

Local Government Reorganisation

Scrutiny Commission – 29 October

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Reminder of Government Criteria

A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.

Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.

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

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

New unitary structures must support devolution arrangements.

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

Options Considered

- Option 1: Leicestershire County on the existing footprint, Leicester City on existing boundaries and excluding Rutland
- Option 2: Single unitary council for Leicestershire and Rutland, with Leicester City retaining its existing boundaries
- Option 3: Leicester City boundary expansion to the Principal Urban Area (PUA). The remainder of Leicestershire and Rutland forming a single unitary council.
- Option 4: Leicester City boundary expansion to include Oadby and Wigston Borough and Blaby District. The remainder of Leicestershire and Rutland forming a single unitary council.
- Option 4A: Leicester City boundary expansion to include Oadby and Wigston Borough. The remainder of Leicestershire and Rutland forming a single unitary council.
- Option 5: Leicester City boundary expansion to include adjacent suburbs and built up areas, as described in Leicester City's interim plan. The remainder of Leicestershire and Rutland forming a single unitary council.
- Option 6: Three unitary councils for LLR (Districts and Rutland Proposal)

Achieve Efficiencies, Improve Capacity and Withstand Financial Shocks

Scenarios which have been modelled	Single county unitary including Rutland City unchanged	Three unitaries (North, City, South)	Single county unitary including Rutland City boundary expanded
Ongoing net savings	c. £40m	Half the saving	Similar to single county
Share of the savings	100% to Leicestershire and Rutland as city not impacted	100% to Leicestershire and Rutland as city not impacted	Shared – city take some re-organisation benefit + some of counties' economies of scale
One off transition cost	£22m	Higher due to splitting of county council services	Highest due to splitting of county and district services
Service risk	Low – primarily back-office impact	High	High – increases if district boundaries split

Savings Analysis

The modelling assesses the costs and benefits of each option against several categories.
The table below shows the savings for the single county for Leicestershire and Rutland option:

Ongoing savings/costs	£ m	3 unitary Impact	City Expansion Impact
Senior Leadership	9.5	Lower savings - duplicated leadership structure	Lower savings - additional senior leadership resources required for city
Service Delivery and Backoffice staffing	3	Lower savings – duplicated back-office costs and less economies of scale	Higher savings overall as allows economies of scale for city but lower savings for county
Third Party Spend	13.5	Lower savings overall - smaller organisations means less purchasing power	Lower savings overall. County loses purchasing power, partially offset by gains for the City
Property	2.5	Similar savings as service points will be a decision for the new Councils	Higher savings overall - allows rationalisation and economies of scale across existing city asset base
Members and Elections	2.5	Lower savings – more members required for two authorities	Lower savings as city would require more members
Transformation	12	Lower savings – less opportunity for transformation due to smaller scale	Higher savings overall - increased scale enables transformation opportunities for city’s existing services and spend Lower savings for county
Disaggregation	0	Significant costs and reduced savings from splitting county services across two authorities	Costs and reduced savings from transferring some elements of county services to city – particular impact on social care
TOTAL	£43m	£17m	£46m (split county £18m/city £28m)

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Assumptions validated by PWC – their model, whilst different in structure uses similar assumptions and comes to a similar overall outcome across the options

Transition Costs

The model also assesses the one-off transition costs for each option. The table below shows the estimated costs for the single county for Leicestershire and Rutland option:

One-off transition costs	£ m
Staffing restructures	6.8
Organisation set-up	0.5
Organisation close-down	1.2
Shadow authority costs	0.7
Comms and Marketing	0.6
Programme Management	6.3
IT Costs	2.0
Contingency	3.5
Total	21.5

3 Unitary Impact (£22.5m)

-Lower redundancy and IT costs but higher programme management

City Expansion Impact £28m)

- Higher programme management and IT costs and higher contingency due to more complexity, especially with boundary changes
Other costs not quantified e.g. asset transfers

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High Quality and Sustainable Public Services

	Leicestershire and Rutland Single Unitary	City Boundary Expansion Options	District Councils' Proposal
Pros	• Joined up services • Consistency • Easy access for residents • Reduced duplication and no fragmentation of services • Improved co-ordination • Some services already provided on behalf of Rutland • Will make services in Rutland more resilient and give their residents access to a greater breadth of services	• Joined up services across the city • Will meet Leicester City's requirements for developable land • Still delivers benefits of bring county, district and Rutland services together into a single authority for the county and Rutland	• Will bring county and district services together, albeit on a smaller footprint • Will make services in Rutland more resilient and give their residents access to a greater breadth of services
Cons	• Risks of a large authority being too remote and not responsive to local needs, requiring mitigation through effective Area Committees and strong partnerships with Parish and Town Councils	• Disaggregation of all services – reduced flexibility and choice for Leicestershire residents, disruption and confusion for those having their services transferred into the City. • Reallocation of property/buildings will result in reduced operational bases for county services • Inefficient for City Council to take on rural services for the small rural population • Significant requirement to agree transition arrangements in advance of reorganisation • No increase in developable land, just a transfer to a different planning authority.	• Disaggregation risks fragmented services and inconsistent practice standards • Impact of splitting up the 'outstanding' children's social care service • More councils for stakeholders to work with • Impact on specialist services – smaller authorities will struggle to recruit and retain skilled professionals for low volume, high specialism services • Additional savings will be needed to make up for the shortfall from this model

Examples of service benefits



Housing development is supported by the infrastructure



Joined up services reduces homelessness



Local plans reflect resident and business priorities



Active Wellbeing - providing a universal offer and coverage

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Waste management – standard collection service across Leicestershire, from collection to disposal



Support for the voluntary and community sector



Economic growth and business support

Unlocking Devolution

	Leicestershire and Rutland Single Unitary	City Boundary Expansion Options	District Councils' Proposal
Pros	- Same geography as other partners and economic area. - Complements work of Business and Skills Partnership and "Get LLR Working" - No complex boundary changes enabling quicker access to devolved powers and funding with minimal disruption. - No splitting of services that will ultimately transfer to the Combined Authority	- Same geography as other partners and economic area. - Supports Leicester City's growth and financial sustainability. - Complements work of Business and Skills Partnership and "Get LLR Working"	- Same geography as other partners and economic area. - Complements existing arrangements including the Business and Skills Partnership and "Get LLR Working", in which Rutland participates.
Cons	Leicester City's growth and financial sustainability remain unaddressed, potentially affecting their role as an MSA partner	- City boundary expansion will reduce County sustainability and affect its role as an equal partner in an MSA - Requires a complex boundary change which will delay devolution, involving the splitting of services that will ultimately transfer to the Combined Authority	- Population in each new unitary is below the optimum size of 500,000 to support a strategic authority - Small authorities will lack capacity to deliver the full range of devolved powers - Decision making (funding, priorities) between three unitaries will be more complex - Greater chance of cross local authority planning issues - Leicester City's growth and financial sustainability remain unaddressed, potentially affecting their role as an MSA partner. - Splitting of services that will ultimately transfer to the combined authority

Community Engagement and Neighbourhood Empowerment

	Leicestershire and Rutland Single Unitary	City Boundary Expansion Options	District Councils' Proposal
Pros	- Community engagement will build trust - Area committees will empower local leadership - Community connections and identities will be preserved, maintaining residents' sense of belonging to Leicestershire and Rutland - Builds on the County Council's model of centrally managed, locally delivered services - Provides options to devolve services to community groups and local councils	- Leicestershire and Rutland residents will receive the same benefits outlined in the Leicestershire and Rutland option - Residents on the edges of the city may already associate with city and will benefit from being able to influence and engage with discussions and policy-making that will directly affect them and the services and infrastructure they use.	- Smaller local authorities will mean that residents feel that they are closer to communities and less remote - Area committees could be established to empower local leadership. - Will present options to devolve services to interested community groups and local councils
Cons	Covers a wide and diverse geographical area	- Disconnect between City and County priorities; city expansion may overlook local issues - Does not preserve Leicestershire's historic identity - Will need to protect Rutland's historic boundaries and identity - New Leicestershire and Rutland Council will cover a wide and diverse geographical area - City does not currently have parish councils so will not have option to devolve services.	- Arbitrary boundaries will damage Leicestershire's identity, lack economic coherence and will fracture current community ties. - Each unitary will cover a wide and diverse geographical area - Residents will disengage if services are inconsistent across Leicestershire - Countywide collaboration will decrease - Duplicated structures decrease efficiency and divert resources from frontline services.

Community Engagement and Neighbourhood Empowerment

- Area Committees
 - Allow local people to have greater involvement in decisions that affect them and their local area.
 - Membership comprising elected members, local partners, town and parish councils and members of the public
 - Will not be responsible for direct service delivery. Likely to have an oversight function, ensuring services are delivered effectively and that they reflect the needs of local areas.
 - Potential for a budget to support local priorities over and above the core service offer.
- Parish and Town Councils
 - Proposal builds on the framework for service devolution developed with the Leicestershire and Rutland Association for Local Councils in 2019 – but councils are free to opt out.
 - Where areas are unparished, services will continue to be delivered by the unitary council.
- Local Models of Delivery
 - Build on the County Council's strong track record of devolving services (e.g. community managed libraries, flood wardens)
 - Potential to devolve services to community groups
 - Build on the County Council's approach to community engagement.

Democracy and Governance

	Leicestershire and Rutland Single Unitary 90 Councillors	City Boundary Expansion Options 67 – 78 Councillors	Districts' Proposal North: 45 Councillors South: 45 Councillors
Pros	- Strong leadership and clear strategic vision for Leicestershire and Rutland, inspiring community pride and unity. - Provides certainty, stability, and accountability to attract investors and government support. - Enhanced negotiating position regionally and nationally to advance strategic priorities.	- Leicestershire and Rutland residents will receive the same benefits outlined in the Leicestershire and Rutland option - Residents who live on the city border will benefit from the same direct representation in the City Council as neighbouring areas.	
Cons		- Risk that rural population will become disenfranchised if their needs are overlooked. - A large expansion of the city will create physical and social fragmentation in the county, which may reduce important democratic engagement - Demographic characteristics of residents on the city border are much more similar to those of the county than of the existing city.	- Limited scope for councillors to understand and address strategic issues and will hinder strategic decision-making. This will mean the county's long-term goals are not addressed coherently. - Where services are not disaggregated, there will be a need to set up complex joint committee arrangements. - No real geographic or economic coherence to the new authorities to bind them together.

Number of Councillors per option

Option	County Electorate	County Number of Councillors
Option 1: Single unitary council for Leicestershire	551,094	85
Option 2: Single unitary council for Leicestershire and Rutland, Leicester City Boundaries unchanged	584,271	90
Option 3: Leicester City boundary change to cover the Principal Urban Area. Single unitary council for the remainder of Leicestershire and Rutland	504,638	78
Option 5: Leicester City boundary expansion to include Oadby and Wigston Borough Council and Blaby District Council. Single unitary council for the remainder of Leicestershire and Rutland	461,184	71
Option 3: Leicester City Interim Plan proposal. Single unitary council for the remainder of Leicestershire and Rutland	437,916	67
Option 6: Three unitary Councils	North: 294,438 South: 289,833	North: 45 South: 45

Note: Boundary Commission guidance is that new authorities should have less than 100 councillors

Engagement Feedback

- **Met with around 1,000 people – and 700+ online responses**
summary below:
- **20-strong focus group** – constructive and insightful discussions
- **70 attendees** - at parish council workshop
- **35 people** - at VCS workshop
- **Around 800 staff** - across two sessions

Engagement – Key Themes

- City Expansion and Boundaries: Relief that city expansion is not being backed.
- Representation: Desire for Rutland and smaller communities to have a say in new arrangements; questions about the role of area committees.
- Devolution and Governance: Requests for clarity on devolution; worries about future local elections.
- Voluntary and Community Sector: Concerns that smaller charities may be overlooked in a larger structure.
- Access to Services and Bureaucracy: Support for easier access and less bureaucracy; backing for fewer hand-offs; emphasis on NHS and county service cooperation.
- Financial and Service Delivery: Fears of council tax increases and reduced local services (e.g., free park events).
- Staff Concerns: Worries about job security and employment impacts.

Conclusion

- Based on the evidence gathered so far, the administration is proposing a single county unitary for Leicestershire and Rutland as its preferred option
- Given the Government's invitation to extend city boundaries, the final proposal will identify the consequences for the county of an extended Leicester boundary
- The county council and the city council have agreed that the best option for reorganisation is one unitary for the county and one for the city
- The administration is aware that reorganisation will not fully solve the overall financial challenge facing the authority, but it will help.