



Local Government Reorganisation (LGR) Update

Report Author

Charles James, Policy Officer

 charles.james@southkesteven.gov.uk

Purpose of Report

An update on the latest position with LGR following receipt of the Interim Proposal Feedback letter

Recommendations

Cabinet is recommended to:

- 1. Note the latest position; the proposed timing and confirm the approach set out for the development of the final business plan.**
- 2. Approve the creation of a budget provision of £75,000 to be funded from the General Fund Local Priorities Reserve in order to procure external support in order to compile the final business plan.**

Decision Information

Is this a Key Decision? Yes

Does the report contain any exempt or confidential information not for publication?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 is currently no specific funds set aside in order to source external expertise to support the formation of the proposed final business plan for LGR. The report estimates that an initial budget of £75,000 should be established to meet any costs that are necessary to support the business plan formation. This will include both financial analysis and full stakeholder consultation. In the event that further costs may be required, then Cabinet will be updated accordingly. At the time of writing these, comments it is not known how much or indeed if any of Government provided funding will be made available to the Council.

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

Legal and Governance

- 1.2 There are no additional governance concerns not already outlined within this report.

Completed by: James Welbourn, Democratic Services Manager

2. Background to the Report

- 2.1 This report is to update Cabinet on the key developments of the government's Local Government Reorganisation (LGR) policy programme. This primarily concerns the receipt of the Interim Plan Feedback letter, the confirmation of funding to support full proposal development and a Ministerial Statement by Jim McMahon MP, Minister of State for Local Government & English Devolution on LGR progress.
- 2.2 The government remains committed to the LGR timeline announced in February 2025. For invitation areas not on the Devolution Priority Programme, including Greater Lincolnshire, full proposals are to be submitted by 28 November 2025. A final decision is expected in March 2026 following government consultation. Vesting Day for the new unitaries will be 1 April 2028. For areas on the Devolution Priority Programme, LGR will be implemented by 1 April 2027.
- 2.3 Appendix A contains the MHCLG milestone summary through to April 2028. The government recognises that its timescales are ambitious.

Interim Plan Feedback

2.4 On 3 June 2025, the Ministry of Housing, Communities & Local Government (MHCLG) issued its interim plan feedback letter to Greater Lincolnshire (Lincolnshire, North Lincolnshire and North East Lincolnshire). On the same day, a letter was issued to Leicestershire and Rutland County Council.

2.5 The purpose of the feedback letters was to provide additional guidance to assist in the development of final proposals. MHCLG stress that this was not a decision point. Therefore, the letter did not provide any directive as to which interim proposal(s) should be or should not be developed to full proposal(s) or provide any specific feedback or commentary on the merits and key features of the various proposals put forward by authorities in Greater Lincolnshire.

2.6 This has been case for all feedback letters that have been received by other areas and placed in the public domain. The letter received was largely generic with much of the content standard feedback common to letters for all areas. The full 14 page letter is attached as Appendix B and contains three core sections:

- Overview (pages 1-4)
- MHCLG responses to the specific barriers and challenges raised by the Greater Lincolnshire and Rutland CC interim proposals (pp4-7)
- Detailed criteria feedback. This is a reiteration of the LGR Criteria received set out in the February 2025 Statutory Invitation. Over 90% of this section is generic content that can be found in all feedback letters (pages 8-14)

2.7 The key points specific to Greater Lincolnshire and Rutland CC within the letter cover:

- Encouragement to reduce the number of proposals under development.
- Consideration of the full implications in both Greater Lincolnshire and Leicestershire for the inclusion of Rutland CC.
- Consideration of impacts of all proposals on both the Greater Lincolnshire and Hull & East Yorkshire mayoral authorities

2.8 The letter also included a range of generic points including shared sets of data and assumptions; the implications of any suggested boundary changes; full financial assessments including transition costs and future savings; service aggregation and / or disaggregation, and approaches to community empowerment within new unitary structures. The Council had already recognised these and is actively planning to cover all these points in the full proposal.

2.9 In terms of the responses to specific barriers and challenges identified by Greater Lincolnshire a number of these were common to the wider sector (e.g. funding, financial pressures, LGR timelines, criteria including population) and received brief and standard responses within the letter. Two challenges were specific to Lincolnshire: Review of the boundaries of the Greater Lincolnshire Mayoral County Combined Authority (GLCCA) and Internal Drainage Boards (IDBs). The

letter confirmed that the review into the effectiveness of the devolution governance arrangements across the Humber and Lincolnshire will continue; whilst for the IDBs simply restated recent increased funding decisions.

2.10 The letter also emphasised the importance of retaining focus and commitment to the delivery of high quality essential day-to-day services alongside LGR. The Council remains fully committed to both day to day delivery and its longer term commitment, as set out by the Corporate Plan 2024-27.

Full Proposal Development and Funding

2.11 The Council will continue to work collaboratively in the development of the full proposal. The full proposal will build on the foundations established by the interim proposal submitted in March 2025, adding the necessary detail to ensure a compelling case, underpinned by data and evidence, that fully addresses all six unitary criteria set out by government. The current MHCLG position remains, and was reconfirmed in the feedback letter received, that the criteria are not weighted.

2.12 Whilst seeking to minimise the costs of the full proposal development and utilise existing internal resources wherever possible the Council recognises that there are elements where external expertise and support will add value. This includes financial modelling of the proposal costs and financial benefits, independent resident engagement; and validating approaches for the most critical top tier services: Children's Services and Adult Social Care.

2.13 All councils in Greater Lincolnshire received a second letter from MHCLG officials on 3 June (Appendix C), which detailed government funding allocated to support full proposal development. The letter confirmed that £357,426 has been allocated to Greater Lincolnshire¹, but with the caveat that the area must agree on up to a maximum of three councils to initially receive this funding. It has been agreed that Lincolnshire County Council will initially receive and then distribute the monies.

2.14 The Lincolnshire Chief Executives have agreed that the funding will be used for the collective commissioning of data modelling and a shared financial baseline. MHCLG wishes for all proposals in an area to use a consistent underlying evidence base. Proposals would then apply different assumptions on the shared financial baseline.

2.15 The Council will seek to secure a fair share of this funding, but will also seek approval to initially set aside a sum of up to £75,000 towards the costs of the full proposal with this funded from the existing underspends and savings already allocated to the Local Priorities Reserve. A specific LGR budget code will be created to ensure full transparency. The Council will seek to minimise, wherever possible and practical, the actual drawdown from the £75,000 allocation.

¹ Government invitation area funding allocations have been calculated using a flat rate of £135,000, plus an additional 20p per person based on the latest ONS population estimates.

HM Government Progress Assessment

- 2.16 On 3 June the government published a Ministerial Statement on LGR progress; plus a high level summary of feedback from the interim proposals for all LGR areas.
- 2.17 The Ministerial Statement reiterated that the '*Government's position that a population size of 500,000 or more is a guiding principle, not a strict target ... The approach we have taken from the outset encourages and allows for councils to determine the right fit for their area.*'
- 2.18 The Ministerial Statement also confirmed that the government is reluctant to increase the capacity of Town & Parish councils in response to the governance vacuum created by the dissolution of district councils and the establishment of large unitaries. Instead the creation of 'Neighbourhood Area Committees' is the government's favoured solution to link the local to the new unitaries. Led by ward councillors, the government argues that Neighbourhood Area Committees allow for the benefit of structural efficiencies from Local Government Reorganisation, while deepening localism and engagement across every community. Area Committees are not a new governance vehicle and have been utilised in different forms to varying effectiveness by many unitary areas, including North Yorkshire, Wiltshire and Nottingham City Council.

3. Key Considerations

- 3.1. MHCLG Feedback for the Interim LGR Proposal was received on 3 June 2025. That feedback provided guidance to assist in the development of final proposals. MHCLG did not indicate a view on the merits or specific features of the interim proposals submitted in March 2025.
- 3.2. The government have confirmed the allocation of £357,426 to Greater Lincolnshire to support the development of final proposals.
- 3.3. The Council will continue to work collaboratively to develop a full proposal for LGR that is most beneficial – short, medium and long term - for both the residents and businesses of South Kesteven, and the wider geography of Greater Lincolnshire and Rutland CC. To this end, approval is sought for £75,000 from the Local Priorities Reserve is set aside to support the development of the final proposal.
- 3.4. The Government has reaffirmed the position that the 500,000 population figure is guiding principle not strict target. Proposed unitaries should be of a size and geography to best meet the particular needs of an area.
- 3.5. The Council is committed to continuing to deliver 'business as usual', providing services to our residents and businesses, and investing in our operational and

community assets in line with existing strategies, to ensure the best possible outcomes for the residents of South Kesteven.

4. Other Options Considered

- 4.1 The Council is not under obligation to submit an 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 missed.

5. Reasons for the Recommendations

- 5.1 LGR will have a significant impact on the residents of South Kesteven. Therefore an update on the developing policy programme is presented.
- 5.2 A robust LGR proposal must be high quality, evidence-based and offer a thorough analysis of the various options to detail the benefits and impacts of the Council's preferred LGR configuration on residents, services and businesses. Whilst the Council will endeavour to do as much of this work internally with partners as possible, it is recognised that there are elements where external expertise and support will add value.

6. Consultation

- 6.1 The Government once it has decided which, if any, of the final proposals for LGR that it will be taking forward will lead on formal consultation to inform the final decision.
- 6.2 The Council will actively engage with residents, businesses and wider stakeholders ahead of submitting its final proposal at the end of November 2025.

7. Appendices

- 7.1 Appendix A – MHCLG LGR Indicative High Level Timelines
- 7.2 Appendix B - Letter from MHCLG to the Greater Lincolnshire LGR Invitation Area Local Authorities providing feedback on the Interim LGR Plans, 3 June 2025
- 7.3 Appendix C – Letter from MHCLG to the Greater Lincolnshire LGR Invitation Area Local Authorities on the allocation of funding to support the development of final proposals, 3 June 2025

8. Background Papers

8.1 [South Kesteven DC Interim Proposal for Local Government Reorganisation March 2025](#)