

Extraordinary Council Meeting

6 February 2025



Title	Local Government Reorganisation
Purpose of the report	To make a decision
Report Author	Daniel Mouawad, Chief Executive
Ward(s) Affected	All Wards
Exempt	Main report and Appendices 1-5 – No; Appendices 6 & 8 - Yes
Exemption Reason	The Appendices [6 and 8] contain exempt information within the meaning of Part 1 of Schedule 12A to the Local Government Act 1972, as amended by the Local Government (Access to Information) Act 1985 and by the Local Government (Access to information) (Variation) Order 2006 Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information) and in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
Corporate Priority	Community Resilience Services
Recommendations	Within the context of Local Government Reorganisation, Council is asked to: <ol style="list-style-type: none">1. Agree the preferred optimum number of proposed new unitary authorities in Surrey2. Agree the preferred configuration for a potential <u>two</u> new unitary configuration for Surrey3. Agree the preferred configuration for a potential <u>three</u> new unitary configuration for Surrey4. Agree Terms of Reference for the proposed Reorganisation Board as set out in Appendix 9
Reason for Recommendation	To ensure transparency and accountability in decision making.

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> The English Devolution White Paper sets out the Government's statement of their plans to reform local government, including in Surrey. 	<ul style="list-style-type: none"> To enable effective participation in the talks at The Surrey Leaders' LGR Steering Group (which is jointly chaired by Surrey County Council).
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> Agree this Council's position on prospective unitarization in Surrey arising from LGR Set up a Reorganisation Board to oversee and manage workstreams arising from LGR 	<ul style="list-style-type: none"> Consider the LGR information provided (report and Appendix 1 to 9) and make decisions.

- 1.1 The English Devolution White Paper is the Government's statement of their plans to reform local government. This includes a wide range of proposals on devolution but also wider plans for Local Government Reorganisation (LGR).
- 1.2 LGR is the process in which the structure and responsibilities of local authorities are reconfigured. In the context of the English Devolution White Paper, the Government have set out plans to move away from the current two-tier local government system.
- 1.3 In Surrey, the initial focus is on the replacement of the current two-tier structure - i.e. Surrey County Council and District & Borough Councils (including Spelthorne Borough Council) - with one single tier of unitary councils.
- 1.4 The Government has indicated that for most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including for devolution, and decisions will be on a case-by-case basis.
- 1.5 The Government has acknowledged that for some areas, the timing of elections affects their planning for local government reorganisation. To help manage these demands, the Government will consider requests to postpone local elections, with any such requests having to be submitted by Friday 10 January 2025.
- 1.6 On 8 January, the Leader of Surrey County Council, Cllr Tim Oliver, wrote to the Government asking to postpone Surrey County Council elections to allow time to put together proposals for local government reform. In that letter to Jim McMahon MP, Minister of State for Local Government and English Devolution (**Appendix 1**) Cllr Oliver stated:

“The current two-tier structure of local government in Surrey, comprising 12 sovereign local authorities, is fragmented and in a number of areas inefficient which inevitably diverts resources away from delivering the services that residents rightly expect. I believe that reorganisation would provide more streamlined and cost-effective services for Surrey, enabling us to achieve further efficiencies and deliver better outcomes for our residents and communities.

Local government reorganisation is a crucial stepping stone to further devolution in Surrey, to enable our communities to take more control of their own destinies... I am therefore writing to ask you to exercise your Ministerial powers to lay the necessary legislation to postpone the County Council elections in Surrey, which are due to take place in May 2025. This will give us the time to work with the Leaders of Surrey’s District and Borough Councils to put together proposals for the local government reform that are necessary to unlock further devolution in Surrey.”

- 1.7 The Surrey Districts and Borough Council Leaders on the whole, think the timeframes proposed by Surrey are too tight, and do not support the request to postpone the County Council elections in May 2025. They confirmed this view on the 10 January 2025 in a joint letter to Jim McMahon MP, Minister of State for Local Government and English Devolution **[Appendix 2]**, in which they stated...

“We have seen Cllr Tim Oliver’s letter to you and endorse the key sentiments that he set out. We represent the entire political spectrum within Surrey, and we can confirm that we are all committed to moving together at pace to bring forward proposals for devolution and the reorganisation and unitarization required to unlock that. The only area of disagreement with Cllr Oliver’s letter is that we do not support the cancellation of the county election in May 2025, and urge you to allow it to go ahead.”

- 1.8 The Government has made it clear that requests from councils to postpone local elections will only be considered where postponement will help an area to deliver both reorganisation and devolution to the most ambitious timeframe.
- 1.9 As of the 3rd February 2025, Jim McMahon MP, Minister of State for Local Government and English Devolution, has yet to write to all authorities in Surrey advising them whether the County Council LGR would or would not be in the first priority wave and whether the County elections would or would not take place in May 2025. **[Appendix 3 – to follow once received]**
- 1.10 Despite local elections being or not being postponed, Government still expects areas to advance with the creation of new ‘shadow’ unitary councils as soon as possible in accordance with the process and timeline set out for local government reorganisation. This can be summarised as follows:
- 1.11 **Mid to late March 2025**
Interim local government reorganisation plans to be submitted for all current two-tier areas whether a priority area or not. Unitary configuration will be the key issue that will need to be analysed **[Appendix 4 Refer to pages 13 to 24]**. Currently Surrey D&Bs seem to be favouring a 3 unitary solution, each with c400k population, though that is less than the Government’s stated 500K-plus optimum size **[Appendix 5]**.

1.12 **May 2025**

1.13 Surrey County Council Elections to go ahead as planned in May 2025 if Surrey are not in the first priority wave of LGR, otherwise more detailed proposals for local government reorganisation in Surrey will need to be submitted.

1.14 **Sometime in Autumn 2025 (if not in May 2025)**

If Surrey are not in the priority first wave of LGR, this is when more detailed proposals for local government reorganisation in Surrey will need to be submitted reflecting key criteria such as being of sufficient size to deliver improved efficiencies and financial resilience [**Appendix 6**]. The current £5.6 billion debt position of SCC and D&Bs remains a material consideration as to how that debt impacts any successor unitary authorities (e.g. Woking Borough Council, has an unsustainable and an unrecoverable debt position).

1.15 **By April 2027 (if not in April 2026)**

In Surrey, the current two-tier structure will be reorganised with new unitary elections potentially taking place in April 2027 to form a 'shadow unitary authority'. This will take place a year earlier (April 2026) if Surrey are in the priority first wave of LGR.

1.16 **By April 2028 (if not in April 2027)**

Surrey new unitary councils are expected to go live in April 2028. This will take place a year earlier (April 2027) if Surrey are in the priority first wave of LGR.

2. **Key issues**

- 2.1 Local Government Reorganisation implications are significant. According to the Government's timetable, by April 2028 all two-tier authorities will be replaced with a new unitary structure with different operational areas and fewer elected members (Councillors) [**Appendix 7a and 7b**]. It is too early to say whether these timescales may change, though initial proposals must be submitted by the end of March 2025.
- 2.2 At Spelthorne, we are clear that the solution should be one that is right for residents and the borough. Spelthorne will be working closely with all Surrey authorities, including Surrey County Council, to try to achieve this. A county-wide local authorities Leaders LGR Steering Group has been set up with agreed Terms of Reference [**Appendix 8**] and now meets on a weekly basis.
- 2.3 Many residents have already registered their concerns about the proposed changes and lack of certainty about what will happen, including the prospective local democratic deficit arising from unitarization, which would expunge the sovereignty of this authority.
- 2.4 The Chief Executive, as Head of Paid Service, has already registered being particularly conscious of the potential consequences facing circa 450 colleagues working for Spelthorne BC and their future livelihood. This may well have adverse implications on recruitment and retention with associated implications for service delivery.
- 2.5 That said, the Council will always need great people to deliver the vital services we provide residents and businesses. Borough or Unitary, the work still needs to be done! The senior management team remain transparent

about what is happening and are working closely with UNISON, who represent the entire workforce at Spelthorne.

3. Financial implications

None arising directly from this report save for the resources required for the Reorganisation Board.

There is a need to monitor added financial pressures associated with Local Government Reorganisation, which will require the Council to participate in significant provision of data and associated transition work.

Additional resources will be needed to support this LGR process in order to prevent effects on existing Council activities / services and excessive pressure on staff.

There may be a need to increase the use of agency staff where recruitment issues develop due to LGR alongside the use of honorariums for existing staff where they are required to step up to cover work of vacant posts.

4. Risk considerations

The Corporate Risk Register (CRR) has been updated in the light of proposals for Local Government Reorganisation, the result of which will mean that Spelthorne will no longer exist as a sovereign authority within 2.5 – 3.5 years.

The CRR risk score for recruitment and retention has been increased from 8 to 12 to reflect the increased risks of staff becoming unsettled and leaving and difficulties recruiting to vacant posts due to the Government's planned reorganisation of local government in Surrey.

The CRR risk score for working arrangements across local government tiers in Surrey has been increased from 9 to 16 (the maximum possible) to reflect the challenging requirements of LGR and the very limited ability Spelthorne BC has to overtly influence how this is delivered in Surrey.

Further adjustments to risk categories and associated narratives may be necessary as the full details and implications of LGR become available.

5. Procurement considerations

5.1 Not applicable.

6. Legal considerations

6.1 The legal considerations are covered in the main body of the report.

7. Other considerations

7.1 Our Care First Employee Assistance Programme provides confidential information, advice and counselling for Spelthorne employees as well as for Councillors if in need of additional support.

8. Equality and Diversity

8.1 There are no equality and diversity implications directly arising from this report.

9. Sustainability/Climate Change Implications

9.1 There are none directly arising from this report.

10. Timetable for implementation

The Reorganisation Board will commence as soon as possible.

11. Contact

11.1 DCM.CEX@spelthorne.gov.uk.

Background papers: [English Devolution White Paper - GOV.UK](#)

Appendices:

Appendix 1 - Letter from Leader of SCC to Minister for LG&ED

Appendix 2 – Letter from SCC Leaders to Minister for LG&ED

Appendix 3 – Letter from Minister for LG&ED [to follow once received]

Appendix 4 – Report from KPMG

Appendix 5 – Reasons Against a Single Unitary Authority in Surrey

Appendix 6 – Surrey Debt (Confidential)

Appendix 7a – Efficiency – Elected Members

Appendix 7b – Letter from District Councils' Network to Minister for LG&ED

Appendix 8 – Terms of Reference for Surrey Leaders' Group Local Government Reorganisation Steering Group (Confidential)