

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

LEADER'S REPORT TO CABINET

4th November 2025

Report Title: Local Government Reorganisation and Devolution Update

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 ☒	No ☐
To seek the endorsement and support of full Council for actions to enable the submission of a proposal to HM Government setting out a model for the invitation area of Staffordshire and Stoke-on-Trent.			
<u>Recommendation</u> That Cabinet: A. Notes the recent developments by HM Government in respect of Local Government Reorganisation and English Devolution. B. Notes the work undertaken to date with stakeholders to prepare the final submission document. C. Recommends to full Council a unitary council for Newcastle-under-Lyme as its preferred option for submission. <i>On Devolution:</i> D. Supports Newcastle-under-Lyme Borough Council co-developing a submission to Government setting out a devolution growth framework for Staffordshire and Stoke-on-Trent. E. Endorses the submission document's focus on devolution, and Staffordshire's ability to deliver against devolution themes without recourse to completing Local Government Reorganisation F. Supports the proposed Strategic Authority geography at a suitable regional footprint to give the Strategic Authority parity of esteem with other regions. <i>On forced reorganisation of local government:</i> G. Remains of the belief 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.			

- H. 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.
- I. Request 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.
- J. Requests that Newcastle-under-Lyme's Members of Parliament provide active support for these proposals and advocate them to HM Government.

Final Proposal

- K. Authorises the Leader, in conjunction with the Chief Executive, to make any required updates to Newcastle-under-Lyme Borough Council's final Submission to Government following the Full Council meeting on 19th November before submission to the Minister by 28th November 2025.
- L. Notes that further reports will be brought to Cabinet and Council at the appropriate time.

Reasons

This report outlines the work undertaken by the Council in developing options for a final submission to HM Government on forced local government reorganisation, following the release of the English Devolution White Paper in December 2024 and subsequent invitations to submit proposals by the Local Government and English Devolution Minister in January 2025 (with further feedback on interim plans in June 2025).

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 England, with the creation of new governance arrangements at revised population sizes.
- 1.2 Councils across England have been engaged in the process of Local Government Reorganisation (LGR) since December 2024. The Government's devolution agenda aims to create a new network of strategic authorities for the whole of England by 2029. LGR is stated as a required precursor to devolution in some areas, including Staffordshire and Stoke-on-Trent, replacing two-tier county and borough/district councils and small unitary authorities with much larger unitary councils, which will be grouped into Strategic Authority areas.
- 1.3 Councils have been invited by Government to make final submissions by 28th November 2025, following feedback in June 2025 from the then Minister for Local Government & English Devolution. This collective feedback on interim plans was issued to all Staffordshire and Stoke-on-Trent authorities, and did not rule in or out any proposals.
- 1.4 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:

- 1.4.1** 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.
- 1.4.2** 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 benefit in terms of devolved functions, powers and resources has to be significant.
- 1.4.3** Governance has to be inclusive: current governance arrangements across our region work because all local authorities get to participate and contribute, and we want to ensure that this is also the case in any devolved arrangements.
- 1.4.4** 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.

2. Issues

- 2.1** In devising and investigating options which have the ability to be compliant with the criteria set out in the English Devolution White Paper, the Council nevertheless strongly remains of the view 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 well for Newcastle and remains in its citizens' best interest. Over recent decades, Newcastle has actively opted to remain its own entity, in charge of its own destiny. There is a strong risk that if the preferred option is not adopted, this will cease to be the case.
- 2.2** On 16th 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. 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.
- 2.3** Following the resignation of the Deputy Prime Minister Secretary of State for Housing, Communities and Local Government, Rt Hon. Angela Rayner MP, and the subsequent removal of Jim McMahon MP (former Local Government and English Devolution Minister) from Government, the incoming Secretary of State, Rt. Hon. Steve Reed OBE MP, wrote to all Council Leaders confirming he was holding to the timetable for local government reorganisation set out by previous Ministers and that it is intended to happen within the lifetime of the current Parliament, with all new structures in place by Spring 2028.
- 2.4** There have, however, been some changes within the Devolution Priority Programme (those areas on an accelerated devolution programme), with two elections delayed until 2027 from an intended establishment date of 2026.
- 2.5** The Ministry of Housing and Communities and Local Government (MHCLG) has also redesignated Ministerial portfolios, with the previous Local Government and English Devolution Minister being styled the Minister for Local Government and Homelessness, indicating a change in emphasis around areas of priority delivery.

Devolution has been incorporated into a new junior ministerial position alongside the key areas of Faith and Communities.

- 2.6** 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 final submission and accompanying documentation.
- 2.7** Officers continue to meet with MHCLG officials, council networks and other authorities in the shaping of submissions for November. Since May 2025, two meetings of Staffordshire Leaders on LGR and Devolution have also taken place.

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, 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** A Strategic Authority at a Staffordshire or wider scale (for example, to include Shropshire and Telford & Wrekin) has the potential to enable scaled investment in infrastructure and support economic growth and is supported by all authorities in the area. It is intended that a devolution growth framework will be developed to accompany submissions on LGR in November 2025, as the region risks being excluded from major funding opportunities.
- 2.11** With the firm position that the Council supports the retention of an effective two-tier system, were unitarisation to be imposed, the Council has worked with its appointed consultants, Ignite, to develop and model the [five] options resolved by full Council in March 2025 for further investigation as follows;
 - 2.11.1** The creation of a new unitary council on the existing geographical footprint of Newcastle-under-Lyme Borough Council;
 - 2.11.2** The creation of a new unitary council across the existing geographies of neighbouring Newcastle-under-Lyme and Staffordshire Moorlands;
 - 2.11.3** The creation of a new 'West Staffordshire' unitary council based on a connected M6 corridor, comprising Newcastle-under-Lyme, Stafford, Cannock, South Staffordshire.
 - 2.11.4** The creation of a new unitary council comprising the existing unitary area of Shropshire and the existing borough geography of Newcastle-under-Lyme;
 - 2.11.5** The creation of a new single unitary council on the existing geographical footprint of Staffordshire County Council, as proposed by the County Council.

- 2.12 The preferred option for recommendation to full Council, alongside a detailed submission and business case is for a single Newcastle unitary authority, as set out in Appendix A. This is based on detailed work by the Council and its consultants and a strong majority of opinion from the Council's public online survey (with some 59% of respondents supportive of the model).
- 2.13 The Council has been active in engaging with partners. Stakeholder engagement is ongoing and views will be incorporated into the final submission.
- 2.14 Appendix A further sets out the comparative position of the other options for investigation. It notes that there have been some key changes since the election of a new Administration for Staffordshire County Council and developments which may bring additional risk in effectively modelling and developing a Newcastle and Shropshire Unitary Council.
- 2.15 Alongside its consultants, the Council also considered the implications of a North Staffordshire authority, based on a footprint of Newcastle-under-Lyme, Staffordshire Moorlands and Stoke-on-Trent. This option was rejected at full Council in March 2025, but data analysis shows that there would be significant financial challenges to such an authority, as further described in Section 6, Appendix A.
- 2.16 The Council's preferred option, a single Newcastle unitary authority, would protect Newcastle from such impacts, but in describing the model for the whole invitation area (that is, Staffordshire and Stoke-on-Trent), the Council has sought to align unitary council areas with the wishes of other authorities, so that Stoke-on-Trent and Staffordshire Moorlands are combined, together with authorities in the centre and south of the county.
- 2.17 The Council is clear on the need to protect the loyal and ancient nature of Newcastle-under-Lyme, and in doing so will continue to work on the recognition of the Borough's Mayoralty, Aldermen, Burgesses and other civic and ceremonial arrangements, together with longstanding trusts and charitable arrangements, which are particular to the Borough. The preferred option would underpin this protection.

3. Recommendation

3.1 It is recommended that Cabinet:

- A. Notes the recent developments by HM Government in respect of Local Government Reorganisation and English Devolution.
- B. Notes the work undertaken to date with stakeholders to prepare the final submission document.
- C. Recommends to full Council a unitary council for Newcastle-under-Lyme as its preferred option for submission.

On Devolution:

- D. Supports Newcastle-under-Lyme Borough Council co-developing a submission to Government setting out a devolution growth framework for Staffordshire and Stoke-on-Trent.
- E. Endorses the submission document's focus on devolution, and Staffordshire's ability to deliver against devolution themes without recourse to completing Local Government Reorganisation

- F. Supports the proposed Strategic Authority geography at a suitable regional footprint to give the Strategic Authority parity of esteem with other regions.

On forced reorganisation of local government:

- G. Remains of the belief 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.
- H. 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.
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4. Financial and Resource Implications

- 4.1 As noted in the report to full Council of 22nd January 2025, the Government has, to date, not provided an investment case or intended savings arising from local government reorganisation.
- 4.2 The act of reorganisation brings significant, but as yet, not fully quantifiable costs. The modelling of the options for investigation sets out forecast financial sustainability arising from revenue generation, transformation benefits and implementation costs. These vary across each option for investigation (in the instance of the creation of a unitary council for Newcastle, this involves a financial pressure), but across all options are viewed as more marginal than some comparator area submissions.
- 4.3 As set out in the Local Government Reorganisation report to Cabinet of 8th July, the Council has set aside £200,000 for initial work on its submission to Government. 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. Following an initial proposal to exclude Newcastle from any funds, officers have worked with MHCLG to secure £36,734, equating to one-tenth of the funding for Staffordshire and Stoke-on-Trent.

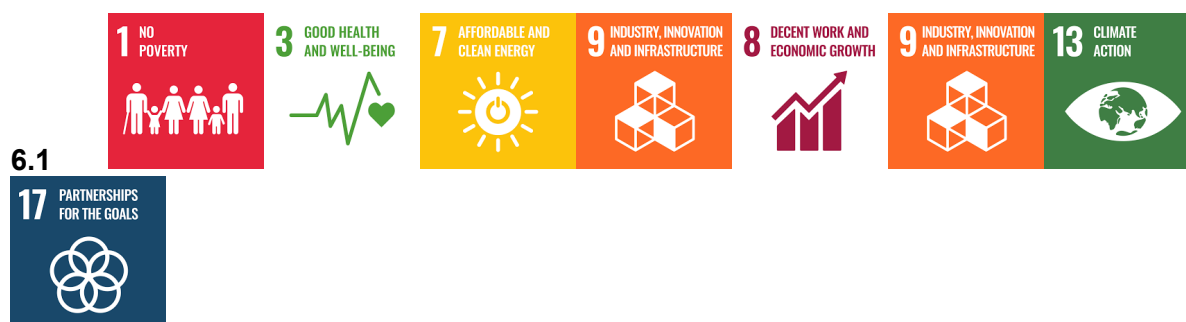
5. Major Risks & Mitigation

- 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 details of local governance arrangements continue to be developed.

- 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 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** Effectiveness of change – There is a lack of proven success where local government reorganisation has taken place elsewhere in the country to date, and the Government has provided limited detail to date on the business case/benefits of the approach being described in the White Paper.
- 5.5** 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 / COSOP is likely to 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 may assess resource need.
- 5.6** It is likely that implementation of Local Government Reorganisation 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.

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 ☒

We will make investment to diversify our income and think entrepreneurially.

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 ☒

We will develop and implement a digital approach which makes it easy for all residents and businesses to engage with the Council, with our customers at the heart of every interaction

A new approach to digital delivery will become necessary through LGR, including the mapping of shared service opportunities.

One Sustainable Council ☒

We will deliver on our commitments to a net zero future and make all decisions with sustainability as a driving principle

Newcastle Borough Council has sustainability programme to meet a 2030 target for its scopes 1 and 2 emissions. Other local authorities are at different stages of implementing sustainability 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 – 4th June 2024 – Staffordshire Leaders Board Joint Committee
- 9.2 Cabinet – 9th January 2025 – Devolution and Local Government Reorganisation: White Paper
- 9.3 Full Council – 22nd January 2025 – Devolution and Local Government Reorganisation White Paper
- 9.4 Special Full Council – 19th March 2025 – Newcastle-under-Lyme Borough Council Response to Local Government Reorganisation
- 9.5 Cabinet – 8th July 2025 – Local Government Reorganisation

10. **List of Appendices**

- 10.1 Appendix A – Local Government Reorganisation Options
- 10.2 Appendix B – Letter from MHCLG, September 2025
- 10.3 Appendix C – Public Survey Results

Background Papers

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