

LOCAL GOVERNMENT REORGANISATION

Leader of the Council

Date: 4th November 2025

Agenda item:

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Key decision? YES

Local ward members



Lichfield
District Council

COUNCIL

1. Executive summary

- 1.1 In December 2024, the Government published a White Paper (Power and Partnership: Foundations for Growth) setting out their plans for devolution and Local Government Reorganisation ('the White Paper') alongside the process for determining the future structure of local government in two tier areas, and their timetable for its implementation.
- 1.2 The reasons Government gave for a need for Local Government Reorganisation (LGR) in areas like Staffordshire are rooted in both efficiency goals and its broader devolution ambitions:
 - Government is seeking to create simpler, clearer local government structures that are easier for residents to understand and navigate.
 - Their view is clearly that the current two-tier system leads to confusion and duplication of services.
 - Equally, reorganisation is expected to unlock efficiency savings by reducing administrative overheads and streamlining service delivery.
 - It is also believed that a single-tier system will enhance local democratic accountability, with clearer lines of responsibility for services.
 - LGR aligns with the goals of the Government's English Devolution White Paper and the Devolution Priority Programme.
 - Then, larger unitary authorities are expected to provide stronger regional leadership, better strategic planning, and more effective use of resources.
- 1.3 Local authorities in two-tier areas were invited to submit initial proposals for Local Government Reorganisation by 21 March 2025, with final proposals to be submitted in November.
- 1.4 Lichfield District Council worked with neighbouring authorities (Cannock Chase, South Staffordshire, Stafford, Tamworth and East Staffordshire) in the development of an interim plan, which Council endorsed at its meeting on 18 March 2025.
- 1.5 Following the submission of the Interim Plan, the Council continued to work with neighbouring authorities on developing a detailed evidence base and investigating our options for LGR. This has led to a preferred option being identified and this paper introduces it, our final proposal, for Council's endorsement before Cabinet meets to formally determine the best option for the residents of our district.

- 1.6 Final proposals must be submitted to Government by 28 November 2025.

2. Recommendations

- 2.1 That Council endorses the preferred option, a three unitary model to cover Staffordshire and Stoke-on-Trent, as set out in the full submission document at Appendix 1.
- 2.2 That Council recommends to Cabinet that it submit this preferred option to Government by the 28 November 2025 deadline.

3. Background

- 3.1 Government published the English Devolution and Community Empowerment Bill (“the Bill”) on 10 July 2025. The Bill aims to transfer powers from central government to local authorities across England. It builds on the English Devolution White Paper (Dec 2024) and is considered one of the most significant changes to local governance in over 50 years.
- 3.2 The objectives of the Bill are to empower local councils and communities to make decisions tailored to their areas alongside establishing new Strategic Authorities and strengthening existing ones. Importantly, the Bill will result in two structural changes that will directly impact on the Council and local government service provision for residents. It will deliver LGR and create Mayoral Strategic Authorities and Foundation Strategic Authorities in selected regions, with additional devolved powers and responsibilities.
- 3.3 The Bill is currently progressing through Parliament, with committee debates and briefings ongoing. This report addresses the issue of LGR and options for a Mayoral Strategic Authority to cover our area.

Local Government Reorganisation (LGR)

- 3.4 The Bill confirms that government will force through a programme of reorganisation for two-tier local government areas. The Government’s priorities in LGR are:
- New councils should be the right size to achieve efficiencies, improve capacity and withstand financial shocks. Much has been written and said about the 500,000-population threshold Government initially set out in its criteria.
 - 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.
- 3.5 Local authorities in two-tier areas were invited to submit initial proposals for LGR by 21 March 2025, with final proposals to be submitted in November.
- 3.6 Members will recall, the Government initially indicated a preferred population size of around 500,000 for new unitaries. However, this has since been clarified as guidance, not a requirement. In his 24 July 2025 letter, the then Minister, Jim McMahon stated:

“I know that proposals are being developed with a population size of more than 500,000, and for a population size of less than 500,000, and it is right that areas have the flexibility to put forward proposals that they believe are right for their area.”

3.7 Further government feedback in June 2025 reinforced this position, urging councils to focus on service efficiency, local identity and devolution potential, rather than strict thresholds. For their part, the County Councils Network, while supporting the benchmark, has acknowledged that smaller units could be justified if the evidence and community support are strong.

3.8 To determine whether a proposal submitted meets the necessary thresholds the Government clarified their criteria setting out six areas. All six areas will be measured equally and will not carry any specific weighting.

Criterion 1 – Single tier of local government covering sensible economic and geographic areas

Criterion 2 – Efficiency, capacity and withstanding financial shocks

Criterion 3 – Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens

Criterion 4 – Working together to understand local needs

Criterion 5 – Supporting devolution arrangements

Criterion 6 – Stronger community engagement and neighbourhood empowerment

3.9 Since February 2025, the Council has been working with the five other southern councils in Staffordshire (as set out above) to explore potential options for future unitary councils for the Staffordshire footprint.

3.10 The Councils have taken an evidence-based approach to assess how the different options for LGR in Staffordshire and Stoke-on-Trent deliver against the criteria set out by MHCLG. Stakeholder and resident engagement informed our proposal, further highlighting the importance of local decision-making, understanding of local issues, and supporting local businesses.

3.11 Our interim proposal was submitted to MHCLG on 21 March 2025 and set out our initial interim plan. In our preliminary analysis, we identified the potential for a single unitary in the south made up of ‘up to 6’ of the existing District and Boroughs, alongside the strengths of two smaller unitaries covering the same area – both of which merited further investigation. Government requires our final proposal to cover the entire geography of Staffordshire and Stoke-on-Trent – so any proposal we bring forward must cover the north of the county alongside our thinking about the right option for the south.

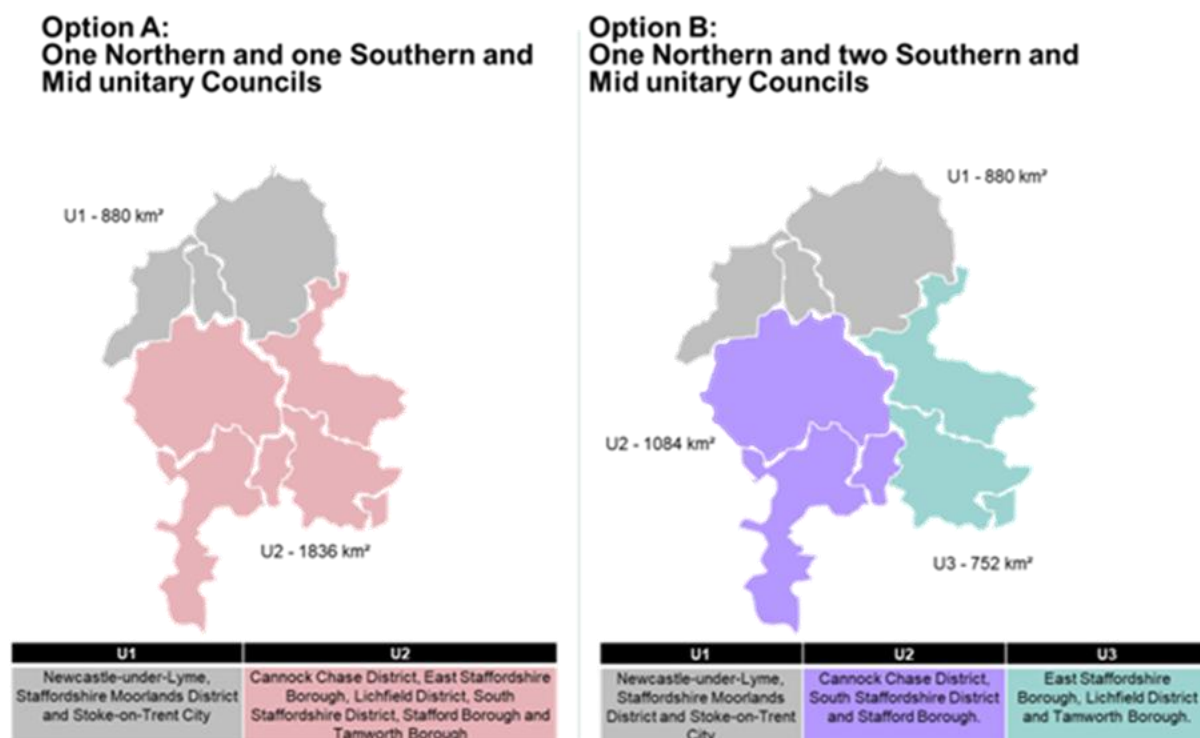
3.12 As part of our paper to Full Council in March 2025 on LGR, we set out four principles that Lichfield District Council would use to guide us through this period of significant change:

- **Residents First** - Any proposed changes must be focused on the interests of Lichfield District residents.
- **Local Democracy Matters** - Local Government should remain local, ensuring that powers and responsibilities are clear and accessible, with politicians accountable to the communities they serve. Councillors serving on the new authority should have wards/divisions small enough to remain visible, accessible and knowledgeable about their patch.

- **Strong Economic Foundations** -Any changes should be based on areas that share common economic interests, with an ambition to improve joint infrastructure, health outcomes and employment opportunities.

3.13 Taking the two options from our interim plan, and including the north of the county, leads us to two options to cover the whole Staffordshire and Stoke-on-Trent geography:

- **Option A** - Two unitary authorities – a northern unitary (Newcastle-under-Lyme, Stoke City and Staffordshire Moorlands) and a southern unitary (Stafford, East Staffordshire, South Staffordshire, Cannock Chase, Lichfield and Tamworth).
- **Option B** - Three unitary authorities –a northern unitary (Newcastle-under-Lyme, Stoke City and Staffordshire Moorlands), a south-west unitary (Stafford, South Staffordshire and Cannock Chase) and a south-east unitary (East Staffordshire, Lichfield and Tamworth)



3.14 The six southern District and Boroughs commissioned KPMG to support the development of our preferred option and final proposal. We undertook comprehensive desktop research and data analysis. This included the use of publicly available national and local datasets, alongside additional information and performance indicators supplied directly by the Staffordshire District and Borough Councils, Staffordshire County Council and Stoke-on-Trent City Council. Key sources of data included local authority financial and service delivery metrics, workforce data, demographic and economic profiles, and lessons learned from recent LGR proposals elsewhere in England.

3.15 As Members will see from the detailed proposal appended to this report, while we have collaborated extensively across the south of the county, views differ amongst the six on what model for the future of local government best serves Staffordshire and Stoke-on-Trent.

3.16 The modelling shows that both two and three unitary models are financially viable and would create significant financial savings compared with the status quo. We should recognise also that a two unitary model would yield greater ongoing savings than a three unitary model. However, while all six agreed that creating financially sustainable unitary authorities is of fundamental importance to the future of local government in Staffordshire and Stoke-on-Trent as a whole, we, along with Tamworth Borough

and South Staffordshire Council, do not believe MHCLG is simply seeking ‘the proposal that saves the most’, at the expense of the other equally important criteria it has set.

- 3.17 Our analysis has also considered the importance of how we maintain strong local connections and accountability between local government and the communities we serve. When combining this with the need for the new unitary authorities to reflect coherent economic geographies to maximise the opportunities for inward investment and growth, and work effectively with, and not have any one unitary dominate the emerging Strategic Authority, **it is clear that two unitary councils in the south, alongside one unitary in the north, is the best and only option that does this and meets all six central government criteria.**
- 3.18 Listening to and **putting our residents first** has been at the centre of developing our proposal. In collaboration with the six southern Districts and Boroughs we have undertaken an extensive engagement exercise, with over 16,700 respondents sharing their views on public services and LGR. One of the largest responses to any LGR survey in the country. Overall, 66% said they would prefer two smaller councils for the south, as opposed to one - 75% for Lichfield district.
- 3.19 The top three priorities for the new unitary councils, identified by respondents were:
- Keeping services based on local needs – 73%
 - Local councillors that listen – 63%
 - Saving money while keeping services running – 54%
- 3.20 As well as the joint survey, Lichfield District Council has:
- Held an LGR ‘Meet the Leader’ event, which was oversubscribed and attended by approximately 100 people
 - Held an LGR ‘Business Breakfast’, with approximately 15 of our largest local employers
 - Held focus group sessions with Council staff
 - Reached out to a sample of Parish and Town Councils offering to meet and discuss LGR of which eight took up the offer

Via all of the above, there was overwhelming support for the three unitary model - creating two unitary councils in the south alongside one unitary in the north.

- 3.21 The three unitary model is the only option being considered that reflects that **local democracy matters**. It keeps decision-making as close to communities as possible, unlike the alternative options being considered which would create at least one large unitary council of over 650,000 people. There are currently 438 elected members in Staffordshire and Stoke-on-Trent, with 62 at the County Council, 44 at Stoke City Council and 332 across the Districts and Boroughs. The three unitary model will reduce the number of elected members, but provide a more manageable elector to member ratio than the alternative options that are being considered – an elector to member ratio of approximately 3,900 compared to a ratio of 5,800 in the southern unitary that the north/south two unitary model would create.
- 3.22 Our analysis shows that whilst there is evidence of **strong economic relationships** between the existing authorities in the north, the relationship between the authorities in the south isn’t as strong. Many areas in the south, including Lichfield District have strong commuting inflows and outflows to the rest of the West Midlands, with differing economic strengths and opportunities. The three unitary model will allow these local strengths to be built on and maximised, rather than being diluted in a large southern unitary. Economic growth will also be a key priority of the new Strategic Authority. Having three better population balanced unitary councils as constituent members of the Strategic Authority will encourage collaboration rather than competition over investment and regeneration opportunities.

- 3.23 We believe the three unitary council model will allow the new councils to be embedded in the communities they serve, whilst still delivering economies of scale and financial savings. The three unitary council model is:
- The only option offering geographical and population balanced unitary councils that better reflect Staffordshire and Stoke-on-Trent's diverse local identities.
 - The only option that meets ALL of MHCLG's six criteria.
 - The only option endorsed by residents in the south of the county, who overwhelmingly supported the creation of two unitary councils in the south.
 - The only option that delivers residents' top priority for a new council - keeping services that are based on local need.
 - The only option able to unlock additional savings in adults and children's services through localising services and reducing cost per capita by focusing on prevention and early help.
 - The only option that keeps decision-making as close to communities as possible, with a member/elector ratio that supports democratic representation.
 - The only option that embraces community power and people centred services.
 - Creating two unitary councils in the south of the county will deliver £15.1m net annual savings and a payback period of under 4 years. A northern unitary is estimated to produce a further £6.4m of net annual savings.
- 3.24 Independent research supports this view. Grant Thornton's 2024 report 'Learning from the new unitary councils' concluded that smaller, well-planned unitaries can deliver transformation, financial sustainability and improved governance, provided capacity and transition planning are robust.
- 3.25 Just this month the District Councils' Network released important new analysis of existing unitary councils, using publicly available data, to examine whether population size is linked to value for money and whether there is a sound basis for setting 500k as the guideline population level for new unitary councils. Its analysis examined four aspects of council efficiency, effectiveness and value for money; expenditure per resident, financial sustainability, council tax and service delivery and clearly shows that the biggest unitary councils do not outperform their smaller counterparts. The key findings were that:
- Larger councils appear to have been more likely to experience financial instability that is sufficiently serious to require Exceptional Financial Support (EFS).
 - Larger councils have required more EFS relative to the size of their budgets than smaller councils. Analysis does not demonstrate that population size is the key driver of this outcome.
 - Equally, there is no evidence that smaller councils are likely to be less financially stable than larger ones.
 - Councils above a population threshold of more than 350k population typically spend more per resident than those below it.
 - A wide range of performance measures (covering adult social care, administration and finance, planning, and waste), show no meaningful relationship between population size and performance.
 - Projected outcomes are better at the median population of existing unitary councils (275k) than at 500k.
- 3.26 Our proposal fully endorses the DCN's analysis and assertion that the best way for LGR to be a stimulus for real transformation of local public services is to ensure that it focusses on creating new councils that are genuinely local and close enough to communities to deliver the long-term economic and social benefits that flow from a focus on place and prevention.

3.27 The detailed evidence and conclusions for each of MHCLG's criteria are set out in Appendix 1, as part of the proposed submission to Government. A summary is set out below:

Criteria	Comment
Criterion 1 – Single tier of local government covering sensible economic and geographic areas	The three-unitary model will create an effective single tier of local government across Staffordshire and Stoke-on-Trent that recognises the importance of place and functional economic geographies. This will ensure responsive, strategic planning for growth, housing and infrastructure, whilst maintaining local identities and keeping decision-making close to communities.
Criterion 2 – Efficiency, capacity and withstanding shocks	The three unitary model will produce significant financial benefits and financial stability. Creating two unitary councils in the south of the county is projected to generate recurring annual net savings totalling an estimated £15.1 million.
Criterion 3 – Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens	Key to our vision for LGR in Staffordshire and Stoke-on-Trent is our commitment to create modern, ambitious councils committed to radically transforming public services for the better. We believe the three unitary model will be able to better understand local needs, be more responsive, able to transform, deliver quicker and be more sustainable than options that create larger unitary councils.
Criterion 4 – Working together to understand local needs	The three unitary model is the only model being proposed that will ensure that local government remains embedded in its communities. Over 16,700 people responded to our LGR survey where there was overwhelming support for two unitary councils being created in the south of the county, alongside a northern unitary council.
Criterion 5 – Supporting devolution arrangements	The three unitary model will support the establishment of a Staffordshire and Stoke-on-Trent Strategic Authority, creating three balanced unitary councils to be constituent members. It would also support the creation of a broader Strategic Authority, if necessary, involving neighbouring authorities not currently covered by a Strategic Authority to ensure there are no devolution islands.
Criterion 6 – Stronger community engagement and neighbourhood empowerment	The three unitary model is the only option being proposed that recognises the importance of keeping decision-making local, ensuring decisions are made close to the people they affect. This model will provide strong democratic accountability and further empower communities.

3.28 The southern authorities have liaised with Stoke-on-Trent City Council to ensure, as much as is possible, that a single proposal for the whole of the county can be put forward; aligning the case(s) for southern Staffordshire with what is being proposed by Stoke-on-Trent City Council for northern Staffordshire. Although Stoke has chosen to support a two unitary council model to cover the whole geography, rather than our preferred three unitary option, they have said that if Government are

minded supporting three unitary councils for Staffordshire, they would be comfortable with this and have continued to share some data to support our final proposal of three unitary councils for Staffordshire.

- 3.29 We understand that Staffordshire Moorlands District Council is considering submitting a separate proposal which involves the splitting of parts of Stafford Borough Council and East Staffordshire Borough Council; this proposal is not supported by other Leaders within Staffordshire.
- 3.30 It is unclear what Newcastle-under-Lyme Council is proposing. The Leader of the Council there has strongly opposed forced reorganisation, citing a need to preserve local identity and a believe the current two-tier system delivers cost-effective and locally accountable services to residents.
- 3.31 Staffordshire County Council is submitting a proposal for a two unitary model based on an East and West Staffordshire split (link to proposal). We have undertaken an appraisal of this option and further detail on this can be found in the appendix. In summary, this model lacks a clear rationale for dividing established economic and social geographies, especially between Newcastle-under-Lyme and Stoke-on-Trent and connects the two distinctly different geographies (north and south) that exist in Staffordshire without explanation. There are huge differences between areas such as Staffordshire Moorlands which would be at one end of the eastern authority and Tamworth which would be at the other end. Grouping these distinct areas together would undermine effective place-based working and make it extremely difficult to deliver high-quality, locally responsive services.

Mayoral Strategic Authority

- 3.32 While there are differences over the right option for LGR in Staffordshire and Stoke-on-Trent, the right option for the Strategic Authority (SA) appears less contentious, with most existing councils favouring a SA based on the current geography of the county.
- 3.33 Whilst the population of Staffordshire and Stoke-on-Trent (approaching 1.2 million) is below the government's 1.5 million population target for Strategic Authorities, the White Paper recognises in some places this may not be met.
- 3.34 Given the significant partnership working across Staffordshire and Stoke-on-Trent, alongside the coterminosity with key public sector stakeholders, including the Police, Fire and Crime Commissioner, Integrated Care Board and NHS Trusts, there is a strong argument for a Staffordshire and Stoke-on-Trent Strategic Authority, supported by a three unitary model, where a combination of historical, economic, and governance factors make the area well-suited to a unified regional leadership model. This is the preferred option set out in the final proposal – a proposal to unlock devolution and create a meaningful economic footprint upon which a Mayoral Strategic Authority for Staffordshire and Stoke-on-Trent can be established, in line with the government's ambitions for growth.
- 3.35 However, our proposal also recognises MHCLG's clear objective to avoid 'devolution islands'. As such, we believe our three unitary council proposal lends itself better than other options for LGR proposed elsewhere to work with neighbouring authorities in a larger Strategic Authority if required. Our three unitary proposal is the only one that would avoid the risk of an imbalanced, overly dominant authority amongst smaller unitary councils, particularly if Telford and Wrekin (population c. 200,000) and Shropshire (population c. 330,000) were considered alongside Staffordshire and Stoke-on-Trent in creating a single Strategic Authority for the sub-region.
- 3.36 Equally, several District and Borough Councils in the south of the county have worked in partnership with West Midlands Combined Authority (WMCA) either informally or formally for a number of years.

This places a new Strategic Authority in a strong position to develop good working relationships with the WMCA, who have stated a willingness to engage over strategic issues of relevance.

Timescales

3.37 The timescale outlined by the Government for LGR is:

28 November 2025	Final LGR proposal to be submitted to Government
March – May 2026	Government will hold a public consultation regarding LGR proposals
Autumn 2026	Legislation laid before Parliament to enable changes
May 2027	Elections to new shadow authorities
1 April 2028	New unitaries 'go live'

Alternative options	Do nothing - The Secretary of State retains the power to implement reorganisation even if councils do not submit proposals. Support another option – The three unitary proposal, with two unitaries covering the south of the county, is the only option that will preserve the “local touch” that people value: services designed around local needs, councillors who listen, and greater accountability. This option also provides clear opportunities for saving money, removing duplication, simplifying services, and maintaining the character and traditions of our communities.
Consultation	Extensive consultation has been undertaken with the public and stakeholders in developing this proposal.
Financial implications	The financial analysis presented in the final proposal document at Appendix 1 has been provided by external specialists KPMG, based on evidence provided by the councils in the area and business cases prepared by other areas moving forwards with unitarisation. The preferred option has the potential for substantial ongoing benefits – noting that the savings figures are high level estimates and are also subject to the decision making of any future authority. Given the estimated existing gross budget gaps across current councils, these potential savings could contribute to closing the estimated budget gap or be used to support the transformation costs of setting up the new authorities. Implementation costs would be shared between authorities included within the proposal, with the assumption being that Staffordshire County Council would also need to contribute toward these implementation costs. An agreement will be required to formalise contributions from each partner, with individual authorities determining the most appropriate way to fund those costs.
Approved by Section 151 Officer	Yes

Legal implications	The Council is expected to submit (along with other Staffordshire authorities) a final proposal by 28 November 2025. The invitation was issued pursuant to the Local Government and Public Involvement in Health Act 2007. The decision on local government structures within Staffordshire will be made by Government following a period of consultation. The Government has a clear preference for an agreed position to be submitted. Alternative proposals are not supported by the Council but may be preferred by Government. The decision rests with Government who may select one of the submitted options, amend a proposal or ultimately select their own preference. Once a decision is taken it will need to be affected by way of a Structural Changes Order. The call on resources to deliver reorganisation will be significant; it will be necessary to utilise external capacity where necessary to mitigate this risk. Local government reorganisation will lead to changes in employing organisations. TUPE will apply to the reorganisation.
Approved by Monitoring Officer	Yes
Contribution to Lichfield District 2050	The process of reorganisation will have significant implications for the priorities, delivery and resourcing of Lichfield District 2050.
Data assessment	The Social Progress Index and its data is focussed on Lichfield District and therefore is not relevant to the reorganisation proposals.
Equality, diversity and human rights implications	An initial joint EIA/CIA has been drafted with South Staffordshire Council and Tamworth Borough Council. Following the Secretary of State decision on the option to be implemented further EIA/CIAs will need to be developed as part of the implementation phase.
EIA logged by Equalities Officer	Yes
Report shared with Communications Director	Yes
Crime & safety Issues	Not applicable at this stage.
Environmental impact (including climate change and biodiversity)	Not applicable at this stage.
GDPR / privacy impact assessment	Not applicable at this stage.

	Risk description & risk owner	Original score (RYG)	How we manage it	New score (RYG)
A	The financial implications are not robust.	Likelihood: Medium Impact: High Severity of Risk: High	The financial analysis presented in the final proposal document at Appendix 1 has been provided by external specialists KPMG, based on evidence provided by the councils in the area and business cases prepared by other areas moving forwards with unitarisation.	Likelihood: Medium Impact: Medium Severity of Risk: Medium
B	The timetable for decision or implementation is delayed	Likelihood: Medium Impact: Low Severity of Risk: Medium	The Council is working to the timetable currently in place. The Council will monitor Government policy in this area to understand the implications.	Likelihood: Medium Impact: Low Severity of Risk: Medium
C	The proposals and selected option is not in the best interests of Lichfield District and its residents	Likelihood: Medium Impact: High Severity of Risk: High	The Council along with other local Councils has submitted a proposal based on extensive consultation that is seen as in the best interests of residents.	Likelihood: Medium Impact: Medium Severity of Risk: Medium
D	Council Business continuity/resilience is impacted as the proposals progress.	Likelihood: High Impact: High Severity of Risk: High	To monitor the level of staff turnover and sickness to understand the underlying reasons and implement interim approaches.	Likelihood: High Impact: Medium Severity of Risk: High
E	An adverse impact from reduced capacity / changed priorities on the Council's Delivery Plan, associated actions and KPIs.	Likelihood: High Impact: High Severity of Risk: High	To monitor the impact on the Council's Delivery Plan, associated actions and KPIs and implement interim approaches.	Likelihood: High Impact: Medium Severity of Risk: High

Background documents	Full Council March 2025 - LGR
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Relevant web links	
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