

# Reorganising district councils and local public services

Challenges and options



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# About this report

The government is advancing an ambitious new round of local government reorganisation (LGR), a process that will replace two-tier local government – comprising county councils and district councils – with a new single tier of unitary authorities. This report draws on Institute for Government research to highlight potential risks and opportunities for local government as leaders embed these new authorities and transform local public services.

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# Contents

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Summary	4
1. Why are district councils being asked to reorganise?	8
2. What services do district councils provide?	11
3. When will district council services need to merge?	13
4. How will the geographic footprint determine an area's harmonisation strategy?	15
5. What factors will local leaders need to consider when merging district council functions?	17
6. What lessons can leaders learn from earlier LGR rounds?	20
7. How can leaders manage the contracting implications of LGR?	26
8. Conclusion	30
Appendix: Case studies	32
References	36

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# Summary

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The government has embarked on an ambitious round of local government reorganisation (LGR), which will replace county councils, district councils\* and some unitary authorities with a single tier of local government across England. The government's objectives are to create 'clearer, more sustainable local government structures that unlock crucial efficiency savings and ensure more resources are directed to the frontline'.<sup>1</sup>

These reforms may help to simplify council structures and increase efficiency by cutting duplication. LGR also presents a rare opportunity to redesign service delivery and council operations to harness emerging technologies, driving more effective outcomes for residents. The government views these changes as a crucial step towards empowered communities and foundational for its broader devolution objectives.

The LGR process will see the rollout of unitary local authorities in all areas with two-tier government and the redrawing of the boundaries of 19 neighbouring 'smaller' unitary authorities. These changes will affect around 41% of England's population. Neither the government nor local leaders should underestimate the scale of the challenge they face to realise these ambitions. This is the largest LGR wave in England since 46 unitary authorities were established between 1995 and 1997.<sup>2</sup> In addition, the sector is not in a resilient position. After more than 15 years of financial strain, many local authorities are grappling with budgetary and staff pressures and limited strategic capacity.<sup>3</sup> This will limit the ability of councils to manage the demands of delivering business-as-usual services alongside LGR.

Recent election cycles, which have ushered in cohorts of relatively inexperienced elected officials, further complicate this process. These individuals now face the daunting challenge of establishing new councils that are 'safe and legal'<sup>4</sup> by 'vesting day' – the formal day that a new council takes on its responsibilities and must deliver all services.

But the job will not finish on day one. There is also a significant 'long tail' in the LGR process that comes afterwards and which past experience suggests can be highly disruptive for local governance. Our research shows that from vesting day it could take over five years for the new authorities to carry out the two phases of LGR: embedding new structures and transforming services.

These two phases are crucial. Embedding new teams drawn from across multiple organisations can face multiple challenges, from incompatible computer systems to different ways of working and culture clashes. A failure to manage these effectively can see team morale fall and organisational productivity dip. Effective back-office business operations, such as human resources (HR) teams and integrated information

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\* Alongside county councils, all district councils in two-tier areas have been invited to reorganise, these comprise: shire districts, city and borough councils. These do not include metropolitan district councils which are a form of unitary government.

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and communication technology (ICT) platforms, are critical if a new council is to truly act as one body and launch ambitious new public service transformation plans.

LGR will require district council services – such as planning, housing, waste collection and the administration of local taxation – to be consolidated under the new unitary authorities. These services are highly visible to residents and are typically delivered at a local level by councils that play a vital role in civic life. There will be a strong expectation that these services are fair and equitable across the new unitary footprint, and that this is achieved as swiftly as possible.

The issue is not only whether bin collections are subject to a postcode lottery, for example, but also whether residents will face service disruption and see limited benefits from the transition. More broadly, there is a risk that such disruption could paralyse local government and undermine wider policy goals – such as the delivery of 1.5 million new homes in the current parliament<sup>5</sup> – which rely on well-functioning district services.

This report is based on detailed research, including interviews with senior decision makers involved in earlier rounds of LGR at the district level (including nine in our three case study areas – Cumbria, North Yorkshire and Northamptonshire – see the Appendix). It focuses on the challenges and options facing local leaders as they aggregate district council functions onto a new unitary footprint. The report makes recommendations to help local leaders and central government minimise disruption and maximise the benefits of LGR.

## **Local government needs to set the preconditions for success in the embedding and transformation stages of LGR.**

- **Decide which services to prioritise for transformation efforts amid capacity constraints.** Given limited capacity, leaders must make strategic choices about how to sequence the embedding and transformation of services. These decisions involve balancing multiple factors. Many district-level services are highly visible and directly influence public perceptions of council performance – so maintaining service standards is essential. Expanding service delivery across a wider geographic footprint may risk alienating some users, and leaders must ensure services are distributed fairly and equitably. The timing of transformation is also key: some changes could happen concurrently with reorganisation, but the majority will likely have to follow later.
- **Tailor your transformation strategy around the chosen geographic footprint.** The scale and nature of the challenges facing local leaders will be shaped by the final geographic footprint. Transformation plans must be tailored to the specific context – whether district councils are being merged into an existing authority (for example a county or unitary council), or a county council is being split. Each scenario presents distinct operational and strategic implications. For example, the delivery risks associated with consolidating waste collection services differ significantly

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from those involved in dividing social care across multiple smaller geographies – each requiring a tailored strategic approach for the area in question.

- **Be mindful of service-specific challenges.** Each service area presents unique complexities. For example, legal requirements often necessitate early decisions on Council Tax harmonisation, which can be politically sensitive. Housing services involve intricate administrative tasks, such as redistributing assets and establishing a unified planning function, which can be time-consuming. Waste management, due to its visibility, requires particular attention to continuity and quality.
- **Establish robust operational structures.** Leaders must set up effective operational frameworks and project teams early in the process. This includes developing a new business model, appointing senior officers promptly, and ensuring an experienced senior responsible owner for LGR is supported by a capable programme management office. External expertise may be required both before and after vesting day to support delivery.
- **Strengthen enabling functions.** Key enabling functions must not be overlooked. Strong back-office support is critical, particularly well-resourced HR teams and integrated ICT platforms, which are essential for managing change and ensuring smooth operations.
- **Engage and support staff throughout the process.** Staff are councils' most valuable asset. Leaders must communicate openly and transparently and engage actively with teams. They should be mindful of potential cultural clashes as organisations merge, and take steps to prevent disengagement and forge a unified workforce across the new unitary authority.
- **Foster early and inclusive relationships.** Proactive engagement – both operational and strategic – is essential from the outset. This includes meaningful communication with neighbouring councils and the public, who must have opportunities to contribute to the transformation process through consultations and surveys. Leaders should set clear expectations and foster open, transparent communication to build trust and ensure alignment.
- **Embed innovation through contracting decisions.** As areas assess their contracting options for the services that district councils previously delivered, newly formed unitary authorities and those expanding to include new areas have a unique opportunity to design systems that promote continuous improvement and innovation. By embedding these mechanisms from the beginning, councils can create a culture of learning and adaptability that supports long-term success.

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## Central government needs to learn the lessons from earlier LGR rounds to support the sector through this change.

- **Provide clear support and guidance.** Central government should develop and disseminate practical guidance on transformational delivery, including how to exploit emerging technologies to streamline services. Any such guidance must be realistic about the timetable for implementation of the 'invest to save' projects the government has asked local leaders to consider as part of their LGR proposals.
- **Assess and strengthen central government capacity.** Central government should critically self-assess its capacity to manage simultaneous LGR processes across multiple regions alongside other major initiatives affecting local communities such as the restructuring of the NHS and reforms to children's social care provision. It should identify and address any skills gaps – particularly in programme management – through recruitment or external support, or adjust the reorganisation timetable accordingly.
- **Leverage sectoral experience and expertise.** Wholesale LGR has not happened in England for more than 30 years. This is a step change from recent LGR rounds. The government has already taken a welcome step by establishing an independent panel of local government experts to support policy development, guide implementation, manage risks and provide constructive challenge strengthen delivery. To maximise the panel's impact, it should be encouraged to engage widely across the sector to ensure lessons from past reforms are not overlooked. For example, engaging with officials involved in Northern Ireland's 2005 council restructuring could offer valuable insights into the broader implications for wholesale LGR.
- **Capture and learn lessons from early movers** by establishing formal review mechanisms to learn from the devolution priority programme areas and from Surrey, who are working to a faster timetable. Insights from early implementation can inform and improve approaches in regions scheduled for later reorganisation.

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# 1. Why are district councils being asked to reorganise?

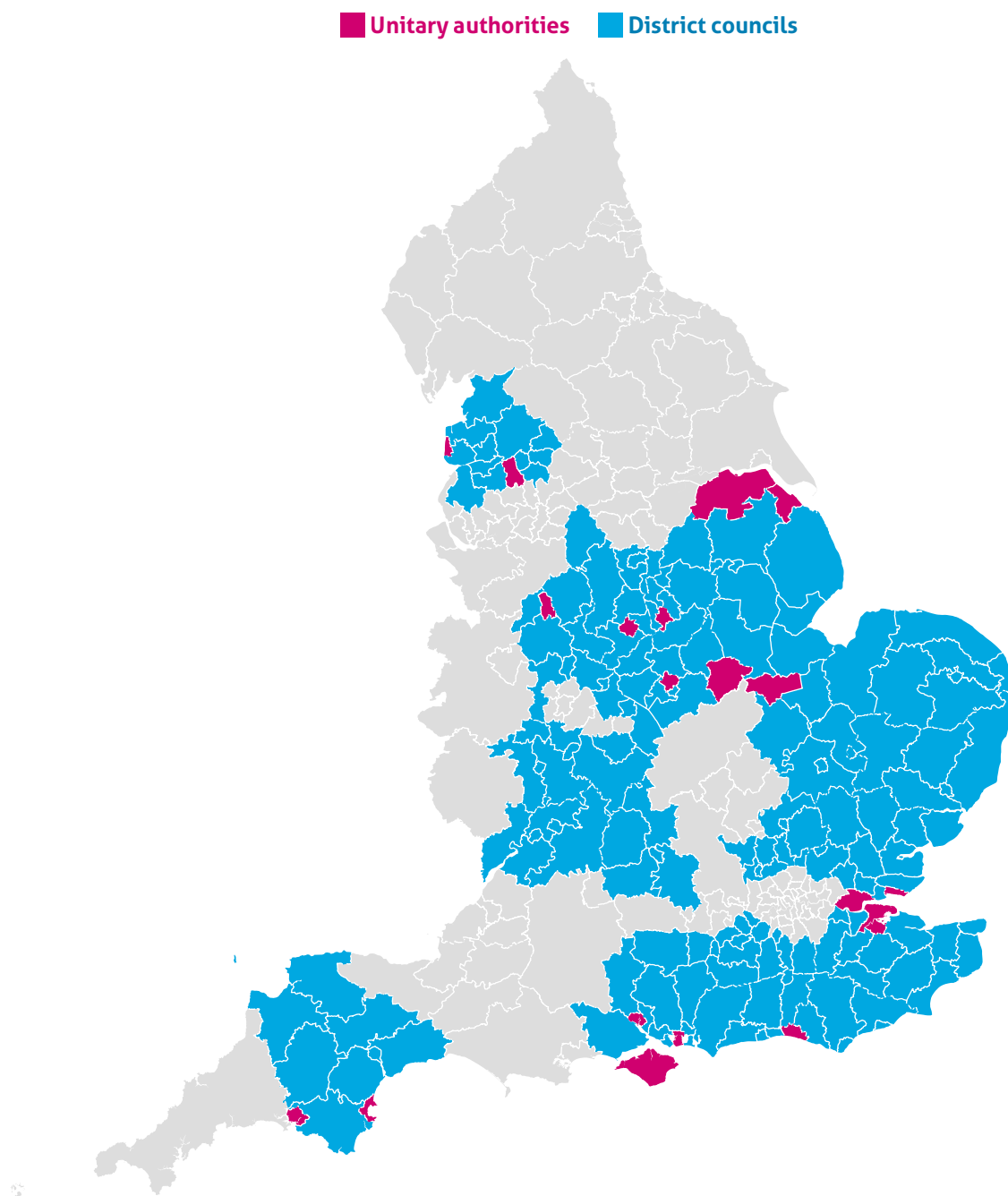
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In December 2024, the government notified councils of its intention to launch a new round of local government reorganisation (LGR).<sup>6</sup> And in February 2025, the government formally invited local leaders in all two-tier areas and 19 neighbouring 'smaller' single-tier councils to submit proposals for LGR.<sup>7</sup>

In launching this round of LGR, the government aims to unlock devolution and transform local service provision. As the former deputy prime minister Angela Rayner argued, these reforms aim to put local government on a stronger footing by creating simpler structures and removing needless duplication, thereby delivering "more resources for the frontline, and a clearer accountability for residents".<sup>8</sup> In its guidance to local authority leaders, the government has also argued that this presents an opportunity to release savings, which can be reinvested in transformation and invest-to-save projects.<sup>9</sup>

Once implemented, these changes will replace separate county and district councils with a single tier of government known as 'unitary authorities'. This will require the merger of council offices and functions, affecting 164 district councils and the 21 county councils that sit above them. These changes will affect 19.7 million residents in England (34.1% of the population). As alluded to above, the government has also formally invited a further 19 areas that currently have a unitary authority to reorganise, which would see their services merged with that of their neighbouring district councils. These areas represent almost 4.1 million residents in England (7.1% of the population). See Figure 1 for a map of district councils and unitary authorities undergoing LGR.

Figure 1 **District councils and unitary authorities undergoing local government reorganisation, September 2025**



Source: Institute for Government analysis of McMahon J, 'Local government reorganisation: invitation to local authorities in two-tier areas', GOV.UK, 6 February 2025

Achieving the government's aims will be difficult. As the Institute for Government has commented previously, LGR is a complex and time-consuming process and success is not guaranteed.<sup>10</sup> Leaders need to:

- create new unitary authorities
- develop plans for the transformation of public services
- all while sustaining business-as-usual services.<sup>11</sup>

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Alongside this, the government has encouraged local leaders to develop devolution plans for their local areas with a view to establishing combined authorities across England. The government sees this as being essential for countering overcentralisation by moving powers out of Whitehall. As we have previously argued, local leaders will need to take appropriate actions to mitigate the risks of managing both LGR and devolution in tandem.<sup>12</sup>

These new pressures add to the already considerable challenges facing the local government sector. After more than a decade of rising demand for statutory services such as social care, and sustained reductions in central government funding, many councils are experiencing acute financial stress.<sup>13</sup> Back-office functions have been pared back, limiting capacity for strategic planning and innovation. At the same time, staffing shortages persist, particularly in customer-facing roles such as planning, further weakening operational resilience.

Against this backdrop, the sector is entering its most significant period of reform in decades, marked by the largest LGR round in England since the 1990s. Alongside this, local authorities are navigating a series of ambitious reforms in areas such as children's social care and local government finance. The restructuring of key stakeholders for local government such as the NHS will also have implications for local governance and the co-ordination of services.

A new cohort of elected officials will lead the transformation. The past three rounds of local elections saw high turnover, with at least 54% of seats contested in 2025 won by new candidates.\* While this influx of new voices brings fresh perspectives, it also means many decision makers have limited time to familiarise themselves with the scale and complexity of the task ahead.

While the immediate priority will be ensuring that the new unitary authorities are fully safe and legal and operational from day one, attention must also be given to how these councils will function in the longer term. A critical phase will be embedding the process by which the new unitary authorities will harmonise service delivery, staff terms and conditions, and working practices, across the outgoing district councils. This will be a significant undertaking, requiring the integration of administrative structures and the consolidation of services that separate authorities previously managed.

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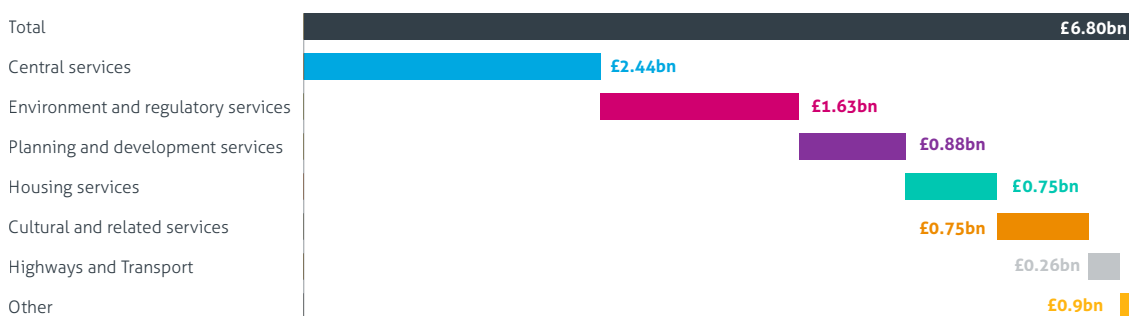
\* Note that this is an underestimate and has been taken as the summation of all positive net-gain seats by party over the total number of seats that were contested in 2025, drawing on BBC local election results figures; see BBC News, 'England local election results 2025', 1 May 2025, retrieved 29 August 2025, [www.bbc.co.uk/news/election/2025/england/results# council-scoreboard](http://www.bbc.co.uk/news/election/2025/england/results# council-scoreboard). Using the same approach for earlier elections, the figure for 2024 was almost 18% and the figure for 2023 was almost 15%.

## 2. What services do district councils provide?

District councils play an important role in the governance of a local community. They have responsibility for policy areas such as planning, waste collection and the administration of local taxation, including the collection of Council Tax and the disbursement of Council Tax credits.\*

The quality of these services has suffered in recent years due to increasing demand, and to cost pressures from statutory duties such as housing and homelessness services, which have squeezed the spending available for other responsibilities that district councils exercise.<sup>14</sup> Collectively, in 2023/24, non-metropolitan districts spent £6.8 billion, of which 36% was spent on central services and 24% was spent on environment and regulatory services (see Figure 2 for the figures for district council spending).<sup>15</sup>

Figure 2 **District council spending, 2023/24**



Source: Institute for Government analysis of MHCLG, revenue outturn, 2023/24. Notes: 'Housing services' only include General Fund Revenue Account (GFRA) spending. 'Other' includes other services and some limited spending on areas that are the responsibility of county councils, such as adults' and children's social care.

In addition to these formal responsibilities, district councils also have limited discretionary funds, which can be used as part of their role in shaping their local communities. In recent years, some councils have co-ordinated with other bodies to improve local outcomes. For instance, South Norfolk District Council's 'District Direct' project collaborates with NHS partners to reduce the delay that patients experience when they are fit for discharge from hospital but they have housing-related issues and cannot be discharged. As of 2023, the initiative was reported to have reduced delayed transfers of care by between 10 and 14 bed days.<sup>16</sup> But the localised nature of this type of service provision can complicate the merger of councils, as local leaders will have to decide whether to sustain these services, provide similar services in areas that do not have them or remove them altogether.

\* Among the services that districts are responsible for are arts and recreation, building regulations, burials and cremations, coastal protection, community safety, Council Tax, business rates, elections and electoral registration, environmental health, housing, licensing, markets and fairs, public conveniences, sports centres, parks, playing fields, street cleaning, waste collection and recycling. They also have responsibility for services that the county council also offers, such as parking, tourism and economic development. For a fuller list, see Sandford M, Local Government in England: Structures, House of Commons Library, 2025, <https://researchbriefings.files.parliament.uk/documents/SN07104/SN07104.pdf>

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District councils also play an important role in shaping local civic life. Beyond maintaining civic assets such as museums and public spaces, they are central to fostering community engagement – a priority that aligns closely with the government’s agenda. Through its Devolution and Community Empowerment Bill, the government has emphasised the importance of giving communities stronger tools to shape their local areas.

District councils currently make an important contribution to this effort. As Colin Copus has argued, ‘district-level and district-sized local government can encourage public participation, enhance community cohesion and ensure institutions relate to the places communities recognise’.<sup>17</sup> This view is supported by a survey commissioned by the District Councils’ Network, which found that 66% of respondents in two-tier areas felt their district council helped people to feel proud of their local area.<sup>18</sup>

As decisions around LGR and future service provision are considered, the potential removal of this tier raises important questions. Central and local leaders must carefully consider how any new institutional arrangements will continue to support community engagement and preserve local identity. To this end, the government has encouraged local leaders to consider area committees led by councillors as a mechanism to foster greater engagement with local residents.<sup>19</sup> Further mechanisms may be viable, and the government should continue to explore how best to mitigate the risks to neighbourhood and community engagement arising from the changes.

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## 3. When will district council services need to merge?

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A precondition for the merger of district council business units and services is the legal formation of the new unitary authority. The government has provided an indicative timetable, which outlines the key stages for establishing these new authorities (see Table 1).<sup>20</sup> The government has placed six areas on its Devolution Priority Programme (DPP).<sup>\*</sup> Included within these areas are six county councils, which will have a slightly accelerated local government reorganisation (LGR) timetable to non-DPP areas.<sup>\*\*</sup> In addition, Surrey has been placed on a separate, more accelerated LGR timetable.

Establishing a new unitary authority that is safe and legally compliant from day one marks only the beginning of the journey. To fully realise the ambitions of LGR, the new authority will need to undergo a further two phases:

- **embedding** – the new organisation needs to become a cohesive organisation by integrating business units from across the former district councils and merging services to provide a unified approach across these former councils
- **transformation** – when the new organisation has been embedded, it will have the institutional capacity to explore how to transform its approach to service delivery.

However, past experience shows that the high-pressure timetable often limits the capacity of local leaders and officials to merge anything beyond the most critical services from outgoing councils ahead of vesting day.<sup>21</sup> As a result, many district council services are “delivered exactly the same on day one of the new councils as they had been before”.<sup>22</sup> Accompanying this are legacy systems that operate in the background, which can lead to inefficiency. As one interviewee said to us, after vesting day the new unitary authority operated with “multiple IT systems, multiple HR systems, you name it. That’s what we had.”<sup>23</sup>

None of the case study areas considered in this report – Cumbria, Northamptonshire and North Yorkshire – were able to fully harmonise the functions that district councils had previously administered by vesting day. In some cases, structural changes only began in earnest years after the new unitary authorities were established. As one interviewee explained, “the burning priority in LGR is vesting day and the transformation [of services] comes afterwards”.<sup>24</sup>

The timing of the unitary authority election can limit the range of actions that outgoing councils can take. New members need to enter office to set the political direction of the new unitary authority and the services it provides. But previous Audit Commission work cautioned that outgoing councils can sometimes take financial decisions that

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\* The six areas on the DPP are: Cumbria; Cheshire and Warrington; Greater Essex; Hampshire and the Solent; Norfolk and Suffolk; and Sussex and Brighton.

\*\* The six county council areas on the DPP are: East Sussex, Essex, Hampshire, Norfolk, Suffolk and West Sussex.

bind their successor councils.<sup>25</sup> The government has recently advised areas not to do this in its guidance to local authorities.<sup>26</sup>

Nonetheless, once shadow authority members are elected – shadow authorities being those that carry out the functions of the new unitary authority until it officially comes into effect on vesting day – early action becomes critical. As one interview reported to us: “Given the chance, I would have wanted to aggregate functions/services sooner.”<sup>27</sup> Several interviewees emphasised the importance of early momentum to support the organisation through the later phases of embedding and transformation.

**Table 1 The government’s indicative timelines for the reorganisation of local government in two-tier areas**

Stage	Description	The government’s indicative timetable		
		Surrey	Devolution Priority Programme (DPP) areas	Non-DPP
One	Inviting unitary authority proposals	5 February 2025		
Two	Submission of formal unitary proposals	9 May 2025	26 September 2025	28 November 2025
Three	Statutory consultation	June 2025	November 2025	New Year 2026
Four	Government decision to implement any of the proposals	October 2025	March 2026	Before summer recess 2026
Five - i	Government lays out secondary legislation – the Structural Changes Order.	New Year 2026	Before summer recess 2026	After summer recess 2026
Five - ii	Anticipated parliamentary approval of the Structural Changes Order	March 2026	Autumn 2026	No clear timing given
Five - iii	The first elections to the unitary authority*	7 May 2026	6 May 2027	6 May 2027
Six	Transition period – outgoing authorities continue to administer services and submit an implementation plan to MHCLG, outlining the steps they will take to prepare the incoming unitary authority	To be determined locally	To be determined locally	To be determined locally
Seven	Vesting day – the new unitary authority goes live	1 April 2027	1 April 2028	1 April 2028

Source: Institute for Government analysis. Notes: DPP = Devolution Priority Programme. MHCLG = Ministry of Housing, Communities and Local Government. \* The government has reaffirmed its commitment to hold the suspended county council elections for areas on the DPP in May 2026.

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## 4. How will the geographic footprint determine an area's harmonisation strategy?

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After feedback from central government, local leaders are choosing their preferred footprint option by assessing against six criteria that ministers outlined in January 2025. These include adopting unitary structures that prioritise the delivery of high-quality and sustainable public services to citizens.<sup>28</sup> Once the government has evaluated their proposals, the secretary of state for housing, communities and local government will make a final decision, which will determine the geographic footprint advanced in the statutory order brought before parliament.

The final geographic footprint that emerges through this process will significantly determine the type of reorganisation operating in an area. Broadly, there are five distinct types of reorganisation scenario, explained in turn below:

- Append district services onto a county council.
- Split a county at the same time as merging district councils.
- Merge two or more existing unitary authorities.
- Append district services onto an existing unitary authority.
- One of the above routes but also split the district council.

The nature of transformation differs across each situation and local leaders will need to tailor strategies accordingly.

Core to the transformation is whether there is a continuing institution that will host the services. Where there is a continuing county council, district council functions and staff are transferred to the county council. A new council structure is developed in the process. In practice, this requires a new operating model to merge multiple estates, staff and systems onto the one council platform. This has been the case in North Yorkshire Council, for instance, which has been undergoing a 'convergence programme' to align services since it came into being in 2023.<sup>29</sup>

By contrast, when a county council is split, this requires the disaggregation of county council services alongside the aggregation of district council services. Unlike in the previous transformation scenario, this requires services currently operating on a county footprint – such as adult and children's social care – to be split. This is a complex delivery challenge and becomes a primary focus when the new unitary authority is launched. This leads to a relative deprioritisation of the merging of district council functions compared with the appending of district services onto a single

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county footprint. Analysis from PwC commissioned by the County Councils Network suggests that this could lead to greater administrative costs and reduce the financial benefits of LGR.<sup>30</sup>

Another type of continuing council could be a unitary authority – a body that is already delivering the functions of the district councils or other unitary authorities joining it. This would also require a different type of merger as a single tier council, the continuing unitary authority already performs the functions delivered by a district council. However, merging with neighbouring districts would require the authority to operate across a larger geographic area. In practical terms, this expansion necessitates a thorough assessment of the differences in service levels and quality between the unitary authority and its neighbouring councils. Additionally, variations in systems, processes, and organisational cultures across the councils may present challenges to achieving consistent service delivery. There have been limited examples of this in recent years but is likely to occur in this round of LGR as 'small neighbouring' unitary authorities consider how to expand. For instance, in Nottinghamshire, the core options being evaluated would see Nottingham City Council, a unitary authority, expand and take in Broxtowe district council and at least one other neighbouring district.<sup>31</sup>

Although the government has directed local areas to use district councils as building blocks,<sup>32</sup> some local discussions have implied the potential break-up of district councils. For instance, in Sussex, Brighton and Hove City Council (a unitary authority) has consulted on whether to expand the unitary authority boundaries to include wards within Lewes District Council.<sup>33</sup> This has not occurred before, and would require the break-up of services such as housing and homelessness, which may be difficult to do. Some limited lessons could be drawn from the reorganisation in West Northamptonshire, which led to the break-up of a partnership between South Northamptonshire Council and Cherwell District Council.

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## 5. What factors will local leaders need to consider when merging district council functions?

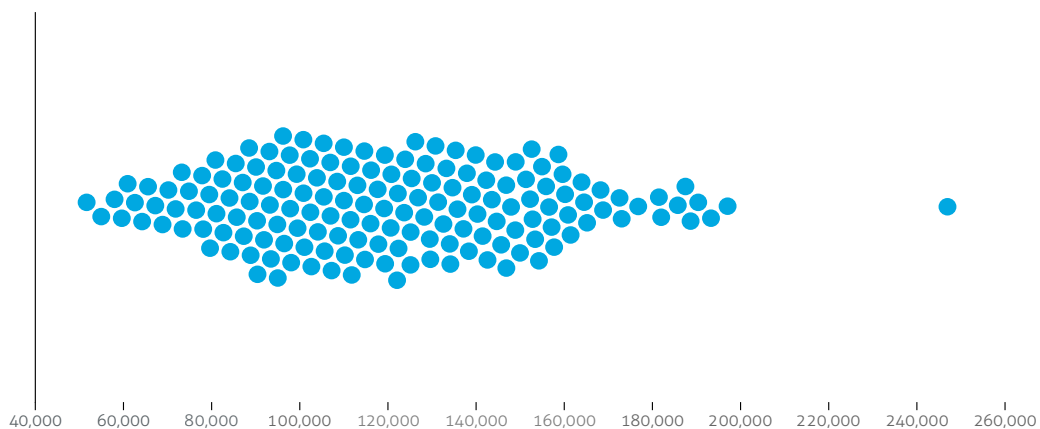
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Given limitations on bandwidth and organisational capacity, local leaders will need to decide which district council functions and business units need to be prioritised in a merge, both ahead of vesting day and in the years afterwards. Ultimately, as one interviewee put it, “everyone wants to go first, but there are capacity constraints”.<sup>34</sup> Local leaders will therefore have to balance several factors when deciding how to sequence their embedding and transformation phases.

**District council services are highly visible to residents** and their performance can define how residents perceive the performance of their council.<sup>35</sup> The visibility of these services is in part related to the nature of district council services – from bin collection to tax collection – which leads to regular engagement between the council and citizens. This can have wider implications for how residents perceive their local area and their support for the changes that an area is going through. This also matters for the continuity of service provision. As one former chief executive was told by their council leader: “I don’t care what you do on the operational stuff, I don’t want any of the standards dipping. Residents cannot in any circumstances be affected by the administrative [changes].”<sup>36</sup>

**Outgoing district council services are delivered on a smaller scale.** Outgoing district councils are relatively smaller than the unitary bodies that succeed them. On average, districts have 120,000 residents, and almost three quarters have fewer than 140,750 residents (see Figure 3). Advocates for district councils argue that these administrations and their councillors have a greater proximity to residents, which helps to guide better place-based policy making.<sup>37</sup>

Figure 3 **Population of English district councils, June 2023**



Source: Institute for Government analysis of ONS, ‘Population estimates for England and Wales: mid-2023’ and MHCLG, ‘Local government reorganisation: invitation to local authorities in two-tier areas’, correspondence, 6 February 2025. Notes: These figures do not include metropolitan district councils. The outlier district with more than 240,000 residents is East Suffolk.

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The move to larger-scale local authority units may reduce the ability of new unitary councils and councillors to remain closely connected to their residents. To address this, new institutional structures may need to be developed to maintain strong local engagement and representation. For instance, the government has encouraged local leaders to consider mechanisms such as neighbourhood area committees to ensure strong community voice.<sup>38</sup> Additionally, as earlier government analysis suggests, some services become less efficient when delivered over too large a territorial area – for instance, the value for money of waste collection services improved up to populations of 156,000 but worsened beyond that.<sup>39</sup> As we have argued previously, local leaders will need to carefully consider the most efficient scale, and design structures around them.<sup>40</sup>

**Residents expect public services to be delivered fairly and consistently.** However, when a new unitary authority is formed by merging neighbouring district councils with differing service models, this can entrench a 'postcode lottery' from the outset. As one former district council chief executive outlined: "So we had different collection boxes, different ways of picking it up, different ways of recycling, different things. You could recycle, some had green waste services, some had free green waste services... So it's a real mixed bag."<sup>41</sup> This variation in service delivery:

- affects resident satisfaction
- shapes political incentives
- influences the communication strategies that both outgoing district councils and incoming unitary authorities adopt.

One of the main justifications for local government reorganisation (LGR) is the potential it offers to improve service delivery. Leaders therefore need to consider **whether to transform service provision at the same time as the reorganisation or wait until after the harmonisation of services.** The government has encouraged areas to consider how to identify opportunities to reform public services: the LGR process presents an opportunity for local leaders to 'think creatively about how they can design new ways of working to achieve better outcomes by focusing on what local people need – whether through partnership arrangements, shared services or hubs of specialist expertise'.<sup>42</sup> New digital technologies can also present opportunities for new approaches.<sup>43</sup>

In practice, the scope for transforming services alongside LGR is limited – a lack of time means that few local leaders can think of how to transform services ahead of vesting day.<sup>44</sup> But afterwards there is an opportunity to pause, reflect and refocus on the intended service outcomes. This includes exploring alternative delivery models and ensuring that the right systems and frameworks are in place to support effective and equitable service provision.<sup>45</sup> However, local leaders will need to balance this potential for transformation with broader capacity constraints.

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In the absence of any service transformation during LGR itself, the completion of LGR results in a unitary authority delivering services along the lines of the legacy footprints of its predecessor district councils.<sup>46</sup> **As the organisation begins to embed, the harmonisation approach – and level of difficulty – will vary significantly depending on the service area.**<sup>47</sup> As one former chief executive outlined, the highest priority areas are: Council Tax and revenue; housing and homelessness; planning; and waste management.<sup>48</sup>

- **Council Tax.** The decision to harmonise tax levels across the outgoing districts is typically made in parallel with the budget setting for the new council's first year. This process involves consultation between outgoing finance officers, data gathering, financial modelling and sensitivity analysis.<sup>49</sup> Often, this leads to an early decision to standardise taxation across districts after the formation of the new unitary authority. While this harmonisation simplifies the customer-facing side of the service from day one, back-office administration remains fragmented, continuing to operate through legacy teams until the new authority completes its internal merger – something that can take years to do. As one interviewee noted, timing is critical: there is a brief window of time after Council Tax letters are sent out and initial direct debits are processed when the new system can be implemented. After that, everything must pause for nine weeks to consolidate the data before operations can resume.<sup>50</sup>
- **Housing and homelessness.** In two-tier areas, district councils are the local housing authority and are responsible for the implementation of policies relating to decent homes standards, affordable homes and social rent.<sup>51</sup> But there may be differences in approach, requiring policy harmonisation across the legacy teams. A further complicating factor is the varying need for and stock of temporary accommodation across the legacy teams, calling for a thorough development and assessment of a new policy.
- **Planning.** As the government has outlined, the legacy plans of the outgoing district councils remain in force after the creation of the new unitary authority until a new local plan is agreed.<sup>52</sup> Agreeing a new plan is politically sensitive, with concerns about losing local expertise and diluting knowledge of area-specific issues.<sup>53</sup> While early integration is possible, in the view of one interviewee, it is more effective to delay it until leadership has shown credibility and capacity for change.<sup>54</sup> Developing a new local plan can require the restructure of the legacy planning teams into one unitary-wide operation, which can take time due to systems consolidation and capacity issues.<sup>55</sup>
- **Waste management.** Interviewees frequently cited waste management as an issue, largely due to the visibility of service differences and variation in policies inherited from legacy district councils. Such disparities can "create all sorts of noise",<sup>56</sup> due to dissatisfaction with the arrangements. Resolving these inconsistencies can take several years, as existing contracts must be phased out and a new service brought in that adheres to the new unitary authority's chosen waste management approach. One interviewee estimated a timeline of five to seven years from vesting day to full implementation in their area.

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## 6. What lessons can leaders learn from earlier LGR rounds?

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While unique contextual factors have shaped the process for each previous round of local government reorganisation (LGR), there are valuable insights that current leaders can draw on as they work to merge district council business units and unify legacy council services. Across our interviews, several recurring themes emerged that are relevant to all areas. As regions progress into the embedding and transformation phases, it is essential to have the right operational structures – such as an effective strategy, the right staff and project management capabilities – to avoid a dip in service productivity.<sup>57</sup>

### **Put in place the right operational structures and project teams**

The effective and timely transfer of district council functions requires a coherent and well-run organisation to undertake multiple complex business transformations. To prepare for the years of transition ahead, it is essential that the new unitary authority is built on robust structures and processes.

At an early stage, leaders need to **agree on an overarching strategy and establish a new business operating model**.<sup>58</sup> This can be an important step for distinguishing the systems and processes for the new authority and establishing it as a corporate entity.<sup>59</sup> This also provides an opportunity to embed the values of the new authority at an early stage and use this to inform its structure.<sup>60</sup> For instance, some new unitary authorities have implemented a matrix management system, which allows for vertical oversight of transformation programmes alongside horizontal engagement, leading to new opportunities for join-up across teams.<sup>61</sup>

These foundational structures are essential for the timely appointment of senior staff. As one interviewee explained: “It’s quite late in the day when the structures start to get put together. That kind of dictates how quickly you can then pull the services together and quite often the directors are not being appointed until, you know, sort of February, March time.”<sup>62</sup> Such late appointments delay decision making on key policy decisions until the launch of the new authority.

**Early appointment of senior officers is crucial.** Accelerating the hire of senior officers can smooth the LGR process and preparation for the embedding and transformation phases of the transition. Even a few months’ head-start in LGR terms can bring significant benefits to the project.<sup>63</sup> In addition to expanding the capacity of the new unitary authority, the team of senior officers can build out the wider organisation. As one interviewee explained, having senior managers and employees down to the third tier (front-line managers) in place plays a vital role in policy development and implementation.<sup>64</sup> These senior officers can help set a clear direction to staff and define the culture of the new organisation.<sup>65</sup>

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**An experienced senior responsible owner (SRO) is needed to provide leadership to the LGR programme.** Typically either an outgoing chief executive or an experienced external hire, the SRO has a pivotal role in delivering the LGR programme, embedding the new authority and transforming public services.<sup>66</sup> In some cases, a joint SRO model may be necessary. For instance, in one area examined in this research, one SRO from a district council and one SRO from the county council were appointed. This ensured balanced representation of both perspectives in the project. But before embarking on this course of action, decision makers should acknowledge that it can complicate accountability arrangements, and appropriate mitigations would need to be put in place.

**Leaders should ensure there is a well-resourced programme management team** that can support the SRO in planning the transition in the lead-up to vesting day. But this is a challenge, as years of budget cuts have significantly reduced central office functions.<sup>67</sup> One interviewee explained how a pan-organisational search was undertaken to pool any staff with a project management office background into one central office.<sup>68</sup> Rapidly building this capacity can be costly, and in earlier LGR rounds, some councils used government stabilisation funds and reserves to support this effort.<sup>69</sup> After vesting day, a well-resourced team can empower, support and challenge the heads of service across the organisation to develop and implement their plans for transformative change.

**Leaders should also consider bringing in external resources.** As one interviewee put it: “Bite the bullet and take the consultants; we haven’t got capacity to do it in the system.”<sup>70</sup> But with 21 county areas and 19 unitary authorities undergoing transformation, the scale of change may stretch private sector capacity. Local authorities should therefore be cautious about over-reliance on external resources. Rebuilding internal capacity may offer a more sustainable long-term solution. This internal capability is especially important for delivering service transformation after vesting day. In North Yorkshire, for instance, additional capacity brought in for LGR was retained to support the critical embedding and transformation phases.

### **Your back office is your engine room: ensure the right enabler functions are ready**

As one interviewee argued, when undertaking restructures you should not focus solely on the front end of service delivery. Back-office functions have to be harmonised too otherwise you “hit the barriers all the time”.<sup>71</sup> These core business support functions play a vital role in establishing and embedding the new authority by:

- ensuring compliance with standards
- informing key decisions
- driving operational efficiency.

The LGR process also presents an opportunity for the new authority to put in place the strong business teams required to deliver.

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The **human resources (HR) team** in the new unitary authority plays a critical role in the authority. As one interviewee told us: “[You] need to have them all over this because you’re embroiled in HR left, right and centre.”<sup>72</sup> The earliest phases of the new unitary authority pose inherent HR risks, including equal pay claims if the harmonisation process has failed to harmonise across terms and conditions. To reduce this risk and assist when issues arise, an adequately resourced HR team can smooth the early phases of embedding.

The HR team will also play an important role in the harmonisation of terms and conditions across new staff when transferring into the new unitary. When district councils are aggregated, staff are transferred via Transfer of Undertakings (Protection of Employment) regulations 2006 (or TUPE) – a process that automatically transfers them to the new employer on the same terms and conditions as their previous employment. But if, alongside this, there is a disaggregation process as a county council is being split, HR will need to assist with the process for matching staff to roles in the new councils.<sup>73</sup> As one interviewee told us: “Put harmonisation of your terms and conditions right up front and do it really quickly. It causes you hideous pain, and I mean hideous pain, and lawyers are a right pain... they always know.”<sup>74</sup>

A **harmonised ICT platform** is a critical feature for a new unitary organisation. When organisations struggle to transfer all staff to one common system, this can lead to inefficiency. Although, on day one, members of the public accessing online resources from the council face a newly branded website, often users are directed to interfaces drawing on underlying IT systems and processes from the legacy councils. For instance, in some recently reorganised councils, planning applications are submitted via one centralised unitary authority-branded webpage, which transfers data to the relevant former district council planning team.

Several interviewees informed us that even several years after reorganisation, staff members struggle to arrange meetings because they still operate on legacy IT systems inherited from the districts and the county.

In Cumbria, for instance, two of the districts had modernised ICT processes, with staff operating with laptops, mobile working and using an up-to-date Microsoft licence. But as the county council had more employees, its IT systems continued. This led to difficulties as individual staff members were unable to communicate within their business teams using Microsoft Teams and unable to share calendars.<sup>75</sup> This has occurred in other areas too where, for some interviewees, the move from better-quality district council IT systems to less sophisticated county systems felt like a backward step and reduced efficiency.

In certain cases, when attempting to integrate some councils, it becomes apparent that there are underlying weaknesses in the processing of data. For instance, one interviewee informed us that accessing data from HR systems required manually going into spreadsheets to collect the data and re-entering it into the new systems.<sup>76</sup>

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By contrast, IT collaboration across authorities ahead of LGR can ease the aggregation process.<sup>77</sup> In North Northamptonshire, preparatory work was undertaken before vesting day to support ICT harmonisation. This included data cleansing and efforts to align information systems and analytical approaches. These activities built on existing shared IT services across district councils. As one interviewee noted, this groundwork meant there was “one less system to aggregate”, helping to deepen joint working and streamline integration ahead of vesting day.<sup>78</sup> But leaders should recognise that integrating ICT systems can be a complex process and evaluate whether this is achievable in their local areas ahead of vesting day.

### **Your staff are your most important resource**

The success of a new authority – and the quality of the public services it delivers – will depend heavily on its future workforce. This workforce is typically formed by transferring staff from the outgoing authorities, under TUPE. But uniting employees from multiple organisations into a single, cohesive team is a complex undertaking.

**The LGR process places significant pressure on staff.** As one interviewee observed: “It’s a really hard process to put people through and the emotional toll is huge.”<sup>79</sup> The strain can affect not only the establishment of the new authority but also interim service performance. And the longer-term embedding and transformation phases can also suffer. Another interviewee recalled: “Staff were shattered on day one and to then be going straight into... another big piece of transformational work is, you know, is quite taxing.”<sup>80</sup>

To avoid burnout before even the run-up to vesting day, **leaders must engage closely with their teams, offering support and communicating things clearly.** This is essential not only to maintain morale and performance during the transition but also to build the resilience needed to deliver fully harmonised council services in the long term. But clear communication can be challenging, particularly as staff appointments to the new organisations are often made relatively late in the process.<sup>81</sup> Even during the uncertain early stages, open and honest communication is vital to sustaining motivation and trust across the workforce.

**Effective communication must be a two-way process, enabling leaders to better understand the implications of staff decisions.** One interviewee noted that some employees did not disclose their intention to voluntarily leave the workforce until vesting day – creating significant challenges for organisational planning. Open and honest conversations are especially critical during the disaggregation of a county council, where staff preferences may not always align with organisational needs. This misalignment can delay the process of populating the new organisational structure. Leaders must not underestimate the staffing challenges involved in both winding down the previous authority and establishing the new one. Proactive, transparent engagement with staff is essential to managing the risks and ensuring a smooth transition.

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The first day of a newly formed organisation can bring unexpected challenges, particularly when multiple teams are brought together. **Leaders must be careful of the risk of culture clash**, which can arise from differing working practices and management styles, and can be highly disruptive to the new organisation. These tensions can be especially pronounced in LGRs, where service delivery models and working practices often differ significantly between district and county councils.

**A key consideration is the imbalance in workforce size.** County councils are typically larger than the combined staff of all the district councils within the county area. As a result, the new unitary authority often comprises a higher proportion of county staff. This can lead to the emergence of tribal identities, with staff aligning themselves based on their previous affiliations. One interviewee stressed the importance of implementing a culture programme early on to prevent this, warning that without it, attitudes such as “oh, you’re ex-county” can take hold.<sup>82</sup>

**Leaders must also be aware of the risk of disengagement** when district councils are appended to a continuing county council or unitary authority. In such cases, the impact of reorganisation is uneven across the organisation. Some departments – particularly those less directly affected – may remain disengaged. As one interviewee observed when talking about two services formerly run by the outgoing county council: “I don’t think children and adult services knew the reorganisation was going on.”<sup>83</sup> This lack of awareness and involvement can hinder the development of a unified organisational culture and limit opportunities for cross-team collaboration.

### **Develop strong collaboration between decision makers and key stakeholders at both political and official levels**

**The depth of pre-existing relationships across the councils joining together in LGR can be an important enabler for success.** Where services have already been merged before reorganisation, there are naturally fewer areas requiring harmonisation after vesting day. For instance, the councils that formed North Northamptonshire Council had already established a joint planning unit and a joint delivery unit, which had developed a joint spatial strategy.<sup>84</sup> These kinds of operational collaborations offer valuable opportunities to align data, policies and working practices in an area, as well as developing a mechanism to build new relationships and cultivate a sense of joint working on the new footprint. As one interviewee said to us, such arrangements can foster shared cultures, which can make it easier to merge.<sup>85</sup>

**Equally important is a level of strategic alignment** in thinking across the districts, which can help to inform the future direction of the new unitary authority.<sup>86</sup> But it cannot be assumed that existing inter-council partnerships will neatly align with the footprint of the new authority. In some cases, the final footprint may include districts outside of the partnership; in others, there may be no partnership at all. And, in a worst-case scenario, some councils may be hostile to the process. For instance, in Cumbria, the county council launched an ultimately unsuccessful judicial review of the LGR plans, which, in the view of one interviewee, diverted strategic capacity and delayed the start of meaningful collaboration between councils in the area.<sup>87</sup>

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Across all these scenarios, **early engagement – both operationally and strategically – is essential**. And the government has stressed the importance of 'working together in an area... to continue to build strong relationships and agree ways of working'.<sup>88</sup> This can be supported through regular meetings between senior staff. As one interviewee reflected on their experience of LGR, such meetings "forced them to bond", despite entrenched political and personal differences among some attendees.<sup>89</sup> As we have previously recommended, areas should identify what level of joint working they currently have and then establish joint delivery teams to ensure shared ownership of the project.<sup>90</sup>

### **Ensure residents are regularly updated and can inform the plans for future service delivery**

The government has acknowledged that, given the timescale ahead of the submission deadline for interim LGR plans, 'it may not have been practical for areas to conduct substantive engagement with residents, businesses and organisations in the area'.<sup>91</sup> But it has also welcomed commitments from areas to undertake this engagement ahead of the final submissions.<sup>92</sup> As areas develop their plans for LGR and look further ahead to the embedding and transformation phases, it is important to ensure that resident and user voices are considered at every stage of the process.

In the first instance, during the embedding phase, a balance needs to be struck between inward-facing programmes that help to establish a well-managed new unitary authority, and transformation programmes, which can require a high level of public engagement.<sup>93</sup> However this balance is struck, it is important to clearly communicate this publicly to manage expectations and ensure there is public accountability for the delivery of these changes. As one interviewee said to us: "Just being honest and transparent at the beginning about what you're going to do and what you're not going to do."<sup>94</sup> Critical to this messaging is explaining that it will take time to deliver improved services and not over-promising financial savings – as many interviewees concurred, you may have to spend more on capacity and capability building than originally anticipated.

At the point of service transformation, it is imperative that service users have the opportunity to inform how services proceed. As we have previously argued for the LGR process in general, public engagement should not be treated as a formality.<sup>95</sup> New unitary authorities will need to run public consultations, particularly when harmonising service provision between different areas, and regularly review things to see whether all relevant anchor institutions and community stakeholders have been engaged throughout the process.

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## 7. How can leaders manage the contracting implications of LGR?

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The scope for decision makers to pursue transformational change ahead of vesting day is significantly constrained. Government guidance to local authority leaders advises against taking actions that could 'fetter the future decisions of new councils'.<sup>96</sup> This includes a broad range of activities such as the purchase or sale of major assets, the establishment of new companies, or entering into service delivery contracts.<sup>97</sup>

Consistent with previous rounds of local government reorganisation (LGR), the government has committed to using its legal powers – once Structural Changes Orders\* are enacted – to require written consent from the incoming unitary authority for key decisions. These include:

- the disposal of land valued at more than £100,000
- entering capital contracts exceeding £1,000,000
- entering non-capital contracts worth more than £100,000 over the life of the project.<sup>98</sup>

This guidance, along with forthcoming statutory provisions, narrows the options available to outgoing authorities and sets a clear timeline for local leadership decisions throughout the LGR, embedding and transformation phases. As leaders assess the options available ahead of vesting day, they must also plan for the effective management of contractual transitions, including through a carefully considered novation process – a legal mechanism that transfers contractual obligations to the new authority<sup>99</sup> – and a thorough evaluation of new opportunities for alternative contractual models.

### **While options are limited, leaders can still take proactive steps ahead of vesting day**

As part of the LGR process, the incoming unitary authority must take on responsibility for contracts that outgoing councils held. This is done through novation.<sup>100</sup> But novation presents practical and technical challenges, including identifying which contracts should continue, assessing compliance risks and managing the volume of contracts requiring review.

**Outgoing councils must ensure they have adequate commercial and legal capacity to support this process.** Given sector-wide shortages in central business roles, a realistic assessment of internal capabilities is essential. Where needed, external support can help interpret complex contractual clauses and build a team that supports the transition and embedding of the new authority.

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\* As outlined in Table 1, Structural Changes Orders are the secondary legislation which is required to establish a new unitary authority.

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**A clear understanding of existing contracts is vital.** One interviewee noted that simply identifying what contracts were in place – and how terms varied – was a major hurdle.<sup>101</sup> Although the presumption would be to consult the contract register, in practice “it was so different in every authority; just actually getting the right information [was a challenge]”.<sup>102</sup> To reach a clear understanding of existing contracts requires close collaboration between outgoing authorities to ensure information is compatible.

**Once contracts are identified, they must be evaluated for future service delivery and renegotiation implications.** Some decisions are straightforward, allowing a focus on more complex cases. For example, a district council contract that can continue operating on the same geographic footprint within a new, larger authority may novate without issue.<sup>103</sup> In contrast, splitting or re-designing an outsourced service to match the new unitary authority may be more complex. This can be a particular challenge when they relate to highly regulated services such as social services or if views diverge over how the service will be provided in the future. Some services may be better administered across a larger footprint, such as 24/7 fire service maintenance, with one unitary authority hosting the service on behalf of the region.<sup>104</sup> Even where contracts are novated over, the team overseeing this process must compile clear details on the expiry and renewal dates of these contracts so that the new authority can take timely commissioning decisions after vesting day.

**Engaging with and understanding your suppliers and partners throughout the process is critical.** For instance, an interviewee explained that one district had entered into joint procurement with the NHS for the provision of sexual health services – it is therefore essential to collaborate, particularly in the context of reorganisation in the NHS.<sup>105</sup> Any eventual unwinding of this joint service would have implications for NHS service provision. Smaller partners, such as voluntary sector organisations, also require attention. These groups often deliver vital services such as drug and alcohol rehabilitation and may rely heavily on local government contracts. Delays in renewal can have a significant impact on their cash flow and service continuity.<sup>106</sup>

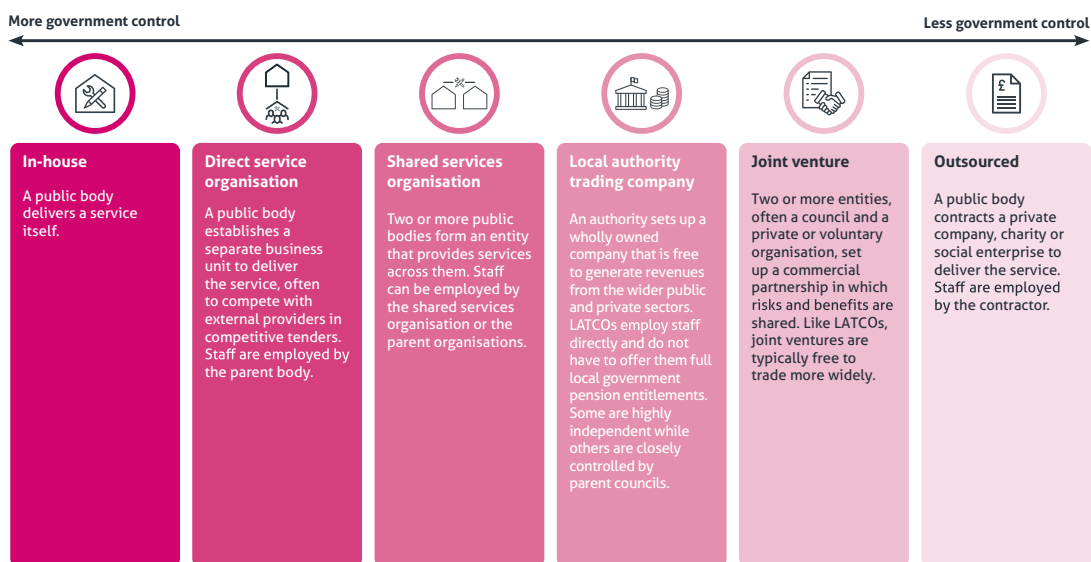
### **The new authority must take considered and outcome-led decisions on the shape and nature of service delivery**

Given the limited scope for alternative contracting decisions before vesting day, efforts to standardise service provision typically begin during the embedding and transformation phases.<sup>107</sup> The new authority often inherits a complex landscape of service delivery models. For example, in North Yorkshire, the incoming authority took on five different leisure service arrangements:

- two outsourced providers (Everyone Active in Scarborough and Ryedale, and IHL in Selby)
- in-house provision in Hambleton and Craven
- a leisure trust managing some facilities
- a wholly owned local authority trading company.<sup>108</sup>

This level of inherited complexity was commonplace in each of the three case study areas we assessed for this report.<sup>109</sup> But despite this logistical complexity, the transition presents a valuable opportunity to determine the most appropriate delivery model (see Figure 4) for the new authority in the future.

Figure 4 **Different types of service delivery model, with more or less government control**



Source: Institute for Government analysis. Note: LATCOs = local authority trading companies.

**It is important not to rush decisions around changing contract specifications or delivery models.** Before making changes, decision makers must develop a solid understanding of the service in question. Given the diversity of existing service models among the outgoing district councils, there is no guarantee of a shared understanding of service provision across the new footprint. It is also possible that where services have been outsourced before, there is limited understanding about these services and how they operate.<sup>110</sup> This makes it a significant challenge for the new authority to build that insight quickly and confidently. It is therefore imperative for local authorities to engage with current providers to understand the price, quality and service model of a service to improve in-house understanding.<sup>111</sup> And, where possible, outgoing councils should undertake thorough audits of the different ways in which services are currently operating, to help inform the decision about the appropriate model in the future.<sup>112</sup>

When the new authority considers how to harmonise services, **local leaders should tackle the task using an outcomes-led approach** – starting with the desired policy outcomes, determining the right service delivery model and designing contracts to achieve them.<sup>113</sup> Too often, decisions around contracting default to entrenched preferences for insourcing or outsourcing.<sup>114</sup> But to deliver real value for residents, it is more effective and efficient to select the delivery model that best fits the nature of the service.

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Previous Institute for Government work, for instance, shows that it may be sensible to insource a service when:

- markets are not healthy
- there is a need for greater flexibility in service delivery
- there is a lack of internal commercial capability
- savings can be made by integrating with other services.<sup>115</sup>

Where these conditions do not apply, it may be appropriate to consider outsourced services through private or voluntary sector organisations. For example, previous Institute for Government research has identified that the outsourcing of waste collection, cleaning, catering and maintenance services has delivered savings to the public sector in the past.<sup>116</sup> Other models also exist that blend the approaches and culture of the public and private sectors. For instance, local authority trading companies (LATCOs) are council-owned but operate as commercial entities, delivering outsourced local services, with profits then being recycled back into local government. A LATCO would typically be owned by a single local authority but can take on contracts to deliver services for other councils too. Alternatively, local authorities can employ staff in-house using organisations on more of an arm's-length basis such as a direct service organisation, or pool staff across several councils through a shared service organisation.

The commissioning cycle does not end once a harmonised service is in place. **The new authority must establish robust forward-planning processes that enable informed commercial decisions well ahead of contract expiry or renewal.**<sup>117</sup> This requires enough lead time for programme teams to reassess current policy needs, evaluate the performance of existing provision and rigorously compare the current delivery model against alternative approaches.

By developing a clear contracting renewal pipeline, the organisation can better anticipate future needs, explore more innovative delivery models and signal opportunities to potential delivery partners to bring forward fresh ideas.<sup>118</sup> Newly formed unitary authorities therefore have a unique opportunity to embed mechanisms that foster continuous improvement and innovation from the outset.<sup>119</sup>

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## 8. Conclusion

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As the government progresses its ambitious round of local government reorganisation (LGR), this offers a unique opportunity to define local governance for a generation, potentially release financial savings, exploit emerging technologies and deliver public services more efficiently. The government has also emphasised the importance of community empowerment at the heart of its LGR agenda.

To realise these ambitions, the reorganisation of local government has to deliver stable unitary authorities. This means not only establishing a new unitary authority on vesting day but also putting in the effort afterwards to harmonise and then transform public services. As one interviewee emphasised, launching LGR is easy; aggregating district council functions, disaggregating county council functions and devising and executing transformation programmes is when the hard work begins.

This is a long-haul journey and has the potential to be highly disruptive unless further government support is given to areas. Given this, further assistance from government is required to set expectations about what is feasible and deliverable in terms of transformation. This could be in the form of clearer guidance on delivering transformational projects or showing new technologies that can streamline and economise processes.

The scale of change in this round of LGR is also a step change from more recent rounds. Simultaneous LGR across so many bodies will place a strain on the sector and on Whitehall. The government should critically self-assess whether it has enough capacity to undertake this scale of work. Any such assessment should take into account the experience of areas undergoing change to ensure that enough support is being provided. Where it identifies any specialist skills shortfalls – for instance in programme management – it should recruit or bring in external resources as appropriate or re-evaluate its timetable for reorganisation.

It is also critical for central government to go further in distilling the experience of those who have undergone sectoral change before, to ensure that lessons are learnt and applied in this round of LGR. The government's decision to establish an independent panel of local government experts is a welcome and important step. This group has a vital role to play in shaping policy, guiding implementation, managing risks and providing constructive challenge to support effective delivery. To maximise its impact, the panel should be encouraged to engage broadly across the sector, ensuring that lessons from previous reforms are fully considered. For instance, dialogue with officials involved in Northern Ireland's 2015 council restructuring could offer valuable insights into the wider implications of undertaking wholesale LGR for both local and central government.

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Finally, given the sequencing of the LGR timetable, there is scope for the government to learn the lessons from areas progressing at the fastest pace – in Surrey and the Devolution Priority Programme (DPP) areas – and apply these to non-DPP areas. These formalised reviews should be established to ensure that insights from the early rollout are captured and effectively applied to regions undergoing reorganisation later in the timetable.

# Appendix: Case studies

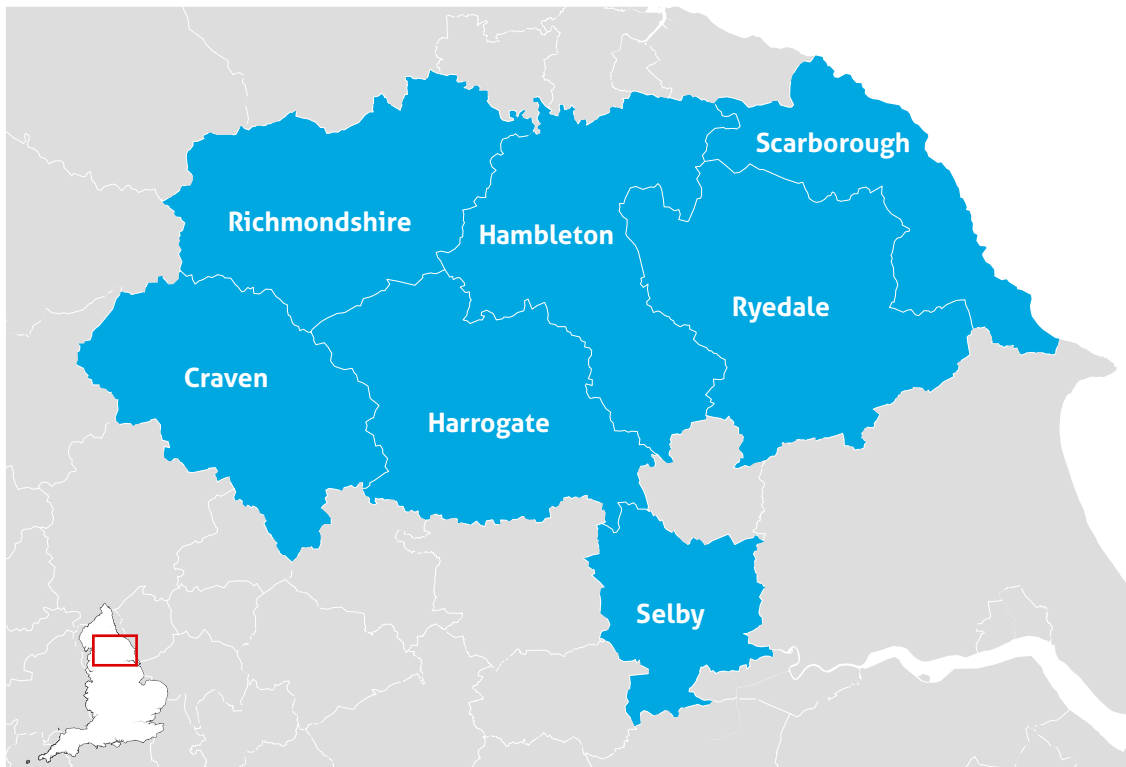
This report draws on interviews carried out with senior officers who work or previously worked in district councils. These were carried out on an anonymised and non-attributable basis. Nine of the interviews related to three local government reorganisation (LGR) transformations – in North Yorkshire, Cumbria and Northamptonshire.

## Case study 1: Appending district services onto a county council – North Yorkshire

### Context

After a formal invitation was issued in 2020, central government received two proposals for LGR in North Yorkshire: one on a county-wide footprint and the other that would split the authority in two.<sup>120</sup> The government announced its decision to proceed with the former option, in July 2021.<sup>121</sup> This brought together North Yorkshire County Council and seven district councils (Craven, Hambleton, Harrogate, Richmondshire, Ryedale, Scarborough and Selby – see Figure A1) to form North Yorkshire Council in 2023. Elections to the shadow unitary authority took place in May 2022 and vesting day occurred on 1 April 2023.<sup>122</sup>

Figure A1: **The seven district councils reorganised in 2023 to form North Yorkshire Council**



Source: Institute for Government analysis.

### Example of business transformation

In addition to locality boards<sup>123</sup> – a forum bringing together the council and education leaders to deliver community projects targeted at children and young people – North Yorkshire Council has used informal, regular, multidisciplinary teams as a way of

enabling place-based decision making and greater policy join-up throughout the LGR process.

### Example of service harmonisation

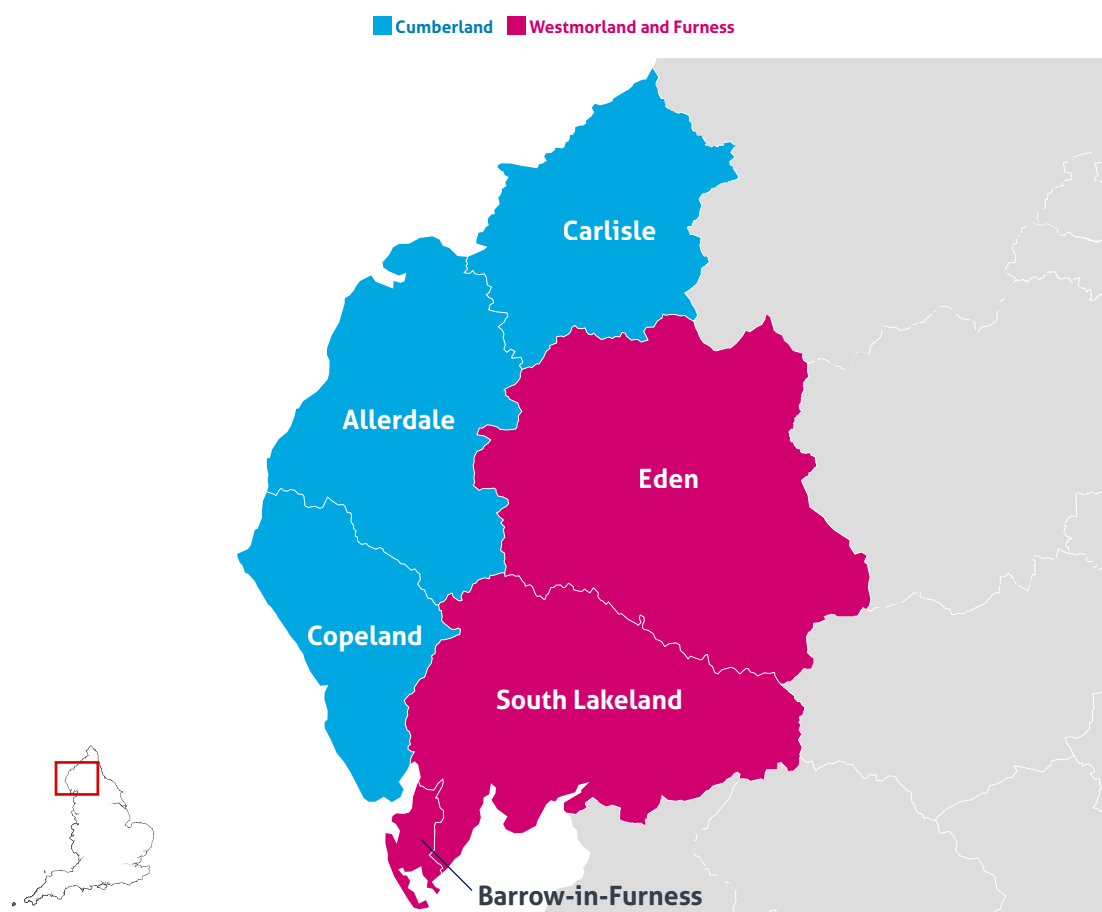
In 2024, North Yorkshire Council launched a housing strategy, which provided a framework for housing policies and projects for delivery over the following five years.<sup>124</sup> That same year, the council referred itself to the Housing Ombudsman due to variation in data and services across the legacy district councils. The Ombudsman concluded that there were 'serious failings in the landlord delivering the outcomes of the consumer standards and significant improvement is needed'.<sup>125</sup>

## Case study 2: Splitting a county council – Cumbria

### Context

In 2020, the government invited proposals for LGR in Cumbria and received four submissions.<sup>126</sup> The government chose one of these proposals to take forward and announced its decision in July 2021, which was to create two unitary authorities: Cumberland Council (covering Carlisle, Allerdale and Copeland) and Westmorland and Furness Council (covering Barrow, Eden and South Lakeland) (see Figure A2).<sup>127</sup> Shadow elections took place in May 2022 and vesting day occurred on 1 April 2023.<sup>128</sup>

Figure A2: **The six Cumbrian district councils reorganised in 2023 to form Cumberland Council and Westmorland and Furness Council**



Source: Institute for Government analysis

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### Example of service transformation

The restructuring of children’s social care was a major priority for both unitary authorities. In 2022, the outgoing authority Cumbria received was graded as ‘requires improvement to be good’ by Ofsted.<sup>129</sup> Following the restructure, the OFSTED rating for children’s social care in Cumberland improved “Good”.<sup>130</sup> Similarly Westmorland and Furness received an “Good” rating – though with a ‘requires improvement’ rating for the experiences and progress of care leavers.<sup>131</sup> Adult learning services across both areas received two “outstanding” ratings with an overall “good rating” from Ofsted which was also an improvement compared with a 2018 assessment. These services are managed by Westmorland and Furness.<sup>132</sup>

### Example of service harmonisation

Westmorland and Furness Council inherited three different recycling approaches and policies. After public consultation in winter 2024, the council anticipates that changes will start by the end of 2025 and have the majority of service revisions in place by 2027.<sup>133</sup> This has proven to be a contentious topic for local residents and a final decision is anticipated by the council on 9 September 2025.<sup>134,135</sup>

## Case study 3: Splitting district council services – Northamptonshire (South Northamptonshire)

### Context

Following a best-value report on Northamptonshire County Council in February 2018, which called for the county to be split in two, in March 2018, the government invited proposals for LGR in Northamptonshire.<sup>136</sup> Having ruled out a single unitary authority, the government received proposals for two unitary authorities: West Northamptonshire (covering Daventry, Northampton and South Northamptonshire) and North Northamptonshire (covering Corby, East Northamptonshire, Kettering and Wellingborough) (see Figure A3).<sup>137</sup> Shadow elections were due to be carried out in 2020 but were delayed due to the Covid pandemic, to May 2021. Vesting day occurred on 1 April 2021.<sup>138</sup>

### Example of business transformation

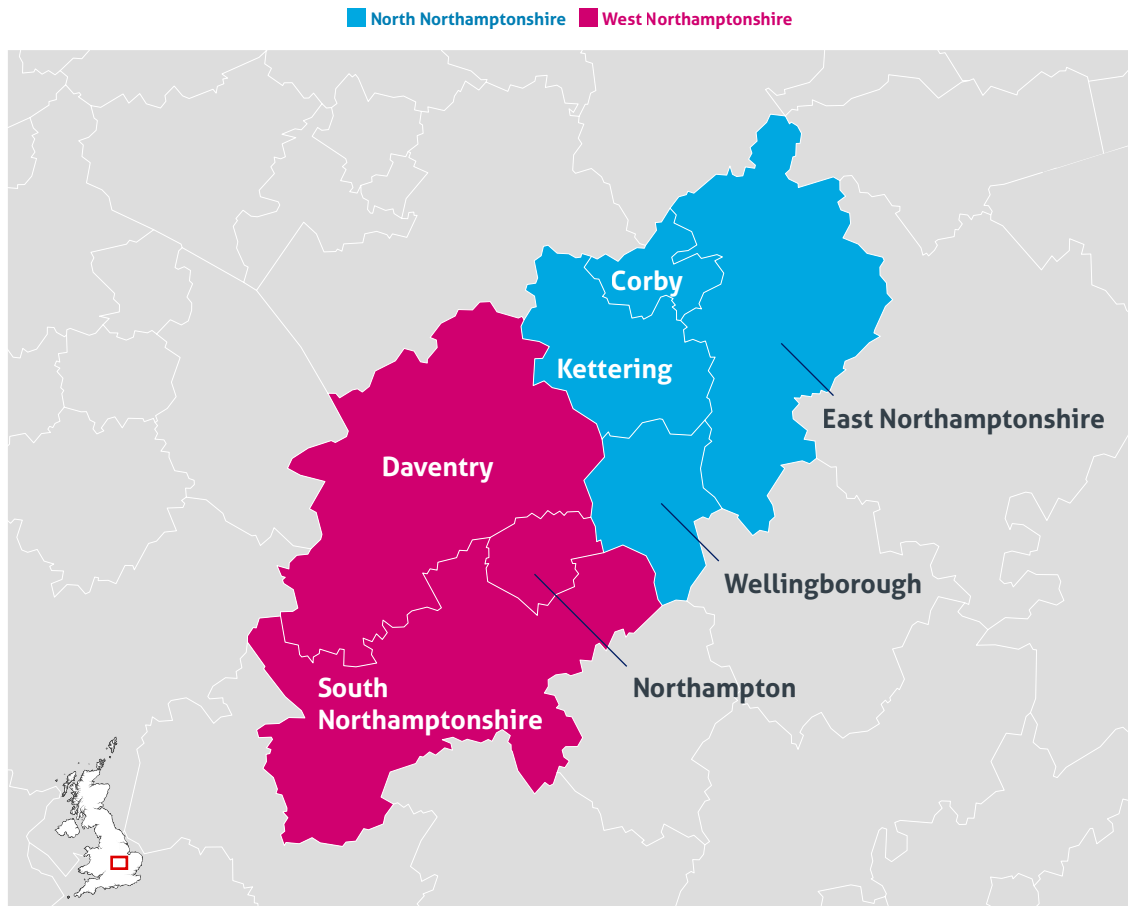
Before LGR, the district of South Northamptonshire was in a partnership with the Oxfordshire district council of Cherwell. The partnership ran for eight years and was reported to have yielded £3.3 million of savings for the two district councils as of 2015.<sup>139,140</sup> Savings were achieved through the merger of senior posts, and some services, including waste management.<sup>141,142</sup> To create the new West Northamptonshire unitary authority, this relationship was terminated, leading to the decoupling of management and some services.

### Example of service harmonisation

In 2024, the leader of North Northamptonshire invited a peer review of the planning team’s efforts to deliver an ‘efficient and effective planning service that engages with its residents and users to deliver environmentally and socially responsible high-quality development that adds value to the area and its people’.<sup>143</sup> The review team were impressed by the culture of collaboration and mutual support, found that the planning team had a proactive approach to the streamlining of services and recognised

efforts to implement a new ICT system.<sup>144</sup> It also noted that a harmonisation of processes and procedures was underway to ensure residents and service users receive a consistent service.<sup>145</sup>

Figure A3: **The seven Northamptonshire district councils reorganised in 2021 to form North Northamptonshire Council and West Northamptonshire Council**



Source: Institute for Government analysis

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# About the author

## Matthew Fright

Matthew is a senior researcher working in the Institute for Government's devolution team. He joined the Institute in June 2022 from a secondment to the Public Administration and Constitutional Affairs Committee at the House of Commons. Before joining the Institute, Matthew worked at the National Audit Office, scrutinising the value for money of government programmes.

## Acknowledgements

We are grateful to all those who spoke to us for this report. We are also grateful to Norse Group for supporting this work financially and with its expertise, with particular thanks to Geoff Tucker who commented on an earlier draft of this report.

We would also like to thank colleagues at the Institute for Government – particularly Akash Paun, Amber Dellar, Nick Davies, Stuart Hoddinott, Thomas Pope and Ben Paxton – for advice and feedback on earlier drafts of this report; and Will Driscoll, Melissa Ittoo, Ian Kingston and Sam Macrory for help in publishing and publicising the report. The conclusions reached and any remaining errors are the author's alone.

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