

**NEWCASTLE-UNDER-LYME BOROUGH COUNCIL**

**LEADER'S REPORT TO COUNCIL**

**19 March 2025**

**Report Title:** Newcastle-under-Lyme Borough Council Response to Local Government Reorganisation

**Submitted by:** Leader of the Council

**Portfolios:** One Council, People and Partnerships

**Ward(s) affected:** All Wards

<b><u>Purpose of the Report</u></b>	<b><u>Key Decision</u></b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
To seek the endorsement and support of full Council for actions to preserve the borough following the release of the English Devolution White Paper in December 2024.			
<b><u>Recommendation</u></b>			
<b>That Council:</b>			
<ul style="list-style-type: none"> <li>A. Notes the Government English Devolution White Paper, and subsequent letter exchanges with the Minister Jim McMahon about the selective forced reorganisation of local authorities in England (attached as Appendix 1 to this report)</li> <li>B. Notes the discussions with other Councils within the region and across the District Councils Network nationally as set out in para 2.13 of this report and thanks Council Officers for the work they have done on preparing the initial submission document.</li> </ul>			
<i>On Devolution:</i>			
<ul style="list-style-type: none"> <li>C. Supports Newcastle-under-Lyme Borough Council taking part in a 'Strategic Authority' covering Staffordshire and where it makes sense to include neighbouring areas. (for the reasons set out in paragraphs 2.7-2.11 of the report)</li> <li>D. Is of the opinion that there is no benefit of creating an 'Elected Mayoral' system as an extra layer of government.</li> </ul>			
<i>On forced reorganisation of local government:</i>			
<ul style="list-style-type: none"> <li>E. Believes that the current two tiers of local government in Staffordshire should remain in place as the best governance model for the Borough of Newcastle-under-Lyme for the reasons set out in Section 9 of Appendix 3 to this report.</li> <li>F. Believes the Government's arbitrary 500,000 population threshold is not based on a fair and reasoned judgment of population size required for good local governance for the reasons set out in Section 11 of Appendix 3 of this report.</li> </ul>			

- G. Believes that any new authority must have the highest possible standards of service to residents and any changes to the current governance model in the Borough of Newcastle-under-Lyme must maintain or exceed the current level of local service provision (as set out in Section 2 of Appendix 3 to this report).
- H. Asks the Minister to consider the De-Unitarisation of the city of Stoke-on-Trent and its incorporation within as a district within Staffordshire as a solution to addressing the financial problems and challenges set out by Stoke City Council (as set out in section 5 of Appendix 3 of this report)
- I. Makes the following assessments on various options for Unitary models in the Borough and Staffordshire for the reasons detailed in Appendix 3:
1. Supports investigation of a Unitary Council model covering the current Newcastle-under-Lyme Borough area (Section 10A, Appendix 3 of this report)
  2. Supports investigation of a Newcastle-under-Lyme and Staffordshire Moorlands Unitary Council (Section 10B, Appendix 3 of this report)
  3. Supports investigation of a West Staffordshire Unitary Council geography (Section 10C, Appendix 3 of this report)
  4. Supports investigation of a Newcastle & Shropshire Unitary Council (Section 10D, Appendix 3 of this report)
  5. Does not currently favour a Staffordshire Unitary Council (section 10E Appendix 3 of this report)
  6. Does not support a Stoke-on-Trent & North Staffordshire Unitary Council (section 10F, Appendix 3 of this report)
- J. Endorses that any changes in governance model for the Borough of Newcastle-under-Lyme should recognise the voice and will of the people of Newcastle-under-Lyme through a borough-wide referendum before any final decision is imposed.
- K. Endorses that a boundary review be undertaken by the Boundary Commission before elections to any new unitary authority takes place (section 9, Appendix
- L. Is concerned that a unitarisation proposal supported by others will mean costs for delivering services will be pushed to new and existing Town & Parish Councils which could lead to increased council taxes for residents in the Borough (para 4.6 of this report).
- M. Requests the Government fully fund their selective forced reorganisation of local authorities in England. Funding of local services should not have to be cut nor council tax increased to pay for reorganisation (as set out in para 4.3 of the report).

*Interim Proposal document (Appendix 3):*

- N. Authorises the Leader, in conjunction with the Chief Executive, to make any updates to Newcastle-under-Lyme Borough Council's interim proposal to Government following the Full Council meeting before submission to the Minister by 21<sup>st</sup> March 2025
- O. Notes that further reports will be brought to Cabinet, Scrutiny and full Council at the appropriate time.

## **Reasons**

This report outlines the current position of local government reorganisation, sets out options for member consideration and provides an interim plan to be submitted to Government with any changes following the meeting of full Council.

## **1. Background**

- 1.1** Following the release of its English Devolution White Paper on 16<sup>th</sup> December 2024, Government has expressed its intention to seek devolution settlements in every part of the United Kingdom, with the creation of new governance arrangements at revised population sizes.
- 1.2** The Government has indicated that it is seeking the creation of new unitary authorities at a population size of some 500,000 residents, and Strategic Authorities at a population level of 1.5 million.
- 1.3** In September 2024, prior to the release of the White Paper and at the Government's request, the Staffordshire Leaders Board submitted its collective devolution plan to Government. This covered key themes:
  - 1.3.1** Devolution must work for all: plans must reflect and respond to a deep understanding of local needs and opportunities. That is what our authorities have been working hard at over the summer.
  - 1.3.2** Form must follow function: if we are to accept another layer of governance in the county, at additional cost to the people of Staffordshire and Stoke-on-Trent, then the prize in terms of devolved functions, powers and resources has to be significant.
  - 1.3.3** Governance has to be inclusive: our Leader's Board works because all local authorities get to participate and contribute, and we want to ensure that this is also the case in any devolved arrangements.
  - 1.3.4** Commitment to subsidiarity: devolution should be to the most appropriate level of governance for the function in any question, and that should mean a combination of county-wide, local authority level and, perhaps most importantly, community level. We seek a devolution deal that gives us flexibility to make those judgements together.
- 1.4** On 22<sup>nd</sup> January 2025, at its meeting of full Council, it was resolved that the Council:
  - Notes the contents and implications of the English Devolution White Paper.
  - Pledges to stand up for the historic independence of the Borough.
  - Supports the petitioning of residents in relation to the preservation of the Borough.
  - Calls for Newcastle-under-Lyme's Members of Parliament to support the Borough's preservation, and that they engage with Government Ministers in stating the case for the Borough.
  - Asks the Leader & Chief Executive to write to the Deputy Prime Minister and relevant Ministers stating the Council's position.
  - Enables the Leader to take forward necessary discussions and actions with Government and others and report these to the next suitable full Council.

- 1.5** The above actions have been taken forward, with a response to the letter from the Deputy Prime Minister and Local Government Minister included as Appendix 2 to the report. A locally arranged petition has been raised.

## **2. Issues**

- 2.1** The above resolution of Council underlines a key belief – that residents, businesses and visitors to the borough are better served by a locally accountable, locally focused authority. The two-tier system of local authorities works for Newcastle and remains in its citizens' best interest.
- 2.2** Over recent decades, Newcastle has actively opted to remain its own entity, in charge of its own destiny.
- 2.3** In 1995, North Staffordshire governance arrangements changed further with the creation of the unitary authority of Stoke on Trent. Through this change, Newcastle-Under-Lyme retained its borough status. The city subsequently trialled an elected mayoral model of governance, later abolished.
- 2.4** On 16<sup>th</sup> December 2024, the Government published its English Devolution White Paper. This set out both a desire to see local authorities work collaboratively, as had been extensively trailed by Ministers, but also set out a plan for local government reorganisation, which had not been shared with district and borough councils, with MHCLG having noted in November 2024 that there were "*no plans to abolish district councils*" and any organisation will be "*from the bottom up. No decisions have been taken on council reorganisation.*"<sup>1</sup>
- 2.5** Within this White Paper, the Government has stated that it wishes to see the rapid creation of new, far larger local authorities on a unitary basis, and with it the abolition of existing and historic boroughs, including Newcastle-Under-Lyme.
- 2.6** The reorganisation of local government is intended to happen within the lifetime of the current parliament, with all new structures in place by 2028. The Government is likely to have a policy preference for creating Combined County Authorities or other Strategic Authorities in which districts are not constituent members. It is also likely that the Government will prefer areas to undergo Local Government Reorganisation alongside creating new Strategic Authorities.
- 2.7** Government officials have indicated that differing proposals may be submitted for an area, with Ministers selecting proposals which most closely match the criteria to be brought forward in the guidance following the publication of the White Paper. It is intended that, in the case that no agreement is reached across Staffordshire, Newcastle will submit its own interim proposal and accompanying documentation.

### Proposed Structures and Options

- 2.8** The Government's White Paper sets out that it seeks "universal coverage in England of Strategic Authorities (SA's) - which should be a number of councils working together, covering areas that people recognise and work in". Strategic Authorities are intended to reduce duplication and give cities and regions a bigger voice, while utilising economies of scale.
- 2.9** Strategic Authorities should be at scale, reflecting a regional economic and cultural geography, such as those already established in places such as Greater Manchester,

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<sup>1</sup> Sky News, 24 November 2024 (accessed 7 March 2025)

West Yorkshire and the West Midlands. The Government's default assumption is for them to have a combined population of, or greater than, 1.5 million. It acknowledges that some places may have different, smaller geographies where this makes sense.

**2.10** The form of Strategic Authority is one of the below:

**2.10.1** Foundation SAs (these include non-mayoral combined authorities and combined county authorities automatically, and any local authority designated as a Strategic Authority without a Mayor).

**2.10.2** Mayoral SAs and Established Mayoral SAs (such as the Greater London Authority, all Mayoral Combined Authorities and all Mayoral Combined County Authorities will automatically begin as Mayoral Strategic Authorities. Those who meet specified eligibility criteria may be designated as Established Mayoral Strategic Authorities. This unlocks further devolution, most notably an Integrated Settlement).

**2.11** A Strategic Authority at a Staffordshire or wider scale (for example, to include Shropshire) has the potential to enable scaled investment in infrastructure and support economic growth.

**2.12** Strategic authorities will not deliver local services, nor deal with localised issues – they will use their convening power to develop strategic, regional-level intervention and direction of funding to the local level.

**2.13** Whilst the Government has indicated it intends for every Strategic Authority-level area to ultimately have an Elected Mayor, the benefit case for this has not yet been made or demonstrated, and given the history of elected mayors locally, would not be seen as a necessary or positive step forward. The Borough Council would therefore support an SA model, without a Mayor (unless mandated by Government) on a logical regional footprint.

**2.14** With the firm position that the Council supports the retention of an effective two-tier system, were unitarisation to be imposed, the Council has given early consideration to options which full Council is asked to either reject or support further investigation of. These are set out further in Appendix 3, and include:

**2.14.1** The creation of a new unitary council on the existing geographical footprint of Newcastle-under-Lyme Borough Council;

**2.14.2** The creation of a new unitary council across the existing geographies of neighbouring Newcastle-under-Lyme and Staffordshire Moorlands;

**2.14.3** The creation of a new 'West Staffordshire' unitary council based on a connected M6 corridor, comprising Newcastle-under-Lyme, Stafford, Cannock, South Staffordshire (with or without Lichfield);

**2.14.4** The creation of a new unitary council comprising the existing unitary area of Shropshire and the existing borough geography of Newcastle-under-Lyme;

**2.14.5** The creation of a new single unitary council on the existing geographical footprint of Staffordshire County Council, as proposed by the County Council;

**2.14.6** The creation of a single unitary council for Staffordshire including Stoke-on-Trent (requiring a larger Strategic Authority area);

**2.14.7** Stoke on Trent City Council's proposal for North Staffordshire including Newcastle and Staffordshire Moorlands (as a minimum).

**2.15** The investigation of options set out in this report and its appendices have been informed by initial discussion with relevant councils on a 'without prejudice' basis to test a willingness to consider such options, and will require further detailed work and ultimate acceptance or rejection by both Newcastle and the relevant authorities before Government consideration. This has included discussions with fellow council Leaders, Chief Executives, councillors and relevant national networks.

### **3. Recommendation**

**3.1** It is recommended that Council:

#### **Recommendation**

##### **That Council:**

- A. Notes the Government English Devolution White Paper, and subsequent letter exchanges with the Minister Jim McMahon about the selective forced reorganisation of local authorities in England (attached as Appendix 1 to this report)
- B. Notes the discussions with other Councils within the region and across the District Councils Network nationally in its development as set out in para 2.13 of this report and thanks Council Officers for the work they have done on preparing the initial submission document.

##### *On Devolution:*

- C. Supports Newcastle-under-Lyme Borough Council taking part in a 'Strategic Authority' covering Staffordshire and where it makes sense to include neighbouring areas (for the reasons set out in paragraphs 2.7-2.11 of the report)
- D. Is of the opinion that there is no benefit of creating an 'Elected Mayoral' system for an extra layer of government.

##### *On forced reorganisation of local government:*

- E. Believes that the current two tiers of local government in Staffordshire should remain in place as the best governance model for the Borough of Newcastle-under-Lyme for the reasons set out in Section 9 of Appendix 3 to this report.
- F. Believes the Government's arbitrary 500,000 population threshold is not based on a fair and reasoned judgment of population size required for good local governance for the reasons set out in Section 11 of Appendix 3 of this report.
- G. Believes that any new authority must have the highest possible standards of service to residents and any changes to the current governance model in the Borough of Newcastle-under-Lyme must maintain or exceed the current level of local service provision.
- H. Asks the Minister to consider the De-unitarisation of the city of Stoke-on-Trent and its incorporation within Staffordshire before any new creation of unitary councils as a solution to addressing the financial problems and challenges set out by Stoke City Council (as set out in Section 5 of Appendix 3 of this report)



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*Interim Proposal document (Appendix 3):*

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- O. Notes that further reports will be brought to Cabinet, Scrutiny and full Council at the appropriate time.

#### **4. Financial and Resource Implications**

- 4.1 As noted in the report to full Council of 22<sup>nd</sup> January 2025, the Government has, to date, not provided an investment case or intended savings arising from local government reorganisation.
- 4.2 In his letter of 5<sup>th</sup> February 2025, set out in Appendix 1, the Minister for Local Government noted that: "*Considering the efficiencies that are possible through reorganisation, we expect that areas will be able to meet transition costs over time*"

*from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.”*

- 4.3** The Local Government Association, which represents councils in England, has noted that there remain concerns about future viability of new unitary councils where these are addressing the debts and financial burdens of existing failing authorities. It notes that *‘it is imperative that any new unitary councils are financially viable [and] able to provide sustainable services for communities in the long term’*<sup>2</sup>
- 4.4** The Borough Council does not have an existing revenue facility for undertaking local government reorganisation. Costs of this reorganisation will likely include staff time, consultancy support for some specialist areas such as asset valuation, data and systems integration, legal support and assurance. These costs would need to be met through existing service resources, with a potential reduction of service provision. Government is therefore asked to commit to adequately fund this process leading to final submissions in November 2025.
- 4.5** Attached to the Minister’s letter of 5<sup>th</sup> February 2025 is a statutory invitation to principal local authorities in Staffordshire (that is, all Councils in the area) to submit their proposals for a single tier of local government, aligned to one of the four types of single tier proposals relating to its area as described in section 2 of the Local Government and Public Involvement in Health Act 2007 (2007 Act). The Minister asks that, where possible, these submissions for options and proposals are made jointly, but where not are submitted individually for determination. All final proposals must be submitted by 28<sup>th</sup> November 2025.
- 4.6** Existing parish and town councils play an important part in local democracy and accountability, and can deliver focused services which meet needs at the most local level. However, the creation of a network of parished areas and town councils should not be seen as a direct substitute for existing delivery arrangements, and the following would need to be carefully considered for future arrangements:
- 4.6.1** Avoiding artificial structures to fill gaps where these are not responsive to locally identified geographies;
  - 4.6.2** Ensuring that parish and town councils have the powers and capacity they need to be self-sustaining and not be dependent upon higher tier authorities for funding for service delivery;
  - 4.6.3** Not to place undue burdens on residents through precepts which have to fill gaps in provision left by the abolition of district and borough councils.

## **5. Major Risks & Mitigation**

- 5.1** Much remains unknown of detail at this stage so mitigation measures cannot yet be fully considered. Potential risks at this stage include staff recruitment and retention, a reduction in service delivery under a larger local authority, a potential ‘democratic deficit’ as elected members may be reduced in number and further from residents and a need to focus on reorganisation rather than get on with the day job of service provision.
- 5.2** *Financial sustainability* – Over recent years, the Council has delivered a balanced budget based on efficiencies across its services and investment in the borough whilst

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<sup>2</sup> Cllr. L. Gittens, LGIU, January 2025, accessed 7 March 2025



seeking to maintain optimum delivery for residents. It is unknown at what stage in a reorganisation process would restrict spending or borrowing, or whether areas in a much worse financial position would be prioritised over Newcastle.

- 5.3** A unitary council would have significantly greater spend responsibilities than existing borough and district councils, with statutory provision taking precedence over non-statutory and discretionary service delivery.
- 5.4** As an indication of spending power in the local (Newcastle) area, Table 1 sets out the Council Tax to be collected in 2025/2026:

	(£'000)
Newcastle-under-Lyme Borough Council Tax Requirement	8,879
Staffordshire County Council	64,555
Office of the Police and Crime Commissioner for Staffordshire	11,447
Staffordshire Fire Authority	3,653
<b>Total</b>	<b>88,534</b>

Table 1: Council Tax income (not including parish and town council precepts), 2025/2026

- 5.5** *Expectation of efficiency and savings.* As noted above, the Government anticipates that the process of reorganisation will create the conditions for addressing the cumulative financial pressures on local authorities. It is useful to note that, as with other local authorities, Newcastle has faced a continued real-terms reduction in spending power, resulting in the need to make significant year-on-year savings. In this, it has demonstrated an efficiency of approach over as long period of time whilst maintaining quality service delivery for both statutory service provision and investment in local priorities. Table 2, below, sets out savings achieved (for 2025/2026 forecast) over the last ten financial years:

	£
2015/16	2.098m
2016/17	1.834m
2017/18	2.728m
2018/19	1.696m
2019/20	2.468m
2020/21	1.249m
2021/22	1.275m
2022/23	1.313m
2023/24	2.103m
2024/25	2.692m
2025/26	1.890m
<b>Total Savings</b>	<b>21.346m</b>

- 5.6** *Effectiveness of change* – There is a lack of proven success where local government reorganisation has taken place elsewhere in the country to date, and to date the Government has provided limited detail on the business case/benefits of the approach being described in the White Paper.
- 5.7** *Restructuring and staffing* - The process of local government reorganisation to new councils and the creation of a Strategic Authority would result in changes in employing organisations and structures. TUPE will apply to staff moving between organisations for the same roles as those that they undertake presently. This will be the

responsibility of the vesting (new) authority. Following that process, the new authority will conduct an assessment of resource need.

- 5.8 It is likely that implementation of local government Reorganisation and Devolution will have significant impact across the Borough, this initial stage is commencing the development of the outline proposals to be submitted to Government. The Legislation will be subject to an impact assessment. It is therefore not possible at this stage to adequately assess any local equalities implications.

## 6. UN Sustainable Development Goals (UNSDG)



## 7. One Council

7.1 Please confirm that consideration has been given to the following programmes of work:

One Commercial Council

The reorganisation of local government would change the commercial asset holding of councils, for example leisure centres and museums, and decisions would be made on these at a unitary level.

One Digital Council

It is probable that newer, larger councils would need to align digital systems, the resource for which is not known.

One Green Council

Newcastle Borough Council has declared a climate emergency and has developed its sustainability programme to meet a 2030 net zero target for its scopes 1 and 2 emissions. Other local authorities are at different stages of implementing net zero approaches.

## 8. Key Decision Information

8.1 This is a key decision as local government reorganisation may affect residents in all wards.

## 9. Earlier Cabinet/Committee Resolutions

9.1 Cabinet – 4<sup>th</sup> June 2024 – Staffordshire Leaders Board Joint Committee

9.2 Cabinet – 9<sup>th</sup> January 2025 – Devolution and Local Government Reorganisation: White Paper

- 9.3 Full Council – 22<sup>nd</sup> January 2025 – Devolution and Local Government Reorganisation White Paper

**10. List of Appendices**

- 10.1 Appendix 1 – letter from the Local Government Minister, 5<sup>th</sup> February 2025.
- 10.2 Appendix 2a - Letter from the Leader of the Council to the Secretary of State for Housing, Communities and Local Government and Minister for Local Government, 28<sup>th</sup> January 2025.
- 10.3 Appendix 2b - Letter of response from Local Government Minister, 13<sup>th</sup> February 2025
- 10.4 Appendix 3 - Draft Interim Plan Submission

**11. Background Papers**

- 11.1 [English Devolution White Paper](#), December 2024, HMSO.

**Appendix 1: Letter from the Local Government Minister to Staffordshire and Stoke-on-Trent local authorities, 5<sup>th</sup> February 2025**

**Appendix 2a: Letter from the Leader of the Council to the Secretary of State for Housing, Communities and Local Government and Minister for Local Government, 28<sup>th</sup> January 2025.**

**Appendix 2b Letter of response from Local Government Minister, 13<sup>th</sup> February 2025**

**Appendix 3 Draft Interim Plan Submission**