

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL
PORTFOLIO HOLDER'S
REPORT TO CABINET

8 July 2025

Report Title: Local Government Reorganisation

Submitted by: Leader of the Council

Portfolios: One Council, People and Partnerships

Ward(s) affected: All Wards

<u>Purpose of the Report</u>	<u>Key Decision</u>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
<p>To update Cabinet on feedback relating to Newcastle-under-Lyme Borough Council's submission of an interim plan to Government and for agreement of next steps.</p>			
<p><u>Recommendation</u></p> <p>That Cabinet:</p> <ul style="list-style-type: none"> • Notes the receipt of Government feedback in relation to the Staffordshire and Stoke-on-Trent submissions of Interim Plans for Local Government Reorganisation. • Notes that the Council will now further engage with Government and Staffordshire Leaders through a meeting separate to the Staffordshire Leaders Board. • Delegates to the Chief Executive and Section 151 Officer, in consultation with the Leader of the Council and the Portfolio Holder, Finance, Town Centres & Growth, to engage the necessary support for the work on the local government reorganisation, noting that the borough is not yet in receipt of funding from Government to partially offset any costs accrued and that the Council continues to seek a fair allocation of this funding. • Approve £200k to be transferred from the Business Rates Reserve to the Budget Support and Borrowing Fund in order to fund the work needed to submit the Council's final Local Government Reorganisation Plan. • Calls for Newcastle-Under-Lyme's Members of Parliament to support the Borough's resolutions as set out in the report to full Council of 19th March 2025, and that they engage with Government Ministers in stating the case for the Borough. 			
<p><u>Reasons</u></p> <p>This report outlines the steps carried out in submitting Newcastle-under-Lyme Borough Council's final plans to UK Government, planned future actions and consideration of recent discussions with Government and other local authorities in Staffordshire in respect of local government reorganisation.</p>			

1. **Background**

- 1.1 Following the release of its English Devolution White Paper on 16th 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 first formal stage of the Local Government Reorganisation process set out by the Government was for areas to submit Interim Plans by 21st March 2025.
- 1.3 For the Staffordshire and Stoke-on-Trent region, four such plans were submitted:
- A submission from Staffordshire County Council advocating a single unitary council for the county (with a second existing unitary council in Stoke-on-Trent);
 - A submission from Stoke-on-Trent City Council advocating a North Staffordshire unitary authority to incorporate Newcastle-under-Lyme, Staffordshire Moorlands and the city of Stoke-on-Trent;
 - A South and Central Staffordshire proposal put forward by the six central and south Staffordshire authorities to create a new unitary on this geography; and
 - An interim plan with options for Newcastle-under-Lyme, submitted following endorsement by full Council.
- 1.4 Following a delay to the assessment process, where initial feedback was due in early May, a letter from the Ministry of Housing, Communities and Local Government to all Staffordshire and Stoke-on-Trent local authorities was issued on 3rd June. This set out key collective feedback from Government in relation to the proposals received in March.
- 1.5 Prior to submission, the Minister and civil servants advised that the submissions formed a ‘temperature check’ for regions’ thinking around new structures, rather than a decision gateway. This has subsequently been confirmed at a webinar for local authority officers held on 3rd April, where civil servants have reiterated that they do not intend to rule options in or out at this stage. Similarly, options not previously considered within interim plans may be included in later submissions.
- 1.6 A meeting with civil servants was held on 27th June 2025, where Staffordshire and Stoke-on-Trent authorities requested specific information as set out in section 2, below.
- 1.7 For context, an overview of submissions across England shows that a small number of regions submitted a single plan for their area, some submitted no detail on the number or shape of unitary authorities, with most areas having multiple submissions and options.

2. **Feedback**

- 2.1 On 21st March 2025, following the resolution of full Council, Newcastle-under-Lyme Borough Council submitted its interim plan to UK Government, setting out its strong preference for retaining the status quo, but considering options for new unitary models were these to be imposed, including:
- 2.1.1 Supporting the investigation of a new unitary council on the footprint of the existing borough of Newcastle-under-Lyme (preferred unitary option);

- 2.1.2** Supporting the investigation of a unitary council covering the existing geographies of Newcastle-under-Lyme and Staffordshire Moorlands;
- 2.1.3** Supporting the investigation of a unitary council covering Newcastle-under-Lyme and Shropshire;
- 2.1.4** Supporting the investigation of a unitary council covering the geography of West Staffordshire;
- 2.1.5** Not currently favouring a single unitary authority for Staffordshire;
- 2.1.6** Not supporting a North Staffordshire unitary authority including Stoke-on-Trent.
- 2.2** The submission also noted that the Council was wholly supportive of the creation of a new Strategic Authority at an appropriate geography. The Council's preference for this to not be led by a Mayor was recorded.
- 2.3** As noted above, the feedback from Government on interim plans was collective, incorporating points for consideration across all four submissions. The letter particularly notes the following local features:

 - 2.3.1** Any submission(s) need to cover arrangements for the whole of the invited area, that is Staffordshire and Stoke-on-Trent. This sets out that the Government is seeking a single submission (which could include multiple delivery options) based on the whole geographic region of Staffordshire and Stoke-on-Trent – i.e. the Government is asking that submissions set proposals within the whole geography, not just the area affected directly.
 - 2.3.2** In relation to population size for new unitary councils, the letter notes that as set out in the Statutory Invitation guidance and in the English Devolution White Paper, Government outlined a population size of 500,000 or more but this was guidance not a hard target. Rather, it notes that all proposals, whether they are at the guided level, above it, or below it should set out the rationale for the proposed approach clearly.
 - 2.3.3** The Government has welcomed the intention across all options submitted to align local government reorganisation closely with ongoing devolution programmes It asks that the November final submissions show where this aligns with local geography and opportunity.
 - 2.3.4** The letter recognises that Stoke-on-Trent City Council is currently in receipt of extra-ordinary financial support, and asks that all proposals additionally demonstrate how reorganisation will contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable. The Government also asks how efficiency savings have been considered alongside a sense of place and local identity.
 - 2.3.5** In respect of options put forward within Newcastle's Interim Plan, as resolved by full Council, the letter notes that as Shropshire was not part of the invitation area, if the final proposal(s) include Shropshire, it must still set out a clear option and geography that covers the whole of the invitation area of Staffordshire and Stoke-on-Trent.

- 2.3.6** Finally, the letter notes that, following a delay due to elections and issuing of feedback letters, the timetable for Local Government Reorganisation remains as stated in the letter from the Minister for Local Government and English Devolution in February 2025, noting that following submission of final plans on 28 November 2025, it will be for the Government to decide on taking a proposal forward and to consult as required by statute, noting that this will be on the most ambitious timelines. Under this current timetable, there could be elections to 'shadow' unitary councils in May 2027, ahead of 'go live' of new councils on 1 April 2028.
- 2.3.7** The issue of allocating the Government's announced development support funding for proposals remains unresolved at the time of writing, with Newcastle-under-Lyme Borough Council raising concerns that proposals for allocations would exclude the Borough from accessing these funds. MHCLG has advised that it will be asking all authorities to reconsider options ahead of a deadline of 11th July 2025.
- 2.3.8** Other areas for which clarification were sought through the initial meeting included local governance arrangements, the impact of wider changes to institutional structures (e.g. Integrated Care services being taken across wider, cross-county boundaries) and any likely impacts of Fairer Funding settlements. These require further guidance and exploration, and will be reported to a future meeting of Cabinet.

3. Development of November Submission

- 3.1** The next stages of development of submissions will rely on a number of factors, which will be informed by discussions with civil servants in coming weeks. These will include:
- 3.1.1** Following the initial joint feedback meeting with MHCLG and all Staffordshire and Stoke-on-Trent local authorities, additional meetings to be held with MHCLG to discuss in detail the work needed for a final submission.
- 3.1.2** Development and modelling of data analysis to set out projected service delivery principles for new unitary structures, including reviewing existing assets, staffing provision, service delivery mechanisms and forecast demand;
- 3.1.3** The implementation of programme management arrangements and workstreams to cover legal, financial, cultural, people and resource implications of reorganisation;
- 3.1.4** The design in principle of shadow unitary authority governance arrangements;
- 3.1.5** Community engagement on arrangements to affirm our residents and businesses' view of local government reorganisation and the options being proposed, ahead of the called-for public referendum requested by full Council.
- 3.1.6** Final confirmation of election arrangements for Newcastle in 2026.

4. Recommendation

4.1 It is recommended that Cabinet:

- Notes the receipt of Government feedback in relation to the Staffordshire and Stoke-on-Trent submissions of Interim Plans for Local Government Reorganisation.
- Notes that the Council will now further engage with Government and Staffordshire Leaders through a meeting separate to the Staffordshire Leaders Board.
- Delegates to the Chief Executive and Section 151 Officer, in consultation with the Leader of the Council and the Portfolio Holder, Finance, Town Centres & Growth, and to engage the necessary support for the work on the local government reorganisation, noting that the Borough is not yet in receipt of funding from Government to partially offset any costs accrued and that the Council continues to seek a fair allocation of this funding.
- Approve £200k to be transferred from the Business Rates Reserve to the Budget Support and Borrowing Fund in order to fund the work needed to submit the Council's final Local Government Reorganisation Plan.
- Calls for Newcastle-Under-Lyme's Members of Parliament to support the Borough's resolutions as set out in the report to full Council of 19th March 2025, and that they engage with Government Ministers in stating the case for the Borough.

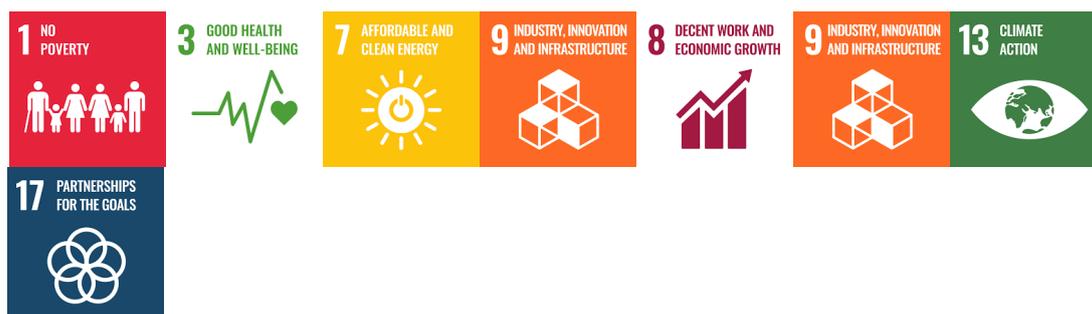
5. Financial and Resource Implications

- 5.1** Full Council considered the financial implications of reorganisation at its meeting of 19th March 2025. It was noted that the costs to authorities of both work to develop plans and to carry out reorganisation were unknown, but are likely to be substantial, and called on the Government to fully fund these costs.
- 5.2** It is anticipated that development of plans could cost circa £150,000 to reach submission later this year, therefore it is requested that £200,000 be transferred from the Business Rates Reserve to the Budget and Borrowing Support Fund to fund this work. The full costs of reorganisation remain unknown at this time.
- 5.3** On 3rd June 2025, the Ministry of Housing, Communities and Local Government confirmed allocations for all 21 areas working on local government reorganisation proposals. For Staffordshire and Stoke-on-Trent, this equated to £367,336, based on a baseline sum of £135,000, plus an additional 20p per person based on the latest ONS population estimates.
- 5.4** The letter further asked that up to three Councils in each area be identified to receive funding on behalf of all Councils making submissions for immediate payments in either June or July, with a final deadline of 13th June for a July payment. The allocation is designed to cover some elements of costs accrued by Councils, such as the use of consultants.
- 5.5** At the time of writing, Ministers are yet to make a decision on whether Newcastle-under-Lyme Borough Council will receive any funding following discussions with MHCLG, following notification to MHCLG that money would not be allocated to Newcastle's proposals by the accountable body councils in Stoke and Staffordshire.
- 5.6** Full Council has also called for funding of a public referendum ahead of any changes to council structures.

6. Major Risks & Mitigation

- 6.1** 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.
- 6.2** *Financial sustainability* – Over recent years, the Council has delivered a balanced budget based on efficiencies across its services and investment in the borough whilst 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.
- 6.3** *Effectiveness of change* – There is a lack of proven success where local government reorganisation has taken place elsewhere in the country to date, and at this stage limited detail on the business case/benefits of the approach being described in the White Paper.

7. UN Sustainable Development Goals (UNSDG)



8. One Council

- 8.1** 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. The exact nature of changes is unknown at this stage.

One Digital Council

It is probable that newer, larger councils would need to align digital systems, the cost 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.

9. Key Decision Information

- 9.1 This is a key decision as Local Government Reorganisation may affect residents in all wards.

10. **Earlier Cabinet/Committee Resolutions**

- 10.1 Cabinet – 4th June 2024 – Staffordshire Leaders Board Joint Committee
- 10.2 Cabinet – 6th January 2025 – English Devolution White Paper
- 10.3 Council – 22nd January 2025 - Devolution and Local Government Reorganisation: White Paper
- 10.4 Council – 19th March 2025 – Local Government Reorganisation
- 10.5 Cabinet – 6th May 2025 – Local Government Reorganisation Update

11. **List of Appendices**

- 11.1 Appendix 1 – Letter from MHCLG to Staffordshire and Stoke-on-Trent on Interim Plans
- 11.2 Appendix 2 – Letter from MHCLG on funding allocations and further guidance.

12. **Background Papers**

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