

Anthony
Collins

AC Local

Local government newsletter

Local Government Reorganisation
(LGR) focus



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Introduction

Welcome to our latest newsletter

Welcome to our latest edition of the Local Government newsletter, where we explore the evolving landscape of Local Government Reorganisation (LGR) and its far-reaching implications for councils, staff and communities.

In this issue, we guide you through the next steps following final proposals, unpack the legal and practical realities of asset and contract transfers. We shine a spotlight on the pivotal role of joint committees in steering successful transitions, examine the employment law and pension challenges and opportunities for staff, and offer practical advice for governance and legal teams preparing for the journey ahead.

Whether you're navigating new structures or planning for operational continuity, these articles provide essential insights and actionable guidance to help you lead through change with confidence.

At Anthony Collins, our local government team is well placed to assist authorities at every stage of reorganisation. We have advised on major reorganisations, including those in Dorset, Buckinghamshire, Northamptonshire, Cumbria, North Yorkshire, and Somerset, helping authorities navigate the complexities of structural change, asset and contract transfers, employment law and pensions.

Our collaborative approach means we work alongside you from initial planning through to vesting day and beyond, helping you manage risks, seize opportunities, and deliver successful outcomes for your communities.

To learn more about how we can support your authority through LGR, visit our local government reorganisation hub.



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LGR: Structural Changes Orders

Final proposals for LGR in fourteen areas in England were due for submission to the Secretary of State by 28 November 2025 (proposals for the six areas in the 'devolution priority programme' were submitted at the end of September 2025 and for Surrey in early May 2025).

The Secretary of State will then undertake a public consultation on the proposals before determining which one should be implemented to create a single tier of unitary local government in each area.

On 28 October 2025, the Secretary of State announced that two new unitary authorities would be established in Surrey (East Surrey Council and West Surrey Council) in preference to the proposal for three. At the time of writing, the Ministry of Housing, Communities and Local Government (MHCLG) is suggesting March 2026 for decisions on LGR in the priority programme areas. A consultation was launched on 19 November and there will be another before mid-July 2026 (the start of Parliament's summer recess) for the remaining 14 areas¹. Having made such a determination, the Secretary of State will invite the relevant local authorities to discuss with MHCLG details to be included in an 'implementation order', known as a Structural Changes Order (SCO).

What is an SCO and what does it do?

SCO is a statutory instrument made by the Secretary of State under section 7 of the Local Government and Public Involvement in Health Act 2007 (2007 Act), which will affect LGR in the area concerned. Overall, the SCO for each area will abolish the existing local government area, wind up and dissolve the existing county and district councils, transfer district and county council functions, establish one or more new local government areas as unitary authorities and provide for the names of each². The SCO will also include provision for 'electoral matters'³ such as the number of members of the unitary authority, the number and boundaries of electoral areas for

the election of councillors to it and the number of councillors to be returned by each electoral area⁴. Additionally, the SCO will include any 'incidental, consequential, transitional or supplementary' provisions which may relate to other provisions of the order (or a previous order if more than one SCO is made)⁵.

Incidental provisions include particularly arrangements for the transfer of functions, property, rights and liabilities from the local authorities which will be dissolved to the new unitary authorities and before their establishment, the transitional arrangements that will be discharged during the transitional period by either a 'shadow council' and 'shadow executive', or a 'preparing council' and 'implementation executive', will also be set out in the SCO⁶.

Where transitional arrangements will involve a shadow council/executive, as will be the case where more than one new unitary authority will be established for a given area, the SCO will also provide for the establishment of a joint committee to discharge the 'transitional functions' until the shadow council/executive assumes responsibility for them. The transitional functions will be set out in the SCO which will include the formation of an 'implementation plan' and the establishment of an 'implementation team'. Where a shadow council/executive is required, the designation on an interim basis of a head of paid service, monitoring officer and chief finance officer, with permanent appointments required by a date specified in the SCO, to fill these roles in the new unitary authority(ies) on and from vesting day.

Local authority involvement in the preparation of the SCO

We have advised on a number of LGR matters and have assisted in the preparation of draft SCOs for consideration by the Secretary of State. The development of a draft SCO is the opportunity for the local authorities concerned to engage with MHCLG. They can present a 'wish list' of provisions to inform the content of the SCO through which LGR will be given operational effect during the transitional period and beyond. As such, the development of the SCO enables local authorities to submit provisions as to:

- the composition of any joint committee, the implementation team, shadow council/executive or preparing council/implementation executive; or
- the composition of the new unitary authority(ies) and elections to it in shadow/preparing form and thereafter.

What can local authorities do now?

Once made, the SCO will formally provide for a single tier of unitary government in a given area. Its form and the arrangements through which it will be effected during transition and thereafter, will form a timeline for the various stages of implementation. The preparation of a draft SCO ought not to be the first time the local authorities concerned turn their attention to the matters for which the SCO will provide when finalised. As such, once they have submitted their final LGR proposal to the government, it would be prudent for local authorities to create a list of the matters which need to be included in the SCO to implement LGR in accordance with their proposal.

The local authorities of an LGR area are expected to co-operate and work together in the preparation of their final LGR proposal(s), particularly concerning the aggregation or disaggregation of services, how the proposals will prioritise the delivery of high-quality, sustainable public services and facilitate the wider devolution plans advanced in the English Devolution and Community Empowerment Bill⁷. Where they have worked with each other on their final proposals local authorities are likely to have established, either formally or informally, joint committees, working-groups or other such bodies.

In turn, these bodies may also inform the nature and composition of the 'transitional bodies' such as a joint committee, implementation team, shadow executive or implementation executive which the SCO will formally require to be established.

Notwithstanding the delayed decision on LGR in Surrey, the timeframe for the preparation and making of an SCO will be challenging, as will the timeframe within which LGR will be effected. In parallel with finalising their LGR proposals, local authorities would be well advised to be thinking about the bodies which will be required to implement their proposal(s), the composition of such bodies and the governance arrangements through which they will operate, with a mind to the preparation in due course of the (draft) SCO. Whilst it is a lot to consider, local authorities can take comfort in the fact that not everything can be envisaged at such an early stage and that additional SCOs are a common part of the LGR process.



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¹ <https://www.gov.uk/government/publications/local-government-reorganisation-letter-to-areas-invited-to-submit-final-proposals/summary-of-the-local-government-reorganisation-process>

² Section 11 Local Government and Public Involvement in Health Act 2007

³ *ibid*

⁴ Section 12 Local Government and Public Involvement in Health Act 2007

⁵ Section 13 Local Government and Public Involvement in Health Act 2007

⁶ <https://blog.anthonycollins.com/post/102kf9/transitional-arrangements-for-local-government-reorganisation-shadow-councils-an>

⁷ <https://bills.parliament.uk/bills/4002/publications>

Joint committees – the hidden power behind local government change

Behind every decision by the Government on what reorganised local government will look like for an area, the predecessor councils have the job of planning, negotiating and coordinating the transition to one or more new unitary authorities.

At the heart of this process, particularly where two or more unitary authorities are to be established, will be joint committees, the quiet powerhouses that initiate the implementation of reorganisation.

What are they?

Joint committees are formal bodies set up under the Local Government Act 1972, mandated by Structural Changes Orders (SCO) and created by each predecessor council. Think of them as the project managers of reorganisation; their creation brings multiple councils together under one plan and decision-making process. They provide a structured forum where decisions can be made collectively, ensuring that the transition is coordinated and planned.

The value of joint committees lies in their ability to bring order to what could otherwise be a chaotic and, at times, fractured process. By aligning the affected councils, they create consistency and avoid duplication of effort. They also act as a safeguard against risk, ensuring that critical decisions are taken transparently and with clear accountability. In short, they provide the governance backbone that allows a new unitary authority to start life on a firm footing.

What will they actually do?

Their remit is broad and demanding. Joint committees are responsible for preparing and maintaining the implementation plan that sets out how the transition will unfold until responsibility is assumed by the shadow authority and creating an implementation team. They commence considering the transfer of



assets, staff and liabilities and making sure nothing falls through the cracks. They also start to prepare governance frameworks (constitution, code of conduct and scheme of members' allowances), recommending interim chief officer appointments, so that once elections to the shadow authority have taken place, the new shadow authority and its executive can hit the ground running, preparing for vesting day.

Whilst the SCO will mandate the formal establishment of the joint committee, the reorganisation timeframe may require operating on an informal basis as happened on 28 October 2025 where the secretary of state wrote to the Surrey local authorities confirming that two new unitary authorities will be established in Surrey (East Surrey Council and West Surrey Council) on 1 April 2027, encouraging the predecessor councils of each new authority to establish a joint committee and implementation voluntarily as soon as possible.

Of course, their work is not without its difficulties. The members of this joint committee may not know each other and will not have worked together before. The process to date and the decision of the Government will have created divisions and their politics may be very different. Officer capacity is another issue—these committees need skilled officers and strong programme management to succeed. And then there's the pressure of time: committees often have to be established within just two weeks of the SCO coming into effect and will then work under a compressed statutory timeline.

Joint committees may not grab headlines, but they're the mechanism through which the implementation of reorganisation commences and provides some glue that starts holding it together. Their success depends on collaboration, clarity and strong leadership.

The SCO will specify the terms of reference for the joint committee, the number of members and the nomination arrangements for each predecessor council. As only a short time will be provided by the Government for councils to comment on the draft SCO, time spent now considering the framework for the joint committee will be useful.

Including which predecessor council will administer and support the committee, how reports will be signed off before publication and how reporting lines and accountability to predecessor councils will work. Thinking these things through now will pave the way for collaboration and will mean that the joint committee can quickly stand up and get on with things when formally required to do so by the SCO. In Surrey, the Government has recommended that a Joint Committee begin working informally ahead of the SCO, signalling the commitment to timely preparation and the avoidance of operational delays.



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LGR – dealing with the practicalities

Beyond establishing any new authority, the LGR process will demand a substantial investment of time and resources to ensure the smooth transfer of day-to-day operations and minimise any impact on service delivery. In this article, we break down the practical realities of LGR and how to approach dealing with it.

Transfer of functions

Based on the most recent experience of LGR, there are two likely outcomes:

- Outcome one: a continuing authority – in the last round of reorganisation, this has occurred in North Yorkshire and Somerset, where the county council received the transfer of district/borough council functions.
- Outcome two: a totally new authority where, as occurred in Cumbria and Northamptonshire, the county and district/borough council functions transfer.

Outcome two has been selected in Surrey and we wait to see if this is a sign of how the Secretary of State will approach all current LGR proposals or if we will see any variations on the outcomes above.

LGR is primarily implemented through a Structural Changes Order (SCO) made by the Secretary of State¹ with functions transferring pursuant to the SCO and regulations².

The transfer of functions will take effect on the vesting day stated in the SCO, but the SCO will also set out functions that are to be discharged prior to vesting day to assist in the transition. How (and by whom) these pre-vesting functions will be discharged depends upon which of the outcomes above applies.

Without outcome two, the predecessor councils will be required to establish a [joint committee to discharge functions set out in the SCO](#).

This will be replaced post-elections by new shadow authorities. The primary function of the predecessor councils (in respect of LGR), joint committee and shadow authorities will be preparing for and facilitating the economic, effective, efficient and timely transfer to the new unitary authority of the functions, property, rights and liabilities as relate to the new unitary authority and its inhabitants.

In the case of outcome one, the preparing council model is adopted. The primary function of the preparing council and the predecessor councils is as set out above. The preparing council will establish an implementation executive and decide how they will work with the predecessor councils – this does not have to be by way of a Joint Committee.

All of this work is on a collaborative basis, but Section 24 directions under the 2007 Act enable the Secretary of State to limit the ability of any authority that is to be dissolved to dispose of land or enter into contracts with consideration above certain values without obtaining the consent of the Secretary of State or another authority/person. These directions have been used in previous LGR processes and the Secretary of State has indicated they will be used again. There is no time limit on when a direction could be made. In the case of outcome two, it does not necessarily have to wait until the shadow authorities are established. This control is an important part of the LGR process, but it can cause frustration if not explained and understood.

Regardless of whether or not a section 24 direction is in place, the LGR process requires collaboration and cooperation from all authorities involved. The Transfer Regulations place an obligation on authorities to share

information, but it is essential to agree on flows of information and protocols for managing this early on. Where personal data is to be shared, it is important to have appropriate data-sharing arrangements in place.

On vesting day:

- the functions of the districts/boroughs and any existing unitary forming part of the proposals transfer to the new or continuing authority; and
- the functions of the county either remain with the continuing authority or are split between the new unitaries.

In the case of districts/boroughs and existing unitaries, the functions transfer wholesale. A complicating factor will arise if LGR includes splitting existing areas. This complication also exists for county functions when these are split between new authorities. The authorities now responsible for the split functions will need to consider how they manage delivery in the short term.

Transfer of property, rights and liabilities – relevant law and context

With the transfer of functions, it is essential to plan for what that means in terms of the property, rights and liabilities of the authorities that will no longer exist post vesting day. How the functions will be delivered post vesting day is a critical factor in this.

The Local Government and Public Involvement in Health Act 2007 (2007 Act) is the primary legislation. There are several sets of regulations made under the 2007 Act, but the key one on this issue is the Local Government (Structural Changes) (Transfer of Functions, Property Rights and Liabilities) Regulations 2008/2176 (Transfer Regulations).

Vesting

The Transfer Regulations provide for the transfer of functions to the new authority and the vesting and transfer of all property, rights and liabilities to the new authority.

Section 16 Agreements

Section 16 of the 2007 Act allows the public bodies (including parish councils) affected by an SCO to enter into agreements with respect to:

- Any property, income, rights, liabilities and expenses (so far as affected by the SCO) of the parties to the agreement – this can include specifying alternative vesting and joint use of property.
- Any financial relations between the parties to the agreement, including payments from one public body to another.

A section 16 agreement can be used to formalise and underpin the statutory vesting. It could also be used to ensure that property, rights or liabilities do not transfer – this will most likely be the case if they are to transfer to a parish council for example or where hosting arrangements have been agreed, where property, rights and or liabilities may not be readily capable of splitting for vesting or the vesting may not reflect the reality of, for example, how assets are used. Agreements are essential for outcome two, where there might be multiple successor authorities.



Managing contracts

Managing contracts effectively requires rigorous auditing and systematic information gathering. The new or continuing authority must identify and plan for all contracts that will be in place on vesting day. Essential information – grouped by service area includes:

- the scope of the contract – including whether there will be multiple contracts with the same scope post vesting day;
- financial implications – what does it cost now and in the future;
- whether there are outstanding disputes;
- whether contracts have an option to extend before vesting day;
- what contracts are due for re-procurement before vesting day;
- what the contract says about change of identity of contracting authority (noting that this will not prevent statutory vesting); and
- whether any variation will be needed to the contract to make it work post vesting day – this is likely to be most relevant where there will be multiple authorities benefitting from the contract post vesting day. If the intention is to disaggregate, then that may require extensive variation.

If a contract/service area is not to be disaggregated on vesting day, then the new authorities will need to consider how they will work together to manage the contract and document this in a section 16 agreement. This could involve the contract vesting in just one authority for the benefit of both of them in a 'hosting arrangement'. Contract management could take place under a joint committee, be delegated to one authority or via more informal joint working arrangements. The arrangements must be clearly documented to ensure that the parties act consistently and that ongoing risk and liability are managed.

If contracts are to be disaggregated, then this might be achieved through entering into mirror contracts based on the original. However, keep in mind that this approach is at greater risk of the contractor seeking to introduce other changes or additional costs for managing two contracts.

If the LGR arrangements necessitate changes to the contract, such modifications must be authorised in accordance with standing orders and public procurement law.

Before vesting day, authorities should:

- consider writing into new contracts a simple LGR clause that requires the contractor to provide support and enter into any documents required to give effect to LGR (at no additional cost). A central message to existing contractors needs to be that LGR does not – in and of itself – entitle them to renegotiate any terms of the contract; and
- develop template communications with existing contractors to keep them informed as to what is happening, why and what the impact is for them.

The Transfer Regulations (potentially coupled with a section 16 agreement) will vest contracts and so there is not usually a strict need for any separate assignment or novation. However, authorities may wish to consider entering into a novation before vesting day (to take effect on that day) for particularly high-value/high-risk contracts. If variations are required, then the novation and variation could be wrapped up into one document.

Managing procurement processes

Life continues during the LGR process. Contracts will naturally come to an end – perhaps with an option to extend or not. Exercising any options or seeking to vary a contract to allow further extension should be taken in consultation with the continuing or new authority, given the duty to effectively prepare for LGR and may be mandated if there is a section 24 direction in place. It can be tempting to extend all contracts beyond LGR, but it is important to consider resourcing and capacity both pre- and post-LGR to determine the best time to reprocure.

If a service is being re-procured during LGR, then authorities should consider whether they are in a position to spell out what will happen. If it is clear that there will be, for example, two new authorities, it may be preferable to design the procurement so that two contracts will be awarded and/or that the procurement is lotted to reflect the LGR outcome. If there are known variants or alternative pricing models, then ensure

these are built in. Authorities should give the market the best information that they can and keep the market updated throughout the process. This should include providing for the change in contracting authority mid-process if vesting day occurs then. Refer to this in all procurement documents and the notices issued.

Local authority companies

Whether it is concerned with trading, service provision or is simply a vehicle to hold assets, a company (and we use that term to cover a variety of different legal structures) is a legal entity in its own right and it will not simply dissolve on the dissolution of its owning local authority(ies) on vesting day. In the case of outcome one, the interest in any entity will transfer to the continuing authority. For outcome two, it will be essential to ensure that a section 16 agreement deals with this transfer.

Authorities must examine and evaluate every entity in which they hold an interest to determine:

- the nature and extent of the interest;
- the business the entity undertakes;
- the governance of the entity;
- how that business interacts with the authority's functions;
- the risks, liabilities and rewards (e.g. profit distribution) that relate to the interest;
- any contracts (including loans/funding arrangements) between the authority, other owners and the entity; and
- whether the entity has a role moving forwards.

Just as with contracts, the continuing or new authority needs to be armed with the information to know what, if anything, needs to happen before vesting day and then how to engage with the entity post vesting day.

If possible, consider dissolving or placing into dormancy entities that will not be needed post vesting; though we accept this is likely to be aspirational given the competing demands and will only be progressed if there is a compelling reason.

The predecessor and continuing or new authority should be engaging ahead of LGR with the entity and any other partners/owners, just as they would with

their contractors. This ensures all parties are informed and understand the implications of LGR in their area and how it affects them.

Whilst vesting will occur, it is important to consider the company law practical implications and if possible to take steps to comply prior to vesting day. In the case of a share company, this should include executing a stock transfer form for zero value to take effect on vesting day. For a company limited by guarantee, the existing authority member needs to resign and the new authority apply for membership, all to take effect from vesting day. In both situations, providing the SCO as support. All company registers need to be updated and any filing taken care of.

If there are shareholder/member agreements, loans and other contracts, then consider formalising the change with novations so that there is a clear document trail.

Post-LGR (although the discussions may start sooner), consider reviewing the governance, funding and operational arrangements of the company to ensure they reflect what the new authority wants. Depending upon who the previous owners were, LGR might result in fewer owners (if multiple authorities have dissolved) or more owners (e.g. a county-owned company becomes owned by two unitaries). In either scenario, the governance arrangements will need review and refreshing.



The transfer of land, property and assets

One of the critical aspects arising from LGR is the transfer of land, property and assets from the predecessor councils to continuing and new authorities.

As noted above, the 2007 Act and the Transfer Regulations, supplemented by an SCO, govern what will happen. The legal framework has previously been used to facilitate land and property asset transfers where administrative boundaries have changed or LGR has occurred. The framework is designed to ensure that, on vesting day, all land, property and assets held by the predecessor councils automatically vest in the new authority. Where there will be multiple new authorities, it is essential to further supplement the framework with section 16 agreements to ensure that land, property and assets vest in the correct authority.

This statutory vesting is a crucial feature of the process. It means that the transfer occurs by operation of law, rather than by assignment, novation, or individual property transactions. As a result, there is no need for the consent of third parties and anti-assignment clauses in contracts or leases are not triggered. The successor authority simply steps into the legal position of the predecessor council, ensuring continuity of ownership and management of public assets.

While the transfer of land and property under LGR occurs automatically on vesting day, meaning no formal conveyancing or third-party consent is required, the new authority should still apply to HM Land Registry to update the registered title. This is an administrative step to ensure the public record reflects the new legal ownership and prevents any delay in future dealings with those registered titles. The application is typically supported by the relevant SCO, which serves as evidence of the statutory vesting and confirms the successor authority's entitlement to the property.

While the statutory mechanism provides legal certainty, the practical success of the transfer depends on thorough due diligence and effective asset management. Successor authorities must undertake comprehensive reviews to identify all land and property holdings, examine title documentation,

identify any current disputes and assess any encumbrances or restrictions. This process includes reviewing leases, trusts and statutory obligations that may affect the use or disposal of assets.

Accurate asset registers and valuations are essential to ensure that the new authority has a clear understanding of its estate. Asset mapping, often supported by Geographic Information Systems (GIS), can help visualise the distribution and strategic importance of properties across the new authority's area. This information is vital for both operational planning and long-term estate management.

Following the transfer, the newly formed authorities face important decisions about the future use and management of their assets. Strategic assets may be retained for core functions, while surplus properties can be disposed of, subject to the requirements of section 123 of the Local Government Act 1972, which mandates that disposals must achieve best consideration unless specific consent is obtained.

When conducting asset reviews, councils typically assess their property portfolio to determine how each asset is used and whether it continues to serve a strategic or operational purpose. Assets are generally categorised into three types: operational assets (used to deliver services, such as offices or libraries), surplus assets (no longer needed for service delivery and potentially suitable for disposal or redevelopment) and community assets (properties with social or local value, such as community centres or parks). In the context of community assets, councils may consider transferring ownership or management to parish or town councils, or to community groups, particularly where there is strong local interest and capacity to maintain the asset. This approach supports local empowerment and ensures that valued community spaces continue to serve residents effectively.

The transfer of land, property and assets under LGR is a statutory process designed to provide legal certainty and operational continuity. However, its success relies on robust due diligence, strategic planning and effective governance. By carefully managing the transition, new authorities can not only safeguard public assets but also seize opportunities to rationalise their estates and empower local communities.



Litigation

Disputes involving local authorities, whether arising from procurement, service delivery, contractual relationships, judicial review, or other areas, will continue to be litigated and initiated during the transitional period.

Pursuant to the 2007 Act, Transfer Regulations and the SCO, all existing live proceedings and unresolved disputes will transfer to successor councils. Save where there is only one successor authority, a section 16 agreement will also need to be in place to deal with the transfer of disputes. If no agreement is in place, it might be unclear which council is responsible for handling a continuing dispute. This could result in delays, confusion, or blame being passed between successive authorities.

Information sharing

Local authorities undergoing reorganisation should try to engage in early conversations to agree on dispute identification, allocation and management. Early planning and clear agreements will be key to a smooth transition.

In line with the expectations under the Transfer Regulations, predecessor councils must supply to the successor council the details of all relevant contracts, legal action or proceedings and any other information reasonably requested relating to these matters.

It is therefore vital that predecessor councils identify unresolved disputes/cases and prepare an accurate

record of these. If external lawyers are engaged, then providing access to them will also be important without waiving privilege. Data sharing agreements will be vital.

Section 16 agreements

It is also important that section 16 agreements, which are entered into, contain further dispute-specific provisions and a detailed schedule of all transferring disputes to ensure clarity. Some areas that local authorities should include for each dispute are:

- a risk assessment of the dispute, including the financial exposure and likely duration;
- an agreement on how legal costs and settlements will be funded;
- legal representation details and how these will transfer;
- the reporting and monitoring arrangements for such disputes; and
- where multiple successor councils are involved, a clear allocation of responsibility and potentially indemnity arrangements, where one council will be taking on the dispute.

Engagement and practical steps

Prior to vesting day, predecessor authorities need to be engaging with other parties/their lawyers as well as witnesses and experts with regard to what LGR means for the dispute.

This is important in all cases, but particularly in matters relating to individuals.

Where there are contracts in place relating to the litigation/dispute process, then these will transfer like any other contracts.

Consider whether there are witnesses who are currently officers but who will cease to be officers in the successor authority. Their continued support should be confirmed prior to vesting day, especially if witness statements are not yet complete.

If there is physical evidence, ensure that this is transferred to the successor authority.

There should also be prior engagement with the court to set out that there will be a substituted party. The successor authorit(ies) will need to apply to the court to formally be substituted with effect from vesting day – the CPR are vague on exactly when this should happen, but it could be pre- or post-vesting day. If pre-vesting day, then the predecessor council could make the application with the consent of the successor authority. Authorities will want to make the application sooner where critical stages in the dispute are being reached – e.g. trial is imminent. This application should append the SCO. In adjudication or arbitration, a substitution will also be needed.

Conclusion

The transfer of functions is effected by statutory transfer but as this article demonstrates, there is a lot of due diligence and thought needed about how services will be delivered post vesting day to be able to implement LGR successfully. It can be a daunting task and one that has to take place in a short time period to ensure effective transfer. Our team at Anthony Collins is well versed in the issues arising from LGR and can assist authorities (whether predecessor, continuing or new) with the process including due diligence and implementation.



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¹ Made under section 7, Local Government and Public Involvement in Health Act 2007

² The Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008

The staffing impact of LGR

LGR will have significant employment law implications as councils come together.

In our experience, it is vital that the people impact of LGR is properly planned at an early stage pre-vesting day (when the new council will come into existence) and that adequate resources are set aside to enable this to happen well. The cultural impact of LGR should also not be underestimated, as staff are vital to creating the right culture, so this should also be an early part of LGR planning.

Key employment law considerations

Key issues to be considered from an employment law perspective are:

- The recruitment and appointment of the Golden Triangle statutory officers for the new single-tier authority, with the requisite governance processes being followed to achieve these appointments. We explain in more detail below the specific rules when it comes to the appointment of a head of paid service/chief executive for the new authority, which, following good practice, should be the first permanent appointment that is made.
- There may well be the need for interim appointments to the Golden Triangle statutory officer roles and in our experience, the Structural Changes Order establishing a new single-tier authority will require the shadow authority, pre-vesting day, to designate an interim head of paid service, monitoring officer and chief finance officer at its first meeting.
- Consideration needs to be given at an early stage to the timing of officer appointments to the new authority. Our recommendation would be to ensure that, as a minimum, the Golden Triangle statutory officers and other Chief officers are recruited pre-vesting day, with planning then being undertaken as to the roles that will sit beneath them and those appointed being an integral part of shaping the teams that will sit beneath them.
- The new authority needs to be in dialogue with the Faculty of Public Health and the Secretary of State for Health's regional representative if any changes are proposed to the director of public health role.
- Following TUPE information and consultation obligations pre-transfer. The new authority will need to be clear on any changes to working arrangements it intends to put in place post vesting day.
- Ensuring that any redundancy processes once the new authority is in place are fair to staff from all of the constituent authorities who have transferred into the new authority.
- Considering what needs to be done from a pensions perspective to maintain access to the Local Government Pension Scheme for transferring employees.

Practical steps

It is critical that all the councils that will form part of the new single-tier authority work well together in the period up to vesting day. Problems set in where each authority seeks to protect its own position as opposed to thinking ahead to how they want the unitary authority to function.

There needs to be really good and consistent communication with employees within each of the councils before vesting day. In practice, this needs to be a joint effort between all entities involved in the reorganisation.

Working well with the recognised trade unions to make sure that the reorganisation runs smoothly is also clearly very important.

Chief Executive/Head of Paid Service appointment

The Local Authorities (Standing Orders) Regulations 1993, as amended by The Local Government (Structural and Boundary Changes) (Staffing) Regulations 2008, require the new single-tier authority (whether a new entity or an existing council which is to become the new unitary authority) to openly advertise the head of paid service post. The rationale for this centres on the new single-tier authority being a fresh start for local government in the area, which is emphasised in guidance the Government issued on staffing issues in respect of local government restructuring back in June 2008 (the guidance).

The new single-tier authority will need to draw up a statement specifying the duties of the head of paid service and any qualifications or qualities that the person appointed must have.

The post must be advertised in such a way as to bring it to the attention of people who are qualified to apply for it. Open competition means openly advertising the role so that anyone can apply; for example, in the national press or the local government trade press. External candidates can apply as well as those currently employed within the authorities that will be abolished as part of the process of establishing the single-tier authority.

Shortlisting will then need to take place and shortlisted candidates interviewed or all qualified applicants for the post must be interviewed.

Interviews need to be member-led and the appointment of the head of paid service needs to be a decision for the full council.

The precise arrangements in terms of member involvement in the appointment process will need to be in line with the constitution of the new single-tier authority.

If no qualified person applies for the head of paid service role, then it will need to be readvertised.

We would encourage new single-tier authorities to begin the Head of Paid Service recruitment process pre-vesting day and as detailed above, to have this as the first step taken in putting together the staffing structure for the new authority. In our experience, making this appointment early is helpful in providing leadership in terms of all that needs to be done before vesting day.

The guidance does envisage circumstances where the new single-tier authority makes a temporary head of paid service appointment not through open competition, but this would need to be followed by a fresh appointment through open competition.



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All change please – the impact of LGR on the Local Government Pension Scheme

The one certainty is that LGR will bring considerable change to employers and administering authorities in the Local Government Pension Scheme (LGPS) and with that a significant amount of work for those administering the LGPS.

The one certainty is that LGR will bring considerable change to employers and administering authorities in the LGPS, and with that, a significant amount of work for those administering the LGPS. The level of change is likely to mean there will be risks arising from those changes, which will need to be managed. Planning and preparation will help to navigate these challenges and there might even be some opportunities to be seized.

Change is coming

Change will come at several different levels as a result of LGR:

- Scheme employers will merge.
- Employees will therefore transfer their employment under TUPE.
- The mergers of employers will inevitably result in changes to structure charts and employee roles.
- Administering authorities may also change, either because:
 - the current administering authority merges with other local authorities;
 - there is a merger of pension funds and, therefore, administering authorities; or
 - a new stand-alone administering authority is created.
- The constitution and membership of existing pension committees and boards will change with elections to the new unitary authorities.
- There will be a need to relate to the new strategic authorities.

What do these changes mean in practice?

There are likely to be many practical consequences of these changes:

- There will be a considerable number of administrative changes to make:
 - ensuring members are allocated to the correct employer;
 - changes in employment structures resulting in pay changes; and
 - redundancies resulting from changes in structures, leading to a spike in both leavers and early retirement pensions becoming payable.
- This, in turn, may increase the number of early retirement estimates being requested;
 - Transfer of records between authorities;
 - Changes to technology systems.
 - There are likely to be legal and governance implications, including:
 - › LGPS funds need to induct and train new board and committee members;
 - › re-negotiation of contracts with suppliers might be necessary;
 - › updating of policies and procedures; and
 - › adjustment of pooling arrangements.

- There will be funding and contribution rate changes:
 - With the transfer of significant numbers of members and the merger of employers, there will be a need to re-allocate assets and liabilities between employers.
 - There will also be the need (in the case of new employers) or opportunity (for existing employers) for employer contribution rates to be reviewed by fund actuaries in the light of the changes.

What are the risks from these changes?

This level of change is likely to result in several risks, including:

- administrative overload leading to delays and mistakes;
- a consequent rise in informal complaints, formal internal dispute resolution procedure complaints and reputational damage;
- a lack of knowledge and experience at board and committee level leading to delays and the risk of poor decision making; and
- further financial strain on employers arising from the need to make additional contributions on early retirements arising from redundancy.

The context is likely to mean that there are several knock-on issues:

- The focus of senior officers may well be elsewhere and it may be difficult for pensions to get airtime.
- The cost of redundancies and associated strain payments is likely to come under scrutiny and heightened debate on this should be expected.
- These structural changes and associated cost pressures may well prompt questions about whether funding surpluses could be released – sensitive handling of these questions will be needed.
- The fact that LGR is happening in a number of different places all at once may well mean that consultants and advisers are slower to respond than usual.
- The LGPS is already facing a very significant amount of change – dashboard connections, McCloud, pooling changes, fairness and access

changes and the New Fair Deal. Capacity and change-fatigue are therefore bound to be issues.

Are there any opportunities amongst the challenges?

Whilst the challenges are significant and shouldn't be under-estimated, there are also some opportunities if the capacity to seize these is available:

- There is the potential to build in some of the reforms trailed in the Fit for the Future consultation arising from the Scheme Advisory Board's Good Governance Review.
- It might also be a good time profile with the changes to a number of the most significant scheme employers to reassess employer risk and to look at strengthening resilience by a more wholesale review of funding strategies.
- The administrative challenge could also drive increased operational efficiency by identifying pinch-points and developing more streamlined processes to address these, possibly through further investment in technology.

What practical steps could we be taking to address these challenges?

Capacity to navigate these challenges is obviously going to be critical and early planning is likely to help to mitigate both the predictable and 'unknown unknowns'. There are a number of steps that pension funds could usefully be undertaking:

- Building resilience – recognising that these changes come on top of a raft of other changes for colleagues administering the LGPS is important. Looking after colleagues who will be expected to implement the changes and manage the inevitable pressures will be a critical part of navigating the changes successfully.
- Project planning – treat the LGPS implications as a core workstream in any re-organisation.
- Stakeholder mapping – identify all the affected parties – scheme employers, members, pension fund officers, advisers.
- Engagement – involve stakeholders at an early stage to address concerns, surface surprises,

manage expectations and front-load work.

- Growing capacity – grow capacity to meet challenges at an early stage, where possible.

Conclusion

Change is never comfortable, but it seems to be almost constant in the LGPS at the moment. Inevitably, there will be some difficult things, but planning strategically, communicating well, supporting colleagues and celebrating successes will help to steer a steady path through troubled waters.



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Practical next steps to prepare for LGR

With final proposals submitted by 28 November, many authorities may be tempted to pause, but the next phase begins almost immediately.

It's over to the Government at this stage to assess the submissions, undertake statutory consultation and decide final structures, boundaries and councillor numbers.

To be ready for the formation of shadow authorities less than 12 months later (May 2027), local authorities will need to be ready to enter into informal joint arrangements almost immediately after the Government issues its 'minded to' decision for your area.

Many local authority areas are submitting more than one proposal. This means that for most, it is difficult to prepare with certainty during this interim period. Despite that, project planning should begin in earnest for merging and disaggregating services. Your leadership teams will already be considering the blueprint for the future, as well as the capacity and budget to deliver.

The priority for monitoring officers and lawyers is a safe and legal transition. Existing local authorities need to keep operating effectively, with some work programmes being scaled back to create capacity for LGR work. While strategic planning for the new authorities should focus on the possibilities and opportunities to do things differently, monitoring officers and legal teams need to champion governance to ensure the decision-making building blocks are in place for this.

We have put together a list of suggested actions for monitoring officers, legal advisors and legal teams during the interim period.

We must, of course, acknowledge the six areas on the Devolution Priority Programme that are a couple of months ahead and working to an even more condensed timeline. This list has equal applicability.

Existing authority governance

- Consider whether your current council's governance arrangements
 - have scrutiny or other member engagement arrangements specific to LGR already been put in place;
 - are arrangements for urgent decision-making sufficient;
 - are additional meetings needed in your council diary;
 - is there a Portfolio Holder lead and Officer lead with appropriate delegated authority; and
 - how will the new authority and the predecessor councils work informally and under a joint committee arrangement?



- Monitoring officers should ensure that risk registers for their existing council consider the impact of LGR and that LGR programme risk registers cover governance sufficiently. Both need to be kept under review.
- For social services authorities – keep an eye out for the awaited MCHLG guidance on partnership working, where the proposed establishment of new unitary authorities will lead to disaggregation of services. Clear guidance is needed to help authorities shape governance and practical delivery arrangements.

Joint working on governance

- Develop informal joint arrangements and joint committee proposals.
- Speak with monitoring officers in your area to agree on communication between councils on significant financial decisions and other decisions that are likely to affect the transition to new authorities. If you have not already, add a heading to your report templates for LGR Implications/consultation feedback.
- Review your data sharing agreements. Most areas will have entered into a data-sharing agreement to facilitate the preparation of the final proposals. Data sharing will continue throughout the LGR process and authorities should diarise regular reviews.

Councillors

- Keep your councillors regularly briefed on what's going on. What are the new arrangements likely to mean for them and the role of councillor? Informed councillors can keep their residents briefed on what's happening and can also contribute valuable local knowledge to emerging arrangements.
- Consider incorporating LGR into councillor learning and development programmes (such as functions, governance, financial arrangements or emerging strategic vision). If elected to the new authority, they will then be able to hit the ground running and help with a smooth transition.
- It's important to review wellbeing and support arrangements during this period of change.

Legal

- Manage work for the legal team. Client departments will be doing housekeeping— this is likely to lead to an increase in instructions for the team. Survey client colleagues to find out as much as possible about what is coming up and ask if it's possible to phase work over the calendar year.
- Start your own housekeeping. Review your retention schedule and get up to date with it (electronic records as well as those dusty paper copies in the basement). If you are renewing your document management system or online legal resources contract, consult with the other authorities on the possibility of joint procurement and/or build in some flexibility to the terms.
- Legacy work - LGR could be a great motivator to finally close some of those old matters which just never seem to go away.
- Provide support to staff during periods of change and remain prepared to offer guidance and counsel as needed.

Professional development

It's never been more important to make sure your team (and you) have a planned programme of learning and development to be in the best possible position personally on re-organisation, but also to be ready to contribute to the provision of an efficient legal service to the new authority.

Specific to LGR:

- Keep an eye on the English Devolution and Community Empowerment Bill as it makes its passage through Parliament.
- Make sure you are up to speed on neighbourhood governance options, as this is likely to be a hot topic.

Learning from others

Surrey is working to an accelerated timeline and the Secretary of State has decided to move forward with the implementation of the proposal for two unitary councils, subject to Parliamentary approval. The [letters published on the MCHLG website](#) are a useful indication of what is to come for other areas on the reorganisation journey.

Our takeaways:

- A draft Structural Changes Order (SCO) is likely to be shared for review (for any factual amendments), on a very tight timescale. To be prepared, read the Surrey order once it is available.
- MCHLG indicates it will work with areas on further SCOs that will be needed to cover matters such as **local government pensions, housing revenue accounts and ceremonial issues**. Monitoring officers for the area could plan now how they might work together to provide feedback on draft legislation and whether an external resource will be needed.

Finally, look at committee papers and other publications from areas that have already undergone LGR; every area will have its own nuances, but the last three in particular are recent examples where learning can be gained.

- **Dorset (2019)** – A county with six districts and two unitary councils (Bournemouth and Poole) was reorganised into two new unitaries, Dorset and BCP;
- **Buckinghamshire (2020)** – A county with five districts was reorganised into a single new unitary, Buckinghamshire Council.
- **Northamptonshire (2021)** – A county with seven districts was reorganised into two new unitaries, West Northamptonshire and North Northamptonshire.
- **Cumbria (2023)** – A county with five districts was reorganised into two new unitaries: Westmoreland and Furness and Cumberland.
- **North Yorkshire (2023)** – A county with seven districts. On reorganisation, the districts were abolished and the county council became a unitary authority.
- **Somerset (2023)** – A county with five districts. On reorganisation, the districts were abolished and the county council became a unitary authority.

Conclusion

By acting now to strengthen governance, plan joint arrangements and invest in legal readiness, authorities can ensure a smooth, lawful transition and seize the opportunities that LGR presents.



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