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# DEVOLUTION AND LOCAL GOVERNMENT REFORM

June Update

**The following update provides you with the key news relating to local government reform (LGR) and devolution for the month of June.**

Councils receive written feedback on their LGR proposals

Full document: [Local government reorganisation: summary of feedback on interim plans](#)

The Government's feedback to Councils on their LGR proposals had a central theme, namely, asking them to build on their initial work to ensure their final proposals, due no later than 26 September 2025 for those on the Devolution Priority Programme and 28 November 2025 (with some exceptions) for others, fully address the assessment criteria and support it with data and evidence.

The Government also clarified that the assessment of the final proposals will not be weighted but instead based on 'judgements in the round', based on guidance and available evidence. In reviewing the final proposals, the Government will look for the following:

**Criterion 1:** Proposals should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.

The Government found that many councils submitted interim plans that did not cover the whole of the area set out in the original invitation letter (dated 5th February). Partial coverage will not be accepted, so councils will need to submit a clear, single option and geography for the area as a whole.

**Criterion 2:** Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks

**Population:** Early on, the Government required local government leaders to restructure their authorities to achieve a minimum population coverage of 500,000 or more. They have now softened that stance, stating this is a 'guiding principle', not a target. They have further clarified that there should be flexibility, especially in context with their dual ambition of delivering nationwide devolution. Final proposals which do not exceed 500,000 populations, should set out their rationale for the proposed approach in a clear manner (meaning they will need to address this directly in their proposal).

**Boundary changes:** The Government has also clarified that proposals that necessitate changes to existing council boundaries will also be considered, but rationale for moving away from the preferred method of existing districts will need to be provided.

**Historic counties:** The Government will preserve the important historic counties in their current ceremonial roles and will ensure that the ceremonial rights and privileges of an area will be maintained after any reorganisation of local government.

**Costs:** The Government said it would be helpful for all final proposals to include information on how efficiency saving have been considered alongside a sense of place and local identity.

**Criterion 3:** Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens

The Government has advised that further consideration should be given to the impacts of crucial services such as social care, children, SEND, homelessness, and other wider public services. For example, in cases where two or more unitary council models are proposed, the Government has asked for further details on how the different options may impact these services and how risks will be mitigated.

**Criterion 4:** Proposals should show 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

From the start of this process, the Government has stressed the need for councils to work together within an area, including around effective data sharing to support the development of a robust evidence base. That spirit is required to produce final proposals. The Government acknowledged that the timescales they required for interim plans did not allow for substantive public engagement but would like this to be done as part of final proposals.

**Criterion 5:** New unitary structures must support devolution arrangements

The Government has encouraged councils to think more about how their LGR proposals will facilitate devolution in their areas. As part of the final proposal, the Government has suggested areas outline how each LGR option would interact with a Strategic Authority to the benefit of local communities, including by meeting the criteria for sensible geography in White Paper and devolution statutory tests.

**Criterion 6:** New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment

The Government has stressed that it would like areas to provide additional detail on their plans for neighbourhood-based governance in the final plan.

The Government also clarified its position on unitary elections. There are no plans to postpone any elections which are already scheduled, and all elections should proceed unless there is strong justification for them not to.

Minister of State for Local Government and English Devolution announces proposal development contributions

Full statement: [Local Government Reorganisation](#)

The Minister of State, Jim McMahon, confirmed that the Government would prefer final proposals to be submitted as a single submission, underpinned by a shared evidence base, that includes all options being put forward by councils. To help facilitate this, they will provide 'proposal development contributions' to all 21 areas at a rate of £135,000, plus an additional 20p per person, based on the latest ONS population estimates.

Areas have been asked to agree on up to three councils to receive an equal share of the funding, which will contribute towards facilitating the development of a shared evidence base that will underpin the final proposals as well as contributing to the development of these.

Spending review: what it means for devolution and LGR

Full document: [Spending Review 2025](#)

## **Here are the key provisions from the spending review, as they relate to devolution and LGR:**

- Funding will be provided for new mayoral strategic authorities through the Devolution Priority Programme (see Page 36, Paragraph 4.41)
- The government reconfirmed its commitment to implement new integrated settlements for the North East, West Yorkshire, South Yorkshire and Liverpool City Region from 2026-27, joining Greater Manchester and West Midlands in having local control over a single flexible pot for growth and public services priorities (Page 36, Paragraph 4.42).
- London will receive integrated settlements from 2026-27 (Page 36, Paragraph 4.42)
- The government will expand the scope of the integrated settlement, with a default presumption that relevant funding for these institutions is routed through their integrated settlement. The final scope and quantum of these integrated settlements will be set out in due course. (Page 36, paragraph 4.43)
- The government is also establishing a Growth Mission Fund to directly support local economic growth. This fund will invest £240 million of capital from 2026-27 to 2029-30 in projects that enable local job creation and the economic regeneration of local communities. Further detail on this fund and the criteria that will be applied for project selection will be set out later this summer. (Page 37, paragraph 4.45).
- The government will publish its modern Industrial Strategy later in June. It will set out how the government will accelerate growth in eight growth-driving sectors and strengthen economic resilience. (Page 37, paragraph 4.47)
- The growth-driving sectors – advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services, life sciences, and professional and business services – are active across the regions and nations, each with their own specialisms. Supporting the success of these sectors, and the places where they are based, will be crucial in delivering high-quality jobs, new opportunities and higher living standards across the whole country. The government will deliver this in partnership with businesses, devolved governments, regions and wider stakeholders. (Page 37, paragraph 4.48)

There was insufficient detail in the review on fiscal devolution. Concerns remain that the devolution of powers will not be matched by sufficient and consistent funding packages, which has the effect of passing responsibility to the new Strategic Authorities without the ability to effect the change needed.

### **Government launches 10-year infrastructure strategy**

Full document: [UK Infrastructure: a 10-year strategy](#)

This is an important document for local leaders to read, as it sets out the Government's long-term vision for overhauling the UK's national infrastructure, covering sectors including energy, transport, water, digital connectivity, waste, flood risk management alongside critical social infrastructure such as housing and public services. The document aims to attract private investment, provide stability and to connect national priorities at a local level, through the creation of clarity for the next decade.

The Government stresses a 'joined up approach' with local government and others, which will mean both devolved and general local government will need to align their own planning and infrastructure policies with national priorities and regulations. Regional spatial development strategies will set approaches to localised investment, and may be a useful tool to reconcile national/local priorities, however, as we have seen from, for example HIF schemes, the need to balance these interests will stretch Councils even further due to the need for expert project management, management of regulations and requirements, liaison with multiple stakeholders and so forth. Equally, as we have seen with joint projects with Homes England, doing this work may lead to greater funding and opportunity for economic and social infrastructure.

### **Government launches modern industrial strategy**

Full paper: [The UK's Modern Industrial Strategy](#)

The Government's priority mission is to deliver strong, secure, and sustainable economic growth to boost living standards across the UK, and the Industrial Strategy lays out the ways it plans to achieve that. Central to this strategy is making it easier to invest in eight key sectors (termed, 'IS-8 sectors'), which are Advanced Manufacturing, Clean Energy Industries, Creative Industries, Defence, Digital and Technologies, Financial Services, Life Science, and Professional and Business Services.

The Strategy is clear in its place-based focus, believing that stronger regional growth is vital for all of the Industrial Strategy's eight sectors and the overall resilience of the UK economy, and as a result, the Government has acknowledged the key role Strategic Authorities and local government will play in delivering a successful economy. The following will be provided in support of this:

- A new £500million Mayoral Recyclable Growth Fund for Mayors in the North and Midlands with an integrated settlement, to provide financial investment in local growth projects.
- Streamlined planning processes, investment promotion, support in accessing concessionary finance, and skills development support for Industrial Strategy Zones.
- Close working relationships with councils to deliver all the interventions set out in the Industrial Strategy, including helping to identify, develop and secure the right funding for investible projects in city centres and strategic industrial sites to maximising the potential of Industrial Strategy Zones.
- The Local Innovation Partnerships Fund (LIP Fund), which will provide up to £500million for high potential innovation clusters. The Government hopes to generate a further £1billion of co-investment via the LIP Fund.
- A new National Data Library, an initiative aimed at improving public service delivery and economic growth by making public-sector data more accessible for research and development.
- £160million in funding over 10 years to stimulate growth in Investment Zones, particularly in Clean Energy clusters.
- A new Creative Places Growth Fund devolving £150 million over three years to six Mayoral Strategic Authorities, alongside support for the Tees Valley Creative Investment Zone, which will receive over £160 million in funding over 10 years.
- Establish new AI Growth Zones across the UK to attract investment in AI infrastructure in strategic locations.
- A series of investment partnerships, giving city regions and clusters the expertise and catalytic financing to secure private investment and to deliver Mayors' Local Growth Plans, for example, the Office for Investment will establish a new national investment partnership framework to help Mayoral Strategic Authorities and other places build their investment capacity and capability.
- Provide new High Street and Growth Incubators which will target funding at a selection of Established Mayoral Strategic Authorities, via integrated settlements, to support high streets, trigger further private property investment, and support businesses to adapt and grow.

The strategy must be read in conjunction with the 10-year infrastructure strategy both of which promise to deliver growth at a regional level.