From Transaction to Transformation:
Realising the full Potential of Local Government Reorganisation

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MUTUAL VENTURES

Foreword

The Government's latest guidance on Local Government Reorganisation (LGR) sets out a challenging set of requirements for two-tier council areas in England. At its heart is the need to deliver high-quality and sustainable services and strengthening community engagement and neighbourhood empowerment, all underpinned by meaningful public service reform ambition.

The path to realising this does not lie in structural rationalisation alone. It must be a moment to reimagine local leadership, rebuild trust between citizens and the state and transform public services so they are truly people-centred, integrated and relational.

Trust in government at all levels is at an all-time low. There is a real risk that LGR creates even more distance between councils and communities. LGR can either widen the gap or be a bold opportunity to do things differently.

LGR is a practical process and much of this guide is focused on the lessons we have gathered from a wide range of conversations with those who have been through it before.

But we have structured the "Foundations" in a way to ensure you keep focused on the transformational potential of LGR and don't become captured by the burden of the transactional process and the overwhelming need to remain "safe and legal".

Our "Foundations" are grounded in Mutual Ventures' Radical Place Leadership approach, which we have been developing with the sector over the past two years. You can read more about this here.

As you read this guide, keep in mind the following five shifts which inform our thinking and work and could form the basis of your own LGR and the public service reform journey:

1. **From New Public Management to relational working:** Move away from rigid targets and siloed service delivery to models built on human relationships.
2. **From organisational focus to place leadership:** Councils should convene and lead across a place, not simply manage their own services.
3. **From control to empowerment:** Enable frontline professionals and communities to shape solutions.
4. **From opacity to shared goals:** Collaboration only works when partners are aligned around a common purpose.
5. **From failure avoidance to test-and-learn:** Take measured risks, learn from them, and adapt.

You can read more about these five "shifts" here.

This approach isn't just sensible and morally sound; it will save money. Integrated, more-relational working can reduce public service use by tens of thousands of pounds per person per year. Prof. Donna Hall and Andrew Laird have explored this in more detail [here](#).

This guidance has been developed in collaboration with:

Sam Plum, inaugural Chief Executive of Westmorland and Furness

Graham Farrant, inaugural Chief Executive of Bournemouth Christchurch and Poole

Prof. Donna Hall, MV Non-Exec Director, Former Chief Executive of Wigan Council

Let's not reduce LGR to lines on a map. This is a once-in-a-generation chance to reshape how public services work, how local government leads, and how communities thrive.

Let's make it count!

> **This is a really helpful guide. It clearly highlights the key issues. I wish we had had this three years ago when we were going through our LGR process!**
>
> Sam Plum, Chief Executive, Westmorland and Furness Council

Foundations

Based on national learning from previous unitary transitions, this guide presents twelve interdependent Foundations for delivering LGR well.

These Foundations follow the natural lifecycle of a reorganisation journey, starting with political alignment and vision, moving through structural design and financial resilience and culminating in delivery, performance and sustainability.

Councils at any stage can use these Foundations to sequence their planning, test readiness and focus resources where they matter most.

Foundation 1. Political Readiness and Democratic Resilience

Foundation 2. Embed the Principles of Radical Place Leadership and deliver public service reform

Foundation 3. A New Beginning, Not a Takeover

Foundation 4. People & Culture – The Golden Thread

Foundation 5. Embed Local Identity and Sense of Place

Foundation 6. Calibrate for Sustainable Scale

Foundation 7. Financial Stewardship and Governance

Foundation 8. Risk, Assurance and Continuity

Foundation 9. Data, Digital and Systems Integration

Foundation 10. Resource the Transformation Engine

Foundation 11. Performance, Insight and Delivery Governance

Foundation 12. Strategic Procurement and Partnership

Foundation 1. Political Readiness and Democratic Resilience

Strong political readiness and democratic resilience are essential foundations for LGR. Successful reorganisation requires aligned political leadership, shared aspirational vision and a commitment to collaboration across legacy councils. At the same time, new unitary authorities must be designed to uphold and strengthen local democracy with transparent governance, robust scrutiny and inclusive decision-making that earns public trust and stands the test of time.

There is a need for all to appreciate that the legacy Districts Councils are moving to a new, larger, more strategic view and that the legacy County Council needs to add an appreciation of the hyper-local.

Key lessons

- Divergent political narratives (efficiency vs transformation, geographical boundaries) are already apparent in most areas. This was certainly the case in Somerset and Cumbria pre-vesting day. In the case of the newly created Westmorland and Furness Council (formerly part of Cumbria), the ultimate configuration was not the first choice of any of the former councils. This will be challenging but it does not have to halt the process and can actually help bring councils together.

> **In some ways, the former councils which now make up Westmorland and Furness being on the "losing side" in terms of configuration helped bind us together and made us determined to succeed for our communities and residents.**
>
> Sam Plum, Chief Executive, Westmorland and Furness Council

- Councillors need immediate support – casework systems, policy briefings – to serve constituents from Day 1.
- Early agreement on interim constitutions saves friction and enables timely decision-making.
- Early work to set strategic priorities and approach to budget setting will provide an important foundation.

Key lessons cont.

- There will be a mix of legacy and new politicians and officers. These groups will have different but equally important perspectives. LGR is an opportunity for a reset and a new start - but history and legacy are important.
- Consider the continuing role of town or parish councils or establishing town/neighbourhood councils/committees to maintain hyper-local connection. The MHCLG summary feedback refers to "Neighbourhood Area Committees." These can be linked to public service reform/transformation – see Foundation 2.

> **"**
>
> **I didn't come from one of the legacy councils, so whilst I knew there was a huge opportunity for a fresh start under a new name and geography, I also knew that the history of the three towns was important to members and residents. In Christchurch, we established two new town councils to allow for continued discussion of hyper-local issues, and they have been a huge success.**
>
> Graham Farrant, Chief Executive, Bournemouth Christchurch and Poole

Pre-Vesting Essentials

- New councils must develop a broad strategic vision and narrative without losing local identities.
- Clarify political vision and cross-party roles for the first 100 days.
- Facilitate joint member development and cultural integration workshops.
- A clear framework for making and recording decisions.
- Prepare draft constitutions, schemes of delegation and standing orders ahead of vesting day.

Foundation 2. Embed the Principles of Radical Place Leadership and deliver public service reform

LGR is a significant leadership challenge. Visionary, place-based leadership, both political and managerial is required to unite partners, align resources and focus relentlessly on outcomes rather than organisational boundaries. This is against the backdrop that for a lot of areas, the definition of "place" will be completely changing.

Public Service Reform is an essential but often overlooked element of LGR. However, ensuring that the process is completed properly and that the end result is "safe and legal" can become the overwhelming focus.

We are also seeing a breakdown of trust between the citizen and the state. Faith in public services has eroded. The social contract has worn thin. Electoral turn out in England has been declining for the last 40 years as people feel disenfranchised. There is a risk that the removal of districts will put further distance between public services and citizens. Radical Place Leadership provides the framework for a new "locality model" which organises public services at a local place and neighbourhood level ensuring the continuation (and in some cases establishment) of connection with communities. You can learn more about the ideas behind Radical Place Leadership here.

Many public service leaders know the current system is not meeting the needs of the people they serve. They see it and are ready to challenge it. LGR provides an opportunity to reset.
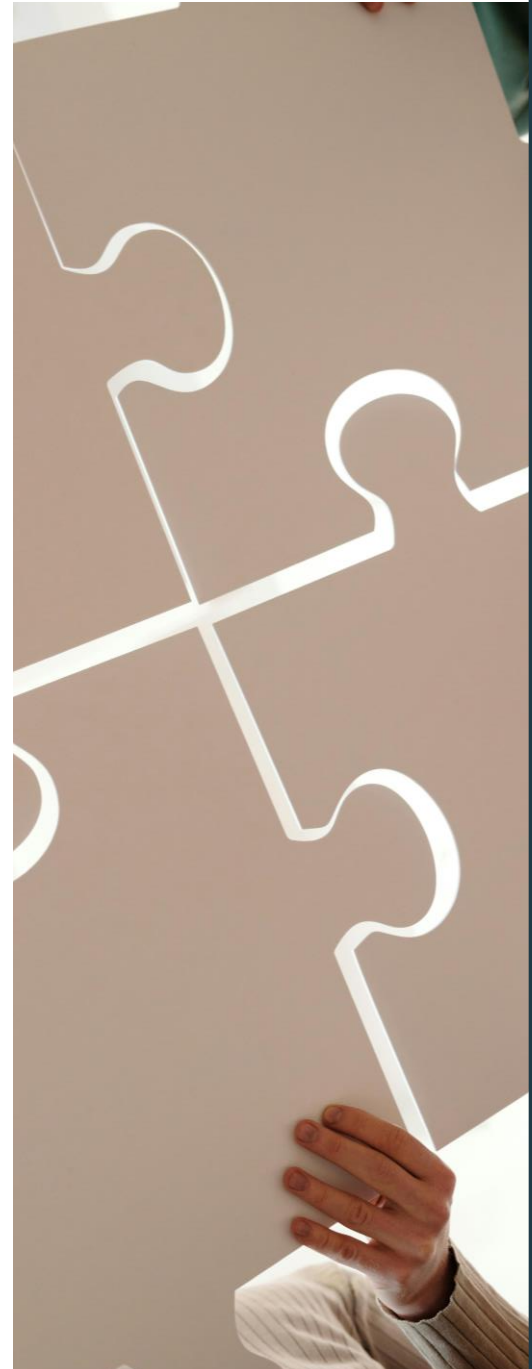
> **We are delivering reform now in Westmorland and Furness - but some of the key foundations could have been put in place during the LGR process itself. But do not underestimate how much the process of achieving a "safe and legal" outcome will zap your time!**

> Sam Plum, Chief Executive, Westmorland and Furness Council

Key lessons

- A compelling, co-created vision builds trust across staff, citizens and system partners. The vision needs to be able to survive political and leadership changes.
- Early confirmation of a single accountable officer drives coherence across programmes.
- Fighting hard to ensure the Public Service Reform element of LGR is not pushed to the side is critical.
- There is a need to confront the reality that district-level services will now be delivered through an organisation which will have an overwhelming focus on delivering costly demand led services (children's social care, temporary accommodation). History has shown that this can result in other services being squeezed. Local environmental or leisure services risk being downgraded.
- New councils must think hard about how to retain (or establish) connections between public services and communities/neighbourhoods through a locality model or similar. This can also be linked to existing town or parish councils or new town/neighbourhood councils/committees to maintain hyper-local connection.

Pre-Vesting Essentials

- Co-produce a unifying vision with citizens, partners and staff.
- Align leadership development and induction around shared purpose.
- Initiate system-wide engagement with town/parish councils (if they exist), health, police, business and voluntary sectors .
- In practical terms, three key work products ahead of vesting day are: the Council Plan (including a plan for connecting public services and communities/neighbourhoods); the Constitution and the Medium Term Financial Plan.

Foundation 3. A New Beginning, Not a Takeover

The most powerful transitions start with a bold mindset. LGR is the creation of a new authority or authorities; it cannot be viewed as extension or continuation of an old one. Framing the journey as a fresh beginning fosters collaboration, reduces territorial resistance and gives permission to design for the future rather than replicate the past.

" In BCP, two of the three legacy councils were concerned that the LGR process was essentially a takeover by the third council. We had to work hard post vesting day to ensure that this was not the reality and that BCP was indeed a new council which respected the heritage and history of all three towns.

Graham Farrant, Chief Executive, Bournemouth Christchurch and Poole

Key lessons

- The "One Somerset" case demonstrates the value of presenting a clear narrative for a brand-new entity with its own culture and values.
- Programme momentum stalls when appointments to Chief Executive and statutory officer posts are delayed; early confirmation accelerates consistency across workstreams.
- The transfer of some legacy loyalties, practices and cultures to the new council is unavoidable. The overwhelming focus of political and officer leaders must be on the new council and the implementation of a new culture and way of working which respects historical contexts and the best practice that already exists.

Pre-Vesting Essentials

- Once Government approves the proposal, stand up a shadow authority responsible for ensuring the new council is safe and legal on Day 1. In the past, some elections and been pre and some post vesting day.
- Appoint the permanent top-tier leadership early and begin onboarding ahead of vesting day. The legislation will set out the exact requirements. New councils will need to have a Chief Executive, a Section 151 Officer and Monitoring Officer in place ahead of vesting day. Some places, such as Westmorland and Furness, had the Chief Executive in place (in shadow) for a longer period than was legally required pre-vesting day. The most appropriate time to do this is once the new council has been elected and can approve appointment.
- Launch an integrated communications strategy that positions the change as the birth of a new council, supported by coherent branding for staff, residents and partners. Allowing time for ideas to be shared and debated is essential.

Foundation 4. People & Culture – The Golden Thread

Structure can be built in a year - culture endures for decades. 30 years ago, John Kotter said that *"the most common cause of failure in change initiatives is underestimating the power of culture"*. This insight rings truer than ever, especially in the context of LGR. Successful reorganisation requires more than technical plans; it demands cultural alignment, mutual respect and leadership that understands people are the system.

Key lessons

- There is a risk that the culture from one of the legacy councils becomes dominant in the new organisation. The new Chief Executive and the senior team have a responsibility to manage this.
- Staff anxiety and attrition increase when HR principles and organisational identity are unclear.
- Councils that invested early in staff engagement and a single public-facing identity (e.g., Dorset) saw smoother transitions. This is more difficult in complex reorganisations, such as Bournemouth Christchurch and Poole.
- Delays in harmonising pay, grading and job titles create long-term inequity and morale issues. Equal pay is now a huge financial risk for councils.

Pre-Vesting Essentials

- Define and communicate the new council's values early.
- Agree the TUPE approach and publish an indicative Day 1 organisation chart. Even if there are still some questions about exact staff transfers etc., the process of doing this will pay dividends.
- Capture institutional knowledge through structured handovers and succession planning.

Foundation 5. Embed Local Identity and Sense of Place

Residents feel deep loyalty to neighbourhoods, towns and parishes. A successful new authority must root itself in a strong sense of place. This means recognising the value of neighbourhoods, towns, and parishes; not just administrative efficiency.

Structures, branding, governance and service design should all reflect and reinforce local voice and identity, ensuring that communities feel represented, not subsumed, within the new council. Successful reorganisations respect and harness that emotional connection, using it to co-create services and sustain local democracy.

Key lessons

- District and parish councils hold rich community relationships that must be preserved.
- Large unitary councils require smaller operational geographies to keep services close to communities.
- Failures to involve parish councils early (as in parts of Dorset and Cumbria) led to withdrawal from local partnerships.
- Local identity can be maintained through existing town or parish councils or new town/neighbourhood councils/committees to maintain hyper-local connection. Traditional roles such as the town mayor can also add real value.
- It is important to commit to the new "brand".

Pre-Vesting Essentials

- Draft a Neighbourhood and Place Strategy that sets out how local voices will shape the new authority and make clear how councillors can work with their local communities.
- Establish the ongoing role of existing town or parish councils or new town/neighbourhood councils/committees.
- Co-design principles for devolving or localising services with community partners. Refer to the earlier comments about a Radical Place Leadership approach in Foundation 2.

Foundation 6. Calibrate for Sustainable Scale

Scale is a determinant of both financial resilience and strategic capacity. The practical experience of recent reorganisations in Northamptonshire, Cumbria and Somerset shows that forming a single new authority is typically less operationally disruptive and lower risk than creating multiple unitary councils, particularly where county-wide services and contracts must be divided.

While all models carry complexity, the process of disaggregation introduces more decision points, more potential for delay and greater risk to service continuity. However, the risk of disaggregation can be outweighed by benefits around natural community/economy fit, the potential for a cultural reset for the new organisation, and closer connection to communities/neighbourhoods.

> **You need to do what's right for your place. The challenges of disaggregation should not be seen as a blocker. For us it helped with the culture reset and creation of a new start for everyone. Yes, it can bring more risk - but can also lead to better outcomes.**
>
> Sam Plum, Chief Executive, Westmorland and Furness Council

Key lessons

- Evidence from multiple reorganisations shows that very small unitary councils (e.g., Blackburn with Darwen, Blackpool) struggle to sustain high-cost statutory services.
- Organisational disruption and risk profile inevitably increases with the number of new unitary councils being created, especially where shared services must be unravelled or duplicated. Consideration should be given to the likelihood that larger unitary constructions (if designed properly) allow for economies of scale without necessarily diluting place identity (see comments above on Radical Place Leadership).
- There are models which can counter the risk of disaggregation for some key services e.g. North and West Northamptonshire created a co-owned children's trust alongside their LGR process.
- The impact of any devolution process which is going on in parallel or possible in the future should be considered.
- The ability to take strategic decisions, for example about infrastructure or social care commissioning improves with a broader tax and demand base.

Pre-Vesting Essentials

- Use population, geography and demand analysis to design boundaries that underpin long-term sustainability.
- Stress-test proposed footprints against demand scenarios for children's and adults' social care.
- Consider innovative models such as shared services and trusts to counter the risk of disaggregation.
- Be explicit about how delivery footprints beneath the new unitary or unitaries will maintain local accessibility and accountability.

Foundation 7. Financial Stewardship and Governance

Robust financial stewardship must be a foundational principle in the creation of any new unitary authority. Reorganisation presents an opportunity to reset financial management practices, align budgets with strategic priorities and deliver long-term sustainability. New councils must be designed with clear financial accountability, transparent reporting mechanisms and the capacity to manage legacy pressures while investing in services that meet local needs.

Key lessons

- Misaligned cost codes and legacy procurement permissions, as seen in Cornwall, created chaos.
- Early agreement on reserves positions and minimum revenue provision strengthens the new council's balance sheet.
- Operating multiple ledgers post-vesting drains capacity and clouds accountability.
- As previously noted, services previously protected in a District Council environment, will now be exposed to more pressure in a Unitary Council with responsibility for demand led services such as children's and adult's social care.

Pre-Vesting Essentials

- Align budget codes, cost centres and sign-off rules across legacy councils.
- Implement a Day 1 finance system with role-based access and tested workflows.
- Complete an estimated balance-sheet disaggregation, including reserves and capital finance requirements.
- Agree principles for splitting assets and liabilities clearly to avoid future disputes.

# Foundation 8. Risk, Assurance and Continuity

New councils inherit assets and opportunity, but also risk. Without clear governance and proactive assurance, issues can escalate quickly. Effective risk management, assurance and service continuity must underpin the entire reorganisation process. Continuity of critical services, especially those supporting vulnerable residents, must be protected, ensuring that transformation does not come at the cost of stability or public confidence.

Key lessons

- Lack of a pre-Day 1 internal audit plan in Northamptonshire meant emerging risks were missed.
- Durham's tested emergency plan averted crisis during a flood incident on Day 2.
- Cyber security gaps are magnified during system integration.

Pre-Vesting Essentials

- Map critical statutory services and assign named continuity leads.
- Establish interim internal audit, risk management and counter-fraud arrangements.
- Refresh emergency and disaster-recovery plans and test cyber defences. Ensure resilience cover is adequate and that plans are updated and tested.
- Ensure adequate programme management capacity is established and maintained.
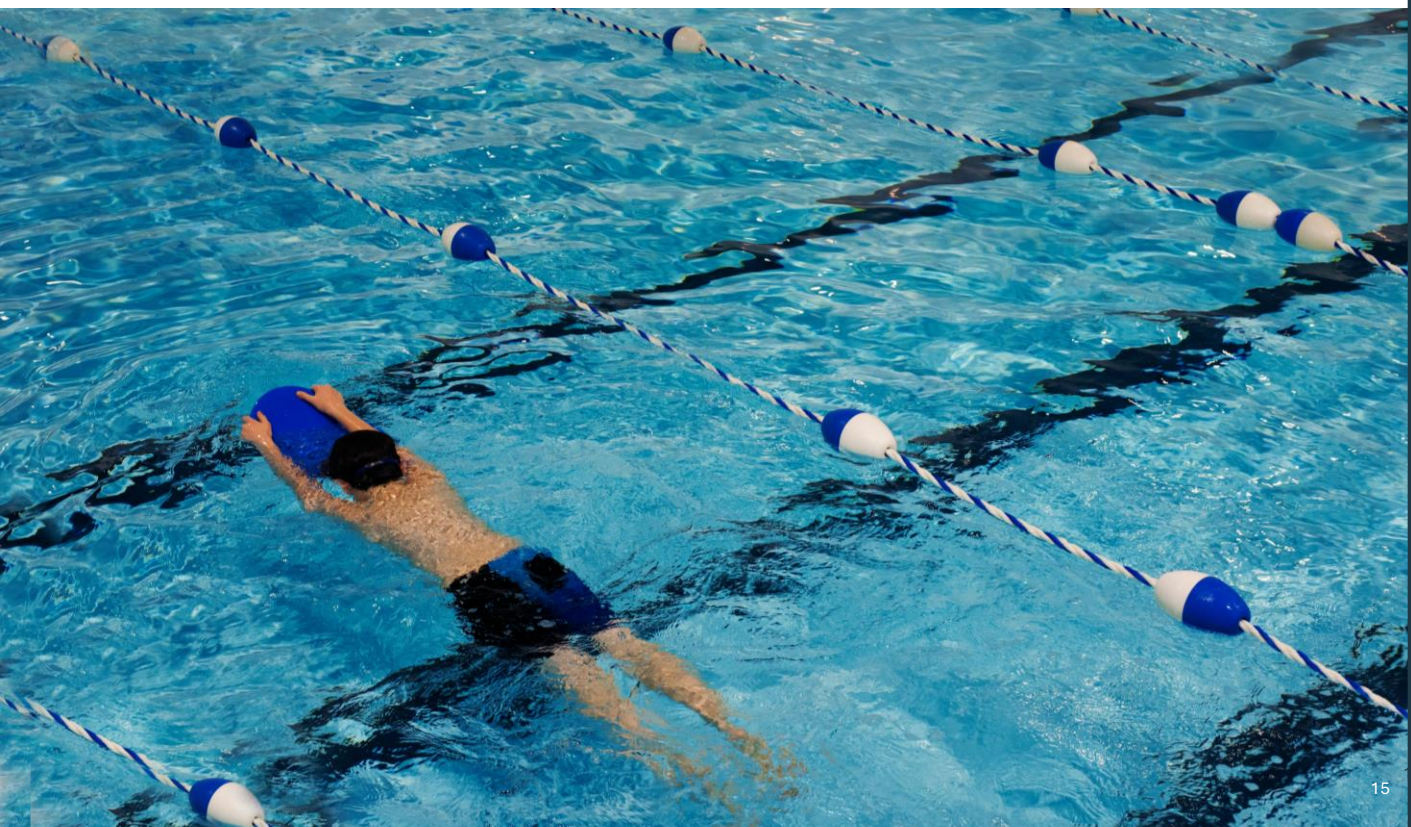
Foundation 9. Data, Digital and Systems Integration

Residents and staff must experience a seamless council from Day 1. The success of a new unitary authority depends on its ability to manage information securely, enable staff to work effectively and provide joined-up services to the public. Early investment in data quality, system alignment and digital capability is critical to ensuring a smooth transition and unlocking future transformation.

A clear IT strategy, including data recovery and cyber security measures within 12 months as well as swift system rationalisation, is critical. Many councils underestimate the challenge of integrating procurement and contracts, yet Buckinghamshire's case shows how proactive measures, like establishing a Supplier Management Group and strategic procurement team. can drive real value and resilience.

Key lessons

- Failure to integrate customer portals in Somerset and North Northamptonshire caused public backlash.
- Dorset's investment in an interim CRM and a unified website paid dividends on Day 1.
- Mystery-shopper testing in Durham identified gaps before go-live and prevented failure.

Pre-Vesting Essentials

- Catalogue all core systems, data sources and contracts, and map migration phases.
- Define an interim ICT architecture and ensure all transferring staff have access credentials for Day 1.
- Build a single version of truth data warehouse to underpin customer transactions and performance reporting.
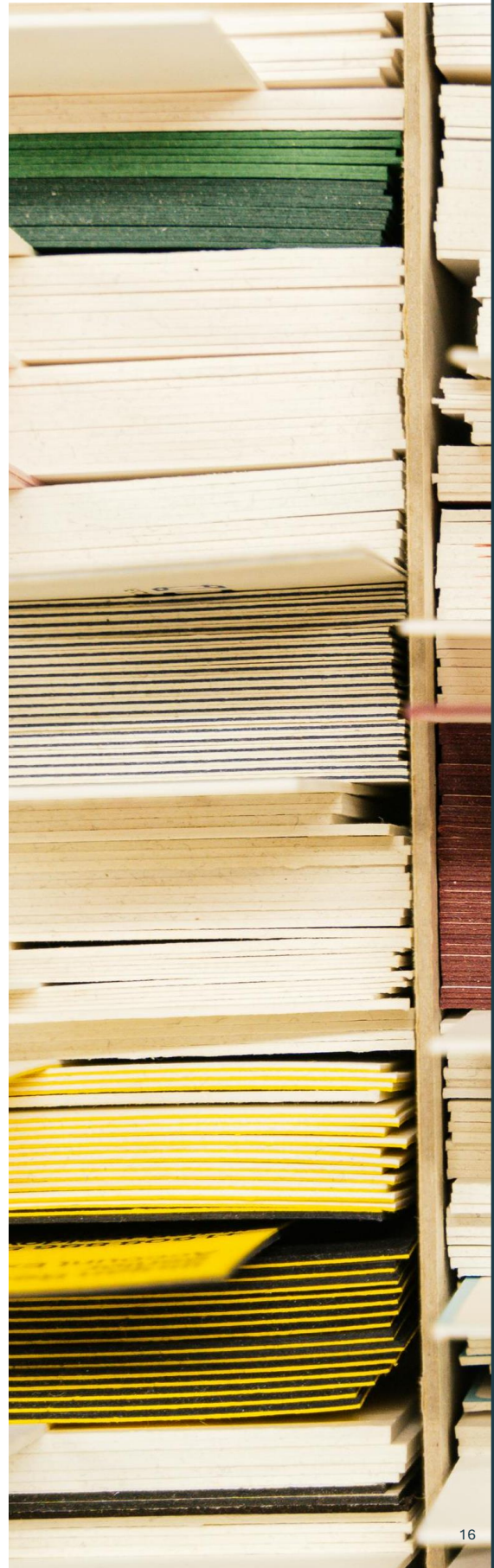
Foundation 10. Resource the Transformation Engine

A dedicated, well-resourced Programme Management Office (PMO) is the engine room of successful LGR. A common mistake that large scale change programmes make is to under resource the PMO function, which leads to a lack of grip, programme drift and frustration. Interdependencies can be missed, risks become issues and then momentum stalls.

> **My one big piece of advice to anyone going through the LGR process, is to programme manage the hell out of it! There are a huge number of tasks which need completing, interdependencies which need managed, and a wide range of decisions which need taken and (crucially!) properly recorded.**
>
> Graham Farrant, Chief Executive, Christchurch and Poole Council

Key lessons

- Fragmented programme management led to service disruption in several areas; a single programme board with clear escalation routes proved critical in Buckinghamshire.
- External "critical friend" support can relieve pressure on internal teams and bring specialist skills.
- Over-promising on Day 1 transformation diverts attention from safe and legal operations.
- Many local policies need rewriting, which is a huge workload needing strong programme management.

Pre-Vesting Essentials

- Establish a transition budget and appoint a senior Programme Director supported by a PMO with the capacity to track milestones daily.
- Structure the programme into thematic work-streams with accountable leads. This should be tied to the new Council Plan and vision.
- Prioritise safe, legal service continuity above transformation targets for vesting day.
- Record all decisions and ensure everyone knows who should take each decision and where the record will sit.
- Budget realistically for rebranding and standardising signs, stationery etc. It often gets overlooked.

Foundation 11. Performance, Insight and Delivery Governance

Data-driven decision-making separates councils that cope from those that thrive. Successful new unitary councils are built on strong governance, sound financial foundations and a clear focus on risk and performance from the outset. Delays in producing audited legacy accounts can leave councils overly reliant on unverified management data, hampering financial oversight. Internal audit complexity, lack of counter-fraud capacity and cyber security risks require early, dedicated investment.

Performance management frameworks should be aligned to new operating models from vesting day, underpinned by reliable, governed data.

Assumptions around savings and efficiencies must be realistic, as transformation gains often take at least 12–18 months to materialise. Data-driven leadership, not legacy practices, must guide the journey.

" **There will be a lot of attachment to legacy systems and approaches. That's only natural. Decisions on what priorities and targets to put in place and the system which will be used to measure progress must be evidenced based.**

Graham Farrant, Chief Executive, Christchurch and Poole Council

Key lessons

- Over-ambitious transformation targets on vesting day can damage credibility.
- Councils lacking a coherent performance framework will not be able to track progress or manage demand.
- Integrating risk, finance and service performance reporting drives timely action.
- Decisions on which systems to implement should be based on performance data. It is not unreasonable to assume that each legacy council will argue that their systems are the best!

Pre-Vesting Essentials

- Develop a performance management framework aligned to the target operating model, ready for vesting day.
- Validate key datasets that underpin KPIs and financial reporting.
- Create a robust 100-day plan that sequences visible early wins after structural integration.

Foundation 12. Strategic Procurement and Partnership

There are potentially thousands of contracts which will need to novate to the new unitary authority, often with inconsistent terms, unclear ownership, and variable performance which poses both risk and opportunity. Early contract mapping, alignment of end dates and strong procurement governance are essential to unlock savings and enable future joint commissioning. Residents across the new unitary area are accustomed to varying service standards, from waste collection to leisure provision, shaped by long-standing local arrangements. Achieving economies of scale and coherent service delivery requires careful alignment of contracts, transparent processes and meaningful resident engagement throughout the transition to build trust and ensure support.

Key lessons

- Cornwall's retention of outdated procurement permissions led to uncontrolled spend.
- Aligning major contract end dates enables future joint procurement and economies of scale.
- Residents are emotionally attached to universal services such as waste collection; changes must be carefully managed.

Pre-Vesting Essentials

- Build a comprehensive contracts register and identify high-risk agreements.
- Establish clear procurement standing orders and waiver processes.
- Define partnership governance models for key strategic suppliers.
- Determine the preferred commissioning / procurement approach including services delivered in-house or by external providers. Also consider the use of any legacy or new wholly-owned companies.

Conclusion

LGR cannot be thought of as simply an administrative exercise or a merger. It is an opportunity to fundamentally renew local government. The challenge is not only to integrate structures, but to galvanise a shared sense of direction and accountability to Place and a new vision for a new geography.

Success hinges on bold, intentional leadership that sees beyond the mechanics of transition and focuses on long-term public value. This moment demands more than continuity; it requires reinvention.

Ensuring that Mutual Ventures principles of Radical Place Leadership are at the forefront means confronting complexity with clarity, aligning around outcomes not just operations and most importantly putting communities, not systems, at the heart and centre of decision-making.

The groundwork laid before Day 1 will determine whether unitary council structures become simply a larger version of the old, or something truly transformative. The lessons from earlier reorganisations shouldn't be viewed as observations; they are warning signs and waypoints. The difference lies in how courageously they are acted upon.

Mutual Ventures believe that councils that align visionary leadership with the disciplined execution of these twelve Foundations in this paper will arrive at vesting day confident, credible and poised to deliver lasting public value.