Proposals for a single tier of Local Government in Northamptonshire

SYNOPSIS BOX
To update Full Council on the Secretary of State’s invitation to submit proposals for a single tier of Local Government and to recommend a way forward.

1. Relevant Background Details

Members are aware of the financial and governance issues at Northamptonshire County Council (NCC) that have been the subject of a Best Value report by a Government appointed Inspector, Max Caller.

The Inspector’s report issued in March 2018 found that NCC has failed to comply with its duty under the Local Government Act 1999 (as amended) to provide best value in delivery of its services.

The report’s Executive Summary is given at Appendix 1. Members should note in particular paragraphs 1.9 and 1.10.

Paragraph 1.9 recommends the creation of two new Unitary Councils across Northamptonshire, with the abolition of the County Council and all seven of the Districts and Boroughs. The report proposes that Corby forms part of one unitary with Wellingborough, Kettering and East Northants, the “North”. Northampton, Daventry and South Northants form the other, the “West”. The report advises that the new arrangement should be established following elections in May 2020. Members should be aware that the Secretary of State cannot simply impose this new structure but must respond to any such proposal from one or more of the county’s Districts and Boroughs, and also the County Council.

In paragraph 1.10 the report advises that the Secretary of State for Housing Communities and Local Government, “give serious consideration to whether Commissioners take over the running of all services save Planning, currently provided by Northamptonshire County Council…."

2. Report

i. Leader’s letter to the Secretary of State

After the Inspector’s report was issued, and before the Secretary of State responded to it, the Leader of the Council wrote to the Secretary of State giving Corby’s own unique response to the report. The letter is shown at Appendix 2. No response as yet has been received from the Secretary of State.

The letter explains how we have been performing well for a number of years both in terms of service delivery and financial management, in stark contrast to the County Council. It states the Council does not willingly accept the Inspector’s recommendation that two new Unitary Authorities be formed to serve the whole county. It points out that the Districts and Boroughs are being unjustly penalised for the County’s failure. It queries how locally accountable the new unitaries will be. It states that the Council will undertake public consultation on the Inspector’s unitary recommendations. It raises concern that the new unitaries will be saddled with County Council debts and its under resourced services, which the people of Corby neither want nor deserve.

Whilst this remains our position we are, as the letter advises, working with the other county Districts and Boroughs on a collective response to the Inspector’s Report and the response to it by the Secretary of State.
ii. Secretary of State’s letter to District and Boroughs

On the 27 March 2018 the Secretary of State wrote to all the District and Boroughs in the county asking for proposals from them in respect of restructuring local government in the county. The letter and its appendix is given at Appendix 3.

The Districts and Boroughs have until Friday, 27 July to submit proposals either individually or collectively.

The letter advises that a proposal for a single unitary authority covering the entirety of Northamptonshire is not an option under the invitation. Given the imminent appointment of Commissioners to run the County Council retaining the status quo is not an option.

The Government are looking for proposals that are likely to:

- Improve local government and service delivery across the area;
- Be based on a credible geography;
- Command a good deal of local support.

Other factors to be considered include the recommendations of the Inspector’s report on Northamptonshire County Council and wider regional issues such as boosting housing delivery and contributing to the Cambridge-Milton Keynes-Oxford growth corridor.

The letter’s appendix gives some Secretary of State guidance on proposals.

The detail includes that a unitary should have a substantial population that at a minimum is substantially in excess of 300,000 (Corby’s current estimated population is around 70,000).

Other factors to be taken into account include:

- How local government will be improved;
- The Inspector’s report and its North and West unitary recommendation;
- Wider regional and national growth plans;
- The level of public consultation on any proposal prior to it being submitted, and;
- A good amount of public support.

Using this guidance and other information gleaned from discussion with the Secretary of State’s civil servants, the county’s District and Boroughs are preparing a proposal for consideration. This will be the subject of a further report to Members in June/July and prior to any proposal being submitted. The County Council are to be invited to participate in the preparation of any proposal.

iii. Secretary of State’s letter to Northamptonshire County Council

On the 27 March the Secretary of State also wrote to NCC, copied to the District and Boroughs, about the Inspector’s report, requesting representations on it and the Secretary of State’s proposal for an intervention package. These need to be with the Secretary of State by Thursday, 12 April. The letter and its annex are given at Appendix 4.

An annex to the letter gives details of the Proposed Intervention Package. It proposes that two Commissioners be appointed, the Lead Commissioner to look at governance and scrutiny and the other, strategic financial planning and budgetary control.

Functions to be exercised by the Commissioners fall under three categories:

i. those associated with the governance and scrutiny of strategic decision making by the Authority;

ii. those associated with the strategic financial management of the Authority, and;

iii. all non-executive functions relating to the appointment and dismissal of statutory officers.

The Commissioners will remain until it is anticipated, by the Secretary of State, that a long-term solution such as the re-structuring process is complete.
The District and Boroughs were also invited to make representations on the letter and the following was agreed and forwarded to the Secretary of State:

‘Your proposal to send commissioners into Northamptonshire County Council is the necessary next step to for the authority and the people it serves. We look forward to working with the commissioners to create a sustainable future for public services in Northamptonshire’.

3. Options to be considered (if any)
   1. To not submit our own single tier proposal to the Secretary of State;
   2. To not join a collective proposal, for a single tier;
   3. To submit our own single tier proposal;
   4. To join a collective single tier proposal;
   5. To submit our own proposal for a non-single tier of local government across the county;
   6. To join others in a collective non single tier proposal for submission.

Under 1 and 2, Corby Borough Council will not have any opportunity to influence the governance and structure of any new unitary authority.

Under 5 and 6 it is very likely that the Secretary of State will ignore such proposals as they do not comply with his invitation to submit proposals for “establishing unitary authority across the county”.

Under 3 we could submit our own proposal but why not share the work, and potential costs, with other Districts and Boroughs that we currently work closely with in the North of the county, and also those in the West, as we are all similarly affected.

4. Issues to be taken into account:-
   
   **Policy Priorities**
   
   Any single tier proposal submitted and accepted by the Secretary of State will lead to the abolition of Corby Borough Council. Our Corporate Plan will be replaced by a new one for any new unitary authority that Corby becomes part of.

   **Financial**
   
   As work on any proposal progresses it is likely that there will be a need for some funds in respect of external consultants to help formulate the implementation of the new unitary authority if agreed by the Secretary of State. No funds are however requested at this time.

   **Risk**
   
   There is the risk of the new unitary authority being hamstrung financially by the lack of revenue resources and debts of the County Council. Government assistance will be sought to mitigate this.

   **Legal**
   
   New national legislation will be required to be passed by parliament in respect of any new single tier authority. Corby Borough Council would have to be formally abolished too.

   **Best Value**
   
   It is the outcome of a Best Value report on Northamptonshire County Council that has brought up the question of a single tier of local government for the county. Any such new arrangements should improve Best Value but it is considered that this cannot be ensured without government assistance on the funding for service provision and debt payments, ie the financial legacy of Northamptonshire County Council and in particular the growing burden of providing health and social care.
5. Conclusion
The Council has given its position to the Secretary of State via the Leader's letter of the 26 March. That letter remains unanswered and our position remains the same.

The Secretary of State's invitation for proposals for a single tier of Local Government in Northamptonshire advises that a single unitary across the county is not an option.

Any such proposal will be judged against the guidance issued by the Secretary of State. The guidance includes that there be for any unitary authority a minimum population of substantially more than 300,000, and a requirement that any proposal takes into account the Inspector's recommendation on the preferred way forward involving the two unitaries (West and North model).

Discussions are underway between all the Districts and Boroughs at Leader and Chief Executive level about a single collective proposal being submitted. Through this arrangement the work required and any costs, can be shared.

All the Districts and Boroughs are in a position they have not sought nor want, but all are of the same mind in respect of putting forward a proposal that seeks to ensure the best outcome for the people of the County.

It is recommended that this Council continue to participate in these discussions and in the work required on a proposal in keeping with the Secretary of State's invitation and guidance.

The Secretary of State's letter about his proposed intervention at NCC, and the combined response from all the Districts and Boroughs is given for completeness and information only.

6. Recommendation
It is recommended that:

i. the Council continues to work with the other county Districts and Boroughs on a unitary proposal submission to the Secretary of State, and;

ii. there be a further report to all Members when that proposal is in a full draft form to agree or not agree its submission to the Secretary of State by the deadline of Friday, 27 July 2018.

Background Papers
Northamptonshire County Council Best Value Inspection Report

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Officer to Contact
Norman Stronach
Chief Executive
T: 01536 464156
Northamptonshire County Council Best Value Inspection
January - March 2018

Max Caller CBE
Lead Inspector
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1. Executive Summary

1.1 Northamptonshire County Council (NCC) has failed to comply with its duty under the Local Government Act 1999 (as amended) to provide best value in the delivery of its services.

In essence, the road to failure has a simple cause.

1.2 Following the Ofsted inspection report published in August 2013 which resulted in an ‘inadequate’ judgment and the subsequent Statutory Direction, NCC lost tight budgetary control and appeared to abandon strong and effective budget setting scrutiny. Instead of taking steps to regain control, the Council was persuaded to adopt a ‘Next Generation’ model structure as the solution. There was not then and has never been any hard edged business plan or justification to support these proposals, yet Councillors, who might well have dismissed these proposals for lack of content and justification in their professional lives, adopted them and authorised scarce resources in terms of people, time and money to develop them. This did not and could not address the regular budget overspends which were covered by one off non-recurring funding sources.

1.3 When the use of capital receipts to fund transformation was introduced by central government, this was seized on as a way of supporting revenue spend by classing some expenditure as transformative. Until this budget cycle, there had been no report to full council, or anywhere else, which set out the specific transformation that was to be achieved, on a project by project basis, as required, nor has there been any report to full council which sets out the actual outcome compared to the prediction. This means the Statutory Guidance has not been complied with putting in doubt the use of capital receipts for this purpose. The first comprehensive report that addresses the requirements of the Direction and Guidance will be reported to Cabinet on 13th March 2018.

1.4 Appropriate advice in setting and managing budgets and the necessary control mechanisms to ensure that the Council complied with the law and good practice are only just now being introduced.

1.5 Even following the issue of the Section 114 notice in February 2018 and the KPMG Advisory Notice on the Budget also in February 2018, the Council still appears to struggle to take the necessary decisions at both member and officer level to control and restrain expenditure to remain within budget constraints.
1.6 Each one of the concerns highlighted above would require determined intervention from both members and officers. Taken together they demonstrate the failure to comply with the best value duty.

1.7 NCC employs many good, hardworking, dedicated staff who are trying to deliver essential services to residents who need and value what is offered and available. The problems the council faces are not their fault.

1.8 In Local Government there is no substitute for doing boring really well. Only when you have a solid foundation can you innovate.

1.9 The Inspection team believe that a new start is required for the residents of Northamptonshire which can deliver confidence and quality in the full range of Local Government services. This can best be achieved by the creation of two new Unitary Councils, one covering the area of Daventry, Northampton and South Northamptonshire and the other encompassing Corby, East Northamptonshire, Kettering and Wellingborough. These should be established following elections to be held in May 2020 and be in operation commencing at their first annual meeting.

1.10 In the meantime the Secretary of State should give serious consideration to whether Commissioners should take over the running of all services save planning currently provided by Northamptonshire County Council and on what basis.
Appendix 2 – The Leader’s letter to the Secretary of State

Date: 26 March 2018
Our ref: 138-26Mar18
Contact: Cllr Tom Beattie
Phone: 01536 464648
E-mail: tom.beattie@corby.gov.uk

The Rt Hon Sajid Javid MP
Secretary of State for Housing, Communities and Local Government
Department for Communities and Local Government
2 Marsham Street
London
SW1P 4DF

Dear Secretary of State

As you are aware Corby Borough Council is working with the other Districts and Boroughs in Northamptonshire on how we collectively respond to your Inspector’s Report on Northamptonshire County Council.

However as Leader of the Borough Council I want to give you Corby’s own unique response direct.

Corby is a rapidly improving and growing Borough. It has been successfully regenerating through growth since the turn of the century with hundreds of million pounds of public and private investment, and with more planned. It is well set to fulfil its long held ambition of doubling its population by 2030. The Office of National Statistics estimate we have grown from 53,500 in 2001 to 70,000 in 2018. We are the fastest growing Borough in the country outside London. Over 7000 new homes, including over 200 new Council let social houses, have been built since 2000.

Corby’s many recent achievements are a source of great local pride and Corby people have a new confidence about the Borough and its future.

Given what we have achieved, how we are performing, and what we have planned for the future benefit of Corby, Corby Borough Council does not willingly accept the Inspector’s recommendation that two new Unitary Authorities be formed to serve the whole of the county.
The Council has been performing well for a number of years both in terms of service delivery and, crucially, financial management. This has been achieved through careful planning and the considered decisions and consequent actions of both Members and Officers, at the behest of local people. There are external and internal audit and other reports that clearly evidence this. A very different picture to the one portrayed of the County Council by your Inspector.

Yet the Inspector recommends the removal of not just the County Council but also all the county’s Districts and Boroughs all of whom are performing well. The abysmal performance of the County Council potentially results in the ultimate sanction of abolition being imposed on those well run and solvent District and Boroughs. Your Inspector makes the point that the County Council should not be “rewarded” for its failure but the Districts and Boroughs are being unjustly penalised for it.

Corby Borough Council’s hard working and committed councillors provide much needed and cherished local accountability within a council that meets in Corby, and makes decisions focussed on, and for the benefit of, Corby. A new North Northants unitary authority as recommended by your Inspector will see Corby subsumed into a much larger entity with a different focus and a geography that stretches tens of miles across Corby, and the separate communities of Wellingborough, Kettering and East Northants. Local accountability should remain just that, local.

Corby Borough Council provides very good statutory services and it remains a council house provider. Non-statutory services are also provided which are very much to the benefit of local people, and at their request, eg Neighbourhood Management, a service that has helped dramatically reduce crime and anti social behaviour; Culture and Leisure, a service looking after the Council’s sports and community facilities which are vital to the Health and Wellbeing of a community in which there remains pockets of deprivation and poor health that otherwise would not be directly tackled. These services and facilities are provided by the Council as it has listened to local people and sought to satisfy their wishes.

In line with its listening culture this Council will conduct its own consultation on the Inspector’s Unitary recommendations and I am confident that local people will want Corby to remain as a discrete local authority with its own unique identity.

There is already being displayed by the Corby public a real concern that the commitment the Borough Council has consistently given to maintain and improve all its services will not be fully honoured by a new Unitary Authority saddled with County Council debts and its failing under resourced services. This is not what the people of Corby want or deserve.

Yours sincerely

Councillor Tom Beattie
Leader of the Council
Appendix 3 - Secretary of State's letter to District and Boroughs

Ministry of Housing, Communities & Local Government

27 March 2018

Norman Stronach
Chief Executive
Corby Borough Council
The Corby Cube
George Street
Parklands Gateway
Corby
NN17 1QG

Dear Norman,

Invitation to submit a proposal for a single tier of local government in Northamptonshire

The Secretary of State today has announced in a statement to Parliament how he proposes to proceed following receipt on 15 March 2018 of the Northamptonshire County Council Best Value Inspection report. In his statement he also announced that he is inviting the principal councils in Northamptonshire to develop and submit locally led proposals for establishing unitary authorities across the county which will be right for the communities and people they serve. Accordingly, he is exercising his powers under the Local Government and Public Involvement in Health Act 2007 ("2007 Act") to invite Northamptonshire councils to make proposals for restructuring local government, and I enclose the statutory Invitation to your council along with statutory guidance from the Secretary of State.

As you will see, a proposal in response to the Invitation can be submitted by an individual council or jointly with some or all of the other councils in Northamptonshire. Proposals should be received no later than Friday 27 July 2018.

The Invitation is to submit what the 2007 Act refers to as a ‘combined proposal’. A combined proposal may be, for example, a proposal for two or more Type B proposals under the Act (a Type B proposal being a proposal for a unitary authority for the area of one or more districts which form part of a county area), or a proposal consisting of one or more Type B and Type C proposals (a Type C proposal being a proposal for a unitary authority for an area which is part of a county and one or more adjoining districts in an adjacent county). It should be noted therefore that a proposal for a single unitary authority covering the entirety of Northamptonshire is not an option under the Invitation.

Paul Rowsell CBE
Head of the Governance Reform and Democracy Unit
Ministry of Housing, Communities and Local Government
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London SW1P 4DF

Email paul.rowsell@communities.gsi.gov.uk
Telephone 0303 444 2568
The guidance, to which any authority making a proposal must have regard, sets out what any proposal should seek to achieve, and the matters to be taken into account in formulating a proposal. In particular, any proposal should seek to achieve unitary structures which are likely to:

- Improve local government and service delivery across the area;
- Be based on a credible geography; and
- Command a good deal of local support.

These are therefore the criteria against which any proposal will be assessed.

Other factors that should be taken into account in formulating any proposal include the findings and recommendations of the Northamptonshire County Council Best Value Inspection report, and wider regional issues such as how a new authority might be able to boost housing delivery and contribute to the Cambridge-Milton Keynes-Oxford growth corridor.

If you have any questions please do not hesitate to get in touch, and if it would be helpful, I would of course be happy to meet you and your colleagues.

Yours sincerely,

[Signature]

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LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007, hereby invites any principal authority for an area that is the whole or part of the county of Northamptonshire to make, in accordance with paragraphs 1 to 3 below, a combined proposal that there should be a single tier of local government for areas which together comprise an area of which that county is the whole or part.

1. Any proposal must be made by 27 July 2018.

2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to this invitation, and to any further guidance on responding to this invitation received from the Secretary of State.

3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Signed by authority of the Secretary of State for Housing, Communities and Local Government.

P. Rowsell

P Rowsell

A senior civil servant in the Ministry of Housing, Communities and Local Government

27 March 2018
SCHEDULE

Paragraphs 1 to 2 below set out guidance from the Secretary of State.

1. A proposal should seek to achieve for the area concerned the establishment of a single tier of local government, that is the establishment of unitary authorities:
   a. which are likely to improve local government and service delivery across the area of the proposal, giving greater value for money, generating savings, providing stronger strategic and local leadership, and which are more sustainable structures;
   b. which command a good deal of local support as assessed in the round overall across the whole area of the proposal; and
   c. where the area of each unitary authority is a credible geography consisting of one or more existing local government areas and having a substantial population that at a minimum is substantially in excess of 300,000.

2. The following matters should be taken into account in formulating a proposal:
   a. A proposal should describe clearly the single tier local government structures it is putting forward, and explain how, if implemented, these are expected to achieve the outcomes described in paragraph 1 above.
   b. The need for evidence and analysis to support a proposal and any explanation of the outcomes it is expected to achieve, including evidence of a good deal of local support.
   c. The report “Northamptonshire County Council Best Value Inspection: January – March 2018”, in particular the inspection team’s recommendation on the preferred way forward involving “the 2 unitary (West and North) model”.
   d. The wider context for any unitary authorities in Northamptonshire around plans for growth. This includes authorities’ potential contributions to the Cambridge-Milton Keynes-Oxford corridor; and the potential for agreement between authorities and the Government to unlock ambitious housing delivery, above the level proposed in the Government’s Local Housing Need assessment.
e. That there should be extensive local consultation about any proposal before it is made, seeking the views by appropriate means of residents, stakeholders and partners including local enterprise partnerships, health bodies, businesses, and other organisations including voluntary organisations. The means of seeking views may include professionally led open consultation questionnaires, representative household surveys, surveys of parish and town councils, workshops, telephone interviews with other major stakeholders, and inviting written submissions.
Appendix 4 - Secretary of State letter to the County Council

Ministry of Housing, Communities & Local Government

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27 March 2018

Dear Mr Quincey,

On 15 March 2018, Max Caller CBE, having undertaken an inspection of your Authority’s compliance with its Best Value duty, sent to your Authority a report setting out his findings. I am now writing to invite your Authority, if it wishes, to make to the Secretary of State representations about the report and about an intervention package that he is proposing. The District Councils and Borough Councils within your Authority’s boundaries are also invited to make representations and this letter will be published on www.gov.uk.

The Secretary of State has carefully considered the report. He is satisfied on the basis of matters set out in the report that your Authority is failing to comply with the requirements of Part I of the Local Government Act 1999 (the “1999 Act”), namely failing to comply with the best value duty. On that basis, he is considering exercising the powers of direction in the 1999 Act in relation to your Authority to secure its compliance with the best value duty. The package of measures which he is proposing to implement through appropriate Directions is set out in the attached Annex.

The proposed intervention package also includes an invitation to affected local authorities to make proposals for a local government restructuring within the boundaries of your Authority. This has been sent to all affected authorities separately and will be published on www.gov.uk. For the avoidance of doubt, representations in relation to restructuring are not sought at this stage.

Your Authority is now invited to make such representations as it wishes about the report and the Secretary of State’s proposals. All such representations should be sent by email to mary.stallebrass@communities.gsi.gov.uk copied to alex.powell@communities.gsi.gov.uk, or in hard copy to the address above marked for the attention of Mary Stallebrass, so as to be received on or before Thursday 12 April 2018. They will then be carefully considered by the
Secretary of State in making a decision as to whether to make any and, if so, what Directions.

I am copying this letter to your Authority’s Section 151 Officer, and to its Monitoring Officer.

Yours sincerely,

[Signature]

Alex Powell
Deputy Director, Local Government Stewardship
ANNEX

PROPOSED INTERVENTION PACKAGE

1. The Secretary of State is considering exercising his powers of direction under section 15 of the Local Government Act 1999 ("the 1999 Act") in relation to Northamptonshire County Council ("the Authority") to secure its compliance with the best value duty. He is doing so in circumstances in which Max Caller CBE has conducted a thorough investigation and has produced a detailed report ("the Report"), which was submitted to the Secretary of State under cover of a letter of 15 March 2018. The Report sets out a picture of serious failings by the Authority, particularly focussed in the areas of governance and strategic financial management, leading to the conclusion that the Authority has failed in compliance with its best value duty over a number of years.

2. In the Report, Max Caller proposes that, over the next two to three years, the Authority’s area should be restructured to a unitary form of local government, with Commissioners put in place to ensure that the Authority can carry out its day to day business in a “safe, lawful and value for money way” whilst shadow authorities work to establish the proposed new unitary structure.

3. In the light of the conclusions and evidence in the Report, including the proposals made by the Inspector, the Secretary of State is minded to implement the intervention package set out below. He also intends to issue an invitation seeking proposals for local government restructuring, and work on any such proposal would be undertaken simultaneously.

Overall purpose and approach

4. The Secretary of State is considering whether further action is appropriate in response to the main finding of the Report that “the problems faced by NCC are now so deep and ingrained that it is not possible to promote a recovery plan that could bring the council back to stability and safety in a reasonable timescale”. That is why he has stated his intention to issue a restructuring invitation. His proposals for intervention, therefore, are designed to ensure that the Authority is able to comply with its best value duty, in the first instance, over the next two to three years.

5. In the Report, the Inspector identified two key areas where he considers that the Authority is failing to deliver and which, together, have led to its failure to comply with its best value duty:

   a. **Governance and scrutiny**: the Inspector reports weaknesses which affect both Lead Members and senior officers: “The inspection team heard from councillors, officers and partner organisations that NCC works in silos and does not communicate

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1. The Report uses "NCC" throughout to mean Northamptonshire County Council.
well internally or share common objectives." And, elsewhere: "there was no sense that the group worked together as a team, seeking to share and jointly solve the Council’s problems". Finally, "challenge and criticism was to be discouraged as senior members and officers knew best." The Report also contains examples of failures to work well with external partners (waste and recycling) and of confusion caused by the structure of services managed by the Authority (LGSS and Highway repairs).

b. **Strategic financial management and budgetary control**: the Report expresses very serious concerns around the capability of the Authority in this area: "For a number of years, NCC has failed to manage its budget and has not taken effective steps to introduce and maintain budgetary control. Instead it has pursued an organisational structure and operating concept which made it difficult to ensure a line of sight over costs and operational activity." Further: "Living within budget constraints is not part of the culture of NCC."

6. In light of the conclusions and evidence in the Report, the Secretary of State is minded to implement an overarching intervention package with a particular focus on governance and strategic financial planning to address the circumstances of the Authority until a longer term solution can be put in place (for instance through restructuring).

**Commissioners**

7. The proposed intervention package accordingly involves putting in place two Commissioners: a Lead Commissioner to focus primarily on governance and scrutiny across the Authority and another Commissioner to work closely with the Authority on strategic financial planning and budgetary control.

8. The following Directions are proposed in relation to the Commissioners. **The Secretary of State proposes to direct that the Authority’s functions listed below are to be exercised by the Commissioners who will act jointly or severally and that the Authority is to provide the Commissioners with such assistance and information, including any views of the Authority’s Members on the matter in question as the Commissioners may request.** It is envisaged that, in exercising any function, the Commissioners will have regard to any views of the Authority’s Members and officers arrived at through their normal processes of consideration.

9. The Secretary of State proposes that this Direction to the Authority should be in place for three years. If the Secretary of State considers at any time that it would be appropriate to change the Direction or withdraw it, then he will do so. His concern will be to ensure that the Direction operates for as long, but only as long, and only in the form, as he considers it should
operate in order to secure stability for the Authority until a longer term solution is in place.

Functions to be exercised by the Commissioners

10. For the reasons set out above, the Secretary of State considers that the proposed intervention should focus on three functions:

a. All functions associated with the governance and scrutiny of strategic decision making by the Authority;

b. All functions associated with the strategic financial management of the Authority, to include:
   i. providing advice and challenge to the Authority in the setting of annual budgets for the Authority;
   ii. scrutiny of all in-year amendments to annual budgets; and
   iii. the power to amend budgets where Commissioners consider that those budgets constitute a risk to the Authority's ability to fulfil its best value duty.

c. All non-executive functions relating to the appointment and dismissal of persons to positions the holders of which are to be designated as statutory officers, and the designation of those persons as statutory officers. For this purpose --
   i. "statutory officer" means any of: the head of paid service designated under section 4(1) of the Local Government and Housing Act 1989; the chief financial officer designated as having responsibility for the administration of the Authority's financial affairs under section 151 of the Local Government Act 1972; the monitoring officer designated under section 5(1) of the Local Government and Housing Act 1989, (and the expressions "statutory officer" and "statutory office" are to be construed accordingly); and
   ii. for the avoidance of doubt, the following are included: the functions of (a) designating a person as a statutory officer and removing a person from a statutory office; (b) the functions under section 112 of the Local Government Act 1972 of (a) appointing and determining the terms and conditions of employment of an officer of the Authority, insofar as those functions are exercised for the purpose of appointing a person as an officer of the Authority principally in order for that person to be designated as a statutory officer; and (b) dismissing any person who has been designated as a statutory officer from his or her position as an officer of the Authority.
11. In practice, most decisions will continue to be made by the Authority. However, where concerns are raised by a statutory officer, to ensure proper decision making, matters will be referred to the Commissioners for decision or advice. Commissioners will uphold proper standards and due process and recommend action to the Authority. The exercise of these functions should enable the Commissioners to bring the Authority's finances under control and allow robust service delivery to local residents. The proposed Directions, therefore, also require the Authority to:

a. refer to the Commissioners, together with any recommendation the Authority wishes to make, any matter where the Authority does not agree with any recommendation made to it by a statutory officer or does not comply with and implement any such recommendation within the period specified by the statutory officer in the recommendation;

b. comply with and implement any decision or recommendation of the Commissioners following such a reference; and

c. comply with and implement any decision or recommendation of the Commissioners following a reference to the Commissioners by any statutory officer of a matter where the Authority has not complied with or implemented a recommendation by the statutory officer within the period specified by the statutory officer in the recommendation and the Authority itself has not complied with the obligation set out above to refer the matter to the Commissioners.

Directions to the Authority

12. The proposed Directions also set out actions which the Authority must undertake in order to support and facilitate the work of the Commissioners.

a. To refer to the Commissioners any and all proposals for in-year amendments to budgets;

b. To allow the Commissioners at all reasonable times, such access as appears to the Commissioners to be necessary—:
   i. to any premises of the Authority;
   ii. to any document relating to the Authority; and
   iii. to any employee or member of the Authority;

c. To provide the Commissioners, at the expense of the Authority, with such reasonable amenities and services and administrative support as the Commissioners may reasonably require from time to time to carry out their functions and responsibilities under these Directions,

d. To pay the Commissioners' reasonable expenses, and such fees as the Secretary of State determines are to be paid to them;
e. To provide the Commissioners with such assistance and information, including any views of the Authority on any matter, as the Commissioners may reasonably request; and

f. To co-operate with the Secretary of State for Housing, Communities and Local Government in relation to implementing the terms of this Direction.

**Duration of intervention**

13. The Secretary of State proposes that the Commissioners will exercise their functions until the point at which it is anticipated that a long term solution such as the restructuring process is complete.