

Local Government Reorganisation Interim Plan

Report of the Chief Executive

Please note that the following recommendations are subject to consideration and determination by the Cabinet (and confirmation under the provisions of the Council's Constitution) before taking effect.

1 Recommendations

That Council:

- a) Notes the approach taken to develop a response to the Government's invitation to submit an Interim Plan on Local Government Reorganisation in Devon;
- b) Supports the Leader to submit the Interim Plan by 21 March 2025.

2 Introduction

- 2.1 Government launched the English Devolution White Paper in December 2024. This set out the Government's intentions to move to unitary authority structures in remaining two-tier areas in England, such as Devon, alongside its approach to widening and deepening devolution. This was followed by a Statutory Invitation from the Minister of State for Local Government and English Devolution to all 21 two-tier council areas to submit proposals for a single tier of local government. In Devon, the invitation was sent to all 11 Councils – the County Council, the 8 District Councils, Torbay Council and Plymouth City Council.
- 2.2 The Statutory Invitation included a timeline and a request for an Interim Plan by 21 March and a requirement to submit a full proposal by 28 November 2025. Included in the invitation was guidance from the Secretary of State for unitary government proposals framed under 6 criteria. For Interim Plans, 8 areas were identified. Attached in Appendix 1 to this report is a copy of the Statutory Invitation where the full details of the guidance can be found. In summary the criteria for the Full Proposal are:
 1. Proposals should seek to achieve for the whole area a single tier of local government and be sensible economic areas with appropriate tax base and not create undue disadvantage for one part of the area.
 2. Unitary local government must be of the right size to achieve efficiencies and withstand financial shocks and as a guiding principle new councils should aim for a population of 500,000 or more.
 3. Unitary structures must prioritise the delivery of high quality and sustainable public services, showing opportunities for service reform and impacts on crucial services such as social care, SEND and homelessness.

4. Show how Councils have worked together to come to a view that is informed by local views and consider local identity and cultural and historic importance.
5. Must support devolution arrangements and ensure sensible population size ratios between local authorities any Strategic Authority.
6. Enable stronger community engagement and deliver genuine neighbourhood empowerment

2.3 In addition to the above criteria the guidance sets out two further areas to take into account for Full Proposals:

a) Boundary Changes

- that existing district areas should be considered the building blocks of proposals and
- any proposals involving boundary changes need a strong rationale and justification as to why this supports strong services and financial sustainability due to likely additional costs and complexities of implementation.

b) Engagement and Consultation

- Collaborate and share data acting in best interest of whole area
- Engagement with MPs, workforce, local partners, residents and businesses
- Inform and develop common understanding of improvements
- Key public sector engagement – ICB, Police, Fire, Higher and Further Education, National Parks and VCSE sector.

2.4 In support of the Statutory Invitation a series of Webinars have been led by senior officials from the Ministry of Housing, Communities and Local Government (MHCLG) offering opportunities for questions and providing clarifications on expectations. These have been offered nationally to two-tier areas, and small neighbouring unitary councils and specific sessions have been run for the 11 Devon local authorities. These events have been supplemented by sessions run by the County Council Network (CCN) and the Association of County Chief Executives (ACCE).

2.5 Some significant additional details have been shared during these sessions, which provided a different emphasis and status of the Interim Plan stage of proposals for a single tier of local government. Whilst the original guidance sought a single interim plan from each area, and required firm initial proposals covering the 8 points in the guidance, the webinars indicated that Interim Plans can be submitted by any local authority invited to respond where there is no consensus on a single solution, and importantly that the Interim Plans are not a decision point and can set out initial work and approaches rather than defined solutions. It has been recognised that areas will all be at different stages of thinking and development, with some able to come forward with clear and single proposals where they have been working on such propositions for several years, and others are at a very early stage of consideration.

2.6 The Council Leader has written to the Minister requesting clarification on this additional advice in a formal response to support the submission of an Interim Plan from the Council (Appendix 2a). A response to this letter is shared in Appendix 2b to this report, and confirms the following:

- Interim Plans are not final proposals and are therefore not a decision point.
 - For practical reasons it is acceptable for a local authority to submit an individual interim plan where there is no consensus across the whole area.
 - It is acceptable to not indicate a preferred option at the Interim Plan stage.
 - It is understood that no local decision has been taken on a final proposal.
 - No expectation for a formal consultation to have been undertaken at this stage.
 - Confirmed capacity funding is available to aid development of proposals.
 - Confirmed there is no weighting to the criteria only a requirement to show how options meet the criteria in the round.
- 2.7 In liaison with political group leaders, Cabinet has adopted an inclusive, participatory approach to evidence gathering and assessment on local government reorganisation (LGR). The purpose of this report is to help facilitate a cross-party debate on the information available to date.

3 Case for change

- 3.1 Devon County Council and its Local Government partner Councils in Devon are ambitious to work together to make a greater difference to the lives of our residents in Devon. In our discussions relating to LGR and our Business-as-Usual activities there is a clear commitment to creating a culture of improvement and addressing barriers for our residents in accessing high quality services. Across Devon, we have one county council, eight district councils, and two unitary authorities. This fragmented system is confusing for residents. Running 11 separate councils, each with its own management team, back-office functions, and contracting arrangements, results in duplication. Residents and businesses face multiple access points for services, different policies in different areas, and a lack of clear accountability. Reforming local government is essential to improve capacity and resilience, remove inefficiencies, and deliver public services that are easier to access and more responsive to local needs.
- 3.2 A pattern of unitary local government would bring much-needed clarity, ensuring that decisions on vital issues—such as housing, transport, and social care—are made in a more strategic and joined-up way. Residents and businesses would no longer need to navigate multiple councils to get things done, making it simpler to access support and influence decisions. A reformed system would also enable more effective collaboration with public sector partners, such as the NHS, parish and town councils, and police, allowing services to be better integrated and more focused on the most vulnerable citizens and meet the needs of local communities.

- 3.3 Devon's neighbours have already modernised their local government structures. Somerset, Cornwall, and Dorset have moved to unitary models, creating simpler, governance. The case for reform is also driven by the Government's broader devolution agenda. Ministers have made it clear that areas seeking greater local powers and investment must demonstrate simpler and stronger governance. A move to a unitary authority structure would put Devon as part of a Mayoral Strategic Authority in a stronger position to attract funding and decision-making powers from Whitehall, ensuring the county has more control over its own future, gain greater influence over economic development, infrastructure investment, and drive public service reform.
- 3.4 This is a once-in-a-generation opportunity to create a more effective, efficient, and financially resilient system of local government. A unitary model would eliminate unnecessary bureaucracy, streamline democratic accountability, and enhance leadership for the county. Most importantly, it would ensure Devon has enhanced capability to meet the challenges of the future, delivering high-quality public services and driving economic growth in a way that benefits all residents.

4 Interim Plan

- 4.1 The proposed Interim Plan from the Council in response to the Statutory Invitation is attached in Appendix 3. The approach taken in developing this has been to engage with local partners, Elected Members, staff and key stakeholders. The plan sets out our work done and the further analysis and steps we would consider undertaking to develop a Full Proposal. The timescales to produce an Interim Plan over a matter of 6 weeks has not been sufficient time, from a standing start, for the Council to undertake detailed and robust analysis and evidence gathering to underpin a proposal for a single tier of local government across Devon. The Council, based on the response from the Minister will not be disadvantaged by taking this approach.
- 4.2 One of the Council's core operating principles is to be evidence-led. The Council has engaged through the CCN a number of supporting studies and analyses. These studies are work in progress and have not been available within the timescale set to support the Interim Plan. However, this work will help inform the next stages of development for the Full Proposal:
- a) Pixel Funding Disaggregation Model – this is an independently developed Pixel Financial Management funding disaggregation model, built on nationally available data. This is an excel-based model for CCN councils and local partners that allows councils to disaggregate 2025/26 funding streams to district level, and then reaggregate to potential new unitary formations, including existing unitary authorities potentially involved in the LGR process. It provides an indication of combined funding sources across the 11 local authorities.
 - b) Newton Europe – an analysis of people-based services, costs and impacts at a local level covering adult and children's social care, education, homelessness and public health, which can support building a position at different geographical levels of these impacts.

- 4.3 A number of engagement meetings have been held with Leaders and Chief Executives across Devon, and with Plymouth and Torbay Councils. Team Devon S151 Officers and Chief Executives have met and agreed to share financial data and where possible reach a common basis and sets of data for finance covering grant income, other funding, taxation, debt, reserves, forecast spend and medium financial planning strategies. The scope and outcome from this commitment will inform the next stages of developing proposals.
- 4.4 Local Government Reorganisation to a single tier of local government is a significant change for the Council. Full and robust analysis to develop optimum solutions that can satisfy Government's criteria and deliver quality services to residents and businesses, will be a matter for the next County Council's administration, following elections on 1 May 2025. To date the Council has considered five options with a baseline scenario as a starting position which include options that other local authority partners are considering and are likely to be submitted in their Interim Plans. These options have supported a number of conversations with elected members, staff and stakeholders to help raise considerations for the development of Full Proposals by 28 November. These options are set out in the Interim Plan in Appendix 3.
- 4.5 Other options may come forward for consideration following the County Council elections and following feedback from Government on interim plans submitted by the 11 local authority councils. There may also be further clarification of the guidance, particularly on boundaries and timescales.
- 4.6 On 25 February 2025, a workshop, supported by all political group leaders was held for all Elected Members of Devon County Council. This gave all councillors an opportunity to consider the information available to date and to identify any questions they would want to be answered and the key issues they expected to be addressed in the development of interim and/or final proposals.
- 4.7 In addition to this political group leaders have met weekly with the cross-party governance working group to consider the current governance structures and electoral participation across the area and identify the key issues in this area. To date the focus is on guiding principles and identifying key issues, rather than seeking preferences. It will therefore be used in the development of final submissions alongside wider engagement.
- 4.8 Online staff briefings have been held for all staff following the letter dated 5 February 2025 and Government announcement. Each Directorate has also held a further detailed briefing, and an extended leadership team session has taken place to consider the benefits of moving to a single tier of local government from their service perspectives and the approach to developing the Interim Plan.

4.9 A series of face to face and online meetings have been held with local authority partners and stakeholders. Regular meetings between the Chief Executives and Leaders with Plymouth and Torbay and District Councils have taken place, including bringing together S151 officers. Informal conversations with the following stakeholders have also been undertaken:

- Devon MPs – Steve Race MP, David Reed MP, Martin Wrigley MP, Sir Geoffrey Cox MP, Rebecca Smith MP, Caroline Voaden MP, Ian Roome MP and Mel Stride MP Senior Researcher
- Earl of Devon
- Businesses – Confederation of British Industry, Federation of Small Business, Devon, Plymouth and Exeter Chamber of Commerce
- Devon Association of Local Councils (DALC)
- Dartmoor and Exmoor National Parks
- Devon and Cornwall Police and Crime Commissioner
- Higher Education – Exeter University
- NHS System Leaders

The ICB has agreed to meet with Team Devon Leaders in May 2025.

4.10 An Engagement Plan will be developed as part of the next stage in support of submitting a Full Proposal and include engagement with the public, workforce and trade unions, and other local partners.

4.11 Other key areas of focus and next steps set out in the Interim Plan include:

- The additional evidence, analysis and assessment in support of a fuller options appraisal covering finances, impacts on services, public sector service reforms and potential efficiencies
- Co-design work with DALC and National Parks to develop thinking around community and neighbourhood empowerment, models for substructures, devolution of services and funding and consideration of local identities.
- Further consideration of Elected Member representation, including numbers and ratios of members to electorate.
- Members of the next council considering the line of sight from the resident or service users into the Unitary Councils with a focus on unitary structures.

5 Strategic Plan

5.1 This report sets out the Council's response to Government's statutory invitation to submit an interim plan on proposals for a single tier of local government. The focus of the Council's Interim Plan is on getting this right for Devon, taking an evidence-based approach to assessing the best options that can provide financially resilient services, and therefore the recommendations in this report support all the priorities in the Council's Strategic Plan.

6 Financial Considerations

- 6.1 There are no financial considerations from the recommendations in this report. Full consideration of financial implications and impacts will be considered at the Full Proposal stage.
- 6.2 The Statutory Invitation indicated that capacity funding would be made available for each area to develop their proposals. Currently there is no update on the amount or timing of such financial support. The Interim Plan does indicate the areas of support and help that will be needed to complete the Full Proposal stage and the anticipated areas we will seek financial assistance with.
- 6.3 It is also appropriate to note at this stage that the Statutory Invitation also indicated that proposals should set out how an area will manage transition costs, including planning for future service transformation opportunities from existing budgets, including the flexible use of capital receipts. It also clarified the government's position that there is no proposal for council debt to be addressed centrally or written off as part of reorganisation.
- 6.4 Indicative implementation costs and efficiencies will be developed as part of the Full Proposal.

7 Legal Considerations

- 7.1 There are no legal considerations from the recommendations in this report. Full consideration of the legal impacts will be considered at the Full Proposal stage.
- 7.2 The Secretary of State for Housing, Communities and Local Government has exercised her powers under Part 1 of the Local Government and Public Involvement in Health Act 2007, which enables her to invite any principal authority in the area (as indicated by the letter received on 5th February 2025) to submit proposal for a single tier of local government.
- 7.3 Devon County Council will be providing an update on the progress made to date on LRG proposal (s) in the form of an interim plan on 21 March 2025 and providing proposal(s) in November 2025.
- 7.4 The Monitoring Officer has reviewed this report, and, in her view, it is a fair and reasonable explanation of the current position and analysis as we understand it today.
- 7.5 Legal input will be critical to the longer-term process and procedures that will be required to arrive at, and support, the LGR proposal (s) to be submitted to Government in November 2025 and the delivery of the outcome.

- 7.6 The Monitoring Officer has confirmed that no proposal is being submitted on 21 March 2025, only an indication of the work completed to date in the interim plan. In line with our constitution the submission of an LRG proposal is an executive decision which will be taken at a later date. However, at this stage, as a matter of such significance and taking into account the election cycle of Devon County Council, it is important that the Council considers the interim plan and the work to date.

8 Environmental Impact Considerations (Including Climate Change, Sustainability and Socio-economic)

- 8.1 There are no environmental considerations from the recommendations in this report. Full consideration of the environmental implications and impacts will be considered at the Full Proposal stage.

9 Equality Considerations

- 9.1 There is no equality consideration from the recommendations in this report. Full consideration of the equality impacts will be set out in an Equality Assessment at the time of considering the Full Proposal.

10 Risk Management Considerations

- 10.1 There is a risk in submitting the Interim Plan that sets out our current work and not a solution at this stage could disadvantage the Council. The reassurance from the Minister on this point mitigates against this risk, and arguably there is greater risk of developing firmer propositions without due regard to detailed evidence and impacts.
- 10.2 There is currently no consensus from across the 11 local authority partners and this is resulting in several Interim Plan submissions being put forward from the area. This is not the approach that Government was seeking in their Statutory Invitation, although further clarification from the Minister has provided for this approach. Compared to elsewhere Devon may appear complex and the feedback received on all the Interim Plans may be less favourable than other locations.

11 Conclusions

11.1 Government has set out a clear position to move to single unitary structure arrangements in all remaining two-tier areas within England, including small neighbouring unitary councils. Given the timescale and pace that the Council and its local authority partners have been asked to work within to develop proposals, there has not been time to arrive at a set of clear options backed by an evidenced option appraisal. With County Council elections taking place in May, it is also not appropriate for the outgoing Administration to commit the new Administration to a particular view, especially when the engagement and analysis required to complete the task set out by the UK Government has not been completed. Submitting an Interim Plan by 21st March deadline that shows the Council's current work is therefore the best approach. The Minister's reassurance (see Appendix 3) and recognition of the Council's position is helpful in confirming that the Council will not be placed at a disadvantage by taking this approach. The Interim Plan shows the areas for next steps and consideration including formal engagement with residents and stakeholders and the additional analysis and assessment needed to develop a Full Plan that can best serve Devon residents and businesses.

Donna Manson
Chief Executive

Electoral Divisions: All

Leader and Cabinet Member for Policy, Corporate and Asset Management:
Councillor James McInnes

Local Government Act 1972: List of background papers

Nil

Contact for enquiries:

Name: Keri Denton

Telephone: 01392 380364

APPENDIX 1 – STATUTORY INVITATION AND GUIDANCE

APPENDIX 2a – LEADER TO MINISTER DATED 25TH FEBRUARY 2025

APPENDIX 2b – REPLY FROM MINISTER DATED 13TH MARCH 2025

APPENDIX 3 – INTERIM PLAN