

REPORT OF THE CABINET

A. LOCAL GOVERNMENT REORGANISATION – DRAFT BUSINESS CASE

Introduction

1. The purpose of this report is to provide the County Council with an opportunity to comment on the Council's proposals for local government reorganisation (LGR).
2. A supplementary report will be circulated to members with a draft Business Case.

Background

3. 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.
4. The Government's policy on the reorganisation of local government in current two-tier areas into unitary authorities was set out in the English Devolution White Paper, published on 16 December 2024. It set out how the Government plans to deliver its manifesto pledge to transfer power out of Westminster through devolution and to fix the foundations of local government.
5. A letter was received from the Minister of State for Local Government and English Devolution on 5 February 2025 setting out the formal invitation to develop a proposal for local government reorganisation and with a requirement for an interim plan to be submitted to the Government before 21 March 2025. This was subject of a report to the Cabinet meeting on 7 February and that report was also submitted to the County Council for information on 19 February 2025.
6. The Cabinet on 18 March approved the outline of the Interim Plan for submission to the Ministry for Housing, Communities and Local Government and authorised the Chief Executive, following consultation with the Acting Leader, the Director of Corporate Resources and the Director of Law and Governance, to finalise the interim plan for submission to the Government, provided that this did not change the underlying principles as presented in the report.
7. The County Council at its meeting on 2 July 2025 agreed, inter alia, that it considered that a north/south split of the County (proposed by district councils and Rutland Council) would have a significant risk to the stability of countywide

services, particularly social care, would cause unnecessary disaggregation of services, and that it was unable to support that proposal. The Council's resolution also noted that there was joint agreement with the City Council that the best option for reorganisation in Leicester and Leicestershire is a two unitary model, one City, one County.

8. On 30 July, an Extraordinary Meeting of the County Council was called. A Notice of Motion was agreed, in summary, that proposals for, or agreements to Devolution and Local Government Reorganisation made on behalf of the County Council by the Leader and/or Cabinet and/or Chief Executive, would be subject to debate by and a vote of Full Council before submission to the Government; that the Leader would consult with all Group Leaders on a weekly basis to update them on progress of discussions with the other local authorities concerned; that the County Council did not support any expansion of the Leicester City Council area boundaries.
9. The Cabinet at its meeting on 12 September 2025 considered a report, attached as Appendix A to this report, regarding the Government's policy on LGR, the local response made earlier in the year, the position locally and nationally, and financial modelling (on different options) being undertaken to inform the Council's final proposal. The Cabinet, inter alia, acknowledged the decision of the County Council on 30 July not to support the expansion of the Leicester City boundary proposed by the Mayor of Leicester but recognised the need to provide evidence of the financial, service and other impacts of any proposed expansion on the County.
10. The deadline for submission of proposals is 28 November 2025. Following this, the Government will undertake statutory consultation on the proposals submitted by an area, with or without modification.

Comments of the Scrutiny Commission

11. The Scrutiny Commission at its meeting on 29 October received a presentation, attached as Appendix B to this report, which included the following elements –
 - The criteria for decision making
 - Options that had been considered
 - The financial case
 - Expected benefits to service delivery
 - Devolution opportunities
 - Community engagement and neighbourhood empowerment
 - Democracy and governance
 - Implementation and transformation
 - Engagement and themes from feedback to date.
12. The meeting was attended by the Leader and Deputy Leader of the Council, and the Cabinet Lead Member for Resources.

13. Members expressed disappointment that limited detail had been provided at the meeting and requested the opportunity to scrutinise the business case prior to it being considered by the full Council on 12 November. It was noted that the timeline for producing the business case had been challenging for officers, given that both Council meetings in July had taken negative decisions and did not come to a position on a preferred option. In addition, it had been necessary to wait for the outcome of the financial modelling in order for an informed proposal to be developed.
14. It was agreed that the Commission would consider further the draft Business Case at its meeting on 10 November. Amendments will be made to the Business Case in the light of any comments made by the Scrutiny Commission and the amended Business Case will then be circulated to all members in advance of this meeting.

Resource Implications

15. There are no resource implications arising from the recommendation in this report. Work completed to date on LGR has been delivered using internal resources, however LGR will be a significant undertaking that will have a significant impact on the Council's financial position in future years. More detail will be set out in the Business Case.

Equality Implications

16. Due to the complexity/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.

(Motion to be moved: -

That, subject to any further comments made by members, the draft business case for Local Government Reorganisation be endorsed for submission to the Cabinet for final approval at its meeting on 25 November 2025.)

12 September 2025

**Mr D Harrison CC
Leader of the Council**

Background Papers

Acting Leader's Position Statement to the County Council meeting on 19 February 2025

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7391&Ver=4>

Notices of Motion to the County Council meetings on 2 July and 20 July 2025 and minutes of those meetings -

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7859&Ver=4>
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=8218&Ver=4>

Reports to the Cabinet and minutes of those meetings -

17 December - "English Devolution White Paper"

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

18 March 2025 - "English Devolution White Paper: Local Government Reorganisation"

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7874&Ver=4>

7 February 2025 - "English Devolution White Paper: Local Government Reorganisation - Including Urgent Action Taken"

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7873&Ver=4>

12 September 2025 - "Local Government Reorganisation"

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7879>

Appendices

A - Cabinet Report – 12 September 2025, "Local Government Reorganisation"

B – Presentation to Scrutiny Commission, 29 October 2025