



**West  
Northamptonshire  
Council**

# LGA LGR and Devolution Support Webinar



## THE NORTHAMPTONSHIRE

Monday, February 5, 2018

Price, A 1.20

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# COUNTY COUNCIL GOES BUST

## SERVICES SLASHED AS FINANCIAL CRISIS DEEPENS

Historic Collapse: Northamptonshire Becomes First UK Council in 20 Years to Declare Itself Insolvent

By Sarah Whitfield, Political Correspondent

Northamptonshire County Council has sensationally declared itself unable to balance its books, issuing a Section 114 notice—that bans all non-essential spending. The notice, announced late Friday, makes Northamptonshire the first UK council in 20 years to declare itself insolvent.

“We have reached the point where there is no alternative,” he said.

### WHAT WENT WRONG?

Years of aggressive outsourcing, deep budget cuts, and poor financial oversight have blighted the county. A government review branded the situation “a catastrophic failure of governance.”

### WHAT NEXT?

The government will sell its 233 million-sq-ft headquarters, One Angel Square, and impose severe service reductions. A 93-million-pound “stabilization plan” including tax hikes and staff cuts.

### INSIDE THIS ISSUE:

ANALYSIS: How did it come to this?

### GOVERNMENT STEPS IN

Two commissioners, Tony MeAcree and Brian Roberts, will take control of the council’s finances. Communities secretary David Davis is calling the intervention “necessary to prevent a collapse.”

### WHAT NEXT?

The government plans to abolish Northamptonshire County Council by 2021 and replace it with two new unitary authorities.

ANALYSTS: How did it come to this?



**THE HUMAN COST** Jane Morris, “We’re worried about what this means for vulnerable people. Cuts have already hit hard—what’s left to cut?”



### INSIDE THIS ISSUE:

ANALYSIS: How did it come to this?  
OPINION: Is austerity killing local democracy?

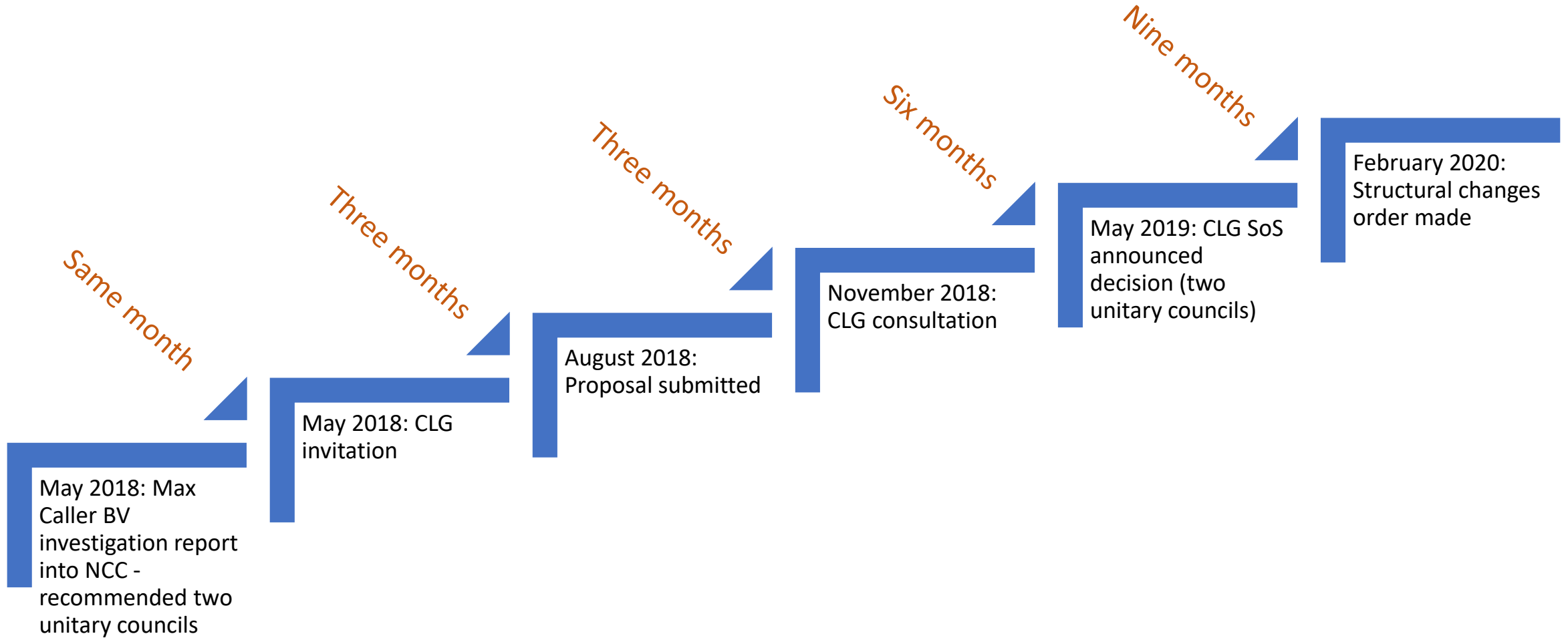
TIMELINE: From warning signs to financial freefall

Spot the AI glitches – but the basic story is fair enough

# My background

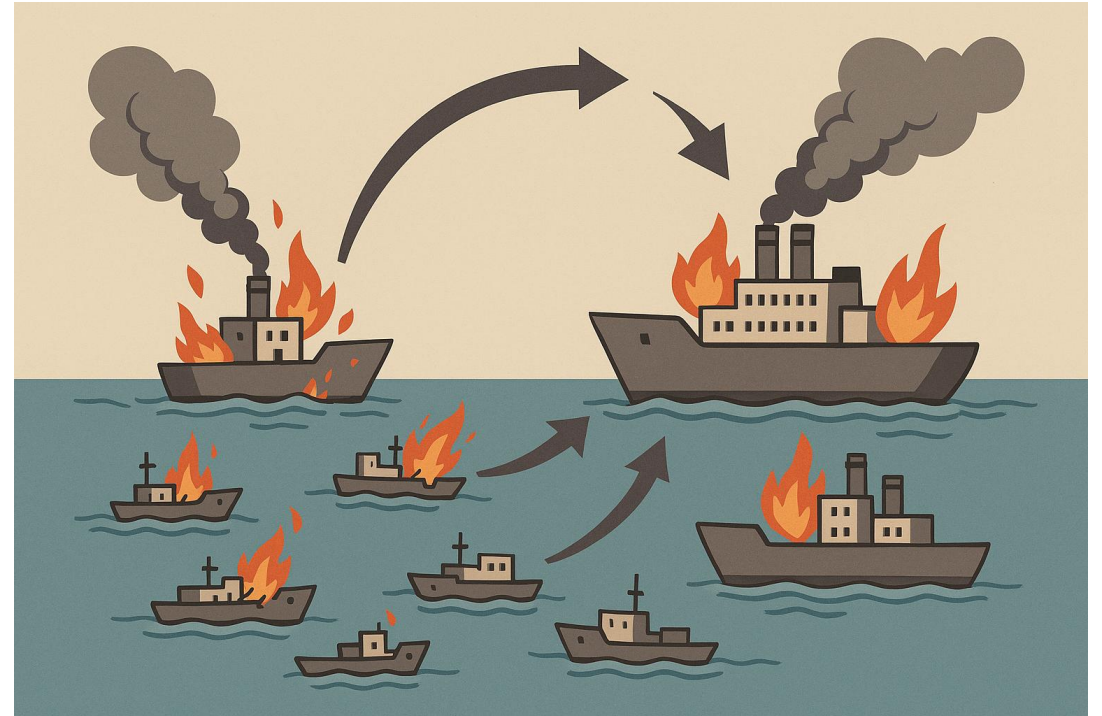
- Trained as a civil engineer at University of Warwick
- Graduated in the early 1990s recession – remember that?
- Agency post at Daventry District Council ... which grew:
  - Cycle routes, traffic calming, sewers, parking regulation, CCTV
  - First DDC Asset Management Plan
  - Town centre regeneration, development agreements
  - Into management
  - Ended at DDC as Executive Director Business, covering property, economic and physical development, planning policy, housing strategy, building control, waste, environment, etc.
- Work on establishing SEMLEP, CLG PiP critical friend, EEH
- As the crisis at NCC developed, led work on responding to NCC budget consultations
- Following intervention, introduction of Commissioners, and appointment of Thearsa Grant as new CE of NCC, on part-time secondment to NCC to lead work on the Northamptonshire Strategic Infrastructure Plan
- Appointed as AD Assets & Environment for West Northants Council on 5<sup>th</sup> February 2021
- Vesting day 1<sup>st</sup> April 2021 – seven and a half weeks later
- Building a new team, covering property, construction, energy, fleet, facilities, parks, County Archives, LNRS, and much else...

# Timeline for LGR in Northamptonshire



# Process for LGR in Northamptonshire

- From a background of failure – NCC but also £10m loss from loan at NBC
- Shared proposal from seven of the eight councils, approved by CLG
- Original vesting day 1 April 2020
- Covid-19 pandemic
- New vesting day 1 April 2021
- Decent programme built up, led by the eight CEs with transformation programme
- How did assets fit in? Some stories



# Story 1: Are your orders in order?

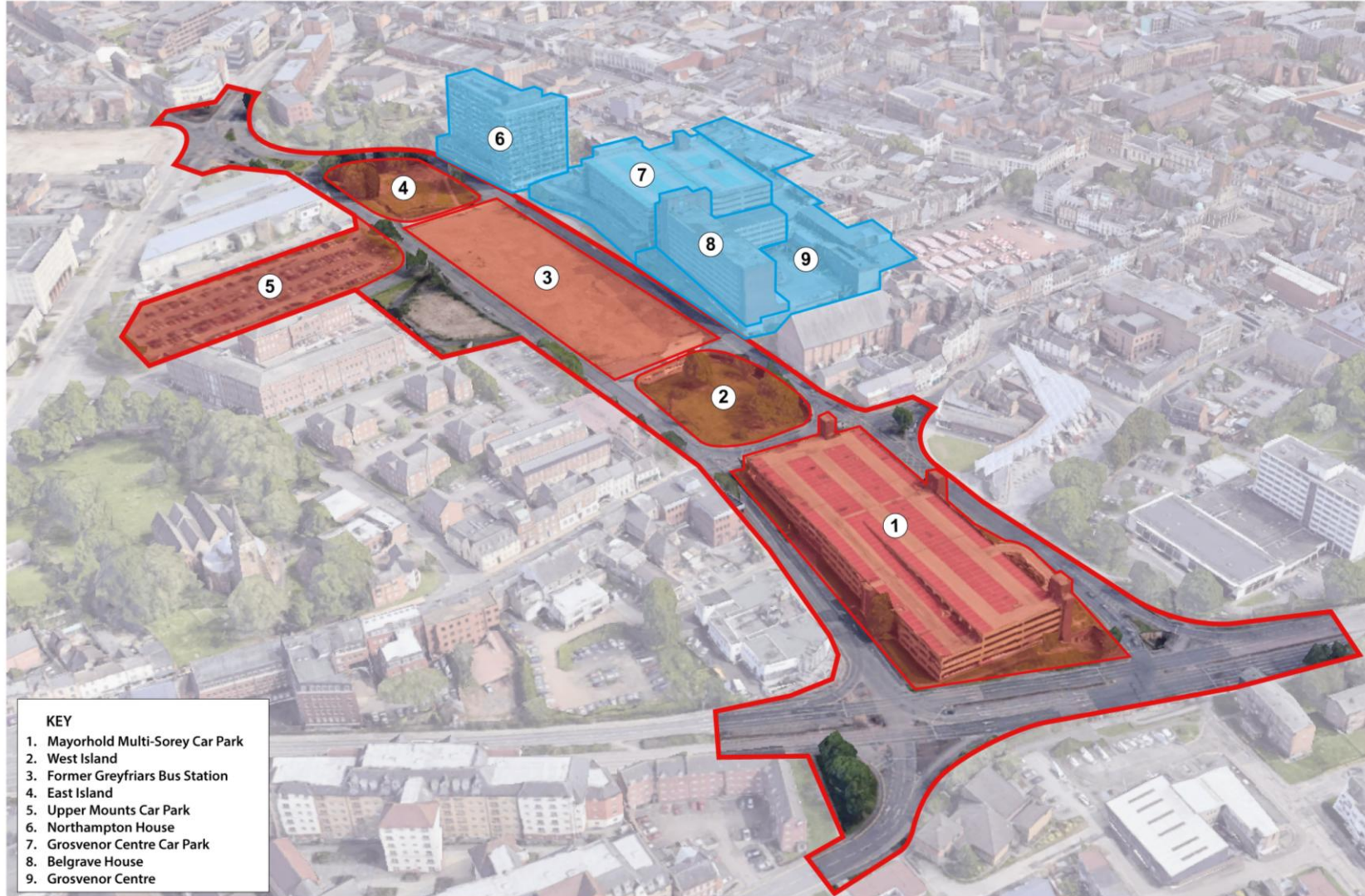
- Local Government and Public Involvement in Health Act 2016:
  - Section 16: Agreements over assets, contracts, etc. – and dispute resolution in case of no agreement
  - Sections 11 and 15: implementing orders and incidental provisions
  - Sections 14 and 15: general implementing regulations and incidental provisions
- The Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008:
  - Reg 11: Duty to try and reach agreement re property
  - Reg 13: If no agreement the day three months prior to vesting day, SoS to direct caretaker council(s)
- In Northamptonshire:
  - No agreement was in place on 1<sup>st</sup> January 2025
  - No direction was made
  - Did the SoS still have the power to make a direction?
  - Is it sensible to have a duty which is likely to have to be exercised on New Year's Day?
- Agreement finally made on 31<sup>st</sup> March 2021 – one day before vesting day
- Lessons:
  - Get an agreement in place as soon as possible
  - Can we have tidier regulations please?

*The Local Government (Structural Changes)  
(Further Financial Provisions and Amendment)  
(Amendment) Regulations 2020*

# Story 1: Are your orders in order?

- Agreement needs to cover:
  - Who owns what land (including buildings)
  - Treatment of leased property
  - Ownership of associated property (defined term in the Regulations)
  - Ownership of stuff in, or normally in, buildings, which is not associated property e.g. IT, desks, chairs
  - PFI responsibilities, asserts, and liabilities (Story 3)
- Have it in place as soon as possible
- Note this is an agreement between the shadow authorities, not the outgoing councils

# Story 2: Perhaps don't do this



# Story 2: Perhaps don't do this

- Grosvenor Centre: 1970s monolith, shopping centre and other uses, 350k ft<sup>2</sup>
- Includes large office block, Belgave House, above the shopping area
- Freehold Northampton BC, very long lease (virtual freehold, ends March 2991) held by Legal & General
- NBC / NPH (ALMO) devised scheme to convert Belgrave House into key worker flats
- NBC look sub-lease the last working day before vesting day
- Key terms:
  - Ends just before the head lease
  - Very restrictive user clause
  - Very restrictive alienation provisions
- On assessment by WNC, scheme found not to be viable
- What next? We have a plan...
- Lessons:
  - Don't enter into agreements to secure a legacy just before vesting day unless they are really robust and agreed

# Story 3: Or this – PFI and LGR

- NCC had five PFIs/PPPs:
  1. Northampton Schools (43 schools) PFI
  2. Wooldale Education (one school) PFI
  3. Specialist Care Centres (four SCCs) PFI
  4. Care PPP
  5. Streetlighting PFI
- 1, 2, and 4 were all in one new unitary area
- 5 seems to work okay
- 4 was more of a challenge

# Story 3: Or this – PFI and LGR

- Four SCCs – care homes to support transition
- Built early 2000s, when PFI was the only form of support available
- Originally all-inclusive service, but this was problematic
- “Descoping” amendment reduced the PFI to building provision and maintenance only from January 2021
- Two SCCs in West Northamptonshire and two in North Northamptonshire
- As LGR approached, discussion about the future, agreed WNC to look after the contract
- However, not formally documented
- Not covered in shared services agreement
- WNC paid the bills and received the PFI credits, but on what basis?
- Under what rights was WNC present in the buildings now owned freehold by NNC? (Equitable leases?)
- Eventually largely resolved, but unnecessary complications
- Lessons:
  - Formally document agreements about any cross-boundary contracts, especially PFIs

# Story 4: Property data

- All West Northants councils had undertaken voluntary registration of title, so very little problems with records of what was owned
- ...except Land Registry recorded large amounts of ex-NCC property in North Northamptonshire as belonging to WNC; this is still being resolved
- However, WNC inherited four different property records systems, with different sets of data in each
- We are now largely consolidated onto one system; this is cloud-based using a web interface, making it resilient to issues with corporate IT and giving universal access
- Some issues with mapping, where staff continued to update ‘their’ records post vesting day – now corrected
- Lessons:
  - Ideally, agree a common (cloud-based) property records system well before vesting day – even before LGR proposals are agreed – and transition records to it; this is a neutral act and doesn’t prejudice anything
  - Ensure all staff appreciate there is a common set of properties from vesting day and only update consolidated unitary records

# Story 5: Parish transfers

- Parish councils are key in a world of large unitary councils
- Typically, they become responsible for local amenities such as parks and open spaces, community halls, etc.
- Transfer of open spaces etc. to Daventry Town Council:
  - Daventry is medium sized town (c30,000) in northwestern Northants
  - DTC created in 1999
  - Slow process of asset and service transfers
  - Prospect of LGR gave process impetus
  - ‘Package deal’ offered to DTC, including things it really wanted and some it was not so keen on; this secured agreement
  - Package included open spaces, bins, non-highway street furniture, market operation, churchyard maintenance
- Transfers look place on 1<sup>st</sup> April 2020, a year before LRG
- DTC was settled in to running the services before vesting day

# Story 5: Parish transfers

- If parish council are being created, it is possible to transfer assets and services to them from the start (2016 Act, s98)
- The SoS can probably transfer assets and services to parish councils when making LRG structural changes (ss7, 10, 13-15)
- Consider if this would be useful when planning for change

# Key lessons

1. If you can, get asset records in order and on a common platform early, before vesting day
  - a. Neutral act: it is good practice irrespective of which areas are finally chosen, or even if LGR proceeds at all
  - b. Ideally, use a cloud hosted service – this should survive whatever happens to the corporate IT systems
2. Try and avoid last minute rushes to action pre vesting day – this should avoid some poor decisions
3. Get new parish councils up and running and asset transfers before vesting day; this provides a solid platform for them to continue whilst the new unitaries are getting up and running
4. Remember you can transfer assets, services, and functions to parish councils by order when creating them, and (probably) the SoS can do the same in orders or regulations The reorganisation regulations are a mess – be ready for this with a clear interpretation
5. **Get a Section 16 agreement in place well before vesting day – and make sure it is robust and clear**
  1. Property ownership
  2. Management of cross-boundary contracts, especially PFIs