

Report to: **Cabinet**

Date of Meeting 3<sup>rd</sup> September 2025

Document classification: Part A Public Document

Exemption applied: None

Review date for release N/A



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## **Devolution and Local Government Reorganisation Update**

### **Report summary:**

This report provides an update in relation to proposals for both Local Government Reorganisation and Devolution. It includes information regarding the passage of key legislation, proposals for the establishment of a Mayoral Strategic Authority and further details around the various options for local government reorganisation and the associated timeline for implementation. The report seeks a delegation to the Chief Executive to continue to develop proposals for the configuration and coverage of future principal authorities in consultation with the Deputy Leader, recognising that the Leader of the Council now has a lead role for Local Government Reorganisation and Devolution at the County Council. It also provides notification of the appointment of specialist support on behalf of the Councils developing the 1/4/5 model to help ensure that a credible and persuasive full proposal comes forward. Finally, the report recommends that both Cabinet and Council receive a report detailing the full proposal prior to submission by the deadline of the 28<sup>th</sup> November.

### **Is the proposed decision in accordance with:**

Budget                      Yes ☒ No ☐

Policy Framework    Yes ☒ No ☐

### **Recommendation:**

That Cabinet;

Grant delegated authority to the Chief Executive in consultation with the Deputy Leader and Portfolio Holder for Council, Corporate and External Engagement to continue to develop proposals for the configuration and coverage of future principal authorities.

Notes the appointment of specialist support on behalf of the constituent Councils progressing the 1/4/5 model of local government reorganisation

Receives a further report detailing the full proposal for the 1/4/5 model of local government reorganisation in Devon.

### **Reason for recommendation:**

To ensure Cabinet is fully engaged in the devolution and local government reorganisation proposals.

To recognise the change in administration at the County Council and the lead role that the Deputy Leader and Portfolio Holder for Council, Corporate and External Engagement now plays in relation to Local Government Reorganisation for the District Council.

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Portfolio(s) (check which apply):

☐ Assets and Economy

- ☐ Communications and Democracy
- ☒ Council, Corporate and External Engagement
- ☐ Culture, Leisure, Sport and Tourism
- ☐ Environment - Nature and Climate
- ☐ Environment - Operational
- ☐ Finance
- ☐ Place, Infrastructure and Strategic Planning
- ☐ Sustainable Homes and Communities

### **Equalities impact** Low Impact

If choosing High or Medium level outline the equality considerations here, which should include any particular adverse impact on people with protected characteristics and actions to mitigate these. Link to an equalities impact assessment form using the [equalities form template](#).

### **Climate change** Low Impact

**Risk:** High Risk; The future shape and form of local government structures will be a key determinant of how funds and powers flow from central government which will ultimately impact how services are delivered to residents.

**Links to background information** [Devon County Council - Interim Plan.pdf \(Public Pack\)Agenda Document for Extraordinary Meeting of the Council, 14/08/2025 18:00 \(Public Pack\)Agenda Document for Cabinet, 05/02/2025 18:00](#)

### **Link to** [Council Plan](#)

Priorities (check which apply)

- ☒ A supported and engaged community
- ☒ Carbon neutrality and ecological recovery
- ☒ Resilient economy that supports local business
- ☒ Financially secure and improving quality of services

## **1. Background and context**

1.1 The English Devolution White Paper was published in December 2024 and set out the government's commitment to end the current two-tier structure of local government. Since this time Member briefings have been held and updates shared as further details have become available. This is alongside keeping the Member Local Government Reorganisation/Devolution site on the intranet updated to ensure access to a library of information. This report provides a further update including regarding the passage of key legislation, proposals for the establishment of a Mayoral Strategic Authority and further details around the various options for local government reorganisation and the associated timeline for implementation.

1.2 Devon local authorities submitted their interim plans for local government reorganisation on or before March 21st, 2025. In total six interim plan submissions were made as follows;

- Interim Plan submitted by 7 of the 8 Devon district councils (East Devon District Council, Mid Devon District Council, North Devon District Council, South Hams District Council, Teignbridge District Council, Torridge District Council and West Devon Borough Council) and Torbay Council
- Devon County Council Interim Plan
- Exeter City Council Interim Plan
- North Devon District Council Interim Plan
- Plymouth City Council Interim Plan

- Torbay Council Interim Plan

1.3 The next stage is to work towards the submission of formal proposals by the deadline of the 28<sup>th</sup> November. Each council can only make one formal proposal for unitary local government, and a proposal can either be submitted individually by a council or jointly with other councils that were invited.

1.4 To meet the terms of the invitation, the proposal must be for the whole of the Devon area and provide the information requested in the invitation. The Secretary of State can decide to take forward proposals that are submitted by areas with or without modification. If councils within an area cannot agree on a single proposal and want to submit separate proposals, the government's preference is for these to be submitted together, as a single submission for the area, which includes all proposals being put forward by councils, and is supported by a shared evidence base used by all proposals

## 2. Interim Plan Options

2.1 Several different options have been put forward within the Interim Plan submissions aimed at replacing the current two-tier system of county and district councils with a single-tier unitary model. The proposals are all based on government guidelines that unitary authorities should aim for a population 500,000 people or more, be based on the existing district areas as the key building blocks and be financially resilient and deliver effective services. The number of options is symptomatic of the challenge in determining the optimum model for an area of 2,600 sq miles and a combined population in excess of 1.25m people.

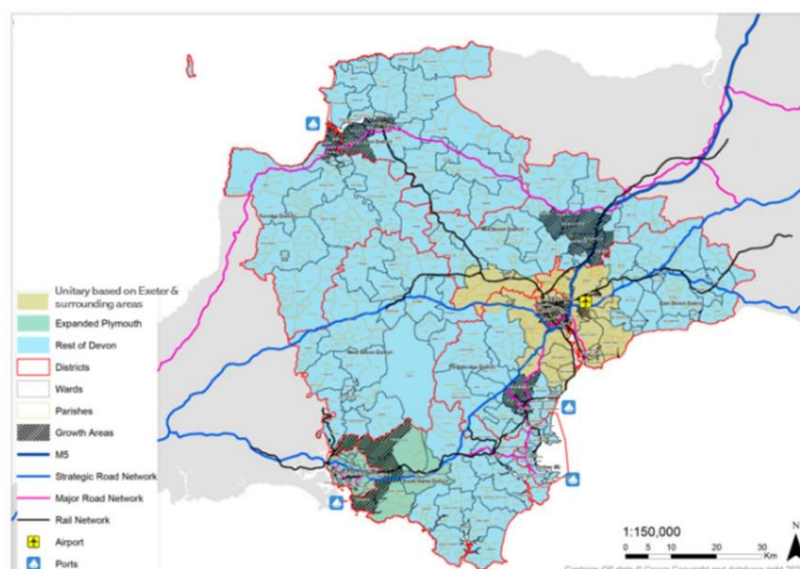
2.2 The main options are summarised at Appendix A. The government provided feedback on these plans on May 15<sup>th</sup> 2025 (see Appendix B).

## 3. Exeter City Council preferred geography

3.1 Exeter City Council's interim plan submission stopped short of identifying a preferred geography for the proposed unitary authorities. An extraordinary meeting of Exeter City Council held on the 14<sup>th</sup> August has now helped to provide further clarity in this respect. The associated report proposed a three-unitary model for Devon that would consist of:

- An urban unitary council for the city of Exeter and the surrounding parishes. This new council would have an initial population of about 256,401, projected to rise to 294,079 by 2040.
- An urban unitary council for the city of Plymouth and adjacent parishes, with a population of approximately 301,000, growing to 318,612 by 2040.
- A rural and coastal unitary council for the remainder of Devon, serving a population of around 675,179, projected to increase to 765,834 by 2040.

3.2 This proposal is set out in the map below;



3.3 This proposed geography was supported nearly unanimously (with just one abstention) at the Council meeting. Alongside the existing City Council administrative area, the proposed boundary for the unitary council encompassed the following parishes;

15 Parishes from within Teignbridge District Council	28 Parishes from within East Devon District Council		6 Parishes from within Mid Devon District Council
Dawlish Town Ashcombe Mamhead Starcross Kenton Chudleigh Town Powderham Exminster Kenn Dunchideock Shillingford St George Ide Holcombe Burnell Whitestone Tedburn St Mary	Exmouth Woodbury Lypstone Otterton East Budleigh Budleigh Salterton Colaton Raleigh Bicton Upton Pyne Brampford Speke Stoke Cannon Nether Exe Rewe Huxham	Poltimore Broadclyst Clyst Hydon Clyst St Lawrence Whimble Cranbrook Rockbeare West Hill Aylesbeare Farringdon Clyst Honiton Sowton Clyst St Mary Clyst St George	Cheriton Bishop Hittisleigh Colebrook Credton Town Credton Hamlets Newton St Cyres

3.4 The report highlights several key reasons underpinning the proposals:

- **Economic Benefits:** A new unitary council based on Exeter and its surrounding area is intended to unlock economic benefits, deliver much-needed housing and infrastructure, and create a resilient economic hub. This model would also support the economies of Devon's distinctive market towns and rural/coastal communities.
- **Improved Service Delivery:** The shift to a single tier of local government would allow services to be better designed around the specific needs of urban, rural, and coastal communities. The proposal emphasizes a place-based approach to service delivery, particularly for critical services like adult social care, children's services, and SEND services, arguing that a more localized focus is a "prevention superpower".
- **Financial Resilience:** An initial assessment by Pixel Financial Management suggests that a unitary council for Exeter and the surrounding area would have sufficient financial scale and resources to be resilient. The report notes that the new unitary authority for the "Rest of Devon" would be one of the largest in the country in terms of funding, making it capable of withstanding financial shocks.

3.4 The report also acknowledges some potential risks and areas for further work:

- The financial viability, particularly the costs of delivering services like Adult Social Care and Children's Services, still needs to be fully assessed.
- The proposal involves breaking down existing district council boundaries, which adds complexity to the financial analysis.
- The government's criteria for reorganisation, which states that existing districts should be the "building blocks" for proposals, is a potential risk, but the report argues that the proposal's justification mitigates this.
- The council plans to undertake a program of public and stakeholder engagement to gather feedback on the proposed geography and build a detailed final proposal.

## 4. English Devolution and Community Empowerment Bill

4.1 The English Devolution and Community Empowerment Bill, introduced to Parliament in July 2025, represents a significant shift in the UK government's approach to local governance. Building on the 2024 English Devolution White Paper, the Bill's primary objective is to widen and deepen devolution across England, creating a simpler and more consistent framework for transferring power from Whitehall to local leaders. This is intended to stimulate economic growth and empower communities to have greater control over their local areas.

4.2 A key provision of the Bill is the establishment of a new category of local government, the "Strategic Authority" (SA). These authorities, which include Mayoral Combined Authorities (MCAs) and Combined County Authorities (CCAs), are designed to be the primary recipients of new devolved powers. The Bill creates three tiers of SAs—Foundation, Mayoral, and Established Mayoral—each with a defined set of powers. The legislation streamlines the process for creating and expanding these authorities, and crucially, gives the Secretary of State the power to compel their formation, even without local consensus.

4.3 Strategic Authorities will be given "areas of competence," including:

**Transport and local infrastructure:** With powers to regulate micromobility vehicles, create a "Key Route Network" of major local roads, and act as a local transport authority.

**Skills and employment support:** Devolution of the Adult Skills Fund, giving local leaders more control over adult education.

**Housing and strategic planning:** Including new powers for mayors to direct planning applications of strategic importance and to introduce a Mayoral Community Infrastructure Levy.

**Economic development and regeneration:** With the ability to establish Mayoral Development Corporations.

**Environment and net zero:** To ensure local actions align with national climate goals.

**Health, wellbeing, and public service reform:** Giving SAs a legal duty to improve health outcomes and reduce inequalities.

**Public safety:** Allowing for the consolidation of Police and Crime Commissioner and Fire and Rescue Authority functions under a mayor.

4.4 Beyond the creation of Strategic Authorities, the Bill introduces several other major reforms. It requires all local authorities to transition from a committee system to a leader and cabinet model and prevents the creation of any new local authority mayors. It also seeks to overhaul the local audit system by establishing a single Local Audit Office (LAO) to oversee all audit functions.

4.5 The legislation also contains measures to empower local communities directly. It strengthens the Community Right to Buy, making it easier for community groups to acquire and protect local assets. Additionally, the Bill places a new duty on local authorities to ensure effective "neighbourhood governance," a measure that could formalise the role of town and parish councils in local decision-making.

4.6 The Bill, therefore, is a comprehensive piece of legislation that seeks to not only deepen devolution in England but also to fundamentally restructure local government, enhance community rights, and reform key public services like audit and planning.

## 5. South West Peninsula Mayoral Strategic Authority

5.1 A letter dated July 25, 2025, from the Leaders of all Councils in Devon to the Minister of State for Local Government and English Devolution, expresses a joint interest in future devolution opportunities. The letter proposes the creation of a South West Peninsula Mayoral Strategic Authority (MSA). The proposed MSA would encompass a population of in excess of 1.2 million people and a diverse economy worth over £25 billion annually. While the ongoing local government reorganisation may change constituent authorities, the letter makes it clear that the leaders believe the time is right for a more comprehensive devolution agreement. In itself this

recognises that introducing a Mayoral Strategic Authority is now a precursor to securing significant funding.

5.2 The letter outlines the benefits of a coordinated approach, including:

- Maximising environmental assets and research capacity to position the UK as a leader in environmental intelligence and clean marine innovation.
- Leveraging a significant tourism economy (worth over £2 billion annually) and its support for nearly 33,000 jobs through coordinated investment.
- Addressing specific housing pressures with a strategic approach to affordability and availability.
- Creating an integrated transport network that connects rural and coastal communities with urban centres.
- Developing coordinated skills provision to meet the needs of key growth sectors and address productivity challenges.
- Supporting the vital national security role of Devonport dockyard, which is receiving a £4.4 billion investment.

5.3 The Leaders state their commitment to working at pace including a desire to discuss the proposals further at Ministerial level. It is also highlighted that whilst Cornwall Council has declined to participate at this time, the door will be left open for them to join in the future.

## **6. Public survey**

6.1 A key part of developing the full proposals for local government reorganisation is undertaking extensive engagement with key stakeholders, not least local residents. A public survey was undertaken during July and August which was consistent across the Devon Districts. This will provide a powerful means of understanding the needs and desires of members of the public across a large part of Devon.

6.2 Initial analysis of the results for East Devon are contained at Appendix C. It will be important that the key messages and sentiment captured in the survey help to shape the development of the full proposal. This will be alongside engagement with key stakeholders in the public service, business, education and environment sectors.

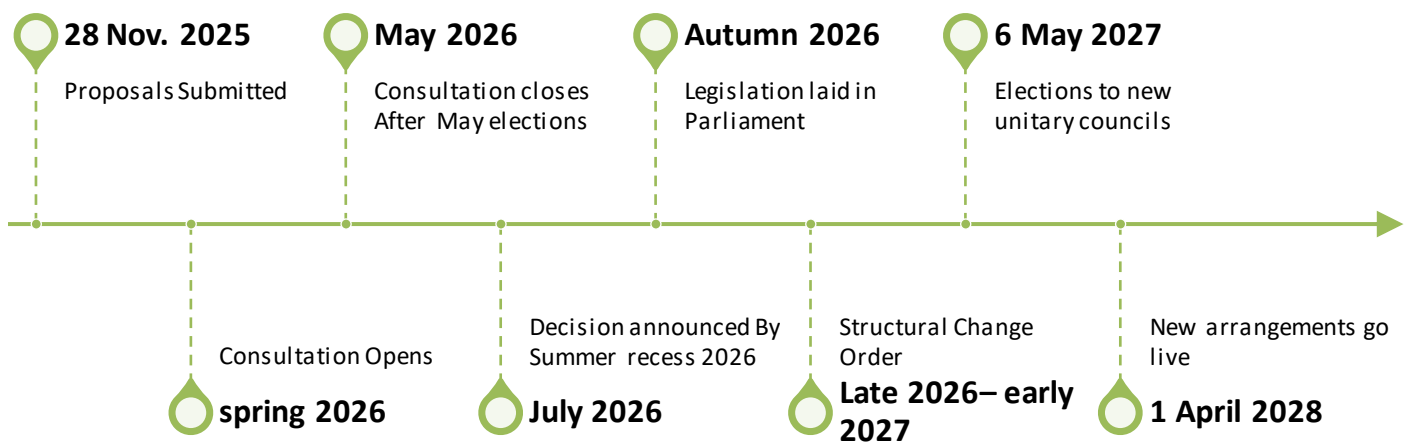
## **7. Programme and next steps**

7.1 This report highlights the complex landscape in terms of the differing LGR proposals currently. The key date remains the 28<sup>th</sup> November deadline for full proposals. This will prompt further clarity including the County Council determining their preferred option.

7.2 In line with previous resolutions, Cabinet and Council will consider the full proposal for the 1-4-5 model of local government prior to this being submitted to central government. It is a specific recommendation of this report that a delegation is given to the Chief Executive in consultation with the Deputy Leader and Portfolio Holder for Council, Corporate and External Engagement to continue to develop proposals for the configuration and coverage of future principal authorities. This is an evolution of the relevant resolution from the full Council meeting on the 9<sup>th</sup> January and reflect the fact that the Leader of the Council now has a lead role for Local Government Reorganisation and Devolution at the County Council.

7.3 Beyond the 28<sup>th</sup> November the timeline is expected to be as follows;





We will continue to hold briefings and provide regular updates to both Members of the District Council and Parish and Town Councils as the proposals develop and key milestones are reached.

7.4 It should be noted that correspondence received from the Minister of State for Local Government and English Devolution on the 24<sup>th</sup> July (Appendix D) confirmed the government's intent to issue section 24 notices under the 2007 Local Government Act at the same time that Structural Change Orders are made in late 2026/early 2027. These will have the effect of limiting the Council's financial decision making autonomy. From this point written consent from the successor council will be required for land disposals worth more than £100,000, entering contracts of more than £1,000,000 for capital and entering contracts of more than £100,000 for non-capital (whole life costs).

## 8. Appointment of Specialist Support

8.1. It is essential that the full proposal is developed in a way that is both evidenced based and meets the criteria set out by central government. This is a complex undertaking that needs to be presented in the best and most persuasive way possible. It is also important to draw on the knowledge and experience gained from other successful examples of local government reorganisation.

8.2. In order to support the development of the full proposal to the required standard and timescales, consultants KPMG have been appointed through a procurement framework. This organisation brings considerable expertise having been deeply involved in local government reorganisation in Cumbria. They are also advising other District Councils in current two-tier areas.

8.3 The appointment is on behalf of the eight authorities that are supporting the 1/4/5 proposals. This Council is leading this appointment because of the role of the Director of Place in providing programme support and coordination on behalf of the constituent authorities. The overall budget for the commission is up to £145k which will be met equally between the partners. Capacity funding of circa £35k has been provided to each authority in Devon to help meet the costs of developing proposals for local government reorganisation. The District Council's share of the cost of the commission will therefore be met from this capacity funding.

## 9. Conclusion

9.1 This report provides an update in relation to proposals for both local government reorganisation and devolution. For the former the landscape remains complex and it is unlikely that all Councils will align behind a single proposal. Whilst further clarity has been forthcoming, not least in terms of the geographical extent of the proposed Exeter unitary, this also raises significant concerns about the sub-division of the District and particularly the coherence of a very large rural and coastal authority. That said, proposals to establish a Peninsular Mayoral Strategic Authority have secured universal support and will hopefully now be progressed at pace.

9.2 The key focus now is on meeting the deadline of the 28<sup>th</sup> November and ensuring a credible and persuasive proposal is submitted for the 1/4/5 model of local government reorganisation. Alongside our partner authorities, this will be considered by Cabinet and Council prior to submission. The further clarity regarding the expected timeline beyond the 28<sup>th</sup> November is also helpful. In particular confirmation of the intent to issue s.24 notices now forms an important backdrop to the Mid Term Financial Plan and the need to set a balanced budget for the remaining period that the Council will exist.

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### **Financial implications:**

There are no direct financial implications arising from the recommendations in this report other than costs associated with the employment of consultancy support which is being met from external funding.

### **Legal implications:**

The Secretary of State ("SoS") has the power to invite local authorities to invite proposals for a single tier of Local Government under Section 2 of the Local Government and Public Involvement in Health Act 2007. Once a decision is made, implementation is through a Structural Change Order. The Order will address the transfer of powers, property, assets and staff as well as any boundary and electoral changes necessary to give effect to the reorganisation. Whilst the SoS may not implement a proposal without consulting with all principal councils within the relevant local government area (unless they have been involved in making the proposal), the consent of the councils affected is not required.



## Appendix A

### The '1-4-5' Plan

This proposal, submitted by Devon's district councils (with the exception of Exeter City) and Torbay, is for a two-unitary model for the majority of the county, alongside Plymouth City Council at its existing boundaries. The two new authorities would be configured as follows;

- **A new "South Devon" unitary council:** This would combine the existing South Hams, Teignbridge, and West Devon district council areas with the Torbay unitary authority.
- **A new "North and East Devon" unitary council:** This would bring together the East, Mid, North Devon, Torridge, and Exeter City Council areas.

The total number of unitary councils under this plan would be three.

### Devon County Council

Devon County Council's interim plan for local government reorganisation outlines a preliminary appraisal of five potential options and one baseline scenario for creating unitary authorities in Devon. The plan acknowledges there is no single preferred proposal yet, and it is a foundational document for further analysis and public engagement before a final submission in November 2025. The key drivers for reform are financial pressures, as Devon's councils face a combined budget gap of £180 million by 2028/29, and the need for greater integration of public services like social care, housing, and health.

The five options presented use existing district council boundaries as building blocks:

- **Two-unitary models:** Three different two-unitary models are proposed, each with different geographical splits, such as a North/South divide, a Southwest/Northeast divide, and a model where Plymouth remains a unitary and the rest of Devon (including Torbay) forms a single unitary.
- **Three-unitary models:** Two different three-unitary models are presented. One creates unitary authorities for Plymouth, "Greater Exeter" (Exeter, East Devon, and Mid Devon), and the remaining part of Devon. The other creates units for Plymouth, North East Devon, and South West Devon.
- **Baseline scenario:** A single unitary council for the entire area of Devon, including Plymouth and Torbay, is considered as a baseline, but not a primary option under consideration at this stage.

The plan emphasises that the final decision will be evidence-based, co-designed with partners and residents, and will enhance services, democratic accountability, and local leadership

### Exeter City Council

Exeter City Council's interim plan proposes that Exeter become a unitary authority. The rationale for this approach is that a unitary Exeter would be better positioned to coordinate public services, drive economic growth and regeneration, and strengthen community leadership and identity. The plan emphasises an evidence-based approach and the need for a structure that is financially resilient and capable of delivering high-quality, accessible services. The interim plan stopped short of identifying a preferred geography for the new unitary council.

### Plymouth City Council's "Plymouth Growth Area" proposal

This plan, similar to Exeter's, proposed a boundary extension for Plymouth to encompass 13 parishes from the South Hams district. This is to create an authority with a population of over 300,000 to increase financial viability and better serve its functional economic area.

### Torbay Council

The interim plan submission outlines four options for local government reorganisation in Torbay. A single unitary authority for all of Devon is discounted, as public opinion and councillors oppose it due to concerns about efficiency and retaining a sense of place.

The three remaining options, presented in order of preference, are:

- **Option 1: Torbay Council** – Torbay remains a unitary authority, maintaining its current boundaries. The council highlights its successful Children's Services and integrated health and social care model as reasons to retain its current structure.
- **Option 2: Torbay and South Devon Council** – This option proposes a new unitary authority combining Torbay with parts of South Hams and Teignbridge. This new entity would serve a population of around 292,000.
- **Option 3: South Devon Council** – This is the largest of the preferred options, proposing a unitary authority encompassing Torbay, South Hams, West Devon, and Teignbridge. It would have a population of approximately 430,000

The latter option aligns with the South Devon Council component of the 1/4/5 submission.

### **North Devon District Council**

North Devon District Council supported the 1-4-5 proposal but also put forward proposals for a northern Devon authority to reflect the character and distinctiveness of the area.