



CABINET – 7 FEBRUARY 2025

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

REPORT OF THE CHIEF EXECUTIVE

PART A

Purpose of the Report

1. The purpose of this report is to advise the Cabinet of the latest position in relation to local government reorganisation and to advise members of urgent action taken by the Chief Executive using his delegated powers to request that the Minister of State for Local Government and English Devolution agree to the request to postpone the County Council elections from May 2025 to May 2026 to allow the council to submit reorganisation proposals to Government by May 2025, recognising that the area needs reorganisation to unlock devolution, in accordance with the letter from the Minister of State dated 16 December 2024. A supplementary report will be made in respect of announcements and information from the Government before 31 January and after the publication of this report.

Recommendations

2. It is recommended that
 - (a) The latest position and next steps with regard to local government reorganisation be noted;
 - (b) 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;
 - (c) This report and a supplementary report be submitted to the meeting of the County Council on 19 February for information.

Reasons for Recommendation

3. To ensure that the Cabinet is aware of the latest position and next steps to be taken with regard to local government reorganisation.

4. 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.
5. 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.
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. If the request made to the Minister of State is agreed, it is expected that legislation to postpone elections will be laid before Parliament in mid-February 2025 and that the Minister of State's decision will be communicated to the County Council before the legislation is laid.
8. The Minister's letter of 16 December confirmed that he would formally invite unitary proposals in January 2025 from all councils in two-tier areas, and neighbouring unitary councils. The invitation will set out further detail on the criteria he will consider when taking decisions on the proposals that are submitted to the Government. The Minister will ask for interim plans by March 2025.

Policy Framework and Previous Decisions

9. On 17 December 2024, the Cabinet considered an urgent report on the English Devolution White Paper, which was published on 16 December and included a clear commitment to local government reorganisation. The Cabinet authorised the Chief Executive, in consultation with the Director of Corporate Resources and Director of Law and Governance and following consultation with the Acting Leader of the Council, to undertake such work as is considered necessary in response to the White Paper and subsequent approach from Government. The Cabinet also agreed that a further report be made to the Cabinet in February 2025 regarding the implications of the English Devolution White Paper.
10. The Cabinet has previously considered reports on proposed changes to the structure of local government in Leicestershire including the development of a unitary structure for the County. In July 2018, the Cabinet agreed in principle that the Council should develop proposals for a unitary structure for Leicestershire and in October 2018 considered outline proposals for development.

11. In March 2019, the Cabinet considered the findings of the Scrutiny Commission's examination of the outline proposals and comment from a Member Working Party on Unitary Structure for Leicestershire. The Cabinet agreed that a further report be submitted setting out a business case for a unitary structure for local government in the County.
12. In October 2019, the Cabinet approved the draft strategic business case for the development of a unitary structure for engagement with the Scrutiny Commission. Members noted the potential financial savings offered by the proposals, savings which could be reinvested to support and improve front line services.
13. The Leader and the Acting Leader have regularly updated the Council on devolution in the form of a Level 2 deal for a Combined County Authority under the Levelling up and Regeneration Act 2023 and prior to that the Council's bid in September 2021 for devolution under what were then known as County Deals.

Resource Implications

14. There are no resource implications arising from the recommendations in this report.
15. The Director of Corporate Resources and Director of Law and Governance have been consulted on this report.

Circulation under the Local Issues Alert Procedure

16. This report has been circulated to all members of the Council.

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PART B

Background

17. A letter signed by the Acting Leader of the County Council, the City Mayor and the Leader of Rutland Council was sent to the Minister of State on 10 January, requesting that the Leicester, Leicestershire and Rutland (LLR) area be included in the fast track for local government reorganisation in order to unlock devolution at the earliest opportunity. The letter included a request from the County Council for the postponement of the elections scheduled in May 2025 to allow work on reorganisation to progress quickly.
18. The three upper tier local authorities confirmed their commitment to work together to submit re-organisation proposals to the Government by May 2025. They also confirmed that they would progress as quickly as possible towards a Strategic Mayoral Authority once local government reorganisation is delivered. A copy of the letter is attached as an Appendix to this report.
19. At the time of writing this report, a response to the letter and request for the elections to be postponed has not yet been received from the Ministry of Housing, Communities and Local Government.

Assessment Criteria

20. The Minister of State, in his letter on 16 December 2024 to the Leaders of all two-tier councils and neighbouring unitary authorities, confirmed that his formal invitation for unitary proposals, expected in January 2025 (but not received at the time of writing this report), would set out further detail on the criteria for reorganisation proposals and would invite interim plans by March 2025.
21. The English Devolution White Paper said in respect of local government reorganisation:
 - “The case for local government reorganisation is that there are significant opportunities available to areas from the creation of suitably sized unitary councils responsible for local government services for that area. Unitarisation can cut wasteful duplication of bodies, reduce the number of politicians and reduce fragmentation of public services.

Efficiencies: In 2020 a PwC report, “Evaluating the importance of scale in proposals for local government reorganisation”, for the County Council Network, estimated that reorganisation of the then 25 two-tier areas to a single unitary structure would have a one-off cost of £400 million, with the potential to realise £2.9 billion over five years, with an annual post-implementation net recurring saving of £700 million. The unitary proposals submitted in relation to the most recently established unitary councils identified a range of efficiencies that could be achieved where council services are brought together in one organisation. For North

Yorkshire Council, established in April 2023, unitarisation has enabled the council to manage financial pressures through structural changes and service transformation which are expected to achieve more than £40 million in savings by March 2026.”

- “New unitary councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including for devolution, and decision will be on a case-by-case basis.”

Areas of Work affected by Local Government Reorganisation

22. The Constitution Committee agreed at its meeting on 21 January that a proposed full review of the Constitution would be paused until the timescales for local government reorganisation become clear.

Equality and Human Rights Implications

23. 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.

Appendices

Appendix – Letter from the three upper tier local authorities to the Minister of State for Local Government and English Devolution

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>

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