



CABINET – 7 FEBRUARY 2025

**ENGLISH DEVOLUTION WHITE PAPER:
LOCAL GOVERNMENT REORGANISATION – INCLUDING URGENT
ACTION TAKEN**

SUPPLEMENTARY REPORT OF THE CHIEF EXECUTIVE

PART A

Purpose of the Report

1. The purpose of this report is to provide an update on the latest position in relation to local government reorganisation and devolution, following letters received from the Minister of State for Local Government and English Devolution on 5 February advising that the County Council's request to postpone the election has not been granted and setting out the formal invitation to develop a proposal for local government reorganisation.

Recommendations

2. It is recommended that:
 - (a) The urgent action taken by the Chief Executive under delegated authority to request the Minister of State for Local Government and English Devolution to postpone the County Council elections from May 2025 to May 2026 and to provide a clear commitment to devolution and reorganisation be noted;
 - (b) The letter from the Minister of 5th February saying that he has decided not to agree to the request be noted, together with the invitation received from the Minister also on 5th February to submit a proposal for unitary local government reorganisation and the accompanying guidance and assessment criteria, including the requirement to submit an interim plan to Government before 21st March 2025;
 - (c) The Minister's decision not to allow local government reorganisation in Leicester, Leicestershire and Rutland through the fast-track process, as jointly requested by the City Mayor, the Acting Leader of the County Council and the Leader of Rutland Council, has resulted in devolution to the area being further delayed with any estimated date for devolution currently uncertain;

- (d) The criteria for unitary local government be noted and supported, including that a unitary authority must be the right size to achieve efficiencies (with the aim of a population of 500,000) ensuring value for money for council tax payers, improve capacity and withstand financial shocks; must prioritise the delivery, improvement and sustainability of services; that reorganisation should avoid unnecessary fragmentation of services such as social care; and that a unitary authority should enable stronger community engagement and should reflect sensible geography and a sensible economic area;
- (e) It be noted that, following the publication of the English Devolution White Paper, a meeting of the Leaders and Chief Executives of the 10 councils in Leicester, Leicestershire and Rutland took place on 8th January, at which no consensus was reached on unitary authority structure options and it was agreed to meet again after the receipt of the Minister's invitation to submit proposals and the criteria to be followed;
- (f) If consensus cannot be reached, it be noted that guidance on the interim plan recognises that it may contain more than one potential proposal for a unitary structure;
- (g) This supplementary report and the original report be submitted to the meeting of the County Council on 19 February for information;
- (h) Progress on the interim plan be reported regularly to the Group Leaders.

Reasons for Recommendations

3. The Council's Constitution (Part 3, Section D) provides that the Chief Executive, following consultation with the Leader, may take urgent decisions between Cabinet meetings subject to this being reported for information to the next available meeting.
4. The Minister of State required that requests for postponement and clear commitment to devolution and reorganisation aims were submitted by no later than 10 January 2025. The request had to be contained within a letter jointly signed by the Leaders of the requesting authority and neighbouring unitary councils. A joint letter was submitted. The Minister's letter of 5 February confirms that the County Council's request has not been granted.
5. The formal invitation to submit reorganisation proposals, received on 5 February, sets out clear criteria for the proposals. It also encourages local authorities to work together to develop proposals, whilst recognising that there will be some cases when it is not possible for all councils in an area to jointly develop and submit a proposal, despite their best efforts. This will not be a barrier to progress, and the Government will consider any suitable proposals submitted by the relevant local authorities.
6. Although the taking of decisions relating to local government reorganisation are 'Executive Functions' and therefore a matter for the Cabinet, it is felt that, given the significance of the decision, it should be referred to the full Council for consideration and debate.

Timetable for Decisions (including Scrutiny)

7. The Minister's letter of 5 February confirms that interim proposals for a single tier of local government must be submitted by 21 March 2025. In order to meet this deadline, the Cabinet meeting currently scheduled for 25 March will have to be moved forward.
8. Progress with the development of the interim proposals will be reported to the Scrutiny Commission at its meeting on 10 March.
9. The full proposal for local government reorganisation will need to be submitted to the Government by 28 November 2025.

Policy Framework and Previous Decisions

10. These have previously been set out in the main report.
11. The Secretary of State for Housing, Communities and Local Government has the power under Part 1 of the Local Government and Public Involvement in Health Act 2007 to invite proposals for a single tier of local government. In responding to an invitation a council is required to have regard to any advice from the Secretary of State as to what a proposal should seek to achieve and the matters that should be taken into account in formulating a proposal.

Resource Implications

12. There are no resource implications arising from the recommendations in this report although it is noted that the interim proposal will require indicative costs of preparing proposals.
13. The Director of Corporate Resources and the Director of Law and Governance have been consulted on the content of this report.

Circulation under the Local Issues Alert Procedure

14. A copy of this report will be circulated to all Members.

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PART B

Background

15. Following the statement made in the House of Commons by the Deputy Prime Minister on 5 February that the County Council's request to postpone the election has not been granted, a letter addressed to the Acting Leader, City Mayor and Leader of Rutland Council was received from the Minister of State for Local Government and English Devolution. The letter is attached as Appendix A to this report.
16. Also on 5 February, a letter was received from the Minister of State of Local Government and English Devolution setting out the formal invitation to develop a proposal for local government reorganisation. The letter is attached as Appendix B to this report.
17. In regard to the encouragement to local authorities to work together to develop proposals, the Acting Leader and the Chief Executive were invited to meet the District Council Leaders on 8 January. The City Mayor and the Leader of Rutland Council were also invited and all Leaders were present. Referring to previous meetings, to which the County Council had not been invited, it was said on behalf of the Districts that a consensus existed on a way forward. At the end of the meeting, it was agreed that a consensus did not exist and a further meeting of all councils would be held.

Equality Implications

18. Due to the complexity and scope of the proposal and possible wide scale impact of the changes proposed the Council will adopt a strategic approach to conducting Equality Impact Assessments during all programme phases and stages.

Human Rights Implications

19. There are no human rights implications arising from this report.

Appendices

Appendix A – Letter from the Minister of State for Local Government and English Devolution in response to the request to postpone elections

Appendix B – Letter from the Minister of State for Local Government and English Devolution setting out the formal invitation to submit reorganisation proposals

Background Papers

“English Devolution White Paper” published 16 December 2024
<https://www.gov.uk/government/publications/english-devolution-white-paper-power-and-partnership-foundations-for-growth>

Reports to the Cabinet and minutes of those meetings –

17 December 2024 – “English Devolution White Paper”

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7512&Ver=4>

29 March 2019 - “Review of Proposals for a Unitary Structure of Local Government for Leicestershire”

<https://cexmodgov01/ieListDocuments.aspx?CId=135&MID=5601#A159004>

22 October 2019 - “A Vision for Local Government in Leicestershire”

<https://cexmodgov01/ieListDocuments.aspx?CId=135&MId=5606&Ver=4>



Ministry of Housing,
Communities &
Local Government

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*

2 Marsham Street
London
SW1P 4DF

Our reference: MC2025/03362

Sir Peter Soulsby,
City Mayor for Leicester City Council

Councillor Deborah Taylor
Acting Leader of Leicestershire County
Council

Councillor Gale Waller,
Leader of Rutland County Council

5 February 2025

Dear Mayor Soulsby, Cllr Taylor and Cllr Waller

On 16 December 2024 I wrote to you advising that I was considering laying secondary legislation to postpone local council elections from May 2025 to May 2026, only in those areas where I am certain that postponing the election is necessary to help the area to deliver both reorganisation and devolution to the most ambitious timeframe – either through the Devolution Priority Programme or where reorganisation is necessary to unlock devolution or open up new devolution options.

Thank you for your subsequent letter to me setting out your request for the postponement of elections scheduled for 2025. I am very conscious of the work you would have undertaken locally to support such a letter and am grateful for your commitment and rapid engagement. I have carefully considered your request, however I have decided not to agree to the postpone this year's election to Leicestershire County Council. There was rightly a very high bar for postponing any local election and as outlined above, the Government's position is that all local elections should go ahead unless delaying an election is necessary to deliver both reorganisation and devolution to the most ambitious timeframe.

Today I provided an update on how the Government is taking forward its commitment to deliver the most ambitious programme of devolution this country has seen, and manifesto pledge to fix the foundations of local government. You will receive your statutory invitation for local government reorganisation separately, alongside all councils in your area, which will set out next steps for developing new unitary proposals.

I remain grateful for the leadership and commitment you have demonstrated on progressing with devolution and reorganisation, and look forward to working with you to deliver these changes.

I am copying this letter to your Chief Executives.

Yours sincerely,

A handwritten signature in blue ink that reads "Jim McMahon". The signature is written in a cursive style and is enclosed within a thin black rectangular border.

JIM MCMAHON OBE MP

Minister of State for Local Government and English Devolution



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*
2 Marsham Street
London
SW1P 4DF

Your reference:

Our reference:

To: Leaders of two-tier councils and
unitary councils in and neighbouring
Leicestershire

Blaby District Council
Charnwood Borough Council
Harborough District Council
Hinckley and Bosworth Borough
Council
Leicestershire County Council
Melton Borough Council
North West Leicestershire District
Council
Oadby and Wigston Borough Council
Leicester City Council
Rutland County Council

5 February 2025

Dear Leaders

This Government has been clear on our vision for simpler, more sustainable, local government structures, alongside a transfer of power out of Westminster through devolution. We know that councils of all political stripes are in crisis after a decade of decline and instability. Indeed, a record number of councils asked the government for support this year to help them set their budgets.

This new government will not waste this opportunity to build empowered, simplified, resilient and sustainable local government for your area that will increase value for money for council taxpayers. Local leaders are central to our mission to deliver change for hard-working people in every corner of the country through our Plan for Change, and our councils are doing everything they can to stay afloat and provide for their communities day in, day out. The Government will work closely with you to deliver these aims to the most ambitious timeline.

I am writing to you now to formally invite you to work with other council leaders in your area to develop a proposal for local government reorganisation, and to set out further detail on the criteria, guidance for the development of proposals, and the timeline for this process. A formal invitation with guidance for the development of your proposals is attached at Annex A. This invitation sets out the criteria against which proposals will be assessed.

Developing proposals for reorganisation

We expect there to be different views on the best structures for an area, and indeed there may be merits to a variety of approaches. Nevertheless, it is not in council taxpayers' interest to devote public funds and your valuable time and effort into the development of multiple proposals which unnecessarily fragment services, compete against one another, require

lengthy implementation periods or which do not sufficiently address local interests and identities.

The public will rightly expect us to deliver on our shared responsibility to design and implement the best local government structures for efficient and high-quality public service delivery. We therefore expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.

This will mean making every effort to work together to develop and jointly submit one proposal for unitary local government across the whole of your area. The proposal that is developed for the whole of your area may be for one or more new unitary councils and should be complementary to devolution plans. It is open to you to explore options with neighbouring councils in addition to those included in this invitation, particularly where this helps those councils to address concerns about their sustainability or limitations arising from their size or boundaries or where you are working together across a wider geography within a strategic authority.

I understand there will be some cases when it is not possible for all councils in an area to jointly develop and submit a proposal, despite their best efforts. This will not be a barrier to progress, and the Government will consider any suitable proposals submitted by the relevant local authorities.

Supporting places through change

It is essential that councils continue to deliver their business-as-usual services and duties, which remain unchanged until reorganisation is complete. This includes progress towards the Government's ambition of universal coverage of up-to-date local plans as quickly as possible. To support with capacity, I intend to provide some funds for preparing to take forward any proposal, and I will share further information later in the process.

Considering the efficiencies that are possible through reorganisation, we expect that areas will be able to meet transition costs over time from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.

The default position is that assets and liabilities remain locally managed by councils, but we acknowledge that there are exceptional circumstances where there has been failure linked to capital practices. Where that is the case, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation, and Commissioners should be engaged in these discussions. We will continue to discuss the approach that is proposed with the area.

I welcome the partnership approach that is being taken across the sector to respond to the ambitious plans set out in the White Paper. My department will continue to work closely with the Local Government Association (LGA), the District Councils Network, the County Councils Network and other local government partners to plan how best to support councils through this process. We envisage that practical support will be needed to understand and address the key thematic issues that will arise through reorganisation, including managing service impacts and opportunities for the workforce, digital and IT systems, and leadership support.

Timelines and next steps for interim plans and full proposals

We ask for an interim plan to be submitted on or before 21 March 2025, in line with the guidance set out in the attached Annex. My officials will provide feedback on your plan to help support you to develop final proposals.

I will expect any full proposal to be submitted **by 28 November**. If I decide to implement any proposal, and the necessary legislation is agreed by Parliament, we will work with you to move to elections to new 'shadow' unitary councils as soon as possible as is the usual arrangement in the process of local government reorganisation.

Following submission, I will consider any and all proposals carefully before taking decisions on how to proceed. My officials are available throughout to discuss how your reorganisation and devolution aspirations might work together and what support you think you might need to proceed.

This is a once in a generation opportunity to work together to put local government in your area on a more sustainable footing, creating simpler structures for your area that will deliver the services that local people and businesses need and deserve. As set out in the White Paper, my commitment is that clear leadership locally will be met with an active partner nationally.

I am copying this letter to council Chief Executives. I am also copying this letter to local Members of Parliament and to the Police and Crime Commissioner.

Yours sincerely,



JIM MCMAHON OBE MP

Minister of State for Local Government and English Devolution

LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007**INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT**

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), hereby invites any principal authority in the area of the county of Leicestershire, to submit a proposal for a single tier of local government.

This may be one of the following types of proposal as set out in the 2007 Act:

- Type A – a single tier of local authority covering the whole of the county concerned
- Type B – a single tier of local authority covering an area that is currently a district, or two or more districts
- Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county; and one or more relevant adjoining areas
- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

Proposals must be submitted in accordance with paragraphs 1 to 3:

1. Any proposal must be made by **28 November 2025**.
2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to this invitation, and to any further guidance on responding to this invitation received from the Secretary of State.
3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Signed on behalf of the Secretary of State for Housing, Communities and Local Government.



F KIRWAN

A senior civil servant in the Ministry of Housing, Communities and Local Government

5 February 2025

SCHEDULE

Guidance from the Secretary of State for proposals for unitary local government.

Criteria for unitary local government

1. **A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.**
 - a) Proposals should be for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.
 - b) Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.
 - c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.
 - d) Proposals should describe clearly the single tier local government structures it is putting forward for the whole of the area, and explain how, if implemented, these are expected to achieve the outcomes described.

2. **Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.**
 - a) As a guiding principle, new councils should aim for a population of 500,000 or more.
 - b) There may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution, and this rationale should be set out in a proposal.
 - c) Efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money.
 - d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.
 - e) For areas covering councils that are in Best Value intervention and/or in receipt of Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.
 - f) In general, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. For areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation.

3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.

- a) Proposals should show how new structures will improve local government and service delivery, and should avoid unnecessary fragmentation of services.
- b) Opportunities to deliver public service reform should be identified, including where they will lead to better value for money.
- c) Consideration should be given to the impacts for crucial services such as social care, children's services, SEND and homelessness, and for wider public services including for public safety.

4. Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.

- a) It is for councils to decide how best to engage locally in a meaningful and constructive way and this engagement activity should be evidenced in your proposal.
- b) Proposals should consider issues of local identity and cultural and historic importance.
- c) Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed.

5. New unitary structures must support devolution arrangements.

- a) Proposals will need to consider and set out for areas where there is already a Combined Authority (CA) or a Combined County Authority (CCA) established or a decision has been taken by Government to work with the area to establish one, how that institution and its governance arrangements will need to change to continue to function effectively; and set out clearly (where applicable) whether this proposal is supported by the CA/CCA /Mayor.
- b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.
- c) Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities.

6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

- a) Proposals will need to explain plans to make sure that communities are engaged.
- b) Where there are already arrangements in place it should be explained how these will enable strong community engagement.

Developing proposals for unitary local government

The following matters should be taken into account in formulating a proposal:

Boundary Changes

- a) Existing district areas should be considered the building blocks for your proposals, but where there is a strong justification more complex boundary changes will be considered.
- b) There will need to be a strong public services and financial sustainability related justification for any proposals that involve boundary changes, or that affect wider public services, such as fire and rescue authorities, due to the likely additional costs and complexities of implementation.

Engagement and consultation on reorganisation

- a) We expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.
- b) For those areas where Commissioners have been appointed by the Secretary of State as part of the Best Value Intervention, their input will be important in the development of robust unitary proposals.
- c) We also expect local leaders to engage their Members of Parliament, and to ensure there is wide engagement with local partners and stakeholders, residents, workforce and their representatives, and businesses on a proposal.
- d) The engagement that is undertaken should both inform the development of robust proposals and should also build a shared understanding of the improvements you expect to deliver through reorganisation.
- e) The views of other public sector providers will be crucial to understanding the best way to structure local government in your area. This will include the relevant Mayor (if you already have one), Integrated Care Board, Police (Fire) and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, National Park Authorities, and the voluntary and third sector.
- f) Once a proposal has been submitted it will be for the Government to decide on taking a proposal forward and to consult as required by statute. This will be a completely separate process to any consultation undertaken on mayoral devolution in an area, which will be undertaken in some areas early this year, in parallel with this invitation.

Interim plans

An interim plan should be provided to Government on or before **21 March 2025**. This should set out your progress on developing proposals in line with the criteria and guidance. The level of detail that is possible at this stage may vary from place to place but the expectation is that one interim plan is jointly submitted by all councils in the area. It may be the case that the interim plan describes more than one potential proposal for your area, if there is more than one option under consideration. The interim plan should:

- a) identify any barriers or challenges where further clarity or support would be helpful.
- b) identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.
- c) include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.
- d) include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.
- e) include early views on how new structures will support devolution ambitions.
- f) include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.
- g) set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.
- h) set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.