



# Dual delivery

How can areas successfully reorganise local government and implement devolution at the same time?



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#### **About this report**

The government has launched an ambitious new round of local government reorganisation (LGR) – a process that reconfigures the structure and responsibilities of local authorities. This report draws on Institute for Government research to highlight potential challenges and key considerations for local and central government as they reorganise local services while simultaneously establishing new strategic authorities at the regional scale across England.

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#### Summary

Most of England has single-tier or 'unitary' local government – where one local authority provides all services in an area. A minority of areas, covering 29% of England's population, have two-tier government, with functions split between county councils and district councils.

The government wants to change this. It has launched an ambitious programme of local government reorganisation (LGR) that will implement unitary local government across England. These reforms are designed to simplify council structure, transform service delivery and increase efficiency by cutting duplication.

The government has invited all county, district and some small unitary authorities to develop proposals for reorganisation. The LGR programme will proceed in parallel with a second major reform initiative: the creation of mayoral combined authorities with devolved powers in areas such as transport, skills and housing.

The objective is for the whole of England to be covered by both unitary local government and mayoral devolution. As a first step, councils in six English regions have been placed on a Devolution Priority Programme (DPP) that involves an accelerated timeline for both LGR and devolution.

While the ambition for DPP areas is to advance at pace, local leaders will need to establish new combined authorities on the basis of unanimous agreement of all constituent local authorities. Past experience shows this is not always guaranteed and the risk of collapse or delay cannot be ruled out.

All areas, whether on the DPP or not, must manage three phases of local government reorganisation:

- the *preparation* of proposals and plans for reorganisation
- the *implementation* of these plans by outgoing and incoming councils
- the *operation* of new unitaries after vesting day the day when the new authority takes on its powers and becomes operational.

LGR is a complex and time-consuming process, and adding devolution plans increases the difficulty level further.

Based on detailed research into past waves of LGR and devolution, this report makes a number of recommendations for how local leaders and central government can successfully navigate the challenges of 'dual delivery'.

#### Local government should ensure the right fundamentals are in place

- To successfully deliver both LGR and devolution, local leaders need to develop strong and trusting relationships at both political and official levels, which can be fostered through formal collaborative structures such as joint delivery teams, leader oversight forums and member implementation boards.
- Local leaders should articulate a clear, evidence-based vision for LGR and devolution to inform decision making, and to show government how proposals for service transformation can be implemented without compromising quality of service while delivering efficiency savings.
- Local leaders should set up joint working groups to develop plans that are collectively owned, coherent and co-ordinated across outgoing and incoming councils.
- Local leaders need to plan for, and resource, dedicated project management teams to oversee key workstreams.
- Local leaders should develop a masterplan timetable for the dual delivery of LGR and devolution, and ensure it is clearly communicated internally and externally.
- Local leaders must ensure the public can shape and inform decisions on their future governance. This should involve consultation with a wide range of communities and stakeholders through mechanisms such as focus groups and citizens' assemblies.

## Central government needs to support and monitor progress to ensure its overall ambitions are met

- Central government must clearly define the amount and timing of, and any restrictions on, support funds for areas going through LGR.
- Central government should ensure the continued delivery of key public services – such as social care and homelessness support – by supporting local authorities in the short term. It should also drive long-term value for money by creating new review mechanisms to scrutinise transformation proposals.
- Central government should establish project management teams in departments such as the Department for Education and the Department of Health and Social Care to monitor the impact of LGR on service users.
- To ensure lessons are learnt from this LGR wave, parliament should ask the National Audit Office to undertake a value-for-money study on the roll-out of reorganisation.

# 1. Why are leaders being asked to reorganise local government?

The December 2024 *English Devolution White Paper*<sup>1</sup> triggered an ambitious new round of local government reorganisation (LGR). This will bring remaining two-tier areas in line with the unitary authority government system that operates across most English regions and in Wales, Scotland and Northern Ireland.

As shown in Figure 1, three types of unitary authority currently operate in England: metropolitan districts, London boroughs and standalone unitary authorities. These councils provide local government services to 71% of England's population. In twotier areas, responsibility for local government service provision is split between county councils and district councils.

# Unitary authority 📕 Metropolitan district 📕 London borough 📕 County council 13

#### Figure 1 Upper-tier local government in England, January 2025

Source: Institute for Government analysis of ONS, 'Administrative geography'. Notes: This map does not show district councils, which are lower-tier authorities located within the administrative boundaries of county councils.

The government's stated aims for the reorganisation are to:

- transform the delivery of services to local residents
- ease workforce pressures
- simplify accountability to voters through clearer electoral structures
- strengthen councils financially by saving money.<sup>2</sup>

These efficiencies are expected to be achieved by cutting duplication, reducing the number of politicians and reducing the fragmentation of public services.<sup>3</sup>

The case for LGR also relates to broader government ambitions to widen devolution through universal coverage of combined authorities across England.<sup>\*</sup> The white paper on English devolution argues that strong councils are a critical enabler for devolution and devolved decision making,<sup>4</sup> and as Angela Rayner, the deputy prime minister, has said: "Devolution is only as strong as the foundations it is built on."<sup>5</sup>

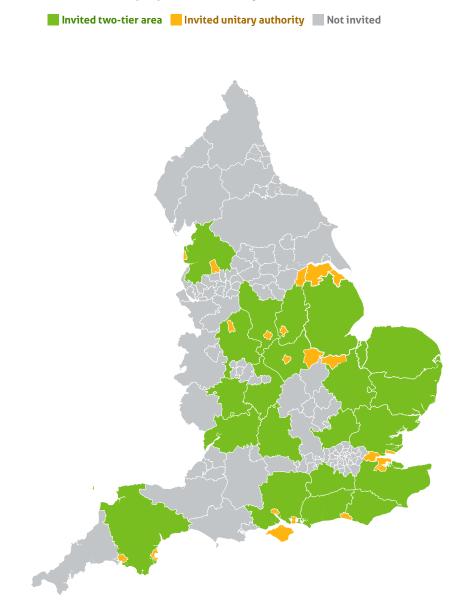
For local leaders, LGR will be complex, time-consuming and challenging as they continue to deliver services.<sup>6</sup> And, coupled with devolution, it will be challenging for a sector facing financial sustainability and workforce pressures.<sup>7</sup> Both local and central government must manage these challenges carefully to achieve the government's goals, as a lack of focus could cause one or both initiatives to fail.

<sup>\*</sup> The government announced its intention to reclassify combined authorities (along with the Greater London Authority) as "strategic authorities" in future legislation.

# 2. Which local authorities have been invited to develop LGR proposals?

Having previously notified councils of its intention to launch a new round of LGR in its December white paper on English devolution, the government formally invited proposals for reorganisation from "all councils in two-tier areas and small neighbouring unitary authorities"<sup>8</sup> in February 2025 (see Figure 2).<sup>\*</sup>

#### Figure 2 Areas invited to submit LGR proposals, February 2025



Source: MHCLG, correspondence: 'Local government reorganisation: invitation to local authorities in two-tier areas', 6 February 2025.

\* The government has formally invited proposals from Cambridgeshire and Peterborough; Derbyshire and Derby; Devon, Plymouth and Torbay; East Sussex and Brighton; Essex, Southend-on-Sea and Thurrock; Gloucestershire; Hampshire, Isle of Wight, Portsmouth and Southampton; Hertfordshire; Kent and Medway; Lancashire, Blackburn and Blackpool; Leicestershire, Leicester and Rutland; Lincolnshire, North Lincolnshire and North East Lincolnshire; Norfolk; Nottinghamshire and Nottingham; Oxfordshire; Staffordshire and Stoke-on-Trent; Suffolk; Surrey; Warwickshire; West Sussex; and Worcestershire. In the first instance, the invitation covers all councils within the two-tier areas, namely the 21 county councils and 164 district councils that sit below them. By also inviting their "small neighbouring unitary authorities", the government has targeted 19 councils that were unitarised in a wave of LGR in the late 1990s.<sup>9</sup>

The government expects local leaders to make "every effort to work together to develop and jointly submit one proposal for unitary local government across the whole of your area".<sup>10</sup> This could entail subdividing two-tier areas and the expansion of the boundaries of the small neighbouring unitary authorities.

As Figure 3 shows, there are other unitary authorities with similarly 'small' populations that were not formally invited. These include the small unitary authorities in the Tees Valley Combined Authority, such as Darlington and Middlesbrough, and urban centres such as Luton, Milton Keynes and Reading where conversations about devolution are ongoing.

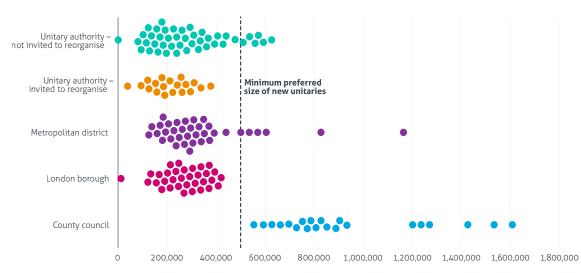


Figure 3 Population of English upper-tier authorities, by type, June 2023

Source: Institute for Government analysis of ONS, 'Population estimates for England and Wales: mid-2023' and MHCLG, correspondence: 'Local government reorganisation: invitation to local authorities in two-tier areas', 6 February 2025. Notes: The dashed line indicates a population of 500,000, which the government has stated that proposed new unitaries should aim to exceed. Metropolitan districts and London boroughs are types of unitary authority but have not been invited to reorganise. County councils are the upper-tier authorities in two-tier areas, which have been invited to reorganise.

Although these areas were not formally invited, the English devolution white paper includes a commitment to facilitate reorganisation "for those unitary councils where there is evidence of failure",<sup>11</sup> or where their size or boundaries are affecting service delivery. Mergers of unitaries follow a different legal process and the government is "open to discussions with all areas where structural change will help them get onto a more sustainable footing".<sup>12</sup>

# 3. What trade-offs should local leaders consider when developing proposals?

Under the Local Government and Public Involvement in Health Act 2007, ministers exercise a quasi-judicial role, evaluating and approving or modifying the LGR proposals that councils bring to them. In February of this year, the minister of state for local government and English devolution, Jim McMahon, issued guidance, which establishes six criteria that the new plans will be evaluated against:

- 1. "A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government."
- 2. "Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks."
- 3. "Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens."
- 4. "Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views."
- 5. "New unitary structures must support devolution arrangements."
- 6. "New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment."<sup>13</sup>

The government has also set out 21 subcriteria, which local authorities will need to evidence in their proposals, to satisfy the six criteria listed above.<sup>14</sup> Although this guidance is clearer and more detailed than in some earlier reorganisation rounds,<sup>15</sup> there is still room for interpretation and local leaders must align their proposals with the overall intent of the guidance.

As local leaders draw together proposals, much of their evidence base will hinge on whether their proposals will achieve the right scale. This will influence whether any efficiencies can be gained, shape the footprint for service delivery and in turn have an effect on the underlying financial strains on the future unitary authority. The government has proposed a minimum population of 500,000 as a guiding principle, but proposals can differ from this threshold if they are well justified.<sup>16</sup> The government has directed leaders to consider districts as the building blocks for proposals but a strong justification could be used for more complex changes.

Meeting the 500,000 criterion may be easier in some areas than others. For example, Nottingham could expand its city boundaries to include nearby suburbs such as Beeston and Carlton by merging with neighbouring districts such as Broxtowe and Gedling and meet the government's desire to use district councils as building blocks for future footprints. But local leaders would need to decide whether to include areas such as Rushcliffe district, which contains suburbs such as Edwalton, West Bridgford and Wilford, and large rural areas, which could dilute the focus of the predominantly urban city area. In such scenarios, local leaders may need to evaluate the relative merits and demerits of splitting districts and whether they have a strong justification for change. By contrast, in neighbouring Derby, there are fewer options as the governance boundaries more closely align to the actual city footprint, and reaching the 500,000 mark by joining neighbouring Derbyshire districts would mean incorporating large rural areas. Similar tricky decisions may need to be made in other urban areas such as Leicester and Oxford.

In our research we heard concerns that party politics could be a motivation behind proposed changes. For instance, urban unitary authorities below the 500,000 threshold that typically vote Labour might object to an expansion of urban area boundaries into areas with less Labour support. Likewise, rural areas may resist the removal of districts that vote in favour of incumbent Conservative leaders. Decisions on this basis would not satisfy any of the six criteria outlined above and should be rejected. Negotiations could become highly politically contentious with legal challenges<sup>17,18</sup> and accusations of gerrymandering<sup>19,20</sup> if boundaries are redrawn to actively favour a particular party. In such circumstances, central government may need to consider mechanisms to depoliticise the LGR proposal process such as through the use of independent panels or asking the Local Government Boundary Commission for England to undertake a structural review.<sup>21</sup>

In a drive to achieve scale, leaders should exercise caution when assuming that larger territories and populations automatically lead to economies of scale and more sustainable, high-quality public services across all service lines. Unlike in earlier rounds of devolution, the government has not published an evidence base to support the selection of its 500,000 threshold.<sup>22</sup> Instead, the case is based on a 2020 PwC report suggesting that the greatest efficiencies come from creating unitary authorities based on county council footprints.<sup>23</sup> The PwC analysis suggested that if two unitary authorities are created per county, financial benefits to the sector as a whole decrease from £2.9 billion to £1.0bn over five years, and further splitting into three leads to a net cost of £0.3bn over the same period.<sup>24</sup> This is because splitting county council services – such as education or social care – across multiple geographies leads to disaggregation costs, such as the recruitment of new teams to oversee these services.

While the PwC report has been used to justify change at a sectoral level, it provides relatively limited information for local leaders drawing up individual service transformation plans for their local area.

First, the report's conclusion that reorganisation based on county council footprints will lead to the greatest level of efficiencies does not imply that a population of 500,000 will deliver optimum service delivery. This is problematic for smaller neighbouring unitary authorities as there is no clear guide as to how to achieve the size that will yield purported economies of scale. For instance, the unitary authority of Brighton and Hove currently falls below the 500,000 threshold and could potentially expand to include neighbouring districts such as Adur and Worthing in West Sussex

and/or Lewes in East Sussex to reach this figure. Were leaders to follow the logic that 'larger scale leads to greater efficiency' then Brighton and Hove could be incentivised to expand even further to other neighbouring settlements, potentially impinging on the economies of scale that its neighbours hope to secure.

Second, a greater territorial footprint in not a guarantee of economies of scale across all services. Previous statistical studies by the Department for Communities and Local Government showed that the size of a local authority does not always correlate with better services.<sup>25</sup> Across a range of services, consumer satisfaction, performance and value for money were found to change depending on the size of a geography and not always in a positive linear fashion.<sup>26</sup> For example, the value for money of waste collection services improved with populations up to 156,900 but worsened beyond that.<sup>27</sup>

Upcoming research from Grant Thornton has rerun this statistical analysis and drawn similar conclusions. Leaders should therefore consider substructures to improve service provision when the overall population or density of a proposed unitary authority differs from the optimal scale for a service. If a proposed area is too large, mitigations could be considered, such as the use of local delivery units. North Yorkshire has five locality boards, bringing together the council and education leaders to deliver community projects targeted at children and young people.<sup>28</sup> It also operates a communities team system to bring together public sector, voluntary and community partners to support local prevention, community resilience, public health and social regeneration.<sup>29</sup>

Alternatively, parish councils could take over the provision of some hyper-local services. For example, in Somerset, due to financial challenges, a number of deals have been reached with local authorities to transfer assets and maintenance responsibilities. Bridgwater Town Council now provides street cleaning,<sup>30</sup> Yeovil Town Council has taken on responsibility for a recreation ground,<sup>31</sup> and Wellington Council has taken on responsibility for green spaces, public toilets and bus shelters.<sup>32</sup>

It is also possible that, to achieve efficiencies for some services, they require a footprint that is larger than an area's proposed set of boundaries – for instance, a small neighbouring unitary authority that expands its boundaries but is still too small to achieve scale. In this scenario, leaders should explore co-ordination with neighbouring areas, such as joint procurement or agreements for shared service delivery or regional delivery units to achieve larger-scale efficiencies. Although there is a reasonable rationale for expecting economies of scale, the evidence base used to justify this relies largely on self-reported case studies, making it hard to definitively conclude what is the optimal size for service delivery.<sup>33</sup> Local leaders must ultimately identify service delivery approaches that are sensitive to local contexts, achieve the right scale and have the right proximity to service users.

Third, past experience shows that unitarisation to a population of 500,000 does not necessarily prevent financial distress. Somerset, for instance, unitarised in 2023 and now has a population of over 580,000. Since unitarisation, the council has faced continuing financial distress, requiring a £76.9 million capitalisation direction in

2024/25 and a request for exceptional permission to raise council tax by 7.5% in 2025/26.<sup>34</sup> Although unitarisation may identify opportunities for different service provision, potentially yielding some savings – for instance, coterminous boundaries with delivery partners such as the NHS or academies may reduce siloed policy delivery – this will do little to address the underlying causes of financial distress in the sector. Over the past 15 years, financial pressures have led councils to focus spending on acute, demand-led services such as social care and homelessness support.<sup>35,36</sup>

Leaders must therefore be realistic about the level of efficiencies that reorganisation plans may deliver and whether other approaches may be more effective. For example, the LGiU (the Local Government Information Unit) has argued that relationships matter more than structures when it comes to local health service delivery.<sup>37</sup> Any such plans will also need to be flexible enough to respond to upcoming government announcements – such as the Casey review of social care – which may affect how services are delivered. Given the risks to service users if these judgments are rushed, local leaders should ask government to delay the submission of this element of their LGR proposals if they are not fully mature in time for formal submission deadlines.

### 4. What is the timetable for LGR?

Councils in two-tier areas and small neighbouring unitary authorities have been invited to submit their interim plans for reorganisation by 21 March 2025, with full proposals due later in the year.<sup>38</sup> Jim McMahon wrote to local government leaders, saying: "We will take a phased approach and expect to deliver [a first wave of] new unitary authorities in April 2027 and 2028."<sup>39</sup>

According to the government "reorganisation is essential to unlocking devolution options"<sup>40</sup> in Surrey, so it has its own timetable to deliver LGR alongside devolution on "the most ambitious timeframe".<sup>41</sup> May 2025 local elections in Surrey are being postponed and 'shadow' unitary elections planned for May 2026.<sup>42</sup> As single local authorities are no longer eligible for mayoral devolution,<sup>43</sup> and with local leaders opposed to a single Surrey unitary authority,<sup>44</sup> it is likely that Surrey will be divided into multiple unitary authorities, which could then jointly form a new combined authority at the whole-county scale. The government has further justified this change due to an urgent need to create sustainable new structures<sup>45</sup> – several of the district councils underneath the county council have accumulated large levels of unsustainable debt.

The government has also provided some detail as to the expected implementation timetable for the two-tier areas on the Devolution Priority Programme that are also delivering complementary reorganisation<sup>\*</sup> – areas such as Essex, Sussex and Hampshire. As shown in Figure 4, the government is clear that these areas will be aiming for inaugural mayoral elections in May 2026, meaning that new combined county authorities will be established in these areas by early 2026.<sup>46</sup> The government has stated that 'shadow' unitary elections will "take place at the earliest opportunity".<sup>47</sup> A blog from the Ministry of Housing Communities and Local Government indicated that this will likely be May 2027.<sup>48</sup> If areas are able to move quickly, it is possible that some shadow unitary elections could be held in May 2026, although one council leader described this as "simply impossible".<sup>49</sup>

To assist with dual delivery "at pace",<sup>50</sup> local elections in Devolution Priority Programme areas originally due to be held in May 2025 are being postponed.<sup>51</sup> This will mean that local leadership is unlikely to change until after full LGR proposals have been submitted and devolution agreements concluded. The statutory instrument to postpone these local elections until May 2026 was laid before parliament on 11 February 2025.<sup>52</sup> In any areas ready to hold shadow unitary elections in May 2026, further secondary legislation would replace postponed county council elections with the shadow elections. However, in areas where shadow unitary elections are not held until May 2027, the May 2026 local elections would be to outgoing county councils and some outgoing districts and unitary authorities. These councillors would serve twoyear terms, until the new unitary authorities take over responsibility in April 2028.

<sup>\*</sup> The two-tier areas on the Devolution Priority Programme also delivering complementary reorganisation are Norfolk and Suffolk, Greater Essex, Sussex and Brighton, and Hampshire and the Solent.

Rayner explained that the rationale for postponing elections is that "We are not in the business of holding elections to bodies that will not exist, and where we do not know what will replace them. This would be an expensive and irresponsible waste of taxpayers' money".<sup>53</sup> Although elections to county councils in May 2026 would be to bodies that would not exist within two years, the new unitary authorities that will replace them would be known by then. These elections would also be held alongside the inaugural mayoral elections, reducing their administrative cost.

However, some people in local government have questioned whether May 2026 elections to outgoing councils will take place. For example, in a January briefing to members, the chief executive of Essex County Council wrote that "there will be no further ordinary elections to those councils whose elections are postponed."<sup>54</sup> This would mean that county councillors elected in May 2021 would be in post for nearly seven years, until the new unitary authorities take over responsibility in April 2028. Other local government figures also told us privately that, in practice, they did not expect the delayed May 2025 elections to go ahead in May 2026, unless reorganisation and devolution plans collapsed. It is important that the government now proceeds with devolution and LGR on the planned timetable, so that elections do not end up having been postponed without good reason.

As shown in Figure 4, although other areas – such as Hertfordshire and Leicestershire – will need to submit full reorganisation proposals this year,<sup>55</sup> their timetables for implementing LGR and devolution are not yet clear. Although the government "will work with [areas] to move to elections to new 'shadow' unitary councils as soon as possible",<sup>56</sup> implementation is likely to be in later waves, including beyond April 2028.

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	Two-tier areas on the Devolution Priority Programme	Other two-tier areas and small neighbouring unitary authorities		
5 February 2025	Formal invitation to come forward with reorganisation proposals			
February–April 2025	Government-led devolution consultation			
21 March 2025	Deadline for interim reorganisation plans			
Expected by summer 2025*	English Devolution Bill			
26 September 2025	Deadline for reorganisation proposals			
28 November 2025		Deadline for reorganisation proposals		
Late 2025–early 2026*	Local authorities ratify the devolution agreement and parliament approves the order to legally create the combined county authority			
Likely 2026–early 2027*	Secretary of state decides on reorganisation proposals and parliament passes order to legally create the new unitaries			
May 2026	First mayoral elections and the government's indicated date for postponed local elections	It remains unclear when the secretary of state will implement reorganisation and devolution in these areas.		
May 2027*	The government's indicated date for shadow unitary elections			
April 2028*	Likely vesting day – unitaries formally take on powers			

Local government reorganisation

Devolution

Source: Institute for Government analysis of McMahon J, Letter to leaders of all two-tier councils and neighbouring unitary authorities, 16 December 2024, and MHCLG, correspondence: 'Local government reorganisation: invitation to local authorities in two-tier areas', 6 February 2025. Notes: Surrey is on a different timeline. Its full reorganisation proposals are due by 9 May 2025 and shadow unitary elections are expected in May 2026. \*Indicates uncertain dates. This timetable does not apply to Cheshire and Cumbria, which are on the Devolution Priority Programme but already have single-tier local government.

Depending on these reorganisation timelines and how they are sequenced with progress on devolution, local areas will embark on one of two routes for the dual delivery of devolution and LGR.

One is a 'devolution-first' approach. The two-tier areas on the DPP are taking this approach, as mayoral devolution to the existing upper-tier authorities precedes their reorganisation. When reorganisation takes place, new legislation will restructure the 'combined county authority' – which is formed of upper-tier councils in two-tier areas – to a 'combined authority' with the new unitaries as members.<sup>57</sup> The East Midlands Combined County Authority is on a similar path, as it has already implemented devolution and is now developing LGR plans.

This 'devolution-first' approach to dual delivery may exacerbate the risk that devolution agreements fall apart. Until the English Devolution Bill is passed, there is no ministerial directive power to compel devolution. Under the current legislative process, a combined county authority cannot be formed without the consent of all constituent councils – the area's upper-tier authorities – which effectively gives them a veto power. Previous devolution deals have collapsed before ratification, often from opposition to the mayoral model and local concerns.<sup>58</sup> There is an increased risk that deals will collapse, or progress will be delayed, if councils use their veto power to express opposition to LGR proposals or decisions.

A second option is a 'reorganisation-first' approach, where local authorities unitarise and then form combined authorities, as in Surrey. The clear precedent for this path is York and North Yorkshire Combined Authority, which implemented reorganisation-first dual delivery between 2022 and 2024. But this option is not inherently risk-free for devolution. Cumbria unitarised at the same time as North Yorkshire, but it has been reported that the institutional bandwidth that LGR required impeded progress on devolution,<sup>59</sup> with the region now aiming for its first mayoral election in May 2026.<sup>60</sup>

As the next two chapters set out, areas will need to manage significant challenges from dual delivery, regardless of whether they take a devolution- or reorganisation-first approach.

# 5. What can leaders learn from past waves of LGR?

LGR is complex and success is not guaranteed. An academic review of the 1990s' unitarisation wave found that estimates of transitional costs were seriously underestimated and that, in certain cases, anticipated savings had not materialised.<sup>61</sup> This echoes warnings from the Audit Commission that poor implementation can lead to anticipated benefits failing to appear.<sup>62</sup> If leaders are to succeed with the LGR programme, it is therefore imperative for them to learn the lessons from the past to inform their plans during this crucial time.

Informed by work that the Audit Commission undertook in the 1990s, Figure 5 presents practical lessons for local government leaders through the three phases of LGR outlined earlier:

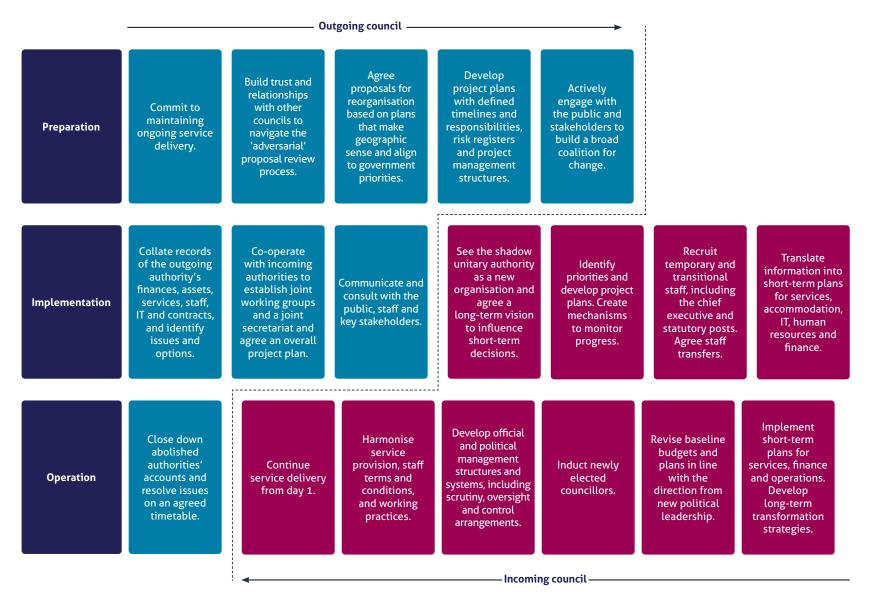
- the preparation of proposals and plans for reorganisation
- the implementation of these plans by outgoing and incoming councils
- the *operation* of new unitaries after vesting day the day when the new authority takes on its powers and becomes operational.

Outgoing authorities' early actions will shape the success of reorganisation and influence whether it achieves the government's intended efficiency savings and service transformation objectives. For this reason, when *preparing* for reorganisation, leaders need to build relationships with other councils to agree proposals, develop clear project plans and actively engage with stakeholders and the public. We discuss approaches for dealing with these further in the next chapter.

Collective leadership and co-operation between outgoing and incoming authorities is essential in the *implementation* stage. While outgoing authorities collate and exchange records and pictures of services, incoming authorities must use the shadow period to agree a long-term vision for the new organisation and develop short-term plans for a seamless transition.

When *operating* the new unitary authority, official and political leaders will need defined priorities, responsibilities and budgets aligned with the authority's long-term vision. The need to deliver savings and transformation projects should not be lost in the operation of new organisations. The new unitaries must also be the strong foundations that enable combined authorities to be successful.

#### Figure 5 Practical lessons for local leaders during reorganisation



Source: Institute for Government analysis of Audit Commission reports on local government reorganisation, 1994–96.

# 6. How can local leaders and central government successfully navigate the challenges of dual delivery?

The government has stressed that LGR plans should be developed alongside and in a way that supports the implementation of devolution proposals, "with devolution remaining the overarching priority".<sup>63,64</sup>

The extension of English devolution to 'devolution deserts' is essential to government plans to restructure English governance and move powers out from Whitehall. As a standalone task, devolution is a complex process that has faced setbacks in previous rounds, where deals have collapsed during negotiations, delaying the roll-out of devolution to England's regions. This task has now been complicated with the decision to establish new regional mayors alongside ambitious reorganisation plans. Local leaders must recognise the risks of managing both projects in tandem and take appropriate action to mitigate these risks.

Whether an area pursues a devolution-first route or a reorganisation-first route, there are six common fundamentals that local leaders need to consider to ensure both projects succeed. We outline these below, along with the support that is needed from central government.

# Dual delivery will require strong relationships between decision makers and key stakeholders at political and official levels

Past Institute for Government research shows that successful devolution depends on creating a broad coalition of support and fostering an open and collaborative culture.<sup>65</sup> These relationships also contribute towards the successful functioning of the combined authority board once established. Building these relationships takes considerable time and effort and the scale of the task should not be underestimated. Although there will be existing building blocks of partnership working, **areas should identify what level of joint working they currently have and then establish joint delivery teams to ensure shared ownership of this project.** 

LGR also requires significant relationship management to maintain good relations throughout the complex decisions and negotiations between key stakeholders from both the incoming and outgoing councils. This is notably so when a county council is replaced by more than one unitary authority.<sup>66</sup> Audit Commission reviews of LGR from the 1990s show the need for local leaders to set aside conflicts and focus on continued service delivery while supporting smooth transitions. Leaders must work on building long-term relationships and managing tensions when they arise.<sup>67</sup>

Local leaders and councillors will be taking decisions on both LGR and devolution. Although, in theory, these are separate programmes, in practice, decisions in one area could affect relations in another. For instance, leaders pursuing a devolutionfirst approach need their outgoing councils to ratify their devolution deals; outgoing councillors could exploit this veto point to register any opposition to the LGR process. To ensure smooth delivery of the dual timetable, **leaders must involve key decision makers – such as councillors and other stakeholders – at every stage of the journey**, through mechanisms such as leader oversight forums at the proposal and ratification stages, and through member implementation boards and other similar approaches.

## Local leaders should develop a long-term regional vision that can guide decision making

Local leaders play a crucial role in ensuring long-term improvements during dual delivery of LGR and devolution. But sustaining a long-term focus will be challenging when facing more immediate deadlines across both change programmes.

To deliver LGR alone, leaders face a trilemma: balancing the immediate tasks of setting up new authorities and preparing for service delivery during the changeover, while also focusing on the delivery of transformation plans.<sup>68</sup> Local leaders will need to balance these responsibilities, potentially seeking additional strategic support to manage all demands. Given the emphasis that the government has placed on service transformation as part of these proposals, **central government should scrutinise proposals for service transformation to ensure they do not compromise quality of service in the interim and can credibly deliver value for money over the longer term. Government should also consider whether another formal review of service plans is required before vesting day.** 

To make a success of devolution, local leaders must also look beyond immediate priorities and think about the long game.<sup>69</sup> Ensuring sufficient bandwidth to think strategically will be challenging when also facing more immediate LGR priorities. In earlier rounds of devolution, local areas were encouraged to articulate a devolution vision that outlined the purpose and rationale for the region and the benefits devolution was expected to bring. Although not a formal requirement in this devolution round, **leaders should devote time and resources to articulating a strategic vision for devolution and LGR that can inform decision making throughout the dual delivery process.** This should be published before the full council's ratification of devolution agreements and submission of formal LGR plans. For example, in North Yorkshire, each of the two LGR proposals evidenced their 'case for change' with how it would support the region's devolution ambitions.<sup>70,71</sup>

Regardless of whether elections are carried out in 2025 or have been postponed to May 2026, a high level of political churn may occur. This change in political leadership of individual councils could alter the make-up of the combined authority board. For devolution-first areas, the composition of the board – and in some cases how many constituent councils need to be represented, with the re-creation of a mayoral combined authority on a new constitutional basis – will likely alter after reorganisation. These scenarios underpin the importance of **securing broad crossparty and multi-stakeholder support for the area's long-term vision** to ensure stability for residents in the region. More generally, newly established combined authorities must also support their boards during this critical time and plan for leadership and governance changes.

# Areas will need to agree co-ordinated and coherent strategies and plans

Past local government reorganisations have seen outgoing councils take decisions that can bind the decisions of incoming councils. For instance, the Audit Commission reported that, in earlier LGR rounds, several outgoing councils launched expensive capital projects such as the construction of new swimming pools.<sup>72</sup> Dual delivery, however, increases the risk that strategic plans do not align properly between the incoming councils, the outgoing councils and the new combined authority.

New responsibilities of local and strategic authorities further complicate the risk of a lack of co-ordination. For instance, to meet the government's target of the construction of 1.5 million new homes in England by the end of the parliament, all parts of the country will be expected to produce spatial development strategies – a kind of regional planning document that currently only London has in place.<sup>73,74</sup> These spatial development strategies will be able to apportion housing targets – which the government has also reintroduced – across constituent local authorities for inclusion in their next local plan. In areas undergoing dual delivery, the production of a spatial development strategy will be the responsibility of the mayoral strategic authority and responsibility for local plans will be transferred from districts to the new unitaries. To reduce the risk of incoherent plans and creating an uncertain investment environment, **local leaders should map responsibilities for key plans across organisations and establish joint working groups, with new plans collectively owned across outgoing institutions**.

Broader local growth plans should also shape decisions about housing need. The government requires mayoral combined authorities to develop local growth plans to inform central government industrial strategy and budget planning. But no clear expectations have been set for areas without mayors. As the Institute for Government has argued previously, **these plans should align with the geography of future devolution deals and be developed before full devolution powers in areas**.<sup>75</sup> Collaboration between local authorities will be crucial for creating coherent plans that align with a broader strategic vision and provide greater certainty to business investors.

# Local authorities will need the capacity and capability for dual delivery

Dual delivery will present capacity and capability challenges across local, regional and central government. Local authorities must provide significant resourcing, programme management and strategic capability for both devolution and LGR,<sup>76,77</sup> while facing stark service delivery challenges and a long-term workforce capacity problem. Additionally, in their infancy, incoming unitaries often obtain officer support from outgoing councils,<sup>78</sup> as do combined authorities from their constituent councils.<sup>79</sup>

Meeting these demands while not compromising service delivery will be a significant challenge for local authorities with shrinking workforces.<sup>80</sup> The challenge will be particularly acute on the reorganisation-first path, as new councils will need to navigate devolution while still building their capacity. Local authorities should not

assume that staff can work on service transformation while delivering business as usual,<sup>81</sup> and should recognise the different skills required for each.<sup>82</sup> **They must plan to resource these transformation projects appropriately, with dedicated teams and programme management capacity**. For example, Cumbria's LGR programme management office oversaw six theme boards for different workstreams.<sup>83</sup> These plans and structures should be aligned with project timelines, so that the necessary skills are available for each stage of reorganisation. To this end, a single Day 1 board replaced Cumbria's six theme boards as vesting day approached,<sup>84</sup> and North Yorkshire had a resourcing group that met weekly to support prioritisation.<sup>85</sup> As these teams start to form, leaders should co-ordinate to prevent duplication across district and county councils.

In the short term, the government should provide specific capacity funding or inkind support for local authorities drawing up full LGR proposals. The government has committed to providing capacity funding for delivering LGR.<sup>86</sup> To ensure that local authorities' resourcing plans are relevant and informed, **the government should clarify how much funding it will offer, when and for what purposes before full proposals are due**.

The demands and uncertainties of LGR present a recruitment and retention risk in a sector already struggling with human resources.<sup>87</sup> LGR presents significant uncertainty and upheaval for staff.<sup>88</sup> Talented and experienced staff may request early retirement or look for jobs outside of local government, including in new combined authorities, increasing the risk of a 'brain drain', and outgoing authorities may struggle to fill vacancies.<sup>89</sup> To manage these challenges for staff retention and morale, **local authorities should regularly inform and consult with staff**, address uncertainty about future employment and communicate a strong vision for change.<sup>90</sup> As in some previous waves of LGR, **the government should also consider establishing a staff commission for LGR** – a statutory body that can review arrangements for recruitment and transfers, consider staffing problems and advise on safeguarding the interests of staff.<sup>91</sup>

Past Institute for Government research showed the importance of new combined authorities building capacity as they take on powers.<sup>92</sup> But as regional government grows across England, strategic and policy skills will be in high demand. With the capacity challenges that dual delivery will place on local government, **new combined authorities should also recruit from outside of their constituent authorities, including those with experience of business and central government**.<sup>93</sup>

Dual delivery also raises capacity challenges for central government. Institutional capacity and political capital have limited the number of devolution deals the government can negotiate at a time.<sup>94</sup> The last time the government tried to advance devolution on the scale of the Devolution Priority Programme was in 2015–17. Although six mayors took office in May 2017, deals collapsed in East Anglia, Greater Lincolnshire, the North East and South Yorkshire in this period.<sup>95</sup> And, while the government's move to a standardised devolution framework instead of bespoke negotiations will go some way towards addressing this, delivering the DPP at pace will still require significant capacity and political capital.

To achieve its aim of complete coverage of combined authorities in England, the government must also dedicate capacity to support the areas yet to develop devolution proposals on what it deems to be "sensible geographies".<sup>96</sup> **The government should regularly review current workflow** to ensure it does not compromise progressing devolution in priority areas, supporting others to develop proposals, passing the English Devolution Bill and supporting areas through LGR. The government should also consider formally appointing an experienced senior responsible owner (SRO) to oversee one or both of the LGR and devolution programmes.

# Local leaders should produce masterplan timetables for dual delivery

Although the government is clear it wants to deliver LGR "as quickly as possible"<sup>97</sup> and the DPP on "ambitious timescales",<sup>98</sup> the pace of dual delivery should be planned to reflect the time necessary for successful outcomes.

Developing considered LGR and devolution proposals, with widespread support, longterm visions and effective relationships, takes time. Yet areas had to move quickly to express an interest in joining the DPP, and interim LGR proposals are due by 21 March 2025. **The government should allow areas the time to articulate their strategic visions for LGR and devolution that support these proposals and evaluate these when deciding whether to implement them**. The government should also set out its expectations of areas after they submit reorganisation proposals, such as for their service transformation plans, so that areas ready to progress can do so.

The time spent building new local and regional institutions is a critical enabler for their success. Past Institute for Government research showed the importance of time spent running a new combined authority in 'shadow form' to build capacity and structures and strengthen relationships between political and official leaders before the formal transfer of power.<sup>99</sup> Similarly, in previous waves of LGR, relatively short implementation timescales have meant new councils have only had time to plan for safe and legal services, rather than work on transformation projects.<sup>100</sup> Additionally, as highlighted earlier, in dual delivery, delays to one process risk negatively affecting the other. For example, reorganisation could slow progress in negotiating and implementing devolution deals and, with mayoral elections acting as hard deadlines, significantly decrease the time a combined authority spends in shadow form.

The government should support areas to produce credible timetables for dual delivery and scrutinise them accordingly. Areas on the DPP – which will be moving the fastest on dual delivery – should produce a single 'masterplan' to ensure dual delivery plans are aligned. Timetables should be based on realistic assumptions of the time needed for successful delivery from previous LGR and devolution waves. For instance, leaders should factor in at least a year to operate new combined authorities in shadow form,<sup>101</sup> and incoming councils should advertise for the post of chief executive before shadow unitary elections to allow sufficient time for their recruitment.<sup>102</sup>

These timetables should include the time required for secondary legislation, assess core pressure points, acknowledge the consequences of delays and factor in contingencies where possible. To complement these plans, the government should agree milestones with local leaders, against which they can be held accountable.

#### Public engagement should not be treated as a formality

Empowering local communities is a vital component of the government's case for change. Devolution is intended to ensure "politics [is] being done with communities, not to them".<sup>103</sup> LGR should "provide local people with a clearer picture of who is accountable for service delivery and local decisions".<sup>104</sup> But fast-paced dual delivery risks making changes feel imposed and undermining the government's ambition for a "bottom-up approach".<sup>105</sup>

Previous Institute for Government research argued that the statutory consultation process for devolution deals should not be treated as a formality,<sup>106</sup> and that meaningful stakeholder and public engagement is essential to build a wide coalition of support for proposals and increase new institutions' democratic legitimacy.<sup>107</sup> Unlike locally led consultations for earlier devolution deals, the government will be consulting in DPP areas "on the benefits that devolution will bring".<sup>108</sup> **Areas should facilitate additional local engagement with the public and stakeholders on devolution plans using appropriate methods**, so that communities are bought into these changes and have a strong voice in shaping visions for their areas. Areas should choose methods for engagement – such as online or paper surveys, focus groups, deliberative democracy approaches, public meetings and citizens' assemblies – to target gaps they identify in the government-led consultation, and work with existing community networks to increase participation.

The government has issued clear guidance that it expects local authorities to evidence local and stakeholder engagement – and how concerns will be addressed – in their formal LGR proposals.<sup>109</sup> This expectation is welcome, but local authorities should not therefore treat engagement as merely as a 'box-ticking' exercise. **Areas should regularly review whether they have engaged with all relevant anchor institutions and community stakeholders** – such as integrated care boards, police forces, fire and rescue services, mayors in areas that already have them and business leaders – as well as evaluating how representative their public consultation has been. This should inform further, targeted engagement where needed.

As public service responsibilities change through the LGR process and new combined authorities take on devolved functions of their own, public information that distinguishes the two change processes will be essential to achieve the government's aim of providing a clearer picture of accountability. **Central government and all affected local authorities should run clear and co-ordinated public information campaigns across several means of communication**, including local press, online engagement and targeted communication with service users. The government's decisions to abolish district councils while creating new combined authorities at the regional scale have led to accusations that power is being taken further away from communities.<sup>110</sup>

Additionally, residents in many two-tier areas are likely to face fewer elections in the future. Many two-tier areas have local elections each year, either to the county or district councils. If future unitaries were to carry out elections every four years – as is the case in most, including those most recently reorganised<sup>111</sup> – local authorities' engagement with the electorate would be significantly reduced. In light of this, the government's expectation that "new councils... take a proactive and innovative approach to neighbourhood involvement and community governance"<sup>112</sup> is welcome but must be realised. **Additional citizen participation mechanisms, such as participatory budgeting, and substructures like the local community networks used in Somerset and elsewhere, could support this.<sup>113</sup>** 

## 7. Conclusion

The government has launched an ambitious new round of LGR. This presents a chance to standardise, simplify and transform local government and is a once-in-a-generation opportunity to restructure the subnational state. But local leaders must address several complex challenges to succeed:

- running councils day-to-day in the face of local government financial pressures
- developing new plans for the transformation of public services
- creating new unitary authorities and combined authorities.

The scale and complexity of LGR and devolution mean there is a risk that at least one of these programmes stalls. This could have implications for broader government ambitions, such as the complete roll-out of mayoral devolution across England, the construction of 1.5 million new homes by the end of the parliament and growth across all English regions.

To mitigate the risks to local areas and broader government goals, Whitehall must offer oversight, support and guidance to local areas, targeting those that are under the most pressure. This could include support in the development of a clear vision for the areas, clear accountability milestones and additional capacity or funds where needed.

The scale of these ambitions could affect public service delivery for departments outside of the Ministry of Housing, Communities and Local Government. Other government departments, such as the Department for Education and the Department of Health and Social Care, must identify and monitor any risks to social care or to service users with special educational needs and disabilities (SEND), for example, and step up project management teams to monitor the implications of LGR, providing additional support where necessary.

Finally, to improve the effectiveness of the LGR process in the future, the Ministry of Housing, Communities and Local Government must undertake appropriate reviews to ensure key lessons are learned and documented. In addition to this, parliament should ask the National Audit Office to undertake a value for money study on the roll-out of reorganisation.

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