

DRAFT

Dear Minister McMahon,

Thank you for your letter of 5 February 2025 to all Gloucestershire Leaders setting out your requirement for us to work together to develop proposals for a single tier of local government, as well as setting out further detail on the criteria against which final proposals will be assessed. We are therefore writing to you to provide an update on Gloucestershire's progress in developing proposals for local government reorganisation.

### **Options for a unitary structure**

*Identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.*

There are currently three main options for a unitary structure in Gloucestershire currently under consideration by the principal authorities:

- (a) a unitary council for the whole county, population 659k (2023 mid-year estimate);
- (b) two unitary councils, one comprising or approximating the districts of Gloucester, Forest of Dean, and Stroud (population 349k) and the other comprising or approximating the districts of Cheltenham, Cotswolds, and Tewkesbury (population 310k). Any proposal for this option would set out the rationale for it, relying on the statutory guidance that "there may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution".
- (c) A city-based unitary council based around a 'Greater Gloucester' area along with one or two unitaries for the rest of the county area (i.e. two or three unitary councils in total). Any proposal for this option would set out the rationale for it, relying on the statutory guidance that "there may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution".

At present, there is not unanimity among the seven principal councils. More work is being done to identify which structure(s) will feature in the proposal submitted by 28 November, with a view to reaching agreement upon it (although all councils recognise that ultimately there might be competing proposals).

Option (b) does not immediately require a boundary review, but option (c) would require a principal area boundary review as there are parishes and geographical communities that would be unhelpfully split between the unitary authorities if the existing district boundaries were strictly applied. The current district boundaries do not always represent community identity, association with place, or potentially the most efficient opportunity for delivery of high quality services.

### **Costs of a unitary structure**

*Include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.*

Two initial appraisals are attached as appendices.

1. An initial appraisal by PwC of unitary options (a) and (b), commissioned by the County Council.

2. An initial outline business case for unitary option (b), commissioned by Cheltenham Borough Council.

Work to understand the potential for savings under option (c) will be developed and brought forward in due course. Further work will be done to challenge and refine these initial assessments and, alongside any other work commissioned, will inform the final proposal(s) put forward in November.

No detailed work has yet been done on planning for future service transformation opportunities. It should be noted that some services are already operated on shared service arrangements across part or all of the county area (e.g. all seven councils own the environmental services Teckal company Ubico, along with West Oxfordshire District Council).

## **Devolution**

*Include early views on how new structures will support devolution ambitions.*

The seven principal councils wish to see the county's communities, residents, and businesses enjoy some benefits from 'devolution' of powers and funding to their communities at the earliest possible date. There are a range of options for forming or joining a Strategic Authority that are currently under consideration.

One option would be to join West of England Combined Authority (WECA) to the south of the county, to reflect existing partnerships established in the South West Region, for economic development projects, transport and skills. While the pathway for councils to join an existing Mayoral Combined Authority is not yet confirmed, we assume that Government will legislate to permit this, in line with the assurances given to North Somerset Council. A possible timeline would be to vest new Unitary Councils in Gloucestershire in 2028 (possibly having created shadow authority(ies) in 2027), with a view to electing a new Mayor for an expanded WECA area in May 2029.

A second option under consideration would be to create a new Strategic Authority with the county areas of Worcestershire and Herefordshire to the north. This would be more straightforward in one sense, with potential for elections for a mayor in May 2027, with the unitary council or councils being constituent members of a Mayoral Combined Authority from that date (later timetables are possible such as elections in May 2028). However, this footprint would not align with police force boundaries (it would split West Mercia police area).

A third option would be to create a new Strategic Authority with the areas of Oxfordshire and, possibly, Swindon, to the east of the county. This could be delivered on a timetable similar to the north option above, but again would not align with police force boundaries (it would split Thames Valley police area and Wiltshire police area)

Ultimately the footprint and timing of the devolution process will involve decisions with neighbouring areas. Gloucestershire's councils commit themselves to working with neighbouring and nearby county councils and unitary authorities to provide clarity about the footprint and timetable as part of final proposals.

It is recognised that, under unitary option (b) or (c), it is possible that the two or three unitary councils could be in different mayoral combined authorities, though this is not the preferred option from the discussions so far. Discussions with councils in neighbouring areas will be taken forward collaboratively by all seven councils in order to identify a position that is supported not only in Gloucestershire but also legally achievable and desired by other participating areas.

It will be helpful for the Government to set out a clear and unequivocal position on whether it is prepared to see the areas of police forces, fire and rescue services, and integrated care boards split across Strategic Authorities. If the answer to any or each of those is “no”, it has a fundamental effect on the footprints that are possible, given the Government’s policy statements about alignment.

### **Electoral arrangements**

*Include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.*

The electoral arrangements for the county council have recently been reviewed by the Boundary Commission and will be used for the elections on 1 May 2025.

They could continue to be used without any additional effort for a new unitary structure (option a), simply by doubling the number of councillors in each division.

If existing district boundaries were used for option (b), then the 2025 county divisions could also easily be used for the two unitary councils. However, the councils remain undecided as to whether a boundary review would benefit the option (b) proposal.

Option (c) proposes the need for a principal area boundary review to align those neighbouring parishes adjacent to Gloucester within the Greater Gloucester area. This Greater Gloucester area would likely require a total of 52 members. The remainder of the county area would likely require a similar number, if one additional unitary. Should two be proposed, this will likely need a greater number of members.

To summarise:

Option (a) – a unitary council of 110 members;

Option (b) – a unitary council for Western Gloucestershire of 58 members and a unitary council for Eastern Gloucestershire of about 52 members.

Option (c) – a unitary council for ‘Greater Gloucester’ of about 52 members and possibly 50 members across the remaining county area, should this be one unitary council. If two additional unitary councils are proposed the number of members will likely be greater.

All options would represent a reduction of about 185 councillors (-63%) compared to the current structure of 295 councillors. Assuming that the basic allowance for a unitary councillor would be broadly similar to the basic allowance of c.£12k paid in nearby unitaries, all options would provide an estimated saving of about £490k a year.

Adopting the proposed arrangements for the first elections to the new structure would not preclude a subsequent review by the Boundary Commission, for example to reduce councillor numbers further or to create single member divisions.

Should unitarisation proceed towards a vesting date of 2028, consideration would need to be given as to whether the district elections scheduled for 2027 in Cotswold District, Forest of Dean District, and Tewkesbury Borough should proceed.

## Engagement

*Include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.*

Wider engagement with stakeholders hasn't been possible within the timescales to date. A local engagement plan is being developed to ensure consistent, joined-up, and meaningful engagement with the public, businesses, parish and town councils and partners ahead of submission of full proposals in November 2025.

Plans currently assume that local engagement will take place during Summer 2025, allowing time for a new administration to be formed following the County Council elections in May. A stakeholder map has been produced and analysis is underway to identify the most appropriate engagement methods. Although the engagement plan is not yet completed or agreed, we are considering establishing a neutral website and/or via the councils' existing websites as a place for stakeholders to access factual explanatory content, a library of key documents, and FAQs; organising a number of webinars / face to face meetings for partners to be updated and share their views; and establishing an agreed set of 'key questions' to enable responses from the public and partners. Key outputs from our joint engagement will be set out as part of proposals submitted in November.

Our engagement period will also have specific focus on:

- Place / locality: A 'Place Model' workstream has been established to consider arrangements for locality working and engagement within unitary structure(s). This workstream has been established with a wide membership which includes representatives from the Gloucestershire Association of Town and Parish Councils, the Gloucestershire Voluntary and Community Sector Alliance, the Society of Local Council Clerks, the Office of the Police and Crime Commissioner, Gloucestershire Constabulary, and the Integrated Care Board. Over the engagement period, it is intended that this will be expanded to include a mix of meetings and online engagement to test an emerging 'place model' with business, the VCSE sector, Town and Parish Councils, and other strategic partners. The engagement process and workstream outputs developed will be applicable to any potential submission through the range of options considered.

The Place Model workstream has developed initial early thinking about how a place model could develop and be incorporated within firm unitary proposals for November 2025. The workstream is exploring how we differentiate larger settlements with a greater degree of delegation and autonomy, and would use the engagement period to consult and engage more widely on these.

- Vision and ambition: There is already a strong consensus between councils on the economic, social, technological, and environmental challenges and opportunities for the county. A specific vision and ambition workstream has been established to develop and crystallise our thinking, and is actively working with a developing Leadership Conference grouping of 100 leaders from 20 organisations across the private, public, and voluntary sector in the county. Their next session in April will be focused on vision and ambition for place and its people, with specific reference to local government reorganisation and devolution. The work to date and planned is independently facilitated by the Leadership Centre for Local Government. We will aim to ensure any proposals for reform can be informed by this.
- Devolution: We recognise the importance of a clear roadmap for Devolution for Gloucestershire. Plans are forming about how this clarity (and consensus) can be established with wider stakeholders in order to inform proposals for November.

## **Preparatory costs**

*Set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.*

The councils are preparing to undertake engagement work with public and businesses; to take other steps to prepare proposals (including the work already commissioned by the County Council from PwC); and to set up an implementation team involving staff from all councils.

Gloucestershire councils seek Government funding to cover transition costs arising as a direct consequence of Government policy as set out in the English Devolution White Paper. In effect they are a new burden, representing additional work when there are no offsetting savings to fund them.

Our preparatory costs are estimated as at least £3.6m, to cover both the period up to November 2025 submission and some post-submission (but pre-implementation) costs beyond that point. These costs are borne by a combination of the seven Councils in Gloucestershire and cover the research, financial modelling and appraisal work associated with the three options being explored. Where possible, some of the potential cost has already been defrayed by deploying a principle of transparency to ensure all councils have an understanding of the range of analyses that can be utilised commonly. In addition to expert appraisal capacity, there is an increasing programme/ project management and data/information cost associated with the joint workstream arrangements set up from January 2025.

Although only minor communications costs have been borne to date, the Councils are currently planning an extensive engagement exercise with stakeholders and citizens, to commence shortly. This exercise will require discrete external and internal specialist resources.

Further programme infrastructure will be set up over 2025 and 2026 to prepare for the significant people, systems, and legal changes to come, and will need to be in place over 2026, 2027 and 2028. Some of these costs will be conditional on Ministerial decisions, but as Ministers would expect, Gloucestershire aims to be well prepared. These preparations will require the deployment of capacity to assess property, ICT/systems, and service specific information, as well as ongoing programme and data/information support.

We are content to describe in more depth the assumptions governing the above. As previously stated, these are 'at the least' assumptions.

## **Joint working on reorganisation and devolution**

*Set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.*

The seven principal councils in Gloucestershire have a strong record of working together positively. The Councils have committed to collaborating in the development of these proposals including mutual commitments to share data with each other in support of evaluation of all the different options.

Six workstreams have been created, with participation from any of the seven councils plus some other key partners, and co-chaired by district and county council officers. These are:

- Combined Authority options

DRAFT

- Unitary Options
- Vision and Ambition
- Place Models
- People and Culture
- Communications

These workstreams are coordinated and supported through a programme management group. The workstreams are accountable through a Chief Executives Group to a Political Leadership Board, comprising the Leaders of the seven principal authorities. Terms of Reference for all these groups have been developed and agreed.

### **Barriers or challenges requiring Government action**

*Identify any barriers or challenges where further clarity or support would be helpful.*

- Early confirmation of the level of funding that will be made available for preparatory costs to submit proposals and to prepare for reorganisation.
- Early confirmation of the Government's policy position on splitting areas of police, fire, and integrated care boards.
- Clarification of the route and timescale for joining WECA, should that be Gloucestershire's preferred devolution option.
- Clarification of the circumstances under which Government will consider proposals that would result in a unitary council with a population of less than 500,000.
- The establishment of a clear indicative decision-making process and timings for Ministers post receipt of proposals. Should the process for Ministerial decision-making be significantly longer than circa 3 months, risks will develop, including additional direct costs to the Councils involved to 'double-run' key workstreams, the opportunity cost of delays to preparations for unitary authorities, and the consequences of increased public / stakeholder uncertainty.

### **Next Steps**

We will continue to work collaboratively across Gloucestershire to develop full proposals for submission to Government by 28 November 2025.

Your sincerely,

**Cllr Rowena Hay**

Leader, Cheltenham Borough Council

**Cllr Joe Harris**

Leader, Cotswold District Council

DRAFT

**Cllr Adrian Birch**

Leader, Forest of Dean District Council

**Cllr Jeremy Hilton**

Leader, Gloucester City Council

**Cllr Stephen Davies**

Leader, Gloucestershire County Council

**Cllr Catherine Braun**

Leader, Stroud District Council

**Cllr Richard Stanley**

Leader, Tewkesbury Borough Council

**Decision records from each council:**

- Cheltenham Borough Council - *insert hyperlink*
- Cotswold District Council - *insert hyperlink*
- Forest of Dean District Council - *insert hyperlink*
- Gloucester City Council - *insert hyperlink*
- Gloucestershire County Council – *insert hyperlink*
- Stroud District Council - *insert hyperlink*
- Tewkesbury Borough Council - *insert hyperlink*