



**SOUTH
KESTEVEN
DISTRICT
COUNCIL**

Council

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

Charles James, Policy Officer

✉ charles.james@southkesteven.gov.uk

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Does the report contain any exempt or confidential information not for publication?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](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/128444/English_Devolution_White_Paper_Power_and_partnership_Foundations_for_growth.pdf), [English Devolution White Paper: Power and partnership: Foundations for growth](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/128444/English_Devolution_White_Paper_Power_and_partnership_Foundations_for_growth.pdf) - GOV.UK

- 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](#) 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.

| 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

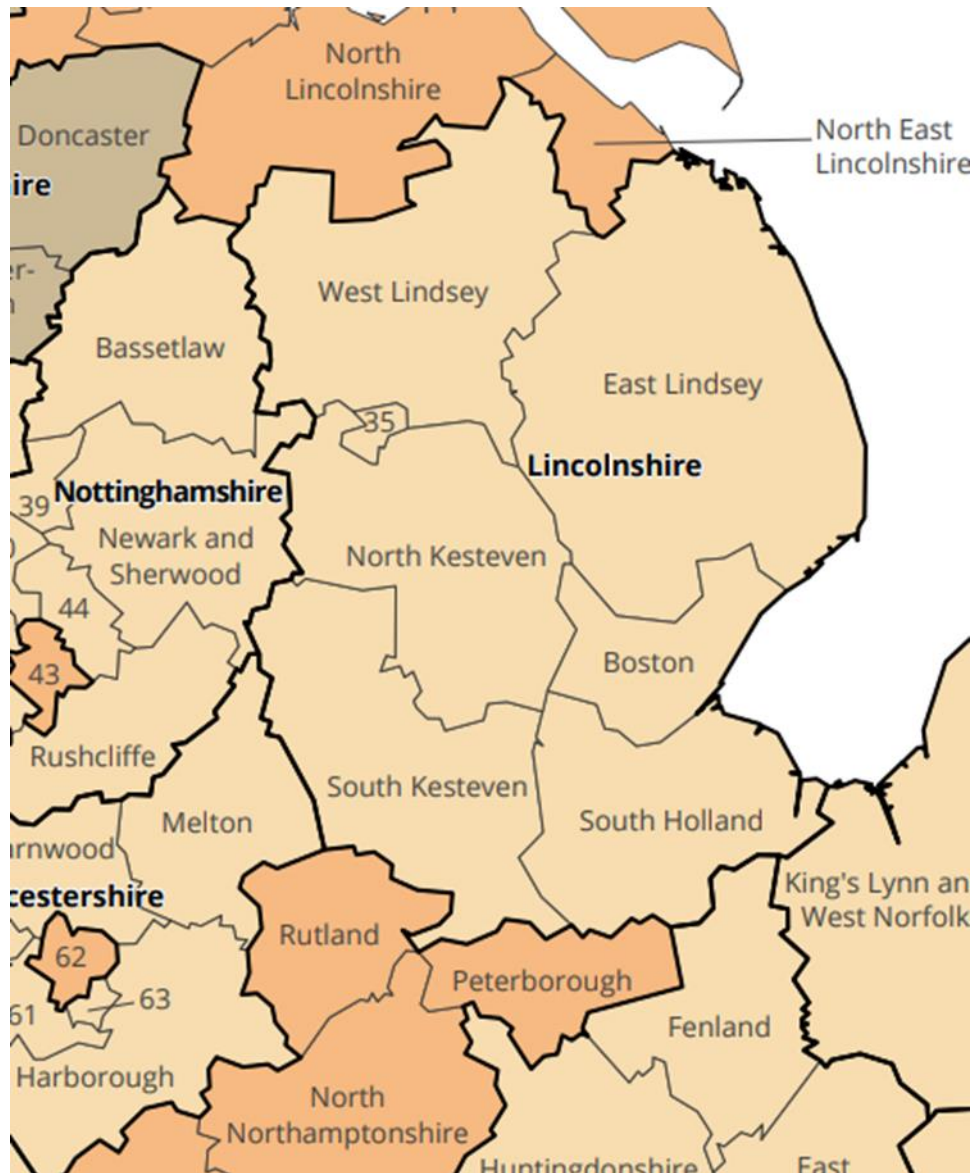


Figure 1 - Greater Lincolnshire & Neighbours, Source: Office for National Statistics