

The Colin Wiles blog

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Hubris and Nemesis

If you have been following the fortunes of certain local authorities in recent years you will know that some have been struggling to stay afloat. The most extreme example is Northamptonshire County Council, which was [declared bankrupt](#) in 2018 with debts of £1bn. It was twice forced to file a section 114 notice, effectively forcing it to spend no money on anything but essential services.

The minister sent in Max Caller, former chief executive of the London Borough of Barnet, to review the chaos, and appointed two commissioners, Tony McArdle and Brian Roberts, to run the authority. Between them they pronounced that the council was dysfunctional and bankrupt and should be abolished, to be replaced by two unitary authorities, West and North Northamptonshire, that would absorb the seven existing district councils. The new councils are about to go live.

We all know that local authority spending has been cut in recent years, but Northamptonshire was a Conservative-led administration, supposedly fiscally prudent and well run. So, what went wrong? Well, the commissioners have just issued a [report](#) concluding that the council was guilty of multiple failings but that hubris (dangerous over-confidence) was mostly to blame for the crisis. It makes for interesting reading, and the lessons learned can be applicable to any organisation, including housing providers.

Back in 2015 Northamptonshire was a council driven by ideology. It prided itself on its low council tax and came up with a big strategic idea: the [“Next Generation Model”](#), where almost all services would be outsourced, including its child protection and adult services. Services would also be shared with other councils (I have a pension from Cambridge City Council – it is managed as a shared service with Northamptonshire).

Although technically owned by the council, these outsourced bodies would be paid a fixed fee, with the council retaining only around 200 employees (other councils of a similar size have around 1000 employees). [Nicholas Ridley](#), minister for the environment in the eighties (and architect of the poll tax), had a vision of an ideal council that employed almost nobody and met once a year to award contracts to private firms. A few councils have gone down this route, but few as far as Northamptonshire.

The council believed it would benefit from savings of £96.7m as a result of outsourcing. In fact, the plan was a disaster. Lack of oversight and scrutiny meant it was actually being charged more than for inhouse services. Its children’s services failed repeated OFSTED inspections, for *“failing to keep children safe”*. Social worker salaries were lower than

average, and the council struggled to recruit staff, so they brought in agency staff at a much higher cost. It was a vicious circle.

Northamptonshire responded by blaming the government for its problems and started selling off assets to plug the gaps in revenue, which is like selling your house and living on the proceeds. They sold off their headquarters and then faced an annual rent charge of £2m. By 2018/19 the council had a deficit of £41.5m, with shortfalls of £30m predicted for 2018-19 and £60m for 2019-20. No amount of asset sales will cover such gaps. By the end of 2017/18, it had debts of more than £1bn.

The commissioners describe Northamptonshire as a council that had been “*hollowed out, with many of its inhouse services and its out-sourced services neither efficient nor effective*”; and “*... if the council at that time could be identified with one word, that word would be hubris.*”

To summarise, the commissioners report this hubris was characterised by:

- A complete failure of leadership: they failed to tackle issues and sought to blame others for problems
- No strategic direction: the plans were unrealistic and exotic. The council was obsessed with far-fetched experiments and ill-thought through solutions
- Outsourcing was done badly and left the council without a sense of corporate direction. Governance was poor
- Financial management was weak or non-existent. The commissioners were unable to obtain answers about the revenue position
- Service failures: some services had been well funded but without any planning; others had been starved of resources
- Lack of challenge: groupthink had taken hold, dissenting voices were ignored. Everything was the government’s fault
- Cultural malaise: failure was expected, depression set in and aspiration for improvement was weak.

The commissioners’ report includes a helpful summary setting out what a well-run authority should aspire to. For me, one of the most important lessons of the Northamptonshire debacle is the groupthink issue. The leadership was absolutely convinced that they were right, and any critics or dissenters were side-lined or silenced. In 2015, the former finance director Matt Bowmer warned that the council had “*...a culture and behaviour where overspending is acceptable*”. He was ignored.

We have seen aspects of this emerging in the Grenfell Inquiry where critics of the council and the TMO were also silenced.

In Greek mythology Icarus, son of Daedalus, makes wings of wax and feathers and ignores all warnings about flying close to the sun. Lacking in self-doubt, his wings melt, and he topples to earth. Hubris begets nemesis.

A little humility goes a long way, and self-doubt should be the hallmark of any good leader. Being open to challenge and alternative ideas likewise. The ability to speak truth to power and to challenge groupthink should be embedded within any organisation, otherwise autocracy sets in and that inevitably leads to disaster. This is a topic I hope to return to in a briefing for HQN.

About the author

Colin Wiles has worked in affordable housing for almost forty years, for local authorities and housing associations. For the past eight years he has worked as a consultant, working on a range of projects for dozens of clients across the sector. He specialises in governance, service reviews, research and policy work. Colin has written extensively on housing and planning issues for Inside Housing, 24 Housing and The Guardian. He is a co-founder of SHOUT, the Campaign for Social Housing.

