Leicester City Council

Local Government Reorganisation

The case for change — interim submission

March 2025

Leicester
City Council

Foreword

In the 1970s, many English cities had their boundaries extended. Leicester wasn't one of them. It was an accident of history. The city is stuck within boundaries largely drawn over a hundred years ago. Over the decades it has grown through – and far beyond – those borders. As a result, the average density of population in Leicester is more than three times greater than that of cities such as Sheffield and Leeds.

These tight boundaries mean that the city council's finances are on a very narrow base and are vulnerable. Adjoining suburbs pay their council tax to surrounding districts and major commercial developments – such as Fosse Park, just a few hundred yards outside the city – pay their business rates elsewhere. The tight boundary also challenges our ability to deliver desperately needed housing.

For local people, the current structures are confusing and inefficient, with artificial lines drawn halfway down residential streets.

For the council, rationalisation of local government and extension of the boundaries are the keys to unlocking devolution, financial stability and housing development.

Sir Peter Soulsby

City Mayor

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Executive summary

Context

We strongly welcome the opportunity to reorganise local government across Leicester, Leicestershire and Rutland (LLR). Leicester City Council has been consistently clear that addressing its heavily constrained boundaries is the only viable way to address constraints to housing growth, deliver financial sustainability and unlock devolution to establish a mayoral strategic authority. This position was previously agreed by LLR upper tier authorities in January.

The current city council area does not include adjacent contiguous built-up urban areas and suburbs, which have continued to expand. Its boundaries are illogical, splitting streets and communities. Across the urban area, public services are delivered by many different councils. This results in very inefficient service delivery which is neither cost-effective nor clear to residents.

Our proposal

We have carried out detailed work to prepare a draft plan, which includes:

- an enlarged city with a population of 623,000 by 2028
- a second unitary council of suitable size and balance for the remaining areas of the county and Rutland, with a population of 578,000.

Having considered the two alternative proposed options, we believe that only the city's proposal fully meets the Government's criteria for reorganisation and delivers:

- the **simplest and most cost-effective option** for a single tier of local government, reducing 10 existing councils to two unitary authorities, thereby streamlining governance and decision making

- a **sensible geography**:
  - o incorporating suburbs that are naturally part of the built-up area and the city travel catchment area
  - o with land to help accommodate the estimated future need for 32,000 homes, 18,000 affordable homes and 67 ha of employment land. Potential future growth sites on the edge of the city have been identified with the districts and county.
  - o that simplifies planning and transport responsibility across the urban area from seven to one council; resulting in coordinated services, and more efficient governance and decision making to accelerate new development

- **unitary populations over 500,000,** to meet the Government's target to deliver cost-effective public services and withstand financial shocks

- **sensible economic areas** with a more balanced base for council tax and business rates, and also helping to balance deprivation and related challenges and costs. Currently 80% of LSOAs in the city fall within the bottom half most deprived in the country. This would fall significantly to 56%

- more **efficient public services**, reducing the number of councils providing the same services in the built-up area from seven to one, thereby improving the customer experience across a clear and common-sense city council area

- **a mayoral strategic authority** with the simplest and most effective supporting governance of two unitary councils, releasing the potential for streamlined and accelerated economic growth with additional government funding

- a **path to financial sustainability** for the city council (and other councils), without which it is unlikely to remain viable after 2028.

Progress and next steps

Initial work has been carried out to assess the cost-benefit of these proposals. Substantial cost savings are expected – around £34m annually, with the estimated £22m costs of transition to be funded locally over a three-year period.

Good progress has been made building a strong case for LGR over a relatively short period of time. This submission outlines positive key stakeholder engagement that we have conducted so far, as well as initial consideration given to transition and implementation. It also describes next steps, including further stakeholder and public engagement, data analysis, assessment of barriers and challenges, and the resources and support needed to complete a final proposal for November.

Local government reorganisation is a priority for all LLR councils. With government support we are ready to move at pace and there is commitment to revisit this with the other councils after the county elections in May.

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1.0 Introduction

December 2024: Devolution White Paper

The English Devolution White Paper (English Devolution White Paper - GOV.UK), published in December 2024, sets out the Government's intentions for an enhanced devolution framework. This aims to:

- expedite and deepen devolution to all England over the next five years

- rebalance power from central government to local leaders

- establish universal coverage of strategic authorities with a clear preference for a mayor with associated powers

- realign public authority boundaries to strategic authority boundaries, such as police and fire services

- facilitate a programme of local government reorganisation for two tier areas and for those unitary councils where size and boundaries hinder delivery of sustainable services
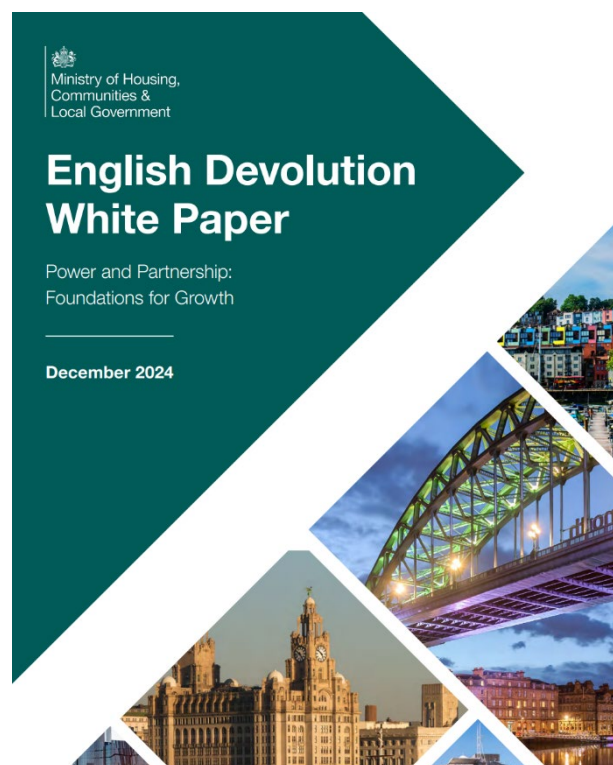
January 2025: Joint response by Leicester, Leicestershire and Rutland councils

Alongside publication of the White Paper, Jim McMahon OBE MP, the Minister of State for Local Government and English Devolution, wrote to councils inviting interest in being part of the Devolution Priority Programme. For authorities wanting to accelerate devolution this provided an opportunity to make a case for their areas, and request delay of local elections in May 2025 where reorganisation of local government was required to unlock devolution.

Following discussion with the upper tier councils, a joint position was submitted on 10 January 2025 from Leicester City Council, Leicestershire County Council and Rutland County Council.

The joint submission (Appendix 1) notes:

- "unanimous in-principle agreement to a Mayoral Strategic Authority linked to local government reorganisation; LGR needed to unlock devolution"

- "any LGR option will need to address the boundaries of the City"

- "Currently the City boundaries exclude built up areas in adjacent districts that most people would recognise as the contiguous urban area of Leicester, restricting the City's growth potential, and its long-term financial sustainability."

- "Leicestershire County Council is therefore requesting the postponement of elections scheduled for May 2025."

February 2025: Invitation to submit case for LGR

A response was received from the Minister on 5 February rejecting the county council's request to delay elections.

All councils in LLR also received a letter (Letter: Leicestershire, Leicester and Rutland - GOV.UK) formally inviting them to work with other council leaders in the area to develop a proposal for local government reorganisation. The letter set out guidance for the development of proposals and the timeline for this process.

In summary, the letter:

- called for simpler, sensible and more financially sustainable unitary local government structures complementing wider devolution plans
- invited leaders to work with other council leaders to develop proposals
- preferred one submission but expected there to be different views on the best structures – with a commitment to consider all suitable proposals
- required engagement, including with key stakeholders
- set out timescales with an interim plan to be submitted by 21 March and full proposals to be submitted by 28 November.

Engagement with LLR councils

Following the invitation to submit LGR proposals, there has been further engagement with other council leaders to establish each council's position.

Inevitably, the ministerial decision not to delay elections has influenced the position of the other councils which has understandably changed in the run up to those elections. It is now expected that three separate interim submissions will be made, as summarised in the box.

All councils have agreed to reconvene after the May county elections.

Summary of LGR interim proposals	
Leicester City Council proposal	Expansion of unitary city council boundaries to include adjoining suburbs/built-up areas One new unitary council for the remaining county and Rutland area
Leicestershire County Council proposal	One unitary council for current county area, excluding Rutland Retention of city unitary with no boundary change
Districts and Rutland proposal	Two unitary councils across current Leicestershire County/Rutland area Retention of city unitary with no boundary change

In developing our case for local government reorganisation (LGR), we have carefully reviewed the guidance issued in February to establish key themes and related criteria required.

This section sets out each of the key themes to be considered:

- Sensible geography
- Sensible economic area
- Effective public service delivery
- Financial resilience and cost efficiency
- Unlocking devolution
- Governance and leadership

Drawing from the guidance, at the beginning of each theme, a table sets out the outcomes expected to be achieved as a result of LGR. Each of these are addressed below to illustrate the case for change.

2.1 Sensible geography

> **LGR guidance: what to consider and expected outcomes**
>
> 1. Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.
> 2. Proposals should consider issues of local identity and cultural and historic importance.
> 3. Existing district areas should be considered the building blocks for proposals – strong justification will be needed for more complex boundary changes.
> 4. Business as usual should continue including local plan preparation.

2.1.1 Existing city council boundaries

Leicester's current boundaries were largely set in the 1920s and in 1973 the city was designated as a non-metropolitan district. When it became a unitary authority in 1997, Leicester was one of a few local authorities, like Nottingham and Bristol, that still retained its original boundaries. Other cities, like Sheffield and Leeds, had far more generous boundaries drawn, allowing for future city growth and expansion.

These long-standing boundaries do not reflect the growth of the city over the past 100 years, resulting in today's physical contiguous built-up extent of the city. The images shown below demonstrate the illogical nature of the current boundaries cutting through streets and residential areas, such as at Braunstone Town (Blaby District), Thurmaston (Charnwood

Borough), Oadby & Wigston, and Scraptoft (Harborough District). Local people living in such areas are regularly confused as to which council is responsible for delivering their services, such as waste collection, maintenance of roads and open spaces, education, and sports and leisure facilities.

Illogical city boundaries
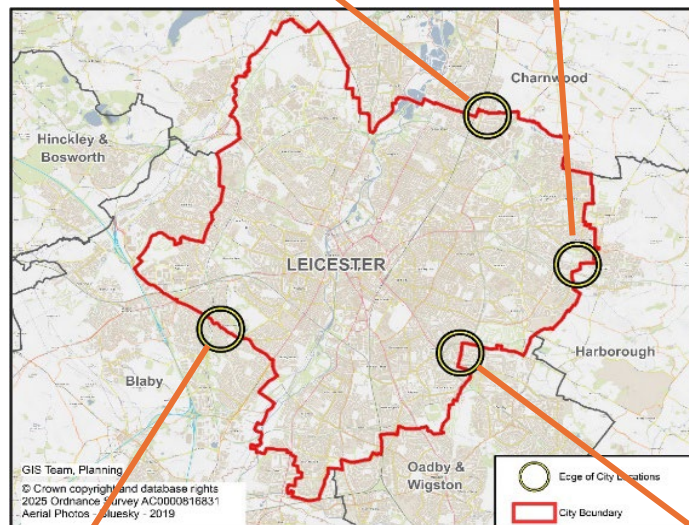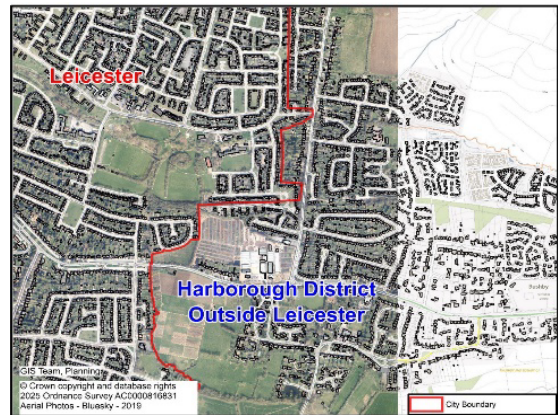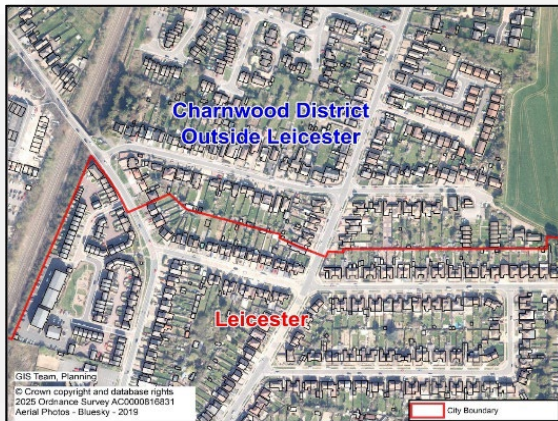
2.1.2 Establishing common sense boundaries

In reviewing potential considerations for establishing a revised and expanded city boundary, we have taken the following into account:

    a. Existing city boundary designations
    b. Comparator city boundaries
    c. Parish and town council boundaries
    d. City travel catchments
    e. Future need for housing and employment land

a. Existing city boundary designations

A number of existing boundary designations are used to describe Leicester which recognise the actual extent of the physical built-up area of the city and its suburbs. These have been used for statistical analysis, planning purposes and service delivery.

'Built-up area'

For the purpose of statistical analysis, the Office of National Statistics defines the 'Built-up area' as the urban areas of the city and connected suburban areas that have effectively become merged into Leicester.

The teal coloured area on the map, representing the city urban area, extends beyond the city's administrative boundary marked in a black line.

The built-up areas marked in other colours are the connected outer suburbs of Leicester.

Built Up Area - ONS Population Statistics - 2021 Census
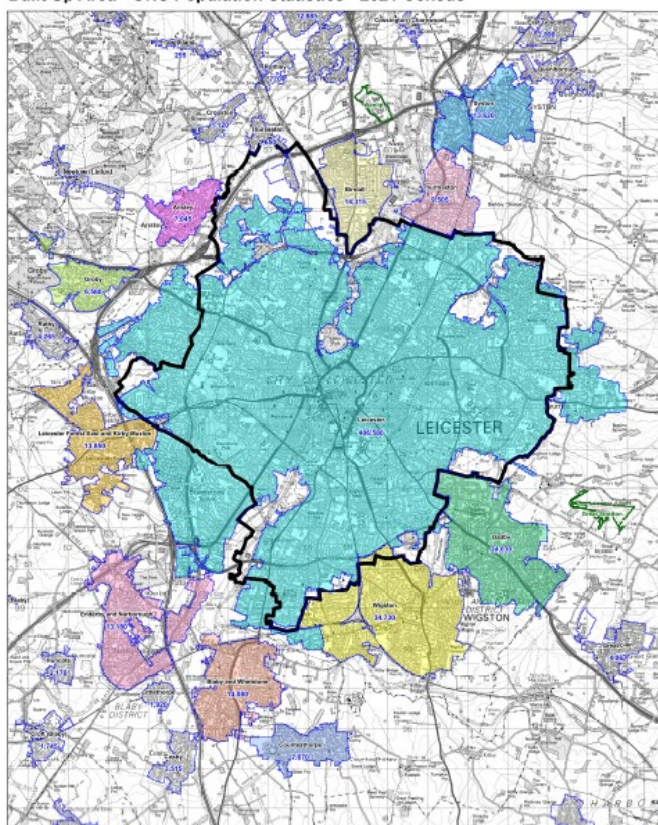
'Principal Urban Area' (PUA)

The PUA has been used locally to define the contiguous built-up area and connected suburban areas that have become merged into, and form part of Leicester.

This designation is recognised and published in statutory planning and transport documents, including Local Plans and Local Transport Plans, by the city council, the surrounding district and borough councils, and Leicestershire County Council. The PUA has been amended over time to reflect new developments that are built on the edge of the city.

The areas on the map shown in pink comprise the PUA, which can be seen to extend well beyond the city's current administrative boundary into the adjacent districts of Blaby, Charnwood, Harborough, and Oadby and Wigston.

The PUA is also defined by the UK 'think tank', Centre for Cities as a basis for statistical analysis and comparison with other cities (for example, in wages, skills and housing).

Centre for Cities simply combines the entire districts of Oadby and Wigston, and Blaby with the city council area. This is on the basis that either all (Oadby and Wigston) or the majority (Blaby) of their populations lie within the contiguous built-up areas forming part of the city.
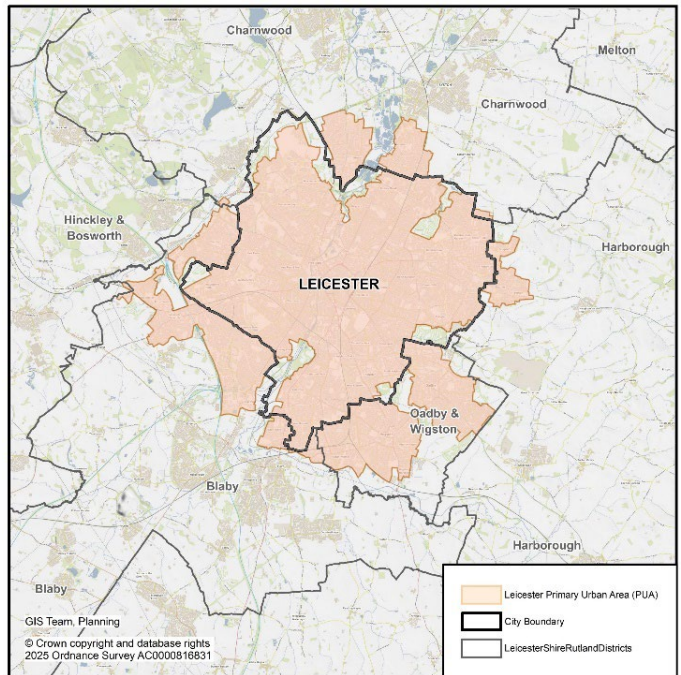
'Coronavirus lockdown area'

During the Covid-19 pandemic Leicester was held in in a local lockdown for the longest period of any area in the country.

The Government designated a boundary within which certain restrictions applied, essentially recognising a built-up area where transmission was most likely to occur.

The area designated by Government clearly recognises and demonstrates that the actual contiguous built-up nature of the city and its connected suburbs extends well beyond the current city council administrative boundary.
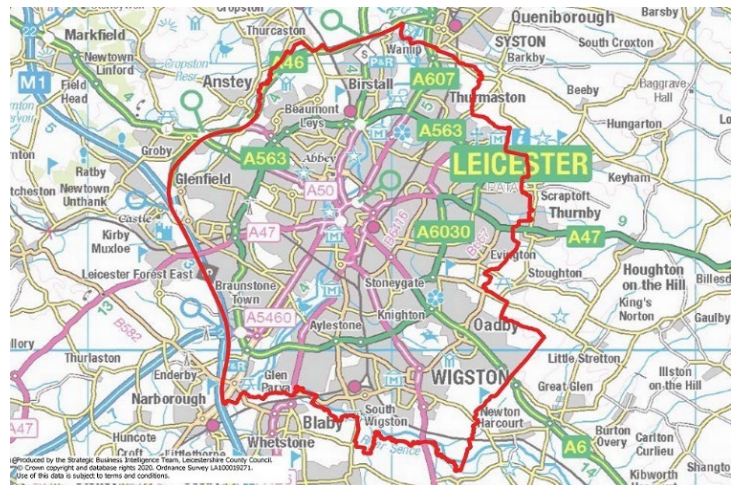
b. Comparator city boundaries

An initial review of comparator cities and their boundaries has been conducted.

Leicester was one of a small number of unitary councils, including Nottingham, Derby and Bristol, that emerged from local government reorganisation in 1996/7/8 retaining their constrained boundaries, which had largely not changed since the 1920s.

Conversely, other cities have comparatively generous boundaries, covering their urban areas, and also including extensive tracts of countryside with villages and towns, allowing room for future growth and development. Examples include Sheffield, Bradford and Leeds, which have populations exceeding the Government's current LGR threshold of 500,000 or more. These all became unitary councils in 1986 following the abolition of metropolitan county councils.

Comparative maps for Leicester, Bradford, Sheffield and Leeds illustrate the difference in their current boundary positions in terms of population, land available for potential future growth, land area and population density.

Leicester is shown to have around 300km^2 to 500km^2 less land within its boundaries and is nearly three times more densely populated than these comparators. The constrained nature of Leicester is stark in comparison with these other cities, which have considerable tracts of countryside providing potential future development opportunities and green space for residents.

Leicester

Population: 372k

Area (km^2): 73
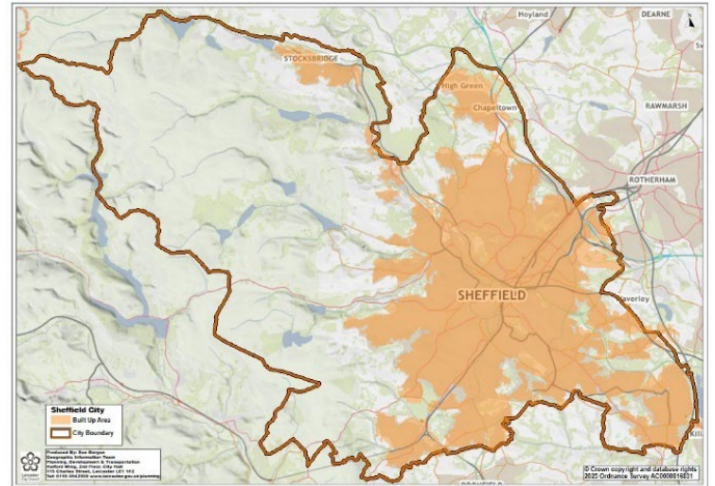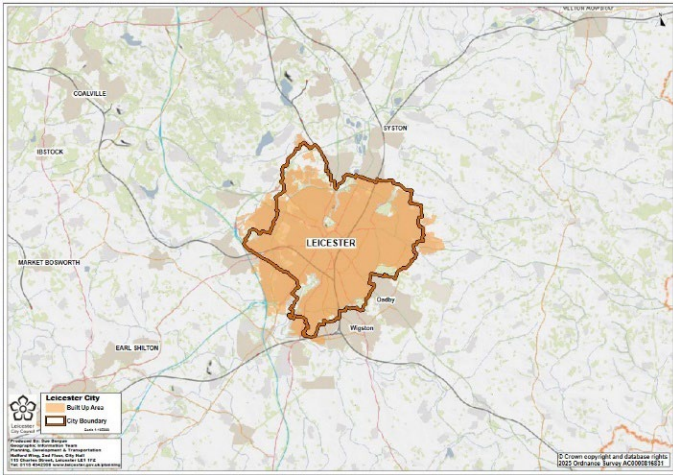
Population density (pop'n/km^2): **5095**

Sheffield

Population: 564k

Area (km^2): 367

Population density (pop'n/km^2): **1540**

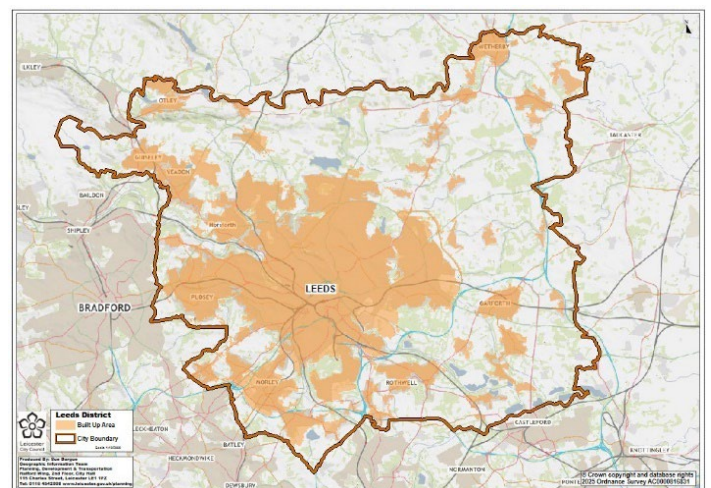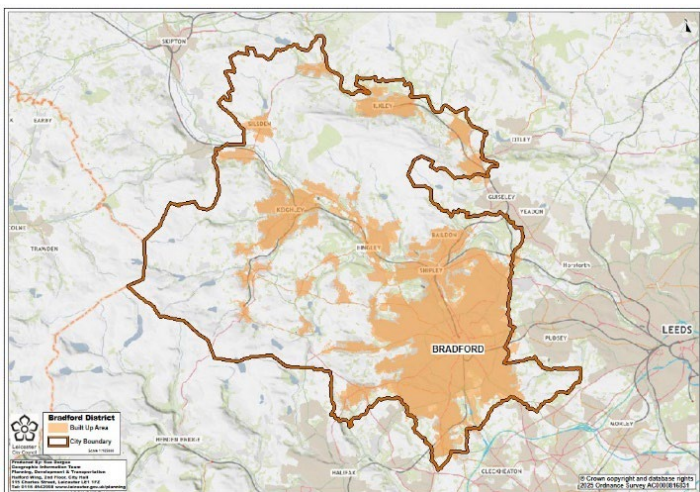**Bradford**

Population: 553k

Area (km^2): 365

Population density (pop'n/km^2): **1514**

Leeds

Population: 820k

Area (km^2): 550

Population density (pop'n/km^2): **1493**

c. Parish and town council boundaries

In considering potential new boundaries for the city council, we have taken existing parish and town council boundaries into account, recognising their important ongoing role connecting local government to local people. The starting principle for this is that wherever possible, parish and town councils should not be split across two unitary areas.

Care has been taken to minimise impact: only four parish council boundaries are potentially affected to the east of the city, where future development opportunities create more sensible boundaries. In the main this affects largely unpopulated areas of land within these parishes.

d. City travel catchments

Travel to work commuter area

In establishing a sensible boundary for the city, travel patterns can show how people travel to work and other facilities, and over what geography. Where people's travel habits are largely contained within a given area, this can establish a level of self-containment representing a natural city travel catchment, which broadly confirms the physical extent of the city in travel terms.

The first map shows commuter movements in and out of the city at MSOA level, based on data from the 2021 census. There is a significant amount of travel across the city boundary, particularly in areas that are immediately adjacent. Indeed, some surrounding district areas have almost a third of their population working within the city whilst others have a third of job roles filled by city residents.
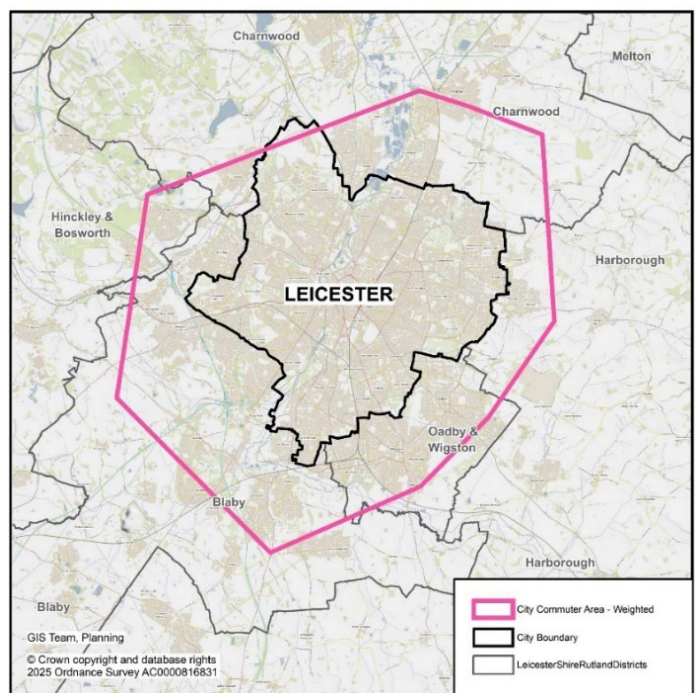
Bus operator flexi ticket zone

The second map below shows the boundary of the Leicester Bus Flexi Ticket. There is a high level of boarding and interchange by passengers living in this area, reflecting their propensity to travel by bus within the boundary shown, as compared with those living outside the area. Outside the area there is a substantial drop in use of city bus services and therefore flexi ticket products are not applied beyond the blue boundary line.

Taken together, the travel patterns shown reflect the high level of circulation between the city and neighbouring MSOAs, which is largely driven by higher commuter demand and that for other city services.

The travel patterns suggest a more sensible city boundary would include these areas, reflecting the way people live their lives and travel, and also suggesting transport services would be better delivered in this area by one transport authority, as opposed to it being split between the city and county as now.

It should be noted that the travel patterns reflect movements from people living in the existing built-up area. As new urban extensions are built, assuming these can be well connected into transport networks, the travel catchments will expand into these areas.

The adjacent plan underlines these travel catchments and illustrates the way people live their lives within the wider city area. This shows in green the density of memberships of city council leisure centres. There is a general spread across the built-up urban area that extends beyond the city boundary (pink) into the adjacent district suburbs. The actual use of city council services within the wider urban area does not recognise administrative boundaries. The same pattern showing the concentration of customers across the whole city urban area is also likely to apply to other facilities such as city centre shops, sports stadia, museums and galleries.

e. Future need for housing and employment land

Local planning background

Since gaining unitary status in 1997, Leicester City Council's planning service has positively planned for growth despite having constrained city boundaries. It has facilitated significant private and public sector developments across the city, both in terms of extensive regeneration on brownfield land and on major urban extensions, utilising limited land on the edge of the city within the council's boundaries.

The city's requirements for housing and employment land have been met through successive statutory Local Plans, including the 2006 City of Leicester Local Plan, the 2014 Core Strategy and most recently the 2023 City of Leicester Local Plan, which has been subject to recent Examination in Public (Leicester Local Plan Examination). Successive plans have exhausted the supply of significant sized development opportunities in the city, taking all available strategic opportunities for urban extension up to the city boundary.

By necessity, these plans have allocated development on sensitive environmental assets such as Green Wedge, former allotment sites, public parks and open space. The remaining open spaces within the restrictive city boundary are subject to tight environmental constraints and also provide essential open space for residents, which effectively rules out their future release for development.

Meeting the need for housing and employment land

The 2006 Leicester Local Plan covered the period of 1996-2016 and made provision for 19,593 homes, 31% of which had to be allocated on green field land. The vast majority of these allocations have now been implemented or are committed for development.

The new city Local Plan covers the period 2020-2036 and is required to make provision for 39,424 homes. Exhaustive assessment of development capacity established that only 21,118 homes could be accommodated within the city's constrained boundaries. Consequently, delivery of the unmet need of 18,694 homes relies on agreement with the Leicestershire district councils under the Duty to Co-operate.

Similarly, the unmet need for employment land equates to 23 hectares out of a requirement of 65 hectares, which has had to be exported to Charnwood Borough Council, north of the city.

Securing district council agreement on this unmet need required Leicester City Council to demonstrate in detail that it had exhausted development options within the city on brownfield land, Green Wedge, parks and public open space for development.

For the 2023 Local Plan, 29% of development allocations are on green field sites, a challenging process in environmental, amenity and health policy terms. Four of the five major strategic sites, upon which plan delivery is reliant, are on land with previous Green Wedge policy protection and the fifth is proposed on part of a public park.

This map is from the new Local Plan and illustrates the degree to which the city is constrained and has to rely on the adjacent districts to meet its growth needs. Existing development forming the contiguous built-up area is coloured light brown and can be seen to extend well beyond the city boundary marked in pink. Remaining land within this boundary which is suitable for accommodating future growth to 2036 is shown in orange. Protected land is shown in green. Outside the city boundary, major urban extensions approved by the district councils, and now under construction, are shown in light pink and the adjacent city suburbs are shown in yellow.
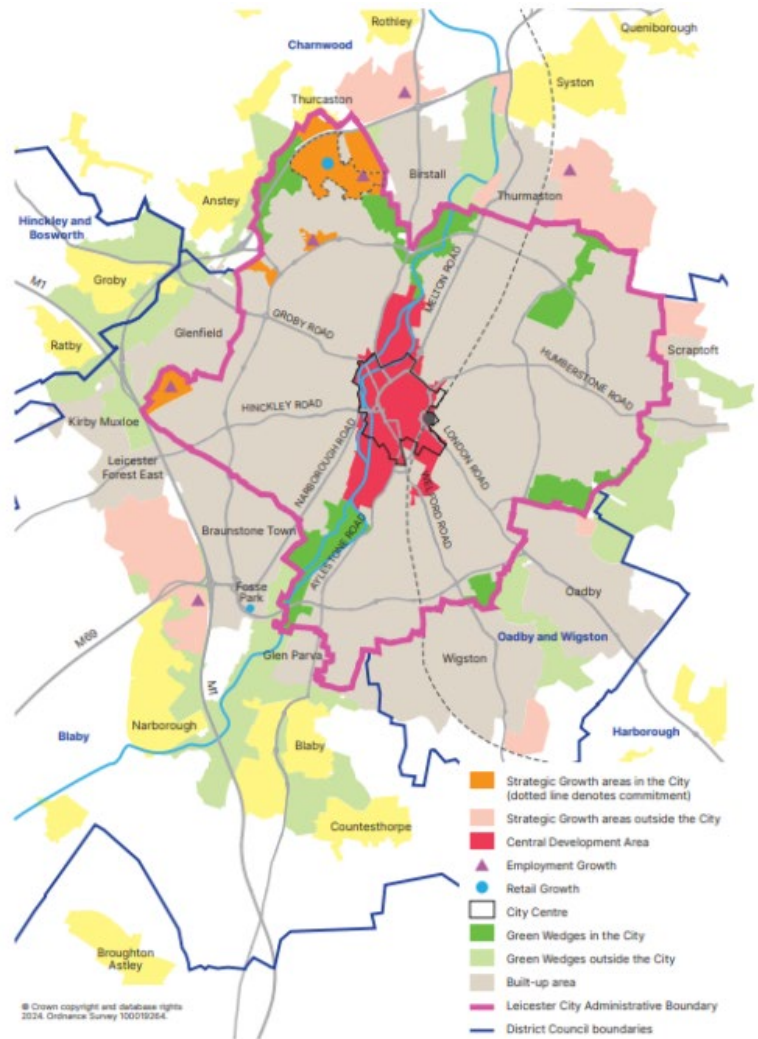
Strategic growth context

A non-statutory partnership comprising Leicester City Council, Leicestershire County Council and seven district/borough councils in Leicestershire was established to prepare the Leicester and Leicestershire Strategic Growth Plan (SGP).

The purpose of the partnership was to prepare a strategic plan, across a functional planning and economic area, principally to provide guidance to inform Local Plans. This recognised the pressure districts were under from speculative development but also the constraints upon growth in the city due to its tight boundaries.

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The Strategic Growth Plan LCC was approved in December 2018 as a non-statutory planning document, providing a sub-regional development strategy to 2050 which would also provide a basis for securing partner agreement to address the city's unmet housing need.

The premise of the SGP was that to 2031, the city council would seek to deal with around two thirds of its housing needs through its Local Plan. The remaining third would be distributed as unmet need across the county in line with an agreed spatial strategy which identified the need to concentrate development within and on the edge of Leicester.

Accepting that city capacity would be largely exhausted beyond 2031, the SGP anticipated that the city council could only accommodate around a third of its need going forward (550 homes per annum), leaving two thirds to be delivered beyond the constrained city boundary.

Securing agreement has been hugely challenging. Planning governance arrangements are complex and disjointed. Statutory process is divided across nine councils and strategic alignment decisions have to be subject to extensive and drawn-out processes of negotiation, consultation and agreement. These have to be formalised through nine separate council governance processes.

Dialogue commenced in 2014 and the time taken to scope, draft, prepare, agree and adopt the Leicester and Leicestershire Strategic Growth Plan and Statement of Common Ground (which dealt with the city council's unmet need) amounted to over 10 years. The process of securing final agreement and signatures through Governance took two years in itself.

In the absence of clear strategic responsibility, localised political concerns have frustrated progress and delivery of the wider benefits of strategic development. Securing unanimity on housing and employment distribution through the Duty to Co-operate was time consuming.

Affordable housing

The city council declared a Housing Crisis in November 2024. According to the last Housing Needs Assessment of September 2022, almost 18,000 affordable houses are required in the city to 2036. Leicester City Local Housing Needs Assessment Update Addendum 2022.

The constraints described to general housing delivery in the city equally apply to the delivery of affordable housing. However, unlike the provisions to accommodate general unmet housing need in the districts, the political sensitivities associated with accommodating the city's unmet need for affordable housing were such that the issue could not form part of the negotiations for the Statement of Common Ground. As such there is no agreement on a balanced distribution of affordable housing across the Leicester and Leicestershire Area, with each district determining their own affordable housing requirements.
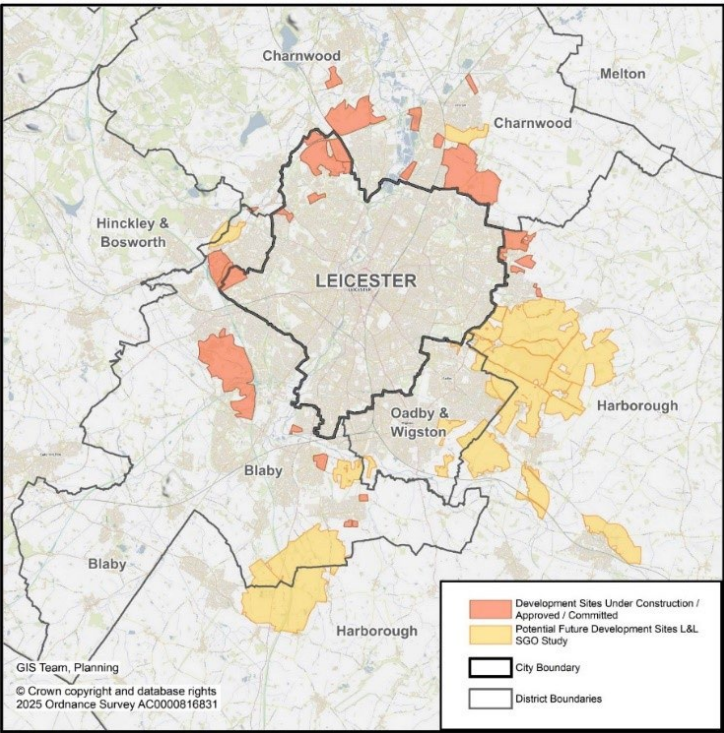
Planning beyond 2036

As well as the current c19,000 unmet need, it is estimated that around 13,000 additional homes would be required to be accommodated as unmet need between 2037 and 2050, based on projected delivery requirements within the city's boundaries.

A successful statutory spatial development strategy for Leicester, Leicestershire and Rutland should focus development on a newly defined 'Central City', which in turn needs to be built up from a new city local plan prepared across a geography able to accommodate development needs to at least 2050.

The new plan would also need to support business investment and jobs; around 67ha of employment land and 45,000sqm of offices based on a roll forward of previous demand trends within the city area.

The expanded city also needs to provide green infrastructure for nature recovery, Biodiversity Net Gain and additional green space for residents.

The Strategic Growth Partnership has been considering options for future development and growth. Following engagement with the partner councils on potential sites for housing and employment development, and mapping environmental and other constraints, potential development sites were identified to accommodate future growth to 2050+. llstrategicgrowthplan.org.uk/wp-content/uploads/2024/05/Strategic-Growth-Options-and-Constraints-Mapping-for-LL-Final-Report-August-2023.pdf

These potential development opportunities are shown on the map in yellow, alongside sites that are already approved or committed urban extension sites on the edge of the city in brown.

How the LGR proposals can increase housing and employment land supply

Without city boundary expansion to allow new development, the city is unable to meet its own needs for future housing and employment land, and would be dependent on complex and uncertain arrangements with the adjacent districts. An expanded city unitary boundary is therefore essential for the planning and delivery of long-term sustainable growth.

The city council's proposals for LGR and related devolution will transform and accelerate planning for, and the delivery of, future housing and employment growth across Leicester, Leicestershire and Rutland (LLR) by:

- extending the city boundaries to allow space for future city housing (including affordable housing), employment growth, and related green and recreational space protection and enhancement to 2050 and beyond

- allowing better coordination through one council of development requirements on the edge of the city, such as transport, education, community infrastructure and placemaking

- applying, across the whole conurbation, the substantial experience the city council has of leading and delivering development of major urban extensions, such as at Hamilton and Ashton Green

- reducing the number of planning authorities across the contiguous built-up urban area – different local plans – from five to one. This would provide a more focused, joined-up and consistent policy basis across the city area

- removing the complex local planning arrangements through multiple authorities, each with inconsistent local plan timeframes and in some cases, no up-to-date local plan

- providing an organisation with critical mass to support recruitment and retention of experienced technical skills and staff (planners, digital transformation, urban and landscape design, ecology, archaeology, transport and regeneration)

- providing the simplest structure for strategic and local planning with one mayoral strategic authority preparing a Spatial Development Strategy (currently nine councils involved) and two unitary councils preparing a Local Plan (currently eight councils)

- substantially reducing the complicated governance processes required to approve a sub-regional plan and local plans

- substantially reducing the costs of preparing statutory local plans across LLR.

Business as usual – planning

Following the anticipated adoption of the new Leicester Local Plan in Summer 2025, an immediate review of the local plan will commence. This will seek to align the new plan period with emerging plans of adjacent districts to facilitate future convergence of local plans, after the reorganisation of local government.

The work of the Leicester and Leicestershire Strategic Growth Plan Partnership would continue, with the aim of feeding into the preparation of a new, ultimately statutory, spatial development strategy which would be the responsibility of a mayoral strategic authority.

2.1.3 Proposed city boundary – interim stage

Following consideration of the factors outlined in the preceding sections, the council has prepared a draft plan for the city boundary as shown overleaf.

The purple line represents the current interim boundary proposal for the city council and is based on the following factors:

- incorporation of the contiguous built-up urban area and connected suburbs
- recognition of the travel catchment areas for commuters and bus users
- inclusion of development sites on the outskirts of the city that are either under construction or are approved or committed schemes
- recognition of potential future development sites and areas with environmental constraints identified through the work of the Leicester and Leicestershire Strategic Growth partnership
- avoiding or minimising impact on parish council boundaries
- aligning with Lower Super Output Areas wherever possible and appropriate.

The proposed boundary includes land currently within the council boundaries of Charnwood BC, Harborough DC, Oadby and Wigston BC and Blaby DC. It does not include land in Hinckley and Bosworth DC which was not considered appropriate due to the limited extent of land in question and potential for future development, recognition of the A46 as a physical boundary and the opportunity to avoid splitting a district where this was possible.

Other factors that determine the appropriateness of the boundary, such as delivery of efficient and cost-effective public services, balancing income from council tax and business rates, and balancing socio-economic profiles, are considered elsewhere in this submission document.

Further work required for final submission in November 2025

- Detailed analysis of future land requirements for housing and employment, and affordable housing needs, to test the adequacy and suitability of city expansion land, to ensure this can accommodate future growth over an appropriate period
- Detailed testing of the boundary to establish any practical or governance issues and concerns, particularly any raised through further engagement
- Potential further comparative analysis with other cities to understand experiences in dealing with boundary setting to accommodate future growth
- Case studies of cross boundary planning issues and delivery/coordination of major development sites

Draft interim plan of proposed city boundaries

Charnwood

Charnwood

Melton

Charnwood

Hinckley & Bosworth

Harborough

Hinckley & Bosworth

LEICESTER

Blaby

Oadby & Wigston

Harborough

Blaby

Harborough

Blaby

Proposed City Boundary	City Commuter Area (Weighted)	Environmental Composite High Constraints Area (L&L SGO Studay)
Development Sites Under Construction / Approved / Committed	Bus Operator Urban Area (Flexi Ticket Zone)	Train Station
Potential Future Development Sites L&L SGO Study	Current Leicester City Boundary	Park & Ride Sites

2.2   Sensible economic area

Sub-regional partnership working

The Leicester Leicestershire and Rutland area has a long history of partnership working across sensible and functional economic areas to bring about economic growth and development.

The Leicester and Leicestershire Enterprise Partnership (LLEP) was established in 2011 and, until its recent cessation, comprised a partnership of business, council, academic and voluntary sector interests focused on support for business and skills, and development of local infrastructure for growth. The partnership developed a number of strategy documents to encourage and guide growth, including a Strategic Economic Plan, and also delivered substantial programmes of investment, including Local Growth Funding, Enterprise Zones and a number of business and skills support packages.

Following Government guidance, the LLEP transitioned to upper tier local authorities and the Leicester and Leicestershire Business and Skills Partnership (LLBSP) was established in April 2024. Its board represents similar interests as the LLEP did and also includes Rutland County Council.

The establishment of the LLBSP and the emergence of an opportunity to unlock devolution through LGR, to deliver a MSA, provides a solid platform to build an effective strategic authority across the whole of the Leicester, Leicestershire and Rutland Area. This would continue the longstanding sub-regional economic growth partnership work across what has become established as a sensible and functional economic area.

Section 2.5 of this submission considers in more detail how this LGR proposal will help unlock devolution ambitions and the potential to drive economic growth across LLR through a mayoral strategic authority.

A balanced economic and social area

Leicester and Leicestershire are one of the fastest growing areas in the country with a population increase in the city council area of 11.8%, and the county of 9.5%, between the 2011 and 2021 census. The city has a young population with a median age of 33, compared to 40 in Leicestershire. Leicester is one of the most diverse cities in England and is considerably more diverse than Leicestershire and Rutland. 43% of Leicester's population is Asian, of whom the majority are of Indian heritage. Leicester also has large Eastern European (Polish, Romanian), Black African (Somali, Nigerian), and Caribbean populations.

There are significant imbalances in economic and social indicators between the city and county/Rutland which the realignment of the council boundary can help to address. This will help balance the tax base across the two unitary areas (see Section 2.5, Financial resilience) as well as balancing the challenges and costs associated with service provision, as these are higher in more deprived urban areas, where we see particular challenges in health, skills, crime, housing and employment outcomes. Simplifying council structures to two proposed unitary authorities will give greater focus to help tackle these challenges more effectively, with the potential of helping drive stronger economic growth across the LLR sub-region as a whole.

Index of Multiple Deprivation

A relatively simple way to understand the impact of the city council's proposals on economic and social factors is through the Index of Multiple Deprivation (IMD) which ranks areas on deprivation across seven domains – income, employment, education, skills and training, health and deprivation, crime, barriers to housing services and living environment.

Leicester was the 32nd most deprived local authority in England. Leicestershire is ranked 136th and all seven Leicestershire districts fall within the least deprived half of all districts, with Harborough being least deprived at 311th. Rutland was ranked 303rd out of 317.

Analysing the IMD statistics at Lower Super Output Area (LSOA) level can suggest how the deprivation ranking could change through the council's proposed boundary change.

In the Leicester council area 80% of LSOAs fall within the bottom half most deprived LSOAs in the country. This compares with 20% in Leicestershire and Rutland. With the proposed new city boundaries this would fall significantly to 56%. The remainder of Leicestershire and Rutland would still have considerably fewer LSOAs in the bottom half with 22%, but there would be a more balanced position across LLR. The map right illustrates the disparity between the current city area with high levels of deprivation (darker colours), and lower levels
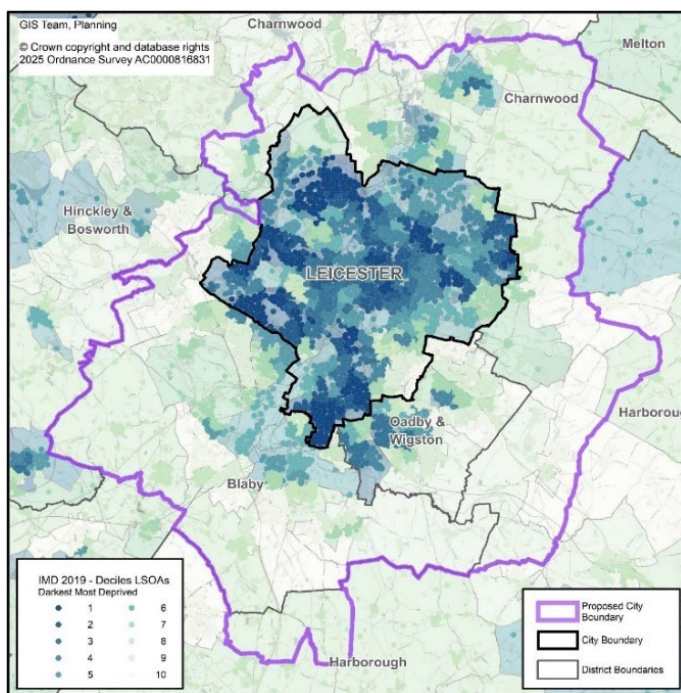
in the surrounding areas. The proposed new city boundary would include new areas with lower levels of deprivation, helping to balance these factors.

Other socio-economic indicators

Further detailed analysis is underway considering trends for employment/unemployment, productivity (GVA), earnings, house price ratios and affordability (for sale and rental), and homelessness and qualifications. For example, this plan shows areas within the existing city boundary with lower level qualifications shown in darker colours, and areas outside generally with higher qualifications shown in lighter colours.

From initial analysis there does appear to be an opportunity to rebalance socio-economic factors by extending the city boundary as proposed. Whilst this will not change the underlying position initially, it will establish a more level playing field for the city, with more balanced demands placed on services relative to the size of the councils. As such you would expect the organisations to become more cost effective in this regard over time.
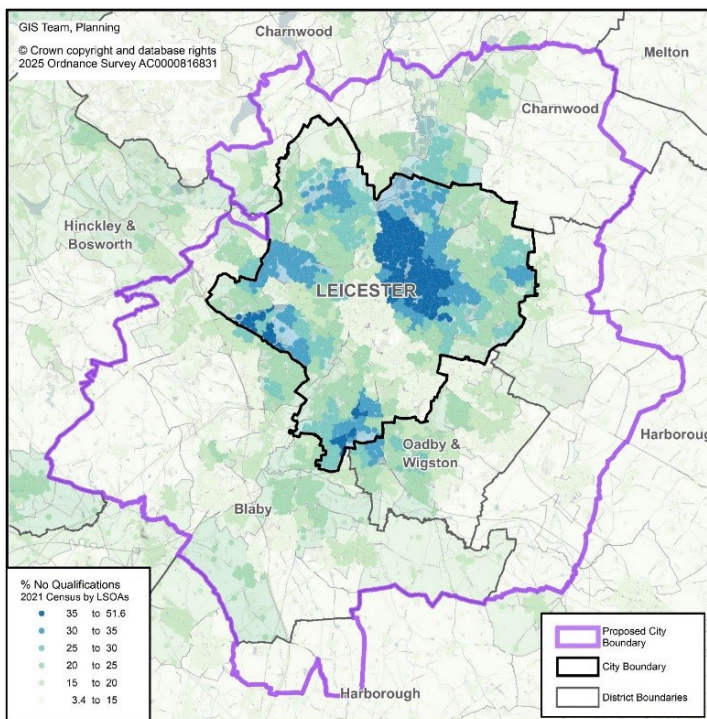
Further work required for final submission in November 2025

- Continued analysis of demographic information to assess the economic and social impact of the council's proposals and the degree to which they achieve a better balance of social and economic indicators.
- Detailed analysis of the public service impacts and related cost benefits of rebalancing the economic and social profile as a result of LGR.

2.3 Effective public service delivery

Overview of service delivery across Leicester, Leicestershire and Rutland

Leicester City Council provides the full suite of local government services across a city of around 373,000 residents, including social care, education, planning, housing, transport, economic development, estates, parks, waste collection, public health, tourism and culture. It has delivered these services since 1997, when it became a unitary local authority. It has a staffing complement of around 12,500.

Rutland County Council has also been responsible for the same suite of services since 1997, but operates over a much smaller resident population of around 40,000 with a staff of around 450.

A two-tier local government structure has operated across Leicestershire in its current form since 1997.

Leicestershire County Council delivers education, transport, planning, fire and public safety, social care, waste management and trading standards across the whole of the county. It has a workforce of around 5,000 staff.

Seven district/boroughs provide lower tier services in Leicestershire, including Melton BC, Charnwood BC, Harborough DC, Oadby and Wigston BC, Blaby DC, Hinckley and Bosworth BC.

LGR guidance: what to consider and expected outcomes

1. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.
2. Proposals should show how new structures will improve local government and service delivery and should avoid unnecessary fragmentation of services.
3. Opportunities to deliver public service reform should be identified, including where they will lead to better value for money.
4. Consideration should be given to the impacts for crucial services such as social care, children's services, SEND and homelessness and for wider public services including for public safety.
5. Identify the likely options for the size and boundaries of the new councils that will offer the best structures for delivery of high quality and sustainable public services along with indicative efficiency saving opportunities (see Section 3, LGR Options review)
6. Existing district areas should be considered the building blocks for proposals. Strong justification will be needed for more complex boundary changes including public service justifications and impacts on wider public services, such as fire and rescue authorities, due to the likely additional costs and complexities of implementation.

and North-West Leicestershire DC. Services including, planning, waste collection, housing, environmental health, leisure and libraries. The district councils have populations ranging from around 60,000 to 190,000 and staff numbers ranging from 170 to 600.

The city council is the largest local authority and is the only council with experience of providing a full suite of public services, and across a large built-up urban area. Other councils ae smaller and/or only provide some of the range of public services in their areas.

In the built-up areas that extend beyond the city council's administrative area, Harborough DC, Oadby and Wigston BC, Blaby DC and Charnwood BC deliver the same services as the city council.

Customer experience

Currently, for people living in the districts and boroughs surrounding the city, there is inevitable confusion over who runs public services, and as such, the customer experience is at best sub-optimal. The district councils confirmed this themselves in recent engagements.

Within the same street extending across the city boundary, you can have three different councils providing the same services, such as bin collection, planning, council tax collection, invitations to apply to schools in different catchments, and social care. This is well illustrated from the examples of illogical city boundaries with four adjoining districts shown in section 2.1.1.

It is also the case that the city provides services indirectly to residents in surrounding districts in its urban hinterland within the city travel catchment. For example, the map in section 2.1.2 e shows memberships of city council run leisure centres. This shows that there is a general spread of memberships across the built-up urban area that extends beyond the city boundary into the adjacent district suburbs. The same pattern showing concentration of customers across the whole city urban area is also likely to apply to other facilities such as city centre shops, sports stadia, museums and galleries for. People using these services that live outside the city boundaries in the suburbs, view these facilities as serving them and their needs and do not recognise the administrative boundaries that lie between them and the services they use. Promoting services across a united urban area will inevitably be more effective under one council.

Cost-effective service delivery

Six different councils operating the same services across the same contiguous built-up city area makes absolutely no sense in terms of cost-efficiency and effectiveness. Inevitably there is duplication in planning services, resourcing those services (staff, plant and equipment) and in the practical delivery of services on the street.

Currently, for example, two sets of waste vehicles and staff operate on the same street, having to turn back at their common boundary; road resurfacing and street cleansing stop mid-street; visits to properties by environmental health,

planning and social care are made by different people at either end of the same street; notifications of council tax or business rate charges, or general communications on services operate differently at either end of the street.

Impact of the council's LGR proposal

The city council's LGR proposal would extend its current boundaries to include urban areas and suburbs that form well-connected and contiguous built-up areas comprising common sense natural extensions.

The current fragmentation of services can be readily overcome through the proposed boundary extension. This would fully address the current poor customer experience and would deliver completely joined-up public services under one council and across the whole urban area. This would inevitably lead to considerable cost savings and efficiencies, including staffing, plant and other equipment (see section 2.6).

The cost-benefit of this proposal will need to be assessed in detail at the next stage of LGR case development. However, the expected substantial benefits are tangible and deliverable.

Whilst we accept that splitting districts as is proposed will have short-term additional costs, LGR will only be successful and sustainable if it puts in place structures that endure and deliver customer experience and cost efficiency benefits over the long term.

Impact on crucial services

The council's proposals would require, for social care and children's services/SEND, the transfer of data and casework, together with staff and resources between the county and city councils. More detailed analysis will be required on this, together with any external provider arrangements such as for looked after children, requiring, for example, the transfer of contracts. Ahead of the full submission, we will undertake further engagement with other councils that have recently undergone LGR, in order to identify best practice in terms of streamlined transition and implementation. Transition processes and associated costs and other implications will be determined.

Wider public services such as policing, fire and rescue, and health operate across the Leicester, Leicestershire and Rutland area. The city council's LGR proposals would not adversely impact on these as they would continue to operate across the same areas as they do now. Initial feedback from the Integrated Care Board suggested the extended city boundaries could help their service delivery. Any delivery structures of these services that operate at the local level, such as policing neighbourhoods, will need to be reviewed. However, it is likely that bringing the city's urban areas under one council would improve delivery by reducing and removing current fragmentation across illogical boundaries.

Further work required for final submission in November 2025

- Consider in detail current service provision across the constituent councils subject to this LGR proposal – type of service, scale, demands, costs, delivery models: for example, in house, shared and outsourced
- Evidence of customer experience in the built-up areas adjoining the city council boundary
- More detailed analysis of the current vs expected costs and efficiencies of service delivery across the whole built-up urban area, and the wider impact across the two proposed unitary areas
- Further consideration required of splitting districts in terms of service delivery and cost benefit in the short and long term
- Identify best practice for transferring social care and children's services between authorities
- Consider information from comparator cities to illustrate customer experience and cost benefit

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2.4 Financial resilience and cost efficiency

LGR guidance: what to consider and expected outcomes

1. Population of 500,000 or more to deliver cost-efficient public service delivery, improve capacity and withstand financial shocks.
2. Sensible economic areas with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.
3. Provide indicative costs and identify efficiency saving opportunities/benefits from options to ensure council taxpayers are getting the best possible value for their money.
4. Strong justification for more complex boundary changes required, including financial sustainability and taking account of additional costs and complexities of implementation.
5. Default position that assets and liabilities remain locally managed by councils to be covered by efficiencies.
6. Councils in receipt of Exceptional Financial Support: proposals must demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.
7. Councils to meet transition costs as result of expected efficiencies, including planning for future service transformation opportunities from existing budgets and from the flexible use of capital receipts to take forward transformation/invest-to-save projects.
8. Indicative costs of preparing proposals and standing up an implementation team.

It is clear that the city council's own finances are unsustainable. Its recently approved budget will require £140m of one-off funding over the next three years, and the council will not be viable in its current form after 2027/28.

This LGR proposal is essential to place all the authorities in the Leicester, Leicestershire and Rutland area on a path to becoming financially sustainable, with greater financial stability helping to withstand financial shocks:

(a) It is the only proposal that will create two unitary authorities of a viable size (500,000+), in line with Government guidance. This is the most viable route to assist in the delivery of cost-effective public services and in growing the economy.

(b) From the current disparate authorities – 10 organisations

with very divergent needs, debt, reserves and resource bases – it will create two balanced councils of similar size and will assist with the equalisation of resources.

(c) The two proposed unitary authorities will realise the benefits of more efficient, streamlined structures to eliminate duplication and deliver cost-effective services to the public. In the city area, we will be able to join up service provision and support economic growth within a sensible economic geography.

We currently estimate that, across the whole sub-region, the proposals will save over £34m per year by the third year and incur one-off transitional costs of £22m.

Financial health of current authorities at 31 March 2024

The current financial position of the authorities varies considerably. The table below shows key measures of financial health as at 31/3/24:

Authority	Population (000)	Borrowing as percent of budget	Net debt as percent of budget	Reserves per head of population (£)	NNDR growth since 2013 (%)
Blaby	106	27%	-81%	158	28.7%
Charnwood	190	153%	68%	140	6.8%
Harborough	104	8%	-309%	210	53.3%
Hinckley	116	247%	222%	137	35.7%
Melton	54	152%	60%	166	21.0%
NW Leics.	111	124%	58%	191	60.3%
Oadby & W	60	260%	247%	78	0.6%
All county areas	**741**	**142%**	**51%**	**157**	**35.3%**
County council		23%	-27%	337	
City council	384	19%	3%	781	7.3%
Rutland	41	34%	-55%	586	N/K
TOTAL	**1,166**	**33%**	**-8%**	**591**	

[Population – 2024 estimates] [Budget – General Fund Revenue Expenditure 24/25 as per RA line 900 plus HRA estimated expenditure as per RA line 4035] [Borrowing – as at 31/3/24, Gov.uk live tables] [Net debt – Borrowing minus investments as at 31/3/24, live tables] [Reserves – RO 2023/24 data for 31/3/24, 22/23 accounts used where data not available] [NNDR – growth in local share over baseline]

Whilst further work is required to investigate these figures, the following provides an initial summary of financial health:

(a) Two authorities had debt levels of double their budgets, while others had substantial investments (Harborough, for instance, had investments of £57m and debt of just £1m). One authority had reserves much lower than the others.

(b) Some districts have benefited substantially from the current rates retention system: however, the forthcoming reset could threaten their financial sustainability (this is recognised in some 2025 budget reports).

(c) The current city boundaries provide limited opportunity to benefit from rates growth, either since 2013, or after a future reset.

(d) The figures indicate, at this stage, that the Government will not be required to assume the liabilities of any authority.

Most authorities are anticipating sizeable funding deficits by the end of their planning periods (up to £5m in the districts and £90m in the current unitary councils, dependent on future settlement decisions). Many anticipate running down reserves to support budgets; the city

council has had to borrow money in order to use £90m originally committed for capital expenditure. All authorities face uncertainty in forecasting their resources. Most authorities could be considered unsustainable in their current form.

Reorganisation provides an opportunity:

(a) to make savings shown below
(b) to release resources held by districts and to absorb the financial risks facing districts, into larger, more resilient authorities.

Had reorganisation taken place on 31/3/24, estimates indicate that there would have been two broadly equivalent authorities of significant and similar size:

Authority	Population (000)	General fund revenue expenditure budget 24/5 (£m)	Borrowing (£m)	Investments (£m)	General fund reserves, (£m)
County/Rutland area unitary	565	835	403	542	279
Extended city unitary	601	1,107	298	321	388
TOTAL	**1,166**	**1,943**	**701**	**863**	**667**

Cost savings and implementation costs

Reorganisation provides an opportunity to rationalise current provision and provide more cost-effective services. Savings arise from:

(a) elimination of duplication in the two-tier area (management, administration and political governance)
(b) service efficiencies through economies of scale across joined-up lower tier services
(c) savings through providing services to a natural city wide constituency, eliminating the cross border inefficiencies referred to in Section 2.5. (Additional work will be required to quantify this.)

For now, no savings have been assumed in the cost of upper tier services, though it is noted that transformation programmes already exist. In particular, the absorption of Rutland into a larger entity should present efficiency opportunities.

Prudent estimates of annual savings by year three are estimated as follows (and will be reviewed when preparing the full proposal):

	Annual Saving (£m)	Notes
Corporate and democratic core costs	7.0	Savings in the number of elected members and top-level managers, and economies of scale in central functions. Assumes a cost of £11 per head of population, slightly above current city council spending but just over half the county area (two tier) average
Management and administration	21.6	Assumes a target cost of £168 per head (saving 10% on current cost). Resultant costs are higher than current city council spending of £120 per head, but below the county area average of £221
Housing strategy and homelessness	1.2	5% saving due to efficiencies in managing housing supply and temporary accommodation across a wider area
Waste collection and disposal	3.2	5% saving due to economies of scale and removing inefficiencies from the current two-tier system
Council tax and NNDR admin	1.3	10% savings assumed from replacing ten tax collection authorities with two. Savings expected replicate those anticipated in management and administration
Elections, electoral roll and emergency planning	0.3	5% savings assumed from removing duplication and streamlining processes across areas
Total savings	**34.6**	

[Figures derived from RO data - elsewhere where no RO data]

The estimates of corporate and democratic core savings are consistent with figures given for the cost of directors' pay and members' allowances, as shown in each authority's latest published accounts:

Authority	General Fund revenue expenditure budget 23/4 (£000)	Directors' salaries (£000)	Directors' salaries (Percent of budget)	Members' allowances (£000)	Members' allowances (Percent of budget)
Districts	115,026	5,174	4.5%	2,058	1.8%
County council	816,960	1,409	0.2%	1,200	0.1%
City council	734,218	1,092	0.1%	1,052	0.1%
Rutland	56,119	810	1.4%	254	0.5%
TOTAL	**1,722,323**	**8,485**		**4,564**	

[Figures from RA data and published accounts – elsewhere where data incomplete]

From the above table, it can be seen that 4.5% of the districts' revenue expenditure was spent on senior management salaries, reflecting the diseconomies of scale in smaller authorities (where a diverse range of services implies a fixed level of corporate management, regardless of authority size).

At this stage, and assuming a three-year implementation period, one-off transitional costs are estimated to be:

	£m	Notes
Staff severance	8.5	80% of savings assumed to arise from staffing. Redundancy costs assume a third of reduction will come from natural turnover
Implementation teams (across the two new authorities)	4.5	
Communications and rebranding	1.5	
ICT integration	4.5	
Contingency	3.0	
Total implementation costs	**22.0**	

How will we fund transition?

The council intends to fund our share of implementation costs using the general capital receipts flexibility direction.

Resource base equalisation

Deprivation in the current city and county areas are at opposite ends of the spectrum.

Leicestershire County Council receives one of the lowest funding settlements in the country, reflecting its relatively low spending need and high council tax base. Conversely, the city council has high spending need and a low tax base. Hence, the city council is much more dependent on Government funding. LGR is an opportunity to assist with creating a more level playing field, with both authorities being better able to absorb economic shocks.

The ability to raise council tax varies considerably, as can be seen in the table below:

Authority	Total dwellings (Oct 2024)	Band D equivalents	Average band (ninths of a band D property)
Districts and Rutland	337,749	314,596	8.4 (between bands C & D)
City council	144,999	109,905	6.8 (between bands A & B)

[Actual taxbase before exemptions and discounts]

Hypothetically, the new authorities are forecast to have had the following taxbase:

Authority	Total dwellings	Band D equivalents	Average band (ninths of a band D property)
Proposed county/Rutland council	246,000	230,000	8.4 (between bands C & D)
Extended city council	237,000	194,000	7.4 (between bands B & C)

The proposal means that the new county/Rutland area and extended city unitary authorities would have a broadly similar number of dwellings (around 240,000). As long as the city council includes the urban centre, there will always be a disparity in tax raising capacity, but the proposal goes some way towards equalising this effect.

As shown in section 2.2, the two new authorities would also be more balanced in terms of deprivation, which is closely linked to the need to spend (as funding formulae recognise). An authority, such as the current city council, which has high spending needs and low local tax-raising ability is heavily dependent on government grant funding.

The disparity in needs and taxbase reveals itself in the council's current funding profiles. Current "core spending power" distribution is shown in the charts below. The green sections show the authorities' reliance on Government funding*:
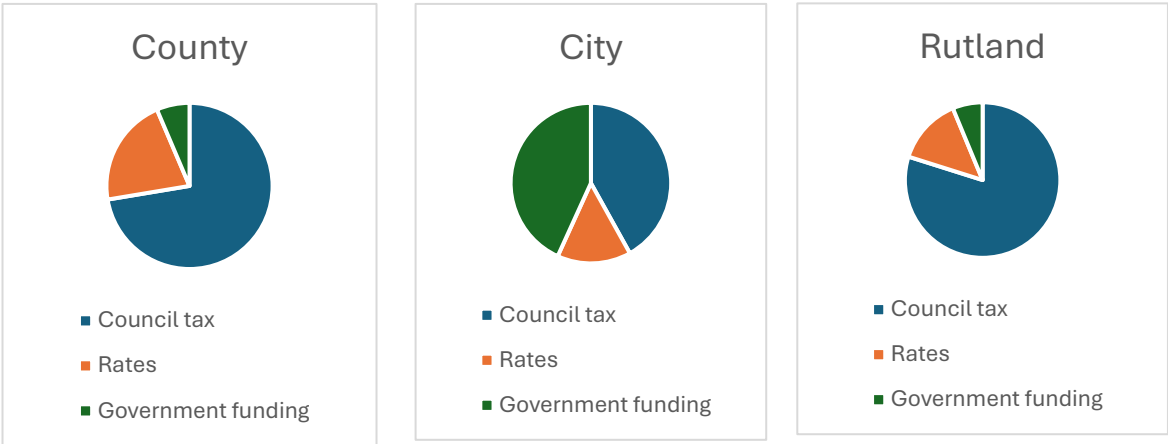
*Funding set by government and outside local control: RSG, tariff / top-up and other grants included in core spending power at the February 2025 settlement, excluding New Homes Bonus and floor funding.

Hypothetical core spending power of the two new authorities, had they existed in 2025/26, is estimated to be:
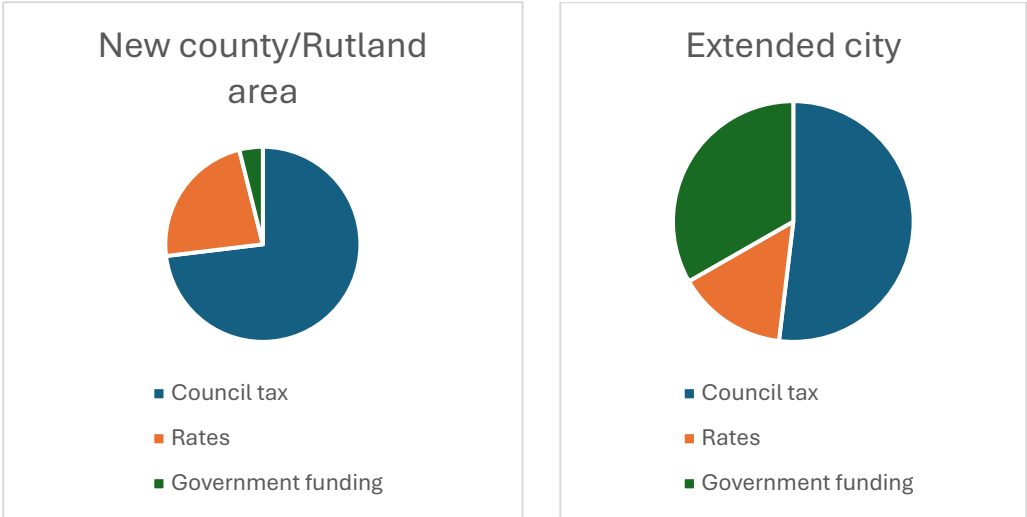
Thus, whilst not creating equivalent authorities in terms of need and resources, it moves some way towards equalisation.

Financial support to economic regeneration

Since 2013/14, when the business rates retention system commenced, rates growth in the city has amounted to 7% compared to 35% in the county area. LGR will create a more level playing field, including the incorporation of a Fosse Retail Park into the city boundary. In the new county/Rutland unitary council area, disincentives to creating rates growth arising from the current tier split and top-up/tariff arrangements will be dismantled.

Further work required for final submission in November 2025

- Best practice cost metrics will inform a more detailed analysis of how much can be saved, which will be included in the final submission. Implementation of LGR will be linked with service remodelling as part of the city council's wider transformation programme, with likely higher savings than identified above
- Detailed analysis of services currently provided in the two-tier areas which will join the city, and the likely synergies with existing city services, to further demonstrate the necessity of changing boundaries and to quantify additional cost savings
- Exploration of opportunities for harnessing business rates growth in the new city boundaries to promote economic development
- Identification of assets which will become surplus to requirements
- Analysis of authorities' current commitments and liabilities

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2.5   Unlocking devolution

LGR guidance: what to consider and expected outcomes

1. The proposal should set out how new unitary structures will help unlock devolution ambitions.
2. Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority.
3. Consider alignment of other public sector providers alongside the best way to structure local government in your area. This will include the relevant Mayor, Integrated Care Board, Police (Fire) and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, and the voluntary and third sector.

How new unitary structures will help unlock devolution ambitions

The city council proposal is to create an expanded unitary city council alongside a second unitary covering the remaining area of Leicestershire and Rutland. It is our view that only this option can unlock wider devolution, paving the way for a mayoral strategic authority (MSA) across Leicester, Leicestershire and Rutland to deliver the growth and investment the area needs.

The alternative options proposed by Leicestershire County Council and the districts/Rutland are understood also to include a proposed MSA. However, without expansion of the city boundaries this would not unlock the MSA because it would not deliver an acceptable LGR solution to meet the city's development needs, establish a common-sense boundary for joined-up public services or result in a financially sustainable city council.

The city council's LGR proposal is the simplest option with two unitary councils rather than three, as with the other two options, alongside an MSA. This would deliver more streamlined governance and decision making at the MSA level, giving it the best chance of promoting strong economic growth, including accelerated housing delivery, job creation, improving skills and providing infrastructure for business to grow. The preparation of a new statutory spatial development strategy for the area by the MSA would be less complicated with just two unitary council Local Plans required. Similarly, the preparation of a new Strategic Transport Plan, Local Growth Plan and Skills Plan would be simpler.

The MSA would work closely with unitary councils in delivering economic growth for the area and this would require close working with Government departments, regional bodies such as Midlands Connect and Transport for the East Midlands, and other combined/strategic authorities such as East Midlands Combined County Authority. The simplest governance structure would make it easier to speak with 'one voice'.

Ensuring sensible population size ratios

All three LGR options would result in a total population for the MSA of around 1.2m. Whilst below the 1.5m target, the area forms a sensible and recognised economic area and there are no realistic alternatives.

The size ratio between the unitary local authorities proposed by the city council is balanced and sensible, with a projected population at 2028 for the expanded city of 622,972, and that of the second unitary for the county and Rutland area at 578,620.

The size ratio between the unitary local authorities proposed by the county council is very imbalanced, with a projected population at 2028 for the city on its existing boundaries of 394,670 and that of the second unitary for the remaining county area at 764,429. The population of Rutland would be 42,493.

The size ratio between the local authorities proposed by the district councils/Rutland is balanced, with a projected population at 2028 for the city on its existing boundaries of 394,670, a North unitary of 408,735 and a South unitary of 398,187.

Whilst only the city council and Districts/Rutland LGR options deliver balanced unitary councils in terms of population, it should be noted that the latter fall some way below the 500,000 or more target population for a unitary authority set out in the guidance.

Alignment of other public sector providers

Each of the three LGR options proposes an MSA across the Leicester, Leicestershire and Rutland areas and as such there would be alignment with other significant public service providers and partnerships operating across this area. These include the Leicestershire Police and Crime Commissioner, Leicestershire Fire and Rescue Service, LLR Integrated Care Board and LLLR Multi-Agency Safeguarding Partnership.

Voluntary Action Leicester would be aligned across Leicester and Leicestershire. The local higher and

further education providers work closely within structures such as the Leicester and Leicestershire Business Skills Partnership which are able to map across to an MSA.

Further work required for final submission in November 2025

- Detailed consideration of governance model for the proposed new unitary authorities working together with a mayoral strategic authority (MSA)
- Further engagement with stakeholders and public service providers on the potential powers for an MSA and the optimal governance arrangements to deliver the strongest economic growth outcomes
- Consideration with MHCLG of the powers available for an MSA and any additional powers that should be included in the enabling legislation

2.6   Governance and leadership

LGR guidance: what to consider and expected outcomes

1. Single tier local government structure
2. Clear and simple local authority responsibility that is easily understood and accessible to local people and others
2. Effective democratic representation for governance and decision making - clear and simple political leadership and accountability
3. Cost-effective governance delivering savings
4. Effective and streamlined support for a strategic authority
5. Supports alignment of other public services, such as police, and fire and rescue
6. Strong voice, alongside strategic authority, to regional bodies and Government
7. Effective role for parish and town councils
8. Simple and effective transition arrangements

2.6.1 Current governance arrangements

Leicester City Council provides a single tier of unitary local government, delivering all local authority services. It has 54 councillors, across 21 wards, and an elected city mayor, supported by an executive team of deputy and assistant city mayors.

Rutland County Council also provides a single tier of unitary local government with 27 councillors across 15 wards, delivering all local authority services, albeit on a much smaller scale than the city council.

Outside the city the county council and district/borough councils provide two tier local government. With the exception of Oadby and Wigston, which has a committee decision making system, each has a leader and cabinet model of governance.

The table illustrates the number of councillors and wards in each council.

Each council has its own democratic services function organising council meetings, scrutiny arrangements and elections.

Authority	No of Cllrs	No of wards
Leicester	54	21
Leics County	55	53
Oadby & Wigston	26	10
Blaby	26	17
Charnwood	52	24
Harborough	34	19
Melton	28	16
Hinckley and Bosworth	34	16
North West Leicestershire	38	38
Rutland	27	15
Total	319	176

They also have their own regulatory member committees, including planning and licensing, and all will have member working groups – for example, to steer their local plans.

Currently there is no combined authority for the area, although there are a number of sub-regional governance bodies and partnerships that cover different geographies. These include bodies providing public services across the whole of Leicester, Leicestershire and Rutland, such as the LLR Integrated Care Board, Leicestershire Police and the Leicestershire Fire and Rescue Service.

Complex partnership arrangements operate across the LLR area and it is thought there are well over 100 partnership arrangements across different geographies, drawing together various representatives from multiple or all local councils.

Partnerships include, for example, the Leicester and Leicestershire Strategic Growth Partnership comprising ten councils (city, county and districts/boroughs), guided by a Members Advisory Group. Other examples include the LLR Health and Wellbeing Partnership (city, county and Rutland councils, NHS and charities) and the LLR Safeguarding Children Partnership representing the three upper tier local authorities. The Leicester and Leicestershire Business and Skills Partnership (successor body to the Leicester and Leicestershire Enterprise Partnership) represents the constituent local authorities and business and voluntary sector interests. Community safety partnerships have been established for each council area by the police and local authorities.

A number of parish and town councils operate across Leicestershire, with some on the edge of the city council boundary which may be affected by the city council's LGR proposals. Further engagement with these councils will be required to understand key issues and provide support.

Delivering strong governance and leadership

The council's proposal would deliver the simplest single tier local government across the whole of the LLR area, reducing 10 current local authorities to two, one for the whole city built up urban area and one for the remaining county and Rutland areas.

It would introduce unitary governance for the whole built-up area, establishing one unitary council where currently five councils deliver services. Residents and businesses will know there is only one council delivering their services and where to go for information and support.

The proposals would deliver effective democratic representation for governance and decision making with clear and simple political leadership and accountability. Duplication of current arrangements will be removed and residents and businesses will be clear on which ward councillors represent them and who leads the council responsible for their services. Simple and consistent decision making across the whole urban area can be more readily communicated from one council with 'one voice'.

The reduction from ten to two councils rationalises democratic support arrangements and results in fewer council committees and other meetings (for example, scrutiny and planning committees), fewer councillors, and fewer elections delivering cost-effective governance and significant savings (see section 2.6).

The council's proposal would deliver the simplest and most organisationally efficient arrangement with two unitary authorities and one strategic authority across the whole of the LLR area. This would result in quicker, more effective decision making at the strategic authority, with less complex representation from multiple stakeholders: for example, reducing the input of council lead members on Strategic Planning Group from ten councils to two.

Council representation at services operating across LLR (police, fire and rescue, NHS) would be greatly simplified. The future form of area-based activity led by these services, such as current district level community safety partnerships, will need to be considered in more detail for the final proposal.

Two unitary councils alongside the strategic authority would provide the strongest unified voice from political leaders on policy and funding matters to Government, agencies such as Homes England and National Highways, and to regional bodies such as Transport for the East Midlands and Midlands Connect. It would also enable simpler engagement for political leaders with adjoining combined/strategic authorities.

The proposals would ensure a continued effective role for parish and town councils. The proposed city boundaries have been drawn to minimise impact on parish and town councils with only minor changes proposed to four parishes, not significantly affecting resident populations. Further work will be required to review this, alongside the role and position of parish and town councils as part of the proposed new unitary structure.

Simple and effective transition arrangements will be developed for the final proposal. The city council has extensive experience, since 1997, as a large city authority leading delivery of the full suite of unitary council services. Absorbing services in the adjoining areas from the district/borough and county council into the city council will be relatively straightforward as these represent extensions of existing services rather than the establishment of a full suite of new unitary services.

Further work required for final submission in November 2025

- Detailed review of existing governance structures, political positions, committees and transition considerations
- Review options for democratic representation in terms of wards and councillor numbers, using Local Government Boundary Commission advice and comparators from other local authorities that have completed LGR recently
- Quantify cost efficiencies and benefits related to governance changes – for example, councillor numbers and allowances
- Review the potential impacts and opportunities for parish and town councils alongside the proposed new unitary structures
- Review area-based partnership activity such as community safety partnerships
- Detailed consideration of governance transitional arrangements to new unitary councils

3.0 LGR options review

Options: size and boundaries of new councils

Three options are expected to be submitted as interim proposals for local government reorganisation from Leicester City Council, Leicestershire County Council and the districts with Rutland.

Initial discussions with all of the potential constituent local authorities suggested a more limited set of options.

A joint submission (see Appendix 1) by Leicester City Council, Leicestershire County Council and Rutland County Council supported local government reorganisation to unlock devolution for a mayoral strategic authority. It agreed the need to expand the city boundaries to reflect the contiguous urban area of Leicester and the future growth and financial constraints that our council faces. A request was also made by Leicestershire County Council to delay its 2025 elections.

At that stage the only variance in options was the question of whether there should be two or three unitary councils for the area, with the city and county council favouring the former, and the districts with Rutland favouring the latter. The detailed city boundary location was also to be determined.

A response from the Minister Jim McMahon rejected the request to delay county elections but invited proposals for local government reorganisation. This was followed by formal advice and guidance on submissions.

Inevitably there was disappointment for all councils, but they have subsequently agreed that not progressing with LGR is not an option.

In light of impending county elections, the councils have not been able to return to the agreed joint position. The county council and districts/Rutland have revised their positions, with the fundamental difference being resistance to expanding the city boundaries. Three separate submissions are therefore now being made by the city, county and the districts/Rutland. This position may change after the county council elections in May when further talks are due.

This section reviews each of the three proposals, with diagrammatic maps and an assessment of the population for each resulting unitary authority. The most recent mid-year population estimates from September 2024 are used and projected to 2028, the anticipated commencement of local government reorganisation.

3.1 Leicester City Council proposal

|	
Proposal	Expansion of unitary city council area boundaries to include adjoining suburbs/built-up areas A new unitary council for the county and Rutland area
No of unitary councils	Two
Population estimates (2028)	Expanded city population – 622,972 New unitary population – 578,620
Achieves target of 500,000+ pop'n	Yes
Balanced populations	Yes
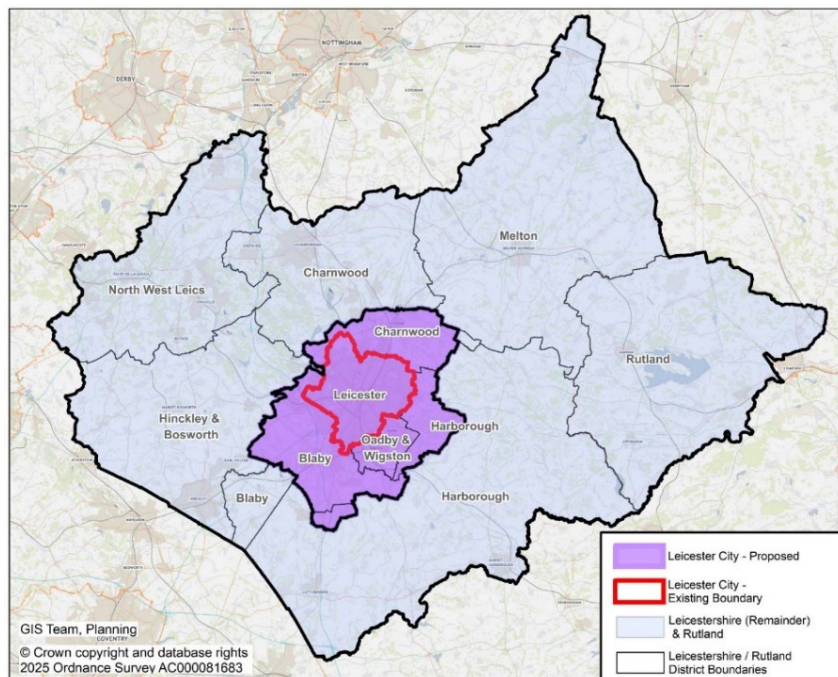
Delivery of required LGR outcomes

- ✓ Delivers January 2025 joint LLR council's submission to Government, which supported city boundary expansion as fundamental to unlock devolution for a mayoral strategic authority.
- ✓ Common sense logical city boundaries that:
- ✓ include contiguous built-up areas/suburbs currently outside the city boundary which naturally form part of Leicester
    - o are supported by official designated boundaries – BUA, PUA, Covid-19 lockdown plan
- ✓ recognises the self-contained city commuting catchment.
- ✓ Sensible geographical boundaries providing land for future city growth to meet the city's substantial housing requirements, affordable housing needs, land to support business investment and job creation, and greenspace needs
    - o Meets Government target of 500,000+ unitary population to deliver cost-efficient public service delivery and withstand financial shocks.
    - o More cost-efficient council operations with two unitary councils rather than three in other options.
    - o Delivers financial stability and sustainability essential for city council viability – for example, by balancing council tax and business rates. Also recognises that other councils are likely to face challenges in the next few years and may not remain viable.
    - o One council delivering joined-up services across the whole built-up area of the city:

- ▪ delivers efficient public services, such as waste collection and highway maintenance
- ▪ removes complexity and confusion, delivers clear service responsibility and a better customer experience for residents and businesses.
- ✓ Delivers mayoral strategic authority for LLR with two balanced unitary councils, reducing governance complexity and aligning with other public service boundaries.
- ✓ Recognises and reinforces the identity and history of the City of Leicester by uniting the built-up area under one council.
- ✓ Strong justification for not using district boundaries.

3.2 Leicestershire County Council proposal

|	
Proposal	One unitary council for existing county area, excluding Rutland Retains city unitary council with no boundary change
No of unitary councils	Three (including Rutland)
Population estimates (2028)	City population – 394,670 New unitary population – 764,429
Achieves target of 500,000+ pop'n	No – city population significantly under target
Balanced populations	No
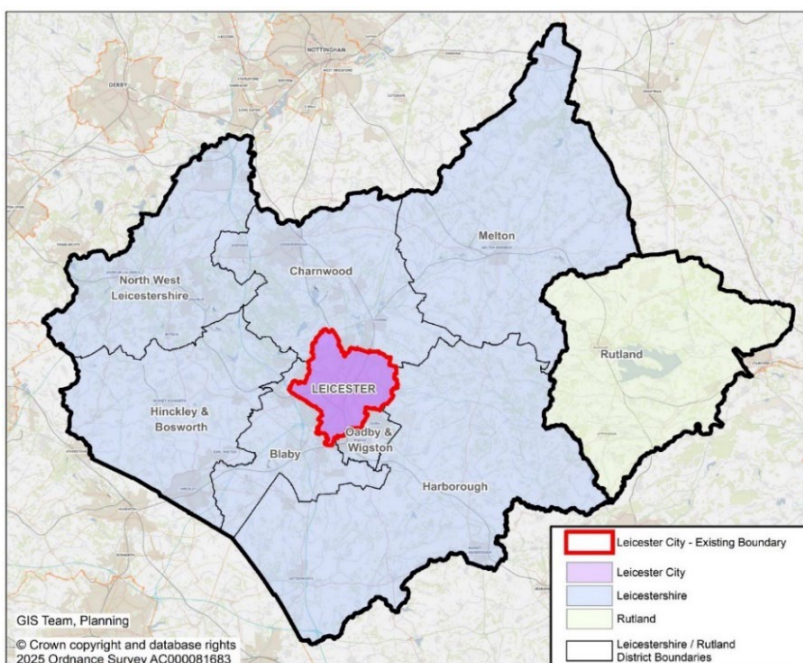
Delivery of required LGR outcomes

- X Does not deliver on January 2025 joint LLR Council's submission to Government, which supported city boundary expansion
- X Retains illogical city boundary that does not:

  - include built-up areas/suburbs currently outside the city boundary which naturally form part of Leicester

45

- recognise self-contained city commuting catchment

- recognise official designated urban area boundaries

X Severely constrains land for future city growth

X Does not meet Government target of 500,000+ unitary population

X Unbalanced populations - 395k (City) and 764k (county/Rutland area)

X Less cost-efficient council operations with three unitary councils rather than two

X Would not deliver financial stability and sustainability essential for city council viability

X Retains fragmented (six councils) and unclear council service responsibility for residents living outside Leicester in adjoining urban areas and suburbs

X Does deliver mayoral strategic authority for LLR, but unbalanced with three unitary councils of very different scales. Aligned with public service boundaries.

X Does not consider the potential to reinforce the identity of Leicester across its whole built-up urban area. Retains Rutland identity as a council.

X Uses existing district boundaries – likely to be initial lower transition costs but outweighed by ongoing cost efficiency savings and long-term financial sustainability achieved by delivering services across the whole built-up urban area.

3.3 Districts/Rutland proposal

Proposal	Two unitary councils across current county/Rutland area Retained city unitary council with no boundary change	
No of unitary councils	Three	
Population estimates (2028)	City population – 394,670 North unitary (NW Leicestershire, Melton, Charnwood, Rutland) – 408,735 South unitary, (Harborough, O&W, Hinckley & Bosworth, Blaby) – 398,187	
Achieves target of 500,000+ pop'n	No – populations significantly under target	
Balanced populations	Yes	
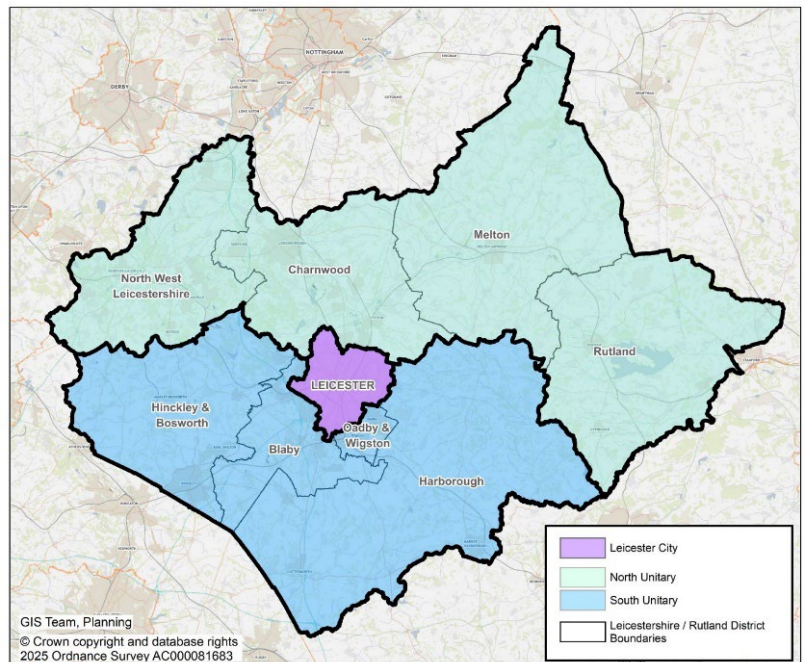
Delivery of required LGR outcomes

X   Does not deliver on January 2025 joint LLR Councils submission to Government.

X   Retains illogical city boundary that does not;

X   include built-up areas/suburbs currently outside the city boundary which naturally form part of Leicester

X   acknowledge official designated urban area boundaries

X   recognise self-contained city commuting catchment

X   Severely constrains land for future city growth.

X   Does not meet Government target of 500,000+ unitary population: populations of 395k (city), 409k (North unitary) and 398k (South unitary).

X   Less cost-efficient council operations with three unitary councils rather than two

X   Would not deliver financial stability and sustainability essential for city council viability. Also would not deliver a stable financial footing for other councils likely to face viability challenges

X   Retains fragmented (six councils) and unclear council service responsibility for residents living outside of Leicester in adjoining urban areas and suburbs

X   Delivers mayoral strategic authority for LLR, but for three unitary councils rather than two, adding complexity. Aligned with public service boundaries.

X   Neither considers the potential to reinforce the identity of Leicester across its whole built-up urban area, nor retains Rutland identity as a council.

X   Uses existing district boundaries – likely to be initial lower transition costs but outweighed by ongoing cost efficiency savings and long-term financial sustainability achieved by delivering services across the whole built-up urban area.

3.4 Key conclusions

At this interim stage, of the three options expected to be submitted to Government, **only the city council proposal:**

✓   delivers the January 2025 joint LLR council's submission to Government agreeing to LGR with city boundary change to unlock devolution

✓   delivers a once-in-a-generation opportunity to resolve the city's severe boundary constraints and remove what is currently an illogical boundary

✓   identifies a sensible geographical boundary for Leicester, recognising the real extent of the urban area and the way people live, work and travel across the city and its adjoining suburbs

✓   provides expansion land to meet the city's future housing and employment land needs, unlocking the full potential for city and sub-regional economic growth

✓   meets the Government key criteria of 500k+ population to deliver required efficiencies and financial stability

✓   joins up services across the whole built-up area, reducing service delivery from six to one council, providing clear service responsibility and a better customer experience

- ✓ unlocks and maximises the potential for a mayoral strategic authority to drive economic growth across the sub-region, with the simplest structure of two supporting unitary councils with balanced populations
- ✓ critically, delivers a stable and sustainable financial position for the city council.

Further work required for final submission in November 2025

- Further detail required for options analysis – for example, financial and public service delivery
- Explore the potential with other councils to agree one, or a smaller number of options

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LGR guidance: what to consider and expected outcomes

For this interim submission provide a summary of local engagement that has been undertaken and any views expressed, along with further plans for wide local engagement to help shape your developing proposals:

1. Engagement should both inform the development of robust proposals and build a shared understanding of improvements you expect through reorganisation.
2. Show how councils in the area have sought to work together collaboratively and proactively in coming to a view that meets local needs and is informed by local views.
3. Local Leaders to engage on their proposals with their Members of Parliament, and to ensure there is wide engagement with local partners and stakeholders, residents, workforce and their representatives, and business.
4. The views of other public sector providers will be crucial to understanding the best way to structure local government in your area. This will include the relevant Mayor, Integrated Care Board, Police and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, and the voluntary and third sector.

Summary of engagement and further plans

The council has conducted preliminary key stakeholder engagement for the interim submission through a presentation (see Appendix 3) of proposals and options by the City Mayor to:

  i.   key stakeholder groups including business support organisations
  ii. other public sector providers, including higher and further education, NHS, University Hospitals Trust, voluntary/third sector representative group

Whilst it is early in the process and engagement is preliminary, the feedback has been positive, with key stakeholders expressing initial support and a desire for further engagement as the process unfolds.

The council plans to carry out further in-depth consultation between April and November 2025 to establish views, issues and concerns, and to help shape proposals:

a. further engagement through meetings with the key stakeholder umbrella bodies, public sector providers and MPs

b. meetings with a wider range of stakeholders representing relevant specific interests, such as:

- key employers and business sector representatives across the proposed city area
- housing and employment land developers and landowners
- voluntary sector groups
- professional service companies – for example, legal, finance, built environment
- sports, leisure and cultural organisations
- transport operators
- council workforce and their representatives
- parish and town councils.

c. resident consultation using established methods (such as e-engagement, drop-in sessions and focus groups).

Use of feedback

Responses collected through the engagement process will be analysed in detail to identify potential changes that could help to develop more robust proposals and will enable supportive transition to the new council arrangements.

Collaboration with other councils

Following the invite to be part of the Devolution Priority Programme, the city, county and district/borough councils engaged in discussions. On 10 January, a joint submission was made from Leicester City Council, Leicestershire County Council and Rutland County Council (Appendix1).

A further engagement meeting was held with all councils on 6 March. Whilst it was accepted that at this stage three individual submissions would be made, there was acknowledgment that further engagement should take place after the interim submission and in particular following the May county elections.

Further work required for final submission in November 2025

- Further engagement with other local authorities to determine whether a single submission could be made in November
- Further engagement with key stakeholders, including business representative groups and other public service providers, engaged on 12 March
- Engagement to take place with other stakeholders, including local MPs, key employers and business sector representatives, housing and employment land developers, professional service companies, sports, leisure and cultural organisations, transport operators, council workforces and their representatives, and parish and town councils
- Public consultation on firm proposals or options after county council elections.

5.0 Transition and implementation

A comprehensive transition management programme will be developed for the final LGR submission in November. This will consider the specific requirements to transition from the current local government structures to the proposed two unitary councils.

The programme would put in place the required management and teams to prepare for an effective transition, in order to minimise disruption to the councils concerned, both in terms of changes to the services they deliver, but also the changes that will be required to their workforces.

The city council's interim LGR proposal would require the transfer and integration of services, staff and any required organisational infrastructure (including buildings and IT) from the relevant adjoining districts and the county council. It would also involve the establishment of a second new unitary council combining the remaining county areas and Rutland.

All councils involved in the establishment of the two resulting unitary councils would need to be fully engaged and their management and staff, as appropriate, represented in the transition programme. Other bodies likely to be affected will need to be identified e.g. parish and town councils, bodies contracted to councils etc. Staff and stakeholder communication at all stages will be crucial in managing the transition.

A transition management programme would include the following workstreams:

- leadership and governance
- workforce
- resources – assets/plant and ICT systems
- finance

- stakeholder management
- benefits realisation
- risk management - including considerations of major contracts and strategic risk registers
- communications.

For the November final LGR submission, we will develop a road map of the transition arrangements, with a timeline including key decision points and milestones.

There remains scope to develop a final submission that is supported by the other councils which are currently pursuing two separate bids.

We will seek support to develop the required transition arrangements, including through councils that have recently experienced LGR, MHCLG staff that have overseen LGR, attendance on the Local Government Association LGR Insights and similar programmes, and potentially through the use of specialist consultancy.

The total costs of LGR implementation across LLR over a three year period have been estimated in Section 2.4 as being £22m. Within this, the cost of standing up implementation teams is estimated at £4.5m. Further work will need to be carried out to establish detailed costs. At this stage it is envisaged that the city council's share of implementation costs would be funded using the general capital receipts flexibility direction.

Further work required for final submission in November 2025

- Confirm LGR proposal on which the transition management plan will be based
- Secure support to develop the plan from councils that have recently undergone LGR, MHCLG, LGA and specialist consultancy
- Develop a detailed transition management plan
- Conduct detailed work on the costs of LGR transition and implementation and confirm how this will be funded

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6.0 Potential barriers and challenges

LGR guidance: what to consider and expected outcomes

- identify any barriers or challenges where further clarity or support would be helpful.

We will face a number of barriers and challenges in preparing the business case and ultimately transitioning to new local government structures. At this interim stage the potential issues have been captured in outline below. These will require further detailed review.

Potential barriers and challenges	Response/mitigation
Preparation of full submission	
1. Potential to bring other councils back to discuss and reach agreement on the original joint LGR proposals	Likely to depend on outcome of May elections
2. Securing the necessary data/information from other councils to support LGR option analysis	Data sharing approach to be agreed
3. Establishing any governance and related boundary issues	Engagement with local councils, parish and town councils and other public service providers
4. Identifying key risks such as financial, contractual and other legal considerations	Sharing approach agreed between councils for strategic risk registers, financial MTFPs, identifying large contracts with any associated risks and any outstanding significant legal cases
5. Ensuring there is sufficient capacity to finalise a submission for November 2025	Keep under review internal capacity, potential to work with other councils, use of support from others including MHCLG, LGA, and selective use of specialist consultancy
Transition and implementation	
1. Timeframe for Government and local agreement to LGR and wider devolution, the need for enacting legislation and interaction with local elections	Better understand timescales and associated risks in conjunction with MHCLG
2. Willingness of local councils to work effectively towards transition and make resources available	With an agreed LGR proposal it will be in councils' interest to prepare for a smooth transition of services and staff
3. Stability of local government finances - risk of delay of introduction of LGR and wider devolution preventing cost efficiencies being made	All councils have agreed a MTFP. The pace of LGR and wider devolution will depend on Government support, relevant legislative timeframes and local readiness
4. Adequacy of local staff capacity/resources to mobilise and implement a successful transition. Other LGR examples indicate likely loss of senior management from some councils during the preparation phase	An assessment of staff/resource needs will be carried out for the final LGR submission. This will need to be detailed and the necessary resources quantified once a decision is reached by Government on an agreed approach. Measures will need to be put in place to mitigate senior management losses – for example, cross authority sharing of management resource, agency and consultancy support.

Further work required for final submission in November 2025

- Continued engagement with other councils to establish the potential of returning to the jointly agreed LGR approach – in particular after May elections
- Identify any governance and boundary related issues through engagement with other councils, parish and town councils, and other public service providers
- Agree and share data sets between councils as required
- Sharing of financial information between councils including MTFP, proposed savings, reserves, debts
- Review of council strategic risk registers to ascertain significant financial or other organisational and service delivery risks
- Review contracts held by councils in order of significance or overall value
- Review any outstanding legal cases
- Keep under review capacity to finalise the bid and opportunities for sharing capacity with council partners

7.0 Next steps

Whilst it is unfortunate that the joint agreement reached by the city, county and Rutland councils could not form the basis of a single submission, we have prepared a strong business case for change, reflecting that joint position. We hope that following the May elections, the other councils are able to coalesce around our case.

We have made good progress developing our case, which we believe is compelling and responds very effectively to the guidance and criteria set out by the Minister in January.

In terms of next steps, further detailed evidencing and engagement is required to build and substantiate the council's case for the final submission in November. This additional work is summarised in Appendix 3.

Potential barriers and challenges are identified in Section 6, together with our approach to address and mitigate these issues.

Following feedback on this interim submission we will need support and guidance from MHCLG officials. We will also seek peer group support from other councils that have been through similar LGR and will look for support from other bodies such as the LGA.

| Submit interim proposal by 21 March | Feedback from Government | Further detailed analysis | Ongoing engagement and review | Final submission by 28 November |

Appendices

Appendix 1. Joint Leicester, Leicestershire and Rutland council's submission to Government on Devolution and LGR, 10 January 2025

Appendix 2. Stakeholder engagement presentation

Appendix 3. Summary of further work required for final submission by 28 November

Please ask for: Sir Peter Soulsby, Deborah Taylor, Gale Waller
Direct Line: 0116 454 0001/0116 305 6111/01572 758862
Our Ref: 2025/January/EDWP
Date: 10 January 2025

Jim McMahon OBE MP
Minister of State for Local Government and English Devolution
EnglishDevolutionLGEnquiries@communities.gov.uk

Dear Minister

ENGLISH DEVOLUTION WHITE PAPER

Thank you for your letter of 16th December 2024 and the very informative meeting on the 9th January 2025.

As a region it is recognised by all stakeholders that the Devolution White Paper sets out a once in a generation opportunity for Leicester, Leicestershire and Rutland which potentially could deliver substantial benefits to local residents. Following initial consideration and engagement there is unanimous in-principle agreement to a Mayoral Strategic Authority linked to local government reorganisation and therefore pathway 2 is our preferred option : LGR needed to unlock devolution.

To move forward with local government re-organisation at pace, we recognise further work will be required to develop detailed proposals that explore all options. We will need to consider evidence around the critically important relationship between scale and physical geography, understanding that councils perform best when their boundaries reflect the way people live their lives.

We are clear that any LGR option will need to address the boundaries of the City. Currently the City boundaries exclude built up areas in adjacent districts that most people would recognise as the contiguous urban area of Leicester, restricting the City's growth potential, and its long-term financial sustainability. It is considered that expansion of the city boundary, alongside the most appropriate option for wider LGR across the sub-region, will deliver the right conditions to ignite growth of the local and sub-regional economy, whilst at the same time creating a more efficient and financially sustainable local government structure allowing more effective public service delivery.

On that basis we collectively recognise that we are an area which needs reorganisation to unlock devolution, and we confirm that we will be working together to submit re-organisation proposals to Government by May 2025.

Leicestershire County Council is therefore requesting the postponement of elections scheduled for May 2025 to allow for this work to take place. Elections in Leicester and Rutland are both scheduled for May 2027.

The three authorities want to take forward this unique opportunity to progress as quickly as possible towards a Strategic Mayoral Authority once local government reorganisation is delivered.

We look forward to a positive response and engaging with your officials to move this forward at pace.

Yours sincerely,

Peter Soulsby
City Mayor

Councillor Deborah Taylor
Acting Leader Leicestershire County Council

Councillor Gale Waller
Leader Rutland County Council

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Devolution and local government reorganisation

Briefing
Interim LGR submission

March 2025

English Devolution White Paper
Power and Partnership:
Foundations for Growth

December 2024

The Government's approach to devolution

- Deepen devolution to all England over next 5 years
- Rebalance power from central to local government
- Universal coverage of strategic authorities – clear preference for a mayor with associated powers
- Align public authority boundaries to strategic authority boundaries (eg. police and fire)
- Local government reorganisation in two tier areas and for unitary councils where size and boundaries hinder delivery of sustainable services
- Local government reorganisation to unlock devo

### What Leicestershire, Leicester and Rutland agreed and sent to the Minister – January 2025

"We are clear that any LGR option will need to address the boundaries of the City."

"...expansion of the city boundary... will deliver the right conditions... to ignite growth of the local and sub-regional economy, [create] a more efficient and financially sustainable local government structure allowing more effective public service delivery."

"...we collectively recognise that we are an area which needs reorganisation to unlock devolution."

Government response Feb 2025:

- Formal invitation to councils to submit proposals
- Call for simpler, sensible and more financially sustainable unitary local government structures, complementing plans for devolution
- Interim plan to be submitted by 21 March
- Full proposal to be submitted by 28 November
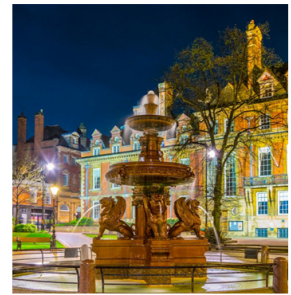
Proposals should consider

- Single tier of local government
- Population of 500,000 or more
- Sensible geography
- Sensible economic areas
- Improvement to local services
- Efficiency savings
- Local identity, and cultural and historic importance
- Support to devolution
- Justification needed for not using existing district boundaries as 'building blocks'

What the Government asked for

Strategic authorities

- Sensible population ratios between unitary local authorities and any strategic authority
- New strategic authorities – combined population of 1.5 million+
- In agreeing areas for strategic authorities, the government will consider:
  - Scale
  - Economies
  - Contiguity
  - No devolution islands
  - Delivery
  - Alignment
  - Identity

Government requirements

Existing city boundary

- Accident of history
- Illogical boundaries
- Heavily constrained – housing, employment land
- Constrained financially – low tax base
- Inefficient service delivery: waste collection, highway maintenance, education
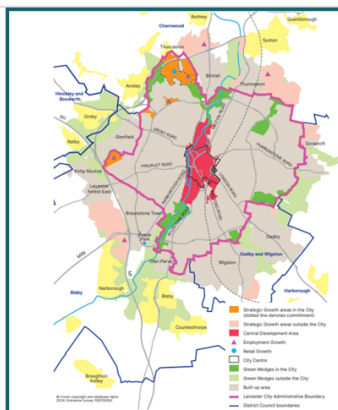
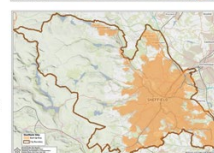### City boundary context – boundary comparisons

Leicester
Population: 372k
Area km2: 73
Population density pop'n/km2:
5095

Bradford
Population: 553k
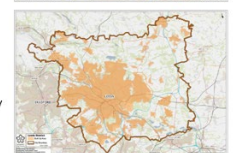Area km2: 365
Population density pop'n/km2:
1514

Sheffield
Population: 564k
Area km2: 367
Population density pop'n/km2:
1540

Leeds
Population: 820k
Area km2: 550
Population density pop'n/km2:
1493

Illogical city boundary: examples

City boundary context – 'official' boundaries

'Built up Area'
Office of National Statistics defined area recognises the contiguous built-up area of the city and connected suburban areas

'Principal Urban Area'
Locally defined boundary, published in statutory planning documents by the city, district and county councils, recognises the contiguous built-up area of Leicester

'Coronavirus Lockdown Area'
Government recognised contiguous built-up area where transmission most likely to occur

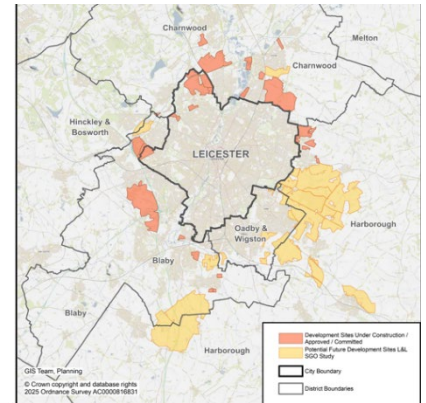## City boundary context - city travel catchments

City travel to work commuter area

City bus catchment area

Existing and potential future strategic growth sites
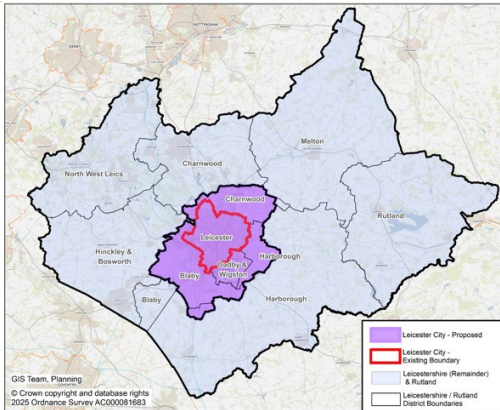

City council LGR proposal

- Expansion of city boundaries to include adjoining built-up areas
- New unitary council for county and Rutland

Populations

City – 618,869

County/Rutland – 582,723

City council LGR proposal

✓ Delivers on Jan 2025 joint LLR submission to Government

✓ Strong justification for not using existing district boundaries

✓ Common sense city boundaries

✓ Sensible geographical boundaries providing land for future city growth

✓ Delivers mayoral strategic authority for LLR with 2 balanced unitary councils

✓ Meets Government target of 500,000+ unitary population

✓ Most cost efficient option for service delivery: 2 unitary councils rather than 3

✓ Delivers financial stability and sustainability essential for city council survival

✓ Joined up services across the whole built-up area

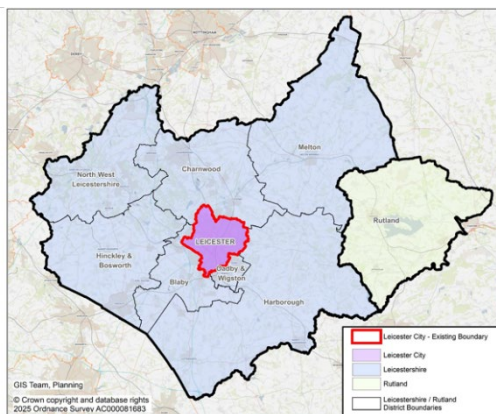✓ Clear service responsibility for residents living in adjoining suburbs

County council LGR proposal

- One unitary council for existing county area
- Excludes Rutland
- No city boundary change

Populations

City – 394,670

County – 764,429

County council LGR proposal

✗ Reneges on Jan 2025 joint LLR submission to Government

✗ Retains illogical city boundary

✗ Severely constrains land for future city growth: housing, businesses, jobs

✗ Unbalanced – 3 unitary councils of very different sizes

✗ Does not meet Government target of 500,000+ unitary population

✗ More expensive services: 3 unitary councils not 2, less cost efficient

✗ Will not deliver financial stability and sustainability for city council

✗ Does not join up services across the built-up area

✗ Retains unclear service responsibility for residents in adjoining suburbs
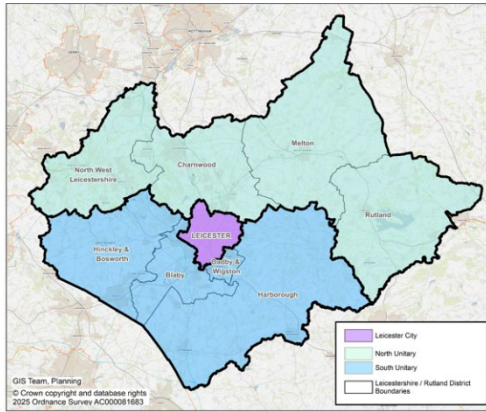
Districts/Rutland LGR Proposal

- Two unitary councils across county/Rutland
- No city boundary change

Populations

City – 394,670

North unitary – 408,735
(NW Leicestershire, Melton, Charnwood, Rutland)

South unitary – 398,187
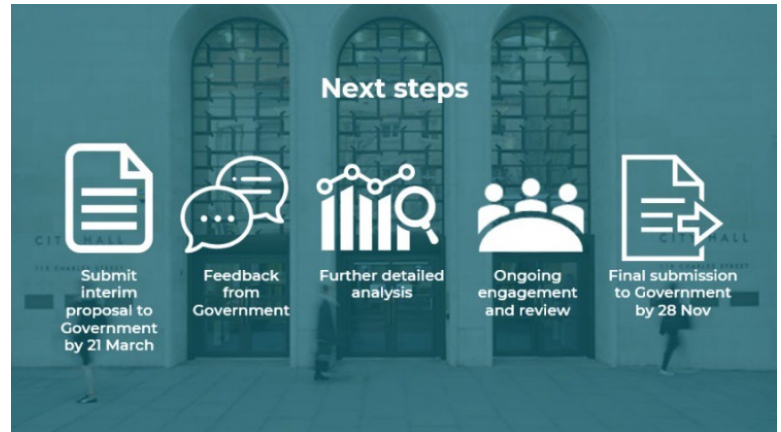(Harborough, O&W, Hinckley & Bosworth, Blaby)

Districts/Rutland LGR Proposal

✖ Reneges on Jan 2025 joint LLR submission to Government

✖ Retains illogical city boundary

✖ Severely constrains land for future city growth: housing, businesses, jobs

✖ 3 unitary councils rather than 2, adding complexity

✖ Does not meet Government target of 500,000+ unitary population

✖ Does not join up services across the built-up area

✖ More expensive services: 3 unitary councils less cost efficient than 2. Splits social care in county area

✖ Will not deliver financial stability and sustainability for city council

✖ Retains unclear service responsibility for residents in adjoining suburbs

✖ Rutland agrees loss of current council identity

Conclusions

Only Leicester City Council's proposal:

✔ keeps to the Jan 2025 joint submission to Government

✔ resolves the city's boundary constraints

✔ identifies a sensible geographical boundary for Leicester

✔ meets the city's need for housing and employment land

✔ gives 500k+ population per unitary

✔ delivers a sensible economic area

✔ is simple, easily understood and cost-effective

✔ creates a stable and sustainable financial position for the city council.

Next steps

- Submit interim proposal to Government by 21 March
- Feedback from Government
- Further detailed analysis
- Ongoing engagement and review
- Final submission to Government by 28 Nov

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The following summarises additional work planned to help complete the council's final LGR submission.

Sensible geography

- Detailed analysis of future land requirements for housing and employment, and affordable housing needs, to test the adequacy and suitability of city expansion land, to ensure this can accommodate future growth over an appropriate period
- Detailed testing of the boundary to establish any practical or governance issues and concerns, particularly any raised through further engagement
- Potential further comparative analysis with other cities to understand experiences in dealing with boundary setting to accommodate future growth
- Case studies of cross boundary planning issues and delivery/coordination of major development sites

Sensible economic area

- Continued analysis of demographic information to assess the economic and social impact of the council's proposals and the degree to which they achieve a better balance of social and economic indicators
- Detailed analysis of the public service impacts and related cost benefits of rebalancing the economic and social profile as a result of LGR

Effective public service delivery

- Consider in detail current service provision across the constituent councils subject to this LGR proposal – type of service, scale, demands, costs, delivery models: for example, in house, shared and outsourced
- Evidence of customer experience in the built-up areas adjoining the city council boundary
- More detailed analysis of the current vs expected costs and efficiencies of service delivery across the whole built-up urban area, and the wider impact across the two proposed unitary areas
- Further consideration required of splitting districts in terms of service delivery and cost benefit in the short and long term
- Identify best practice for transferring social care and children's services between authorities
- Consider information from comparator cities to illustrate customer experience and cost benefit

Financial resilience and cost efficiency

- Best practice cost metrics will inform a more detailed analysis of how much can be saved, which will be included in the final submission. Implementation of LGR will be linked with service remodelling as part of the city council's wider transformation programme, with likely higher savings than identified above
- Detailed analysis of services currently provided in the two-tier areas which will join the city, and the likely synergies with existing city services, to further demonstrate the necessity of changing boundaries and to quantify additional cost savings
- Exploration of opportunities for harnessing business rates growth in the new city boundaries to promote economic development
- Identification of assets which will become surplus to requirements
- Analysis of authorities' current commitments and liabilities

Unlocking devolution

- Detailed consideration of governance model for the proposed new unitary authorities working together with a mayoral strategic authority (MSA)
- Further engagement with stakeholders and public service providers on the potential powers for an MSA and the optimal governance arrangements to deliver the strongest economic growth outcomes
- Consideration with MHCLG of the powers available for an MSA and any additional powers that should be included in the enabling legislation

Governance and leadership

- Detailed review of existing governance structures, political positions, committees and transition considerations
- Review options for democratic representation in terms of wards and councillor numbers, using comparators from other local authorities that have completed LGR recently
- Quantify cost efficiencies and benefits related to governance changes – for example, councillor numbers and allowances
- Review the potential impacts and opportunities for parish and town councils alongside the proposed new unitary structures
- Review area-based partnership activity such as community safety partnerships
- Detailed consideration of governance transitional arrangements to new unitary councils

LGR options review

- Further detail required for options analysis – for example, financial and public service delivery
- Explore the potential with other councils to agree one, or a smaller number of options

Engagement

- Further engagement with other local authorities to determine whether a single submission could be made in November
- Further engagement with key stakeholders, including business representative groups and other public service providers, engaged on 12 March
- Engagement to take place with other stakeholders, including local MPs, key employers and business sector representatives, housing and employment land developers, professional service companies, sports, leisure and cultural organisations, transport operators, council workforces and their representatives, and parish and town councils
- Public consultation on firm proposals or options after county council elections

Transition/implementation

- Confirm LGR proposal on which the transition management plan will be based
- Secure support to develop the plan from councils that have recently undergone LGR, MHCLG, LGA and specialist consultancy
- Develop a detailed transition management plan
- Conduct detailed work on the costs of LGR transition and implementation and confirm how this will be funded

Potential barriers and challenges

- Continued engagement with other councils to establish the potential of returning to the jointly agreed LGR approach – in particular after May elections
- Identify any governance and boundary related issues through engagement with other councils, parish and town councils, and other public service providers
- Agree and share data sets between councils as required
- Sharing of financial information between councils including MTFP, proposed savings, reserves, debts
- Review of council strategic risk registers to ascertain significant financial or other organisational and service delivery risks
- Review contracts held by councils in order of significance or overall value
- Review any outstanding legal cases
- Keep under review capacity to finalise the bid and opportunities for sharing capacity with council partners