often about streamlining service provision and maximising on the benefits of having all the previous two tier services in one place – customer experience improvements
  - Be realistic and don't over promise in business cases
  - Year 1 – plan for EFS .... !
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## Watch outs ....

- LGR is not a panacea – new Councils will still face major challenges and changing national agenda's
  - Accounts and audit position of legacy Councils. Backstop legislation will still apply.
  - Culture will overhang from legacy Councils and needs to be actively supported in bringing together one team
  - People and expectations
  - Comms, Comms, Comms
  - Capacity – be realistic about how you keep services delivering and improving whilst delivering a hugely complex change programme
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# Overall Summary

- **Staff** – they are your greatest asset – regular and effective comms is so critical and necessary
  - **Systems** – this will be the most complex element of the programme so decide early what is deliverable by day one
  - **Statute** – a plethora of MOU's/ legal agreements and legislation is needed – read the small print
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# LGA Support

## Devolution and LGR: LGA support | Local Government Association

- The LGA will continue to work closely with local authorities and partners in the sector to understand and respond to emerging needs and develop support offers for the sector overall and bespoke to the needs of authorities (both individually and in regional and sub-regional groupings)
  - **Where there is agreement across all councils potentially affected, our offer includes:**
    - Bespoke support to consider and address the financial planning and technical finance implications of LGR through our Finance Associates
    - Corporate or finance peer challenges to help identify issues which should be considered and addressed in preparing for LGR in relation to leadership, governance, finance and capacity and to focus on readiness for LGR.
    - A range of other support detailed on our website - the [LGA's regional teams](#) are the initial point of contact for this improvement offer
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