Public Document Pack

BROMSGROVE DISTRICT COUNCIL

MEETING OF THE COUNCIL

WEDNESDAY 12TH MARCH 2025, AT 6.00 P.M.

PARKSIDE SUITE - PARKSIDE

BACKGROUND PAPERS PACK

4. **Local Government Re-organisation - Interim Plan Proposals for Worcestershire - Bromsgrove** (Pages 3 - 70)

    This document has been published in a background papers pack following publication on Worcestershire County Council's website.

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11th March 2025

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Local Government Reorganisation in Worcestershire

Options Appraisal and Draft Interim Plan February 2025

future Worcestershire

Contents

Page 4

Agenda Item 4

Executive Summary

In response to the MHCLG white paper on English Devolution, and the subsequent invitation by the Minister of State for all two-tier areas to submit plans, this report provides a headline feasibility study of two options for structural change in the Worcestershire area. Through a process of **options appraisal**, **qualitative analysis** and **financial modelling**, the work has focused on investigating the costs and benefits for **one unitary authority** and **two unitary authorities,** based on current district boundaries within the current County Council footprint.

In common with localities across the country, the current model of local government across Worcestershire councils is challenging the limits of what can be achieved while remaining financially sustainable. The ability to tackle the complex challenge of increases in cost, complexity and demand for children's social care, adult care, SEND and home to school travel is clearly best tackled via prevention, earlier support and access to improved outcomes - but delivering these is challenging when services such as housing, planning and economic development are effectively split across a number of organisations. While the impact of LGR in Worcestershire will be felt far beyond the financial and political changes, the link to stability and sustainability of public finances is inevitably a key driver. The headline impacts below show that reorganisation has significant benefits in this regard.

This report sets out the current national and local context for LGR and the relationship between the two, highlighting how reorganisation unlocks the English Devolution agenda for all local areas, and particularly in Worcestershire. The 'Case for Change' delves into the drivers behind further public sector reform and 'Options for change' will explore the geographies and forecasts for each potential option.

Potential financial impact of LGR in Worcestershire			
Option	**Net annual savings**	**One Off Costs**	**Payback Period**
One Unitary Authority	£20.6m	£11.9m	Under 1 yr
Two Unitary Authorities	£4.3m	£16.9m	11 yrs +

Agenda Item 4

3

1

Background and context

future
Worcestershire

National Context - Local Government

Financial Pressures: Local government in the UK is facing significant financial challenge. The LGA estimates a funding gap of **£4 billion** over the next two years. Despite additional funding from the government, many councils still need to make significant cost savings following a long period of austerity, and increases in council tax to balance budgets are inevitable. This financial strain affects the delivery of local services and the ability of councils to plan for the future, and impacts the standards of living of Worcestershire's residents.

Demand for Services: Population growth, an ageing demographic, and increasingly complex needs being met in the community are driving increased demand for higher-cost services. This is particularly the case in special educational needs and disabilities, with deficits in the Dedicated Schools Grant now impacting general funding, and potentially likely to become the responsibility of local authorities in future.

Social Care Costs: The rising costs of commissioning and delivering social care for adults and children are a major cost pressure. Over the past five years, adult social care costs have increased by 9% in real terms, while children's social care costs have risen by 18%. These services are heavily regulated by central government, and there are few avenues available to local authorities to reduce costs and demands whilst still meeting the expected standards.

The national relationship with local government is changing. As a result councils are facing a challenge to align to a new environment based on a single tier of governance, increased regional collaboration, and incentives to act regionally. The Government is actively pursuing LGR to create simpler and more efficient local structures which will form a pathway to greater devolution. Although local authorities have adapted to local challenges, finding ways to collaborate across the two tiers, the pace required to respond means that reform is essential.

Agenda Item 4

National context - Devolution and reform

The Devolution White paper, launched by the government in late 2024 marks a distinct shift in the approach to re-organising local government in England. The paper signals a move from the 'devolution deal' required by previous administrations, towards a new approach founded on an assumption that significant change is needed across the country in order to improve local services and to fundamentally change how they are funded to support sustainability.

The white paper is driven by three specific ambitions:

- for **increased powers** to be vested in local and regional government
- for these new entities to cover **larger geographies**, but to retain logical boundaries which avoid 'islands' between reorganised areas, and which resonate with local identity; and,
- for these radical changes to **happen at pace**, hastening the delivery of benefits to everyone.

The white paper effectively provides two routes to the consolidation of governance:

- **Reorganisation** - through the creation of new unitary authorities which will ultimately remove the 'two tier' model of delivery from the map. This may involve the creation of a new unitary council which amalgamates the current county and districts into a single council, or creation of new unitary authorities to replace counties, which bring together groups of districts with disaggregated or shared county services.

- **Devolution** - through the creation of Strategic Authorities with or without a Mayor, which coordinate and commission services at a regional level. This could include the collaboration of multiple unitary authorities to provide a strategic regional authority in a similar form to that currently in place in the West Midlands or West of England. The white paper includes specific ambitions and incentives for these authorities to drive economic growth and lead intra- and inter-regional transport initiatives.

These routes to devolution can be considered on a continuum, with reorganised and unitarised authorities providing a necessary building block for the creation of future strategic authorities.

Reorganise → Consolidate → Delegate

Agenda Item 4

6

National context - Drivers for change

There are three primary drivers for Devolution and Local Government Reorganisation:

Efficiency - it is clear that many local authorities, following the challenges of austerity and Covid-19, are facing critical financial challenges. The delivery of services at scale may be the only way to find the efficiencies needed to stabilise finances, and to shape a sustainable future based on new ways of funding local services.

Transparency - the complexity and variation in local government structures around the country challenges citizens to understand how their council taxes are spent, how effectively services are performing, and most importantly how to secure the support they need. A simplified structure for local government offers an opportunity to reconnect communities with their councils and elected representatives.

Growth and prosperity - continued accelerated growth which reaches all parts of Worcestershire requires a strategy which reflects regional priorities, aspirations and opportunities. The conditions for future prosperity will be influenced by new infrastructure and investment which rely on a broader focus across a wider geography than that provided by individual councils.

Following the publication of the English Devolution White Paper in December 2024, the Ministry of Housing, Communities and Local Government (MHCLG) received requests to progress Devolution or Reorganisation in the initial cohort from over half of the 21 areas eligible.

Agenda Item 4

7

Local context - Local government in Worcestershire

The history of local government in Worcestershire is complex, with shifting boundaries and responsibilities, often as a result of changes outside the county, in the wider West Midlands. Reorganisation is not new to Worcestershire or its constituent districts, and there has historically been support for a range of positions. However, there is a longstanding continuity in the boundaries, identity and culture of Worcestershire which persists today.

Local Government Act, 1888
The administrative county of Worcestershire was created by this act, formalising the provision of services in any area based on historic county and hundred boundaries.

Local Government Act, 1992
This act introduced the 'unitary authority' offering the combined functions of non-metropolitan district, borough and county councils. A range of options were considered, and the Local Government Boundary Commission recommended that Hereford & Worcester should be split into three unitary authorities centred on Herefordshire, North Worcestershire and South Worcestershire. However, parliament selected a hybrid option of a unitary Herefordshire, and retention of district councils in Worcestershire..

Collaboration via Shared Services
A single leadership structure is developed for Redditch Borough Council and Bromsgrove District Council, and for Wychavon and Malvern Hills, bringing together key strategic roles. Other shared initiatives include Worcestershire Regulatory Services, North Worcestershire Economic Development Regeneration, and North Worcestershire Building Control hosted by Redditch and Wychavon Councils..

1888 — **1974** — **1992** — **1998** — **2008** — **202...**

Hereford and Worcester
The Local Government Act 1972 made sweeping changes to the county map of the UK, not least in the creation of Hereford & Worcestershire County Council, and establishment of the District Councils which form the second tier of governance in Worcestershire today.

Worcestershire County Council and its six districts
The new county council began operating in 1998, within borders closely aligned with the original administrative County of Worcestershire, and a second tier of one city council and five districts. The districts were largely unchanged from the 1974 review, aside from Malvern Hills which was divided with Herefordshire.

Devolution and LGR white paper
In January 2025 Worcestershire County Council submitted a request to MHCLG delay the planned 2025 elections with a view to exploring a case for change in the landscape of local governance.

Agenda Item 4
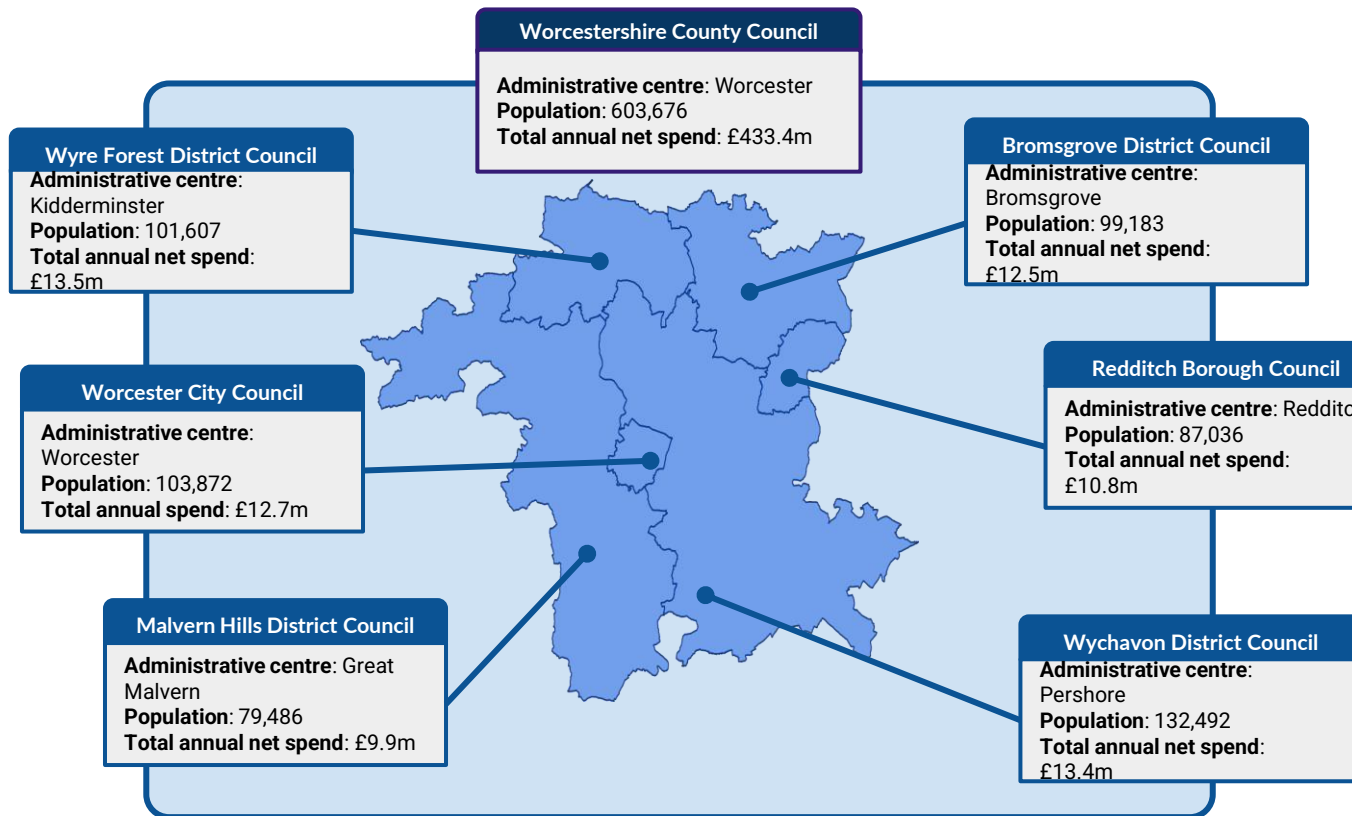
8

Local context - Geography and governance

The area is currently served by multiple tiers of local governance - **Worcestershire County Council** provides education, social care, waste disposal and highways while **six second-tier councils** provide housing, waste collection and other local services. All District Councils are also subdivided into Parishes.

Six parliamentary constituencies largely coterminous with District boundaries, serve Worcestershire.

Worcestershire shares a boundary with the **West Midlands** to the north, and Redditch Borough Council has joined the West Midlands Combined Authority as a non-constituent member.

The county also borders **Gloucestershire**, **Warwickshire** and **Staffordshire** (which are also retain districts) and **Shropshire** and **Herefordshire** (unitary authorities).

Sources: Mid-year Population Estimates, 2021 (ONS)
Local Government Revenue Expenditure & Financing, 2023-24 (gov.uk)

Worcestershire County Council
Administrative centre: Worcester
Population: 603,676
Total annual net spend: £433.4m

Wyre Forest District Council
Administrative centre: Kidderminster
Population: 101,607
Total annual net spend: £13.5m

Bromsgrove District Council
Administrative centre: Bromsgrove
Population: 99,183
Total annual net spend: £12.5m

Worcester City Council
Administrative centre: Worcester
Population: 103,872
Total annual spend: £12.7m

Redditch Borough Council
Administrative centre: Redditch
Population: 87,036
Total annual net spend: £10.8m

Malvern Hills District Council
Administrative centre: Great Malvern
Population: 79,486
Total annual net spend: £9.9m

Wychavon District Council
Administrative centre: Pershore
Population: 132,492
Total annual net spend: £13.4m

Agenda Item 4

9

Local Context - People and place

Worcestershire is an area of urban and rural contrast, with the advantages and challenges which both bring. While measures such as educational attainment, access to services and income are broadly similar to national averages, there are key differences which require a strategic approach from local governance:

Population
609,216

Area
1,741 km²

Population Density
346.8 per km²

86% of Worcestershire is classified as rural, particularly in the South and East of the area. Rural areas are home to around 27% of the population. Approximately 30% of all jobs are located in rural areas. [1]

The population is growing by an estimated 0.7% per year. Expected growth in District Council Local Development Plans total 45,800 new dwellings and 428 hectares of new employment land to be delivered by 2030. [2]

There are a lower proportion of both single-person and large (5+) households than the national average. Where there are greater proportions (in Malvern Hills and Bromsgrove) this is due to greater numbers of care homes and prisons. [3]

Worcestershire faces similar levels of housing need to other counties in England. Significant areas of Green Belt around the West Midlands, along with changes to the planning system are creating further uncertainty around future housing supply.

Bromsgrove and Malvern Hills have the second and third highest ratio of house prices to local earnings among all Local Authorities in the West Midlands, making them some of the least affordable places to buy property in the region. [1]

Worcestershire's aging population is larger that the national average, with almost 22% of the population aged 66+ and 3% aged 85+. **The number of children in Worcestershire is increasing**, with over 117,900 children living in the county. [3]

The changing structure of the population impacts access to services such as nurseries, schools, GPs and hospitals, the overall health of the population, the ratio of full-time workers to retirees, and demand for social care services. [3]

Worcestershire is grappling with escalating challenges of inequality and social need. The 2020 IMD revealed that 18 local neighbourhoods, representing 28,000 Worcestershire residents, are among the most deprived in England, but broader prosperity masks this disparity in national contexts. [4]

The **rate of Education Health & Care Plans across the West Midlands is 4.5% of all school pupils (2023-24). Worcestershire is above the average at 4.9%** This indicates a **higher proportion of children with significant special educational needs that require formalised support**. It is also important to note that there is a significant increase in the number of working adults with disabilities. [5]

Agenda Item 4

10

Sources: [1] Worcestershire Local Enterprise Partnership - Economy Report 2024 ; [2] City Population ; [3] Worcestershire County Council Census Briefing 2021 - second release ; [4] Worcestershire Community Foundation Report 2021 ; [5] ONS
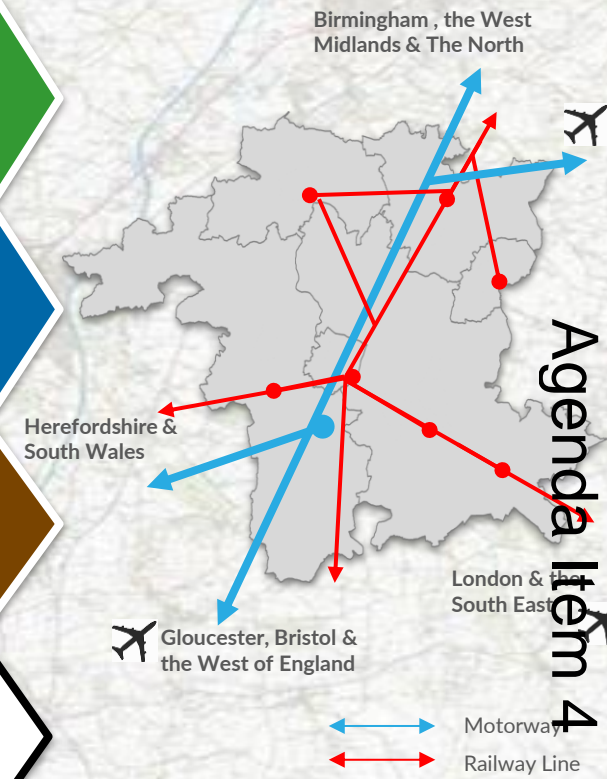
Local Context - Transport and connectivity

The pandemic significantly impacted transport usage in Worcestershire. In 2021, just under 30% of employed individuals were working mainly from home, while 54% traveled to work by car or van. Travel to work takes on average 7.8 minutes by road, 10 minutes cycling and walking, and over 12 minutes by public transport. **Railway station usage has continued to recover**, reaching three-quarters of the pre-pandemic level by 2022/23. [1]

Working from home remains attractive due to high levels of connectivity in Worcestershire. 99.9% of the county area is covered by the 4G mobile network, while slightly less than the national average (87.5%) receives a 5G signal. **Higher speed broadband internet is also slightly lower than average** with Gigabit capability covering 80.3% of premises and households, and 2.3% of properties receiving lower than 30Mbps. [1]

There has been significant investment and improvements in the strategic transport network, leading to reduced congestion and improved mobility, regardless of the mode of transport. Worcestershire Parkway railway station and extension of electrified services to Bromsgrove have seen positive patronage numbers, indicating the benefit of investment. **Investment in the road network** is a key area in the Local Transport Plan including particular emphasis on connectivity between Malvern Hills and the M5 corridor, and links to the east of the county.

An increase in people walking, cycling and using passenger transport has helped to manage congestion in busy and constrained urban centres and along key interurban routes. In particular, the '*Choose how you move*' project in Worcester achieved significant success and national acclaim for its results and is being repeated in other town centres. Additionally, the Active Travel programme is making strides in enhancing walking, wheeling and cycling infrastructure across the area. Over the past two years there have been numerous improvements to pavements, road crossings etc. creating safer routes and encouraging eco-friendly modes of transport.

Birmingham , the West Midlands & The North

Herefordshire & South Wales

London & the South East

Gloucester, Bristol & the West of England

Motorway

Railway Line

Page 13

Agenda Item 4

Local Context - Workforce and economy

The local economy reflects the mix of urban and rural activity in Worcestershire, with cornerstone industries including **Health & Care**, **Business & Professional Services** and **Construction**. Key opportunity areas identified by the Growth Hub and LEP for future investment and development include **Advanced Manufacturing & Engineering**, **Cybersecurity and IT**, and **Agricultural Technology**.

The voluntary and community sector contributes 2.1% of the economy in Worcestershire. However, the **increased demand for these services** has strained resources **and uncertainty around funding from the public sector** is driving concern about their ability to meet future needs.

Worcestershire has nearly 22,000 more working residents than available jobs, leading to a net out-commuting of labour. Workplace earnings in Worcestershire are lower than resident earnings, particularly in Bromsgrove, driving out-commuting to higher wage areas such as Birmingham. However gross median weekly pay is close to the national average.

Worcestershire's employment rate of 81% reflects a relatively dynamic economy. Approximately 27,000 businesses operate within the county of which 89% of businesses are small enterprises with fewer than ten employees. The unemployment rate based on claimant count is below the national average at **3%**.

The Local Economic Partnership has determined that there is a skills shortage in the county, which is hampering growth and economic development, as businesses seek qualified workers to fill key positions. **This leads to reduced productivity, slower adoption of new technology and innovation, and potentially to businesses relocating to areas with a larger skilled workforce.**

The county's economy demonstrates sustained growth, with a Gross Value Added (GVA) of £14.3 billion. Productivity is particularly low in Wyre Forest, which has the lowest GVA per hour worked of any local authority in England. **Tourism is a significant contributor to the Worcestershire economy, generating nearly £690m annually**.

Sources: ONS Nomis Area Profile, Worcestershire Worcestershire Plan for Growth 2020-2040

Local context - Partnerships

Worcestershire is founded on strong partnerships - both within the county and with surrounding communities. The shared footprint of Herefordshire and Worcestershire remains a focus for statutory provision, used by the Fire and Rescue service and the NHS Integrated Care Board. However, the delivery economic growth and a vibrant voluntary sector are represented at a county level.

Statutory Partners

The NHS, Police and Fire Services are active over a wider territory, in common with other areas of a similar size and composition. Some smaller units of delivery (eg. Primary Care Networks) span current District and County boundaries. Planned changes in the Police operating model may see a greater focus on 'counties' as delivery areas.

Economic Partnerships

The local economy is represented strategically by a forward-looking, innovation focused Local Enterprise Partnership (LEP). Practical support to businesses is delivered via the Worcestershire Growth Hub. The LEP has developed and secured funding for Betaden, a tech-accelerator which provides co-location, financial support and assistance with business development to a cohort of local tech businesses.The UK Shared Prosperity Fund (UKSPF) is part of the government's Levelling Up agenda, with £2.6 billion allocated for local investment by March 2025. In Worcestershire, it supports initiatives to boost local businesses, communities, and skills.

VCSE Partnerships

WeCAN provides infrastructural support to the sector. Other groups are also county-wide, for example CALC (representing town and parish authorities) and FIP is the Parent/Carer Forum (recognised by the Dept. for Education as advocates for parents of local children with SEND). Worcestershire benefits from an active Schools Forum which represents local schools. A Social Value partnership with Worcestershire County Cricket Club provides support to communities across the county.

Agenda Item 4

13

2

The case for reform

future
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The case for reform - Setting the scene

Why Worcestershire?

Worcestershire has a clear identity based on its eventful and engaging history, its unique natural environments, and recognition of its contribution to industry, the arts and to the continuity offered by rural English ways of life. Its situation at the Heart of England provides unrivalled connectivity and access to regional and national markets and opportunities. Being situated on the southern edge of the West Midlands presents both huge opportunity and huge challenge - and it is critical that a 'Worcestershire voice' is heard in this regional context.

Local government reform is not new to Worcestershire. Every evolution in how localities are governed throughout the 19th and 20th centuries has impacted the county - from the shifting boundaries between the county and growing Black Country conurbations, through creation of a Metropolitan County for the West Midlands on its borders and the designation of Redditch as a 'New Town', to the combining and subsequent decoupling of Herefordshire and Worcestershire. **It is natural that Worcestershire should be at the forefront of change in local government, and prepared to access to the benefits it will offer.**

The case for reform - Setting the scene

Why now?

The English Devolution white paper signals a shift in thinking from central government about how local authorities will be funded.

While the reforms introduced by the coalition government (*2010-2015*) removed significant restrictions on **how core funding was used**, it also saw the beginning of over a decade of austerity which had significant impacts on local services, while demand for service increased. This was accompanied by shift toward **a culture of specific grant funding** with local areas effectively bidding competitively to secure funds.

The white paper commits to radical reform of how local government is financed, building on the current **Fair Funding** process and including consideration of how business rates are retained by local authorities. This aims to recognise **increased demand** for services while investing in **preventive services**, and to ensure a clear link between public expenditure and **outcomes for citizens**.

The wider move to devolution includes greater freedoms and the potential to access funding to secure strategic change at scale. Involvement in the earliest stages of these reforms presents Worcestershire with an opportunity to address the most pressing financial issues facing both tiers of local government, while working with central government to shape the future.

A devolved future?

This also presents a first step on the continuum towards devolution. Neighbouring areas such as Gloucestershire are also considering how the local landscape can be reformed, and engagement with this process provides a head start on the rapidly accelerating journey towards a potential regional Strategic Authority in the future, which will unlock access to the 'devolution dividend' which accompanies regional working.

The case for reform - Opportunities

People and community

Worcestershire has clear ambitions for its communities and voluntary sector, and all councils actively encourage everyone to have a voice in how Worcestershire functions. However, these ambitions are often challenged by the disconnected planning and policy-making which arise from multiple layers of local government. **A simplified system that reduces complexity** and makes decision-making clear and equitable across the area is critical to delivering on Worcestershire's collective ambition..

Key statutory and VCSE partners collaborate at a county or regional level. For example, **a unitary council aligns the local NHS commissioning infrastructure with a single body** which is responsible for services supporting the wider determinants of health and wellbeing throughout the life course.

Infrastructure and assets

Worcestershire benefits from strong transport links, improving high-speed broadband connectivity and ambitious plans for new housing and commercial development. These **spatial plans and economic strategies are already developed on a North & South Worcestershire basis**, recognising the challenge of planning at a more localised single district level.

All councils are considering how their portfolio of community assets can be leveraged to generate income via innovative new or shared uses. While this options appraisal will not examine the detailed opportunities arising from community assets, the combined portfolio of **a unitary council provides increased scope for improved use or income from assets across a wider geography**.

The County Council also supports unique local infrastructure, such as the **EnviRecover waste-to-energy facility**.

Value for money

The district and county model results in significant duplication of effort, bureaucracy, and ultimately, costs. While there is a commonly stated case that smaller, district councils bring decision-making closer to the citizen, the system also creates confusion for residents around representation and the responsibility for service delivery.

All tiers of government are challenged by increasing demand and funding pressures. **Re-thinking delivery is essential to maintain and improve outcomes and to provide cost-effective services**. Several innovative shared service agreements are already in place across District councils in Worcestershire, recognising the benefits of scale and coordination by sharing senior leadership, regulatory functions and back-office processes. Further consolidation is a logical next step.

Growth and prosperity

The Worcestershire economy is diverse and resilient, with opportunities across a broad range of developing sectors alongside cornerstone industries which continue to perform strongly.

Currently, economic growth, skills development, and workforce strategies are developed across tiers of local government and bodies such as the LEP and Growth Hub which work at a county level. While there is considerable collaboration between neighbouring Districts, this system risks creating competing strategies and inconsistent priorities across Worcestershire after Local Government Reorganisation. **Residents of Worcestershire will benefit from a system that promotes coherence, simplicity and clarity in strategic leadership**. A unified approach is essential to sustain and build on current economic growth.

Agenda Item 4

17

The case for reform - Democracy

Current governance in Worcestershire leads to frequent elections, with 257 individual seats elected in each four year cycle. 32 County Councillors also hold seats at both a district and county level. Election turnout is variable, with those councils which are broadly synchronised with General Elections seeing greater turnout. Turnout in District elections is generally higher in the south of the county, with the urban areas in the north seeing less consistent participation in local democracy.

Local Election	No. of Cllrs	Election Cycle	Last Election	Total votes cast	Cllrs on two tiers
Worcestershire County	57	4 years	2021	185, 086	32
Worcester City	35	4 years	2024	55,640	5
Wychavon District	43	4 years	2023	55,056	6
Malvern Hills District	31	4 years	2023	40,714	5
Redditch Borough	27	4 years	2024	51,392	4
Bromsgrove District	31	4 years	2023	27,224	4
Wyre Forest District	33	4 years	2023	29,053	8
General Election	MPs	Election Cycle	Last Election	Total Votes Cast	
All constituencies	6	5 years	2024	288,270	

Agenda Item 4

18

The case for reform - Services

The map of services delivered by the County Council, and by each District council shows particular opportunities for consolidation and joint working. Some shared arrangements are already in place and reorganisation effectively builds on these arrangements in the spirit of cooperation which is a hallmark of local government in Worcestershire.

Worcestershire County Council provides	Each District council provides:
- Adult Social Services - Archives and Archaeology - Registrar of Births, Deaths, Marriages & Civil Partnerships - Democratic & Legal Services - Finance & Property Services - Trading Standards - Children's Social Care - Libraries - Support to Local Business - Environment and Leisure - Planning and Development - Schools, Education and Adult Learning - Health and Wellbeing - Travel and Highways - Waste Disposal in partnership with Herefordshire Council	- Bereavement Services - Business Rate Collection - Community Safety & Development - Council Tax Support and Housing Benefits - Democratic and Election Services - Environmental Health - Housing Services - Leisure, Sports, Parks and Museum Services - Licensing - Parking Services - Planning and Building Control - Recycling & Waste collections - Street Care and Cleansing
Services shared by Redditch and Bromsgrove Districts	**Services shared by Wyre Forest and Wychavon Districts**
- Joint Chief Executive, Deputy and Executive Director 7 Joint Heads of Service	- Joint Chief Executive - Joint Directors of Economy & Environment, Housing & Communities, Legal & Governance, Planning & Infrastructure

Countywide shared services

- North Worcestershire Economic Development and Regeneration Services
- Worcestershire Regulatory Services

Agenda Item 4

19

3 Methodology

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Worcestershire

How have the options been analysed?

This document provides an indication of the acceptability and potential benefits of each option, and considers these alongside the quantitative observations and analysis. This supports the determination of which option is recommended to proceed to production of an **Interim Plan** as required by the Secretary of State, leading to a **Strategic Business Case**, which includes more detailed analysis of impacts:

Options appraisal

- Outlines the primary options for reorganisation in the area, testing them against the criteria developed by MHCLG
- Draws on a mix of publicly available and council-supplied data to test the anticipated overall costs and financial benefits of the proposed options
- Makes a recommendation on models to take forward to further consultation and engagement based on the fit with criteria, benefits and likely time to pay back implementation costs
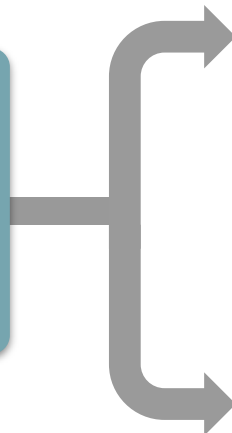
Interim Plan for MHCLG - March 2025

- Identifies **barriers and challenges** to reorganisation, including potential asks of MHCLG throughout the process.
- Describes the **costs and potential financing of future transformation** opportunities.
- Includes a **plan for wider local engagement**, and how this will support shaping of the proposals.
- Provide a view on how the proposed new structure will support **future devolution ambitions.**
- Will propose **voluntary arrangements** or **governance models** to support onward collaboration between councils.

Strategic Business Case - November 2025

- Provides a deeper **financial assessment**, including the potential impact of **transformation activity beyond the base benefits** of reorganisation.
- Describes **future management of capital** costs and receipts.
- Includes analysis of the impact of **Council Tax Harmonisation** over time.
- Includes consideration of **local geography, demand pressures and population-level indicators**.
- Profiles **transformation costs and benefits** over time.
- Determines the likely **cost of developing and implementing reorganisation plans.**

Agenda Item 4

21

Options for change - Qualitative analysis

Each option will be tested against a **common set of criteria proposed by MHCLG** in their invitation to councils in February 2025 . This will provide an assessment of the suitability of the option, any potential areas of complexity in implementation, and supports an initial appraisal of the costs and benefits of change:

Each option will be assessed on how its structure will deliver **improved outcomes**. This may be related to increased **access** to services, increased **capacity** for delivery, or **reduced bureaucracy**.

Options will be assessed on their approach to **attaining stability** through a rapid recovery of transformation costs, and their potential to **provide longer-term sustainability** by **delivering efficiencies** due to the scale and potential transformation opportunities they present.

Options will be tested to ensure they **establish a single tier** of local government, are built on **existing district boundaries** where possible and **serve a minimum population** of 500,000 residents.

Prioritises the delivery of high quality and sustainable public services to citizens

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

Must be the right size to achieve efficiencies, improve capacity and withstand financial shocks

New unitary structures must support devolution arrangements

Should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment

A single tier of local government for the whole area

Options will be considered in terms of how they enable elected members to **represent local citizens,** and how members and senior officers and **influence the local and regional strategic landscape**.

Options which seek to develop unitary councils should **include a view of potential future devolution arrangements**, and support further progress towards this

Options will be considered based on **stakeholder support for change**, how they will reflect the **voices of councils across all tiers,** and their fit with **historic and recognised boundaries and localities.**

22

Options for change

Based on the geography and MHCLG guidance, there are two potentially viable options - a **single unitary authority**, or **two unitary authorities** based on a north-south division of existing Districts. An east-west option was ruled out on the basis that it creates large rural areas which are distant from key population centres, and results in imbalances in population which would impact the sustainability of the option.

Option	Geography	Population
1.A single unitary authority		603,676
2. Two unitary authorities - North/South		North: 287,826
		South: 315,850

4

Options for change

future
Worcestershire

Option 1 - A single unitary authority

## One Worcestershire Council

The proposal

A single unitary authority would retain the footprint of the current and historically recognised county boundary, supporting the continuation of cooperation with statutory, private sector and voluntary partners. It would also preserve current arrangements for Waste Disposal, Adults and Children's Social Care, Public Health and for Education, avoiding costly and complex disaggregation of these services which would potentially impact costs, quality and outcomes. A single elected council and leadership team would provide a simpler decision-making approach, would strengthen the influence and centrality of ward councillors in representing their area, and would deliver efficiencies and cost reductions. A population of over 600,000 residents meets MHCLG expectations for a single unitary authority which covers the wider local area.

New unitary structures must support devolution arrangements

- Prioritises the delivery of high quality and sustainable public services to citizens
- 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
- Should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment
- A single tier of local government for the whole area
- Must be the right size to achieve efficiencies, improve capacity and withstand financial shocks

Requirement for reorganisation
This option focuses on consolidation and simplification, with the majority of reorganisation required at the senior leadership and elected member level. It is likely the least disruptive option for residents, partners and most employees.

Support for future devolution
A single unitary council provides the key to future transformation, particularly in approaching future devolution. In the meantime, increased scale will provide Worcestershire with a secure platform for negotiating in a regional context.
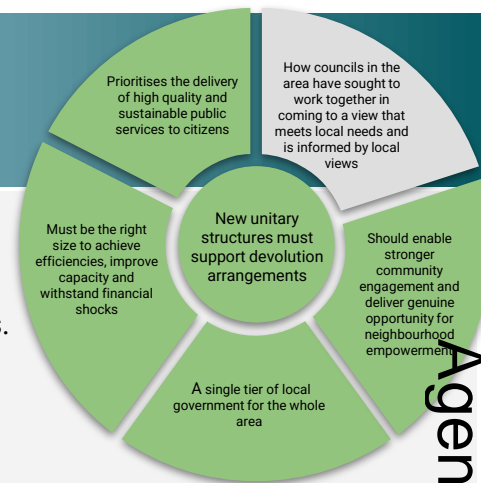
Single Unitary Authority

Prioritises the delivery of high quality and sustainable public services to citizens

Option 1: single unitary authority

A single authority allows a strategic view of services which work together to support local residents, allowing a new focus on prevention and population-level services. Planning, delivering and monitoring services at one level provides a basis for improvement and the scale needed for innovation. A single council also provides citizens with clarity in service provision, and in determining accountability.

Advantages

- A single authority reduces complexity for citizens, who no longer need to understand which body is responsible for specific services, creating legible local democracy, and increasing accountability.
- The cost of delivering and monitoring back office support for council services would be reduced, with the scale of opportunity potentially allowing involvement of private sector partners in future delivery.
- The amalgamation of district and county property portfolios will allow the establishment of service hubs in local areas providing one point of contact for all services. Coterminous boundaries allow these to be shared by other statutory partners such as Police, Fire & Rescue or NHS services to deliver improved customer-facing services and reduced front-office costs. It will reduce the complexity of where individuals need to go for services.
- Greater synergy between people-focused services currently delivered at differing tiers (including public health, social care and housing) will enable the council to develop local approaches to wrap-around preventive services, making best use of the expected future government funding for this.
- District councils in Worcestershire are already working together to develop spatial, transport and economic strategies. A single plan for the future of Worcestershire would enable a focus on continued growth in the local economy, working at the same geographical level as the LEP and other business groups.

Disadvantages

- There is a risk that some highly specialist services may be located more remotely from communities, though the Equalities Impact Assessment process should mitigate any such risks.
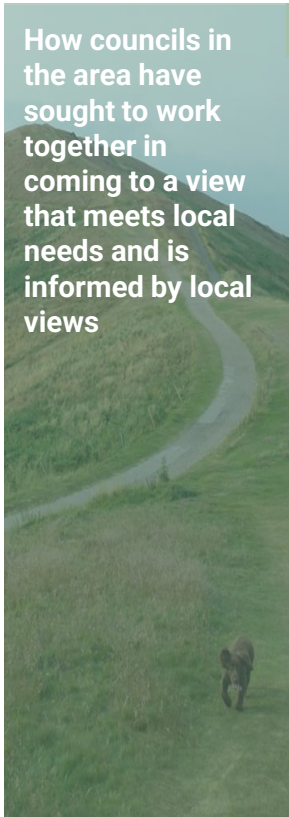
Qualitative Analysis - Option 1

Single Unitary Authority

Option 1: single unitary authority

A single authority offers the chance to put in place modern, digitally-enabled governance which speeds up decision-making, keeps residents better informed and ensures that stakeholder views are part of the decision.

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

Advantages

- A future unitary council would be steered by a single leadership team, and a single group of elected members. This will reduce the cost of senior leadership salaries, along with Basic and Special Responsibility Allowances for councillors, while reducing conflicts of interest and ensuring clear local representation.
- It is proposed that members would be elected based on the 53 current county electoral divisions, reducing the cost of elections considerably.
- Improved and simplified governance processes will support leaders to focus on service delivery rather than internally focused activity.
- In particular, the model will support leadership to be accountable for unified crisis management and community support - such as during severe weather or flooding.
- A single strategic team will support regional working and future collaboration, devolved governance, and will improve engagement with all council services, with statutory stakeholders such as Police, Fire & Rescue and NHS services.
- A unitary council allows tighter strategic grip and monitoring of contracted services, assuring quality outcomes and better value for residents, through reduced third party spending.

Disadvantages

- The reduction in elected members, with new members covering larger divisions, may be experienced as a loss of truly local representation - particularly in less well-connected rural areas.
- The process of shifting to a new unitary authority will inevitably be a challenging test of leadership skill and capacity at a time when the local government workforce is already under significant pressure.

27

Qualitative Analysis - Option 1

Single Unitary Authority

Option 1: single unitary authority

A single authority provides a scale of operations which supports delivery of current challenging savings targets, and will provide a pathway to future stability. Reductions in expenditure through reviewing the property portfolio, combining support functions, and by streamlining complex processes will offer accelerated results in a single authority landscape.

Must be the right size to achieve efficiencies, improve capacity and withstand financial shocks

Should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment

Advantages

- A single council provides a scale at which technology-led delivery, improved efficiency in business support, and streamlined processes can reduce current expenditure and deliver a plan for future financial stability.
- An acceptable payback period on the initial cost of transformation will see a single unitary council quickly attain the financial benefits of unitarisation.
- Combined operations will be at a scale where private sector, voluntary and shared services can harness transformational savings and innovation.

Disadvantages

- The creation of a unitary authority requires investment in systems, infrastructure and communications at a time when central government is clearly focused on the savings potential of reorganisation.

Advantages

- A unitary authority will offer the first chance in generations for one elected body to represent the interests of all local people, the businesses they own and work for, and the services they use. It is critical for the wider regional stakeholder engagement in the Devolution agenda.

Disadvantages

- Developing a single council requires the support of District councillors and officers, strategic partners, statutory agencies and most importantly, local citizens. Securing the support of all these groups requires engagement and co-production at pace with a large group of stakeholders.

Agenda Item 4

28
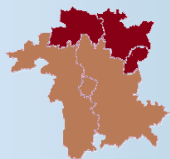
Two Unitary Authorities:
North & South Worcestershire

The proposal

The option involves the creation of two unitary authorities, dividing the current administrative County of Worcestershire into North and South Worcestershire councils using existing district boundaries. This option will require critical services currently delivered at County level to be disaggregated, or otherwise delivered via a trust or shared vehicle. As this impacts complex services such as social care, SEND and school transport, which face constant funding pressures at a countywide scale, it is unlikely that arrangement will prove cost-effective, and the risk of disruption will be significant. While the approach will create a new boundary within Worcestershire, the use of existing Districts will preserve a degree of identity and belonging. A population of 280,000-300,000 in each unitary does not secure the benefits of scale required by MHCLG.

Requirement for reorganisation
A two-unitary system could build on existing leadership and other shared service arrangements in place between current district councils. However disaggregated County services may not be efficient or effective at the reduced scale of operation.

Support for future devolution
This model has limited potential for future transformation - it will be more challenging to connect with devolution in a two-unitary model and MHCLG focus is clearly focused on supporting all areas to be unitary councils as part of a journey to devolved governance.

New unitary structures must support devolution arrangements

- Prioritises the delivery of high quality and sustainable public services to citizens
- 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
- Should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment
- A single tier of local government for the whole area
- Must be the right size to achieve efficiencies, improve capacity and withstand financial shocks

Qualitative Analysis - Option 2

Two Unitary Authorities North & South

Prioritises the delivery of high quality and sustainable public services to citizens
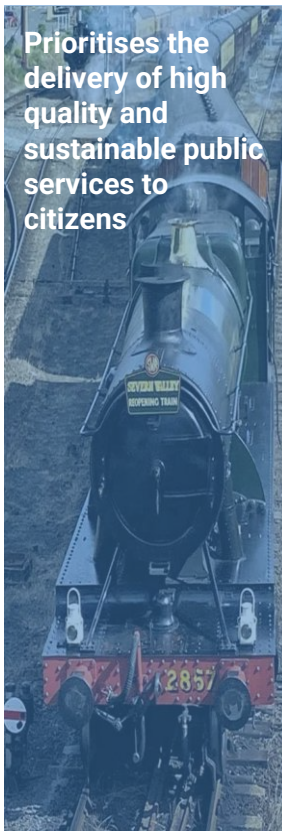
Option 2 : two unitary authorities

Two unitary authorities could provide the potential to deliver highly localised service offers tailored to smaller populations than currently served by the County Council. However, there will also be a need to disaggregate complex and unique services including the innovative EnviRecover Waste Disposal facility which the County Council operates in support of the current District Councils. Services such as Education and Social Care provided at County level are emotive for many families, and any change presents a risk to outcomes which creates issues for both successor authorities.

Advantages

- Two unitary authorities may allow for more tailored service delivery. Each authority can concentrate on the specific needs and priorities of its area, resulting in more customised and effective services.
- The model could provide more responsive local governance as smaller, localised authorities can address local issues and priorities more swiftly.
- Resource allocation can be more precisely targeted, distributing support more precisely according to the specific needs of each area, ensuring funding is directed where it is most needed.
- Smaller electoral divisions enable residents to hold their local government more easily accountable for actions and decisions.
- Two unitary authorities can promote balanced development and investment across the whole region, preventing the neglect of less prominent areas.

Disadvantages

- Establishing two new governance structures will incur significant expenses new facilities, staffing, and administrative systems, which is likely to increase strain on budgets of smaller unitary authorities.
- The duplication of services and functions across the new authorities will more likely lead to inefficiencies and increased operational costs.
- The process of dividing responsibilities, assets and liabilities between the new authorities will be complex.
- Dividing the county's services would complicate the delivery of education, waste disposal and social care services, potentially leading to gaps in continuity and coordination. New directors of Public Health, Adults and Children's Services would be costly and would involve the NHS in additional complexity to support joint working.

Qualitative Analysis - Option 2

Two Unitary Authorities North & South

Option 2 : two unitary authorities

Two unitary authorities will require two distinct leadership teams, which arguably builds on the existing shared-services models in use in five of the six districts. Many of the benefits of Option 1 will remain in terms of reduced senior leadership and election costs, but the benefits will be reduced by the need to duplicate structures. There is potential for local leadership which serves residents very directly, but given smaller councils and increased services to lead, more members are likely to hold special responsibilities increasing their workload and allowances.
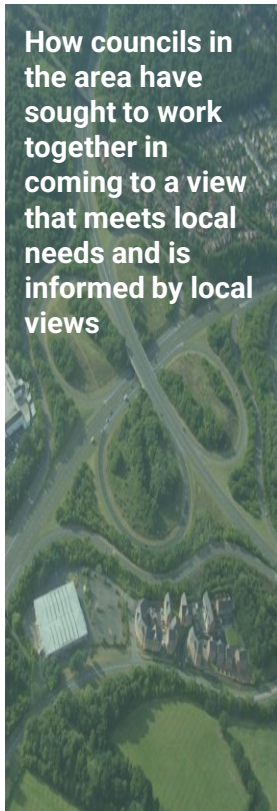
How councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views

Advantages

- Senior leaders in smaller authorities are typically more accessible and visible to their officers and constituents. This enables them to foster closer connections and a better understanding of local issues.
- In smaller authorities, the roles and responsibilities of leaders can be more clearly defined, making it easier for officers, partners and residents to know who is accountable for specific services or decisions.
- Enhanced focus on local issues allows leaders to concentrate on the specific needs and priorities of their community without being distracted by the broader concerns of a large, more diverse area.
- Smaller authorities are often more responsive to direct feedback from residents regarding policies and decisions, enabling leaders to be more agile and citizen focused.
- With fewer layers of bureaucracy, it can be easier for citizens to gain insight into and influence decision-making processes.
- It creates a sense of truly local representation, especially in less well-connected rural areas.

Disadvantages

- Duplicating leadership and elected members leads to higher costs in senior leadership salaries, and basic and Special Responsibility Allowances for councillors.
- Diverging policies and service offers create particular issues on the boundaries of authorities. A boundary across the current county will cause challenging policy dilemmas which will impact public confidence in new councils.
- Recruitment to the range of new posts across two councils is likely to pose a significant challenge, which could see both new councils required to incur significant interim management costs in their initial stages.

Qualitative Analysis - Option 2

Two Unitary Authorities North & South

Option 2 : two unitary authorities

Initial financial analysis indicates that the two-authority option would take over 11 years to reach a break-even point where the fixed costs of transformation were recovered. This does not meet the challenge of delivering a sustainable council quickly, and will lead to both authorities being susceptible to financial shocks and potential change of government during the period.

Must be the right size to achieve efficiencies, improve capacity and withstand financial shocks

Should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment

Advantages

- In the short term, dividing a council enhances localised governance and accountability, tailoring services to community needs and improving resource allocation. Long-term benefits include sustainable governance and economic stability, with smaller entities fostering innovation and aligning strategies with local cultural identities for better service delivery.

Disadvantages

- Dividing an existing county council will likely lead to higher administrative costs and inefficiencies from duplicated services. The transition may increase appeals and complaints where services differ across the area. Long-term issues may include economic disparities, loss of economies of scale, fragmented planning, and political fragmentation, which can hinder regional cooperation and service quality. In particular, demand for statutory services such as School Transport and SEND will disproportionately impact a new South Worcestershire council's financial position.

Advantages

- Small councils may offer more effective engagement with local stakeholders, ensuring that specific needs and concerns are addressed. This localised decision-making enhances responsiveness to stakeholders' priorities and feedback.

Disadvantages

- Many partners in the voluntary and statutory sectors are organised to deliver to a whole-county footprint, and would need significant resources to reconfigure delivery across two new authorities. The lack of a historic identity for the proposed areas challenges local residents to understand the new councils.

32

Appraisal of reform options

While the final criteria on which Strategic Business Cases will be judged is awaited from MHCLG, we have used the previous government's tests as an initial framework. This model also includes the initial view of an optimal population size of over 500,000 for a unitary authority.

The table highlights the relative merits of each option, and clearly confirms why a single unitary council is the preferred option. It is important to note that as detail emerges, some of the criteria might be considered more significant than others and may be weighted differently in future consideration of models.

This summary table outlines the extent to which the two options meet the MHCLG criteria:

Key:

- Meets the criteria (green)
- Partially meets the criteria (yellow)
- Does not meet the criteria (red)
- To be determined prior to submission to MHCLG (grey)

MHCLG Criteria	Option 1: Single unitary authority	Option 2: Two unitary authorities
A single tier of local government for the whole area	Single unitary provides good fit with MHCLG criteria and with emerging other statutory partners operational geography	Has a single tier of governance, but involves partners working with multiple authorities to deliver statutory services, and complicates other relationships
Must be the right size to achieve efficiencies, improve capacity and withstand financial shocks	Sustainability through swift return on transformation costs, and potential to build financial resilience quickly	Long payback period which delays sustainability, with potential for smaller councils to remain vulnerable to financial shocks
Prioritise the delivery of high quality and sustainable public services to citizens	Provides continuation of delivery of current county services, with improved links to former district services	Potential for disruption to existing people-focused services, particularly in social care and education.
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	This process is underway, but will require strategic leadership and accountability, to deliver change	This process is underway, but will require strategic leadership and accountability, to deliver change
New unitary structures must support devolution arrangements	Meets MHCLG population size criteria, and provides appropriate scale and a clear focus for future devolution.	Each authority would be smaller than the MHCLG population criteria, and would potentially split the focus of a future devolution bid.
Should enable stronger community engagement and deliver genuine opportunities for neighbourhoods	Single voice for citizens, improved access to services and the cost of delivery is reduced.	Increased cost of engaging with two communities, and risk of dividing existing neighbourhood links.
Overall Assessment	**Provides a strong case for development of a business case**	**Provides a less strong case, and does not meet some key MHCLG expectations**

5

Financial Analysis

future
Worcestershire

Financial analysis approach

The structure of the financial analysis conducted for each LGR option is set out below. Detailed **baseline data** used, and **assumptions and calculations** to support cost and benefit drivers outlined for each element in the rest of this section. Wherever there is an actual figure available via a local or publicly available source, this has been used in preference to a generalisation.

Inputs

Council data	Modelling assumptions

Inputs
Include data supplied by County and District councils, public data and assumptions based on prior LGR activity

Benefits

Staff	Third party spend	Property	Democracy
Senior leadership	Non-addressable		Councillor allowances
Front office FTE			Election costs
District service delivery FTE	Addressable		
Back office FTE			

Benefits of Reorganisation
Weightings applied to three types of spend, with proportionate percentage reductions applied. Democracy benefits are based on the number of district councils involved in the analysis, and the cost per vote cast in most recent election

Increased benefits across Staff and Third Party Spend

Benefits of Transformation
Increased leverage of the above benefits available through transformation.

Costs

Redundancy costs	Programme transition costs	Transformation costs

Costs of Transition
Fixed costs and proportional redundancy costs incurred (excluding disaggregation)

| Reduced benefits for multiple unitary transition | Increased costs for multiple unitary transition | Disaggregation Costs
Duplicated delivery and structures |
|---|---|---|

Costs of Disaggregation
Assumed costs of providing county-wide services including public health, children's services and adult social care for scenarios resulting in multiple unitaries.

Outputs

Net benefits over time	Payback period

Outputs
Projected benefits from different re-organisation scenarios

Assumptions in the financial analysis

The financial analysis model includes a number of assumptions. The majority are based on calculations using publicly available outturn data, information from each council's own transparency data, or by applying changes which have been demonstrated across previous LGR business cases.

Third party spend relates to all payments for goods and services, and excludes grants, taxation and other charges. The **addressable element** is a percentage based on the elements which can be influenced by procurement or commissioning.

Property expenditure relates to the cost of maintaining and operating the premises from which council services are delivered. It does not include housing stock or capital expenditure or investment in property for other purpose.

Member allowances are based on rates of Basic and Special Responsibility payments published in transparency reporting. These costs are used to determine the likely cost of one or more new democratic structures in new authorities

FTE is calculated as a proportion of spend as supplied in public spending data. **Net revenue expenditure** is used to avoid double-counting any income or grant transfers. **Senior leadership** salaries are calculated across the top three organisational tiers as per transparency reporting.

Election costs use a total of votes cast in a previous election cycle across district and county elections, and a cost-per-vote of £3 calculated by the Electoral Commission

Staff	Third party spend	Property	Democracy
Senior leadership	Non-addressable		Councillor allowances
Front office FTE			Election costs
District service delivery FTE	Addressable		
Back office FTE			

Increased benefits across Staff and Third Party Spend

Benefits are profiled to be fully effective in Year 3, to account for the need to complete staff changes and undertake contract renegotiations. The final model will include scenarios for stretch transformation which **increase the expected benefits through use of technology and service redesign**

Redundancy costs do not include actuarial strain as this is highly individualised. A payment of 25-30% of salary is assumed.

Redundancy costs	Programme transition costs	Transformation costs

Reduced benefits for multiple unitary transition	Increased costs for multiple unitary transition	**Disaggregation Costs** Duplicated delivery and structures

Costs such as creation of new councils, marketing, ICT and consultation are increased proportionately where more than one new council is to be formed. Similarly, fixed **benefits of transition** are shared across all new bodies.

Transition costs include anticipated redundancies due to duplicated leadership structures, and elements of one-off spending relating to creating, marketing and programme managing transition to a new council. These are profiled over years 0-3 of the new councils at 50/25/25% of the one-off cost.

Disaggregation Costs are incurred where an option involves dividing a county level authority into two or more unitaries, and represents the ongoing cost of duplicating management and operations of statutory services, including social care, education and public health.

An element of disaggregated costs therefore recur each year in options with more than one unitary authority

36

Costs and Benefits : Impact on options

The full impact of costs and benefits vary according to the option under consideration. For example, the costs of disaggregating county services to multiple unitary authorities is not incurred where the service transfers to a single new unitary council. Equally, benefits change in scale according to the option selected - with greater economies of scale, potential for transformation and impact of efficiencies available when transitioning to one rather than several, new councils.

Costs	One unitary	Two unitaries
Transformation	Full	Full
Programme Transition	Partial	Full
Redundancy	Partial	Partial
Disaggregation	None	Full

Benefits	One unitary	Two unitaries
Staff Efficiencies	Full	Partial
Third Party Spend Consolidation	Full	Partial
Property Consolidation	Full	Partial
Democratic Efficiencies	Full	Partial
Transformation	Full	Partial

Key

- **None** - this will have no impact for the option
- **Partial** - this will have some impact for the option
- **Full** - this will fully impact the option

- **One** unitary option
- **Two** unitaries option

Costs and benefits : Phasing of impact

In modelling the impact of both costs and benefits, assumptions have been made as to the relative phasing. This allows the impact of 'one-off' costs to be incorporated, along with ongoing longer term costs which occur in the two unitary authority model. Benefits are modelled over three years to account for the period of transition and the complexities of achieving some aspects of cost reduction and efficiencies.

Transition costs occur predominantly in the first year of the new council's existence enabling a safe, legal and financially robust transition. They are thus profiled entirely against Year 0

Benefits are phased over three years to indicate the relative timescales over which some aspects of delivery will occur (eg. ongoing programme of cost reductions, next election date, various contract end dates for third party spend)

	Year 0	Year 1	Year 2
Benefits	50%	75%	100%
Transition Costs	100%		
Disaggregation Costs	100% ongoing		
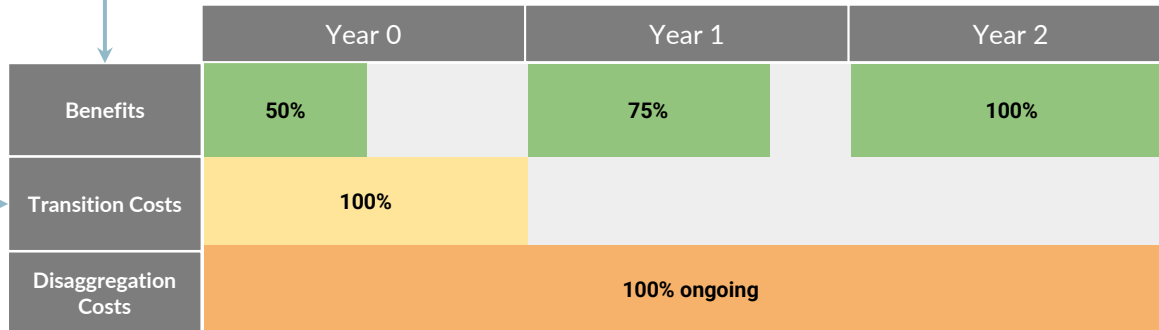
Disaggregation costs are incurred where county services are split into new councils, and are an ongoing cost of duplicating leadership and operational delivery, but do not include the cost of services delivered to residents.

Reorganisation Benefits: Staff

Financial Analysis Element

Staff

- Senior leadership
- Front office FTE
- District service delivery FTE
- Back office FTE
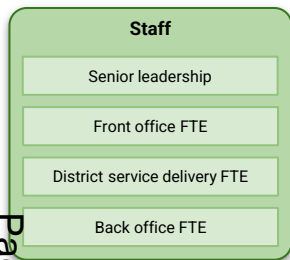
Benefit Driver & Methodology

|	
1	The combined County and District Councils spend on staff has been estimated, and grouped into front office, service delivery, and back office spend based on local authority averages
2	Percentage reductions have been applied to front office, district service delivery and back office FTE as a result of efficiencies from removing duplicated activity through bringing together several existing districts.
3	These percentage reductions increase for a single unitary authority, where greater economies of scale can be achieved than in a two unitary authority scenario
4	The removal of District senior leadership posts, including on-costs, creates a further benefit. This takes into account the existing shared services agreements in Redditch and Bromsgrove, and in Wychavon and Malvern Hills.

Assumptions applied

Area	Key figures		Rationale
	1 UA	**2 UA**	
Proportion of net revenue expenditure spent on staff	30%		Figures provided by WCC
Front Office FTE	36%		Average proportions of effort previously calculated by PwC through unitary authority activity analysis activity.
Service Delivery FTE	37%		
Back Office FTE	27%		
Reduction in front office FTE	5%	4%	Percentage reductions in line with previous local government reorganisation work*
Reduction in service delivery FTE	3.5%	1.5%	Percentage reductions in line with previous local government reorganisation work and applied only to District staff spend as it is assumed that County services will not experience a significant benefit from consolidation*
Reduction in back office FTE	4%	4%	Percentage reductions in line with previous local government reorganisation*
District senior management team costs	£1.06m		Senior leadership costs calculated for the top three tiers of leadership of District Councils including on-costs. Lower tiers are not included as they may be required as part of new organisational structures.

* Recent LAs to have undergone LGR including Somerset, Cumbria and others

Page 40

Agenda Item 4

39

Reorganisation Benefits: Third Party Spend

Financial Analysis Element

Third party spend

Non-addressable
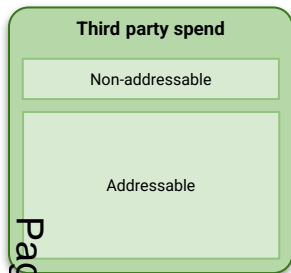
Addressable

Benefit Driver & Methodology

1	The addressable third party spend combined between County and District Councils has been calculated using proportioned net expenditure to provide a baseline. Third party spend relating to property has been excluded
2	A percentage reduction in third party spend has been applied to represent the greater purchasing economies of scale that will be gained through consolidation.
3	These percentage reductions increase for a single unitary authority, where greater economies of scale can be achieved than in a two unitary authority scenario

Assumptions applied

Area	Key figures		Rationale
	1 UA	**2 UA**	
Proportion of net expenditure spent on third parties	63%		Figure provided by WCC
Proportion of third party spend which is addressable	75%		75% of the total third party spend is treated as addressable, due to some elements of third party spend being non addressable, eg. pass through costs. Previous experience in local authority third party spend analysis suggests that this typically makes up 25% of the spend.
Reduction in third party spend	3.5%	1.5%	This reduction has been estimated in line with reductions found in other local authorities*. A lower reduction in third party spend has been applied to the addressable spend in a two unitary authority model to reflect the lower purchasing economies of scale that can be achieved, and increased competition for services.

Agenda Item 4

* *Recent LAs to have undergone LGR including Somerset, Cumbria and others*

Reorganisation Benefits: Property

Financial Analysis Element
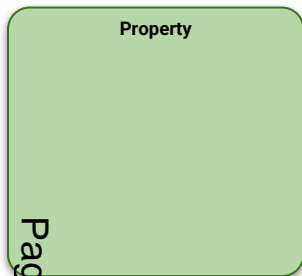
Property

Page 43

Benefit Driver & Methodology

1	The combined net expenditure on property has been calculated using net expenditure figures for the County and District Councils
2	This is spend relating to the ongoing running costs of office spaces such as energy, cleaning and repairs rather than from the one-off sale of capital assets, or rental income from available office space. Any council-owned housing stock has also been excluded from this calculation.
3	A percentage reduction has been applied to the property baseline to provide the estimated benefit of a consolidated property portfolio through shared occupation, reduced duplication of office locations and more efficient use of space.
4	The potential to rationalise and use office spaces more effectively and innovatively in increased in a single unitary authority scenario.

Assumptions applied

| Area	Key figures		Rationale
	1 UA	**2 UA**	
Proportion of net expenditure spent on property	7%		Figures provided by WCC
Reduction in property spend	15%	12.5%	This reduction has been estimated in line with reductions found in other local authorities*

Agenda Item 4

* Recent LAs to have undergone LGR including Somerset, Cumbria and others

Reorganisation Benefits: Democracy

Financial Analysis Element

Democracy

Councillor allowances

Election costs
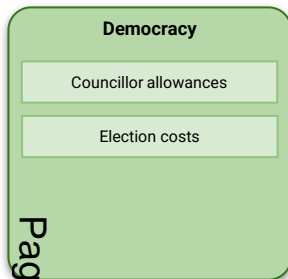
Benefit Driver & Methodology

1	A one or two unitary council model will require fewer councillors, therefore a saving can be made in terms of the base and special responsibility allowances paid to elected Members. The average cost of a District council democratic structure has been estimated and multiplied by the number of District councils present within the boundary
2	Consolidating local authorities will also reduce the number of elections required and the cost of administering these. The average annual cost of District elections over a four-year cycle has been calculated and multiplied by the number of District councils. As some districts have transitioned to a model of electing their whole council in one election only recently, the benefit from this figure assumes each district having one election per cycle.
3	While the composition of two unitary authority councils may differ, it is estimated that the cost of reorganising and allowances would be broadly similar for each.

Assumptions applied

Area	Key figures		Rationale
	1 UA	**2 UA**	
District SRA and base allowances incurred as part of the democratic structure	£439,000		District council figures has been used to calculate the annual cost of the democratic structure. The model assumes a total base allowance of £30,738 as well as £408,325 additional total SRA allowances. This has been multiplied by the number of District councils within the boundary.
Annual savings against District elections	£194,000		The annual cost of a District election has been calculated by multiplying the cost per vote and the average voter turnout during representative District Council elections. This has been divided by 4 to estimate the annual saving that can be achieved per council, and multiplied by the number of District councils inputted.
Cost per vote during an election	£3.00		The cost per vote used to calculate the cost of an election has been estimated at £3 by HM Government based on previous General Elections.

Transformation Benefits: Staff & Third Party Spend

Financial Analysis Element

> Increased benefits across Staff and Third Party Spend

Benefit Driver & Methodology

1	The transformation process can enable substantial benefits through FTE reduction, acting as a catalyst for more efficient use of resources, reduced costs due to scale of operations, and increased efficiency.
2	Front office and customer management activities can achieve efficiencies through the implementation of single points of access shared by multiple council services and partner organisations, and utilising technology to automate basic customer management tasks.
3	Service delivery savings can be enabled by bringing together services which deliver to districts and the county, and in identifying savings in the back office which could utilise technology to support more effective processes.
4	An increased reduction in third party spend has been applied to represent the potential for coordinated procurement and commissioning activity which will reduce costs approach to third party spend savings.

Assumptions applied

Area	Key figures		Rationale
	1 UA	**2 UA**	
Front office FTE reduction	5.%	4.%	Percentage reductions in line with previous local government spend reduction and reorganisation work.
Reduction in service delivery FTE	3.5%	1.5%	
Reduction in back office FTE	4.%	4.%	
Reduction in TPS	3.5%	1.5%	

Agenda Item 4

43

Transitions Costs : One-off Costs

Financial Analysis Element

- Redundancy costs
- Programme transition costs

Cost Driver & Methodology

1	One off redundancy costs will be incurred when re-organising local authorities. These have been calculated as a proportion of the benefit resulting from FTE reductions and therefore is higher in a single unitary model than a two unitary model.
2	There are a number of transition costs that will be incurred when closing down existing local authorities and creating new authorities. The majority of these costs will impact all new unitary authorities. These costs are profiled over Years 0 to 3, at a proportion of 50% / 25% / 25% when calculating benefits
3	In order to undertake successful transformation at pace while realising the benefits, one-off costs will be incurred for external support and internal programme management to provide the capacity and capability required to transform services.
4	Further costs will relate to the safe and secure migration of information and consolidation of systems in order to maintain operational delivery. As transformation relies on technology to enable efficiencies, this requires substantial investment.

Assumptions applied

Area	Key figures		Rationale
	1 UA	**2 UA**	
Contingency	£244,000	£488,000	Provision for extra expenses potentially incurred through reorganisation.
Organisation Closedown	£305,000		Costs involved with legally and financially closing down councils and create sound budgetary control systems, estimated through averages of similar costs for other councils*
Public consultation	£275,000	£412,000	Assuming costs for adverts in local media and surveys to consult public on proposed changes.
ICT costs	£2.14m	£2.39m	Assuming costs for changed reporting requirements, security, system licenses, storage capacity, and data cleansing/migration.
Shadow Chief Exec/Member costs	£311,000	£622,000	Number in line with previous local government reorganisation*
External support	£4.64m	£6.95m	Assuming costs for external Comms, branding, external implementation support, creation of the new council.
Internal Programme Management Costs	£1.90m	£2.85m	Number in line with previous local government reorganisation work*

* *Recent LAs to have undergone LGR including Somerset, Cumbria and others*

Disaggregation Costs

Financial Analysis Element

Duplicated Senior Leadership	
Duplicated County Service Delivery	
Duplicated Democratic Structures	

Cost Driver & Methodology

1	Disaggregation costs apply only where more than one unitary authority is being created, and arise from the need to deliver county level services such as Social Care, Education and Public Health in two distinct areas.
2	An additional senior leadership team will be required to lead a second unitary authority. This cost has been calculated using the costs of senior leadership across the top three tiers of existing District Councils to provide an average.
3	Disaggregating services currently provided at county level will require additional FTE to effectively lead and support high quality outcomes. The amount of effort used in service delivery management & supervision has been used as a proxy to estimate the size of the increase required in a two unitary model
4	The cost of a representative democratic structure has been estimated as an additional requirement in the second unitary authority.

Assumptions applied

Area	Key figures		Rationale
	1 UA	**2 UA**	
Senior management cost per Council	£1.06m		District Council average salaries with on-costs applied for a Chief Executive, 3 Directors, 2 Assistant Directors, 6 Heads of Services and oncosts. It has been assumed there are 6 Directorates which when multiplied provide the total senior management cost. This figure takes into account the shared senior management arrangements in Worcestershire.
Proportion of additional FTE undertaking service delivery management & supervision	0%	4.2%	Additional FTE will be required in new unitary authorities when disaggregating services currently delivered by the County council. Proportion of effort spent on management and supervision has been used as a proxy to estimate this cost. This percentage has been taken as the average effort recorded against front line management and supervision across unitary authority activity analyses conducted by PwC.
Members across all unitaries	114		This assumption has been made based on previous work around local government reform, which has indicated that the number of members across new unitaries would be similar to the number of current county divisions, with two members serving each.
Total members base allowance	£590,000		Publicly available data.
SRA costs per new unitary authority	£445,300 Per newly created Unitary Authority		Number in line with previous local government reorganisation*

Recent LAs to have undergone LGR including Somerset, Cumbria and others

5.1 Option 1 - One unitary authority

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Option 1 : Benefits

Under a single unitary model the cost reductions achieved through the consolidation of senior management roles could be £3.1m. A single leadership team, and a single group of elected members would reduce the cost of salaries and SRAs for councillors. It would also simplify governance structures and leadership would be accountable for unified crisis management and community support.

The most substantial savings of £6.8m are expected from revising third-party contracts. This involves re-negotiating supplier agreements or bringing outsourced services in-house to ensure cost-effective service delivery. A unitary council enables more effective oversight and management of contracted services, ensuring high-quality outcomes and providing better value for residents by reducing third-party expenditures.

By optimising physical assets, the new unitary structure expects to save save £5.1 million. This involves closing or repurposing underutilised properties and adopting flexible working models to minimise expenses. Merging district and county property portfolios will create local service hubs, offering a single contact point for all services. These hubs can be shared with partners like the Police, Fire & Rescue, and NHS, enhancing service efficiency.

Benefits								
Category	Front office	Service delivery	Back office	Senior management	Third party spend	Property	Democracy	Annual benefit
Assumption	Front office FTE expenditure (less senior savings) x % reduction	District service delivery FTE expenditure (less senior savings) x % reduction	Back office FTE expenditure (less senior savings) x % reduction	District senior management costs x no. districts	Addressable TPS spend x % reduction	Property spend x % reduction	Election savings + total average district councillor costs + difference in Base & SRA costs	20.2m
Saving (£)	2.61m	0.17m	1.57m	3.18m	6.88m	5.15m	1.0m	

Agenda Item 4

47

Option 1 : Costs

The tables below detail the one-off **Transition Costs** of closing down existing bodies, and forming a single unitary authority. It assumes that county functions would be transferred directly to the new unitary council:

The significant one-time transition cost of over £10.4 million indicates the scale of change required to implement the new organisational model. This investment is necessary to realise the projected long-term savings and efficiencies.

Transition Cost

Category	Programme transition costs	Redundancy cost	One-off transition costs
Assumption	Total of external comms, rebranding, transition, implementation and internal project management (all incurred in Y0)	Redundancy cost as a proportion of salary (current assumption) x total FTE saving (all incurred in Y1)	11.9m
Cost (£)	10.0m	1.88m	

Disaggregation Costs

Category	Duplicated senior leadership	Duplicated county service delivery teams	Duplicated democratic structure	Annual cost
Assumption	Management cost per directorate[3] x no. of directorates + Chief Exec cost at county salary (multiplied by oncosts)	County FTE expenditure less management x proportion of FTE in front line management	New SRA structure for multiple unitaries	None
Cost (£)	No disaggregation costs in Single UA model			

With potential redundancy costs of over £1.8m, there could be immediate financial impacts in reducing staff. This cost is generally offset against future revenue savings.

No disaggregation costs are associated with a Single Unitary Authority model, on the basis that transferring county council services to a single successor body avoids the complexities and expenses often linked with splitting departments or functions.

Option 1 : Net benefits and payback period

The **negative net benefit in the first year indicates the impact significant upfront costs associated with the restructuring process.** These include transition and redundancy costs, as well as expenditures on new systems, processes, and communications and publicity necessary to implement the changes.
The first year is often a period of adjustment where the organisation incurs costs related to reorganisation, staff training, and integration of new technologies or processes. This is expected in large-scale transformations where initial expenses outweigh immediate savings.

Initial costs are offset over a short payback period, indicating that the initial investment is recouped relatively quickly. Cost reductions and efficiencies generated by the restructuring begin to outweigh the costs within the first year, leading to benefits increasing to full effect sooner than in other models.

| Total net benefit after one year (£)	Total net benefit after five years (£)	Payback period (years)
(5.9m)	55.1m	0.8

Over five years, the net benefit is relatively high, reflecting the successful phased realisation of the anticipated savings and efficiencies. The substantial net benefit suggests that the restructuring leads to significant cost reductions and improved service delivery.**The savings from front office, back office, and property optimisations, along with improved management of third-party contracts and consolidation of service provision, contribute to the positive financial outcome**. These efficiencies are compounded over time, providing greater value to residents and the organisation.

Agenda Item 4

5.2 Option 2 - Two unitary authorities
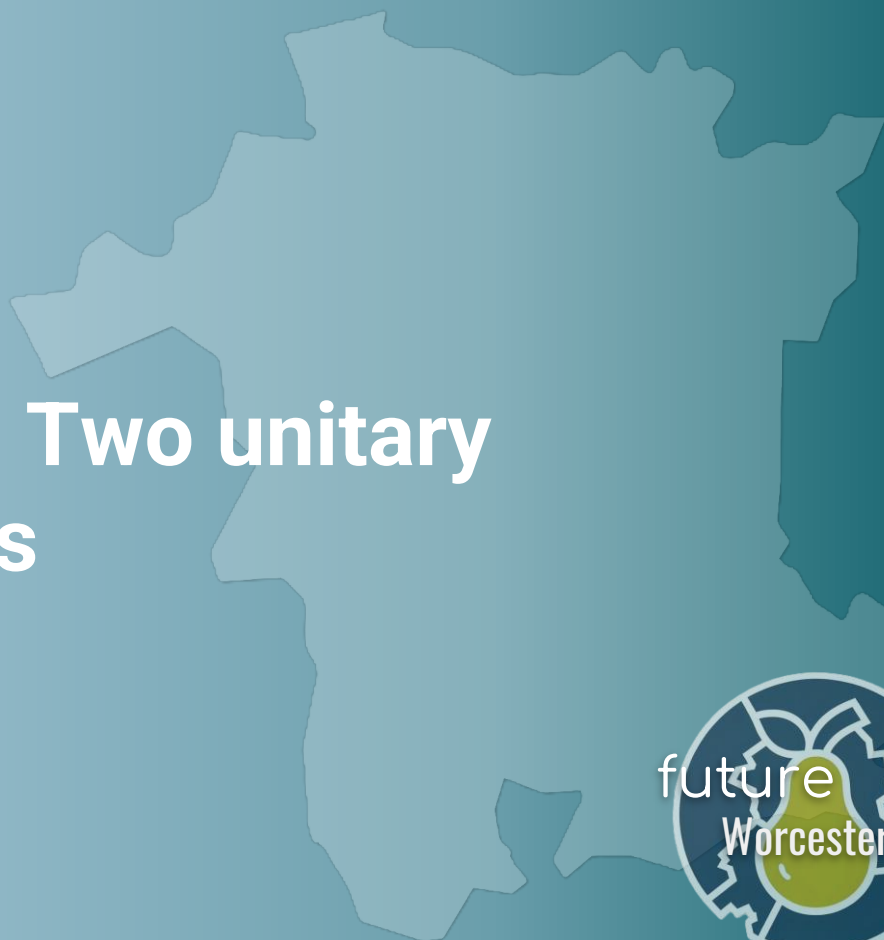
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50

Under the two unitary authority model, the council could **reduce costs by £3.1m on senior management**. By creating a North and South the council could **eliminate duplicate senior management positions that currently exist**. Each new unitary authority would likely have a leaner management structure **tailored to its specific size and needs.** However, the cost reduction under the single unitary model is much larger.

Under the two unitary authority model, the council could reduce costs by **£4.2 million on property by consolidating administrative functions into fewer buildings and identifying surplus properties for sale or lease.** Additionally, the new North and South could **share facilities** like meeting spaces, reducing the need for duplicates and optimising existing property use. However, the cost reduction under the single unitary model is much larger.

Benefits							
Category	**Front office**	**Service delivery**	**Back office**	**Senior management**	**Third party spend**	**Property**	**Democracy**	**Annual benefit**
Assumption	Front office FTE expenditure (less senior savings) x % reduction	District service delivery FTE expenditure (less senior savings) x % reduction	Back office FTE expenditure (less senior savings) x % reduction	District senior management costs x no. districts	Addressable TPS spend x % reduction	Property spend x % reduction	Election savings + total average district councillor costs + difference in SRA costs	14.7m
Saving (£)	2.08m	0,07m	1.56m	3.18m	2.95m	4.29m	0.6m	

Under the two unitary authority model, the council could **reduce costs by £3.5m on elections, councillor costs and SRAs.** Reducing the **number of elected representatives across county and districts will lower costs associated with councillor salaries and administrative support. Additionally, less frequent electoral processes may reduce expenses related to logistics, staffing, and materials**. There is potential for the North and South districts could share certain electoral services, such as voter registration and election management systems, to avoid duplication and achieve economies of scale, thereby streamlining operations and reducing costs. However, this is not expected to outweigh the greater cost reduction under the single unitary model.

Option 2 : Costs

The tables below detail the one-off **Transition Costs** of closing down existing bodies, and forming two unitary authorities (North and South). It assumes that county functions would be transferred directly to the two unitary authorities.

Transition Cost			
Category	**Programme transition costs**	**Redundancy cost**	**One-off transition costs**
Assumption	Total of external comms, rebranding, transition, implementation and internal project management (all incurred in Y0)	Redundancy cost as a proportion of salary (current assumption) x total FTE saving	16.9m
Cost (£)	15.2m	1.73m	

Disaggregation Cost				
Category	**Duplicated senior leadership**	**Duplicated county service delivery teams**	**Duplicated democratic structure**	**Annual cost**
Assumption	Management cost per directorate³ x no. of directorates + Chief Exec cost at county salary (multiplied by oncosts)	County FTE expenditure less management x proportion of FTE in front line management	New SRA and base allowance structure for two unitaries	10.4m
Cost (£)	4.18m	5.37m	0.89m	

The process of transitioning to two unitary authorities involves a transition cost of £15.5m, which is higher than the cost associated with establishing a single unitary authority, due to duplication of key county functions.

Potential redundancy costs of over £1.7m, could facilitate immediate cost reductions. This cost is lower than the cost associated with establishing a single unitary authority.

The creation of two separate unitary authorities involves disaggregation costs of £14.6m. This is due to the need for **establishing distinct senior leadership teams for each district**. While having leadership in both the North and South authorities provides dedicated strategic oversight and management, it necessitates filling roles that were previously shared, resulting in increased costs. Additionally, there is a **duplication of service delivery teams** to maintain localised and efficient service provision. Furthermore, each authority requires its **own governance frameworks and democratic processes**, leading to additional expense**s. These duplication costs are not present in a single unitary authority model.**

Option 2 : Net benefits and payback period

In the first year following the transition, the financial outlook reflects a **net deficit of £25.7m**. **This substantial initial cost is primarily driven by the significant programme transition and redundancy expenses required to establish the new authorities. However, this is significantly greater than the net deficit for the creation of a single unitary authority.**

The payback period extends beyond 11 years, reflecting the long-term nature of achieving net financial benefits from the transition. In comparison, the payback period for a single unitary authority is 0.7 years.

Total net benefit after one year (£)	Total net benefit after five years (£)	Payback period (years)
(21.4m)	(26.1m)	11 +

This sustained financial challenge indicates that the anticipated efficiencies and cost savings from the transition are not yet delivering fully. Factors contributing to this ongoing deficit include **ongoing duplicate costs and the additional initial costs associated with fully operationalising two separate authorities.**

6 The preferred option

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Summary of options

Preferred Option - One unitary authority

Option 1 should proceed to a detailed Strategic Business Case on the basis of:

- Lower cost of transformation
- A reduced time to payback,
- Greater legibility to the local population
- Preservation of current Social Care, Public Health, Waste, Transport and Education Services without fragmentation
- Best fit for future devolution

Option 2 - Two unitary authorities

Two unitary authorities, based on the north (Wyre Forest, Bromsgrove & Redditch) and south (Wychavon, Malvern Hills, City of Worcester) areas of the current county footprint.

This option does not meet the key tests and assumptions:

- Population size does not meet MHCLG expectations
- Is likely to take a significant time to achieve payback
- Disaggregation of Social Care and Education presents unacceptable level of risk and challenge at present, and does not meet MHCLG aspiration that services are not fragmented

Other Options

A third option, forming two unitary authorities on an East/West division of existing districts was considered, but this configuration splits travel to work areas, and did not preserve logical links with neighbouring Districts or build on existing joint working on spatial and economic planning, transport etc. Early analysis also indicated that It was also likely to create a greatly imbalanced Council Tax differential. As the model will reflect the impact of transition from the current structure to a two-unitary authority model, the costs and benefits identified would likely be very similar to Option 2.

Is there a 'no change' option?

A no-change option has not been considered, as local government reorganisation is not likely to be optional in the longer-term, and the immediate benefits produce critical cost savings in the short to mid term. Longer term sustainability of the current county and district arrangements does not meet the tests described in this document, or the expectations of MHCLG.

Managing financial pressures

A key driver for Local Government Reform and Devolution is the increasing number of local councils which face challenging financial positions as a result of external pressures. The government's position makes specific links between the reshaping of areas currently served by District and County Councils, and the need for reform of the funding system. Additionally, MHCLG has announced that no new funding will be available to support this process, and that new local authorities will be expected to absorb the impact of some decisions of their predecessors:

Financial pressures

Worcestershire County Council has an established history as a well-managed authority with a good record of maintaining balanced budgets, achieving cost savings, and meeting its corporate priorities. From 2017/18 until 2021/22, the council consistently demonstrated strong financial performance, with actual spending closely aligning with budget forecasts, **a position echoed by all of the District Councils in Worcestershire** who continue to demonstrate strong financial management.

However, from 2022/23 onwards, the County Council has faced unprecedented and consistent challenges in maintaining this balance. This is a position shared by many other upper tier local authorities, and the primary drivers of this financial strain are the significant pressures in **Children's Placements**, **Adult Social Care**, and **Home to School Transport**, where demand has been persistently high, commissioned services have been impacted by inflationary pressures, and complexity of need has continued to increase.

Despite efforts to partially offset these pressures within the council's overall financial framework, and actions by the cabinet to allocate funding effectively and to plan for future need while balancing financial constraints and community needs, this situation is expected to continue into 2024/25

Exceptional Financial Support

In February 2025, Worcestershire County Council was one of 30 local authorities where MHCLG agreed EFS in principle. This permits the council to **capitalise a revenue shortfall £33.6m in the 2025/26 financial year**. This support was agreed to help balance the budget, manage the financial pressures the council was facing and to reduce the impact on services to local residents. It is important to note that this is not a grant or additional funding, but is effectively a loan that requires repayment with interest. This will require the council to make an annual Minimum Revenue Provision in its budget to ensure repayment of this borrowing under the prudential code.

Impact on future local government in Worcestershire

The treatment of this provision should the County Council's assets and liabilities be divided between more than one successor council requires debate and agreement during the business case process.

In line with the MHCLG criteria, the business case will be required to demonstrating how reorganisation will contribute to a more stable and sustainable local government structure. The focus on viability will be a significant consideration in the work which follows.

Engaging with the local community

Any proposal to change governance in Worcestershire will require a commitment to engaging with stakeholders in the statutory, voluntary and private sectors, and particularly with local residents:

Routes to resources: Developing clear pathways for resources to support change, and for responses to questions will ensure that community concerns are addressed promptly and effectively. This may include establishment of dedicated resources to support information provision, manage opportunities to meet with stakeholders, and to seek advice and support. If people feel that their concerns are being heard and escalated they will be more motivated to engage in the decision making process.

Building Effective Relationships: Relationships both within the current group of Worcestershire Councils, and with stakeholders across the County will be of paramount importance as the plan progresses. A shadow transitional executive (as required by legislation) and officer group should begin operation early, to enable an effective transition, and to respond to any challenging situations which may arise.

Focus on Inclusivity: Ensuring that engagement is inclusive and seeks the views of hard-to-reach groups in Worcestershire is essential. This may require targeted outreach, addressing barriers to participation, and ensuring that all community members feel their views are valued. During this period, it is also important that an Equalities Impact Assessment is undertaken to understand and mitigate any potentially disproportionate impacts.

Leveraging Existing Engagement and Community Relationships: Projects including REACH Worcestershire, which focuses on improving health and wellbeing outcomes through community engagement, can be expanded and adapted support residents transition to the new structure. These projects already have frameworks in place for engaging diverse groups.

Legal and statutory implications

Implementing the proposal will have profound legal and statutory implications for members, officers and employees of councils, and which will potentially impact how local residents experience interaction with their new local authority:

The current two-tier system, which includes Worcestershire County Council and the six current District councils, would be discontinued. All of these bodies would be wound-up legally and financially, and all responsibilities, duties and powers of both tiers of local government will be vested in one or more new single unitary authority.

New councils will be required to undertake a further transitional duty for "*preparing for and facilitating the economic, effective, efficient and timely transfer of the district councils' functions, property, rights and liabilities*". This is reflected in the Transitional Costs which are described elsewhere in this document, and which increase for multiple new councils.

The new councils will however continue to be required to meet all other statutory provisions. In particular any successor bodies to Worcestershire County Council will remain liable for the annual MInimum Revenue Provision in relation to the Exceptional Financial Support which has been approved in principle by MHCLG for 2025/26.

The new unitary councils would be subject to the laying of Structural Change Orders in Parliament, which would define the date of transition to new arrangements, the initial electoral arrangements and the change of responsibility for key areas of service delivery.

A new body of councillors would be elected. This document assumes that current County Divisions would form new wards, but would be represented by two councillors in each case. More fundamental review of ward boundaries may need to follow in the future.

Implications for wider devolution arrangements

Given the close relationship between Devolution and Local Government Reorganisation outlined in the white paper, the decision and subsequent implementation of change will fundamentally shape the future opportunities to align with new or existing regional bodies:

The MHCLG white paper provides significant detail on the future devolution ambitions of government, and indicates that the reorganisation at pace of remaining 'two tier' areas of England is a step towards a devolution settlement for all regions with a primary focus on developing strategic infrastructure and driving economic growth.

However the white paper does not specifically define new areas, and while Worcestershire is situated on the fringe of the West Midland Combined Authority, it is also bordered by other areas such as Staffordshire, Herefordshire and Gloucestershire which are not currently part of a regional authority.

The decision around future governance for Worcestershire could have significant influence on this future devolution pathway - either by physically separating some parts of the current County from potential devolution partners, or by creating groupings which are suboptimal in their scale, location or cultural links with potential partners.

The delivery of efficient and effective services will remain paramount for local authorities despite the devolution situation, and new councils will need a steadfast and representative local voice in larger regional bodies to ensure the focus on resident's needs and wellbeing is central. The scale of new councils may significantly influence this voice.

The white paper indicates that these devolved structures will be significant in reforming how local government is funded in future. It is unclear how this will impact unitary authorities which are on a journey towards devolution at this stage. However, stability and sustainability are key goals of this reorganisation.
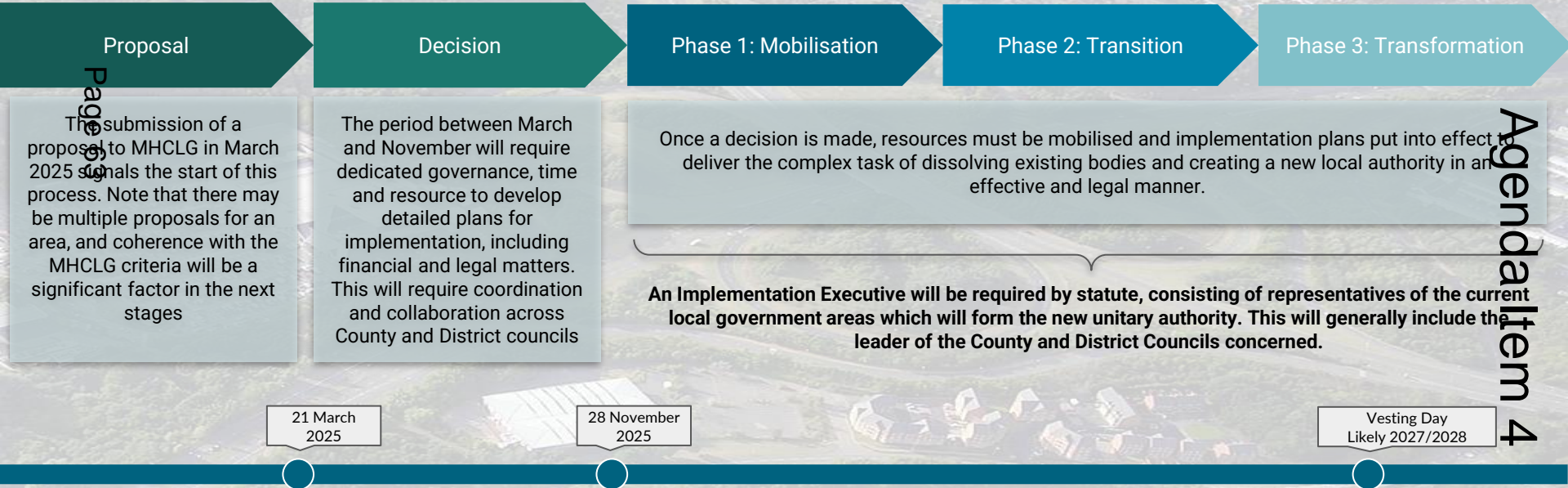
7

Proposal and implementation

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From proposal to transformation

This section provides a preliminary overview of the timescales, activities and potential opportunities which will arise as Local Government Reorganisation progresses. The following slides focus on activity necessary before submission of a detailed proposal in November, and in order to implement the changes following decision. A future Strategic Business Case will provide a view on the potential scale of additional efficiencies which could be realised by progressing towards further public service transformation, both prior to and after vesting day:

| Proposal | Decision | Phase 1: Mobilisation | Phase 2: Transition | Phase 3: Transformation |

The submission of a proposal to MHCLG in March 2025 signals the start of this process. Note that there may be multiple proposals for an area, and coherence with the MHCLG criteria will be a significant factor in the next stages

The period between March and November will require dedicated governance, time and resource to develop detailed plans for implementation, including financial and legal matters. This will require coordination and collaboration across County and District councils

Once a decision is made, resources must be mobilised and implementation plans put into effect to deliver the complex task of dissolving existing bodies and creating a new local authority in an effective and legal manner.

An Implementation Executive will be required by statute, consisting of representatives of the current local government areas which will form the new unitary authority. This will generally include the leader of the County and District Councils concerned.

21 March 2025

28 November 2025

Vesting Day Likely 2027/2028

Agenda Item 4

The road to reorganisation : Next steps

Proposal

Decision

This document is the initial step in a complex process which will lead to a new system of local governance for Worcestershire. There is a significant range of activity which will need to be completed prior to final submission of profiles in November 2025.

This includes stakeholder engagement, legal, financial and organisational development activity, which will likely require specialist support.

The financial model includes an assumption that **c. £10m** will be required for internal and external support for the process (which would increase to around **£15m** should two unitary councils be proposed.

Proposal : by 21 March 2025

- An interim plan must be submitted to MHCLG by 28th March 2025. These plans should outline the proposed structure and how it will achieve efficiencies, improve capacity and withstand financial shocks.
- It is critical that these plans receive initial scrutiny via senior officers and elected members, and that they are endorsed by the submitting council or councils.
- Engagement should also take place with local MPs, parish council chairs and representatives of Police, Fire and Rescue, and the Integrated Care Board to understand the wider impact on public services.
- During this period Worcestershire needs to develop a detailed plan to engage with local stakeholders, including residents, businesses, and voluntary sector groups, to gather input and build support for their proposals

Decision : November 2025

Based on feedback from the interim plan, Worcestershire will need to refine their proposals to ensure they have met all the criteria set out by the MHCLG, including:
- Agreeing the resources which each council will commit to funding the process
- A need to prepare for implementation of the new interim structures, including planning for any necessary changes to governance, staffing and service delivery
- Appointment of a responsible officer and cabinet member in each council. The members will form a LGR committee which may transition to be a shadow unitary council executive as vesting day approaches.
- Design the appropriate directorate and senior leadership structure for the new authority
- Finalise arrangements for HR changes and staff redundancy, including any provision for a voluntary scheme, and how this cost will be impact existing councils
- Determine a plan for disbursement of debt and reserves in consultation with joint S151 officers
- Agree and undertake a joint plan for consulting the public with Districts.
- Agree and undertake a joint plan for consulting staff, including engagement with Trades Unions.
- Agree an approach to harmonising council tax across Districts, including how Council Tax Relief will be harmonised
- Conduct equality impact assessments of proposed arrangements
- Plan for the costs and legal aspects of winding up existing authorities and creating a new statutory entity
- **Final proposals need to be submitted by 28 November 2025**
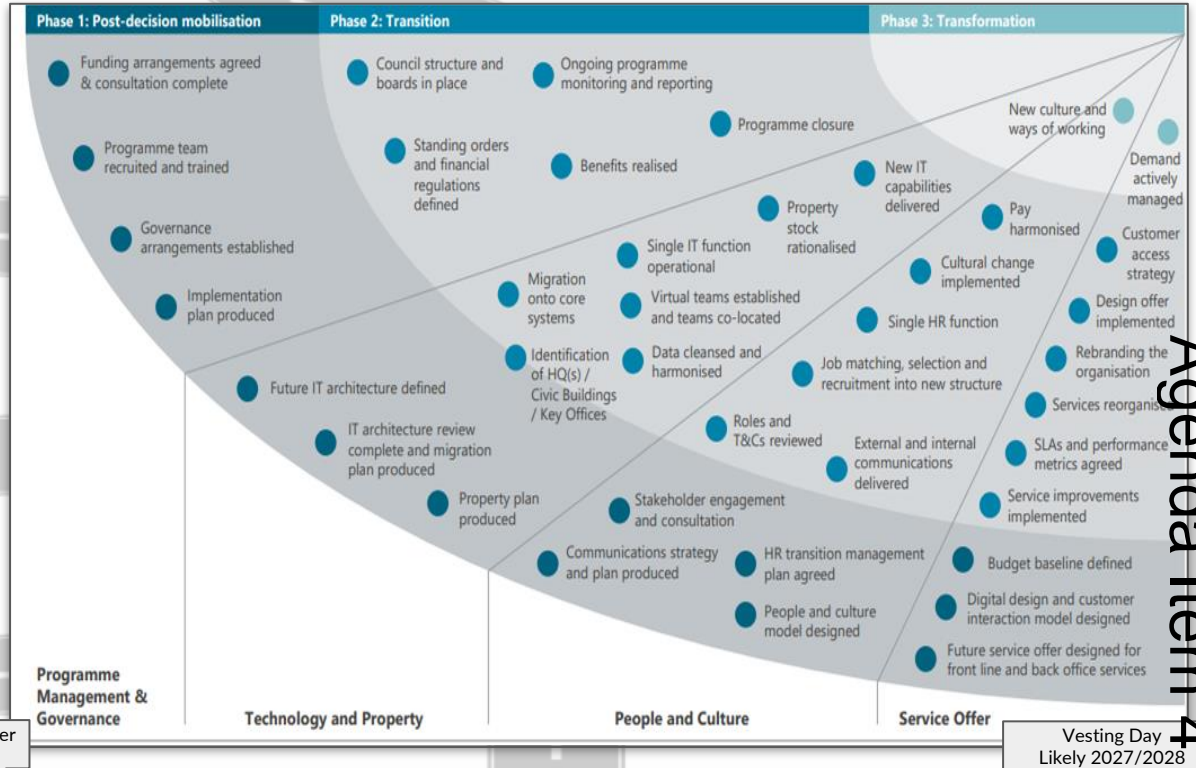
The road to reorganisation : Implementation

Phase 1: Mobilisation

Phase 2: Transition

Phase 3: Transformation

Detailed implementation plans will be developed during the Proposal phase outlined above. This implementation map provides an overview for the key activities which will need to be undertaken by officers and members as vesting day approaches, and which will need to be accomplished alongside business-as-usual in terms of service delivery. Each of these may be a distinct programme or workstream in itself, and may require work across the County and District councils.

| Phase 1: Post-decision mobilisation | Phase 2: Transition | Phase 3: Transformation |

- Funding arrangements agreed & consultation complete
- Council structure and boards in place
- Ongoing programme monitoring and reporting
- New culture and ways of working
- Programme closure
- Demand actively managed
- Programme team recruited and trained
- Standing orders and financial regulations defined
- Benefits realised
- New IT capabilities delivered
- Pay harmonised
- Customer access strategy
- Governance arrangements established
- Property stock rationalised
- Cultural change implemented
- Single IT function operational
- Design offer implemented
- Implementation plan produced
- Migration onto core systems
- Virtual teams established and teams co-located
- Single HR function
- Identification of HQ(s) / Civic Buildings / Key Offices
- Data cleansed and harmonised
- Job matching, selection and recruitment into new structure
- Rebranding the organisation
- Future IT architecture defined
- Services reorganised
- IT architecture review complete and migration plan produced
- Roles and T&Cs reviewed
- External and internal communications delivered
- SLAs and performance metrics agreed
- Service improvements implemented
- Property plan produced
- Stakeholder engagement and consultation
- Communications strategy and plan produced
- HR transition management plan agreed
- Budget baseline defined
- People and culture model designed
- Digital design and customer interaction model designed
- Future service offer designed for front line and back office services

Programme Management & Governance

Technology and Property

People and Culture

Service Offer

March 2025

28 November 2025

Vesting Day Likely 2027/2028

Agenda Item 4

8

Appendix : Additional questions from Ministerial letter

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The invitation from the Minister of State to submit an Interim Plan includes a number of additional practical questions. While the majority of detail is covered in the main body of this report, the additional points relate to specific questions not covered elsewhere:

| Identify any barriers or challenges where further clarity or support would be helpful | An undertaking of this magnitude is not without risks. The creation of unitary local government in Worcestershire which means the termination of seven councils, with the associated simultaneous merging of finances, staff and services is a matter to be undertaken with a significant degree of detailed planning which we have already started. This is not a matter that can or should be rushed and we support your indicative vesting date for only new authority in April 2028.

However, the ambiguity and interpretation around the population size of 500,000 or more has been interpreted differently and has made planning more challenging so clarity on this would be helpful. |
|---|---|
| Include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities | Work is being done on the costs and savings associated with moving to a unitary structure, including an initial assessment that has been commissioned by the County Council from PwC – at a cost of £75K - which will provide a strong foundation for us to prepare the Road to Reorganisation.

The transformation roadmap includes stakeholder engagement, legal, financial and organisational development activity. There will be likely be specialist support required – estimated to cost around £500K - to ensure the future council is financially sustainable and we maximise the early benefits from a Unitary Authority. There will also be significant internal staff backfill costs and additional cost for an implementation team, the details of which are in the process of being explored. This resource is vital to drive transformation ahead of vesting day, and to drive delivery of benefits from day one of the new authority. The high level Roadmap to Reorganisation is shown above. |

Page 67

Agenda Item 4

Appendix : Additional questions from Ministerial letter (2 of 2)

Electoral Arrangements / Councillor Numbers	The electoral arrangements for the county council were reviewed by the Local Government Boundary Commission for England in 2024 and the new 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 across Worcestershire. There is no county electoral division in the Worcestershire (Electoral Changes) Order 2024 that crosses a current district boundary. The divisions could therefore easily be used for one or two unitary councils. The working assumption, which is built into current costsings, is that there would be two-member divisions across the new authority, totalling 114 councillors. This will be explored in further detail in the Strategic Business Case to be submitted in November 2025 and with engagement with the Local Government Boundary Commission for England. There are currently 53 divisions in total, with 49 single-councillor divisions and 4 two-councillor divisions.
Local engagement / voluntary arrangements	The 21 March deadline has given councils little time to explore this matter as fully as we would have liked. However, in the short time available, dialogue between all council leaders has been ongoing within the Worcestershire Leaders Board. Separate Chief Executives and Chief Financial Officer group meetings have also taken place. Within the County Council the draft interim plan has been communicated at a high level via staff briefings and the detailed report will be discussed at an exceptional meeting of the Overview and Scrutiny Performance Board on 18 March 2025 to gauge members view prior to Cabinet on 20 March 2025. Further briefings with our key partners will be held. The short timeline has only allowed for limited engagement and consultation. We are in the process in scheduling early dialogue with the Hereford and Worcestershire ICB and NHS provider trusts and other major public sector colleagues including West Mercia Police, the West Mercia Police and Crime Commissioner, and Hereford and Worcester Fire and Rescue Service. We will be seeking to develop a communication strategy that will ensure local representation and where possible local decision making so that the city, towns, villages and parishes in Worcestershire feel connected to and supported by the new structural arrangements.
Early views on how new structures will support devolution ambitions	The seven councils in Worcestershire wish to realise the benefits of devolution for the county's communities, residents and businesses. Initial discussions have been held between some Worcestershire councils and councils in neighbouring areas. Ultimately the footprint and timing of the devolution process will involve decisions with neighbouring areas, several of which are undergoing LGR too. Worcestershire's councils commit themselves to working with neighbouring and nearby county and district councils and unitary authorities to provide clarity about the footprint and timetable as part of final proposals.

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