

DCN Member Briefing: Local Government Reorganisation – Summary of Feedback on Interim Proposals

Introduction

- This paper provides a summary of MHCLG's feedback letters on interim Local Government Reorganisation (LGR) proposals.
- This summary aims to pick out common feedback themes to help you develop compelling final LGR proposals.
- It is based on analysis of feedback letters from Essex, Norfolk, Suffolk, Hampshire and West Sussex.
- We will update the paper to reflect any additional points and themes when the remaining feedback letters are received.

Key points and common themes

1. Evaluation criteria

Each feedback letter consistently references the six criteria set out in the invitation letters. These criteria serve as the foundation for evaluating the interim plans and ensuring proposals align with the Government's expectations. They will also be the basis for ministerial decisions on final proposals.

Much of the debate nationally and locally has been about population size – which is only one of the criteria. This is a timely reminder that all six criteria are important. MHCLG has indicated that all criteria will be considered equally and there will be no weighting.

2. Population

The population figure of 500k is highlighted as a guiding principle, not a hard target. This is important. MHCLG has suggested that the burden of proof is no different or greater for proposals involving population below 500k: *"All proposals, whether they are at the guided level, above it, or below it, should set out the rationale for the proposed approach clearly."*

However, the letters are clear that, while 500k is not a hard target, proposals must provide a rationale if they deviate from this figure. The feedback reiterates MHCLG's argument that this principle is intended to ensure new unitary authorities are of a size that can achieve efficiencies, improve capacity, and withstand financial shocks.

It is notable that some interim feedback letters were reissued to remove a request that final proposals should be benchmarked against a 500k option/counterfactual. That is because MHCLG recognises that 500k *'does not neatly align with the options under development in some areas.'*

3. Geography and boundary changes

MHCLG has stipulated that each area must submit at least one proposal with a clearly defined geography for the entire invitation area. It has reiterated its preference for a single, agreed proposal from each area. Where there are different proposals from an area, MHCLG will expect each proposal to provide a solution for the entire invitation area.

Feedback states that boundary changes are possible but existing district areas should usually be the building blocks for proposals. More complex boundary changes will be considered only if there is strong justification in the final bid. Proposals involving boundary changes should include maps.

The letters provide limited new information about the process for boundary changes. There are two options: boundary changes can be achieved alongside structural change; or proposals can use existing district building blocks and request a Principal Area Boundary Review (PABR) later.

4. Impact on services

Proposals must consider the impacts on crucial services such as adult social care, children's services, SEND, public safety and homelessness. The feedback calls for detailed information on how different reorganisation options might affect these services and how risks can be mitigated. This is a very strong theme in the feedback letters. It suggests that final proposals will need to demonstrate convincingly how any service delivery risks from disaggregating existing services will be managed.

5. Financial sustainability and debt

Financial sustainability is a key concern, especially for areas facing significant financial challenges. Proposals should demonstrate how reorganisation will contribute to financial stability and include detailed plans for managing debt. This includes providing projections of funding, operational budgets, debt servicing costs, and potential efficiencies.

The letters give no indication that the Government has shifted its position that inherited debt will need to be managed by new unitary councils and will not be written off or reduced by the Treasury.

Specifically, proposals must include:

- **High-level financial assessments** (transition costs, operating budgets, debt servicing).
- **Efficiency savings** with clear assumptions and data sources.
- **Debt management strategies**, especially where councils are in financial distress

6. Future service transformation and managing transition costs

Proposals should outline how transition costs will be managed and identify opportunities for future service transformation. This includes planning for efficiencies and invest-to-save projects that can support the reorganisation process and deliver long-term benefits.

There is a stronger emphasis on aligning LGR with wider public service reform and structural change than has featured in previous communication from MHCLG. This creates an opportunity for you to show how your proposals will go beyond efficiency and cost savings and be the right vehicle to genuinely transform services and improve outcomes for residents.

MHCLG will provide limited capacity funding for the cost of preparing proposals (£7.6m across all two-tier areas). But it will not provide central funding for transition / implementation costs. Councils will need to cover implementation costs through future budget savings.

7. Devolution and Mayoral Strategic Authorities (MSAs)

The feedback highlights the importance of aligning LGR with devolution. Proposals should demonstrate how new unitary structures will support devolution arrangements and interact with Mayoral Strategic Authorities (MSAs). This includes ensuring 'sensible' population ratios and governance arrangements. This is a strong theme in the feedback and a reminder that the Government views devolution as the big prize.

8. Data and evidence

The feedback emphasises the need for proposals to be supported by robust data and evidence. This includes providing detailed analysis, clear explanations of expected outcomes, and evidence of estimated costs and benefits. The goal is to ensure that proposals are well-founded and can withstand scrutiny.

9. Collaboration between councils

Feedback reiterates that effective collaboration between all councils involved in the reorganisation is crucial. It encourages councils to build strong relationships, agree on ways of working, and share data effectively.

To ensure consistency and comparability, proposals should use the same assumptions and data sets or clearly explain any differences.

MHCLG has reiterated that councils must share relevant data if requested and it is prepared to step in where that is not happening.

10. Engaging with local communities and stakeholders

Engaging local communities and stakeholders is essential for developing proposals that reflect local needs and views. The feedback encourages councils to engage meaningfully with residents, voluntary sector organisations, local community groups, public sector providers, and businesses.