

## Public Document Pack



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### 7. Local Government Reorganisation (Pages 3 - 8)

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**COUNCIL**

**4 MARCH 2025**

**SUBJECT: LOCAL GOVERNMENT REORGANISATION**

**DIRECTORATE: CHIEF EXECUTIVE AND TOWN CLERK**

**REPORT AUTHOR: ANGELA ANDREWS, CHIEF EXECUTIVE AND TOWN CLERK**

**1. Purpose of Report**

- 1.1 To allow members the opportunity to contribute to the debate on local government reorganisation in response to the Government's invitation to submit details of proposed unitary authorities, as per section 2 of the Local Government Public Involvement in Health Act 2007.

**2. Executive Summary**

- 2.1 The English Devolution White Paper published on the 16 December 2024 and the accompanying correspondence written on the same day, made clear the Government's intention to devolve power from Westminster to strategic authorities across the whole of England. In addition, the White Paper outlined that all two-tier local authority areas, as well as smaller unitary authorities and failing unitary authorities, must reorganise to form new unitary authorities.
- 2.2 The White paper argues that the current system of local government is overly complex and fragmented and argues that any reorganisation will reduce fragmentation and duplication and enable economies of scale to be realised, so placing the sector on a financially firmer footing and improving service delivery and outcomes.
- 2.3 The new system is envisaged to consist of two local authorities 'layers':
- *Strategic Authorities* – these are the product of a devolution agreement led by mayors, which in Lincolnshire will be the Greater Lincolnshire Combined County Authority
  - *Principal Authorities* – any unitary authority.
- 2.4 On the 5<sup>th</sup> February 2025 Greater Lincolnshire authorities were informed by the Ministry of Housing Communities & Local Government (MHCLG) that they were not on the local government priority programme, therefore Lincolnshire County Council elections would be going ahead this May.
- 2.5 On the 5 February MHCLG wrote to all Greater Lincolnshire authorities formally issuing statutory invitations inviting them to work with other Council leaders in the area to develop a proposal for local government reorganisation.

2.6 The letter asks for an interim plan to be submitted on or before the 21 March 2025, with the expectation that any full proposal will be submitted by the 28 November 2025. The letter sets out guidance on what any proposal should consider including size, how efficiencies will be achieved, how capacity will improve and the ability to withstand financial shocks.

2.7 Council has no decision-making role as far as devolution and local government reorganisation are concerned since this is an Executive function, however as this is a subject matter of significant public interest, it is considered important to give all Members the ability to consider and debate the matter.

### **3. The White Paper: Local Government Reorganisation**

3.1 The government's expectation is that all two tier and smaller or failing unitaries develop proposals for reorganisation as new unitary authorities.

3.2 New unitary councils are expected to be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas this will mean councils with a population of 500,000 or more, but the government has advised that there may be exceptions to this to ensure that new structures make sense for an area, and decisions will be made on a case-by-case basis with priority to be given to the delivery of high quality and sustainable public services above all else.

3.3 There is a clear government intention that reorganisation will happen as quickly as possible, including through legislation where that would be necessary to ensure progress. There is also an expectation that all councils in an area will work together to develop unitary proposals that are in the best interest of the whole area, rather than develop competing proposals, however they have acknowledged that where this is not possible, they will consider any suitable proposal submitted.

3.4 Proposals for any new unitary authority do not have to be bound by any existing local authority boundaries, however MHCLG is clear that if a local authority boundary change is contemplated, then there should be a strong justification for this, due to complexity, timescales and additional costs.

3.5 The Assessment criteria set out by the Government for any proposal is that it should be:

- The right size to achieve efficiencies, improve capacity and withstand financial shocks (population of 500,000 or more). 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. Sensible economic areas, meaning functional economic areas mapped by the travel to work areas and high skill travel to work areas.

- Prioritise the delivery of high quality and sustainable public services, and enable stronger community engagement and neighbourhood empowerment.
- Meet local needs and be informed by local views. This is to be achieved through meaningful and constructive engagement that considers issues of local identity and cultural and historical importance, including the continued maintenance of ceremonial rights and privileges.
- Support devolution arrangements, proposals should ensure there are sensible population size ratios between principal authorities and the strategic authority.

#### **4. Timeline & Feedback**

- 4.1 As Greater Lincolnshire is not in the priority programme, the timeline for Greater Lincolnshire is likely to be shadow authority in place in 2027, with the new unitary formed in 2028. The aim of the Government is to complete the bulk of local government by the end of the current Parliament, with the new unitaries being delivered in two tranches of April 2027 and April 2028.
- 4.2 MHCLG recognise that the level of detail at the interim stage will vary by authority and area, and any feedback and offer of potential capacity support will be provided after the interim submission. The submission date of 21<sup>st</sup> March 2025 is not a final proposal, it is a position statement that will give MHCLG an understanding of options being considered. The proposal submitted on 21<sup>st</sup> March is not a decision point, areas will be able to amend and adapt their approach after this point and it is designed to ensure that MHCLG will be able to assess submissions and develop necessary proposals, ahead of the final submission of any unitary proposal in November 2025.
- 4.3 An extraordinary Council meeting has been scheduled for the 20<sup>th</sup> March 2025, as well as briefings.

#### **5. City of Lincoln Council's Position**

City of Lincoln Council's proposal should present an option that is right for Lincoln's residents, community and businesses. It should focus on strengths of local service delivery, local representation and local engagement. It should celebrate the uniqueness of the city and its important heritage. It should evidence the opportunities for sustainable inclusive growth with the provision of new homes balanced with job creation as set out in the Central Lincolnshire Local Plan. The proposals should highlight opportunities for efficiencies, improved service delivery, better value for money through public service reform and support financial sustainability through a new local authority model.

## **5.1 Options Considered**

All options must be presented against the criteria set out by MHCLG and this includes local proposals in the context of a wider geography, within a strategic authority area. For Lincolnshire, this means two-tier councils, seven district councils and Lincolnshire County Council and unitary councils, North East Lincolnshire Council and North Lincolnshire Council. MHCLG expect that proposals for the whole area could be for one or more new unitary councils and should be complementary to devolution plans. As such, the Council will engage with neighbouring authorities to discuss options.

## **6. Strategic Priorities**

- 6.1 Local Government Reorganisation has the opportunity to impact on all the Council's strategic priorities. To the greatest extent, Let's deliver quality housing,' 'Let's drive inclusive, sustainable, economic growth' and 'Let's enhance our remarkable place.'

## **7. Organisational Impacts**

### **7.1 Finance**

There are no direct financial implications arising from the recommendations, however, there will be significant financial implications associated with LGR.

LGR is expected to deliver sustainable public services for the future. The proposals submitted should consider how a new authority will achieve efficiencies, improve capacity and withstand financial shocks. LGR provides an opportunity to realise financial benefits and improve service delivery and the financial sustainability of local government. The aim is to unlock efficiencies from the rationalisation of Council structures and assets and improve systems and processes. The proposals will outline direct efficiencies and savings as well as indirect benefits. Detailed analysis and further work is needed on this to support final submissions in November.

The proposals submitted on 21st March should include any indicative costs and arrangements in relation to the options, including planning for future service transformation opportunities. They should also set out indicative costs of preparing proposals and standing up an implementation team.

### **7.2 Legal Implications Including Procurement Rules**

Section 9D of the Local Government Act 2000 provides that any function of a local authority which is not specified in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 is to be the responsibility of the executive of an authority. Executive functions may not be discharged by Full Council.

There are no legal implications directly arising from the recommendations, however primary and secondary legislation will follow the White Paper in due course.

### 7.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination.
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities.

There are no direct implications from this report, however as proposals progress there will be a number of areas to consider including workforce, access to services and assessment of local need across a new authority's communities.

## 8. Risk Implications

- 8.1 While there are no risk implications arising from the recommendations, the risks arising from LGR are included within the Council's Strategic Risk Register and will be continually assessed, with appropriate mitigations put in place on a case-by-case basis.

## 9. Recommendation

- 9.1 Council is invited to debate the contents of this local government reorganisation report.

**Is this a key decision?** No

**Do the exempt information categories apply?** No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** No

**How many appendices does the report contain?** None

**List of Background Papers:** Two

[Letter: Lincolnshire, North Lincolnshire and North East Lincolnshire - GOV.UK](#)

[English Devolution White Paper - GOV.UK](#)

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