

Extract From Hansard - Northamptonshire County Council

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1.15 pm

The Secretary of State for Housing, Communities and Local Government (Sajid Javid)

When I commissioned the best value inspection, I asked the inspector to consider four things in particular: first, whether the council has the right culture, governance and processes to make robust decisions on resource allocation and to manage its finances effectively; secondly, whether the council allowed adequate scrutiny by councillors; thirdly, whether there were strong processes and the right information available to managers and councillors to underpin service management and spending decisions; and fourthly, whether the council was organised and structured appropriately to deliver value for money.

I have reflected on the contents of the Caller report. It is balanced, rooted in evidence and compelling. The inspector has identified multiple apparent failures by Northamptonshire County Council in complying with its best value duty—failures on all counts. While I recognise that councils across the country have faced many challenges in recent years, the inspector is clear that the county council's failures are not down to a lack of funding or because it is being treated unfairly or is uniquely disadvantaged compared with other councils. His report concludes that

“for a number of years, NCC has failed to manage its budget and has not taken effective steps to introduce and maintain budgetary control”.

Furthermore, the complex structure of financial support meant that oversight was difficult and accountability was blurred. The report says that Northamptonshire's “Next Generation” approach, which envisaged outsourcing many of the council's functions, had no “hard edged business plan or justification to support these proposals”.

That

“made it difficult to ensure a line of sight over costs and operational activity”

and

“made it impossible for the council, as a whole to have any clarity or understanding as to what was going on.”

Similarly, the inspector found that Northamptonshire County Council used capital receipts to support revenue spend

“without documentary evidence demonstrating compliance with the Statutory Guidance and Direction.”

Furthermore, until this February, there was no report to full council on the proposed projects and their benefits. He says in his report:

“Savings targets were imposed without understanding of demand, need or deliverability and it is clear that some Chief Officers, did not consider that they were in any way accountable for the delivery of savings that they had promoted.”

On the question of scrutiny, the report says:

“The council did not respond well, or in many cases even react, to external and internal criticism. Individual councillors appear to have been denied answers to questions that were entirely legitimate to ask and scrutiny arrangements were constrained by what was felt the executive would allow.”

I want to emphasise that the report also indicates that the hard-working staff of Northamptonshire County Council are not at fault and have worked hard to provide quality services.

With all this in mind, it is clear that I must consider whether further action is necessary to secure compliance with the best value duty. In doing so, I want to reassure the residents of Northamptonshire that essential services will continue to be delivered. The inspector is clear: "The problems faced by NCC are now so deep and ingrained that it is not possible to promote a recovery plan that could bring the council back to stability and safety in a reasonable timescale."

He recommends:

"A way forward, with a clean sheet, leaving all the history behind, is required".

I am therefore minded to appoint commissioners to oversee the authority, using my powers under section 15 of the Local Government Act 1999. From day one, I propose that they take direct control over the council's financial management and overall governance. Getting these basics right must be the first step in stabilising this authority. I also propose giving them reserved powers to act as they see fit across the entirety of the authority's functions if they consider that they must step in. My officials are writing to the council and to the district councils today to this effect, and they can make representations on this proposal. I will consider any representations carefully before reaching a final decision.

The Caller report makes a clear recommendation on restructuring, and notes that there are a number of options available. So, in addition, I am inviting Northamptonshire County Council, and the district and borough councils in the area, to submit proposals on restructuring their local government. I would like those councils to think about what is right for their community and the people they serve, and to come forward with proposals. This invitation and the letter to Northamptonshire that I mentioned earlier have been published today, and I have placed copies in the Library of the House.

It is clear to me that any proposals from the councils should seek to meet the criteria for local government restructuring that I have previously shared with the House. They are that the proposals should improve local government; be based on a credible geography; and command a good deal of local support. I will be particularly interested in hearing how the councils have consulted with their communities to ensure that Northamptonshire's future is truly locally-led.

The findings of Mr Caller's inspection report on Northamptonshire County Council are extremely serious, which is why this Government are prepared to take decisive action to ensure that local people receive the high-quality services they need and deserve, and to restore faith in local government in Northamptonshire. I commend this statement to the House.