



Transform

**Reorganisation to reinvention:
Why the future of local government should
be built around intelligent,
place-based systems**

A Transform perspective on AI, digital transformation
and Local Government Reorganisation

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Local government has reached a turning point

Local government is entering one of the most significant periods of change in a generation. With 41% of the population predicted to be directly affected by Local Government Reorganisation (LGR), this is about far more than structural reform; it represents a rare opportunity to fundamentally redesign how local government operates and how communities experience public services.

Already, across the UK, councils are reorganising at scale. Governance structures are being rewritten, services disaggregated and consolidated, operating models redesigned and technology estates reassessed. At the same time, authorities are attempting to modernise services that, in many cases, were never designed for today's levels of complexity, demand and public expectation — all while navigating unprecedented financial pressure and the rapid acceleration of artificial intelligence (AI).

The case for LGR is about ensuring future local government is equipped to respond to modern patterns of need and able to deliver services in ways that are more connected, preventative and responsive to citizens. Many council structures were designed for a different era, with services organised around departments and institutional boundaries. But citizens do not experience life through organisational charts. Housing, health, employment, caring responsibilities and community safety are deeply interconnected, creating a growing mismatch between how need is experienced and how support is delivered.

In traditional service-led models, residents often experience public services as fragmented and reactive — repeating information across multiple teams, navigating disconnected systems and only receiving coordinated support once problems escalate.

A place-based model feels different. Services should be organised around the realities of people's lives and communities rather than organisational boundaries. Housing, health, employment, community safety and social support are connected more intelligently, enabling earlier intervention, smoother access to support and decisions shaped by neighbourhood need and local context.

Estonia's digital government model is a great example of this and demonstrates what true citizen-centric public services can look like and operate in practice. Services are designed around citizens and life events rather than organisational structures, enabling more connected, responsive and preventative support. Crucially, this has depended not only on technology, but also on strong transparency and public trust around the use of data.

This is what good LGR should aim to achieve. Not simply larger organisations that cost less to run but better connected and more adaptive ones: councils designed around outcomes, prevention and participation rather than institutional silos.

The danger is that councils focus too narrowly on consolidation — merging structures, harmonising services and migrating systems without addressing fragmented data, siloed working practices or services that were never designed around the user in the first place.

Without deeper redesign, reorganisation risks creating larger versions of the same underlying problems.

LGR should instead be seen for what it is: a once-in-a-generation opportunity to rethink how local government is designed, delivered and experienced in the digital age.

This is about more than restructuring organisations or resetting operating models. It is an opportunity to fundamentally redesign how councils understand demand, coordinate services, make decisions and work with communities.

Done well, this shift would allow local government to organise around:

- place rather than hierarchy
- outcomes rather than departments
- prevention rather than reaction
- intelligence rather than fragmentation
- participation rather than purely policy

This is where AI comes into play. While other organisations can afford to experiment gradually, local government does not have the same luxury. Rising demand and limited resources have accelerated AI adoption from curiosity to necessity, making the challenge not whether to adopt AI, but how to do so responsibly and at scale. At Transform, we believe technology — and increasingly AI — will be instrumental in enabling this shift. Not because automation alone is the answer, but because AI can provide the intelligence, speed and coordination capability modern public services increasingly require. The councils that succeed will be those that combine technology with organisational redesign, workforce capability, public trust and a deep understanding of place.

The councils that succeed over the next decade will be the ones who effectively combine:

- intelligence
- trust
- participation
- workforce capability
- organisational redesign
- deep understanding of place

The risk of reorganising yesterday's model (bigger isn't necessarily better)

There is a growing assumption that larger authorities will naturally become more effective authorities. Based on reorganisation models that we've observed, we know that scale alone actually solves very little -even for those who've, over the past decade, invested heavily in transformation programmes, digital strategies and technology modernisation.

Not to say digital transformation without fundamentally redesigning councils at their core can't improve access to services. We've seen it done. But if only the technology problem is addressed, without also addressing the operating model and people, local councils might still operate with disconnected data, siloed processes and reactive service models driven by organisational boundaries rather than lived need.

Just as technology can't be used as a plaster, AI shouldn't be layered into dysfunctional services because isolated innovation, even those with meaningful savings in the short term, isn't systemic and sustainable transformation.

Chatbots, copilots, workflow automation and small-scale pilots designed to deliver incremental productivity gains can be valuable initiatives, but they can also accelerate fragmentation rather than solve it when deployed into fragmented organisations.

The central challenge for local government during reorganisation will be whether councils use this moment to genuinely reimagine and redesign how services operate, or simply modernise existing complexity?

Citizens increasingly expect services that feel coordinated, responsive and intuitive because they don't live through organisational charts or statutory responsibilities but housing, employment, health and community. They experience changing circumstances like financial vulnerability, ageing, caring responsibilities, housing insecurity, loneliness, employment challenges or family breakdown.

For council to successfully reorganise, they must think of the user and design around these lived experiences, shirking the old model of local government that was built around services and embrace the next model built around place.

From service-led to place-led government

The most complex pressures facing councils today — social care demand, homelessness, youth vulnerability, inequality, loneliness, community safety and health outcomes — isn't neatly wrapped into departments, statutory functions and institutional boundaries.

This is why place matters so much.

Because place is the intersection of those lived experiences, public service delivery and democratic legitimacy. The councils delivering the strongest outcomes are increasingly those who see view communities as interconnected local ecosystems with distinct needs, assets and relationships, instead of simple service users.

In doing so, the role of the modern local authority shifts from a service provider to:

- a convenor
- a coordinator
- a steward of local outcomes
- an orchestrator of partnerships
- and a builder of local capability

But to effectively shift from service to place-based, councils need to strengthen organisational intelligence. For years, councils have:

- Struggled with fragmented information spread across multiple systems and services.
- Manually connected information, interpreted local context and coordinated interventions across organisational boundaries.
- Operated reactively — responding once citizens reach visible points of need or crisis.

AI has the potential to:

- Radically improve fragmentation and fundamentally change the relationship between citizens and public services.
- Enable intelligent, connected systems that allows earlier intervention and more proactive support.
- Speed up services.
- Identify vulnerability earlier, reduce friction and help citizens navigate support before problems escalate.

To achieve this, local government has less need of a headline-grabbing chatbot or isolated automation pilot, but a solution rooted in strong data foundations and human oversight. The value will lie in helping councils understand demand and trends earlier, coordinate services more intelligently and reduce the administrative burden that too often pulls frontline teams away from citizens. This is where the idea of the Intelligent place-based council begins to emerge.

Place is the intersection of those lived experiences, public service delivery and democratic legitimacy

AI as infrastructure, not innovation theatre

As already discussed, AI can enable meaningful change but not when treated as a standalone innovation. If anything, AI, alongside good data and user-centred design, should become foundational. Especially as over the next decade, AI will increasingly underpin how organisations:

- understand demand
- coordinate services
- support operational decisions
- manage knowledge
- identify risk
- deliver personalised interactions at scale

It's not about deploying the most tools. Instead, councils who redesign their workflows, governance and decision-making around intelligence will see the most valuable results.

Most councils already hold huge volumes of information across housing, social care, finance, community safety, customer services and public health. Yet much of that intelligence remains disconnected operationally, leading to fragmented insights.

But the right technology can unite those insights in ways that support earlier intervention and better coordination.

Imagine a council that can identify:

- emerging financial vulnerability before crisis occurs
- neighbourhood-level demand shifts in real time
- patterns of repeat service failure across departments
- escalating care risk earlier
- hidden loneliness or isolation indicators
- pressures building within specific communities

This is where AI becomes transformational: not simply automating transactions but improving institutional understanding itself.



AI can become a coordination layer across increasingly complex local ecosystems, unlocking orchestrated interactions across organisational boundaries. Connected platforms would mean reduced duplication, improved continuity and simplified access to support for citizens who need it.

Yet the idea of increasingly connected public sector data also raises important questions that local government will need to navigate carefully. The ability to connect information across areas such as housing, financial vulnerability, safeguarding, community safety or social care may create opportunities for earlier intervention and more coordinated support, but it also brings legitimate concerns around privacy, proportionality, transparency and public trust.

Questions around what data should be shared, where legal and ethical boundaries sit, how decisions are explained and what happens when systems reach the wrong conclusion will become increasingly important as AI adoption grows. A fully integrated “single citizen view” may be technically possible in some cases, but its implementation will require careful governance, democratic accountability and public confidence.

Even without fully unified datasets, however, better use of existing information can still significantly improve organisational intelligence, helping councils identify emerging need earlier, reduce fragmentation and support better outcomes for citizens

The future role of AI in local government, as we see it, won't be about replacing human interaction but reducing the friction citizens experience when engaging with the state.

But AI deployed without organisational redesign creates risk when weak governance, sub-par data quality and opaque systems can lead to poor decision-making and undermine public trust.



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Councils also face legitimate concerns around:

- bias
- transparency
- explainability
- digital exclusion
- vendor dependency
- and democratic accountability

And so, public trust will become one of the defining success factors of AI adoption in local government. Citizens are far more likely to trust AI-enabled services when they feel it is:

- transparent
- understandable
- locally accountable
- and visibly connected to better outcomes

Which is why technology alone is insufficient and why transformation needs to remain fundamentally human.

5 questions every reorganising council should ask

1

Are we redesigning services — or simply consolidating them?

2

What organisational problems are we at risk of inheriting at scale?

3

Is our AI strategy connected to operational outcomes or isolated experimentation?

4

Do we understand demand at neighbourhood level?

5

Are we building organisational intelligence — or simply deploying tools?

The new operating model for local government

Much of what shaped local government operating models over the past decades are beginning to break down, including:

- rigid departmental structures
- linear service pathways
- highly centralised delivery
- analogue governance
- fragmented citizen interaction
- manual coordination between services

These traditional models struggle under modern levels of complexity, which is why the next generation of councils will increasingly organise around outcomes and place rather than institutional hierarchy alone.

Frontline teams will rely more heavily on integrated intelligence, shared visibility and digital coordination, with proactive decision-making driving services that are adaptive and focus on being preventative instead of reactive.

Workforce capability will also change significantly, but contrary to much of the public AI debate, it's not about replacement. The challenge lies in augmentation, by successfully combining:

- human judgement
- relational capability
- local knowledge
- and AI-enabled insight

into stronger frontline decision-making.

This will require significant investment in:

- leadership capability
- AI literacy
- systems thinking
- service redesign
- digital confidence
- and collaborative working

Importantly, participation and democratic legitimacy will be paramount during this transition. As councils grow larger through reorganisation, they risk losing the trust of their constituents when there's a disconnect between policy and decision-making at how services work at ground-level. For digital transformation to truly succeed, councils will have to strengthen neighbourhood connection and community participation.

From reorganisation to reinvention

It's clear that LGR offers a rare strategic window that few sectors get to experience, and we've established it's an opportunity to simultaneously rethink:

- governance
- organisational design
- technology
- service delivery
- workforce models
- and democratic engagement

But the window won't remain open for long, and councils should act quickly and with intent. Use this moment to redesign around intelligence, prevention, participation and place. In doing so creating organisations capable not only of managing demand but understanding it earlier and responding more effectively.

AI will increasingly shape its future, but technology alone will not transform local government because ultimately, the defining infrastructure of modern local government will be relational as much as it will be digital.

If this resonates with your work, and you'd be interested in tackling LGR challenges together, we would welcome a conversation about how we could support you.

Please reach out to Julia Brennan, Director of Local Government, Housing and Communities, today.

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