

CABINET
TUESDAY, 16 JUNE 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: Funding for Local Government Reorganisation (LGR)

REPORT OF: Director - Resources

EXECUTIVE MEMBER: Executive Member - Devolution & Local Government Reorganisation,
Executive Member - Resources

COUNCIL PRIORITY: Sustainability

1. EXECUTIVE SUMMARY

To seek agreement on how the LGR funding will be allocated, including decision making processes.

As part of the budget for 2026/27 onwards, £2 million was allocated towards the costs of LGR. This is made up of £1 million in 2026/27 and a further £1 million in 2027/28. The funding was allocated for three purposes:

- County-wide costs associated with the LGR project management and transition costs.
- Additional staffing costs arising from additional LGR work and/or back-filling to allow Officers to contribute towards the LGR programme.
- Training costs for our staff to allow them to be in the best place for LGR transition, and in turn support the new organisations.

2. RECOMMENDATIONS

- 2.1. That Cabinet approve that up to £1 million of the available funding be allocated to county-wide costs. Any contribution will be based on a fair share from each Council and can be approved by the Chief Executive, in consultation with the Executive Member for Devolution and Local Government Reorganisation and Executive Member for Resources.
- 2.2. That Cabinet approve that up to £1 million of the available funding be allocated to additional staffing costs, noting that £450k has already been allocated. Any spend can be approved by the Chief Executive in consultation with the Leader of the Council and Executive Member for Resources, except where the Constitution already requires different approval processes.
- 2.3. That Cabinet approve that up to £200k of the available funding can be spent on additional training costs. Any spend can be approved by the Chief Executive in consultation with the Leader of the Council and Executive Member for Resources.
- 2.4. That any spend is subject to cap of £1 million in 2026/27 and £2 million overall.

3. REASONS FOR RECOMMENDATIONS

- 3.1. This is intended to provide a practical framework for agreeing LGR costs. It aims to allow timely reactions in what will need to be a fast-moving project.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. All spend could be approved as it arises without delegation but that may then require use of urgency provisions.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. Relevant Executive Members have been consulted on this decision. The report will also be considered by Overview and Scrutiny Committee.

6. FORWARD PLAN

- 6.1. This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 15/5/2026.

7. BACKGROUND

- 7.1. As part of the budget for 2026/27 onwards, £2 million was allocated towards the costs of LGR. This is made up of £1 million in 2026/27 and a further £1 million in 2027/28. The funding was allocated for three purposes:
- County-wide costs associated with the LGR project management and transition costs.
 - Additional staffing costs arising from additional LGR work and/or back-filling to allow Officers to contribute towards the LGR programme.
 - Training costs for our staff to allow them to be in the best place for LGR transition, and in turn support the new organisations.
- 7.2. On 22 April 2026, the Chief Executive made an urgent decision to allocate £450k of the funding for 4 posts (two in IT and two in HR). Each post was for a 2 year fixed-term period. See background papers for the decision notice.

8. RELEVANT CONSIDERATIONS

- 8.1. LGR is a huge change project that brings together a wide range of professional expertise and project management resource to achieve a successful transition to the new Unitary Councils in April 2028.
- 8.2. The Chief Executives Co-ordinating Group (CECG) have agreed a project structure including service workstreams, enabling workstreams, project support and a delivery unit. This will use a combination of funded staff (new appointments and continuation of appointments for staff where there was no funding in place), in-kind support from staff across the Councils (doing LGR work alongside their core role) and expert consultancy advice. There will also be other non-people costs incurred. CECG have agreed an interim budget for this work. This budget is currently being funded from the promised Government Grant funding. The funding is provided as a minimum of £900k per new Unitary Council ([https://questions-statements.parliament.uk/written-](https://questions-statements.parliament.uk/written-questions-to-ministers-by-topic)

[statements/detail/2026-03-25/hcws1455](#)), so Hertfordshire could receive between £1.8 million and £3.6 million, depending on the decision on structure. The current allocated funding is under £1.8 million, but the total funding required will ultimately exceed Government funding, even at the higher level. The final version of the Hertfordshire LGR Reorganisation proposal to the Ministry for Housing, Communities and Local Government (MHCLG) identified various one-off costs of which a proportion would be incurred prior to vesting day, i.e. programme management, contract novation/renegotiation, communications and rebranding, estates and facilities reconfiguration, and specialist support and advice. The estimated overall total of these (including contingency) is just under £40 million. The element of these costs that is incurred prior to vesting day will need to be funded from the existing Councils. It has been agreed that costs will be shared 50% to the County Council and 5% to each of the ten District and Borough Councils. District and Boroughs have generally each set aside at least £1 million for LGR costs as part of their 2026/27 budget. Where the allocation by a Council is £1 million (rather than a greater amount) this is understood to be for these central county-wide costs only. It therefore seems reasonable that there should be delegated authority for spend up to £1 million. The spend on these costs may ultimately be above £1 million (prior to vesting day) but that would be subject to the additional requirements to allocate more budget (e.g. through the 2027/28 budget-setting process). To ensure equity the decisions need to be taken jointly, and are therefore currently being co-ordinated through the CECG. So the recommended delegation is to the Chief Executive in consultation with the Executive Member for Devolution and Local Government Reorganisation (as relevant Executive Member), in consultation with the Executive Member for Resources.

- 8.3. Each Council will need to provide in-kind (unfunded) staff resource towards the LGR programme. There is a central list being maintained of the staff resource being provided as sub-workstream leads and project managers. The North Herts staff on that list are (currently): HR Services Manager (Workforce sub-workstream co-lead), IT Services Manager (Technology sub-workstream lead), Customer and Digital Project Manager (Technology project manager), Director- Customers (Director lead on the Technology workstream) and Director- Resources (Resources sub-workstream lead), Director for Governance (Democratic, Legal and Assurance workstream co-lead). The list does not include the Chief Executive (Workstream Co-Chair and significant other time on strategic direction, oversight groups and joint decisions through CECG) and other staff that are contributing to workstreams (large number with some contributing 1-2 days per week, or more). It is expected that the level of resource required will increase throughout the LGR programme.
- 8.4. This resource input will have an impact on normal service delivery. Some of this will be accommodated through a reduced need to undertake normal activity, as it is work that will be superseded by the new Unitary arrangements. To help mitigate the impact there will be a need for non-core projects to be significantly limited. In some areas (e.g. HR and IT were identified in the decision notice of 22nd April 2026) there will be a need for additional North Herts focused work and capacity as part of the transition process. The Officer Leadership Team has started to consider how North Herts can be a good ancestor (i.e. what can we do now to make things easier for the new Unitary Councils) which could also create more resource pressure. It is therefore proposed that the Chief Executive (as Head of Paid Service) be given authorisation to approve up to £1 million of the funding for additional temporary staffing resource. That delegation would be in consultation with the Leader of the Council. As £450k (amount may be lower due to the time taken to recruit) has already been allocated, that leaves around £550k that can be

allocated. If any appointment requires additional approval (e.g. Chief Officer and Deputy Chief Officer posts) then that will be obtained.

- 8.5. The LGR process is an uncertain time for staff. Ultimately there may be change to job roles and (for some roles) there may be a need to be selected for those new roles. Staff will be supported through the process and kept informed. There is also a commitment to make training and development available to staff to put them in the best possible place for any new roles and opportunities. Those options will be different for everyone (from no requirement or available from free resources, through to professional qualifications), so it is difficult to estimate a budget requirement. It is proposed that up to £200k can be allocated on training and development opportunities. This allocation would be approved by the Chief Executive, in consultation with the Leader of the Council. As this is likely to be made up of many low value requests, the HR team will support with the allocation of this funding. All requests will require approval by the Line Manager.
- 8.6. The maximum amount that can be allocated under these delegations is £2.2 million. There will be monitoring processes in place to ensure that (1) the total allocation does not exceed £2 million and (2) the amount incurred in 2026/27 does not exceed £1 million.

9. LEGAL IMPLICATIONS

- 9.1. Paragraph 14.6.5 a) i) determines that the Chief Executive shall “carry out the duties of the Head of Paid Service (section 4 of the Local Government & Housing Act 1989) which includes all necessary powers for exercising overall managerial responsibility for staff”.
- 9.2. Paragraph 5.7.3 states that Cabinet are “to take decisions on resources and priorities ... and implement the budget and policies decided by the Full Council”.

10. FINANCIAL IMPLICATIONS

- 10.1. This report sets a process for allocating the LGR funding that has been agreed by Full Council as part of the 2026/27 budget setting process. It also highlights that there could be additional costs (beyond the amounts allocated) of the LGR process prior to vesting day. That would require a separate process (with approval by Council) to allocate further budget.
- 10.2. There are no capital implications arising from this report. There is a “Flexible Use of Capital Receipts” direction that allows Councils to use capital receipts to fund transformation programmes, which would include the LGR process. Capital receipts are the money that is received from the sale of assets. The Council does not currently have any available capital receipts, although there are forecasts of future capital receipts. Currently the Council has sufficient General Fund revenue reserves to fund its expected (pre-vesting day) LGR costs.

11. RISK IMPLICATIONS

- 11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

11.2. LGR is a corporate risk on the Council's risk register with a score of 9 (red risk). A significant element of the risk arises from the resource input required and the impact on staff. The allocations for staff resource and training aim to mitigate some of that risk.

12. EQUALITIES IMPLICATIONS

12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

12.2. There are no specific equalities implications arising from this report. Opportunities for training will be available to all staff. Any prioritisation will be based on objective assessment.

13. SOCIAL VALUE IMPLICATIONS

13.1. The Social Value Act and "go local" requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

15.1. There are significant HR implications arising from the LGR process, which are referenced in section 8.

16. APPENDICES

16.1. None

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

18.1. Delegated Decision Notice (22 April 2026)
<https://www.north-herts.gov.uk/sites/default/files/2026-04/12.%2022%20April%202026%20-%20LGR%20Funding%20for%20HR%20and%20IT.pdf>