



Tuesday, 18 March 2025

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

## Interim Local Government Reorganisation Proposal for South Kesteven

### Report Author

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### Purpose of Report

To present the interim proposal for Local Government Reorganisation in South Kesteven to Council

### Recommendations

**Council is asked to approve the interim Local Government Reorganisation  
Proposal (Appendix C) for submission to the Ministry of Housing, Communities  
& Local Government.**

### 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Does the report contain any exempt or confidential information not for publication?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: David Scott – Assistant Director of Finance (deputy s151 officer)*

### ***Legal and Governance***

- 1.2 South Kesteven District Council has been invited to submit a proposal to Government for Local Government Reorganisation (LGR) as a principal authority in the two-tier county of Lincolnshire. There is no statutory requirement to submit a proposal.
- 1.3 The legislative framework for Local Government Reorganisation is set out in the body of the report.

*Completed by: Graham Watts, Monitoring Officer*

## 2 Background to the Report

- 2.1 The English Devolution White Paper published on 16 December 2024 and the accompanying ministerial correspondence (Appendix A) set out plans for significant reform of English sub-national governance. A summary report of the White Paper was presented to Full Council on 27 February 2025.
- 2.2 The Government has proposed a complete overhaul of the current two-tier local government system involving the consolidation of county and district councils, as well as smaller or failing unitaries, into new large unitary authorities serving a target minimum population of 500,000. The Government argues that reorganising local government into simplified and more efficient larger governance structures will reduce fragmentation and duplication and will enable economies of scale to

be realised. This, they argue, will make the sector more financially secure and will improve service delivery and outcomes.

- 2.3 The Government aims 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.
- 2.4 On 5 February 2025, the Minister of State for Local Government and English Devolution, Jim McMahon MP, issued statutory invitations to all Councils in two-tier areas and small neighbouring unitary authorities to work together to develop unitary proposals (Appendix B).<sup>1</sup>
- 2.5 Councils are permitted to explore options with neighbouring Councils not included within the area invitation where this helps to address concerns about sustainability or limitations arising from their size or boundaries. Existing district areas should be considered as the building blocks for proposals unless there is a strong justification relating to public services and financial sustainability in which case more complex boundary changes will be considered.
- 2.6 Proposals do not have to be bound by existing public service boundaries. For example, health, police force area or fire and rescue authorities. The Ministry of Housing, Communities and Local Government (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.
- 2.7 MHCLG require interim proposals to be submitted by 21 March 2025 with a full final proposal submitted by 28 November 2025. MHCLG is clear that LGR will still proceed in a scenario where the authorities are unable to effectively collaborate and submit proposals within the timeframes.
- 2.8 Detailed guidance has been issued for the content of the initial LGR proposals. Proposed 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 implies 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.

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<sup>1</sup> 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.

- 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 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.

2.9 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.

2.10 On 25 February 2025, Lincolnshire District Chief Executives attended a webinar facilitated by Frances Kirwan, Deputy Director of the LGR workstream at MHCLG. There MHCLG reiterated that they recognise that the level of detail possible in an interim proposal at this stage will vary by authority and area. MHCLG described the interim proposal as a 'check-in point' for understanding local LGR strategic aspirations. MHCLG stated that LGR proposals with populations under 500,000 were appropriate for areas with 'vast' or 'extensive' geographies. A strong preference was expressed for proposals that used the existing local government boundaries as building blocks without necessitating boundary changes. MHCLG described the option of Rutland's inclusion with South Lincolnshire authorities as 'absolutely a possibility'.

2.11 On the same day, at a meeting of the Housing, Communities and Local Government Committee Minister McMahon stated that in 'order to achieve other competing interests (beyond efficiency) such as identity and belonging, or in some places due to very vast geography, flexibility is required on population size.'<sup>2</sup>

2.12 Since the issuance of the LGR invitation, the Leader has been in discussions with all South Kesteven's neighbours and Greater Lincolnshire authorities to

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<sup>2</sup> House of Commons, Housing, Communities and Local Government Committee, [Oral Evidence: English Devolution](#), HC 600, 25 February 2025

determine an LGR solution that delivers the best outcomes for South Kesteven's residents and for the region as a whole.

2.13 The Leader and officers have been working with other local authorities and have shared data. This has resulted in the development of the interim proposal in Appendix C. The interim proposal details issues appropriate to Lincolnshire regarding the criteria and guidance provided by Government. It is understood that the Government criteria are not weighted, and proposals will be considered on an area-by-area basis.

### **3 Key Considerations**

3.1 The Government has set out its intention for reorganisation of councils in two-tier areas including Lincolnshire.

3.2 The Government require interim proposals to be submitted on or before 21 March 2025, with a full final proposal submitted by 28 November 2025.

3.3 South Kesteven DC has worked with other local authorities to produce an interim proposal to meet the MHCLG LGR criteria and offer an LGR solution that delivers for the residents of Greater Lincolnshire.

### **4 Other Options Considered**

4.1 The Council is not under obligation to submit an interim LGR proposal to MHCLG. There will be no legal penalty for not doing so but the Government has stated that LGR will proceed if no proposal is submitted. If the Council does not submit a proposal, then the opportunity to shape and influence LGR to deliver on the strategic interests of South Kesteven's residents will have been voided.

### **5 Reasons for the Recommendations**

5.1 The Government have invited interim proposals for LGR to be submitted on or before 21 March 2025. It is important to engage with this process positively so that the Council can influence the outcome in the best interests of the residents of South Kesteven, whilst ensuring that the final decisions need to work for all residents of Greater Lincolnshire.

### **6 Consultation**

6.1 Full Council considered the issue of LGR on 27 February 2025. Two All-Member Briefings were delivered on 10 March 2025.

6.2 The development of the final LGR submission for November 2025 will involve a full public consultation.

## 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
- Appendix C – Interim Proposals for Local Government Reorganisation in Greater Lincolnshire (To Follow)