

Corporate Scrutiny

18 March 2025

Report of the Leader of the Council, Councillor Carol Dean

Tamworth Borough Council: Local Government Reorganisation & Devolution

Purpose

The purpose of the **Local Government Reorganisation and Devolution Cabinet Report** is to present the initial proposals for Tamworth Borough Council's response to the Government's plan for local government reorganisation and devolution. The report recommended that the Full Council endorsed the recommendations approved by Cabinet on 6 March 2025. This included the initial proposals for submission to Government by 21 March, consider other potential options, and authorise the development of a final proposal to be submitted by the Government's deadline of 28 November 2025.

Recommendations

Full Council were asked to endorse the following recommendations made to Cabinet:

1. The initial proposals as outlined in this report and explore other potential options. Additionally, the Cabinet authorise the development of a final proposal to be submitted by the Government's deadline of 28 November 2025
2. The Chief Executive, in consultation with the Leader of the Council, be delegated the responsibility to prepare and submit the initial proposals to the Government by the 21 March 2025 deadline. This should be done in collaboration with other local authorities
3. The Chief Executive, in consultation with the Leader of the Council, be delegated the authority to commission expert advice and support as needed to optimise the Council's position. This may include commissioning or cost-sharing with other authorities as required
4. The Chief Executive, in consultation with the Leader of the Council, be delegated the authority to draw funds from the Transformation Reserve, with an allocation of up to £100k to be ringfenced. This is to enable the council to meeting legislative deadlines and ensure the council has sufficient resources to progress delivery.

Executive Summary

On 16 December 2024, the Government published a White Paper titled "Power and Partnership: Foundations for Growth" outlining their plans for devolution and local government reorganisation. While the Government views these proposals as parallel processes, they are distinct from each other.

The Government aims to facilitate local government reorganisation in England for two-tier areas like Staffordshire and for unitary councils where size or boundaries may hinder the delivery of sustainable, high-quality public services. Tamworth Borough Council is included in these proposals to form part of a larger Unitary Council.

Proposals are also invited for the formation of Strategic Authorities, with an expectation of moving to mayoral models where this is not part of the original proposal. The English Devolution Bill is expected to start its journey through Parliament in the spring, and councils have been invited to submit initial proposals for Local Government Reorganisation by 21 March 2025.

Background Information

THE ENGLISH DEVOLUTION WHITE PAPER

Strategic Authorities - Devolution

The Government is introducing the concept of "Strategic Authorities" through legislation.

These authorities will be categorised into two levels:

- **Foundation Strategic Authorities (FSAs):** These authorities will have fewer powers and will be encouraged to form partnerships through Combined Authorities or Combined County Authorities. The Government may consider non-mayoral devolution arrangements for single local authorities as a temporary measure towards forming a Mayoral Combined Authority or Mayoral Combined County Authority
- **Mayoral Strategic Authorities (MSAs):** These authorities will have more powers and will automatically begin as Mayoral Strategic Authorities. Those meeting specific criteria may be designated as Established Mayoral Strategic Authorities, unlocking further devolution and access to an Integrated Settlement.

The Government prefers partnerships that bring multiple Local Authorities together over a large geographic area. Strategic Authorities will be composed of local unitary councils, and the Government will initiate a programme of Local Government Reorganisation to remove two-tier structures.

Proposed Areas of Competence for Strategic Authorities

The White Paper outlines the following areas of competence for Strategic Authorities:

- 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.

Directly Elected Mayor

Regions that adopt a Directly Elected Mayor will benefit from:

- Prioritisation by the Government for devolution agreements
- Powers from the strengthened Devolution Framework, with a growing devolution offer
- A pathway to higher levels of devolution, including access to the Integrated Settlement
- Flexible allocated funding and a long-term investment fund
- Representation on the Council of Nations and Regions and the Mayoral Council
- A mandate to develop a Local Growth Plan with government-agreed priorities
- Membership of the Mayoral Data Council.

Principles for Strategic Authority Geographies

When determining Strategic Authority geographies, the Government will consider the following principles:

- **Scale:** Authorities should be comparable in size to existing institutions, with a combined population of 1.5 million or more, though smaller authorities may be considered in some cases.
- **No ‘devolution islands’:** Geographies must not create isolated areas without natural partners.
- **Delivery:** Geographies should ensure effective delivery of key functions.
- **Economies:** Authorities must cover sensible economic geographies, reflecting travel-to-work patterns and local labour markets.
- **Contiguity:** Proposed geographies must be contiguous across constituent councils.
- **Alignment:** The Government will promote alignment between devolution boundaries and other public sector boundaries.
- **Identity:** Local identity is crucial for successful devolution and public engagement.

Future Funding

Established Mayoral Strategic Authorities will be eligible for the Integrated Settlement, starting at the next Spending Review. The scope and value of Integrated Settlements will be determined by functional responsibilities and a formulaic process. Integrated Settlements will have a streamlined approach to spending controls and an overarching assurance and accountability framework.

The Devolution Framework also commits to a simplified funding landscape for Mayoral and Foundation Strategic Authorities, including consolidated funding pots for Mayoral Strategic Authorities and dedicated local growth allocations for Foundation Strategic Authorities.

The Government will reform the local growth funding landscape, moving away from competitions and recognising the centrality of Strategic Authorities for economic growth. Funding will continue for Mayoral Combined Authorities with Investment Zones to create jobs and economic growth in underperforming areas.

Mayoral Combined and Combined County Authorities will be able to raise a mayoral precept for their full range of functions. The Government will legislate to enhance the value for money of this power. The Local Government Finance System will be reformed, building on the Fair Funding Review, and a new model of business rate retention will be considered to support Strategic Authorities.

Current Regional Position – Devolution

In 2023, the Staffordshire Leaders Board proposed a non-mayoral model of co-operation and joint working to the Government. The White Paper now requires proposals for a Strategic Authority which must consider the benefits of a Mayoral form of authority.

Strategic Authority Options for Staffordshire

It is proposed that an initial preference for a Staffordshire Strategic Authority is expressed, but alternative options are assessed before final submissions by 28 November 2025.

Option 1 - Single Strategic Authority for Staffordshire

The Government has proposed that the population level for a Strategic Authority should be around 1.5 million. A Strategic Authority would have a population of around 1.1-1.2 million which is slightly lower than the Government’s proposal. Given the coterminous nature of the County (including Police, Fire and Crime Commissioner area, Integrated Care Board, and other structures) the case for a single Strategic Authority for Staffordshire is strong.

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

- Tamworth – 78,600
- South Staffordshire – 110,500
- Cannock Chase – 100,500
- Lichfield – 106,400

- East Staffordshire – 124,000
- Staffordshire Moorlands – 95,800
- Stoke-on-Trent – 258,400
- Newcastle-under-Lyme – 123,300
- Stafford – 136,800

Option 2 - Combined Strategic Authority with neighbouring areas

An alternative proposal would involve forming a Combined Strategic Authority with neighbouring areas. Discussions with neighbouring areas would assess the viability and advantages of this option.

The Government has made it clear that there will be no 'devolution islands'. If a Strategic Authority is not created where local leaders have not been able to reach agreement, the Government will legislate for a ministerial directive to create the Strategic Authority on the local areas behalf.

Local Government Reorganisation (LGR)

The White Paper announces a programme of reorganisation for two-tier local government areas, with new unitaries to be delivered in April 2027 and 2028. Reorganisation should complement devolution plans and not delay them.

The Government's priorities for LGR include:

- Creating councils with a population of 500,000 or more, with exceptions considered on a case-by-case basis
- Developing proposals for reorganisation in all two-tier areas and smaller or failing unitaries
- Prioritising high-quality and sustainable public services
- Encouraging innovative approaches to neighbourhood involvement and community governance
- Collaborating on unitary proposals in the best interests of the whole area
- Working with the Government to implement changes swiftly
- Supporting decision-making with effective governance models

On 5 February 2025, the Minister for Local Government, Jim McMahon, provided further details on LGR in a letter, which can be found in Appendix 1.

Current Regional Position – Local Government Reorganisation

The Government has requested initial proposals for local government reorganisation from Staffordshire Councils by 21 March 2025. These proposals will outline the direction of travel and may include multiple options, that will need to be considered prior to the final submission of the business case in November 2025.

Early discussions between Staffordshire authorities have taken place at Leader and Chief Executive levels. The Government has indicated that unitary authorities need a minimum size of 500,000 residents. Councils must be sustainable and able to grow and thrive. Effective representation of people in the new strategic authority is also important.

There are a number of options to consider for local government reorganisation in Staffordshire:

- **Option One:** Create two-unitary authorities: North Staffordshire Council and South Staffordshire Council
- **Option Two:** Form two-unitary authorities: Stoke-on-Trent and the rest of the county
- **Option Three:** Establish a single unitary authority for the entire area, named Staffordshire Council.

The majority view supports Option One, a two-unitary authority option (North Staffordshire Council and South Staffordshire Council), but alternative options will be assessed before final submissions by 28 November 2025. Tamworth Borough Council prefers smaller unitaries, ideally two for the

south of the county, recognising the value of smaller councils in connecting place and community wellbeing. However, this option falls short of the 500,000 threshold and raises doubts about long-term financial stability. Details will be explored between March 2025 and November 2025 to ensure the best solution for residents.

Timescales

While submission deadlines to the Government are known, the implementation timetable is not yet clear. The following dates are indicative:

- 21 March 2025: Initial proposals for LGR to be submitted to Government
- 28 November 2025: Final LGR proposal to be submitted to Government
- 2026: Government will hold a public consultation on LGR proposals
- May 2026 or 2027: Inaugural regional mayoral elections
- Spring 2028: New unitaries 'go live'.

Conclusion

The Government White Paper clearly states that their goal is “universal coverage in England of Strategic Authorities” and “devolution by default” is the direction of travel. This presents a seismic shift in local government landscape. The Government have also made clear their ambition to reform local government and implement unitary authorities across England.

There are clearly strategic and operational risks to the Council arising from these devolution and local government reorganisation proposals that will need to be mitigated. For example, the Council needs to ensure that day-to-day services for local people are kept running whilst these strategic and structural changes are implemented.

The Council will need to ensure that sufficient resources are allocated to ensure it can play a proactive part in the discussions for Tamworth Borough Council. Further, the council will need to ensure the transition is carefully planned and communicated to ensure stability and public confidence and therefore, officers will need to establish internal processes and resources to deliver the programme, making sure that we also engage and work with other partners and stakeholders across the district.

Options Considered

As detailed above.

Resource Implications

To progress Local Government Reorganisation, the call on resources will be significant. It will be necessary to utilise external capacity where necessary resulting to call on funding from the Transformation Reserve. An allocation of up to £100k will be ringfenced to ensure the Council meets all legislative deadlines and has sufficient resources to progress delivery.

Government has stated that any current local authority debt needs will not be written off and will therefore need to be dealt with by successor authorities. Tamworth has £63m long-term debt relating to the Housing Revenue Account (HRA). Tamworth Borough Council has been able to deliver a balanced budget (General Fund for 3 years and HRA for 5 years with estimates for the next 30 years as part of the HRA business plan) and going forward this council's budget will need to be taken into consideration for the budget planning process for any new council.

Local Government Reorganisation, and the creation of a Strategic Authority, will lead to changes in employing organisations. TUPE will apply to the reorganisation.

Legal/ Risk Implications Background

The White Paper proposals are expected to be legislated over the Spring/Summer 2025. The Council will need to submit (along with other Staffordshire authorities) a final proposal by 28 November 2025. If a local consensus by the Staffordshire authorities cannot be agreed, individual authorities can make their own submissions. However, the Government has a clear preference for an agreed position to be submitted. Any alternative proposal may not be the favoured position for Tamworth and therefore the authorities within Staffordshire are working closely together to agree proposals.

The implications and risks of the proposals will have significant impact on the council which include:

1. **Governance and Leadership:** The council must ensure strong governance and leadership to navigate the reorganisation effectively
2. **Service Continuity:** Ensuring that day-to-day services for local residents continue to run smoothly during the transition is a significant concern that will need to be managed carefully
3. **Resource Allocation:** The reorganisation process is resource-intensive, requiring significant officer and member time, which could impact other council activities
4. **Staff Morale and Retention:** The uncertainty and changes associated with LGR can affect staff morale and retention. Ensuring clear communication and support for staff during the transition is crucial
5. **Public Engagement:** The council needs to maintain clear communication with residents to manage expectations and gather input on the reorganisation
6. **Community Impact:** The reorganisation could impact community wellbeing and cohesion, requiring careful management to maintain public trust.

Equalities Implications

Although the implementation of Local Government Reorganisation and Devolution 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. It is therefore not possible at this stage to adequately assess any local equalities implications. However an initial screening has been completed.

Environment and Sustainability Implications (including climate change)

N/A

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List of Background Papers

[Local Government White Paper, December 2024](#)
[February 2025, the Minister for Local Government, Jim McMahon, LGR Letter](#)

Appendices

N/A