

"We write to ask the National Audit Office to undertake an investigation into the Government's plans to re-organise local councils across the country.

The background, in summary, is that councils in two-tier areas, those with district and county councils, have been instructed to bring forward proposals to abolish themselves and create new unitary councils. In many cases at great speed with short deadlines, and with veiled threats of the consequences of non-compliance.

There is a significant cost to already hard-pressed councils in undertaking this work. The cost, both in real expenditure on research, legal advice, specialised assessment and in officer time, is significant.

In Norfolk alone, the costs are estimated to be in excess of £2million, of which just £321k was directly funded by central government. The balance will have to come from already overstretched Council funds pushing some further into debt.

It appears a significant part of the premise for the restructuring is that change will bring savings, which then support the provision and maintenance of valued local services.

However, the BBC reported on the 29th of August that the Government did NOT commission its own analysis of the real costs of such re-organisation, described as the biggest re-organisation of councils in England for decades.

(Link to the BBC report <https://www.bbc.co.uk/news/articles/cj9wxnlrxd0>)

The Ministry of Housing, Communities and Local Government, it now appears undertook no independent research and assessment of both costs and savings itself.

Rather, it based its cost estimates on a five-year-old report prepared on behalf of the County Council Network (CCN) by PWC. Since that time costs at both tiers of local government have spiralled beyond recognition, particularly due to SEND and Adult Social Care provision for residents.

The then Deputy Prime Minister, Angela Rayner, said "a significant amount of money" could be saved by merging councils in 21 areas into single authorities. The Governance Risk and Audit Committee here at North Norfolk District Council and in many other parts of the country would question the validity of that statement. This is not the experience of other recently created unitary councils such as Somerset and North Yorkshire, and current estimates in other areas indicate this is just not the case.

We understand the role of the National Audit Office is to support Parliament in holding the Government to account and to examine and report on the value for money of how public money has been spent.

In updated analysis this year, the CCN reports that the re-organisation of local councils could cost £850m over five years and deliver no savings.

There therefore appears to be a significant failing on the part of the Government to pursue the changes to local government structures in two tier areas without a clear knowledge and evidence base, needed to provide essential understanding of both the costs and the potential savings which may or may not be generated, or the changes and knowledge of the impact on service delivery.

Consequently, we are asking the NAO to urgently assess and review the Government's decision to instruct councils to pursue these changes in local government structure without first commissioning its own research to provide definitive evidence and information regarding the costs of the changes and an accurate knowledge of possible savings.

For clarity, North Norfolk District Council's Governance, Risk and Audit Committee is not closed to the principles of local government reorganisation or arguing for the retention of the current two tier arrangements; but believes any decision to proceed with this reorganisation needs to be based on sound evidence, principles of strong governance and represent value for money for local Council Tax payers – not just in terms of delivering “cheap” or low cost services. We must have firm foundations on which new authorities can build services which will properly meet the needs of our residents and communities into the future.

As things currently stand, we believe the Government has acted precipitously and, possibly, negligently in this matter.

With recent changes in the MHCLG Ministerial team now is the time to review earlier decision. Government rightly places upon local authorities a duty to protect how public money is spent, and the public should expect no less from us. Surely then they should also accept no less from Government.

Sent on behalf of the North Norfolk District Council Governance, Risk and Audit Committee