

SURREY COUNTY COUNCIL**CABINET****DATE: WEDNESDAY 8 JANUARY 2025****REPORT OF CABINET MEMBER: TIM OLIVER, LEADER OF THE COUNCIL****LEAD OFFICER: TERENCE HERBERT, CHIEF EXECUTIVE****SUBJECT: RESPONSE TO THE ENGLISH DEVOLUTION WHITE PAPER****ORGANISATION STRATEGY PRIORITY AREA: NO ONE LEFT BEHIND / GROWING A SUSTAINABLE ECONOMY SO EVERYONE CAN BENEFIT / HIGH PERFORMING COUNCIL****Purpose of the Report:**

This report outlines the opportunities arising from the [English Devolution White Paper](#) published on 16 December 2024, and the requirements on Surrey County Council set out in a letter sent to the Leader of the Council from the Minister of State for Local Government and English Devolution on the same day (see Annex 1).

Recommendations:

Cabinet is recommended to:

1. agree that the Leader should respond to the government as outlined in the letter in Annex 2.

Reason for Recommendations:

The English Devolution White Paper presents an important opportunity for Surrey County Council to bring more expansive and flexible devolved powers and funding into the county for the benefit of residents. As such it is recommended that Cabinet agrees to respond to the Minister's letter (Annex 1) requesting the postponement of the 2025 county elections to allow the Surrey County Council Leader time to work with district and borough Leaders to develop a proposal for local government reform that will unlock the benefits of further devolution for Surrey.

The function of deciding whether and how to respond to the Minister's letter of 16 December 2024 is an executive function as set out in the Surrey Constitution under Responsibility for Executive Functions (part 3), the Cabinet has the power to provide formal response to any government White Paper "...likely to lead to policy changes or have impact upon service not otherwise delegated to officers" (Scheme of delegation 8.2 (L)).

Executive Summary:

Context

1. Surrey County Council has long advocated for devolution of powers and funding from central government to the county to ensure more decisions are made locally to deliver greater benefits for residents. In March 2024, the council agreed a non-Mayoral, foundational (Level 2) [Devolution Deal](#) with government and has progressed work with government departments to implement the devolved functions and funding.
2. On 16 December 2024, the government published the [English Devolution White Paper](#), setting out an ambitious vision for deepening and widening devolution across England. The White Paper details criteria for devolution, an approach to progressing local government reorganisation (LGR) to unlock further devolution and a move to a system of local government that prioritises high quality, sustainable public services.

Strategic Authorities and Devolution

3. The White Paper establishes a new tier of local government: Strategic Authorities (SAs). There are three categories - Foundation Strategic Authority (FSA), Mayoral Strategic Authority (MSA) and Established Mayoral Strategic Authority (ESA).
4. Details are set out in the White Paper of the types of responsibilities and funding that will be available to these SAs (Annex 3). The initial proposed list includes, transport and local infrastructure, skills and employment support, housing and strategic planning, economic development and regeneration, environment and climate change, health, wellbeing and public service reform, and public safety.
5. SAs will also have funding devolved to them. FSAs will receive a dedicated local growth allocation. MSAs will have consolidated funding pots across local growth, place, housing and regeneration, non-apprenticeship adult skills and transport. ESAs are eligible for an Integrated Settlement which will allow established Mayors to set their own funding priorities based on local need and context.

Governance

6. The paper sets out a clear preference for mayoral authorities, with the formation of MSAs prioritised in order to bring in visible leadership and greater accountability across England. As such, MSAs and ESAs benefit from the most extensive and flexible devolution.
7. Beyond access to further devolved powers and funding, MSAs and ESAs will be invited to participate in the Council of Regions and Nations, chaired by the Prime Minister, and the Mayoral Council, chaired by the Deputy Prime Minister. These forums will allow Mayors to collaborate with other devolved authorities and central government on national and local policy coordination and delivery.

8. Government is discontinuing the individual local authority mayoral devolution model, stressing the importance of having a Mayor and Council Leaders with distinct and separate roles in place.

Geography

9. A SA must cover a sensible economic area, be contiguous across its constituent councils' boundaries, not create any devolution islands, be able to deliver key functions and delivery plans, and be an identifiable area for residents to engage with.
10. In addition, the geography of a SA should have a comparable scale to other existing institutions. The government's assumption is a population of 1.5 million or above, but notes that in some places smaller authorities may be necessary. At present the county has a population of just over 1.2 million, however with more than £50 billion in Gross Value Added (GVA) delivered every year, it ranks favourably with existing Combined Authority footprints for local economic output (see Annex 4). The council's existing devolution deal was also agreed on the Surrey footprint.
11. Government has set out its ambition to realign public authority boundaries, ensuring that over time public services are delivered on the same footprint as SA boundaries. The county of Surrey is currently the footprint for the police, fire and rescue, and the majority of the health service, as well as many voluntary, community and social enterprise organisations, in addition to county council functions. Furthermore, a number of countywide strategies and plans are already in place covering many of the devolved responsibilities that SAs will assume.

Local Government Reorganisation (LGR)

12. The White Paper announces that government will facilitate a programme of reorganisation for two-tier local government areas. The programme delivery will be phased, considering where LGR can unlock devolution and where areas want to proceed at pace. New unitaries are to be delivered in April 2027 and 2028, with shadow elections taking place earlier.
13. The white paper sets out government's priorities for LGR. Amongst these is the criteria that unitary councils should be the right size to achieve efficiencies, improve capacity and withstand financial shocks, which government has indicated is an authority covering a population of 500,000 or more, though there is recognition that there may be exceptions.
14. In addition, local unitary proposals should be in the interest of the whole area and government has set the expectation that all councils in an area should work together on a joint proposal to government. Discussions with district and borough Leaders and Chief Executives have started, and will continue through a representative working group, as proposals are shaped further.

Responding to the English Devolution White Paper

15. On 16 December 2024, following the release of the White Paper, the Minister for Local Government and English Devolution wrote to all council leaders in two-tier areas. The letter to the Leader of Surrey County Council (Annex 1) invites upper-tier areas to express an interest in pursuing a joint programme of devolution and local government reorganisation and recognised that two-tier areas which wish to receive further devolution may need to engage in LGR to meet the government's devolution criteria.
16. The Minister stated that he is minded to lay secondary legislation to postpone local council elections from May 2025 to May 2026 where this will help an area to deliver both reorganisation and devolution to the most ambitious timeframe. The Minister set out two scenarios where he would be willing to postpone elections:
- Areas who are minded to join the Devolution Priority Programme, where they will be invited to submit reorganisation proposals to government by Autumn 2025.
 - Areas who need reorganisation to unlock devolution, where they will be invited to submit reorganisation proposals to government by May 2025.
17. For the Minister to lay the relevant legislation to postpone elections, a clear commitment to devolution and reorganisation alongside a request for election postponement is required from upper-tier councils to be submitted to the Minister by 10 January 2025.
18. LGR in Surrey would provide an opportunity for more streamlined and cost-effective services, enabling the achievement of efficiencies and better outcomes for communities. It will also build on the current proactive approach the council is taking to strong community partnership engagement around the towns and villages footprint. A postponement of the county council elections, which are due to take place in May 2025, will enable proposals for local government reform that will unlock further devolution for Surrey to be developed (see Annex 2).

Likely Timeline for LGR and Further Devolution

19. Based on information provided by government to date, the anticipated likely timeline for the development and delivery of proposals for Surrey would be:

10 January 2025	Letter submitted to Minister of State requesting election postponement
Before March 2025	Minister's response to letter received
March 2025	Interim LGR proposal submitted to government
May 2025	Full LGR proposal submitted to government
May – June 2025	Government evaluates proposal(s) received for LGR and makes a decision on whether to proceed on a single proposal, or to consult further on one or more proposals
July 2025	Government consultation with affected bodies on LGR proposal(s)
Autumn 2025	Government decision on LGR anticipated, which begins statutory process to establish new council(s)

January 2026	Parliamentary process begins to lay Statutory Instruments
May 2026	Elections to shadow unitary authority/ies
Spring 2027	New unitary/ies 'go live'
Spring 2027 or 2028	Mayoral elections and Mayoral Strategic Authority 'go live', with the preparations for the establishment of the MSA taking place throughout 2026/27, or Surrey joins MSA with neighbours

Consultation:

20. On 7 January a discussion is taking place at the Surrey Leaders and Chief Executives meeting about the implications and opportunities presented by the White Paper.
21. An Extraordinary Council meeting has been set for the 8 January 2025, enabling Members of the Council to review the contents of the White Paper and the subsequent correspondence from the Minister for Local Government and English Devolution. The Council is asked to note that the decision to respond to the letter of 16 December 2024 is an Executive function, and to support the Leader's response to the Minister.

Risk Management and Implications:

22. Risk implications will be considered as part of the development of the interim and full LGR proposals and subsequent devolution opportunities (business case/s) and reviewed as work progresses.

Financial and Value for Money Implications:

23. Devolution and LGR is likely to entail one-off costs, as well as ongoing financial benefits. A business case will set out further detail of the estimated costs and benefits of any LGR and/or devolution proposals.

Section 151 Officer Commentary:

24. The council continues to operate in a very challenging financial environment. Local authorities across the country are experiencing significant budgetary pressures. Surrey County Council has made significant progress in recent years to improve the Council's financial resilience and whilst this has built a stronger financial base from which to deliver our services, the cost of service delivery, increasing demand, financial uncertainty and government policy changes mean we continue to face challenges to our financial position. This requires an increased focus on financial management to protect service delivery, a continuation of the need to deliver financial efficiencies and reduce spending in order to achieve a balanced budget position each year.
25. In addition to these immediate challenges, the medium-term financial outlook beyond 2025/26 remains uncertain. With no clarity on central government funding in the medium term, our working assumption is that financial resources will

continue to be constrained, as they have been for the majority of the past decade, and with likely redistribution of government funding to urban/metropolitan areas. This places an onus on the council to continue to consider issues of financial sustainability as a priority, in order to ensure the stable provision of services in the medium term.

26. In agreeing that the Leader should respond to the government as outlined in the letter in Annex 2, Cabinet's decision is aligned to maximising all opportunities for efficiencies and sustainability of funding for Surrey as a whole.
27. A significant financial implication and risk, which is unique to the local government landscape of Surrey, is the current level of debt held across the Surrey local government footprint. Any business case proposal for LGR will need to adequately consider and deal with the underlying debt position. The underlying debt that remains to be financed, together with the onset of reforms to local government funding, with anticipated redistribution of funds away from Surrey and reliance on council tax, poses a real and present threat to the sustainable operation of any new entity without ongoing exceptional financial support from government or a level of write off.

Legal Implications – Monitoring Officer:

28. The function of deciding whether and how to respond to the Minister's letter of 16 December 2024 is an executive function as set out in the Constitution under Responsibility for Executive Functions (part 3). The report complies with the Local Government Act 2000 ("the LGA 2000") and the Local Authorities (Functions and Responsibilities) (England) Regulations ("the Functions Regulations").
29. The power to make an order postponing (or, more strictly, changing the year of) elections under s 87 of the LGA 2000 is a power of the Secretary of State. There is no statutory provision which requires an affected authority to have requested the change, or which otherwise provides for the making of a request.

Equalities and Diversity:

30. There are no direct equality implications arising from this report, although any impact on groups with protected characteristics will be considered through development of specific proposals and business cases for devolution and local government reorganisation.

Other Implications:

31. There are no direct other implications arising from this report, although any impact on council services will be considered through development of the business case.

What Happens Next:

32. Following the decision by the Cabinet, a letter will be sent by the Leader of the Council to the Minister for Devolution and Local Government (Annex 2), setting out the intention to pursue a joint programme of devolution and local government reorganisation in Surrey and requesting the postponement of the 2025 council elections to allow for a local proposal to deliver both to be developed.

33. Discussions with district and borough Leaders and Chief Executives will continue, and a working group made up of representatives of Leaders, Chief Executives and MPs will be convened to support the development of proposals and implementation planning.

34. Further reports will be brought to Cabinet as needed throughout the process.

Report Author: Nicola Kilvington, Director of Corporate Strategy and Policy, nicola.kilvington@surreycc.gov.uk

Consulted:

- District and borough Chief Executives and Leaders
- Council, Cabinet and Corporate Leadership Team

Annexes:

Annex 1: Letter to Leaders of all two-tier councils and neighbouring unitary authorities from the Minister of State for Local Government and English Devolution, dated 16 December 2024

Annex 2: Draft letter from the Leader of the Council to the Minister of State for Local Government and English Devolution

Annex 3: Devolution Framework Summary Table

Annex 4: Surrey's relative economic performance against existing and planned combined authorities

Sources/background papers:

[English Devolution White Paper - GOV.UK](#)

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