

Meeting Cabinet
Portfolio Area Leader of the Council
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LOCAL GOVERNMENT REORGANISATION – INTERIM PLAN SUBMISSION

KEY DECISION

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1 PURPOSE

- 1.1 To outline the Council's position and actions in response to the Government's Devolution White Paper and provide an overview of the proposed approach to the submission of an interim plan to Government.

2 RECOMMENDATIONS

- 2.1 To note the Government's devolution and local government reorganisation requirements and the progress being made to develop options for Hertfordshire.
- 2.2 That delegated authority be given to the Leader of the Council to submit an interim plan for Local Government Reorganisation in Hertfordshire, to the Ministry of Housing, Communities and Local Government by 21 March 2025.

3 BACKGROUND

- 3.1 On 16 December 2024, the Government published a White Paper on English devolution and reform to local government, setting out the potential for the most significant reforms to local government since the Local Government Act 1972.
- 3.2 The White Paper covers new transport, employment, housing, business and environmental policies, but also focuses on two aspects of reforming and joining-up public services through:
- Widening and broadening devolution across England through the creation of new Strategic Authorities.
 - A programme of local government reorganisation to create new unitary councils across two-tier areas.

Devolution

- 3.3 The White Paper set the Secretary of State for Housing, Communities and Local Government's (SoS) intentions regarding the roll out of the Mayoral Devolution model across the entirety of the English local government geography, and the future governance architecture for local government.
- 3.4 The Government is standardising its approach to devolution, moving away from the previous government's approach of agreeing bespoke deals in favour of 'devolution by default'. This has implications for Hertfordshire because the SoS has stated their intention to legislate for a new type of Mayoral Authority.
- 3.5 The Government will establish a statutory devolution framework that will set out the powers and functions available to three levels of local council groupings known as 'Strategic Authorities' which are as follows:
- a) Foundation Strategic Authorities – which would include all current non-mayoral Combined Authorities (CAs) and Combined County Authorities (CCAs).
 - b) Mayoral Strategic Authorities – including all Mayoral Combined Authorities (MCAs), the Greater London Authority and mayoral CCAs.
 - c) Established Mayoral Strategic Authorities – MCAs who meet specified eligibility criteria will be able to unlock further devolution including an Integrated Settlements.
- 3.6 A Strategic Authority will also cover a 'sensible' economic geography with a sense of identity'. It needs to be contiguous for all the constituent authorities. The Government wants local areas to propose plans for devolution, but they will use Ministerial Directives to make this happen if local authorities do not come up with appropriate proposals.
- 3.7 The Government wants the whole of England to be covered by a strategic authority and has ambitions for all areas to ultimately become Established Mayoral Strategic Authorities in due course. Strategic Authorities should have a combined population of 1.5 million or above although it is acknowledged that in some places, smaller authorities may be necessary.

Local Government Reorganisation

- 3.8 As part of its plans for devolution, the Government has announced a programme of local government reorganisation that will replace all two-tier county and district/borough councils and small or failing unitaries with new unitary councils. These larger unitary structures would then join to form part of the Strategic Authorities.
- 3.9 The Government has stated that new unitary councils must be the right size to achieve efficiencies, improve capacity and withstand financial shocks whilst also effectively delivering local services and representing their communities. For most areas, it has indicated this will mean creating councils with a population of 500,000 or more but the Government recognises there may be some exceptions to be considered on a case-by-case basis.
- 3.10 On 5 February 2025, the Minister of State for Local Government and English Devolution wrote a letter to the Leaders of all District and Borough Councils in Hertfordshire and Hertfordshire County Council, formally inviting them to develop a proposal for local government reorganisation for the area. A copy of the letter can be found in Appendix A.
- 3.11 The Minister has indicated that this is a once in a generation opportunity for local authorities to work together to put local government on a more sustainable footing, creating simpler structures for areas that will deliver the services that local people and businesses need and deserve.
- 3.12 Proposals must be submitted by 28 November 2025. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to the statutory invitation, and to any further guidance on responding to this invitation received from the Secretary of State.
- 3.13 An authority responding to the invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Criteria and Guidance for Unitary Local Government

- 3.14 The Government expects local leaders to work collaboratively and proactively to include sharing information and developing robust and sustainable unitary proposals that are in the best interests of the whole area to which the invitation is issued, rather than developing competing proposals.
- 3.15 A proposal should seek to establish a single tier of local government for the whole area concerned. The new single tier local authorities should be set up for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area. Proposals should also reflect sensible geographies which will help to increase housing supply and meet local needs.
- 3.16 Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes they are expected to achieve, including evidence of estimated costs/benefits and local engagement.
- 3.17 Any submission to the Government should clearly describe the single tier local government structures it is putting forward for the whole of the area, and

explain how, if implemented, these are expected to achieve the outcomes described.

- 3.18 Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks. As a guiding principle, the Government has indicated that new councils should aim for a population of 500,000 or more. However, it has been acknowledged that there may be certain exceptional scenarios where the 500,000 figure does not make sense for an area, including its plans for devolution. Any such exceptional circumstances should be set out in the proposal which is submitted.
- 3.19 Existing district areas should be considered the building blocks for proposals, but where there is a strong justification more complex boundary changes will be considered.
- 3.20 It is also expected that in developing a proposal local leaders should engage their Members of Parliament, and ensure there is wide engagement with local partners and stakeholders, residents, their workforce and representatives, and businesses.

Government Timetable

- 3.21 An English Devolution Bill also expected to be introduced later this year which will seek to put the Devolution Framework mentioned above into statute.
- 3.22 Hertfordshire did not apply to become a Devolution Priority Place (DPP). A DPP area had to commit to have a Mayoral Strategic Authority, with a plan to have the elections for the mayor in 2026. Therefore, Hertfordshire has more time to develop proposals for a strategic authority. A further update will be provided in this regard once the related proposals are available.
- 3.23 The table below sets out the current Local Government Re-organisation indicative timeline that the Government has set for Hertfordshire and other areas like the county that are not part of the Government's Devolution Priority Programme:

Status	Date	Event
Confirmed	5 Feb 2025	Statutory invitation received from the government to submit local government reorganisation proposals
Confirmed	21 Mar 2025	Submit interim Local Government Reorganisation proposal
Confirmed	28 Nov 2025	Submit full Local Government Reorganisation proposal
Proposed	May 2027	Elections (Shadow authorities)
Proposed	Apr 2028	Vesting day for new unitary councils

- 3.24 The timeline is ambitious and is based on the Government's current planning assumptions. Actual timings will ultimately depend on what proposals are received in November and how long these take to implement. So the Council will only know once proposals are received and consulted on, when the precise dates of a shadow unitary election or go-live date would be.
- 3.25 Once a proposal has been submitted it will be for the Government to decide whether it should be taken forward and to consult as required by statute. This will be a completely separate process to any consultation undertaken on mayoral devolution in an area, which will be undertaken in some areas early this year, in parallel with the statutory invitation.
- 3.26 The Government has confirmed that councils must continue to deliver their business-as-usual services and duties, which remain unchanged until reorganisation is complete.
- 3.27 As the Hertfordshire local authorities didn't apply to be part of the Devolution Priority Programme the Hertfordshire County Council Elections will go ahead as scheduled on 1 May 2025. The outcome of the elections could potentially have a bearing on the development of devolution and local government re-organisation proposals within the county.

4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS

- 4.1 In accordance with the letter from the Minister dated 5 February 2025, the Council will need to submit proposals for the reorganisation of local government structures in Hertfordshire by 28th November 2025.

Interim Plans

- 4.2 The Government has asked that an interim plan(s) should be provided to MHCLG on or before 21 March 2025. This should set the progress being made on developing proposals in line with the criteria and guidance. The level of detail that is possible at this stage may vary from place to place but the expectation is that one interim plan is jointly submitted by all councils in the area. It may be the case that the interim plan describes more than one potential proposal for an area if there is more than one option under consideration.
- 4.3 The expectation is that interim plans should:
- Identify barriers or challenges where further clarity or support would be helpful.
 - 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, along with indicative efficiency saving opportunities.
 - Include indicative costs and arrangements in relation to any options including future service transformation opportunities.

- Include in early views as to the councillor numbers for democratic representation and also effective governance and decision-making arrangements.
- Include early views on how new structures will support devolution ambitions.
- Include a summary of local engagement that has been undertaken to date, along with future plans for wider engagement.
- Set out indicative costs of preparing proposals and standing up an implementation.
- Set out any voluntary arrangements that have been agreed to keep all councils involved.

Hertfordshire Response

- 4.4 On 17 February 2025, the Hertfordshire Leaders Group met to discuss how to respond to the Minister's request to produce an interim plan. At this meeting, there was agreement to produce and submit a single interim plan response indicating that the following four options are being developed:
- A single unitary for Hertfordshire
 - Two unitaries for Hertfordshire
 - Three unitaries for Hertfordshire
 - Four unitaries for Hertfordshire
- 4.5 Whilst there was agreement that a single submission would be created, this does not mean that there is universal or equal support for each of the four options that have been proposed. As originally outlined in a statement on 20 December 2024, Hertfordshire's district and borough council Leaders are opposed to the creation of a single unitary council for Hertfordshire. As part of the submission, each individual business case will outline organisational support.
- 4.6 It should be noted that the submission on 21 March is primarily a checkpoint to provide assurance that councils are working together to develop proposals in line with the Government's criteria. Any response in March does not prevent further options being developed or explored ahead of the formal November deadline.
- 4.7 Recognising the Government's requirement for all councils in Hertfordshire to work together to develop devolution and local government reorganisation proposals, a White Paper Working Group (WPWG) was established. The WPWG has officer representation from the County Council, each of the county's District and Borough Councils and the Office of the Hertfordshire Police and Crime Commissioner. Consultants have also been appointed to help with the modelling of options. The WPWG was tasked with producing the interim plan.
- 4.8 As affirmed in a further statement by the Leader of the Council published on 11 February, Stevenage Borough Council remains committed to working together with all Hertfordshire authorities to develop a shared evidence-base to inform the options available to our county. The Council's priority is to ensure that any changes made as a result of Devolution and Local Government

Reorganisation benefit local residents and businesses, whilst maintaining efficient local government services and ensuring strong democratic accountability to local communities and residents.

- 4.9 To support the submission process, Stevenage Borough Council established its own Cabinet Local Government Reorganisation and Devolution and Officer Working Groups, which meet weekly.
- 4.10 Due to ongoing appraisal work around the various unitary models, it is not anticipated that the interim plan will be ready for formal consideration by the Hertfordshire Leaders Group, until the week commencing 17th March 2025. It is therefore recommended that delegated authority is given to the Leader of the Council to approve and jointly submit to Government the final interim plan for Hertfordshire prior to the 21st of March deadline.
- 4.11 It is not clear at the time of writing this report when MHCLG will provide feedback on the interim plan and the proposals it contains.

Devolution – Strategic Authority Area

- 4.12 Proposals for 2, 3 or 4 Unitary models are being developed on the basis Hertfordshire will be the Strategic Authority Area. The Government has advised that a Strategic Authority Area should cover two or more unitary authorities. A single unitary model therefore would only be possible if the strategic authority area is wider than just Hertfordshire.

Stakeholder Engagement

- 4.13 A countywide engagement plan is being developed that will set out how stakeholders across the county will be engaged in respects to the Government's requirements and emerging options.
- 4.14 Alongside this plan the Council is developing its own local stakeholder engagement plan to ensure key partners, residents, Members and staff are briefed on the Government's requirements and the progress being made on developing options. The Stevenage Together Partnership and Stevenage Development Board have recently been briefed on the steps being taken across the county. Key business leaders will shortly be written to by the Leader of the Council. Dedicated areas on the Council's website and intranet have also been set up to ensure residents and staff are kept informed. A press release is also to be published prior to the interim plan being submitted.

5 IMPLICATIONS

Financial Implications

- 5.1 The submission of the interim plan will be contained within existing budgets.
- 5.2 The Council needs to be mindful that significant resources will need to be directed to prepare for the delivery of the full proposal for submission in November 2025.

Legal Implications

- 5.3 By virtue of Part 1 of the Local Government and Public Involvement in Health Act 2007, the Secretary of State has the statutory power to invite proposals for

a single tier of local government from any principal authority (which is defined as a county council or district council in England). The Councils across Hertfordshire have received such an invitation.

- 5.4 When responding to a request, the Council must have regards to any guidance from the Secretary of State as to what the proposal should seek to achieve and matters that should be taken into account in formulating the proposal. The details of which is set out in the letter received on 5 February 2025.

Risk Implications

- 5.5 A new strategic risk has been placed on the Council's risk register on devolution/local government reorganisation to reflect the challenges the organisation faces currently and in the future.

Human Resources Implications

- 5.6 None directly relating to the preparation of the Interim Plan. However significant resources will need to be made available to prepare for the full proposal in November 2025.
- 5.7 Local government reorganisation is likely to have a direct impact on the council's recruitment and retention. This will continue to be monitored by the council's Senior Management Team, along with support from Human Resources team.

Equalities and Diversity Implications

- 5.8 An EqlA was not completed for the Interim Plan stage, however as plans progress an Equalities Impact Assessment will be developed to inform final local government reorganisation proposals to be submitted to Government in November 2025.

Other Implications

- 5.9 Communication and Engagement Implication(s)

There is a Communications workstream as part of the County-wide White Paper Working Group, which involves our Communications team. There is an agreed protocol to keep authorities informed, whilst allowing individual authorities to publish their own statement, should they wish to.

BACKGROUND DOCUMENTS

BD1 English Devolution White Paper

English Devolution White Paper December 2024 – Power and Partnership: Foundations for Growth.

APPENDICES

A 250205 JM LGR invitation to leaders Hertfordshire Final