Seize the Day!
Guidance for
Incoming Unitary Councils

Members of incoming unitary councils face three key questions.
◆ where do we start?
◆ what must we do during the shadow period?
◆ how can we improve services in the longer term?

They must use the shadow period well ....
◆ creating their vision by defining aims and values
◆ using the vision to guide decisions on management structure and top level appointments

.... to ensure a seamless transfer of services ....
◆ by starting promptly, identifying what needs to be done and how to do it
◆ and linking service planning, first year budgets and staff appointments

.... and to plan for benefits in the years after changeover.
◆ by improving services in line with their vision
◆ harmonising standards where appropriate
◆ preparing for the challenge of CCT
◆ as well as tying up the loose ends left by the old councils

They should seize the day, starting as they mean to go on ....
◆ by balancing necessary stability with opportunities for change
◆ working closely with the citizens they serve
◆ cooperating with statutory and voluntary agencies and other councils
◆ ensuring that the council sets objectives which are understood and achieved
◆ and keeping staff informed and involved

.... and working with local auditors, who can help.
◆ by promoting good practice
◆ reviewing proposed arrangements for financial control
◆ and offering an agenda for improving value for money

This paper identifies essential tasks and contains checklists for newly elected members.
The Audit Commission

...promotes proper stewardship

of public finances and helps those

responsible for public services

to achieve economy, efficiency

and effectiveness.
Introduction

1. After the elections, members will ask themselves some key questions:
   - how do we make a good start in the first few weeks?
   - what must we do through the shadow period to ensure a seamless transfer of services?
   - beyond a seamless transfer, how can we deliver increasing, longer-term benefits to our citizens and tie up the loose ends of the old authorities?

This paper helps to answer these questions.

2. There are just eleven months between elections and changeover, and incoming shadow councils have much to do. Outgoing councils must also contribute to a successful handover. The Audit Commission set out an agenda for outgoing councils in *Paving the Way* (Ref. 1). *Seize the Day!* focuses on incoming councils, in the shadow period and beyond. To assist members in planning services, a companion volume (Ref. 2) presents a compendium of good practice from previous Audit Commission value for money reports. In addition, a separate set of background papers (see page 35) gives more information, particularly on cross-service issues such as information technology (IT), property management, joint arrangements, and lessons from earlier reorganisations. The Audit Commission’s work aims to complement the detailed work available from other bodies such as the local authority associations, the Local Government Management Board (LGMB) and groups of service professionals (Ref. 3).

3. All authorities must aim for a fresh start. But a fresh start does not mean starting with a clean sheet. The legacy from the old will greatly help (or hinder) the success of the new. Members will face competing demands on their time and energy. They will need to reconcile two types of pressure:
   - to find a balance between taking the opportunity for radical change and maintaining stability. Leaning too far in one direction or the other could lead to the disruption of services, or a failure to achieve the opportunities created by reorganisation (Exhibit 1, overleaf);
   - and, whatever the chosen stance between change and stability, to balance the immediate tasks of setting up the new authority and preparing to deliver services from changeover, while at the same time creating and fulfilling their long-term vision. Achieving this second balance will help meet the challenge of reconciling stability and change. The emphasis will alter over time (Exhibit 2, overleaf).

4. *Paving the Way* stresses that cooperation will be critical. Incoming and outgoing councils must recognise their respective roles (Exhibit 3, overleaf). This is particularly important in the case of continuing councils in England which acquire additional functions while retaining their present boundaries. In such authorities, newly elected members have shadow powers for the functions which they will inherit at changeover, at the same time as they exercise full powers for their existing functions. Where there is no

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1 In this paper, changeover refers to vesting day, the date when incoming authorities take over their new duties.
Exhibit 1
Maintaining the balance

Leaning too far... could lead to disruption of services, or missed opportunities

Exhibit 2
Competing demands on members

The emphasis will alter over time
Exhibit 3
Incoming and outgoing councils

They must recognise their respective roles

(a) One tier abolished (e.g. as in Cleveland)

- Old abolished council
- Continuing council
- New unitary council with shadow duties of tier to be abolished and powers of continuing tier
- New unitary council with full powers

(b) Councils in both tiers abolished (e.g. as in Wales)

- Old abolished county council
- New shadow unitary council
- Old abolished district council(s)
- New unitary council with full powers

(c) Some councils in each tier continuing (e.g. as in North Yorkshire)

- Old county council
- New shadow unitary council
- Old district council(s)
- County council continues but with no functions in reorganised area
- New unitary council with full powers
- Some district councils continue, but with no functions in reorganised area
continuing authority, the new council has shadow powers only, and must act in parallel with the outgoing councils. Individuals who are members of both an old and a new council will find themselves ‘twin-hatted’ up to changeover. Similar situations arose when councillors were nominated to the new shadow police authorities. Despite the many potential combinations of authorities affected by reorganisation (Box A), all share some common key issues, which this paper addresses.

5. *Paving the Way* lists tasks for outgoing councils under five headings:

- cooperation and coordination
- records and information
- staffing issues
- financial issues
- preparing for handover.

For each set of tasks, that paper provides checklists for action and diagnostic questions to help each authority assess its readiness for handover. These checklists and diagnostics are relevant for all authorities affected by reorganisation. The tasks facing incoming authorities are a mirror image of those facing outgoing authorities. To say that successful cooperation depends on both sides is a truism, but there have been instances of well-intentioned approaches being spurned by ‘the other side’. By working together on the checklists and diagnostics, old and new authorities will highlight areas of agreement and issues requiring further joint effort. If the necessary cooperation has been slow in developing, a joint exercise on the diagnostics may help to break down barriers.

6. In areas where the present two-tier system will continue, there are parallel challenges to be addressed. The risk is that local government will relax into its

**Box A**

**Different types of authority affected by reorganisation**

**England**

Outgoing county or district authorities may be:

- **Abolished** (e.g. Cleveland, Scunthorpe);
- **Relinquishing** (e.g. North Yorkshire, Ryedale). These authorities continue to exist, but give up all their functions within the geographical area of an incoming authority (e.g. York).

Incoming unitary authorities may be:

- **Continuing** (e.g. Middlesbrough, Bristol, Isle of Wight) where the incoming unitary authority covers the same geographical area as an existing county or district;
- **New** (e.g. York, South Gloucestershire) where the incoming unitary authority covers a geographical area different from that of any existing county or district.

**Wales**

- All outgoing county and district authorities will be abolished.
- All incoming unitary authorities will be new, even though some will have the boundaries of an existing authority.
traditional way of working – with continuing criticism of the weaknesses of two-tier situations. Those weaknesses can be ameliorated. A ‘fresh start’ for service delivery will be needed, taking advantage of new developments in council management (for example, those listed in Ref. 3). And compulsory competitive tendering (CCT) will require attention sooner rather than later.

7. Relinquishing authorities will need to reduce staff numbers, refocus priorities and reconsider the scope of their central support activities to reflect the loss of spending power which will follow from the loss of part of their area. Lacking a new start and feeling diminished, their management challenge will be substantial. Status quo and relinquishing authorities should honour the promises made in their submissions to the Local Government Commission about making the two-tier system work better and improving community governance. They will need to show that they are delivering value for money services, attuned to public needs in the next century, to meet the challenge posed both by their communities and by the Government. The Audit Commission will address the tasks facing these authorities in a future paper.

8. This paper considers the periods before and after changeover (Exhibit 4):

(i) between elections and changeover: the tasks for the early days together with creating a vision for the future (Chapter 1), while preparing for a seamless transfer of service delivery (Chapter 2). A checklist for these tasks is set out in the centre of this paper;

(ii) after changeover, as the new authorities take on their duties and seek to deliver their long-term vision while at the same time tying up the loose ends of the old authorities (Chapter 3).

Finally, Chapter 4 encourages the new unitary authorities to maintain momentum as they approach the new millennium.
1. How do we make a good start?

Early days

9. Actions to set up the new shadow authorities must start as soon as possible. There is a demanding list of practical tasks facing new members and their embryonic officer support structures; outgoing authorities must assist the shadow authority. Most councils will wish to hold their first meeting as soon as possible after the elections. The Society of Local Authority Chief Executives (SOLACE) and the LGMB have prepared a model draft agenda for the first meeting (Ref. 4). In Wales, the agenda will have been prepared by the Transition Committee; in England, the officer who is appointed to convene the first meeting will also propose an agenda.

10. Time will be short, even with goodwill and cooperation. In practice, such cooperation may be slow to build up. Members from different political cultures will need to learn to work together. Even within political groups, members will have to begin working with new colleagues, perhaps from other areas. New authorities cannot afford a period of paralysis while members jockey for position. This could be a particular concern in hung councils.

11. After the elections, members are likely to meet in their political groups, where they exist, to elect leaders and consider their view on the first agenda. They will meet separately but there may also be informal discussions between representatives from the groups, especially if no single party has a majority of seats. Developing effective leadership for the council as a whole, as well as for the various party groups, will be a challenge.

12. At the beginning of the first meeting, the new council will elect a Chair and Vice Chair and adopt interim standing orders and financial regulations. It must then:

- set in motion a procedure for appointing a Head of Paid Service (Chief Executive), agreeing the wording of the job specification, person specification and advertisement, either at the first meeting or very soon afterwards. (Some continuing authorities, and Transition Committees in Wales, have advertised for their chief executives before the elections, so that the new members can make rapid appointments);
- make temporary appointments to carry out the statutory tasks of Chief Executive, Chief Financial Officer and Monitoring Officer. These could be suitably qualified people who do not intend to apply for employment with the new authority after changeover.

13. In addition to the tasks set out in its first agenda, the council must urgently consider:

- other temporary arrangements to ensure that the shadow council has appropriate personnel and legal advice. (Making these arrangements in the early days may help smooth the transfer of staff and ensure legal advice is available);
- the planning done by the existing councils;
relationships with the outgoing councils (and the Transition Committee in Wales), to obtain officer support before the new authority has appointed staff of its own;

◆ any correspondence from the Audit Commission concerning the appointment of an external auditor.

Project planning

14. Planning the transfer of responsibilities will take time – and many tasks will not be complete at the time of changeover – so the council will need to develop a project plan for the shadow period, in cooperation with outgoing councils and other relevant incoming councils. The plan will identify the tasks, who will carry out each task and the order in which tasks must be carried out. It will show the dates for completion, those tasks which must be complete before others can begin and those which can proceed in parallel. Paving the Way sets out these principles of project planning, which can be applied equally to incoming and outgoing councils (Exhibit 5). Nevertheless, it may be difficult at times to adhere to the plan and follow a logical sequence. The new council may have to adopt ad hoc solutions where the need arises.

Creating the vision

Aims and values

15. The crucial task in the early weeks of the new council is to begin the process of creating a vision – defining strategic aims and values – which will help to guide decisions on senior appointments and on political and managerial structure. Bringing the vision into focus will take time, but early decisions are possible even before the sense of vision is fully developed.

16. Members will need to:

◆ ensure, through an induction process, that all members are aware of the full range of services for which the new authority will be responsible, including the resources available and the issues

Exhibit 5
The principles of project planning

These principles can be applied equally to incoming and outgoing councils

1. Identify key tasks
2. Define responsibilities
3. Determine time required for each
4. Determine necessary order of tasks and the links between them
5. Draw up into a project plan showing a critical path

Source: Paving the Way (Ref. 1)
[184x662]and options they will face. Officers from the outgoing authorities should assist – continuing the work which should already have started as soon as structural decisions were confirmed – by providing member briefings on service issues (as already done in Avon, for example, and by many Transition Committees);

◆ agree on the process through which the strategy of the authority will be developed, e.g. mechanisms for members to translate their aims and values into coherent and practical objectives which can be communicated widely to provide a basis for the work of staff;

◆ cooperate with other councils to decide the best way of organising activities which might require joint arrangements among new councils;

◆ become a listening council, networking with the community and setting up formal and informal mechanisms for communicating and working with others – statutory bodies such as police, fire and health authorities, local business and voluntary organisations, parish or community councils and citizens.

17. There are many wider lessons about making mergers work which members may find helpful. The Audit Commission has distilled experience from other mergers in the public sector (e.g. the health service) and the private sector (e.g. mergers between banks or building societies)1. The evidence shows that the chances of a successful merger can be enhanced through:

◆ the establishment of clear executive leadership, and of a transition team to support it;

◆ early work to develop the strategic aims and values of the organisation, and to communicate these to staff and other key stakeholders;

◆ early, but carefully handled, decisions on staffing issues, including redundancies;

◆ close attention to IT systems, to overcome the risk of early systems failures;

◆ defining a new culture for the organisation.

18. The tasks for the shadow period would require more effort than the new members could give if they were to move straight into the traditional mode of a cycle of committee meetings followed by full council. Instead, there will be a need for extensive delegation amongst the elected members. For example, the new leader of the council may decide to concentrate on strategic issues concerned with developing the new council’s vision and planning how to deliver it, while the deputy leader might focus on tasks needed to ensure a smooth transfer of services.

19. Task teams could be set up to develop ideas on identified topics, and feed back proposals for wider debate. This debate can develop outside formal meetings, perhaps at members’ awaydays and panels, where groups of members can freely air their views. If members are new or have experience of different tiers, such meetings will help them establish working relationships and a common understanding of their concerns. This is particularly important if members start with attitudes tainted by the adversarial nature of the review process.

20. To support this work, members will need officer assistance. Before the Chief Executive is in post, the new council will need to obtain resources – staffing and expertise – to ensure that project planning, and development of the vision, can go

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1 The Audit Commission will shortly publish a paper on this experience.
ahead. In Wales, resources should be available through the statutory Transition Committee (which can remain in existence until changeover), and through the officers of the old authorities who service it. Similarly, in England new and continuing councils should seek staff and support from the outgoing authorities to ensure that existing expertise and information are fully used during the shadow period. Support might also be found from third parties, e.g. retired (or retiring) staff, or consultants.

21. Continuing unitary councils in England will possess their own administrative resources. Their challenge will be to create a fresh start in the same way as new unitary councils, and to ensure that their intention to do so is understood and accepted by all concerned, especially by the staff and members of any outgoing council which will be transferring functions to them. In particular, continuing districts must recognise that unitary status transforms the scale of their activities, because their budgets and staff numbers will increase several times over; they cannot expect simply to carry on as before, subject to the ‘bolting on’ of a few extra functions.

22. There is much to do. Yet members may initially feel frustrated by slow progress in the period before the senior management team is in place. The pace of preparation will accelerate once key staff are appointed. In the interim, members have a precious and unrepeatable opportunity to think strategically about the future.

Style and structure

23. With respect to the style and structure of the council, members should design their service plans and departmental structures in the light of the findings of the report of the Working Party on the Internal Management of Local Authorities in England (Ref. 5). The working party, set up in 1992 by the Secretary of State for the Environment, identified two main objectives:

(i) to strengthen the role of all elected members in formulating council strategies, leading and representing their communities, and, within their powers, acting as consumer champions to help citizens in the area get the quality of services which is their right and hold to account those responsible for providing those services; and

(ii) to develop the framework for effective leadership within local authorities – including clear political direction, identifying the needs and priorities of local communities and overseeing the efficient provision of high quality services to them.

24. The working party’s report analyses different models of committees, sub-committees and links through to the community. It recommends that the local authority associations should disseminate good practice in internal management, encouraging innovation and diversity. Similar work has also been carried out in Wales.

25. Many of the working party’s recommendations have already been adopted as good practice by leading councils. New authorities should start off with consideration of issues such as: the role of the policy committee and full council in giving strategic guidance; the establishment of committees to scrutinise and review policy formulation and performance; the most effective use of the committee system and of full council – by setting clear and meaningful agendas, varying the nature and purpose of committee meetings within a sensible cycle of business, and timing meetings so as to encourage maximum participation by councillors and citizens. Consideration
should also be given to options for decentralisation.

26. As part of this work, members need quickly to decide on the style of council they intend to be, how they will organise the council to meet that intention, and how they will relate to their community. Only then will they be in a position to organise themselves: at member level (for example, through central service-based committees, or a decentralised approach with powerful area committees, or by basing their structure on a division between clients and contractors at member level); and at officer level (for example, by appointing professional service heads as departmental chiefs or by creating strategic cross-service directors to whom managers of service units will report). All of these early decisions may need to be subject to periodic appraisal, for revision as circumstances develop.

27. New councils must decide on their structures in response to the needs of the community, based on two-way communication between the council and its citizens, in part informed by consumer surveys. New councils must also ensure that they establish robust processes to ensure probity and good governance. To help in this they should set up audit committees, which can increase the effectiveness of external and internal audit and can monitor the working of codes of conduct.

28. In addition to shaping the style of the authority, these decisions will have staffing implications. The Audit Commission’s paper on the role of local authority members, We Can’t Go On Meeting Like This (Ref. 6), illustrates the potential impact: one authority with an education budget of £230 million had a total of 32 meetings of the full education committee and sub-committees in a year. Another, with a budget of £160 million, had 77 committee and sub-committee meetings plus over 200 other member meetings, including various working parties and interdepartmental committees.

29. All such meetings need officer support. Although the above figures pre-date the major changes affecting the education service in the last few years, the wide variation is echoed in more recent data. An Audit Commission survey explored the workload of finance staff in anticipation of white collar CCT and established that, in one current unitary authority, accountancy staff service over 500 committee, sub-committee and board meetings a year; in contrast, in similar authorities, accountancy staff service less than a tenth of that number. The inter-quartile range shows a variation of more than six to one (Exhibit 6). We Can’t Go On Meeting Like This estimates that 90 per cent of the ‘cost of democracy’ is the time that officers spend arranging and attending meetings. On top of this is the time spent preparing, printing and circulating reports for committee, some of which might be unnecessary if members were to step back from the administrative detail.

Performance management

30. Good practice must start from the beginning. It becomes more difficult once staffing establishments, and attitudes, have begun to solidify. In particular, setting up the key elements of performance management – specifying coherent objectives, communicating them inside and outside the council, and evaluating their outcomes – provides a sound basis on which councils can develop mechanisms for strategic development (Box B).

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1 The case for audit committees is set out in the Audit Commission’s submission to the Nolan Committee on standards of conduct in public life.
Members should:

**Set aims and objectives** for the council and each service, linked to available resources and defining measurable outputs.

In drawing up service plans and first year budgets, **align key resource areas** of human resources, property, finance and information systems to support the aims and objectives.

**Set targets** for the newly appointed chief executive and chief officers, including responsibility for cascading the aims and objectives to all staff as they are recruited or transferred from the outgoing authorities.

**Adopt action programmes** to help achieve the aims and objectives.

**Set up mechanisms to monitor progress** through regular reports on the action programmes, covering:

- **communications**, inside and outside the council, including the need for joint discussion and agreement as appropriate;
- **devolution**, specifying responsibilities at each level;
- **productivity**, including choice of benchmarks, reports on performance, delayering and workforce flexibility;
- **rational pay management**, covering job sizing, market tracking, pay progression and key indicators of staff satisfaction;
- **information and training** needs to support the action programmes, including introduction of personal appraisal for all staff.

Decide how to **set top salaries**, including preparatory work with neighbours to track the pay market and avoid competition and leap-frogging, but **step back from detailed decisions** on staff numbers, pay grades and individual posts below chief officer level.

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**Exhibit 6**
Officer support for member meetings

The inter-quartile range shows a variation of more than six to one

**Source**: Audit Commission survey, 1994

![Number of meetings attended by accountancy staff per year](chart)

- **Upper quartile**: (195)
- **Median**: (120)
- **Lower quartile**: (30)

**Source**: Adapted from Paying the Piper and Calling the Tune, Audit Commission, 1995.

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Box B
Performance management

**Members should:**

Set aims and objectives for the council and each service, linked to available resources and defining measurable outputs.

In drawing up service plans and first year budgets, align key resource areas of human resources, property, finance and information systems to support the aims and objectives.

Set targets for the newly appointed chief executive and chief officers, including responsibility for cascading the aims and objectives to all staff as they are recruited or transferred from the outgoing authorities.

Adopt action programmes to help achieve the aims and objectives.

Set up mechanisms to monitor progress through regular reports on the action programmes, covering:

- communications, inside and outside the council, including the need for joint discussion and agreement as appropriate;
- devolution, specifying responsibilities at each level;
- productivity, including choice of benchmarks, reports on performance, delayering and workforce flexibility;
- rational pay management, covering job sizing, market tracking, pay progression and key indicators of staff satisfaction;
- information and training needs to support the action programmes, including introduction of personal appraisal for all staff.

Decide how to set top salaries, including preparatory work with neighbours to track the pay market and avoid competition and leap-frogging, but step back from detailed decisions on staff numbers, pay grades and individual posts below chief officer level.

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1. How do we make a good start?
Communications

31. During this early period, many outside bodies – statutory agencies such as police and health authorities, service providers and users (such as head teachers and school governors), and voluntary bodies including key providers in social services – will wish to express views to the new council. Contacts with representatives of citizens in the different parts of the council’s area are particularly important. Even before the permanent top management team is in place, the new council should arrange for members to meet these groups and hear their views, even if the new council has not yet made any decisions on which to report. Indeed, openness may be enhanced because councillors may find it easier to handle such ‘listening’ meetings in the period before they have any executive responsibilities to defend.

32. Officers in outgoing authorities can help in this respect by providing lists of current contacts and details of other bodies with which they work. Messages from such groups may be highly relevant to the new authority. For example, if the new council is keen to keep its schools within the local education authority (LEA), it may need to recognise strong feelings about the need for an education department and its chief officer to carry credibility with education professionals, governors and parents.

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33. All of the above will place great demands on the time and energy of the new members, particularly while officer support structures are only starting to develop. But getting started is only part of the task. Members will soon need to get to grips with the practicalities of inheriting service responsibilities. These are discussed in the next chapter.
2. What else must we do through the shadow period?

Preparing for a seamless transfer

The emphasis of Chapter 1 was about change – considering how different the new council should be from its predecessors. But the maintenance of stability is also critically important for uninterrupted service delivery. Specific attention in the shadow period must be given to three areas: service planning, first year budgets and staffing. Decisions are interlinked (Exhibit 7) and there will need to be a process of option appraisal, review and re-appraisal as opportunities and constraints become clearer. Incoming authorities will find their freedom of action limited – by existing patterns of service delivery, by financial pressures, or by the staff they inherit. All these areas must be addressed urgently, as soon as the new council has started to organise itself.

Exhibit 7
The key tasks for incoming councils in the shadow period

Decisions are interlinked
Service planning

35. After changeover, the new authority must provide a comprehensive range of services in order to comply with statutory requirements. During the shadow period, however, the responsibility for actually delivering services continues to rest with the existing county or district council. The shadow councils will have the vital role of planning for the assumption of these functions and for the delivery of services after changeover.

36. In Wales, the shadow councils will have to prepare and publish a draft service delivery plan covering all services by the end of October 1995, and a final plan by the end of January 1996. In England, shadow councils should carry out a similar task. Newly appointed heads of service must regard this as an urgent first task, integrating it with proposals for staff and other resources. The process will help to create the consultative tools to build links with citizens, service users, providers and voluntary and statutory bodies concerned with services. It may be necessary for authorities to purchase temporary resources to fulfil the task; if this is so, English authorities will need to ensure that the requirement is included in their bids to the Department of the Environment (DoE) for funding in the shadow period.

37. Services must be designed for the world as it will be tomorrow, incorporating the views of consumers of services, other citizens and taxpayers, and not perpetuate the structures and methods of yesterday. Radical changes have affected local government in recent years, not least the purchaser-provider relationship for social services, community care, local management of schools (LMS), the statutory Performance Indicators as part of the Citizen’s Charter, and CCT for both blue and white collar services. The new authorities’ service plans should reflect these changes, which should be seen as an opportunity for radical thinking.

38. The Audit Commission has itself produced guidance on coping with legislative changes affecting local authority services, in a series of reports. Local auditors have assisted individual authorities by reviewing particular services. Outgoing authorities should have passed the results of these reviews on to their successors, perhaps via the newly appointed auditor for the shadow council. The compendium of good practice advice (Ref. 2) contains key messages from previous Audit Commission value for money studies.

Strategic options

39. As they design services, the new authorities should adopt a client focus, i.e. thinking about services from the perspective of the recipient not the provider, and accelerating the move away from the traditional focus on service provision. For example, some authorities are exploring the idea of a Children’s Committee to cover Education and Social Services provision for children and young people, and a Community Services Committee for housing and services for elderly and disabled people. There are other models in existing unitary authorities (Table 1). For example, one third of the London boroughs no longer have the three main services of Education, Housing and Social Services reporting to their own separate committees.

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40. Inevitably there must be compromises between the rational planning of ideal services and the reality of the circumstances facing the authority. These will include financial constraints and, particularly where there is a hung council, political bargaining to achieve a common position. But all authorities must ‘seize the day’. If they do not take the opportunity at the outset for radical approaches, they may later find it difficult to overcome the inertia of inherited ideas. At the same time, however, they must keep a balance and ensure services are maintained from changeover.

Joint arrangements

41. New unitary authorities may wish to be entirely independent and provide all their own services. But, particularly for some specialist or scarce resources, such as child protection specialists or the educational psychology service, there can be a good case for entering into cooperative arrangements with other authorities. Early discussions will be needed with neighbouring councils and other service providers, such as the health service and the voluntary sector, on whether to enter into some sort of joint arrangements for service delivery.

42. Arrangements arising from previous reorganisations have been of various types, ranging from contracting with an external supplier, to simply sharing staff via secondments (Background Paper A). Previous experience shows that joint arrangements do not always run smoothly, and have foundered through disagreements over funding or questions of legality. It is vital to define clear lines of accountability, to agree the financial arrangements, and to ensure that the arrangements are within councils’ powers. Where the joint arrangements involve the provision of services subject to CCT, councils will need to ensure they have fulfilled their statutory requirements.

43. Whatever the type of joint working, discussions on the degree of cooperation will need to follow a decision sequence (Exhibit 8, page 20): deciding on the strategic options; identifying the technical – and then the corresponding political – arrangements; negotiating with the other authorities involved; and, finally, developing the internal management mechanisms to ensure satisfactory service delivery. Negotiations may be protracted and difficult and involve several cycles through the decision sequence until complete agreement is reached.

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Table 1
Committee structures in existing unitary authorities

<table>
<thead>
<tr>
<th>Committees</th>
<th>London boroughs</th>
<th>Metropolitan districts</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education, Housing, Social Services (separate committees)</td>
<td>21</td>
<td>29</td>
<td>50</td>
</tr>
<tr>
<td>Housing with Social Services</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Education with Leisure</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Housing with Environment</td>
<td>3</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>32</td>
<td>36</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: Municipal Yearbook, 1995
Information technology

44. Information technology will be a particular concern. The use of IT in local government is dramatically greater than in previous reorganisations. Ensuring that all IT systems work smoothly after changeover, while protecting the ability of incoming councils to make their own longer-term decisions, is critical for success¹, but may not be easy to achieve. In New Zealand, three years after reorganisation in 1989, most councils were continuing to operate pre-existing computer systems in parallel. One council reported that substantial damages were to be paid because of a failure of the land charges system where an enquiry had fallen down a crack between the continuing but different systems of two of the previous councils.

45. Many private sector mergers fail to proceed because of IT incompatibility. Local government does not have the option of pulling out of the merger if the IT systems are problematic. So incoming authorities must cooperate with each other and with outgoing authorities to ensure success.

46. Cooperation is needed in five key areas (Background Paper B):

- **project planning**: to ensure that arrangements are in place to identify key milestones and dates for the handover of all relevant IT systems, to monitor progress and to keep staff informed;
- **IT information and records**: full details, covering everything from hardware and software documentation through to staff skills, ongoing business plans and service level agreements;
- **systems**: procedures for evaluating existing systems and data – their scope, complexity and suitability for transfer, disaggregation or joint arrangements;
- **commitments and contracts**: ongoing legal issues such as leases and licensing arrangements, including facilities management arrangements where appropriate;
- **security, data protection and internal audit**: other vital concerns which could be forgotten in the pressure to achieve handover.
First year budgets

47. The resources available will constrain the planning of services for the first year and beyond. Although it will be difficult, the new council must quickly develop robust revenue estimates and a capital programme for its first year of operation, reflecting the longer-term aims of the authority as well as its inheritance (Exhibit 9). As a first task, the acting chief finance officer can prepare information on the implications of a draft baseline budget, which would continue the level of inherited services, taking into account all available information on Standard Spending Assessments (SSAs), notional amounts, capping limits, share of disaggregated activities, and numbers of staff and other resources likely to be inherited. Some of this information may not be readily available. The outgoing authorities must help to provide it, although the incoming authority may need to arrange it into a different format.

48. Issues and options can be identified, including information on the outgoing council’s aspirations, so that once the new council has appointed its management team and a permanent chief finance officer, it will be able to review its legacy. The draft baseline budget can then form the starting point for discussion, to be adapted to meet the new council’s service strategy. But such a baseline should be seen as only a basis for negotiation amongst members. It should not inhibit a review of priorities.

Exhibit 9
First year budgets

Budgets must reflect the new council’s longer-term aims as well as its inheritance.
Indeed, the council might choose to cut a percentage from every budget to create a strategic pool for reallocation to new needs.

49. The Welsh Office has announced funding allocations for 1995/96 and will be seeking bids for 1996/97 in due course. In England, a shadow council will receive initial funding on a formula basis in the form of a Supplementary Credit Approval (SCA). During the first half of the shadow period, the council must prepare a bid for a further SCA, both to cover its activities for the second half of the shadow period and to meet the reorganisation costs of the first year after changeover. After the money has been spent, the council’s auditor will be required to certify:

- that the expenditure incurred under the bid was eligible within the terms of the scheme;
- that recognised techniques of option appraisal were used in preparing the council’s bid.

50. There will also be a wide range of technical issues to address, for example:

- designing a financial reporting system which aligns to the incoming council’s chosen structure of departments and committees;
- setting council tax levels to meet the authority’s needs;
- tendering for banking and insurance services (bearing in mind the requirements of the EU Services Directive);
- setting up internal audit arrangements;
- adopting relevant standing orders and financial regulations.

The council will wish to consult with its external auditor to ensure that its proposed financial systems are sound.

Staffing

51. Staffing structures, based on service objectives and budget priorities will need careful and urgent consideration. Outgoing and incoming councils should agree, as soon as possible after the election, on the names of most staff to be transferred under Statutory (or Staff) Transfer Orders. Councils must appoint their chief executive and other chief officers by open competition where the posts are new. Chief officer posts in Wales will be subject to prior consideration on an all-Wales basis, rather than undergo fully open competition. The Welsh and English Staff Commission have issued a series of circulars defining these terms (Box C) and covering other staffing matters. Once members of the top management team are in place, work must proceed urgently to determine the authority’s staffing needs and identify which posts need to be filled by open competition or prior consideration.

52. Some authorities are entering into local agreements with their neighbours to guarantee transfer to successor authorities of all staff who wish to do so. Agreeing the destination of individuals may be difficult, as some may have their own preferences. Even if agreement can be reached by the time of transfer to the new authorities, at the beginning there are likely to be too many staff in some places and too few in others. Councils will need to correct this over time as they harmonise service standards, and consider opportunities for service improvements (as discussed in Chapter 3). Staffing establishments must reflect budget constraints. SCAs for the transitional costs of staffing will be available only for a limited period. Unless speedy action is taken to adjust staffing, authorities may bear significant extra costs into the future.

53. Cooperation between outgoing and incoming authorities should avoid the...
experience of those authorities in earlier reorganisations, which made early retirement deals with some staff only for them to be re-employed by the new authorities because of shortages of particular skills. Outgoing authorities should not offer early retirement to any staff without consulting successor authorities on their future needs.

54. Arranging for the recruitment and transfer of staff will be major tasks. Good staff planning and fair treatment of staff will be important. Retaining key staff and maintaining staff commitment is essential to the reorganisation process, and shadow authorities will need to undertake full consultation with staff. Training and counselling are other important considerations to which shadow authorities will need to pay attention. Guidance is available from the LGMB and others (see Ref. 3). The Audit Commission will not issue separate guidance, but commends to the attention of new councils the principles for managing people, pay and performance put forward in its reports: *Paying the Piper* and *Calling the Tune*. Those reports set

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**Box C  
Staffing arrangements: definitions of terms**

**Statutory (or Staff) Transfer Order (STO)**

The majority of the authority’s employees are expected to transfer automatically to successor authorities. Automatic transfer by STO should apply to those employees who deliver services direct to the community, or the major part of whose work involves regular or substantial contact with members of the community. Examples of categories of employees subject to STO include:

- teachers and ancillary staff working in specific schools and other education establishments;
- museum, art gallery and library employees;
- employees working at social services day centres, homes and hostels;
- area social workers;
- housing officers on estates.

**Open competition**

Appointments to the post of Head of Paid Service and other new chief officer posts must be done by open competition.

**Prior consideration**

Eligibility to apply for vacancies under prior consideration arrangements is limited:

- in outgoing authorities – to employees not covered by STOs and/or those who have been unsuccessful in obtaining a post in open competition;
- in continuing authorities – to employees whose existing job is vulnerable to redundancy because of restructuring arising from the reorganisation; and
- for chief officer posts in Wales – to serving officers with Welsh authorities.

Sources: Staff Commission for Wales, Local Government Staff Commission (England).
out an agenda for action for all authorities, in addressing three key questions:

◆ how many staff do we need?
◆ what is the appropriate pay structure?
◆ how can we get the best from the staff?

* * *

55. New councils should ensure that their project plans allow all of these shadow period actions to go ahead within the necessary timescale. The checklist in the centre of this paper sets out an indicative ‘gardening calendar’ of tasks and will be useful for members as they review and monitor detailed plans prepared for the unique circumstances of their own authority. The LGMB, on behalf of the DoE, and with assistance from the local authority associations and the Audit Commission, is preparing a timetable of external events to which councils will need to respond in the shadow period (e.g. the date for submission of the LMS formula, and for consultation on Community Care plans).
3. Beyond a seamless transfer

Delivering the vision

56. New councils will need to identify what must be done in the shadow period and what can be deferred for completion after the changeover. Maintaining service delivery is a clear priority. Indicators of success or failure of reorganisation will include whether the refuse was collected in the first week, whether meals-on-wheels continued to be delivered to elderly people, or whether staff were paid correctly and on time. On experience from previous reorganisations, even these relatively modest objectives will not be easily achieved. But authorities need to aim much higher. Success for a new authority may not be fully apparent for several years. And yet decisions in the shadow period will set their future course.

57. Maintaining the balance between delivering services from changeover and achieving the future vision will not be easy, particularly with constraints on resources and the inheritance from predecessors. Without delay, authorities will need to start to move from where they are today to where they would like to be – and need to be – tomorrow.

58. New councils must try to review, in as short a time as possible, all the issues with which their predecessors have been grappling for years. They also face the complexity of merging the constituent parts of the new authority, and all the tasks derived directly from reorganisation. The future agenda facing authorities once they have achieved transition from the old to the new will therefore be as demanding as that which they will have already tackled during the shadow period. Services must improve if citizens are to benefit from reorganisation; consideration should be given to harmonising service standards, particularly where authorities have merged; and preparations for CCT must start without delay.

Improving services

59. Not only must new authorities maintain services after changeover, but they must also aim to develop their services further. There is a danger that stop-gap measures for immediate service take-up from the outgoing authorities will become permanent, as staffing establishments become settled and energy is absorbed by other matters. The new authorities will have a vision of what they want to achieve. The outgoing authorities in England put much time and effort into examining how they could deliver better services, in order to prepare their case to the Local Government Commission. In Wales, similar effort went into submitting cases for ministers. Some councils also carried out extensive campaigns to inform their citizens about their plans for a better future. In creating their vision, the new councils, particularly in continuing authorities, will have considered this work of their predecessors. As soon as the dust has settled after changeover they should start to put their own ideas into practice.

60. As part of their overall performance management system, new authorities should rapidly set up a performance review mechanism, not only to identify and rectify any immediate failures, but also to move towards fulfilling the overall vision in the
longer term. Provided the overall framework for service delivery has been agreed, progress can be phased. Auditors of incoming authorities will have made members aware of previous recommendations by local auditors and the Audit Commission for improving value for money in a wide range of services. Achieving this may take time, but the auditors’ work can form an agenda for future consideration.

Harmonising standards
61. Where authorities of the same tier have merged, or where similar functions have previously been carried out by authorities of different tiers, there will almost certainly be the task of harmonising standards after reorganisation. Some short-term differences can be tolerated. Occasionally, continuing diversity of standards may be appropriate. But there will usually be little justification for continuing differences in standards in different parts of a new authority. Action to unify the unitary authority should start as soon as practicable after changeover. There would be few quicker ways of undermining support for the new authority than if some groups of staff, or residents in parts of the new authority’s area, felt disadvantaged relative to others. There may be opportunities for efficiency savings too, for example, by rationalising refuse collection rounds.

62. These tasks represent a mix of high level strategic decisions and low level tactical decisions. New councils must prioritise their decision making, delegating tasks to officers as appropriate. All such tasks can be important: occasionally it is the seemingly trivial that can unexpectedly blow up in the face of members. Those issues where there could be legal challenge or serious inequity need to be addressed urgently. Others can perhaps be left until later.

63. Harmonisation may well be an issue across the complete range of the new authority’s activities: service policies, standards and charges; staff terms and conditions; regulations, controls and work practices (Box D).

**Box D**

Examples of the need to harmonise and rationalise standards

| Service policies, standards and charges |
| ➤ discretionary payments (e.g. housing benefit) |
| ➤ LMS formulae |
| ➤ rent arrears recovery |
| ➤ service frequency, opening times |
| ➤ admission fees, rents, subsidies |

| Staff terms and conditions |
| ➤ local agreements |
| ➤ working conditions |

| Regulations, controls and work practices |
| ➤ local flexibility |
| ➤ by-laws |
| ➤ inspection cycles |
| ➤ methods of working |
| ➤ planning policies |

Service policies, standards and charges
64. Existing authorities will have had different standards for many reasons – previous political philosophy, financial constraints, demographic patterns, historical priorities. Many of these differences may take years to change – where capital resources would be needed to rationalise leisure provision, for example. Other differences may be overcome more easily, for example by equalising admission charges or licensing fees. But such changes will be easier to
make as part of an overall package of improvements. Simply to increase charges at a stroke may generate strong opposition.

65. Other areas for consideration may include policies on arrears recovery, discretionary housing benefit payments, allocations from housing waiting lists and the formulae for allocation of funding to locally managed schools, where a new unitary authority includes areas from more than one county.

Staff terms and conditions

66. Incoming authorities may have inherited different, long-standing, staff terms and conditions, both collective and individual. These could include flexitime, special allowances, car schemes and so on. Early discussions with trade union representatives will identify particular concerns. The staff transfer orders will protect terms and conditions of transferred staff unless the new authority negotiates to change them. Where an individual’s remuneration is cut, the detriment compensation regulations will apply.

67. Nevertheless, authorities must avoid the easy option of ‘levelling up’, and difficult negotiations may be needed to achieve a common base over time. New councils should set their pay structure consistent with a rational assessment of staffing requirements, even if they need to protect individuals in the short term. Individual anomalies should not drive the pay policy. Solutions could involve lump sum payments to buy out particular anomalies or, at the individual level, protected terms and conditions for a defined period. Of critical importance is the need for cooperation between members in neighbouring councils to compare experiences and share concerns, e.g. to set up pay arrangements which avoid competition and leap-frogging.

Regulations, controls and work practices

68. Particularly for enforcement actions, staff such as environmental health officers (EHOs) have some discretion, based either on their professional judgement in individual cases or on authority-wide corporate policies and procedures. Within defined limits, such discretion is necessary, for example in the action an EHO can take on the findings of hygiene and safety inspections of food premises. But differences in policy in merging authorities should be addressed as soon as possible, in order to prevent accusations of favouritism or discrimination from those subject to inspection and control, and to avoid jeopardising the success of legal action.

69. Similar concerns may stem from differences in local by-laws. It would be illogical if inconsistent laws affected different areas within the same authority. An additional urgent task will be to consider differences in the statutory plans and non-statutory planning guidance in different parts of a merged authority. Inconsistencies could be used by planning applicants to challenge council decisions.

70. Linked to differences in staff terms and conditions may be differences in work practices – such as inspection cycles (e.g. for building condition surveys), work methods, equipment used, etc. All of these must also receive attention sooner or later.

71. The above concerns are not new. Experiences from the 1974 and 1986 reorganisations graphically highlighted the potential for a breakdown in controls. A failure to harmonise controls over payroll payments in 1986 meant that some new employees were paid twice in the first month. It was hard to get the money back. In 1974 auditors found that some contractors defrauded new authorities by taking advantage of delays in setting up controls over claims and payments.
Preparing for CCT

72. Reorganised authorities are allowed a moratorium on the introduction of white collar CCT and renewal of blue collar CCT contracts for a period after reorganisation (depending on the activity). But there will still be much to do in a short time. In the uncertain period leading up to reorganisation, many authorities have invoked contract extension clauses to bring the existing contracts into the moratorium. This has resulted in a bunching of contracts due for renewal, in contrast with the Government’s original timetable for first round CCT contracts, which was deliberately phased over time. In one continuing authority, auditors have identified over 25 blue collar contracts which will have to be re-let, or let for the first time, within 18 months of changeover, in addition to the new white collar work. This will represent a major challenge, but, conversely, also a once-off opportunity to set up a complete suite of contracts tailored to the new authority’s service aims.

73. As part of their service planning shadow councils should review all contracts to identify their inherited commitments and the scale of the task of contract renewals. Contracts must start on the designated date, and the contract letting process will occupy most of the intervening months – allowing for the necessary preparation of contract documentation and the statutory minimum times for the process of advertising and selecting contractors. As a minimum, work on contract preparation should start 15 months before the due date (Exhibit 10). In Wales, the renewal of some blue collar CCT contracts must come into effect by October 1996. Therefore, preparatory work for these contracts must begin very early in the shadow period.

74. The new authority’s role as client for forthcoming CCT contracts (outlined in the Audit Commission’s previous reports on CCT), needs early consideration. Members should decide their service direction (reflecting the needs of their citizens) and their contract strategy (size of contract packages, contract lengths, stance towards internal or external provision). Client officers require clear guidance on arrangements for contract preparation and letting, monitoring and administration. For white collar functions, internal users (such as direct service organisation [DSO] managers and school head teachers) must be involved in defining contract specifications.

75. Where inherited contracts have expired, authorities face a relatively straightforward, if urgent, task of designing new specifications to meet their strategic and operational needs. But authorities inheriting on-going external contracts may have to wait some years before work specifications can be tailored to current needs without incurring expensive variation payments. Particular patience will be needed in merged authorities inheriting several contracts for any one activity, perhaps with different specifications, contractors, terms and conditions, and contract lengths. Equally, there will be difficulties in disaggregating contracts where authorities have been divided.
Tying up the loose ends

All of the above tasks will preoccupy members in the early months of the new authority. But there will also be an important ‘probate’ task of sorting out the effects of their predecessors. The work involved should not be underestimated and must not be swamped by perceived higher priorities.

Closing the accounts

Some incoming councils in England and all new councils in Wales will be designated to close the accounts of the old councils. This will be a big task (Exhibit 11, overleaf), and will need high level management supervision (Ref. 7). But until it is complete, none of the new councils will know what they own or what they owe. Detailed financial planning will be hampered.

In the shadow period, designated councils will have had to liaise at an early stage with the outgoing authority whose accounts they are to close, with the other authorities inheriting assets and liabilities from the outgoing authority, with their own newly appointed external auditor, and with the auditors of the other relevant outgoing and incoming councils. They must arrange to take on sufficient knowledgeable staff, perhaps including some on a temporary basis, and in England...
**Exhibit 11**

**Closure of accounts**

This will be a big task

<table>
<thead>
<tr>
<th>Outgoing authority</th>
<th>Designated authority</th>
</tr>
</thead>
</table>
| **1.** Agree closure programme with the shadow authority, incorporating:  
  - timetables  
  - standards  
  - responsibilities  
  - resources | **3.** Ensure all transactions relate to year of account, e.g. reversing and processing year-end accounts  
  | **4.** Ensure all transactions are reflected in the accounts, e.g. inter-account transfers, holding accounts  
  | **5.** Complete year-end adjustments, e.g.  
    - capital financing  
    - bad debt provisions  
    - transfers between reserves, etc.  
  | **6.** Finalise accounts in the correct format  
  | **7.** Prepare statutory statement of accounts  
  | **8.** Liaise with the external auditor  
  | **9.** Maintain working papers |

- **2.** Act to:  
  - maintain general ledger  
  - maintain regular bank reconciliations  
  - clear suspense accounts  
  - maintain control account reconciliations  
  - authorise and validate all journals  
  - ensure personal accounts are reconciled to prime records  
  - ensure asset records are up to date  
  - ensure stocktake and asset valuations are up to date

- **30 April**  
  - Changeover  
  - Make up and balance accounts

- **30 September**  
  - Changeover  
  - Make up and balance accounts  
  - Publish statement of accounts

- **31 December**  
  - Publish statement of accounts
to include the costs in their bid for SCAs. Staff from both incoming and outgoing authorities should carefully monitor any lessons which arise from the closure of accounts for 1994/95, to help planning for 1995/96 closure. This will ensure that good practice is in place and early action can be taken to deal with any problems identified.

**Other matters**

79. In addition to closing the accounts of an abolished authority, the designated authority will have other tasks: publishing the statutory Citizen’s Charter Performance Indicators for outgoing councils, preparing final grant claims, submitting final audited applications for SCAs for transitional costs and, in some cases, taking on the administration of superannuation funds. These and many other tasks need to be completed to ensure that no loose ends remain from the outgoing authorities. Successors will inherit many continuing issues, including legal cases, tribunals, staffing appeals and ombudsman enquiries. The prime tasks will be to ensure that complete documentation is handed over before the demise of the old authorities, and to assign responsibility within the new.

80. There are lessons from previous reorganisations (Background Paper C). When the metropolitan counties and Greater London Council (GLC) were abolished in 1986, followed by the Inner London Education Authority in 1990, there was a Residuary Body for each area. These operated for two to five years (except for London, where the Residuary Body still exists) to carry out a wide range of duties (Box E, overleaf). In this reorganisation, much of this work will fall to successor councils. Cooperation between all relevant bodies will be essential.

81. A major task for previous residuary bodies was to sort out (and redistribute or sell off) the property holdings of the abolished authorities. For the current reorganisation this will be a time-consuming and potentially contentious task for English authorities, since the DoE expects authorities to come to their own local agreement on the final disposition of every item of property. In Wales, the Residuary Body will advise the Secretary of State on the allocation of property and also manage and dispose of surplus properties (Background Paper D).
<table>
<thead>
<tr>
<th>Box E</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Examples of duties of former residuary bodies which could fall to</strong></td>
<td><strong>Seize the Day!</strong> * Guidance for Incoming Unitary Councils</td>
</tr>
<tr>
<td><strong>successor councils</strong></td>
<td><strong>Lessons from History: The Achievement of the Residuary Bodies Set Up under the Local</strong></td>
</tr>
<tr>
<td><strong>Government Act 1985 (Background Paper C)</strong></td>
<td><strong>Box E</strong></td>
</tr>
<tr>
<td><strong>Closing accounts</strong></td>
<td>Reports from the residuary bodies emphasise the advantage to be gained from tapping the</td>
</tr>
<tr>
<td><strong>Compensation for redundancy and detriment</strong></td>
<td>expertise of finance staff from the abolished authority.</td>
</tr>
<tr>
<td><strong>Debt recovery</strong></td>
<td>During its first year the London Residuary Body (LRB) paid redundancy compensation to 3,200</td>
</tr>
<tr>
<td><strong>Insurance</strong></td>
<td>former GLC staff and dealt with 1,600 claims for detriment. There were several hundred claims</td>
</tr>
<tr>
<td><strong>Litigation</strong></td>
<td>in subsequent years.</td>
</tr>
<tr>
<td><strong>Grants to voluntary bodies</strong></td>
<td>During its first year the West Yorkshire Residuary Body cleared around 14,000 accounts</td>
</tr>
<tr>
<td><strong>Disposal of property</strong></td>
<td>involving over £15 million.</td>
</tr>
<tr>
<td><strong>Student awards</strong></td>
<td>The West Yorkshire Residuary Body took over some 5,000 outstanding claims. It arranged a</td>
</tr>
<tr>
<td><strong>Trusts</strong></td>
<td>handling service with a leading insurance company.</td>
</tr>
<tr>
<td><strong>Other local issues</strong></td>
<td>The Greater Manchester Residuary Body inherited 2,700 cases, mainly personal injury claims.</td>
</tr>
<tr>
<td><strong>Grants to voluntary bodies</strong></td>
<td>A further 1,119 claims were received in 1987/88.</td>
</tr>
<tr>
<td><strong>Disposal of property</strong></td>
<td>The West Midlands Residuary Body monitored 545 grants made by the county council.</td>
</tr>
<tr>
<td><strong>Student awards</strong></td>
<td>In West Yorkshire there were 28,000 deeds, no computerised database and no information on</td>
</tr>
<tr>
<td><strong>Trusts</strong></td>
<td>values. 90 per cent of properties had been acquired for highways purposes. 1,500 properties</td>
</tr>
<tr>
<td><strong>Other local issues</strong></td>
<td>were sold, in 700 packages over a 4 year period.</td>
</tr>
<tr>
<td><strong>Student awards</strong></td>
<td>The LRB took over payments to 25,000 students.</td>
</tr>
<tr>
<td><strong>Trusts</strong></td>
<td>The LRB inherited some 300 charitable trust funds.</td>
</tr>
<tr>
<td><strong>Other local issues</strong></td>
<td>Examples include the G-Mex Centre in Manchester, Croxteth Hall on Merseyside, the Merseyside</td>
</tr>
<tr>
<td><strong>Grants to voluntary bodies</strong></td>
<td>and West Midlands Enterprise Boards, the West Yorkshire Transport Museum and Yorkshire</td>
</tr>
<tr>
<td><strong>Disposal of property</strong></td>
<td>Enterprise.</td>
</tr>
</tbody>
</table>

**Source:** Lessons from History: The Achievement of the Residuary Bodies Set Up under the Local Government Act 1985 (Background Paper C)
4. Maintaining the momentum

82. New councils must recruit and organise their staff and operate within robust and agreed budgets, so that they can take over responsibility for all services. They need to be geared up to meet any obligations in respect of abolished authorities. Their aim will be for the transfer to be as seamless as possible. There will be a danger, if all this is achieved, of members and officers breathing a sigh of relief and regarding their achievement as a job well done. But it is vital that when the changeover does take place the members and officers of the new council see it as a new beginning – a step into a new era – rather than simply bringing a difficult process to an end.

83. The Audit Commission will continue to assist in the process by producing technical papers and advice notes, and intends to publish a review bulletin in the Spring of 1996. This will draw on experience of the process over the coming year, and provide guidance both for the 1996 authorities in their first year after changeover and to reinforce the messages in this paper for the shadow tasks for 1997 authorities.

84. The ‘gardening calendar’ in the centre of this paper sets out an indicative timetable of actions for incoming authorities. Under each heading the timetable can be used as a checklist to monitor progress over the short time between elections and changeover. Box F, overleaf, summarises the ten essential tasks underlying the calendar.

85. The tasks facing new authorities are daunting. Financial constraints are likely to increase rather than decrease; some opposition to change, from staff and the public, is inevitable; and the Government’s own agenda for change is formidable – developing the purchaser-provider relationship in social services, extending CCT, and so on.

86. The Commission’s auditors will be working alongside the new authorities. They will need to draw attention to lapses in financial control, and concerns about probity and regularity where necessary. But their prime task will be to help local government through the period of change and assist with further service improvements by providing an agenda to obtain better value for money.

87. Local government must meet these challenges and design services for the new millennium. Structural change should be seen as presenting the opportunity for a new beginning, rather than as an end in itself.
<table>
<thead>
<tr>
<th>Box F</th>
<th>Ten essential tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Creating the vision</strong></td>
<td>✓</td>
</tr>
<tr>
<td>1. Start as soon as possible to develop the new council’s aims and values, make an early Chief Executive appointment, and set up mechanisms for contacts beyond the council.</td>
<td></td>
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<tr>
<td>2. Set up performance management systems, enabling members to specify coherent objectives which can be passed to all staff, to communicate them inside and outside the council, and to evaluate the results.</td>
<td></td>
</tr>
<tr>
<td><strong>Preparing for a seamless transfer</strong></td>
<td></td>
</tr>
<tr>
<td>3. Make sure that the tasks up to changeover are properly identified, timetabled and controlled.</td>
<td></td>
</tr>
<tr>
<td>4. Plan services to meet the needs of the community from changeover, with particular emphasis on making IT systems work.</td>
<td></td>
</tr>
<tr>
<td>5. Develop first year budgets which reflect the new council’s vision for the future and the inheritance from the old, but also recognise the financial constraints.</td>
<td></td>
</tr>
<tr>
<td>6. Decide as soon as possible on staffing appointments that will meet service requirements while also treating existing staff fairly.</td>
<td></td>
</tr>
<tr>
<td><strong>Delivering the vision</strong></td>
<td></td>
</tr>
<tr>
<td>7. Make sure that services develop after changeover to deliver further benefits to the community, reflecting the council’s longer term vision.</td>
<td></td>
</tr>
<tr>
<td>8. Try to harmonise inherited differences in service provision, staff terms and conditions, and working practices as soon as possible, while avoiding automatic ‘levelling up’.</td>
<td></td>
</tr>
<tr>
<td>9. Make early preparations for CCT, both for the renewal of blue collar contracts and the extension of competition to white collar services.</td>
<td></td>
</tr>
<tr>
<td><strong>Tying up the loose ends</strong></td>
<td></td>
</tr>
<tr>
<td>10. Sort out the affairs of the abolished authorities – final accounts, grant claims, performance indicators, etc. – as soon as possible.</td>
<td></td>
</tr>
</tbody>
</table>
References


Background papers

These background papers are available from the Audit Commission in a separate volume.

A. *Working Together: An Appraisal of the Need for Joint Arrangements amongst the New Unitary Authorities in England and Wales*.

B. *Local Government Reorganisation and Information Technology Issues*.

C. *Lessons from History: The Achievement of the Residuary Bodies Set Up under the Local Government Act 1985*.
