

Agenda Item 4

Devolution and Local Government Re-organisation

Committee:	Council
Date of Meeting:	18 March 2025
Report of:	Chief Executive
Portfolio:	Leader of the Council

1 Purpose of Report

- 1.1 To advise Members on the process and timescale for Devolution and Local Government re-organisation and the proposals made to date by Staffordshire Councils.
- 1.2 To determine whether the Council wishes to submit an initial response to the Government's proposals set out in the White Paper.

2 Recommendations

- 2.1 That Council delegates to the Leader of the Council, in consultation with the Deputy Chief Executive (Resources), authority to submit to Government the interim outline proposal set out in **APPENDIX 1** or a joint proposal for a Southern Staffordshire unitary authority together with other councils, if a draft is agreed by Leaders that is in accordance with the Council's position as set out in 7.12 - 7.22.
- 2.2 Subject to agreement of 2.1, to delegate to the Deputy Chief Executive (Resources), in consultation with the Leader of the Council, authority to amend as necessary and finalise the interim outline proposal set out in **APPENDIX 1** and to submit this to Government by the 21 March deadline, working in collaboration with the other local authorities in Staffordshire.
- 2.3 To delegate to the Chief Executive, in consultation with the Leader of the Council and the Deputy Chief Executive (Resources)/s151 Officer, the authority to commission expert advice and support as required to optimise the Council's position, including commissioning or cost sharing with other authorities as required.
- 2.4 To note the governance arrangements set out in section 10 for oversight of the further development of the proposals prior to the final submission by 28 November 2025.
- 2.5 To commission a report on the setting up a town council for Stafford to understand what this entails and the associated costs.

Reasons for Recommendations

- 2.6 The Council has been invited to submit proposals for devolution and local government re-organisation in Staffordshire in response to the Government's White Paper.

3 Key Issues

- 3.1 The Government has published a White Paper setting out their plans for devolution and local government reorganisation.
- 3.2 The Government is seeking to:
- (i) achieve devolution through the formation of Strategic Authorities, preferably with a mayor; and
 - (ii) to facilitate local government reorganisation in England for two-tier areas (such as Staffordshire) which will see the abolition of County, District and Borough Councils and small unitary councils and the creation of large unitary councils and a strategic authority.
- 3.3 Councils have been invited to submit initial proposals by 21 March 2025, with final proposals due by 28 November 2025.
- 3.4 Discussions have been taking place through the Staffordshire Leaders Board to develop proposals.
- 3.5 In terms of devolution, there is support for a Staffordshire Strategic Authority that covers the area of the county and the city with a mayor as this will increase access to funding and government departments. There is a strong basis for this proposal as the county is fortunate to have coterminous boundaries with other key public bodies such as the Police and Fire Services and the Integrated Care Board. The proposal doesn't however meet the requirement for the Strategic Authority to cover a population of 1.5 million and it may be necessary to look wider for other partners. The Councils would welcome further information from Government on the additional powers and funding that will be devolved to the strategic authority.
- 3.6 With regard to local government re-organisation, there is support in principle for a two unitary council model but there are differing views across the county as to the makeup of the two councils. There is also interest in exploring a three unitary council model. The Council does not wish to discount other models at this stage and recognises the need for data analysis to support the further exploration of options.
- 3.7 The Council is however clear that it does not support the splitting of the borough across two or more unitary Councils. It favours maintaining the existing borough boundaries and the inclusion of Stafford in a Southern Unitary. Furthermore, the Council would be against the inclusion of Stafford Borough in a Northern Unitary and considers that this would erode the identity of Stafford as the County town, its civic heritage and its close links with districts in the south of the county.

- 3.8 The Government has indicated an intention to improve the relationship between town and parish councils and principal Local Authorities. The Council is supportive of this as it will help to maintain local democracy and identity and help to offset the gap that will be created by new larger councils. It is however recognised that Stafford does not currently have a town council and this would need to be addressed. The Council is concerned that a new unitary council serving perhaps four times our current population and geography will find it hard to manage a productive relationship with a large number of parish councils. There would be circa 139 parish councils for a Southern Unitary alone and this will increase the democratic deficit resulting from the proposed reorganisation.
- 3.9 The Council's proposed response to the White Paper proposals is set out in the Interim Plan attached **APPENDIX 1**.
- 3.10 There are clearly a number of strategic and operational risks to the Council arising from these devolution and local government reorganisation proposals that will need to be mitigated. This is a major, complex and expensive change which will require careful management, particularly as the Council will also need to ensure that day to day services are kept running and it delivers its corporate projects such as town centre regeneration whilst these strategic and structural changes are implemented.
- 3.11 Currently, the Council has allocated two senior officers to work on the Council's proposals alongside colleagues across the County. As the project progresses, additional resources will need to be made available to the team. It is intended to engage consultancy support to assist with the analysis of data and development of options as there is no capacity to do this within existing resources.
- 3.12 Good governance of the project will also be important and engagement with members, employees, residents, businesses and stakeholders will be a key part of this.

4 Relationship to Corporate Priorities

- 4.1 The Government's proposals for devolution and local government reorganisation will have an impact on all of the Council's priorities to a degree though there is an expectation that "business as usual" will be maintained during the development and transition phases.
- 4.2 The primary impact will be on the Council's priority for being an Effective Council.

Report Detail

5. Background

- 5.1 On 16 December 2024, the Government published a White Paper setting out their plans for devolution and local government reorganisation.
- 5.2 The Government is seeking to:
- (i) achieve devolution through the formation of Strategic Authorities, preferably with a mayor; and

- (ii) to facilitate local government reorganisation in England for two-tier areas (such as Staffordshire) which will see the abolition of County, District and Borough Councils and the creation of unitary councils.

- 5.3 The Government clearly states that their goal is “universal coverage in England of Strategic Authorities” and “devolution by default”. The Government have made clear their ambition to reform local government and implement unitary authorities across England and set out a timetable to achieve this by 2028.
- 5.4 The Government is seeking consensus in the development of the area proposals but is also seeking extended Secretary of State / ministerial powers to intervene and direct where necessary.
- 5.5 Councils have been invited to submit initial proposals by 21 March 2025, with final proposals due by 28 November 2025.

6. Devolution

The Government's proposals

- 6.1 The White Paper sets out that the Government's goal is for there to be "universal coverage in England of Strategic Authorities (SAs) - which should be a number of councils working together, covering areas that people recognise and work in". It states that Strategic Authorities are intended to reduce duplication and give cities and regions a bigger voice, while utilising economies of scale.
- 6.2 Strategic Authorities should have a combined population of 1.5 million or above. However, in some places smaller authorities may be necessary.
- 6.3 The Strategic Authorities will either be:
 - **Foundation SAs** - a Strategic Authority without a Mayor which has fewer powers.
 - **Mayoral SAs** - a Strategic Authority with a Mayor. This model unlocks further devolution, has more powers and an Integrated Settlement.
- 6.4 The Government's "strong preference" is for partnerships that bring more than one Local Authority together over a large geography and for these authorities to have an elected mayor. They state that the move to Strategic Authorities will be ideally done collaboratively and in partnership with areas, but the Government will also legislate for a ministerial directive which will allow the creation of Strategic Authorities where local leaders have not been able to make progress.
- 6.5 When agreeing Strategic Authority geographies, the Government will consider the following principles. It is acknowledged that it will not be possible to meet all the principles in all situations and the government will work with areas to find an optimal outcome:
 - **Scale:** Strategic Authorities should be of comparable size to existing institutions. The default assumption is for them to have a combined population of 1.5 million or above, but they accept that in some places, smaller authorities may be necessary.

- No 'devolution islands': Geographies must not create devolution 'islands' by leaving areas which are too small to go it alone or which do not have natural partners - at least to the level of Foundation Strategic Authorities, with an ambition to move to a mayoral model.
- Delivery: Geographies should ensure the effective delivery of key functions including Spatial Development Strategies, Local Transport Plans and Get Britain Working Plans.
- Economies: Strategic Authorities must cover sensible economic geographies with a particular focus on functional economic areas, reflecting current and potential travel-to-work patterns and local labour markets. It is likely that where travel to work areas are small and fragmented, Strategic Authorities will cover multiple travel to work areas.
- Contiguity: Any proposed geography must be contiguous across its constituent councils.
- Alignment: The Government will seek to promote alignment between devolution boundaries and other public sector boundaries.
- Identity: A vital element of successful devolution is the ability for local residents to engage with and hold their devolved institutions to account - and local identity plays a key role in this.

6.6 The Strategic Authorities will provide the framework for:

- Transport and local infrastructure
- Skills and employment support
- Housing and strategic planning
- Economic development and regeneration
- Environment and climate change
- Health, wellbeing and public service reform
- Public safety

Current Regional Position

6.7 In 2023, the Staffordshire Leaders Board put forward a proposal to government for a non-mayoral model of cooperation and joint working. This has been superseded by the White Paper and proposals for a Strategic Authority need to be formulated and submitted to government.

- 6.8 The county of Staffordshire is fortunate to have a coterminous boundary for the local authorities and other public bodies such as the Police Fire and Crime Commissioner (PFCC) area, the Integrated Care Board (ICB) and other structures. This lends itself to a strong argument in favour of a single Strategic Authority for Staffordshire, despite the fact that the total population for Staffordshire being circa 1.1 million residents is below the government's proposed level of 1.5 million for a Strategic Authority.
- 6.9 The estimated regional population figures (based on 2021 Census data) are:
- Cannock Chase - 100,500
 - East Staffordshire - 124,000
 - Lichfield - 106,400
 - Newcastle-under-Lyme - 123,300
 - South Staffordshire - 110,500
 - Stafford - 136,800
 - Staffordshire Moorlands - 95,800
 - Stoke-on-Trent - 258,400
 - Tamworth - 78,600
- 6.10 There is a strong track record of collaboration between the councils in Staffordshire and Stoke-on-Trent and we share many forums and collaborative initiatives. This proposal would formalise and embed this going forward.
- 6.11 There is an emerging consensus for a Staffordshire Strategic Authority.
- 6.12 However, this proposal doesn't meet the population requirement of 1.5million. It may therefore be necessary to consider options to expand the Strategic Authority.
- 6.13 The draft interim plan therefore expresses an initial preference for a Staffordshire Strategic Authority but that alternative options are assessed alongside this option prior to final submissions by 28 November 2025.
- 6.14 The interim plan also proposes the establishment of a Mayoral Strategic Authority. The reasons for this are:
- Government has strongly signalled its support for the establishment of Mayoral authorities as its preferred model and has indicated that non-mayoral authorities (Foundation SA's) would be a stepping stone to Mayoral SA's in due course.
 - Existing mayoral authorities benefit from increased access to funding, the devolution of central duties and better access to government executives such as Homes England.

- Not being within a mayoral area could significantly disadvantage local businesses, residents and higher education institutions.

7. Local Government Reorganisation (LGR)

The Government's Proposals

- 7.1 The White Paper announces that government will facilitate a programme of reorganisation for two-tier local government areas. Delivery will be phased, taking account of where LGR can unlock devolution and where areas want to proceed at pace.
- 7.2 New unitaries are to be delivered in April 2027 (first wave) and 2028 (all remaining two-tier council areas), with shadow elections taking place earlier. The paper sets out that reorganisation should not delay devolution and devolution plans should complement LGR.
- 7.3 The Government's priorities in LGR are:
- New councils should be the right size to achieve efficiencies, improve capacity and withstand financial shocks. For most areas government believes this will mean creating councils with a population of 500,000 or more. There may be exceptions to ensure new structures make sense for an area, agreed on a case-by-case basis.
 - All two-tier areas and smaller or failing unitaries are to develop proposals for reorganisation.
 - High quality and sustainable public services to citizens and communities should be prioritised.
 - New councils should take a proactive and innovative approach to neighbourhood involvement and community governance to empower residents.
 - All councils in an area should collaborate on developing unitary proposals in the best interests of a whole area, rather than producing competing proposals.
 - Councils should work with government to bring about changes as swiftly as possible.
 - Governance models for local authorities to best support decision-making.

Current Regional Position

- 7.4 The Government has stated that unitary authorities need to be of a viable size and indicated a minimum size of 500,000 residents per authority, although exceptions to this will be considered. Councils need to be sustainable and have the scope to grow and thrive. It is also important the people who live, work and learn in each area are effectively and appropriately represented in the new strategic authority.
- 7.5 Early discussions between the Staffordshire authorities have taken place at Leader and Chief Executive level. Early discussions indicate a preference for a two unitary authority option based on:

- | | |
|-------|---|
| North | Newcastle-under-Lyme Borough, Stoke-on-Trent City and Staffordshire Moorlands District - total population 477,500 and |
| South | Cannock Chase District, East Staffordshire Borough, Lichfield District, South Staffordshire District, Stafford Borough and Tamworth Borough - total population 656,800. |

Whilst this proposal falls marginally short of the population threshold for the north unitary, it has the benefit of maintaining existing boundaries.

- 7.6 Stoke-on-Trent City Council has published its paper on LGR, expressing a preference for a north and south model, but have indicated that this could also include part of Stafford Borough and East Staffordshire District. This does have the potential to address the population differences between the two unitaries. However, this would increase the complexity and cost of the changes and government guidance is to use existing district boundaries as the building blocks of the new unitary authorities.
- 7.7 Staffordshire County Council in its paper on LGR have indicated a preference for a two unitary model but this is based on Stoke on Trent City as a standalone unitary with the other Staffordshire Councils making up the other unitary. This proposal does not meet the population requirements and it is considered that this would create a very large organisation, covering a large geographical area and would make the authority remote from its population.
- 7.8 There have also been discussions about a three unitary council model; there are various permutations for achieving this. These would fall short of the target population requirements but be proportionate in size to the preferred Strategic Authority model. It would arguably provide a more sustainable model with smaller set up costs that better supports keeping democracy at a local level.
- 7.9 At this stage, limited work has been done on the data to drive the best unitary model for Staffordshire. Further work will be essential to understand the demographics and financial position. Engagement with partner organisations, the public and local businesses will also be essential to shape the final proposal.
- 7.10 As Members will be aware, the Government have requested that the Staffordshire Councils come forward with outline plans on local government reorganisation by 21 March 2025. The plans are intended to be a progress update, and at this stage can include more than one option being considered.
- 7.11 Staffordshire will be in the second wave of new unitary Councils to be set up. Elections will take place in 2027 to create the Shadow Authority, with a go live date in 2028.

Stafford Borough Council's Position

- 7.12 The Council considers that the current two-tier model of local government works well for Staffordshire. Given its geographical size, the management of services such as waste, parks, planning etc works effectively through the district and borough councils with services such as social care and education being managed across the broader county. This allows local people to influence local services. District and Borough Councillors know their wards and are well known to residents.

- 7.13 The Council is concerned that the move to larger councils will result in a democratic deficit and loss of local identity.
- 7.14 The Council believes that any unitary council that becomes its successor authority should be sustainable in its finances and governance. Local Government Reorganisation on its own will not provide a solution to the funding pressures faced by councils. In particular, the government's guidance does not provide a sustainable funding solution for the significant budget deficits that a number of councils, are facing.
- 7.15 The Council acknowledges the financial difficulties facing the sector and has sought to address these through the sharing of services with its neighbouring council, Cannock Chase District Council.

The sharing of services started in 2011 with back-office services and was extended to include front line services with effect from April 2023. This has allowed us to maintain resilience in service provision, deliver efficient services and achieve savings whilst maintaining local sovereignty and democracy.

- 7.16 The Council would prefer to maintain the current two-tier model of local government and further expand the sharing of services with neighbouring councils. However, the Government's proposals for Local Government re-organisation and its intentions to deliver this at pace are noted and the Council will work to ensure that the preferred unitary model works well for its local residents and businesses.
- 7.17 The Council has briefed its Members and employees on the Government's proposals for devolution and local government re-organisation and is committed to keeping them up-to-date with progress in developing the proposals. Once the Council has a clearer understanding of which proposal(s) are to be taken forward, the Council will engage with its local residents, businesses and stakeholders seek their views.
- 7.18 The Council believes that any proposals for reorganisation should:
- Improve services for local people at no increase in council tax resulting from the change.
 - Not be detrimental to local people in their ability to engage with their local council and influence the services it provides.
 - Reflect the role that the Borough plays in the County, its history, cultural identity and civic life.
- 7.19 The Council is supportive of the principle of a two unitary council model for Staffordshire.

- 7.20 However, the Council strongly disagrees with Stoke-on-Trent City Council's proposal to include parts of the Borough in a Northern Unitary and the remainder in a Southern Unitary. This is considered to be a red-line issue for the Council. The Council favours maintaining the existing borough boundaries and the inclusion of Stafford in the Southern Unitary. Furthermore, the Council would be against the inclusion of Stafford Borough in the Northern Unitary and considers that this would erode the identity of Stafford as the County town and its civic heritage. Stafford would be a natural centre for the headquarters of a Southern Unitary due to its central location both within the County and the southern cluster of the current district and borough councils. Any proposal to include Stafford in a Northern Unitary would also split the existing shared services arrangements with Cannock Chase Council which will complicate the future allocation of employees to the new Councils, the ownership of IT systems, key contracts etc.
- 7.21 Stafford Borough Council is working with the Leaders of Cannock Chase, East Staffordshire, Lichfield, South Staffordshire and Tamworth Councils on a proposal and interim plan for a Southern Staffordshire Unitary Council.
- 7.22 The Council does not wish to discount other models at this stage and recognises the need for data analysis to support the further exploration of options between March and November 2025. The Council would be interested in exploring a three unitary council model to see if this would be viable. The Council has a preference for keeping democracy local and maintaining local identity and wants to ensure that the final proposal is in the best interests of residents of Stafford Borough. Furthermore, there is an optimum size for organisations and we need to explore what this would be for Staffordshire. Bigger isn't always better as it can lead to a loss of control, difficulties in managing service delivery and quality through large scale contracts and/or the procurement of contractors.
- 7.23 The Government has indicated an intention to "rewire the relationship between town and parish councils and principal Local Authorities, strengthening expectations on engagement and community voice". Whilst there are concerns about the ability of a larger unitary council being able to adequately support town and parish councils, the Council is supportive of this as it will help to maintain local democracy and identity and help to offset the gap that will be created by new larger councils. It is however recognised that Stafford does not currently have a town council and this would need to be addressed.

8. The Council's Interim Plan

- 8.1 All councils have been invited to submit an interim plan before the 21 March 2025. The interim plan is intended to set out the progress made to date. It is stated within the invitation that the level of detail at this stage will vary from area to area and it also acknowledges that more than one potential proposal may be described within the plan.
- 8.2 The Council's response to the White Paper proposals is set out in the Interim Plan attached **APPENDIX 1**.
- 8.3 At this stage it is not possible to respond in full to address the eight themes specified by the Government in the invitation to submit an interim plan. However, the draft Interim Plan sets out the Council's progress in these eight areas.

9. Timescales

- 9.1 It is difficult to give any certainty to timescales at this point. Whilst the deadlines for making submissions to Government are known, the implementation timetable thereafter is not yet known. The dates below are therefore indicative only.

21 March 2025	Interim LGR proposal to be submitted to Government
28 November 2025	Final LGR proposal to be submitted to Government
2026	Government will hold a public consultation regarding LGR proposals
May 2027	Inaugural regional mayoral elections
Spring 2028	New unitaries 'go live'

10. Governance Arrangements

- 10.1 Progress updates and oversight of the development of the options going forward will lie with the Cabinet.
- 10.2 Actions relating to the work on LGR will be included in the priority delivery plans. Delivery against these actions will be used to keep the Resources Scrutiny Committee informed of progress on a quarterly basis.
- 10.3 Members and employees will also be briefed more generally on progress and developments.
- 10.4 Whilst data analysis will be important in assessing the viability of options, so too will be the views of local residents and businesses. Data and geography are only part of the picture and it is essential that we understand the area which our residents identify with and how they feel about the proposals. Engagement with local residents, businesses and stakeholders on the option to be included in the final submission to the Government will be a key piece of work.
- 10.5 A report on the final proposal to be submitted to Government will be brought to a meeting of the full Council before the deadline of 28 November 2025.

11. Implications

11.1 Financial

It is too early at this stage to determine the costs associated with the development of the proposals to implement local government re-organisation and the savings likely to be achieved by the new unitary councils. It is likely that these costs will be substantial based on recent unitarisations. Indicative costs and savings are referred to in the Interim Plan attached at **APPENDIX 1**.

11.2 Legal

Section 2 of the Local Government and Public Involvement in Health Act 2007 authorises the Secretary of State to invite any principal council in a two-tier county area to make a proposal for a single tier of government in that area. The invitation may specify a date by which a proposal may be made, and the council must have regard to any guidance issued setting out what the proposal should include. The council can submit its own proposal or can submit a proposal jointly with other councils. The Secretary of State has written to all two-tier authorities inviting them to make proposals by 28 November 2025, with interim plans to be submitted by 21 March.

11.3 Human Resources

It is too early at this stage to assess the implications of the proposals. But it is anticipated that there will be an impact on the Council's ability to recruit and retain staff over the next three years or so as the proposals are developed and we move into the implementation stages.

11.4 Risk Management

A provisional assessment of the key risks is included in the interim plan attached at **APPENDIX 1**. This will be developed into a full risk register as the project progresses. In the meantime, a risk regarding LGR has been added to the Council's Strategic Risk Register.

11.5 Equalities and Diversity

None

11.6 Health

None

11.7 Climate Change

None

12. Appendices

Appendix 1: Interim plan for devolution and unitarisation

13. Previous Consideration

N/A

14. Background Papers

- The English Devolution White Paper of 16 December 2024.
- Letter from Jim McMahon MP, Minister of State for Local Government and English Devolution, dated 5 February 2025, that invites proposals for a single tier of local government and associated guidance

Contact Officer: Chris Forrester, Deputy Chief Executive (Resources) and s151 Officer, Judith Aupers, Head of Transformation and Assurance

Telephone Number: 01543 464334 and 01543 464411

Ward Interest: All

Report Track: SBC Cabinet Briefing 10 March 2025 and Council 18 March 2025

Key Decision: Yes

Stafford Borough Council

Interim plan for devolution and unitarisation

Devolution - Summary of position

This interim plan describes the preference for the establishment of a Mayoral Strategic Authority based on the combined geography of the Staffordshire County and the City of Stoke-on-Trent.

The estimated regional population figures (based on 2021 Census data) are:

- Cannock Chase - 100,500
- East Staffordshire - 124,000
- Lichfield - 106,400
- Newcastle-under-Lyme - 123,300
- South Staffordshire - 110,500
- Stafford - 136,800
- Staffordshire Moorlands - 95,800
- Stoke-on-Trent - 258,400
- Tamworth - 78,600

Whilst the total population for Staffordshire being circa 1.1 million residents is below the government's proposed level of 1.5 million for a Strategic Authority, there is a strong case to be made for a Staffordshire Strategic Authority.

Staffordshire and Stoke-on-Trent currently have coterminous boundaries with Staffordshire Police, Staffordshire Fire and Rescue Service and the Staffordshire and Stoke-on-Trent Integrated Care Board. There are also demonstrable geographic and economic ties that align with the existing boundary. It therefore makes sense that establishing a strategic authority on the current Staffordshire footprint would offer a strong shared identity moving forward and enable deeper collaborative working with partners aligned on the same boundaries.

There is a strong track record of collaboration between the councils in Staffordshire and Stoke-on-Trent and we share many forums and collaborative initiatives. This proposal would formalise and embed this going forward.

It is further proposed that the Strategic Authority mayoral model be adopted. The reasons for this are:

- Government has strongly signalled its support for the establishment of Mayoral authorities as its preferred model and has indicated that non-mayoral authorities (Foundation SA's) would be a stepping stone to Mayoral SA's in due course.
- Existing mayoral authorities benefit from increased access to funding, the devolution of central duties and better access to government executives such as Homes England.
- Not being within a mayoral area could significantly disadvantage local businesses, residents and higher education institutions.

Local Government Reorganisation (LGR) - Summary of Position

Early discussions between the Staffordshire authorities have taken place at Leader and Chief Executive level. Discussions indicate a preference for a two unitary authority option (a north and south), an example of how this might be configured is set out in option 1 later in the paper.

There have also been discussions about a three unitary council model; there are various permutations for achieving this an example is given later in the paper (option 2). This would fall short of the target population requirement but be proportionate in size to the preferred Strategic Authority model. It would arguably provide a more sustainable model with smaller set up costs that better supports keeping democracy at a local level. Recent examples of unitarisation indicate that those models that work well are those which share similar characteristics such as, population, demographics, rurality, etc.

At this stage, limited work has been done on the data to drive the best unitary model for Staffordshire. Further work will be essential to understand the demographics and financial position. Engagement with partner organisations, the public and local businesses will also be essential to shape the final proposal.

Stafford Borough Council is supportive of the principle of a two unitary council model for Staffordshire.

However, the Council does not support Stoke-on-Trent City Council's proposal to include parts of the Borough in a North Unitary and the remainder in a Southern Unitary. This is considered to be a red-line issue for the Council. The Council favours maintaining the existing borough boundaries and the inclusion of Stafford in the Southern Unitary. Furthermore, the Council would be against the inclusion of Stafford Borough in the Northern Unitary and considers that this would erode the identity of Stafford as the County town and its civic heritage. Stafford would be a natural centre for a Southern Unitary due to its central location both within the County and the southern cluster of the current district and borough councils. Any proposal to include Stafford in a Northern Unitary would also split the existing shared services arrangements with Cannock Chase Council which will complicate the transition to a new unitary structure e.g. future allocation of employees to the new Councils, the ownership of IT systems, key contracts etc.

The Council believes that any unitary council that becomes its successor authority should be sustainable in its finances and governance. Local Government Reorganisation on its own will not provide a solution to the funding pressures faced by councils. In particular, the government's guidance does not provide a sustainable funding solution for the significant budget deficits that a number of councils, are facing.

The Council has a preference for keeping democracy local and maintaining strong community identity and wants to ensure that the final proposal is in the best interests of residents of Stafford Borough. Furthermore, there is an optimum size for organisations and we need to explore what this would be for Staffordshire.

Bigger isn't always better and diseconomies of scale can lead to a loss of control, difficulties in managing service delivery through large scale contracts and/or the procurement of contractors.

The Government has indicated an intention to “rewire the relationship between town and parish councils and principal Local Authorities, strengthening expectations on engagement and community voice”. Whilst there are concerns about the ability of a larger unitary council being able to adequately support town and parish councils, the Council is supportive of this as it will help to maintain local democracy and identity and help to offset the gap that will be created by new larger councils. It is however recognised that Stafford does not currently have a town council and this would need to be addressed.

Progress with regard to the 8 themes/questions

a) *Barriers or challenges where further clarity or support would be helpful*

An undertaking of this scale and complexity at the pace desired by central government comes with inherent risks. Having experience of sharing services between two councils, we understand many of these risks but bringing together more councils at the same time will increase the complexity of the process and the risks. The dissolution of 8 district/borough councils, one county authority and one unitary, then the creation of successor organisations which will need to merge finances, staff and services is a huge undertaking. It will require extensive planning and significant investment in consultancy support to ensure the most effective means are identified to create the new councils. This is largely driven by a lack of existing resources within the current councils to deliver “business as usual” as well as devolution and local government reorganisation.

The disaggregation of the existing social care provision needs careful consideration as the new councils take on the work previously done by the county council and existing unitary. Whatever option is chosen for the area will require this work to be done, so the risk is the same. It is important that this is done sensitively though as it could have serious ramifications for child and adult social care provision in the area if the new councils are not able to seamlessly take this role on at the point of transfer of duties.

There is a risk that the pay-back period to realise overall savings from LGR will be many years if achieved at all. During the three years from now until the new authorities are created there is significant risk that councils will not have the capacity to deliver this change and maintain business as usual and the regeneration projects we are engaged with. The change process will continue for several years after the new councils are created and may result in poor delivery of services during that time.

The uncertainty created by this major change is already contributing to councils finding it difficult to attract and retain staff (especially senior officers) and makes the sector unattractive to new entrants. There is also a risk that considerable knowledge and skill will be lost from the sector during this time.

Taking the above into account, we will need:

- The identification of any funding available to us from central government to support both the creation of the proposal for the new structures by November 2025 and the implementation of the approved new structures. This is likely to be very significant and beyond the resources that are currently available to the area.
- An undertaking that appropriate public and partner consultation will be supported during the development of the proposal and comprehensive and promoted public consultation will be evident in the ministerial decision-making process. It is important that the people of the area have a clear voice in the development of these proposals and that they can see the influence they have had.
- Clear lines of communication with central government departments and teams with named officials to ensure timely advice and support can be sought during this process.
- To gain support for the proposals it would be helpful if it was made clear what new powers and funding are going to be made available to the new councils and strategic authorities. This will make it simpler to demonstrate the business case supporting the reorganisation agenda.
- Supplying the evidence base used by central government to demonstrate the efficiencies that the proposed changes suggest will be achievable would be helpful to shape the development of the successor organisations.

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.

We firmly believe that the current two-tier local government arrangements in Staffordshire serve the area well. The councils work together closely with each other as well as other key stakeholders, deliver excellent services and are financially sustainable. Any change to this risks a potential degradation in service provision, the creation of new financial challenges as seen with other newly created unitaries, for example Somerset, and a severe reduction in local accountability and local democracy.

Notwithstanding the above, we are reviewing options, based on the creation of two or three unitary councils from the existing structures within Staffordshire. This would score well against the six criteria set out:

1. “A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.”

2. “Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.”
3. “Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.”
4. “Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.”
5. “New unitary structures must support devolution arrangements.”
6. “New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.”

Due to the large geographic area of Staffordshire and sparsity, maintaining community identity and ties will be a key part of the proposals. Without these, there is a risk that the new authorities will be too distant from the people of the area and create a democratic deficit.

Two proposals are set below but there are other permutations which could be considered.

- Option 1, which is a North and South split.
- Option 2, which would see the creation of three new unitaries based on a north, east and west split.

Option one falls just short of the population criteria for the Northern Authority. Whilst option two does not meet the 500,000 population suggested criteria, it was made clear in the White Paper that proposals can differ from this threshold if they are well justified. Statistical studies by the Department for Communities and Local Government showed that the size of a local authority did not necessarily equate to better services. Indeed, across a range of services, consumer satisfaction, performance and value for money were found to change depending on the size of a geography and not always in a positive linear fashion.

The detailed proposal that will be presented in November will use a strong evidence base to demonstrate the best route forwards for Staffordshire.

Option 1	Staffordshire North	Staffordshire South
Stoke on Trent	258,400	
Newcastle Under Lyme	123,300	
Stafford		136,800
Cannock Chase		100,500
South Staffordshire		110,500
East Staffordshire		124,000
Lichfield		106,400
Staffordshire Moorlands	95,800	
Tamworth		78,600
Total population	477,500	656,800

Option 2	Staffordshire North	Staffordshire East	Staffordshire West
Stoke on Trent	258,400		
Newcastle Under Lyme	123,300		
Stafford			136,800
Cannock Chase			100,500
South Staffordshire			110,500
East Staffordshire		124,000	
Lichfield		106,400	
Staffordshire Moorlands	95,800		
Tamworth		78,600	
Total population	477,500	309,000	347,800

Of the two options, set up costs are likely to be the lowest for the model which includes the creation of three new unitary councils. This is from experience of setting up the Stafford Borough/Cannock Chase shared service. This route will offer lowest redundancy costs, which tend to be a huge part of the initial costs and prevents skills and knowledge leaving the sector on mass. This option achieves the benefits of an increase in scale whilst remaining small enough to be local and making the change process more manageable.

The efficiency savings are likely to be in line with the creation of the shared service between Cannock Chase and Stafford Borough Councils (which were 8% at a management tier but given the capacity issues we are currently facing the savings are likely to be lower for service delivery) at a district/borough level. Further savings are likely through economies of scale achieved by the breaking up of the county council and merger of its services with the newly created authorities. It should be noted that as the scale of the authority increases it is likely that staff salaries will increase as well. It is essential to balance the scale of the new organisation against the inherent costs that this scale brings, the needs of the area and the delivery of savings for the new organisations.

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

It is not possible to estimate the costs of this project at present. Indications are that initial scoping costs for providing the evidence to support the November report alone are in the region of £150k; the full cost of the proposals above is likely to be several million pounds based on the experiences of recent unitarisation projects. These cost estimates, plus any potential efficiencies and savings will be developed prior to the submission of the November proposal. Clarity is needed from government on the amount of financial support that will be provided to fund initial set up costs and scoping works. There is a risk that the pay-back period to realise overall savings from LGR will be many years if achieved at all.

Creating a new organisational culture, adopting common IT systems, aligning contracts for outsourced services and transformation of service delivery will take several years to achieve and see the benefits from this work in terms of efficiencies and savings. Whilst we know that moving to a single tier council will reduce duplication and deliver savings, having already shared services with Cannock Chase Council, this will reduce the level of savings that can be achieved. Furthermore, the Council is already experiencing capacity issues in service delivery and the management of services which will have an impact on the scope for the delivery of further savings.

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 arrangements 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*

At this early stage it is not possible to determine the final number of councillors for the new councils. It is likely that the number of councillors for the new councils will be based on the existing county divisional boundaries and Stoke on Trent Council Wards.

As there are 62 divisions in Staffordshire County Council and 34 wards in Stoke on Trent this would suggest at least 96, though more likely two for each area will be needed so 192. It would be likely that during the first term the Local Government Boundary Commission for England would be invited to establish an appropriate composition going forward.

For Stafford Borough Council this would equate to 18 Members, compared to the current 40 Borough Councillors.

Further work will need to be undertaken on this in developing the unitary options. We need to explore whether this would be sufficient eg for size of caseload.

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

The proposal submitted is based on a Mayoral Strategic Authority for the Staffordshire and Stoke-on-Trent area with three coterminous unitary councils. The new structures will fully support devolution ambitions however it needs to be made clear that devolution goes hand in hand with local government reorganisation and not local government reorganisation first with devolution to follow at a later date.

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*

Due to the tight deadlines meaningful engagement has not been possible at this time. Engagement with key stakeholders and the wider community are planned over coming months to ensure they help shape the detail of the proposal.

To date, the Staffordshire Leaders boards has been the primary point of discussion of proposals for the area in light of the white paper. All staff briefings and member engagement sessions have taken place as well. The proposal outlined in this submission seeks to maintain the unique identity of Staffordshire communities, maintain local accountability whilst ensuring the new councils have sufficient scale to be sustainable.

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.*

It is not possible to estimate the costs at this time. Once the proposal in this submission is approved it is likely to cost many millions of pounds to implement, based on recent unitarisation projects.

Each council will require a team to represent them as part of the development and implementation of the proposal. An initial £150k has been allocated to prepare the detail needed for the November report deadline. This work will determine the scale of further resources and costs required.

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.*

A number of groups and boards have been set up to ensure all councils and stakeholders are involved in the process of reorganising local government in Staffordshire. These include the Staffordshire Leaders Board, the supporting Staffordshire Councils Chief Executive group, a group of senior officers from across the councils to start working up the detailed submissions and information sharing and further groups will be set up as the need arises.

Appendix 1

As per the many reports prepared on this subject, it is imperative that the councils work together on this project to ensure that it is successful.