

A photograph of three people (two men and one woman) sitting around a table in a modern office or cafe at night. They are looking at laptops and talking. The background is dark with city lights visible through the windows. The word 'geldards' is written in white lowercase letters in the top right corner.

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Geldards Public Sector: Local Government Reorganisation

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Agenda

- Section 24 Directions
- Section 16 Agreements
- Contractual issues

Section 24 Direction

- Section 24 Local Government and Public Involvement and Health Act 2007
- Direction to councils that will be abolished
- Consent of shadow authority required for:
 - Disposal of land for consideration exceeding £100,000
 - Capital contracts with consideration exceeding £1,000,000
 - Non-capital contracts with consideration exceeding £100,000
- Does not remove requirement for separate consent under any other applicable regime

Section 24 Direction

- Existing councils – ensure compliance when entering into relevant transactions
 - Consider compliance with other duties
 - Consider implications for timescales
 - Make other parties aware of the requirement
- Shadow authorities – put arrangements in place for considering and giving consent
 - Ensure officers understand all details of the consent
 - Establish a process
 - Consider general consents

Section 16 Agreement

- Section 16 Local Government and Public Involvement in Health Act 2007
- Agreements about incidental matters
- Public bodies affected by reorganisation may make agreements with respect to property, income, rights, liabilities, expenses and financial relations
- Important that details of property, income, rights, liabilities, expenses and financial relations are comprehensive

Section 16 Agreement

- Principles of working together
- Principles of disaggregation
- Provision for discharge of specific property, rights and liabilities
- Provision for vesting of functions, property rights and liabilities in successor councils

Section 16 Agreement

- Provision civic and ceremonial assets
- Liabilities of successor authorities
- Arrangements for conduct of claims

Transfer of property rights and liabilities

- Local Government (Structural Changes) (Transfer of Functions, Property, Rights and Liabilities) Regulations 2008
- Regulation 13: If there are two or more successor councils and no agreement three months before reorganisation date for transfer of residual matters, Secretary of State must nominate caretaker council or councils

Inter Authority Agreements

- Arrangements for the discharge of functions
 - Section 101 Local Government Act 1972
- Provision for hosted contracts
- Staffing arrangements
 - Section 113 Local Government Act 1972

Inter Authority Agreements

- Issues to consider
 - Term of the agreement and provisions for individual service arrangements
 - Management of contracts
 - Provision for monitoring and review
 - Governance – appropriate decision making to enter into the contract and any variations
 - Consider consistency with section 16 agreement

Contractual issues

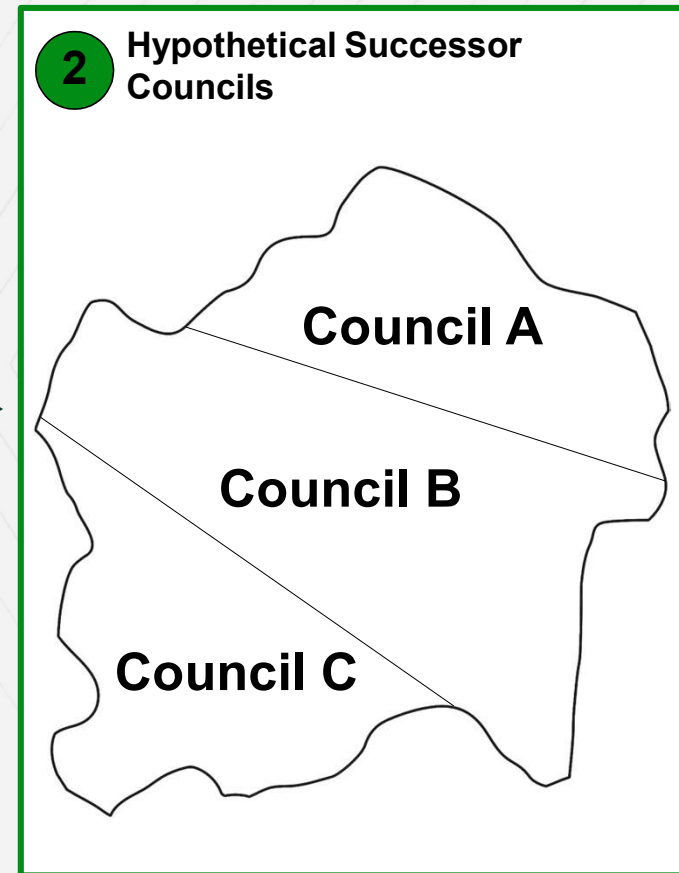
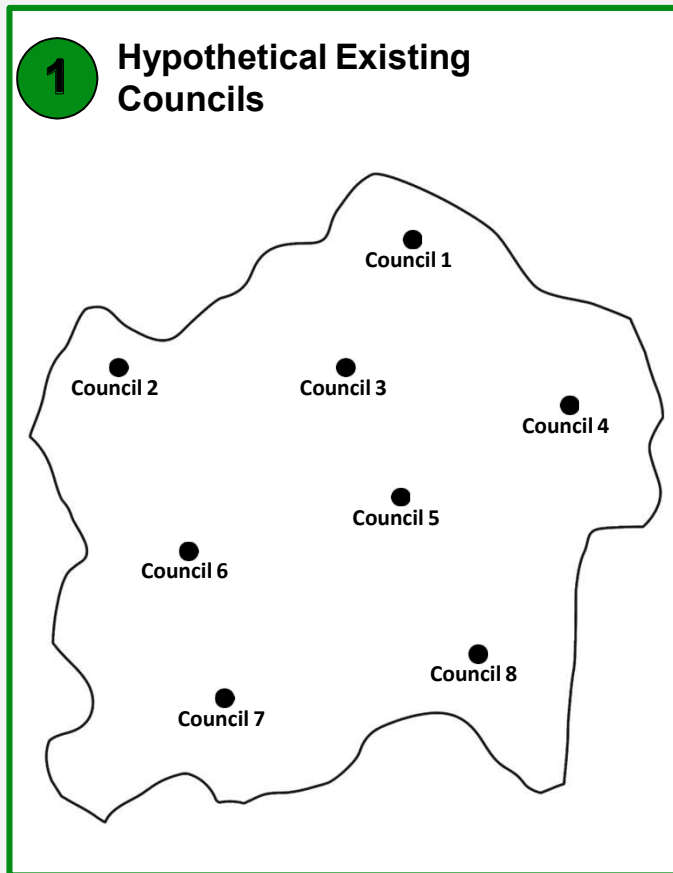
- Disaggregation of contracts
- Engagement with contractors
- Compliance with authority's constitution
- Dealing with arrangements where existing councils have different terms and conditions in contracts with the same contractor

Local authority companies

- Review arrangements for local authority companies
 - Oversight of companies
 - Reserved matters
 - Director appointments
 - Exercising rights as a shareholder or member
 - Avoiding conflicts of interest

Transfer of Existing Contracts

CONTEXT



Local Government Reorganisation Decisions

- Surrey – 11 councils replaced by 2 new unitary councils
– Established from 1 April 2027
- Essex, Southend-on-Sea and Thurrock – 5 new unitary councils
- Hampshire, Isle of Wight, Portsmouth and Southampton – 5 new unitary councils
- Norfolk – 3 new unitary councils
- Suffolk – 3 new unitary councils

Local Government Reorganisation Decisions – July 2026

- Gloucestershire -1 new unitary
- Derby and Derbyshire - 2 new unitaries
- Warwickshire - 2 new unitaries
- Worcestershire - 2 new unitaries
- Oxfordshire – 3 new unitaries
- Hertfordshire – 4 new unitaries

Local Government Reorganisation Decisions – July 2026

- Leicester, Leicestershire and Rutland – 2 new unitaries
- Nottingham and Nottinghamshire – 2 new unitaries
- East Sussex and Brighton and Hove – 2 new unitaries
- Staffordshire and Stoke-on-Trent – 2 new unitaries
- Lancashire, Blackburn with Darwen and Blackpool – 4 new unitaries
- Kent and Medway – 4 new unitaries

Local Government Reorganisation Decisions – July 2026

- Devon, Plymouth and Torbay – 4 new unitaries
- Lincolnshire, North Lincolnshire and North East Lincolnshire – 4 unitaries
- No decision announced on reorganisation for:
 - Cambridgeshire and Peterborough
 - West Sussex
 - Decisions expected by October 2026

Section 16 Agreement

- Public bodies affected by reorganisation may make agreements concerning:
- property, income, rights, liabilities, expenses, financial relations

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

- Regulation 7: provides for transfers of property, rights and liabilities of predecessor councils where there is a **single successor council**
- Regulation 12: provides for transfers of property, rights and liabilities of predecessor councils where there is **more than one successor council**
 - Regulation 12(1)(a): provides for transfer by agreement to **only one** of the successor councils
 - Regulation 12(1)(b): provides for transfer by agreement to **two or more** successor councils

Disaggregation

- Disaggregation is the splitting of contractual rights and liabilities between successor councils
- Is relevant where an existing contract relates to services delivered across more than one successor area
- Allocation of costs, benefits and obligations should be clearly documented
- All to be set out within the Section 16 Agreement

Practical Considerations

- Inform suppliers of the reorganisation arrangements as agreed between the successor councils in the Section 16 Agreement
- Alternative structure for certain contracts:
 - Terminate and replace with new contracts
 - Novate to successor councils

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Thank You

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