Full Council	Tuesday, 28 October 2025	Matter for Information

Report Title: **Local Government Reorganisation - Draft of Current Proposal (October 2025)**

Report Author(s): **Anne Court (Chief Executive Officer / Head of Paid Service)**

Purpose of Report:	The Leaders and Chief Executive of the districts/boroughs and Rutland have continued to meet to progress the final proposal. The current draft of the final Local Government Reorganisation Proposal Summary for Leicester, Leicestershire and Rutland (North /City/South) is attached to this report at **Appendix 1**. The Leader requests an early review by Council of the current draft of the final proposal.
Report Summary:	This report outlines the work undertaken by the District and Borough Councils in Leicestershire and Rutland County Council to produce the draft final Local Government Reorganisation Proposal for Leicester, Leicestershire and Rutland. It also details the public consultation that has been carried out and how this has informed the final submission.
Recommendation(s):	**Council is asked to review the current draft of the final proposal and prior to final endorsement at Full Council on 19 November 2025 for submission to the Ministry of Housing, Communities and Local Government by 28 November 2025.**
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Strategic Objectives:	Our Council (SO1) Our Communities (SO2) Our Economy (SO3) Our Environment (SO4) Our Partners (SO5)
Vision and Values:	"Our Borough - The Place To Be" (Vision) Customer & Community Focused (V1) Proud of Everything We Do (V2) Collaborative & Creative (V3) Resourceful & Resilient (V4)

Report Implications:-	
Legal:	The Local Government Reorganisation proposal engages statutory processes under the Local Government and Public Involvement in Health Act 2007, requiring ministerial approval and an implementation order to dissolve existing councils and establish new unitary authorities. Legal implications for the Council primarily relate to ensuring lawful consultation, governance continuity, asset and staff transfer arrangements, and compliance with data protection and equality duties throughout the transition to any new structure.
Financial:	The implications are as set out at section 8 (paragraphs 8.1-8.4) of this report.
Corporate Risk Management:	Decreasing Financial Resources / Increasing Financial Pressures (CR1) Political Dynamics (CR3) Effective Utilisation of Assets / Buildings (CR5) Organisational / Transformational Change (CR8) Economy / Regeneration (CR9)
Equalities and Equalities Assessment (EA):	An Equalities Impact Assessment is included at Appendix 7 of the Full Draft Proposal documents.
Human Rights:	There are no implications arising from this report.
Health and Safety:	There are no implications arising from this report.
Statutory Officers' Comments:-	
Head of Paid Service:	As the author, the report is satisfactory.
Chief Finance Officer:	The report is satisfactory.
Monitoring Officer:	The report is satisfactory.
Consultees:	None.
Background Papers:	Full Draft Proposal Documents - Local Government Reorganisation Proposal Summary for Leicester, Leicestershire, and Rutland (North/City/South) (https://www.northcitysouth.co.uk/draft-proposal)
Appendices:	**1.** Draft Local Government Reorganisation Proposal Summary for Leicester, Leicestershire, and Rutland (North/City/South) **2.** MHCLG Feedback Letter (3 June 2025) **3.** MHCLG Assessment Criteria (February 2025)

1. Background

1.1 On 16 December 2024 the Government published its English Devolution White Paper. This outlined a very clear ambition for every area in England to move towards setting up a Strategic Authority, formed when two or more upper-tier authorities combine, led by an elected Mayor. The White Paper outlined the powers and funding which could be devolved to such authorities, including those relating to transport, strategic planning, skills and employment, business support, environment and energy, health and public safety.

1.2 The Government also set a clear expectation that in two-tier areas, such as Leicestershire, local government be reorganised with new Unitary Councils established to replace District, Borough and County Councils. They stated that this would lead to better outcomes for residents, save significant money and improve accountability.

1.3 The White Paper explained that new Unitary Councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. It stated that for most areas this will mean creating Councils with a population of 500,000 or more but recognised that there may be exceptions to ensure that new structures make sense for an area, including for devolution, and decisions will be on a case-by-case basis.

1.4 It was made clear in the White Paper that the delivery of high quality and sustainable public services to citizens and communities will be prioritised above all other issues. In addition, new Councils are expected to take a proactive and innovative approach to neighbourhood involvement and community governance so that citizens are empowered.

1.5 It was recognised that all levels of local government have a part to play in bringing improved structures to their area through reorganisation, including by sharing information and working proactively to enable robust and sustainable options to be developed and considered. It was stated that there is an expectation that all Councils in an area will work together to develop Unitary proposals that are in the best interests of the whole area, rather than developing competing proposals. In addition, there is an expectation that all Councils in an area will work with relevant government departments to bring about these changes as swiftly as possible.

1.6 Councils were invited to work collaboratively with other local authorities in their area to develop a proposal for Local Government Reorganisation (LGR), a draft Plan to be submitted by 21 March 2025 and a full plan by 28 November 2025. Following the publication of the White Paper, the District and Borough Council convened a meeting of all 10 councils in early January 2025 with a view to establishing whether a unified and collaborative approach to evaluating the options and responding to the aspirations of the White Paper was possible. Unfortunately, despite this and subsequent efforts, it was not possible to secure agreement to this approach from all 10 councils. But the 7 district/borough councils and Rutland County Council did commit to a single and collaborative approach to reviewing the evidence, evaluating the options, and working toward a shared position, in line with the Government's expectations.

1.7 It is anticipated that elections for shadow Unitary Councils will be held in May 2027, with new Unitary Councils going live on 1 April 2028. Leicestershire County Council, Leicester City Council, Rutland County Council and each of the Districts and Boroughs will continue to operate until the go live date for the new Unitary authorities.

1.8 On 6 February 2025 Council agreed to delegate to the Leader of the Council and the Chief Executive Officer the authority, to undertake such work as is considered necessary in response to the White Paper and subsequent approach from government to ensure Oadby and Wigston Borough Council and its residents are represented as far as possible in ongoing discussions with the government.

1.9 Further guidance was provided in a letter from the Minister of State for Local Government and Devolution to all Council Leaders in Leicestershire on 15 January 2025. This outlined the criteria against which proposals will be assessed.

2. Interim Proposal

2.1 Discussions took place with all local authorities across Leicester, Leicestershire and Rutland (LLR) and a joint proposal was submitted to Government on 21 March 2025 on behalf of all the districts and boroughs and Rutland County Council.

2.2 In developing this initial proposal, the districts, boroughs, and Rutland focussed on how best to unlock the benefits of Devolution for our area and deliver the right approach for LGR.

2.3 Alongside the Devolution focus and Government guidance the following were used as design principles. That any new unitary councils should:

- Strike the right balance between size and maintaining a strong local connection to communities
- Deliver savings and sustainable organisations
- Reflect the way people live their lives and work
- Retain local democratic accountability
- Ensure a strong focus on neighbourhoods, and community partnerships
- Preserve local heritage and civic identities

2.4 Starting from first principles meant looking at a range of options including:

1) Two Unitaries: Single County Unitary / City
2) Three Unitaries: North / South (Rutland) / City
3) Three Unitaries: North (Rutland) / South / City
4) Three Unitaries: East (Rutland) / West / City

2.5 Maps were generated for each, and considered the following variables:

- Population
- Workforce
- Economic inactivity
- Job density (ratio jobs/workforce)
- Self-containment: commuting
- Deprivation
- Proxy for adult social care (pension credits)
- Proxy for children's services (children in poverty)
- Housing (temporary accommodation pressures)
- Financial balance: local authority debt and income

2.6 The Leaders and Chief Executives of the districts/boroughs and Rutland regularly met to progress the interim proposal. Regular briefings with the wider membership and staff were held throughout the process. Briefings also took place with local MPs ahead of the submission.

3. Public and Stakeholder Engagement to Inform Interim Proposal

3.1 Public and stakeholder engagement was carried out to inform the draft interim proposal. Feedback from the public was obtained via an online questionnaire which received over 4,600 responses. That online survey found:

- Extensive support for the three-council proposal
- Significant opposition to a single unitary authority
- Enthusiasm to get the future boundaries with Leicester to a level that suited both the City and its wider geography
- The crucial importance of local representation and identity
- Challenges to really achieve cost savings and efficiency

3.2 The north/south configuration with Rutland in the north was found to offer the best balance in terms of population sizes. It was also found to best reflect the way people live and work in the area, align better with housing and service demands, and support existing strong links between towns in the north and south, and their relationship with the wider economy.

3.3 This proposal is referred to as the North, City, South proposal, reflecting the areas these new unitary authorities would serve.

3.4 Leicestershire County Council and Leicester City Council both submitted their own proposals. The County proposing a single unitary for Leicestershire, excluding Rutland, with no changes to the city boundaries. The City submission proposes a significantly extended city boundary and a unitary authority that rings around the city including Rutland.

4. Progress Since the Interim Plan Submission

4.1 Following submission of the draft proposal to the government, feedback was received from the Ministry of Housing, Communities & Local Government (MHCLG) on 3 June 2025 (attached at **Appendix 2** to this report). This highlighted several areas where additional information would be welcomed including the approach to debt management, the management of the risks of disaggregating services and the impact of each proposal on services such as social care, children's services, SEND, homelessness and wider public services. MHCLG also stated that they would welcome more detail on the rationale for any proposals which would result in setting up authorities serving less than 500,000 population.

4.2 Finally, government encouraged the authorities to work together to develop a robust shared evidence base to underpin final proposals which, wherever possible, should use the same data sets and be clear on assumptions. It was made clear that it would be helpful for final proposals to set out how data and evidence support outcomes and how well they meet the assessment criteria (attached at **Appendix 3** to this report). They suggested that those submitting proposals may wish to consider an options appraisal to demonstrate why their proposed approach best meets the assessment criteria in the letter compared to any alternatives, and a counter factual of a single unitary.

4.3 In response to MHCLG's recommendation for consistent datasets across proposals a

dedicated data workstream was set up. Efforts to align data with Leicester City and Leicestershire County Council (LCC) included negotiations for data-sharing agreements, whilst protracted, were eventually resolved, albeit we have different proposals to them. The workstream has produced standardised datasets, to support the options appraisal and financial modelling, addressing LCC's call for transparency.

4.4 To support final proposals for reorganising local government across a Leicester, Leicestershire and Rutland geography, the District and Borough councils of Leicestershire, along with Rutland County Council, have established several workstreams to collaboratively address our approach to issues of significance for the development and implementation of Local Government Reorganisation plans, covering strategic proposal development, organisational proposal development, target models for proposed unitary authorities, and enablement of the reorganisation process.

4.5 Each of the eleven workstreams operate under a designated primary liaison officer – typically a Chief Executive, or senior officer from one of the contributing councils. Officers from authorities participating towards the North, City, South proposal contribute on areas of expertise as representatives of their authorities. Workstream meetings take place with varying frequency, holding weekly, fortnightly, or monthly meetings, with key updates reported to Chief Executives and Leaders as required.

4.6 The Leaders and the Chief Executives and other senior officers have continued to meet regularly since submission to support the development of detailed proposals for the creation of three unitary councils – North, City, South.

5. Public and Stakeholder Engagement to Inform the Final Proposal

5.1 A comprehensive public and stakeholder engagement programme was undertaken; this commenced on 9 June and ran until 20 July 2025.

5.2 Independent engagement experts Opinion Research Services (ORS) were commissioned to engage with a diverse range of stakeholders, from residents, businesses and partner organisations to the voluntary sector and our town and parish councils.

5.3 A dedicated website (www.northcitysouth.co.uk) was created and various quantitative and qualitative methods including open questionnaires, focus groups, workshops, telephone interviews and face to face meetings were utilised.

5.4 Over 6,400 people across Leicester, Leicestershire, and Rutland shared their views to help shape proposals for how local services could be delivered in the future. ORS reviewed and collated the feedback received from the engagement and presented this to the authorities. A summary will be appended to the submission to MHCLG.

5.5 Key findings included:

- Over half (56%) of individual questionnaire respondents agreed with the proposal for three unitary councils
- Around three fifths (61%) of individual questionnaire respondents agreed with the areas covered by the North, City, South proposal, it was generally considered the most

logical division of Leicester, Leicestershire, and Rutland.

- Considerable opposition to the city expansion - overall the strongest opposition was seen across the various deliberative activities in relation to a potential expansion of Leicester City Council's boundaries

5.6 Although the North, City, South interim proposal set out that no boundary change is being proposed, participants were still asked to consider a future change, and respondents were asked to consider if Leicester City Council boundaries were to change in future whether a larger or more limited expansion should be considered.

5.7 Overall, a clear majority (86%) of questionnaire respondents preferred that only a limited expansion of the city boundaries should be considered, while a much smaller proportion (6%) felt that a larger expansion should be considered. Just under one in ten (8%) had no preference. The telephone survey respondents also favoured a limited expansion (64%). Of those respondents who left comments in the open-ended text question, some 31% expressed disagreement with any form of city expansion. There was also considerable opposition to the potential expansion of Leicester City's boundaries across the qualitative engagement sessions.

5.8 The overall findings in the ORS public and stakeholder engagement report have informed the final submission document, particularly in terms of the question of boundary changes but also extensive support for the 3 unitary, North, City, South proposal on the basis of maintaining local accountability and helping to retain local identities.

5.9 Financial modelling over the summer shows there is no strong business case, including financial rationale, for changing the city boundary. Full details of the options appraisals are set out in Section 2 of the attached proposal.

6. Key Components of the Revised Proposal

- **Devolution Readiness**: The model supports the Strategic Authority by delineating strategic and delivery roles and creating a structure with appropriate size ratios and geographies to support the MSA. Data sources include the 2021 Census, 2028 population projections and service demand proxies (e.g., pensioner credits, children in poverty, temporary accommodation costs) together with the extensive engagement set out above and financial modelling. We propose to progress the MSA at pace in parallel with the creation of new authorities unlike the other proposals for LGR in our area which sidetrack the MSA until new local government structures are implemented.

- **Supporting Economic Growth, Housing, and Infrastructure**: The North unitary will drive innovation through assets such as Loughborough University, while the South will foster enterprise growth through Mira Technology Park and the wider M69 growth corridor. Independent economic analysis has been commissioned from the Economic Intelligence Unit using the Oxford Economic Forecasting Model.

- **Creating financially resilient councils which are the right size to secure efficiencies:** The proposal offers the right balance between scale and physical geography to ensure sufficient financial resilience, while maintaining an ability to deliver services effectively and remain accessible to our diverse communities. Financial modelling projects annual efficiency savings of over £44 million through Workforce efficiencies, Procurement efficiencies, Income equalisation, Democratic savings, and Asset rationalisation. More detail showing the financial assumptions underpinning this

approach is set out in Sections 3, 5 and Annex 2 of the proposal. To validate the model, it underwent rigorous scrutiny by independent, experienced former Section 151 officers from non-Leicestershire councils as well as current Section 151 officers from existing councils.

- **Transformed and Prevention -focussed Services to achieve high-quality, innovative and sustainable public services:** The model adopts a prevention-focused approach, which sets out a path to reducing demand through locality focused service planning, which dovetails with the emerging agenda driven by the NHS 10-year plan for the new Integrated Care Board (ICB) structures in Leicestershire and Rutland. Our approach delivers a prevention framework of understanding and measuring population health by looking at both health outcomes and health factors, such as behaviours, clinical care, social and economic conditions, and the physical environment. We have engaged with a representative group of councils delivering social care services across small geographies, building on the findings of the Peopletoo report which demonstrates that unitary authorities with a population of 350k and below, perform better in terms of key areas of expenditure across Adult Social Care and Children's Services. Our model has also been informed through the data sharing between LLR on adult and children's social care.

- **Responding to diverse communities and validating local places and identities:** Through independent engagement with over6,000 survey respondents, focus groups and interviews, our approach has facilitated very significant resident input. Our Neighbourhood governance proposals have been shaped in the light of this feedback to address concerns about local identity and service continuity.

- **Enabling Strong Democratic Accountability and Community Engagement**: Ensuring local connection and meaningful influence and engagement, aligned to neighbourhoods, enshrined in the Council's governance processes and providing an appropriately scaled civic infrastructure linking local areas and the unitary authorities.

7. Next Steps

7.1 The final decision regarding which, if any, of the proposals will be implemented will be made by the Secretary of State. They can choose to do this with or without modifications.

7.2 Prior to making an order to implement a proposal all local authorities affected by the proposal (except the authorities which made it) will be consulted, along with other persons considered appropriate by the Secretary of State.

7.3 While the Secretary of State has not confirmed when a final decision is expected, if a decision was made to implement any proposal, officials would then work with organisations across Leicester, Leicestershire and Rutland to move to elections to new shadow unitary council. As set out earlier in the report, it is currently anticipated that these could be held in May 2027.

7.4 A shadow authority is one that is elected to carry out the preparatory functions of a new unitary council/s until the day that it formally comes into effect. This is commonly called "vesting day." At this stage it is envisaged that vesting day would be 1 April 2028. All existing councils across Leicester, Leicestershire and Rutland would continue to operate and deliver services until vesting day.

8. Financial Implications

8.1 The submission sets out the high-level assumptions and financial modelling that has been undertaken to support the submission. The submission is the best estimates that can be

made at the point of publication of the financial position of the unitary option.

8.2 Ultimately LGR and devolution will have significant financial implications for the operation of local government across Leicestershire. The full plan includes a full business case and sets out detailed analysis of the financial and non-financial impacts of final submission, including estimated costs of implementing the new Councils.

8.3 There are costs associated with preparing a proposal for a single tier of local government. These costs will be on top of existing service pressures and do not take into account leadership time and other opportunity costs which are currently being absorbed; however, the costs will increase significantly over the next 18 months as work is undertaken to establish the new Councils to begin operation from 1 April 2028.

8.4 Finance implications and opportunities for savings are set out in Sections 3 and 5 of the final draft report.

9. Full Draft Proposal Documents

9.1 Whilst the Draft Local Government Reorganisation Proposal Summary for Leicester, Leicestershire, and Rutland (North/City/South) only is produced as **Appendix 1** to this report, the Full Draft Proposal and its accompanying appendices are available at:

https://www.northcitysouth.co.uk/draft-proposal