

Report of the Chief Executive**Local Government Reorganisation Update****1. Purpose of Report**

To provide an update for Council on the progress of Local Government Reorganisation in Nottinghamshire.

2. Recommendation

The Council is asked to NOTE the report

3. Detail**Government Feedback on the Interim Plan**

On 1 July 2025 Cabinet received a report setting out feedback from the Government on the submission of the Interim Plan agreed by Councils in Nottinghamshire. The Government's letter is shown at **Appendix 1**.

In addition to the Interim Plan this Council submitted a letter containing concerns and issues endorsed unanimously by full Council and a resolution of this Council's meeting. The letter is enclosed at **Appendix 2**. The letter in **Appendix 1** also contained the Government's feedback on the Council's letter.

The Government's feedback stated:

- That the option comprising leaving the City on its existing boundaries and having one unitary Council for the remaining authorities should fully justify its rationale, as it falls below the population threshold set out in the Government's criteria.
- The importance of all authorities in an area using the same data on the basis of which to develop and appraise options. In this respect joint working is crucial.
- The importance of the Government's criteria as the main method of weighing alternative models and the importance of evidence based decision making.
- The Government leaves open the door to additional or alternative models being explored and whilst it has a preference for agreement within an area, individual authorities can put forward one proposal that may be different from one which a majority of other local authorities agree.
- A consultation with all relevant stakeholders is expected before submission of the final proposal in November.
- It appears the Government will not pause the review process. It also appears the government does not consider the status of Nottingham City

Council's finances or improvement journey to be an insurmountable barrier to reorganisation within the set timetable.

Other Local Authorities' Proposals

It is now known that Rushcliffe Borough Council is developing an option for a three-authority model of unitary government in Nottinghamshire. This is unlikely to be a satisfactory match for the criteria set by the Government, as it leaves the City on its existing boundaries.

It is also known that Nottingham City Council is developing a model which is thought to propose to take in the whole of the conurbation area in an expanded City Unitary. This cuts across four district boundaries. This will be very challenging to achieve within the very tight deadline set by the government as the boundary changes and the disaggregation of financial arrangement the option proposes are very complex and will take time to unravel and analyse.

No consensus is yet emerging on an agreed option. The County Council's position is not yet known at the time of writing this report.

It is believed Newark and Sherwood District Council will be holding a Council meeting this month to identify their preferred model – either 1(b) or 1(e).

Work in Progress

Currently further work is being conducted to validate the financial information on the basis of which the current three options were constructed. Section 151 Officers have considered this and are content that the Interim Plan financial assumptions are reasonable.

Further work has also been commissioned from subject specialist officers on themes of:

- Housing
- Economic development and regeneration
- Community safety
- Community engagement
- Homelessness
- Critical services including adult social care, children's services and special educational needs.

This work has then been integrated with the work the consultants, PWC, did to assess and weigh the three options contained in the Interim Plan.

Preliminary results of this analysis show that the difference between option 1(b) (City/Broxtowe/Gedling) and 1(e) (City/Broxtowe/Rushcliffe) is marginal, but option 1(b) may be judged to be slightly preferable to 1(e) because of factors including:

- 1(e) requires a mix of delivery models to service rural and urban communities which is more complex and costly than 1(b).
- 1(b) provides the best opportunity for two viable future authorities.
- 1(e) produces some high levels of inequality because of the very different demographic and socioeconomic features which are combined.
- There are better chances for successful public sector reform under 1(b).

The work which is referred to above has not yet been considered and discussed by local authority Leaders, so the work cannot yet be shared to be included in this report.

Broxtowe's Cabinet resolution

The Cabinet on 1 July 2025 noted the position on Local Government Reorganisation and resolved to create a sub-group of all nominated representatives of group leaders to discuss and develop any proposals relating to public engagement should that become necessary in between ordinary scheduled Cabinet meetings.

Implications

It is highly unlikely that any model which does not include an expansion of the City's boundaries will be successful.

It is also unlikely (but not impossible) that a model that does not command the support of more than one authority will be successful.

If Broxtowe (against its already stated wishes) is to be included within an expanded City unitary there will be some significant implications for Broxtowe's area, most particularly in relation to:

- Managing homelessness demand
- Creating a single Housing Revenue Account
- Accommodating future housing and employment growth for both City and conurbation areas in the period beyond the existing draft Core Strategy
- Council tax and rent harmonisation (taking into account factors like Council tax support).

Other complexities will also arise, particularly in relation to proposed reforms of the fair funding formula where the stated intention of government is to reallocate funding from richer to poorer areas and impose a notional basic council tax level as a feature of future settlement calculations; as well as a reform of the Business rates system which may impact on the amount of future business rates retention. It is unknown if business rates pools have a future, but we do know that the housebuilding delivery funding stream will be abolished along with other existing separate grant streams. Whilst there will be transitional arrangements from

existing funding to new funding arrangements, it will be complex to discern the application of these to new organisational structures. Meanwhile demand for adult social care continues to grow and the existing adult social care funding arrangements which are creaking at the seams and taking up to 75% of upper tier budgets will not be reformed until after the end of the existing Parliament.

4. Financial Implications

The comments from the Assistant Director Finance Services were as follows:

The financial analysis linked to Local Government Reorganisation is continuing with the Section 151 Officers through the established Nottinghamshire Finance Officers Association (NFOA).

Currently work is being conducted to validate the financial information on the basis of which the current three options were constructed. NFOA have considered this and are content that the financial assumptions made by the consultants in the Interim Plan are reasonable.

That said, further work should be required to determine which of the options is likely to be the most financially sustainable, as one of the key criteria. The NFOA analysis completed to date has only provided reasonable assurance of the consultants' assumptions relating to potential savings and the proposed transition costs of LGR. More significant and detailed cost analysis will need to be completed for the full business case proposal.

Further financial implications are considered in the report and appendices.

5. Legal Implications

The comments from the Monitoring Officer / Head of Legal Services were as follows:

At this stage there are no direct legal implications in relation to this report due to the developing nature of the reorganisation. The neighbouring authorities' proposals are not currently clear and further work needs to be conducted to validate the financial information on which the options are based. The governance and legal implications will not become clear until later on in the devolution process.

6. Human Resources Implications

Not applicable.

7. Union Comments

Not applicable.

8. Climate Change Implications

The climate change implications are contained within the report.

9. Data Protection Compliance Implications

This report does not contain any OFFICIAL(SENSITIVE) information and there are no Data Protection issues in relation to this report.

10. Equality Impact Assessment

Not applicable.

11. Background Papers

Nil.