



Thursday, 27 February 2025

Report of Councillor Ashley Baxter,
Leader of the Council, Cabinet Member
for Finance, HR and Economic
Development

Local Government Reorganisation Proposals

Report Author

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Purpose of Report

To inform the Council on the Government policy of Local Government Reorganisation.

Recommendations

1. **Council is asked to note the current position on Local Government Reorganisation.**
2. **Council agrees to receive an interim proposal regarding Local Government Reorganisation for South Kesteven District Council at an Extraordinary Council Meeting on 18th March 2025.**

Decision Information

Does the report contain any exempt or confidential information not for publication? No

What are the relevant corporate priorities? Effective council

Which wards are impacted? All Wards

1. Implications

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

Finance and Procurement

- 1.1 There will be significant financial implications arising from the local government reorganisation agenda and the Government has stated that no funding will be made available to undertake any proposals that are taken forward. All transitional costs will need to be met by the authorities that are included in the approved reorganisation. At this early stage it is not possible to determine how much cost will be incurred by the Council. Financial due diligence will be a key element of a proposed reorganisation with other authorities including their balance sheet strength, level of reserves, indebtedness and tax base.

Completed by: Richard Wyles, Deputy Chief Executive and s151 Officer

Legal and Governance

- 1.2 Governance comments are reflected throughout the body of the report. As highlighted in section 3.5 of the report, the Government have stated that local government reorganisation will progress with or without a proposal from local authorities. This is also referred to in the letter in Appendix B:
"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"

Completed by: James Welbourn, Democratic Services Manager and Deputy Monitoring Officer

2. Background to the Report

- 2.1 The English Devolution White Paper published on 16th December 2024 and the accompanying Ministerial correspondence (Appendix A) set out plans for a significant reform of English subnational governance.¹ This report summarises the key contents of the White Paper and the subsequent Ministerial correspondence for Council.

¹ Ministry of Housing, Communities & Local Government (MHCLG), policy paper, 16 December 2024, English Devolution White Paper: Power and partnership: Foundations for growth, [English Devolution White Paper: Power and partnership: Foundations for growth - GOV.UK](https://www.gov.uk/government/publications/white-paper-power-and-partnership-foundations-for-growth)

- 2.2. The White Paper argues that the current system is overly complex and fragmented. It is argued that local government reorganisation (LGR) into simplified and more efficient larger governance structures 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. This entails the total overhaul of the current two-tier local government system (where it exists) and the consolidation of district councils and smaller or failing unitaries into new unitary structures serving a target minimum population of 500,000. The Government considers 500,000 to be the right size to achieve efficiencies, improve capacity and increase resilience to financial shocks.
- 2.4. The new system is envisaged to consist of two key components:
 - Strategic Authorities
 - Principal Authorities
- 2.5. Strategic authorities are authorities that are the product of a devolution agreement. Led by mayors, their purpose is to provide region level strategic leadership and coordination. As the local system leader, they will be the primary interface between the locality and central government.
- 2.6. In Lincolnshire, the strategic authority will be the Greater Lincolnshire Combined County Authority (GLCCA).
- 2.7. Sitting below the strategic authority will be multiple principal authorities. These are unitary authorities, whose purpose will be to provide core services. The Government has stated that although the target minimum population of these authorities is 500,000, there will be exceptions in cases where that is not possible due to local conditions. The Government have not confirmed the lower minimum population allowed in those scenarios.
- 2.8. At a meeting of the Housing, Communities and Local Government Committee on 7 January 2025, the Secretary of State for Housing, Communities & Local Government, Angela Rayner stated that a population of 350,000 would be too small.²
- 2.9. Below the principal authorities is the current parish system. The White Paper once refers to rewiring ‘the relationship between town and parish councils and principal Local Authorities’. However, what this would look like is not detailed. The Government have not elaborated further on the role of the parishes or the relationship between the ultra-local level and the principal authorities, other than stating that the unitaries are expected to ‘empower neighbourhoods’.³

² House of Commons, Housing, Communities and Local Government Committee, [Oral evidence: The Work of the Ministry of Housing, Communities and Local Government](#), HC 409, 7 January 2025

³ The Government recognises that a unitary would not be best placed to deal with ultra local issues or embedded deprivation. Hence the continuation of the Long Term Plan for Towns programme and the promise for further bespoke local intervention vehicles.

2.10. The basic hierarchy of the current and proposed new system for Greater Lincolnshire is displayed below:

Table 1: Hierarchy of Local Authorities in Greater Lincolnshire

Current	New
Mayoral - Greater Lincolnshire Combined County Authority (GLCCA)	Strategic Authority - GLCCA
Lincolnshire County Council & the Humberside Unitaries	At least two Principal Authorities (target 500,000 pop. Unitary Councils)
Seven District Councils	
Town & Parish Councils	Town & Parish Councils

Table 1 - Local Government in Greater Lincolnshire, Source: Ministry of Housing, Communities & Local Government

2.11. The Government is aiming to complete the bulk of LGR by the end of the current Parliament. New unitaries are viewed to be delivered in two tranches April 2027 and April 2028.

2.12. The Government's immediate objective is to complete the devolution map for England. Areas without a devolution deal, or where reorganisation is a precondition to unlocking devolution are the initial focus for the Ministry of Housing, Communities & Local Government (MHCLG). Authorities were invited to apply to join the accelerated Devolution Priority Programme, as part of the first wave of reorganisation, including postponing the May 2025 elections as necessary. Lincolnshire County Council with North East Lincolnshire and North Lincolnshire made a request to be a part of the Priority Programme. As Greater Lincolnshire has a devolution deal, this request was not taken forward by MHCLG, and the May 2025 elections will not be postponed in Greater Lincolnshire.

2.13. On 5th February 2025, the Minister of State for Local Government and English Devolution Jim McMahon made a Statement to Parliament announcing that the Devolution Priority Programme would take forward six areas: Cumbria, Cheshire and Warrington, Greater Essex, Hampshire and Solent, Norfolk and Suffolk, and Sussex and Brighton. On the 17th February 2025, consultations were launched for proposed devolution arrangements for the areas on the Priority Programme.

2.14. Also on 5th February 2025, the Minister issued statutory invitations to all Councils in two-tier areas and small neighbouring unitary authorities to work together to develop unitary proposals (Appendix B).⁴

2.15. Councils are expected to proactively collaborate to develop a proposal that delivers for the best interests of their area, rather than submit competing proposals.

2.16. Councils are permitted to explore options with neighbouring Councils, not included in the area invitation, where this helps those councils to address concerns about

⁴ All correspondence from MHCLG can be viewed on the collection page, [Local government reorganisation: Policy and programme updates - GOV.UK](https://www.gov.uk/government/collections/local-government-reorganisation-policy-and-programme-updates) and can be found in the appendices to this report.

their sustainability or limitations arising from their size or boundaries. Existing district areas should be considered the building blocks for proposals, but where there is a strong public services and financial sustainability related justification more complex boundary changes will be considered.

- 2.17. Proposals do not have to be bound by existing public service boundaries. For example, health, police force area or fire and rescue authorities. The White Paper expresses the long-term ambition to align public service boundaries, including those of police, probation, fire and health services with those of Strategic Authorities. In many areas, LGR is the precondition to establishing Strategic Authorities, the footprint of which will then determine other public service boundaries in the long term. MHCLG is clear that as with local government boundary changes, a strong justification would be required due to the likely additional costs and complexities of implementation.
- 2.18. MHCLG require interim proposals to be submitted on or before 21st March 2025, with a full final proposal submitted by 28th November 2025. MHCLG is clear that in a scenario where the authorities are unable to effectively collaborate and submit proposals within the set timeframes, then LGR will still proceed.
- 2.19. Detailed guidance has been issued for the content of the initial LGR proposals. Proposal geography must meet the below core criteria:
 - 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 (TTWAs) and High Skill TTWA (HS-TTWA).
 - As a guiding principle and starting point, new councils should aim for a population of 500,000 or more. The Government will consider proposals for smaller populations where there is a very clear rationale e.g. local geography and identity. The Government have not indicated what would be an acceptable lower population in this scenario.⁵
 - Prioritise the delivery of high quality and sustainable public services, and enable stronger community engagement and neighbourhood empowerment.
 - Meets local needs and is informed by local views. This is to be achieved through meaningful and constructive engagement that considers issues of local identity and cultural and historic importance, including the continued maintenance of ceremonial rights and privileges.
 - Complements the devolution arrangements. Proposals should ensure there are sensible population size ratios between principal authorities and the strategic authority.⁶

⁵ The current available information suggests proposals with a substantially lower population would be unlikely to be successful. Based off ministerial comments, a proposed population would need to be 400,000 plus, likely in the 450,000 space to be seriously considered.

⁶ If the population ratios are not sensible and the unitary authority covers a strategic economic area, then that authority will naturally infringe on the functions of the strategic authority, risking dysfunction or rendering the strategic authority

2.20. MHCLG has stated that they expect the interim March 2025 proposals to provide a summary of developing plans for LGR, transformation opportunities, challenges and indicative costs including:

- Size and boundaries of new councils
- Indicative costs and efficiency
- Options for future service transformation opportunities
- Councillor numbers
- Alignment to devolution
- Plans for local engagement
- Indicative costs of preparing proposals and standing up an implementation team.

2.21. MHCLG recognise that the level of detail possible at this stage will vary by authority and area. Feedback and potential capacity support will be provided after submission. The March 2025 proposals are not final. Councils will not be bound by the contents. The exercise is designed to enable MHCLG to take the temperature of the developing workstream and provide future capacity support as necessary, and to ensure sector momentum is maintained ahead of the submission of final proposals in November 2025.

2.22. An extraordinary meeting of Full Council has been scheduled for 18 March 2025. An all Member Briefing on LGR will be delivered ahead of that meeting planned for 10 March 2025.

2.23. Basic information on the size of the populations, council taxbases, and administrative, economic and political geography of the component authorities of Greater Lincolnshire and South Kesteven's southern and western neighbours is set out in Tables 2-5.

superfluous. Hence the requirement for appropriate population ratios. This is a significant obstacle to the county of Lincolnshire simply becoming a unitary.

Table 2: Population and Council Taxbases

Authority	Mid-Year 2023 Population	Tax base after allowance for council tax support (October 2024)
Boston	71,367	40,292
East Lindsey	145,371	30,911
Lincoln	103,314	48,601
Melton	53,237	20,299
Newark & Sherwood	126,168	42,751
North East Lincolnshire	158,335	26,140
North Kesteven	121,203	47,584
North Lincolnshire	170,087	20,703
Peterborough	219,509	62,606
Rutland	40,643	16,129
South Holland	97,915	50,140
South Kesteven	145,758	52,687
West Lindsey	97,880	33,222

Table 2 - Population and Council Taxbases, Source: Office for National Statistics and Ministry of Housing, Communities & Local Government

Table 3: Administrative Geography

Authority	Strategic Authority	Integrated Care Board (ICB)	Police Force Area	Fire & Rescue Authority
Boston	Greater Lincolnshire CCA	Lincolnshire ICB	Lincolnshire	Lincolnshire
East Lindsey	Greater Lincolnshire CCA	Lincolnshire ICB	Lincolnshire	Lincolnshire
Lincoln	Greater Lincolnshire CCA	Lincolnshire ICB	Lincolnshire	Lincolnshire
Melton	N/A	Leicester, Leicestershire & Rutland ICB	Leicestershire	Leicestershire
Newark & Sherwood	East Midlands CCA	Nottingham & Nottinghamshire ICB	Nottinghamshire	Nottinghamshire & City of Nottingham
North East Lincolnshire	Greater Lincolnshire CCA	Humber & North Yorkshire ICB	Humberside	Humberside
North Kesteven	Greater Lincolnshire CCA	Lincolnshire ICB	Lincolnshire	Lincolnshire
North Lincolnshire	Greater Lincolnshire CCA	Humber & North Yorkshire ICB	Humberside	Humberside
Peterborough	Cambridgeshire & Peterborough CA	Cambridgeshire & Peterborough ICB	Cambridgeshire	Cambridgeshire
Rutland	N/A	Leicester, Leicestershire & Rutland ICB	Leicestershire	Leicestershire
Authority	Strategic Authority	Integrated Care Board (ICB)	Police Force Area	Fire & Rescue Authority

South Holland	Greater Lincolnshire CCA	Lincolnshire ICB	Lincolnshire	Lincolnshire
South Kesteven	Greater Lincolnshire CCA	Lincolnshire ICB	Lincolnshire	Lincolnshire
West Lindsey	Greater Lincolnshire CCA	Lincolnshire ICB	Lincolnshire	Lincolnshire

Table 3 - *Administrative Geography*, Source: Office for National Statistics

Table 4: Economic Geography			
Authority	Gross Value Added (GVA – size of local economy £ million 2022 current prices)	Travel to Work Area (TTWA)⁷	
Boston	£1,591	Boston	
East Lindsey	£2,695	Lincoln, Grimsby, Boston, Skegness & Louth	
Lincoln	£3,026	Lincoln	
Melton	£1,514	Grantham, Leicester	
Newark & Sherwood	£2,865	Lincoln, Mansfield, Nottingham	
North East Lincolnshire	£4,059	Grimsby	
North Kesteven	£3,188	Lincoln	
North Lincolnshire	£6,794	Grimsby, Scunthorpe	
Peterborough	£7,189	Peterborough	
Rutland	£1,024	Peterborough	
South Holland	£2,468	Spalding	
South Kesteven	£3,202	Grantham, Peterborough	
West Lindsey	£1,960	Lincoln, Grimsby, Scunthorpe	

Table 4 - *Economic Geography*, Source: Office for National Statistics

⁷ A Travel to Work Area (TTWA) is a functional economic area in which most residents both live and work. For example the north of South Kesteven and parts of Melton are in the economic orbit of Grantham. The south of the district is in the economic orbit of Peterborough.

Table 5: Political Geography

Authority	Total Elected Members	District Councillors	County Councillors	Total Wards	Total Parishes
Boston	36	30	6	15	18
East Lindsey	68	55	13	37	188
Lincoln	41	33	8	11	Unparished
Melton	32	28	4	16	26
Newark & Sherwood	49	39	10	21	84
North East Lincolnshire	42	N/A	N/A	15	21
North Kesteven	54	43	11	24	75
North Lincolnshire	43	N/A	N/A	19	56
Peterborough	60	N/A	N/A	24	26
Rutland	27	N/A	N/A	16	57
South Holland	46	37	9	18	22
South Kesteven	70	56	14	30	84
West Lindsey	45	36	9	20	128

Table 5 - Political Geography, Source: Office for National Statistics

3. Key Considerations

- 3.1. The Government has embarked on a policy programme of LGR. The two-tier system will be replaced by large unitary councils (principal authorities) providing core services, sitting below a mayoral authority (strategic authorities), who will provide region level leadership and coordination.
- 3.2. In Greater Lincolnshire, this means the seven districts, the County Council and the Humberside unitaries will need to be reorganised into multiple unitaries. The Government has indicated a preference for unitary authorities to have a population of 500,000.
- 3.3. The Government aims to complete LGR by the end of the Parliament in two tranches: April 2027 and April 2028. The priority focus is areas without a devolution deal. Lincolnshire was not taken forward as part of the first wave Devolution Priority Programme.
- 3.4. On 5th February 2025, all Councils in two-tier areas and small neighbouring unitary authorities received statutory invitations to work together to develop unitary proposals.

- 3.5. Interim proposals are to be submitted on or before 21st March 2025, with a full final proposal submitted by 28th November 2025. The interim proposal is intended to give Government a view of the Council's intentions and an indication of costs. Councils will not be bound by the interim proposals. The Government has stated LGR will progress if no proposal is submitted.
- 3.6. An Extraordinary Meeting of Full Council has been scheduled for 18 March 2025.

4. Other Options Considered

- 4.1. The only other possible option would be not to give Members the opportunity to discuss this issue at a meeting of Full Council. That option was not considered.

5. Reasons for the Recommendations

- 5.1. Local government reorganisation is a topic of significant public interest, certain to have a major impact on the delivery of local government in South Kesteven and as such it is important to allow Members opportunities to discuss and to consider the implications.

6. Consultation

- 6.1. The Government is clear that final LGR proposals must be underpinned and informed by robust and thorough engagement and consultation with the public and key stakeholders. The interim proposal to be submitted in March 2025 will include the Council's high level consultation plans.

7. Appendices

- Appendix A - Letter from the Minister of State for Local Government & English Devolution to Leaders on the English Devolution White Paper & Local Government Reorganisation, 16 December 2024
- Appendix B - Letter from the Minister of State for Local Government & English Devolution to Greater Lincolnshire Leaders inviting proposals for local government reorganisation, 5 February 2025

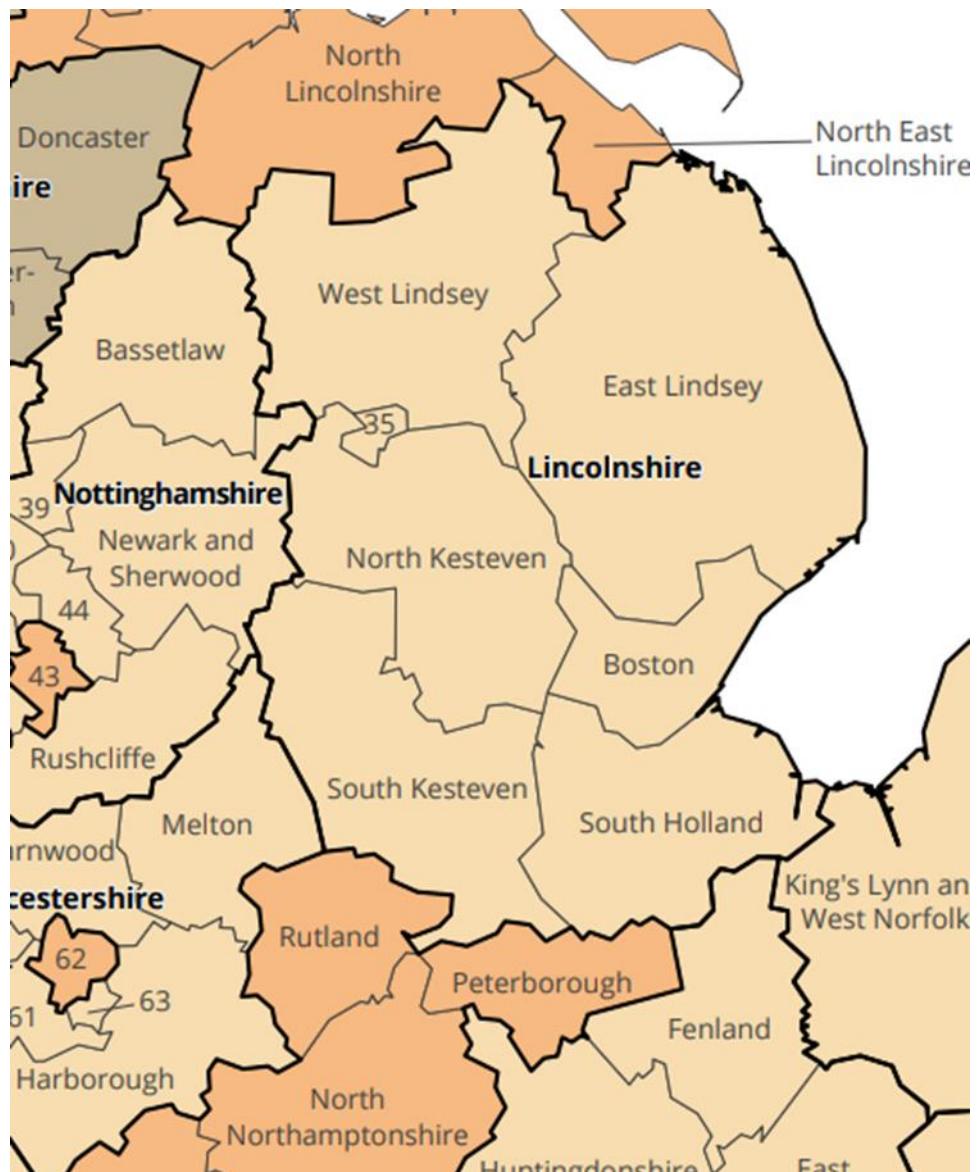


Figure 1 - Greater Lincolnshire & Neighbours, Source: Office for National Statistics