

English Devolution White Paper - Developing Proposals for Local Government Reorganisation in Leicester, Leicestershire and Rutland

**Interim Plan submitted by
Leicestershire County Council
to Government
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Submitted in accordance with a
Cabinet decision and following
Scrutiny consideration



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Introduction

1. Leicestershire County Council welcomes the formal invitation from the Minister of State for Local Government and English Devolution, received on 5 February, to develop a proposal for local government reorganisation.
2. The County Council has previously considered a unitary structure of local government in Leicestershire. In 2019 a draft strategic business case was developed. Due to the then Government's criteria, the focus of the analysis was on either a single unitary or two unitary councils for the county of Leicestershire (excluding Leicester City and Rutland). The preferred option was for a single unitary council, largely due to the substantial financial savings offered by the proposals, which could be reinvested to support and improve front line services.
3. A general election was called in December 2019 which changed the political landscape. The Government decided not to proceed with any local government restructuring at that time.
4. Evidence across the UK, including recent independent analysis undertaken by PricewaterhouseCoopers (PwC), shows that unitary reorganisation can improve the financial situation for councils and this is particularly so where larger councils are established that can benefit from economies of scale.
5. The need to address the financial challenge facing local government across England is evident but particularly so in Leicestershire, where the County Council has the lowest core spending power per head of population of any county council, resulting in funding of £128 less for each resident than the average county council and £320 (25%) less than the best funded county council. This disparity results in tens of millions of pounds less expenditure on services than comparable areas.
6. Equally important drivers for change are the desire for modernisation, to create a council which is fit for the future and reflects customer demand, with improved service delivery, access and efficiency to eliminate the confusion that arises from a two-tier structure of local government; to work better with strategic partners; and to have greater influence. These can be achieved through simplified governance which will strengthen Leicestershire's role and voice both regionally and nationally, including through devolution.

7. Strategic partners include the NHS Integrated Care Board, NHS Provider Trusts, Police and Fire, the Local Resilience Forum and the Business and Skills Partnership (BSP) (the successor to the Local Enterprise Partnership). All have or in the case of the BSP are intended to have a boundary of Leicester, Leicestershire and Rutland (LLR).
8. The Acting Leader of the County Council has met with council leaders across LLR to discuss the options for local government reorganisation in the area. From the most recent meeting of Leaders, it was accepted that it has not been possible to reach agreement on a single option for reorganisation.
9. There was nevertheless a consensus among the Leaders that LLR is the correct geography for devolution and for a Strategic Mayoral Authority. That, however, is not necessarily any longer the case since the Leader of Rutland has said publicly that she wishes to consider an option for a unitary structure put forward by Greater Lincolnshire councils (part of an existing combined county authority) which includes a unitary authority comprising three Lincolnshire district councils and Rutland.
10. This interim plan focuses on the County Council's preferred option of a single unitary council for Leicestershire based on existing local authority boundaries and excluding Leicester City and Rutland.
11. The draft strategic business case in 2019, which recommended a single unitary council, also considered an option of two unitary authorities in Leicestershire (excluding Leicester City and Rutland). The business case was subject to external validation by PwC whose finding was that "The County Council's work represents a sound basis for presenting potential savings to members and for planning next steps. Based on PwC's experience, it covers the expected areas of potential saving and the level of the savings is within the range we would expect.". A high level review of the financial assessment of that option has been undertaken alongside a review of the financial assessment of a single unitary authority for Leicestershire.
12. This shows that the single unitary option offers the greatest financial benefit and a swifter pay back of implementation costs:
 - Annual savings in the region of £30m, and a net benefit over 5 years exceeding £100m.
 - Implementation costs of £19m, giving a payback of circa 2 years.
 - The two unitary option would deliver around 50% less savings - £17m annually, and £47m over 5 years with a 3 year payback on implementation costs.

- A single unitary option maximises savings and avoids duplication of overheads and loss of economies of scale, which would come with a two unitary option.
13. The difference between the single unitary and the two unitary option is stark.
 14. The development of the financial case for the November submission will reflect the high levels of inflation and growth in social care and to support children and young people with special educational needs and disabilities (SEND) since 2019, which is expected to widen the gap further between the single unitary and two unitary options.
 15. The County Council understands that a two unitary authority proposal will be put forward by the Leaders of the Leicestershire district councils and Rutland Council to cover Leicestershire and Rutland but notes that each of the proposed two unitary authorities would be significantly below the population size referred to in the English Devolution White Paper and the Minister's letter of invitation as the right size to achieve efficiencies, improve capacity and withstand financial shocks.
 16. In discussions to date with the Leaders of the district councils and Rutland on their proposal for two unitary councils they have not identified any exceptional circumstances that justify this deviation from the Government's criteria. Reference has been made to an options appraisal but not to the detail or reputation of any model used. The County Council would expect to see a clear rationale for the deviation from the criteria and, for example, evidence as to how a two unitary structure, compared to a single unitary, could prioritise and deliver high quality and sustainable public services, or could exceed the proven high performing, high quality and sustainable services provided by the County Council. In regard to efficiency savings, the County Council believes the proposal from the district council and Rutland Leaders is highly optimistic. It appears to be an outlier for the level of annual savings, compared to other two unitary proposals. The County Council notes surprisingly that all savings are assumed from the first year and that the financial and service implications of disaggregation do not seem to be adequately reflected. These should not be underestimated, and it will be important that there is a properly informed local understanding before the final submissions are made.
 17. The Leaders of the district councils and Rutland are also proposing that the City of Leicester remains as a unitary authority on its present boundaries.

18. The key concerns of the two unitary proposal are:

- a. Every service delivered by the County Council would need splitting to create two new services for Leicestershire. This would require a very complex transition that heightens the risk of disruption to service delivery. It would also create an undesirable postcode lottery effect.
- b. More organisations would exist, which would require a greater total level of management, back-office and infrastructure support, costs which tend to be fixed in nature.
- c. Two unitary councils would be smaller organisations than the existing County Council, resulting in a loss of purchasing power.
- d. Salaries to attract the right people would not be materially lower in the smaller organisations. For some posts, with already a shortage of good candidates, salaries would likely be the same but with potential for salary spiralling in a competitive and dynamic recruitment market between two unitary authorities.
- e. Residents would have less choice for how they access physical services, such as libraries and recycling and household waste sites, which would lead to frustration with the changes.

19. The district councils have not sought any information from the County Council to develop their proposals for social care or indeed any of the services which would need to be disaggregated into a two unitary proposal. The County Council also believes it would be a mistake if the district councils were to rely on Rutland, which is not fully self-sufficient in social care provision, to inform the proposal. The County Council provides an extensive range of social care services to Rutland, including statutory mental health provision, Deprivation of Liberty Safeguards, the Youth Offending Service and the Out of Hours social work response for children and young people. The County Council would be concerned if proxies used by the district councils and Rutland to estimate demand and cost pressures for social care proved to be incorrect and misleading.

20. The City Mayor has announced that Leicester City Council is submitting a proposal which seeks to extend its boundaries in line with the Minister's letter following the publication of the Devolution White Paper, in which he said he would facilitate reorganisation for unitary councils "where their size or boundaries may be hindering an ability to deliver sustainable, high-quality public services". What is known as the Leicester Principal Urban Area (PUA) goes beyond the City's current boundaries and is recognised in the City Council's Local Plan and the Local Plans of those district councils which abut the City's boundaries.

21. The City Council are proposing a two unitary solution for LLR, i.e. a City with an extended boundary and a second unitary outside to comprise a doughnut arrangement. In that event, the County Council believes that county residents would be impacted financially, as all areas of the county pay lower council tax than city residents, due to historic decisions. The implications of the City Council expanding geographically would impact the unitary structure in the county due to:
 - a. The loss of funding, associated with the expansion, would be greater than the costs transferred to the City Council reducing money available to be spent on services, unless council tax was increased. This would be due to lost economies of scale for countywide services and organisational running costs.
 - b. Choices of where to access services for remaining county residents would be reduced where physical assets were transferred to the City.
 - c. If the amount of assets transferred were significantly different to the level of residents in the area, service points would need to be opened or closed to rebalance.
 - d. The complexity and cost of re-organisation would increase significantly as all county services would require disaggregation. There would be no corresponding increase in savings to compensate for this, just a transfer of savings from the county to the city. This would be compounded if existing district areas are not the building blocks of the transfer.

- e. The preparatory work for change would increase with multiple agreements required to deal with treatment of assets, historic liabilities and arrangements for services that cannot easily be split, such as one street lighting control system.
22. The implications are reversed for the City Council, which would gain scale. For the County Council, however, the greater the eventual extent of any City boundary extension, the greater would be the impact on County residents and taxpayers and on the financial sustainability of the unitary structure outside the City.
 23. Government could resolve this through a permanent transfer of grant funding, although there would be concerns over the permanent nature of this. There would be no way to avoid the significant transition costs of transferring work between organisations. This would not be a simple transition, as the County Council is set up to deliver on a countywide basis and this is reflected in contracts, staff arrangements and physical assets.
 24. As stated in paragraph 10, Rutland has not been included in this interim plan pending clarification of its position on both local government reorganisation and devolution following two recent special Council meetings. Delayed publication of draft minutes of both meetings and the social media reaction point to very mixed views within the Council and within Rutland about reorganisation. Specific requirements were placed on the Leader by Council resolution in respect of submitting plans to Government and it is not apparent those have been complied with in the Leader's support for any interim plan.
 25. In the case of Leicestershire County Council and Leicester City Council, interim plan proposals have been taken through scrutiny and formal decision-making. Although MHCLG have said they would consider interim plans which had not been through full decision-making, it is disappointing that there has been little if any debate in some district councils before the submission of their interim plan.
 26. Rutland is a very small unitary council, not in "Best Value intervention" and/or in receipt of "Exceptional Financial Support". If Rutland were introduced for both the single and two unitary options it would not be expected to change the analysis in any material way and hence the conclusion that the single unitary option is the preferred option is expected to stand.

27. Incorporating Rutland into the single unitary proposal would only increase core spending power by 8%, so is not expected to be a logistical challenge, and it is rational to believe that the level of savings would increase accordingly. However, there is a significant discrepancy in council tax levels between Rutland and Leicestershire (over £300 for a Band D property) meaning that savings of over £5 million would be required to avoid current Leicestershire residents paying more for their services. If Government indicates that incorporating Rutland is an option that should be explored, due diligence would need to be performed to understand the implications for all residents.
28. Leicestershire County Council, however, would not stand in the way of Rutland if its Council decided that it wished to be part of a unitary council within Greater Lincolnshire – provided it did not delay devolution to Leicester and Leicestershire. The County Council would also support Rutland Council if it sought to retain historic county status.
29. Feedback on the interim plans, particularly in respect of any extension to the City boundary, will determine the next steps which will need to be taken by LLR councils prior to final plan submission in November.
30. In the following sections, the County Council’s interim plan is presented taking into account the guidance and criteria a) – h) which accompanied the Minister’s invitation of 5 February.

(a) Identify any barriers or challenges where further clarity or support would be helpful.

Barriers/challenges

(a)(i) An initial barrier had been understanding the position of Rutland Council and the seven Leicestershire district councils. Leicestershire County Council was only latterly (21st February) and indirectly made aware of their Leaders' proposal to split Leicestershire and Rutland (excluding Leicester City) north and south, but also (18th March) of the Leader of Rutland's intention to consider the option of a South Lincolnshire and Rutland Council.

(a)(ii) The County Council is aware that its neighbouring unitary authority, Leicester City Council, will be submitting an interim plan which includes a substantial extension to its boundaries. If that plan uses whole district building blocks and also parts of another district(s), e.g. wards, it is noted that reorganisation and therefore devolution may not proceed at the desired pace if that interim plan were to be taken forward. All Leaders had said they would support devolution in the form of a Mayoral Combined Authority with a LLR geography, but as noted earlier the Rutland Leader intends to consider a proposal* to join Greater Lincolnshire, which is an existing combined county authority taking on devolved powers from the Government, with a mayoral election scheduled for May 2025, and which would mean Rutland losing the coterminosity of LLR boundaries (paragraph 7 of the Introduction).

(* the proposal is for a unitary authority to be known as South Lincolnshire and Rutland, comprising North Kesteven, South Kesteven and South Holland district councils plus Rutland.)

Clarity/support

(a)(iii) The proposal which the County Council understands will be submitted by the Leaders of the district councils and Rutland would result in two unitary councils for Leicestershire and a unitary council for Leicester. The northern council is given a population size in broad terms of 418,000, the southern council a population size of 401,000 and the City a population size of 373,000. Those figures are based on a 2018 projection of potential future population size in 2028, not the mid-year 2023 ONS estimates, the most accurate data, which the County Council has used

in respect of its population.

- (a)(iv) If 2023 ONS estimates were used, the broad figures used by the district councils and Rutland would be corrected as shown below (the broad figures in brackets):

'North' (includes Rutland)	'City'	'South'
392,206 (418,000)	379,780 (373,000)	382,452 (401,000)

- (a)(v) It will therefore be helpful to have clarity on the population metrics to be used in the assessment process given the approach adopted by the districts and Rutland which could be seen as both deflating and inflating figures, and generally misleading.
- (a)(vi) The County Council separately seeks clarity and assurance that the population size guiding principle will be respected, especially noting the analysis and findings of the national financial modelling of the costs and benefits undertaken independently by PwC, which shows that a minimum population criterion of 500,000 is the single biggest driver to achieving savings and avoiding the costs of disaggregation.
- (a)(vii) It will be helpful to understand how the Council's political leadership may access and engage with MHCLG Ministers and key decision makers to ensure a meaningful exchange of views as the proposals are developed to maximise the opportunity to shape these in line with the Minister's requirements.
- (a)(viii) The MHCLG 'LG Reorganisation' circular of 14th March encouraged the submission of interim plans with plenty of information as helpful in engagement with officials going forward. The County Council remains of the view that the Government and all councils in the remaining two-tier areas should avoid abortive expenditure on proposals which ultimately will not be assessed to be viable because they do not meet baseline principles. The criteria set out in the White Paper and the Minister's letter of invitation should be respected. Meaningful feedback on the interim plans which will enable councils to focus their efforts on proposals which will lead to successful reorganisation is therefore requested, including how any boundary changes may be taken forward.

- (a)(ix) It will be helpful to have an early indication and clarity on how the Minister intends to assess the final proposals which will be prepared applying the guidance in the invitation letter. If there is a scoring or assessment matrix, it will be helpful if that can be shared as that will assist in developing and informing the final proposal.

- (a)(x) It will be useful, if capacity allows, for councils to be permitted to seek advice from other Government departments and ministers particularly in relation to proposals around adult and children's social care where district council proposals require disaggregation of social care services and may propose alternative delivery models such as trusts. It will be helpful to understand whether the views of other relevant ministers e.g. DFE and DHSC, on issues such as this will be taken into account in considering proposals.

- (a)(xi) Noting the Government's recently concluded consultation seeking views on the approach to local authority funding reform from 2026-27 runs in parallel with the proposed local government reorganisation timescales, it will be helpful to have assurance that there will be temporary protection from any negative impacts which may flow from the funding reforms to ensure a stable funding base during the reorganisation assessment process. If re-organisation options require disaggregation of council areas, it will be helpful to understand what the related funding transfers would be.

(b) Identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.

Size and Boundaries

- (b)(i) In 2019, Leicestershire County Council produced a strategic business case proposing a single unitary council for Leicestershire, based on the existing boundaries of Leicestershire County Council, and excluding Leicester City Council and Rutland Council. The financial benefits were subject to positive external validation by PwC and an internal review of the financial modelling has been undertaken. This provides assurance that the financial position presented remains relevant and presents a credible basis for the proposal.
- (b)(ii) The analysis recognises that the business case will deliver the following desirable outcomes:
- simplify delivery and improve services;
 - strengthen accountability;
 - cut bureaucracy;
 - reduce duplication and save money for investment in front-line services, people and outcomes;
 - save money for the taxpayer.
- (b)(iii) The case for a single unitary council for Leicestershire is further strengthened by the Government's guiding principles, set out in the invitation, including that the population size for new councils should aim to exceed 500,000. Leicestershire's current population is 734,015. Any attempt to divide the county would create new councils that would not be of the right size to achieve efficiencies, improve capacity and withstand financial shocks.
- (b)(iv) The key concerns of the two unitary proposal are:
- a. Every service delivered by the County Council (excluding mainstream schools, the annual revenue expenditure exceeds £1 billion) would need splitting to create two new services for Leicestershire. This would require

a very complex transition that heightens the risk of disruption to service delivery.

- b. More organisations would exist, which would require a greater total level of management, back-office and infrastructure support, costs which tend to be fixed in nature.
- c. Two unitary councils would be smaller organisations than the existing County Council, resulting in a loss of purchasing power.
- d. Salaries to attract the right people would not be materially lower in the smaller organisations. For some posts, with already a shortage of good candidates, salaries would likely be the same but with potential for salary spiralling in a competitive and dynamic recruitment market between two unitary authorities.
- e. Residents would have less choice for how they access physical services, such as libraries and recycling and household waste sites, which would likely lead to public frustration with the changes.

High Quality and Sustainable Public Services

- (b)(v) Early thinking on the benefits of a single unitary council for Leicestershire, as opposed to dividing the county into smaller unitary authorities, has naturally focused on avoiding the unnecessary disaggregation and fragmentation of services. Such fragmentation presents a significant risk to sustainability and creates instability and loss of the benefits of scale, particularly in relation to social care. Key considerations are as follows:
- A single unitary council for Leicestershire would avoid the significant costs and duplication created by disaggregating services currently provided by the County Council.
 - The County Council's Children and Family Services has a centrally led, locality delivered model that has recently been judged to be outstanding by OFSTED due to the strength of consistency of approach, the strength of leadership, robustness of decision-making and quality of practice across the county area. Splitting the service would introduce instability, reduce flexibility of resources across the area to meet local need and could lead to an inconsistent offer to vulnerable children and families across the county.

- Disaggregation of Adult Social Care would reduce the benefits associated with scale, such as commissioning power (in Leicestershire, Adult Services currently commission support from over 300 organisations through a variety of contracts and procurements). Current partnership arrangements in connection with integrated care pathways with the NHS and other partners would need to be duplicated, creating more complex transfer of care arrangements for individuals and partners. Highly specialist social care services and low volume services are difficult to deliver in smaller authorities due to the difficulty in recruitment and professional development of the workforce and oversight and governance of activity.
- For Social Care and SEND a change to the County Council's operating area would increase the number of out of area placements and the resulting complexity that that would bring.
- It is relevant that the County Council provides an extensive range of social care services to Rutland, including statutory mental health provision, Deprivation of Liberty Safeguards, the Youth Offending Service and the Out of Hours social work response for children and young people. Any suggestion that Rutland is fully self-sufficient in the provision of social care is incorrect. The Director of Public Health for Leicestershire also undertakes that role for Rutland.
- In terms of Environment and Transport, there would be an impact on network management (two separate unitary areas within the county would struggle to have effective management and co-ordination of roadworks especially on the classified road network) and there are significant risks associated with any duplication of expertise in an industry with a national skills shortage.

(b)(vi) A single unitary council for Leicestershire will also enable the following, which a two unitary structure would not allow:

- a. Support economic development and provide a consistent approach for businesses.
- b. Give Leicestershire a stronger and consistent local and regional voice with the Government, investors and partners, including the Leicester and Leicestershire Business and Skills Partnership.

- c. Provide consistency of service delivery.
- d. Improve infrastructure delivery through a coordinated approach to planning and delivering infrastructure projects and supporting economic growth.
- e. Simplify governance and reduce duplication, leading to more efficient use of resources and better outcomes for residents and businesses.
- f. Enhance local identity and cultural and historic importance through strengthening local communities, supporting local heritage, promoting cultural and leisure services and enhancing public amenities.

Indicative Efficiency Saving Opportunities

(b)(vii) The County Council notes the data produced nationally which shows that the financial benefits and the opportunities for delivering economies of scale through local government reorganisation are significantly reduced in unitary authorities with smaller populations. Recent PwC independent analysis shows that the creation of new unitary authorities based on a minimum population of 500,000 would achieve savings of £1.8bn nationally over five years. Conversely, creating more, smaller authorities using a minimum population of 300,000 would deliver no savings. The proposal for a single unitary council for Leicestershire supports this analysis and would generate a net £30m in annual savings from the following areas:

Category	Savings Rationale
Members' Allowances	Fewer organisations will mean that the number of elected members can be reduced, although those that remain will have greater responsibility. This will also allow the number of members supporting residents with service provision currently delivered by the County Council to increase, which better reflects the current make-up of local government.
Elections	<p>Elections for district council and County Council members have been held in different years. Having one set of elections for fewer members will cost less.</p> <p>The operations to maintain the register of electors can also be combined.</p>

Senior Management	<p>A management structure is required to manage each organisation and the services within it. Having fewer organisations and joining up similar services will mean that significant management savings can be realised.</p>
Back-office	<p>Joining up and running services in a similar way will simplify the back office support requirements greatly. Information technology and property services are the largest back-office services; finance and HR are also significant undertakings in all organisations. Combined with the benefit of only having one set of back-office services rather than one in each organisation, this will allow a dilution of fixed costs as organisation size increases, a reduction in the number of disparate operations, thus allowing standardised support in terms of common systems, infrastructure, policy and process. A larger single organisation also enables support to become specialised, resulting in operational benefits and benefits to decision making. Finally, benefit is enhanced by fewer staff in totality reducing the office space requirements.</p>
Property	<p>Whilst there are no proposals in this submission to reduce the number of locations that residents receive services from, such as leisure centres, parks and revenue and benefit payment points, it is expected that the property estate related to back office functions can be reduced.</p> <p>Head office accommodation is one of the more expensive classes of property. By taking opportunities to consolidate accommodation, surplus properties can be sold or repurposed, reducing maintenance and operational costs. Vacated space presents opportunities to receive further benefits from capital receipts or rental income. This benefit will be enhanced by the new organisation requiring fewer staff in totality.</p>
Service management and administration	<p>Joining up and running services in a similar way will allow management and administration roles to be combined and the best practice from the current disparate services to be selected for the whole county. Further benefit will be secured from improved procurement and contract management.</p>

(b)(viii) With a pay-back period of slightly over two years the Net Present Value (NPV) analysis is supportive of a single unitary council, even with a very prudent phasing of transition costs.

(b)(ix) As well as the efficiency savings that will be generated, early analysis suggests that there is a range of other financial benefits from the creation of a single unitary council for Leicestershire. These can be summarised as follows and will be explored further before the submission of a final plan:

- a. Redirecting funding to front line services.
- b. Greater purchasing power and economies of scale.
- c. The join up of closely linked services, such as waste collection and disposal, allows better operational arrangements, decision making and outcomes.
- d. Greater financial resilience, sustainability and spreading of financial risk.

(b)(x) A single unitary option is also simpler and quicker to implement, and brings less disruption to service users, residents and businesses.

A summary of the costs and savings associated with a one and two unitary option for Leicestershire, based upon the 2019 case, is shown in the table below. Savings are pro-rata until year 3:		
	One Unitary	Two Unitaries
Annual savings (ongoing)	£30m	£18m
Transition costs (one-off)	£19m	£17.5m
Total net benefit over 5 years	£107m	£47m
Payback period	2 years	3 years

A review has been undertaken to ensure that the numbers above are appropriate for this interim submission. A full refresh will be undertaken for the November submission to ensure that the latest information is presented.

A High Performing Council

- (b)(xi) Leicestershire County Council has over a lengthy period of time developed a consistently strong reputation as one of the top performing and delivering councils in the country. It has been built on the stability of its political and managerial leadership and strong financial, performance and governance processes, combined with the ability to attract high quality professional staff.
- (b)(xii) The Council has maintained strong performance oversight, benchmarking, peer review, inspection and supporting processes and taken hard decisions to maintain high performance. Benchmarking of local authority performance using robust nationally recognised data (264 indicators) shows Leicestershire to be consistently in the top 2-6 counties/county unitaries for performance over recent years.



- (b)(xiii) Strong performance management has recently seen the Council improve its Children and Family Services to achieve an 'outstanding' OFSTED rating and achieve high performance for highways and transport services and adult social care delivery. Despite budget pressures the Council has achieved a wide range of national awards and commendations for its work and services, including for its cultural services. Strong service delivery performance has seen the Council also achieve good results in its regular resident satisfaction surveys.

(b)(xiv) The Council, despite being the lowest funded county, has been able to support delivery of a wide range of national and local priorities. These include a strategic approach to support significant housing growth in the subregion, major highways and transport improvements, and leading economic development initiatives such as the East Midlands Freeport, in which the Council is a partner and the accountable body; achieving environmental and net zero progress in the Council's operations and biodiversity enhancements; supporting restructuring of the local secondary school system to improve pupil outcomes; supporting diverse and vulnerable communities including through the Covid pandemic and with resilience issues such as recent flooding; leading on piloting the national Supporting Families programme and progressing integration of health and social care services.

(b)(xv) The Council has also taken tough decisions to manage within its budget and maintain financial resilience, avoiding the financial crises experienced in an increasing number of councils and delivered a range of major transformation projects to ensure greater value for money. Analysis using recent benchmarking and financial spend data shows that Leicestershire remains amongst the most productive and best value for money councils in the country.

(b)(xvi) The County Council's services with their proven track record of high quality and sustainability, are therefore well placed to serve as the basis of a single unitary authority for Leicestershire.

(c) Include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.

Indicative Costs for the Preferred Option of a Single Unitary Council for Leicestershire

(c)(i) Indicative implementation costs for the options of a single unitary council for Leicestershire are £19m, comprising:

Staff redundancies: A significant proportion of the unitary financial benefits come from reducing the number of staff employed across all of the councils included in the reorganisation, particularly at a senior level.

Experience of previous efficiency projects has shown that estimated costs in this area tend to be overstated due to the mitigations that can be put in place, such as redeployment and holding vacancies. This will be particularly relevant to the reorganisation due to the multi-year implementation.

Cost of integration and decommissioning IT systems: Funding will be needed to integrate and replace the core service systems, including the merging of necessary historic service information. The approach of adopting the best existing system will allow costs to be lower than if new systems were procured and implemented.

Implementation team and specialist support: An implementation team will be required to perform the detailed service design work for the new organisation, implement the changes and minimise service disruption. It is estimated that the team would be in place for approximately 3 years.

The implementation team will need access to specialist advice and support, for example legal advice to review employment and supplier contracts.

Communications and training: Residents and partners will need to understand any changes to their ability to access services. The new organisation will require a new branding.

Members and staff will require inductions and training, which is likely to be in excess of the existing budgets.

Merging of operations: It is likely that there will be instances of contracts being terminated early to avoid duplication of running costs, although these costs would be judged against the benefit received and flexibilities around timing as contracts expire by effluxion of time.

Re-organisation of the property estate will require costs to be incurred for storage/archiving, removals, clean-up and shut down.

Other Options – Two Unitary Authorities or Single Unitary Council for Leicestershire with expanded city boundaries

- (c)(ii) The 2019 business case indicated that implementation costs of two unitary councils would be less than for one unitary council, simply due to the lower level of savings achieved. It is important to note, however, that this would require investment in a different unknown initiative to make up for the shortfall in savings. Due to social care costs having increased significantly faster than other council services, it is expected that disaggregation costs for the two unitary options will have increased more than the single unitary.
- (c)(iii) There would be costs and other factors associated with an expansion of the City boundaries, as follows:
- a. The loss of funding, associated with the expansion, would be greater than the costs transferred to the City Council reducing money available to be spent on services, unless council tax was increased. This would be due to lost economies of scale for countywide services and organisational running costs.
 - b. Choices of where to access services for remaining county residents would be reduced where physical assets are transferred to the City.
 - c. If the amount of assets transferred were significantly different to the level of residents in the area, service points would need to be opened or closed to rebalance.
 - d. The complexity and cost of re-organisation would increase significantly as all county services would require disaggregation. There would be no corresponding increase in savings to compensate for this, just a transfer of savings from the county to the city. This would be compounded if existing district areas are not the only building blocks of the transfer.
 - e. The preparatory work for change would increase with multiple agreements required to deal with treatment of assets, historic liabilities and arrangements for services that cannot easily be split, such as control of street lights.

Future service transformation opportunities

(c)(iv) Examples of the opportunities for service transformation in addition to what is included in the financial estimates above include:

- Prevention – having a cohesive, local offer and creating closer links between Public Health, Housing and Welfare, and Early Help Services to improve wider determinants of health and reduce service demand
- A joined up approach between Children and Family Services and Housing Services to support care leavers to move into their long term home.
- Improving the current integrated housing offer bringing together a range of support to help people stay safe and independent. In Leicestershire, this is offered by the Lightbulb Partnership, which is a partnership between the County Council and district councils. However, the governance does not allow the Lightbulb Service to operate effectively since the district councils will not allow the allocation of funding on a strategic basis to meet population needs across the county footprint. It is concerning that the Disabled Facilities Grant total carry forward underspend for all districts was £5.6m as at April 2024. One district's carry forward was £2.2m.
- Integrating Housing Services with Social Care and Public Health Services to provide more comprehensive support for individuals and families facing homelessness.
- Bringing Cultural and Leisure services together to support health and wellbeing and to develop a countywide offer.
- Streamlining strategic planning through a single Local Plan for Leicestershire and improving delivery of affordable housing through a consolidated Housing Revenue Account (HRA), which is not possible now as not all districts have a HRA. There will also be a greater ability to meet the Government's housing targets and develop more affordable housing by bringing HRAs together.
- Customer Services – reducing avoidable contact, integration of customer data and streamlining customer contact.

(c)(v) A single unitary council will allow these opportunities to be maximised.

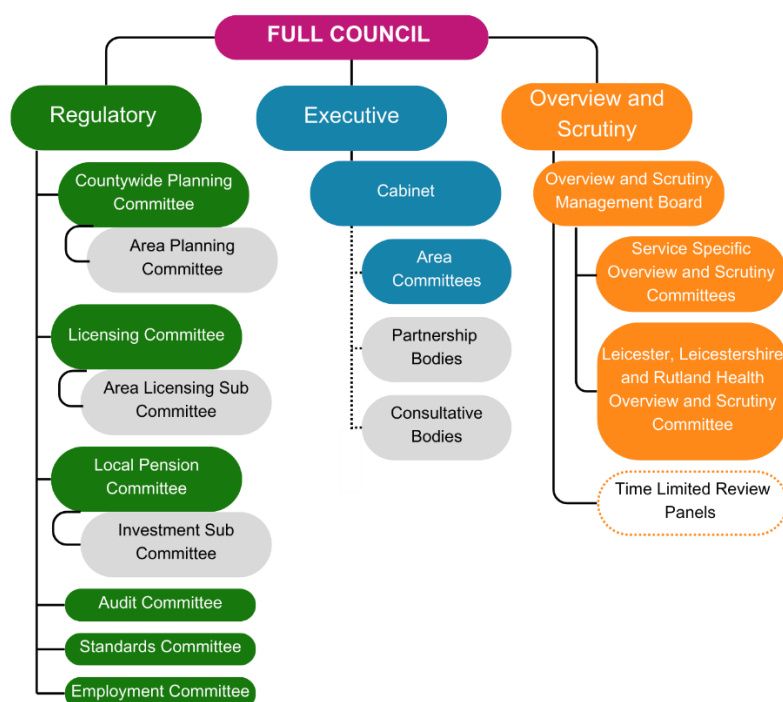
(d) Include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangement which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.

Governance and Decision-Making Arrangements

(d)(i) To deliver the strongest strategic and local leadership, it is proposed that the single unitary council for Leicestershire adopts the following approaches:

- To employ the ‘Cabinet and Strong Leader’ model of governance.
- To ensure that all councillors act as community leaders and bring that experience to strategic decision making for the benefit of the county.
- To have a clear and simple structure for local partners to engage with.

(d)(ii) A proposal for the decision making structure for the single unitary council for Leicestershire is set out below:



Number of Councillors

- (d)(iii) It is proposed that a single unitary council for Leicestershire will have 110 councillors; twice the size of the existing County Council but reducing the overall number of councillors across the current County and district councils by 196. The Boundary Commission would be invited to conduct a review at a later stage in the process to confirm the council size. In proposing this number the County Council is mindful of the Buckinghamshire experience where the Boundary Commission have recommended that the 147 councillors elected, following re-organisation, are reduced to 97.
- (d)(iv) Analysis has been undertaken to compare council size and number of electors for single tier local authorities, and a ratio of population to number of councillors has been developed. That analysis suggests that a council size of 110 would be in line with the council size of other unitary councils comparable in size.
- (d)(v) It is proposed that there is a doubling up of members for each electoral division prior to the undertaking of a boundary review. Such an approach has been adopted in many of the unitary reorganisations in England. This would mean that there will be two elected members for each electoral division, except for the divisions of Oadby and Glenfields, Kirby Muxloe and Leicester Forests, which will each be represented by four elected members.

Member Roles and Responsibilities

- (d)(vi) The role of a unitary councillor will be similar to the existing role of a county or district councillor and a role description will be developed to cover their role as a member of the council, as a community leader and their representative role. However, in recognition that there will be an overall reduction in the number of local elected members, it is proposed that the unitary councillor will be supported to undertake an enhanced role in guiding the council's strategic direction and a higher profile community leadership role.

Partnership Arrangements

(d)(vii) The single unitary council will be represented on statutory partnership bodies, such as the Health and Wellbeing Board, Police and Crime Panel, Children’s Safeguarding Partnership and Safeguarding Adults Board and will ensure it has the same level of representation that local government in Leicestershire currently has on these bodies.

(d)(viii) The unitary council will also continue to engage with the range of voluntary partnerships that the current County Council and district councils are involved with.

Area Committees

(d)(ix) The development of a new unitary structure for local government in Leicestershire provides the opportunity to look at how communities help shape decisions taken by local government and how local government ensures they are delivering the right services in the right way. In looking at this challenge, best practice from unitary councils elsewhere in the UK has been captured and assessed, and a new model that meets the unique strengths and challenges in Leicestershire is being developed. The principles of this are set out below:

- **Community Involvement:** ensure that local people are fully involved in decisions that affect them and their local area.
- **Formally constituted:** with some delegated executive powers and corresponding budgets.
- **Visible and transparent decision making:** informed by effective engagement and collaboration with the public and local partners.
- **Strengthen local leadership:** through focusing on matters of local importance.
- **Oversight role:** to ensure effective service delivery to the local area.
- **Accessible:** by meeting in the local area.

(d)(x) Area committees could be aligned with parliamentary constituency boundaries (taking note of the model adopted in the North Yorkshire unitary council) but it will be important to co-design the geography of area committees with local residents. Consideration will be given to the development of different options, taking into account the following principles:

- Able to reflect a scale at which local decision making, joint working and localised service delivery will be effective and can be cost-effectively supported.
- Sensible size to enable effective discharge of functions.
- Community identity, common sense of place and natural boundaries.
- Main towns to be wholly within one area wherever possible.

Local Models of Service Delivery

(d)(xi) Providing options to strengthen communities through the devolvement of services to community groups will be considered as the final plan is developed. The County Council has a strong track record of devolving services, such as community managed libraries which are run by volunteers, flood wardens and the snow warden scheme. Strengthening and building on these arrangements will help to ensure that the unitary council for Leicestershire is connected to local communities and supports them to thrive.

(d)(xii) This includes supporting existing town and parish councils who wish to support the new unitary council in the delivery of local services on a voluntary basis. The proposal will build on the devolution framework previously developed by Leicestershire County Council, working closely with the Leicestershire and Rutland Association of Local Councils and a sub-group of town and parish council representatives.

(d)(xiii) The devolution framework will be refreshed with a view to setting out the scope and principles to be achieved, lessons learnt from elsewhere in the UK and providing an opportunity to be ambitious and bold but risk aware in service devolution. This necessarily includes both County and district council services. The devolution framework looks to identify a number of services that town and parish councils would be asked to consider supporting on a voluntary basis.

(d)(xiv) Community groups, volunteers, town and parish councils will be free to choose the level of involvement that they might have in delivering devolved services through a menu of options, including the option of not being involved at all. Any additional services which community groups and volunteers, town and parish councils deliver on behalf of the unitary council will need to be in line with its policies and priorities. It is also recognised that the unitary council will need to provide funding and support.

(d)(xv) Appropriate governance and monitoring arrangements will be put in place. In terms of town and parish councils, there will be a greater willingness to devolve services to councils which are accredited through the Local Council Award Scheme run by the National Association of Local Councils. This recognises good practice in governance, community engagement and council improvement. Service Level Agreements will also be put in place when services are devolved.

(e) Include early views on how new structures will support devolution ambitions.

- (e)(i) The Government has indicated that it wishes to see devolved powers across England. One of the criteria is that two or more upper tier local authorities would need to combine to form a Strategic Authority. The County Council supports the creation of a Mayoral Strategic Authority encompassing Leicester and Leicestershire and, subject to local/regional views and national decision, Rutland. As set out in paragraph 7 of the Introduction, the LLR geography offers coterminosity of boundaries for partners including NHS, Police and Fire, which will simplify matters in terms of incorporating the roles of the Police and Crime Commissioner and Combined Fire Authority into a Mayoral Strategic Authority, as per the Government's vision.
- (e)(ii) A single unitary authority council for Leicestershire is the least complex option for reorganisation in the area and will therefore allow devolution to be embarked upon more quickly, subject to the Minister's response to a request to extend the City's boundaries. The proposal will also minimise disruption, enabling Leicestershire to move forward with supporting growth and prosperity through the benefits of a Strategic Authority.
- (e)(iii) Initially, a Strategic Authority would bring enhanced powers and responsibilities for the proposed areas of competence:
- transport and local infrastructure
 - skills and employment support
 - housing and strategic planning
 - economic development and regeneration
 - health, wellbeing and public service reform
 - public safety.

Early views on how new structures across the region will help to address the challenges faced by the area are as follows:

- **Streamlined Governance Arrangements:** A single unitary authority for Leicestershire will create the right administrative framework to support the devolution of funds and powers from the Government. There is a greater chance of governance arrangements being agreed which will enable effective strategic decision-making and investment prioritisation across the functional economic area (which can include Rutland). This designation reflects the geography within which many economic relationships operate, and the area has a relatively self-contained labour market.
- **Housing and Strategic Planning:** the development of a Spatial Development Strategy will remove the current barriers (administrative and political) to strategic planning. The requirement of the Infrastructure and Planning Bill are noted. The spatial distribution of growth would no longer be confined to district boundaries, ensuring growth takes place in the most sustainable locations and that development is focussed where impacts of growth can be adequately mitigated with targeted investment in infrastructure. A single Local Plan and approach to strategic planning will facilitate delivery by identifying clear policies, leading the way for comprehensive delivery strategies and contribution mechanisms.
- **Economic Development and Regeneration:** Leicester and Leicestershire function as an integrated economic area in terms of travel to work patterns, in addition to retail and cultural catchments and transport links. Although it has strong relationships with neighbouring counties, the economic interdependencies and unique transport infrastructure and needs across Leicester and Leicestershire serve to make it a separate economic area. To that end, a single unitary council for Leicestershire would form part of a sensible geography for devolution, with the intention being to form part of a Mayoral Strategic Authority with Leicester City (and potentially with Rutland).
- **Transport and Local Infrastructure:** Having a single body with responsibility for transport modelling and interpreting it against strategic objectives will enable the Strategic Authority to act in the overall best interests of Leicestershire's communities. Through taking an overall view of the sub-region, the Strategic Authority

will be able to determine where, from transport and wider perspectives, growth might best be placed and prioritised. The Strategic Authority will also have a stronger voice for engaging at a regional and national level in conversations to secure the strategic scale investment in the transport system crucial to the area's future growth.

- **Skills and Employment Support:** The skills agenda has increasingly been at the forefront of partnership arrangements. A new, single, strategic commissioning body will drive and deliver locally-led solutions to improve the delivery of skills training and development. This will enable a greater focus on recruitment difficulties and skills shortages in key sectors where insufficient young people have been attracted to careers such as engineering, advanced manufacturing, green energy and logistics.
- **Health and Wellbeing:** A Strategic Authority, working alongside the unitary councils, will be able to support reductions in health inequalities by focussing on functions relating to the wider determinants of health such as the environment, income and housing. The Strategic Authority can build on the County Council's existing Health in Policies approach to ensure that the areas most at risk of health inequalities are considered as part of decision making.

(e)(iv) Further work will be undertaken to inform the final proposal focusing on the proposed areas of competence and the criteria on geography and governance arrangements referred to in the White Paper to consider how these may be addressed to drive growth and shape public services. It is recognised that there are a number of limitations within the current arrangements, largely relating to the cumbersome nature of current governance arrangements, which result in a lack of clarity, duplication and a lack of transparency and accountability. A single unitary council for Leicestershire will be the first step towards streamlining and strengthening governance arrangements to reduce duplication and waste.

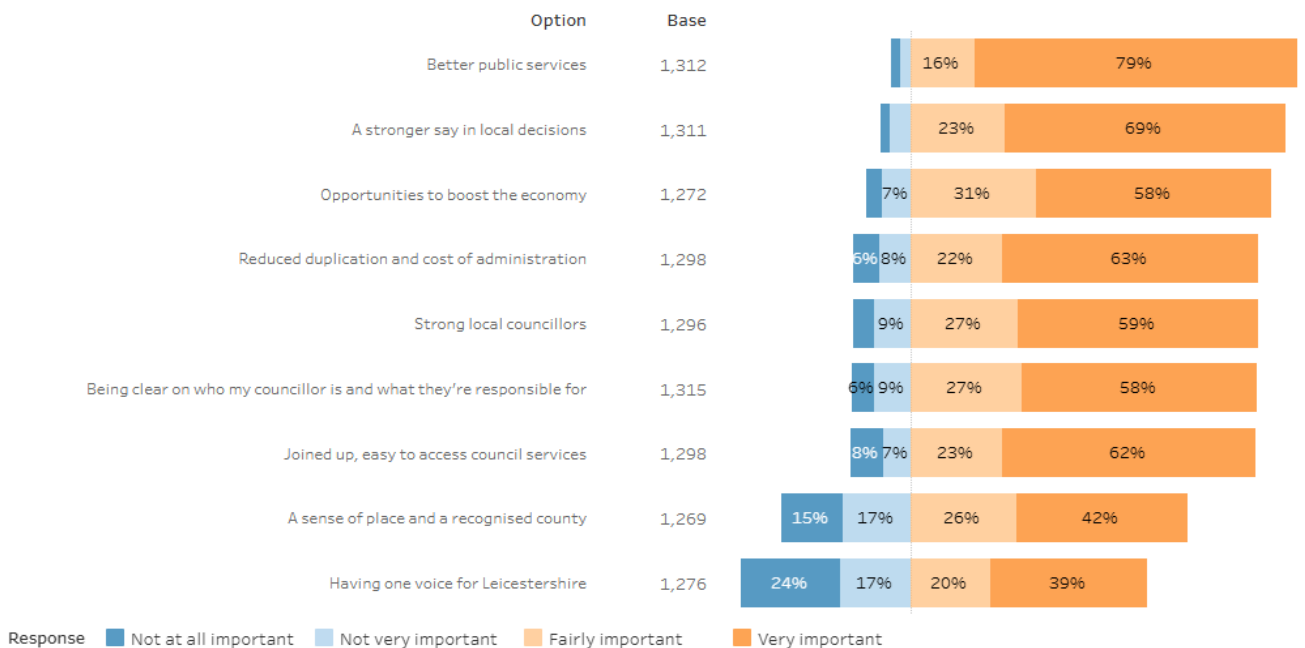
(f) Include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.

(f)(i) Local Engagement has been undertaken to understand what people value from their council. Residents, staff, stakeholders and businesses have been asked to feedback on a survey, available both online and in a handy freepost paper form included in the council’s quarterly newsletter, ‘Leicestershire Matters’.

The survey was open between February 20 and 18 March. Every household received information and a copy of the survey through their door. In total, there were 5,792 visits to the web pages explaining the proposals and 1,465 unique responses were received (the survey did not allow for repeat visits). Of those who gave a post code, 93% were residents of Leicestershire. Results were spread proportionately across all districts, reflecting the size of each area.

The questions in the survey asked respondents to rate the importance of 9 factors using the scale: Not at all important; Not very important; Fairly important; Very important.

Q3: How important, if at all, are the following to you (or your organisation)?
n.b. ‘dont’ know’ and null replies are excluded from question responses



Over 50% of respondents rated the statements as important (either 'fairly' or 'very') in all cases. 95% of respondents rated 'Better public services' as 'Very important' or 'Fairly important'. 'A stronger say in local decisions' and 'Opportunities to boost the local economy' were rated second and third most important respectively with 93% and 89% respectively.

- (f)(ii) In addition, targeted events for the voluntary and community sector and town and parish councils have taken place. Conversations with the Leicester and Leicestershire Business and Skills Board, which includes higher and further education representation, separately with regional and local representatives of the business sector, Universities and the NHS Integrated Care Board have taken place as well as internal webinars for staff. The targeted events were well attended and positively received.
- (f)(iii) Further plans are being prepared for a more comprehensive and wide-ranging consultation exercise. This will take place over the summer alongside a programme of engagement to gather views on the County Council's future priorities and budget planning.
- (f)(iv) The aims of the consultation will be:
1. To get feedback on and gauge the level of support among residents and stakeholders for the proposal for one unitary council for Leicestershire, to receive feedback on potential alternative structures and to encourage a more informed consultation as structures are developed and analysed.
 2. To get views from residents and stakeholders about the extent to which they feel that the proposals would lead to:
 - Better local service delivery
 - Significant savings to reinvest in local services and greater value for money
 - Stronger and more accountable local leadership
 - More sustainable and resilient local structures
 - Reduced fragmentation in service provision

3. To get views from residents and stakeholders about specific elements of the proposals, including the future role of councillors and enabling community control over the planning, delivery and monitoring of local council services.
4. To get feedback from partner organisations (such as town and parish councils, the voluntary and community sector, the business community, NHS and blue light services) on the potential impact of the proposals on their operations and future direction; and how they would expect to be involved in the implementation of the proposals.

(f)(v) Details are being finalised, and a comprehensive exercise will be undertaken to identify and map stakeholders and identify their differing needs in terms of consultation and engagement. Plans are likely to include:

- Focus groups - representative members of the public and key stakeholders will be part of focus groups, to inform the further refinement of proposals and public consultation.
- Extensive internal and external communications - including a dedicated edition of residents' newsletter, Leicestershire Matters - distributed to all households - email marketing, social media and digital and community advertising.
- Online information – including a dedicated website, video clips, summary documents and fact sheets.
- Social media activity to encourage dialogue – including dedicated 'social' events such as Q&A sessions.
- Online 'consultation forums' - enabling people to browse and comment on proposals.
- A series of roadshows to target local communities - and encourage feedback through a questionnaire.
- Targeted consultation with stakeholders and groups – through established networks.
- Members, supported by officers, will be encouraged to host public meetings - to explain the proposals and engage with residents.
- Workshops with a range of staff groups – to gain feedback and help shape plans.

(f)(vi) Engagement and participation will be tracked and the plans will be continually adjusted to reflect and explore emerging issues.

(g) Set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.

- (g)(i) This depends on the complexity and number of proposals. Work on a business case for a single unitary authority for Leicestershire can largely be met from existing resources, supplemented with external support where independence or specialist input is needed. The Council has established a working group to develop the proposals and as encouraged by MHCLG has sought to avoid external expenditure and consultancy costs wherever possible.
- (g)(ii) The Council has a Business Intelligence Team and will rely on expertise from this and from Service Directors to further develop the final plan. The Council expects to seek external validation of the final proposal prior to submission.
- (g)(iii) Once there is clarity on the way forward, an implementation team will be established working with district councils and the City and Rutland Councils as necessary to ensure data sharing, a smooth transition and implementation supported by a risk analysis to ensure safe and lawful arrangements are in place recognising the importance of continuity of service provision. It is estimated that the implementation team will need to be in place for three years and the arrangements could be as follows:
- A Members Implementation Board with overall strategic oversight of the process.
 - An Implementation Team comprising county and district chief executives/senior officers reporting to the Board and steering the workstreams.
 - A Programme Management Office coordinating the programme and commissioning work streams and resources on behalf of the Implementation Team.

- Workstreams focussing on (1) each service area; and (2) core activities such as corporate governance, communications and branding, customer engagement, finance, HR and staffing, ICT and digital and property.
- (g)(iv) It is estimated that the Implementation Team, for a single unitary option, would cost in the region of £2 million for the 3-year period although this will depend upon the pace of change. It is expected that the two unitary option would cost significantly more due to the requirement to set-up two independent organisations.
- (g)(v) Arrangements for capacity funding have not been discussed, as the amount or conditions are not known.

(h) Set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.

- (h)(i) The County Council will naturally focus on business as usual and ongoing service provision.
- (h)(ii) As mentioned earlier, all LLR councils have been involved in discussions to date and whilst it has not been possible to reach a consensus on a single proposal, there is an understanding of the need to work jointly and collaboratively and it is expected that the meetings of Leaders will continue.
- (h)(iii) It is not known what use of the extensive information about the County Council's services which is publicly available has been accessed by the district councils and Rutland in presenting their interim plans. No requests for information have been received but the Acting Leader has said that the County Council will consider requests as they might be made.
- (h)(iv) The County Council already meets every 6 weeks with town and parish council clerks and will use these meetings to ensure regular engagement with them on the developing proposal.
- (h)(v) The County Council will also engage with partners through existing forums such as the Leicester and Leicestershire Business and Skills Board and through scheduled meetings with the Integrated Care Board.

Conclusion

1. The circular from MHCLG's Reorganisation Team of 14th March confirmed the County Council's previous thinking that it should submit an interim plan with plenty of information and analysis, and to do so in a structure which follows the guidance which accompanied the Minister's letter of invitation and the requirements a) – h) for interim plans set out therein.
2. As said in the introduction, the County Council looks forward to meaningful feedback, particularly in respect of any extension to the City boundary which, as explained earlier, will inevitably impact the unitary structure for LLR outside that boundary.

