



Local Government Reorganisation

Independent appraisal of options for LGR in Stoke-on-Trent and Staffordshire

31 October 2025





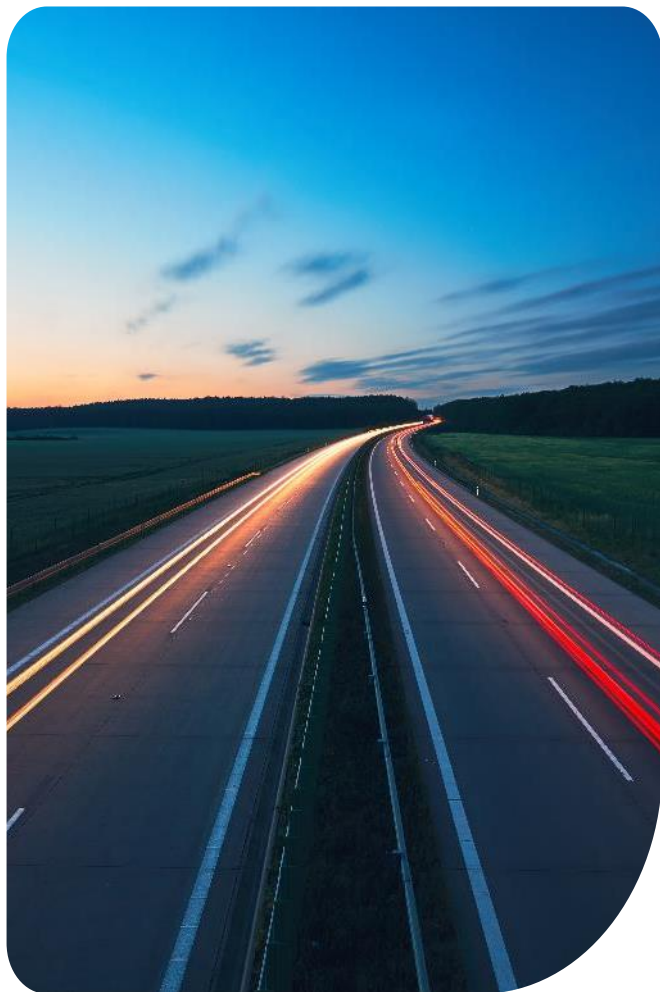
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01 Executive summary

Executive summary

Government invitation to two-tier areas for unitary proposals under the devolution priority programme



The Government is currently undertaking a significant programme of local government reorganisation to simplify governance structures and enhance the delivery of public services.

This initiative, outlined in the English Devolution White Paper (December 2024), seeks to replace two-tier local government arrangements with unitary authorities that consolidate county and district functions. The ambition is to create more efficient, accountable, and financially sustainable councils that can drive regional growth and improve outcomes for residents.

In February 2025, the Minister of State for Local Government and English Devolution issued a statutory invitation to all councils in two-tier areas and small neighbouring unitary authorities to develop proposals for unitary local government. This forms part of the Devolution Priority Programme (DPP), which aims to accelerate reform in selected regions. Councils were asked to submit interim plans by March 2025, with full proposals due by 28 November 2025.

For Stoke-on-Trent and Staffordshire, this programme presents a significant opportunity to reorganise local services, ensuring they reflect community identities, support future devolution, and provide a solid foundation for sustainable service delivery.

Our independent analysis argues that any future model must go beyond just achieving “theoretical” balance; it should deliver tangible social and economic coherence, align with functional geographies, and create a structure capable of supporting long-term sustainability and offering genuine parity.

While the current upper-tier boundaries of Staffordshire County Council and Stoke-on-Trent City Council, in their existing form, do not provide a basis for county-wide unitarisation, a two-unitary (2UA) solution presents a viable pathway forward.

To meet the core objectives of LGR, any 2UA configuration must avoid dividing connected urban areas and should align with economic, academic, and health geographies. It’s in this context that a North-South footprint emerges as the most coherent and sustainable option, reflecting intrinsic functional economic areas and enabling integrated planning.

Stoke-on-Trent City Council, as the region’s existing unitary authority, also offers an established competent platform with the infrastructure and management capacity to deliver the full range of council services. Integrating Newcastle-under-Lyme and Staffordshire Moorlands into this northern unitary would reduce the complexity and cost of transition. At the same time, the remaining councils progress toward integration in the south, creating a rational, balanced, and sustainable governance model for the wider region.

Executive summary

Our review assessed multiple scenarios for reorganising local government in Stoke-on-Trent and Staffordshire, considering social, economic, and geographic factors alongside financial sustainability. The goal was to understand the implications of different configurations on governance, service delivery, and strategic alignment.

Our independent analysis is grounded in a robust evidence base, drawing on multiple sources: validated data from previous rounds of Local Government Reorganisation (focusing on benefits actually delivered rather than those projected in business cases), formal Value for Money assessments, and insights generated through our market-leading data analytics tools.

Scenario	Configuration
Scenario A:	Two authorities divided North and South (Existing Boundaries)
Scenario B:	A three-unitary option
Scenario C:	Two authorities divided North-South with adjusted boundaries for optimal balance.
Scenario D:	Two authorities divided East and West (Existing Boundaries)
Scenario E:	A single unitary covering the entire area.
Scenario F:	A single County Unitary and Stoke-on-Trent

Using a blend of socio-economic data and financial modelling, we first narrowed down the optimum number of unitary authorities. This assessment confirmed that a two-unitary authority model represents the most advantageous, credible, and pragmatic solution, providing a firm basis for reorganising local government and enabling effective devolution in Staffordshire.

While our analysis focuses on scenarios A and D as the primary permutations for a 2UA solution, it's important to note that this focus does not imply these will ultimately rank first and second. For example, although Scenario A scores highest, Scenario C, a variation on these boundaries, could feasibly outperform Scenario D.

Scenario B was discounted because its scale does not align with government guidelines for most authorities. Similarly, a single county unitary incorporating Stoke (Scenario E) was excluded due to governance and scale challenges, and Scenario F was discounted as it only provides a partial solution for the geography.

It is in this context that we undertook a more focused assessment of the permutations of a 2UA model. This involved testing different boundary configurations against a blend of socio-economic indicators, financial modelling, and service delivery considerations. The objective was to identify the option that optimises economic complementarity, governance efficiency, and responsiveness to local needs while minimising disruption and cost, and critically to deliver parity between the future unitary Councils.

Through this process, the North-South configuration consistently emerged as the most advantageous, credible, and pragmatic solution, providing the most sustainable financial footing, clear strategic alignment, and strong foundations for effective devolution. It is the configuration that achieves the greatest parity between the two proposed Unitary authorities.

Most socio-economically advantageous scenario:
Two authorities divided North and South (Existing Boundaries)

Key advantages:

- Parity in Population & Governance:** Staffordshire's population is projected to reach 1.22 million by 2040. A North-South split creates two well-sized authorities (~500,000), securing economies of scale but avoiding an overly large single authority and enabling responsiveness to local needs.
- Economic & Workforce Alignment:** The north (anchored by Stoke-on-Trent) is strong in manufacturing, logistics, and innovation, while the south excels in professional services, retail, and high-tech industries. This alignment supports complementary strengths and sustainable growth.
- Strategic Focus & Service Provision:** North benefits from regeneration funding and targeted investment in deprived areas. South drives economic development along the West/East corridor, leveraging proximity to Birmingham and the East Midlands.
- Alignment with Future Devolution:** A North-South split better supports regional devolution strategies, aligning with neighbouring areas like Cheshire, Greater Manchester, and Birmingham.

Executive summary

Interpreting the data: Why north-south brings socio-economic economic coherence and parity

This table compares socio-economic indicators for two alternative configurations:

- Scenario A (North-South split)
- Scenario D (East-West split)

The ratio column shows the variation between the smallest and largest values for each measure. A ratio close to 100% indicates parity, while higher ratios signal imbalance.

Key observations:

- **Population Distribution:** Scenario A achieves a better balance (138%) compared to Scenario D (141%), ensuring both authorities have sufficient scale to deliver services effectively.
- **Dependency Ratio:** Both scenarios show similar alignment (104% vs. 101%), meaning age-related pressures are broadly comparable.
- **Deprivation Levels:** Scenario A offers greater parity (900%) than Scenario D (1500%), avoiding a split that concentrates deprivation in one authority.
- **Gross Value Add (GVA):** Scenario A demonstrates better economic balance (158% vs. 166%), supporting fairer growth potential.
- **Employment Rate:** Scenario A provides slightly more parity (101%) than Scenario D (108%), reducing the risk of uneven labour market outcomes.

Measure	Scenario A		Scenario D		Ratio between min & max of measure per scenario		Greater Parity
	North	South	East	West	Scenario A	Scenario D	
Population (2024)	494,803	682,775	689,784	487,794	138%	141%	A
Dependency Ratio	59.5	62.1	60.8	61.2	104%	101%	D
85+ (2023)	3%	3%	3%	3%	108%	120%	A
Most Deprived (LSOAs in most deprived decile)	18%	2%	15%	1%	900%	1500%	A
Gross Value Add (£m)	11,423	18,092	18,720	11,245	158%	166%	A
Employment Rate	79%	78%	76%	82%	101%	108%	A

252%	356%	A
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Executive summary

Most financially sustainable scenario: Two authorities divided North and South (Existing Boundaries)

Key advantages:

- **Parity of Spending Power and Debt Profile:** A North-South split redistributes spending power more evenly across the two authorities, reducing financial risk and enabling both to manage inherited challenges effectively.
- **Social Care and Deprivation Costs:** Stoke-on-Trent has 94% of net expenditure on social care, driven by high deprivation levels, compared to 77% in Staffordshire. A North-South split creates a larger northern authority with a broader tax base and spending power, reducing vulnerability to social care cost pressures and improving resilience.
- **Transition and Long-Term Savings:** Financial modelling shows that moving to two authorities offers net benefits of £12.6m–£17.9m, with a payback period by 2029/30. Transition costs are estimated at £20m–£24.7m, but are offset by efficiencies from scale, better service alignment, and reduced duplication. The North-South model also enables targeted regeneration funding in the North and economic development in the South, creating a stronger platform for growth.

The case for a North-South two-unitary authority model is compelling across almost every dimension: population balance, economic alignment, financial sustainability, and strategic fit for future devolution.

This configuration creates two authorities of sufficient scale to manage inherited financial challenges while avoiding the inefficiencies and risks associated with a single, overly large organisation or a fragmented three-unitary model. By redistributing spending power and debt more evenly, the North-South split mitigates financial vulnerabilities and provides a stronger platform for managing social care pressures and regeneration needs.

From an economic perspective, the North-South model reflects Staffordshire's natural economic geography, pairing Stoke-on-Trent's manufacturing and logistics strengths with the South's professional services and high-tech industries.

This alignment fosters complementary growth, enabling targeted investment strategies and maximising opportunities for innovation and job creation. Crucially, this approach supports the ambitions of regional devolution by creating authorities that can engage effectively with neighbouring areas such as Cheshire, Greater Manchester, and Birmingham, ensuring Staffordshire remains competitive and well-connected.

Financial modelling reinforces this conclusion: the North-South split delivers significant long-term savings, a credible payback period, and a net benefit of up to £17.9 million, while reducing structural deficits and improving resilience. This evidence demonstrates that the North-South configuration is not only the most advantageous and pragmatic solution for reorganising local government but also the best foundation for sustainable growth and effective service delivery for decades to come.

Financial implications of transition to a 2UA model

Net benefit	£12.6 – £17.9m
Transition Costs	£20.6 – £24.7m
Payback year (i.e. the first-year net benefits will repay transition costs)	2029/30

Executive summary

Interpreting the data: Why north-south delivers greater financial sustainability

This table compares key financial metrics for two alternative configurations:

- Scenario A (North-South split)
- Scenario D (East-West split)

The ratio column highlights the degree of variation between the smallest and largest values for each measure. A ratio close to 100% indicates parity, while higher ratios signal imbalance.

Key observations:

- **Core Spending Power:** Scenario A achieves a better balance (120%) compared to Scenario D (153%), meaning resources are more evenly distributed under a North-South split.
- **Debt:** Scenario D shows extreme disparity (247% for General Fund Capital Financing Requirement), creating significant financial risk, whereas Scenario A is more manageable (165%).
- **Retained Business Rates (£m):** Scenario A is more balanced retention of Business Rates (106%) demonstrating better balance of existing funding and opportunity to drive additional funding through business rates growth.
- **Social Care Pressures:** Both scenarios show variation, but Scenario A offers slightly better parity in % of net expenditure and service allocation.

Measure	Scenario A		Scenario D		Ratio between min & max of measure per scenario		Greater Parity
	North	South	East	West	Scenario A	Scenario D	
					100% = Parity		
Core Spending Power (£m)	549	661	731	478	120%	153%	A
Debt (General Fund Capital financing requirement) (£m)	830	502	947	383	165%	247%	A
Council tax base	142,962	227,838	210,188	160,611	159%	131%	D
Retained Business Rates (£m)	109	115	142	82	106%	173%	A
MTFP gap as %	4.1%	6.3%	5.5%	5.3%	154%	104%	D
DSG deficit (as at 31/03/25) (£m)	35	43	49	29	123%	169%	A
Total service expenditure unit cost (£/person)	1,136	944	1,075	954	120%	113%	D
% of net expenditure on social care	86%	78%	85%	75%	110%	113%	A
% of service expenditure on social care	64%	62%	64%	60%	103%	107%	A

129%	146%	A
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02 Introduction

Introduction

Purpose and scope

Grant Thornton were commissioned to support Stoke-on-Trent City Council in assessing evidence in relation to the potential for local government reorganisation across the Staffordshire area. The purpose of this report is to offer an objective and balanced overview of a range of different unitary configurations, drawing upon socio-economic data and financial information.

This report represents a preliminary stage of the analysis, with further input and work planned to refine and expand upon the findings presented here.

This report is intended to support local leaders in moving forward with a positive, collaborative and informed conversation about reorganisation if they wish to do so.

The content of this report does not reflect any agreed policy proposals nor individual or collective views of the Council.

Work undertaken

To support the analysis of potential unitary configurations and their implications, we have undertaken the following key areas of work:

- **Socio-economic analysis** - We have developed a customised analytical tool to evaluate the socio-economic factors across the region to understand the socio-economic rationale for different configurations of unitary authorities. We have then used this data and analysis to understand the profiles of the new configurations. This enables us to assess how different configurations align with local needs, economic functionality, and community characteristics.
- **Financial analysis** - To enhance financial visibility and understanding, we have provided a detailed financial overlay and a review of the current position. Our analysis considers the implications of different unitary configurations in terms of financial resilience, unit cost, spending variations and indebtedness. As well as understanding the potential costs and savings associated with the reorganisation of the current Council structure across Staffordshire into unitary councils.

This integrated and independent approach ensures a robust evaluation of potential unitary options, providing insights to help inform decision-making.



03 Assessing different spatial configurations

From six scenarios to two

Initial assessment of options

As part of our review, six potential structural scenarios were initially developed to explore options for local government reorganisation.

These scenarios represented different permutations of boundaries and responsibilities, each with varying implications for service delivery, financial sustainability, and economic growth.

To move from this long list to a focused short list, each scenario was assessed against key elements of government criteria, including affordability, strategic capacity, and local identity, alongside measures of socio-economic coherence. This process ensured that the recommended options not only meet statutory requirements but also reflect the economic geography and community linkages that underpin effective governance.

Through this evaluation, a 2UA solution (scenarios A, C and D) emerged as the most viable, striking a balance between government expectations and alignment with the region’s economic and social fabric. The following section outlines the rationale for this transition and the evidence supporting the selection.

	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
Unitary 1	<ul style="list-style-type: none"> • Stoke-on-Trent • Newcastle-under-Lyme • Staffordshire Moorlands 	<ul style="list-style-type: none"> • Stafford • South Staffordshire • Cannock Chase 	<ul style="list-style-type: none"> • East Staffordshire • Stafford • South Staffordshire • Cannock Chase • Lichfield • Tamworth 	<ul style="list-style-type: none"> • Newcastle-under-Lyme • Stafford • South Staffordshire • Cannock Chase 	<ul style="list-style-type: none"> • All 	<ul style="list-style-type: none"> • Newcastle-under-Lyme • Staffordshire Moorlands • East Staffordshire • Stafford • South Staffordshire • Cannock Chase • Lichfield • Tamworth
Unitary 2	<ul style="list-style-type: none"> • East Staffordshire • Stafford • South Staffordshire • Cannock Chase • Lichfield • Tamworth 	<ul style="list-style-type: none"> • Stoke-on-Trent • Newcastle-under-Lyme • Staffordshire Moorlands 	<ul style="list-style-type: none"> • Stoke-on-Trent • Newcastle-under-Lyme • Staffordshire Moorlands • East Staffordshire (Stramshall & Weaver, Blythe, Town and Heath) • Stafford (Swynnerton & Oulton, Barlaston and Fulford) 	<ul style="list-style-type: none"> • Stoke-on-Trent • Staffordshire Moorlands • East Staffordshire • Lichfield • Tamworth 		<ul style="list-style-type: none"> • Stoke-on-Trent
Unitary 3		<ul style="list-style-type: none"> • East Staffordshire • Lichfield • Tamworth 				

Socio-economic parity

Our assessment of demographic and economic data across the proposed configurations highlights Scenarios A, C, and D as the most balanced options for future governance and service planning.

This conclusion is based on four key dimensions: population distribution, demographic structure, deprivation profile, and economic strength.

Scenarios A, C, and D avoid extremes in population size. Each combines two substantial areas, North and South in A and C, East and West in D.

This ensures equitable representation and service delivery without the disproportionate scale seen in Scenario E (over 1.16 million) or the narrow focus of Scenario F (just 263,000).

Dependency ratios in these scenarios cluster around 60–62, indicating similar age profiles and reducing the risk of uneven demand for health and social care. The proportion of residents aged 85+ is moderate (12,000–17,000), unlike Scenario F, where Stoke-on-Trent’s much lower figure could distort planning assumptions.

Each scenario blends areas of higher and lower deprivation. For example, Scenario A combines North (18% most deprived) with South (2%), while Scenario D pairs East (15%) with West (1%).

This mix supports targeted interventions without concentrating disadvantage in one geography, unlike Scenario F, where Stoke-on-Trent’s 32% most deprived creates a significant imbalance.

Scenarios A, C and D combine manageable population sizes, consistent demographic profiles, mixed deprivation levels, robust economies, and realistic housing targets. This balance supports fair representation, effective resource allocation, and long-term sustainability, making these scenarios the most viable options for future governance arrangements.

		Scenario A		Scenario B			Scenario C		Scenario D		Scenario E	Scenario F	
		North	South	South East	South West	North	North (disaggregated Districts)	South	East	West	Staffords hire Region	Staffords hire County	Stoke-on-Trent City
Population	2023	487,002	674,676	318,073	356,603	487,002	525,568	636,110	677,015	484,663	1,161,678	898,521	263,157
	2040	512,044	708,849	320,680	388,169	512,004	552,539	668,534	692,256	528,637	1,220,893	950,353	270,540
Demographics	Dependency Ratio	59.5	62.1	61.2	62.8	59.5	60.2	61.7	60.8	61.2	61.0	62.1	57.2
	85+	12,700	18,642	7,937	10,705	12,700	14,075	17,267	16,920	14,422	31,342	25,619	5,723
Deprivation	Most Deprived	18%	2%	4%	1%	18%	17%	2%	15%	1%	9%	2%	32%
	Least Deprived	3%	12%	13%	12%	3%	3%	13%	7%	10%	10%	10%	1%
Economic	GVA	£11,423m	£18,092m	£9,549 m	£8,543 m	£11,423m	£12,899m	£16,614m	£18,720m	£11,245m	£29,515m	£22,670m	£6,845m
	Employment Rate	79%	78%	80%	77%	79%	79%	78%	76%	82%	79%	81%	71%

Why Scenarios A and D move forward

Following our initial assessment of six initial scenarios against government criteria and socio-economic coherence, Scenarios A, C, and D emerged as the most coherent options.

Each demonstrated strong alignment with the principles of population scale, economic viability, geographic logic, and service integration.

However, as Scenario C represents only a minor variation on existing district boundaries, it is a “variation on a theme” and does not materially change the strategic outcomes compared to Scenario A. For this reason, the focus of the subsequent, more detailed assessment will be on Scenarios A and D.

Moreover, the complexity of modelling the quantitative benefits of A versus C becomes significant, given the granularity at which financial and socio-economic data is available.

By focusing on scenarios A and D, the next stage of assessment will provide a robust comparison of contrasting models, ensuring that the final recommendation is evidence-based, future-focused, and aligned with both government expectations and local priorities.

Alignment with Key Criteria

- **Population Scale:** Both A and D create councils with populations exceeding the 500,000 threshold, ensuring sufficient scale for strategic capacity and financial resilience.
- **Economic Coherence and Tax Base:** Each scenario forms sensible economic areas with balanced tax bases, avoiding undue advantage or disadvantage for any part of the area. This supports fair resource distribution and sustainable growth.
- **Geographic Logic and Housing Delivery:** The proposed boundaries in A and D reflect natural economic geographies, enabling coherent planning for housing supply and infrastructure. This alignment strengthens the ability to meet local needs and unlock development opportunities.
- **Improved Governance and Service Delivery:** Both scenarios minimise fragmentation and provide a platform for integrated service delivery. They offer clear opportunities to streamline structures, enhance accountability, and improve outcomes for residents.



04 Understanding place

Understanding place

A clear understanding of Staffordshire and Stoke-on-Trent's economic geography, population dynamics, and strategic priorities is essential to designing an effective and sustainable future governance model.

Staffordshire is a large and diverse area with a growing population and distinct socio-economic characteristics that shape the case for local government reorganisation.

The region is characterised by distinct socio-economic profiles: the North, anchored by Stoke-on-Trent, is a powerhouse of manufacturing, logistics, and innovation connecting with wider functional economic areas like Greater Manchester, Cheshire and North Wales, while the South is service-oriented, with strengths in professional services, retail, and high-tech industries connecting with Birmingham and the West Midlands. These complementary characteristics create a natural North-South divide that offers the best foundation for balanced growth and efficient governance.

The population is projected to increase from 1.18 million in 2024 to 1.23 million by 2030, with notable demographic shifts: the proportion of residents aged 0–15 will fall slightly (17.8% to 16.8%), while those aged 65+ will rise significantly (21.2% to 23.7%), increasing demand for adult social care.

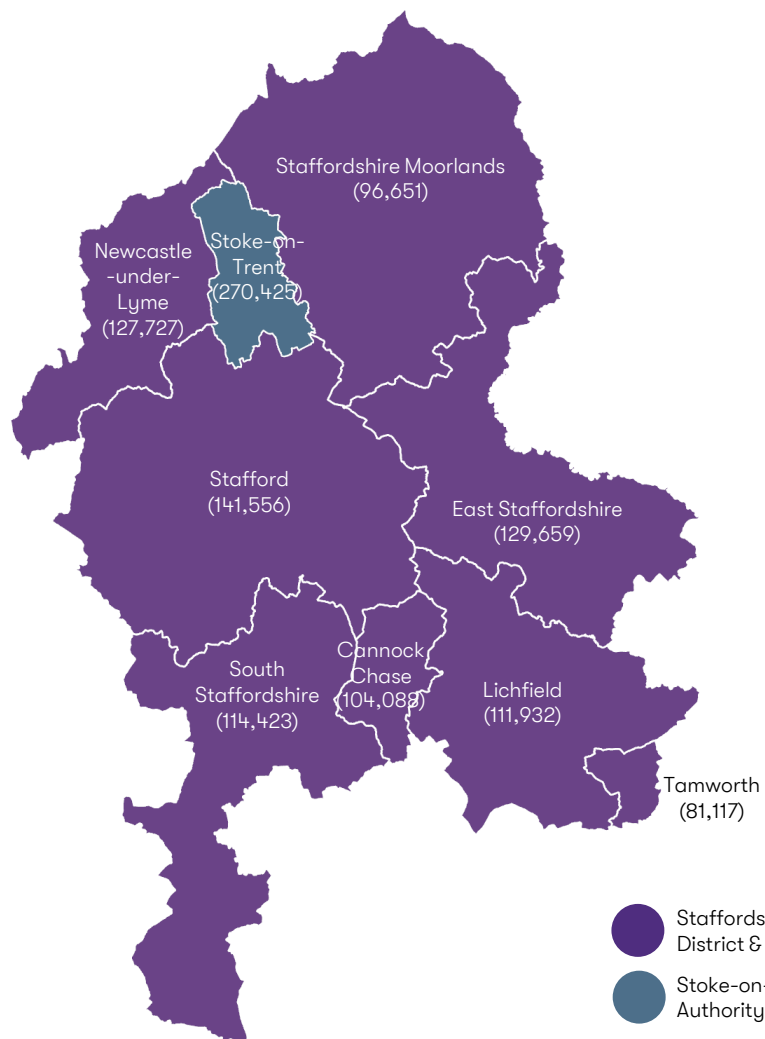
Deprivation levels are uneven, with 9% of neighbourhoods in the most deprived decile, highlighting concentrated challenges in certain areas. Economically, Staffordshire contributes £29.5 billion in GVA, representing 1.5% of England's total, underlining its importance as a regional economy.

The current structure of local government is multifarious, comprising one unitary council, one county council and eight district/borough councils, with 450 local electoral seats, creating duplication and complexity. The area's spending power is £1.209 billion, accounting for 1.9% of total English local authority spending power, reinforcing the need for a model that maximises efficiency and financial sustainability.



Staffordshire as a place

A growing, diverse region facing demographic and economic challenges



- Staffordshire County Council District & borough councils
- Stoke-on-Trent Unitary Authority

(Population in mid 2024)

Population	1,177,578 Population in mid-2024	1,234,221 Forecast population in 2030
	17.8% Aged 0-15 in 2024	16.8% Forecast 0-15 in 2030
	21.2% Aged 65+ in 2024	23.7% Forecast 65+ in 2030
Deprivation	9.0% Of LSOAs in the most deprived decile	8.2% Of LSOAs in the least deprived decile
Economy	£29,515m Gross Value Added (2022)	1.5% Of English GVA (2022)
Structure	1 County Council 1 Unitary authority	8 District and Borough Councils 450 Local Council electoral seats
Spending Power	£1.209 billion Core Spending Power (2025/26 Local Government Finance Settlement)	1.9% Of total core spending power by English local authorities (excluding "Other" authority types)

Population

As of 2024, the total population across the Stoke-on-Trent and Staffordshire area is approximately 1,177,578. The table below shows the percentage makeup of this population within Stoke-on-Trent and the Staffordshire districts in 2024 and 2040.

Population distribution & change

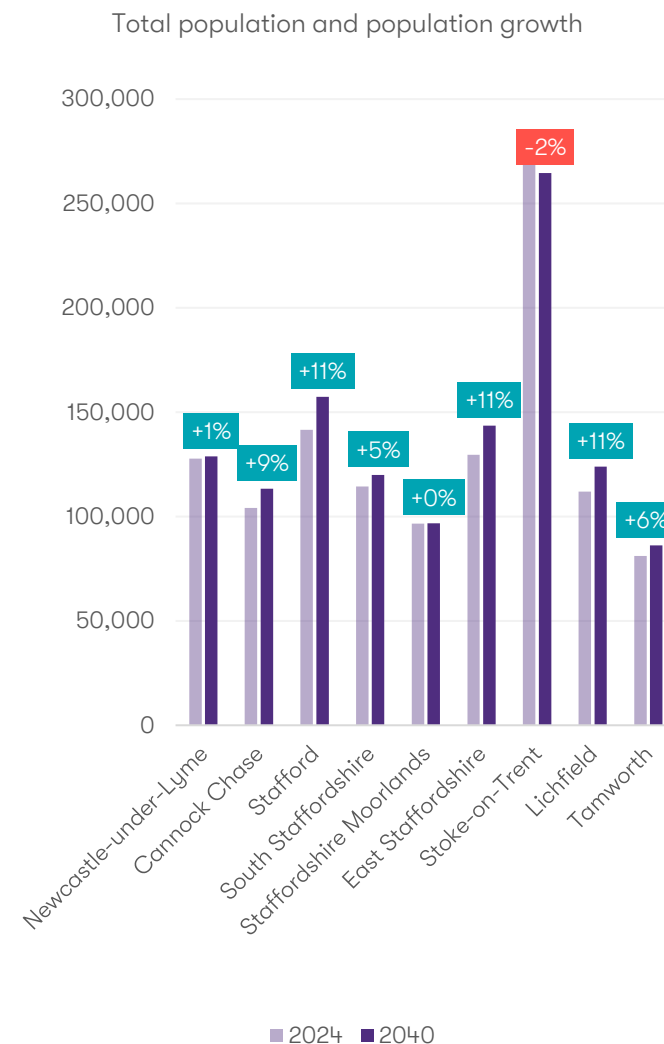
- Stoke-on-Trent has the largest population share (23% in 2024), followed by Stafford (12%), while Tamworth has the smallest share (7%).
- By 2040, the relative ranking remains largely consistent, though East Staffordshire surpasses Newcastle-under-Lyme due to higher population growth.

Projected growth trends (2024–2040)

- The chart to the right illustrates total population in absolute terms and shows the percentage growth across each district and Stoke-on-Trent Unitary.
- All areas are expected to experience growth, with the highest increases in Stafford (11%), East Staffordshire (11%) and Lichfield (11%).

Local Authority	2024	2040
Stoke-on-Trent	23%	21%
Stafford	12%	13%
Newcastle-under-Lyme	11%	10%
East Staffordshire	11%	12%
South Staffordshire	10%	10%
Lichfield	10%	10%
Cannock Chase	9%	9%
Staffordshire Moorlands	8%	8%
Tamworth	7%	7%

Source: ONS population estimates and projections



Age distribution

Breaking the population down by broad age groups, the charts on the right illustrate how the age distribution shifts between 2024 and 2040 across Stoke-on-Trent and Staffordshire.

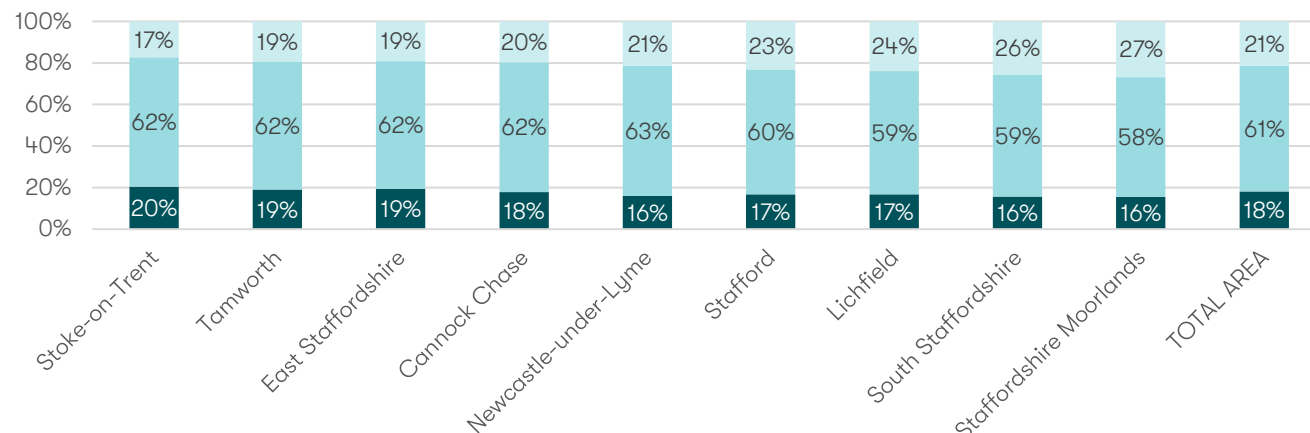
Age distribution in 2024

- The proportion of younger people (0-15 years) varies from 16% in Newcastle-under-Lyme, South Staffordshire, and Staffordshire Moorlands to 20% in Stoke-on-Trent.
- The proportion of older people (65+) ranges from 17% in Stoke-on-Trent to 27% in Staffordshire Moorlands, highlighting an already ageing population in certain areas.

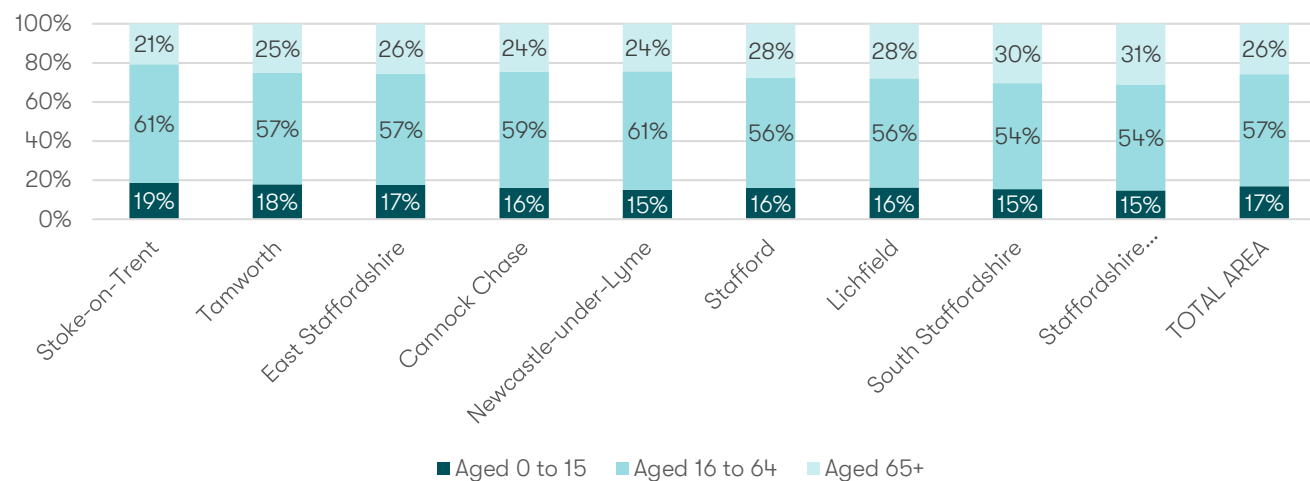
Projected changes by 2040

- The proportion of older people (65+) increases across all areas, with the most significant rise in East Staffordshire (+7%) and the smallest increases in Stoke-on-Trent and Newcastle-under-Lyme (+3%).
- The proportion of working-age residents (16-64) declines in every area, with decreases ranging from -2% to -5%, reflecting a shrinking workforce.
- The younger population (0-15 years) also declines, but to a lesser extent, with changes between -0.3% and -1.9%.

2024 age distribution



2040 projected age distribution



Economic partnerships

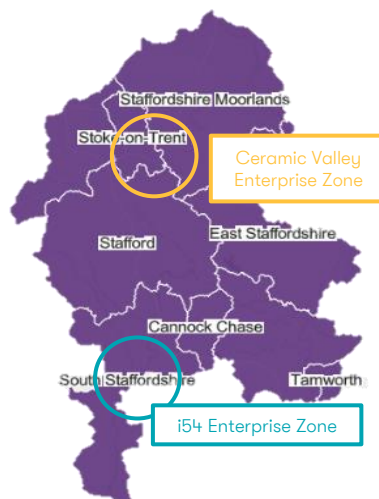
The two Enterprise Zones in this area have been firmly established and have matured over time, reflecting the natural economic priorities of the North and South.

Rather than being imposed, this split has evolved organically, aligning with the distinct strengths and growth ambitions of each part of the region. Together, these zones provide a robust platform for investment, innovation, and long-term economic resilience.

Ceramic Valley Enterprise Zone

The Ceramic Valley Enterprise Zone (CVEZ) is a central industrial and manufacturing hub in Stoke-on-Trent and North Staffordshire, specialising in ceramics, advanced manufacturing, logistics, and energy sectors. It is designed to boost investment, innovation, and job creation.

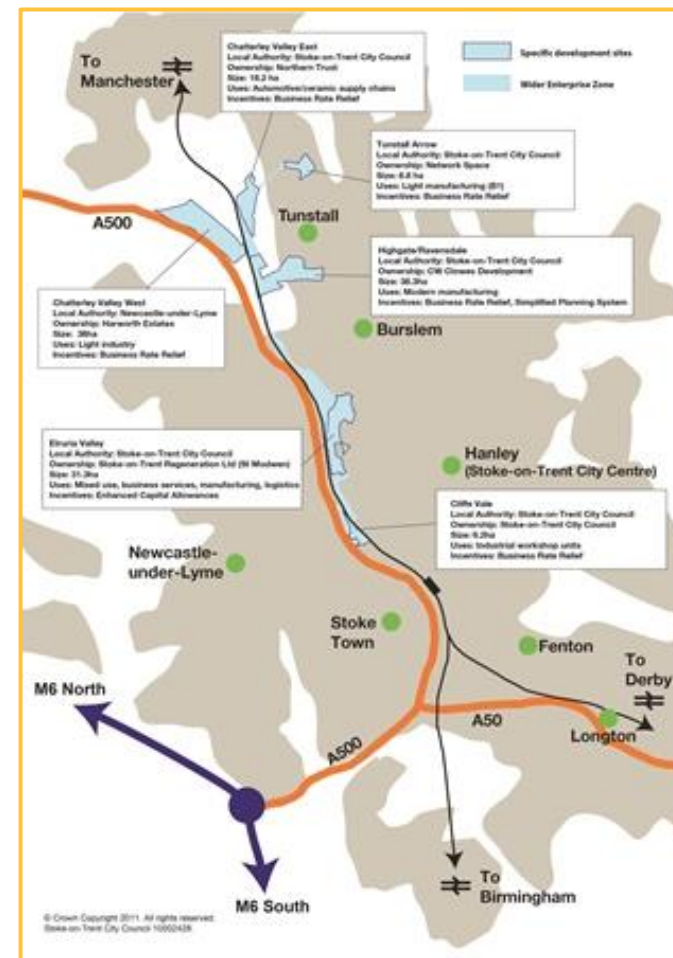
The Ceramic Valley EZ has unlocked a portfolio of six key sites across Stoke-on-Trent and Newcastle-under-Lyme that had previously struggled to progress. Since its launch, the Ceramic Valley Enterprise Zone in North Staffordshire has secured significant development and investment. CVEZ strengthens Stoke-on-Trent's historic ceramics industry while supporting modern manufacturing and sustainable business growth.



i54

The i54, a joint enterprise zone with Black Country LEP, is a high-tech business park situated in South Staffordshire, near Wolverhampton, strategically positioned adjacent to the M54 motorway. It is a key advanced manufacturing and engineering hub, home to major companies like Jaguar Land Rover, Moog, and ISP Optics. There is an automotive & aerospace focus, hosting major employers in high-tech industries. The strategic location boasts excellent transport links via M54, M6, and the West Coast Main Line and supports thousands of high-skilled jobs and apprenticeships.

The site is a major driver of economic growth for Staffordshire and the West Midlands, attracting investment and fostering innovation.



Economic corridors

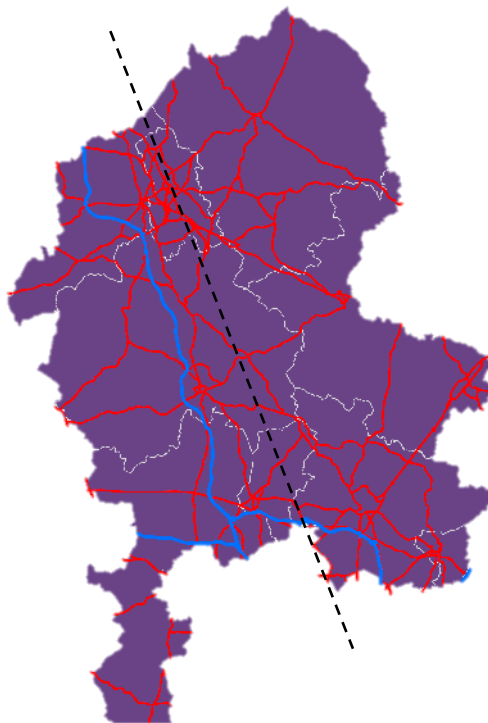
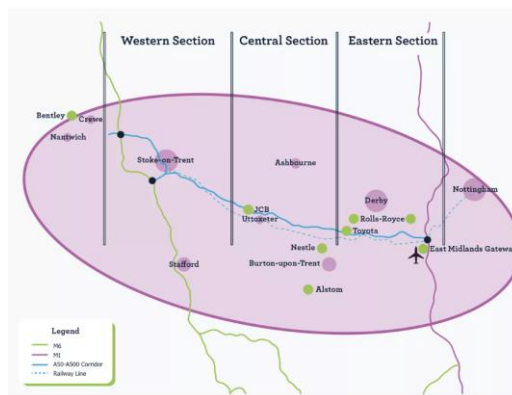
The two Enterprise Zones have matured through the natural North–South economic split, reflecting distinct priorities and strengths across the region.

Based on this natural alignment, significant effort has been invested in connecting these economic regions from East to West, creating integrated growth corridors that underpin the Midlands' competitiveness.

Over the past decade, partners have worked tirelessly to strengthen these East–West corridors, which now form the backbone of the region's economic strategy. Anchored by the A50/A500 Midlands Growth Corridor, the Fifty500 initiative, and the A5 Growth Corridor, these routes link major manufacturing clusters, logistics hubs, and innovation assets across the Midlands.

These corridors are not just transport routes; they are integrated economic ecosystems, designed to maximise connectivity and leverage shared infrastructure, skills, and supply chains. They enable businesses to collaborate seamlessly across boundaries, driving productivity and innovation.

A Two Unitary Authority (2UA) solution that ignores this natural North–South split risks cutting directly through these corridors, fragmenting investment strategies and creating inefficiencies in planning and delivery. In contrast, a North–South model preserves and strengthens corridor integrity, enabling both authorities to collaborate on cross-boundary projects while maintaining coherent economic development strategies.



A50/A500 Corridor

This is a nationally significant east-west route connecting Derbyshire, Nottinghamshire, and Leicestershire to Stoke-on-Trent and the North West. This corridor is vital for major manufacturers such as JCB, Rolls-Royce, Toyota, and Alstom, facilitating the efficient movement of goods and services. Recognising its importance, Midlands Connect has proposed a series of improvements to alleviate congestion and support economic development along this route.

It underpins manufacturing and distribution, with 41% of corridor output from these sectors, and sees 60,000–90,000 vehicles daily. Planned upgrades aim to unlock £12 billion in economic output over 60 years, create 17,760 new jobs, support 30,000 new homes, and improve reliability and air quality.

Fifty500 Midlands Growth Corridor initiative

Launched in 2024, this initiative focuses on advanced manufacturing, hydrogen research, and clean energy innovation along the A50/A500 corridor. It aims to create 5,000 new jobs and add £100 million GVA by 2030, positioning the corridor as a hub for sustainable growth and global investment.

A5 Economic Corridor

Running through South Staffordshire and Tamworth, the A5 is one of the Midlands' most important east-west routes, supporting major employment sites and logistics operations. Strategic plans seek to expand its economic potential and improve connectivity to Birmingham and the West Midlands.

Transport Network

The transport network across Staffordshire and Stoke-on-Trent plays a key role in shaping the region's economy, social accessibility, and environmental sustainability. With a mix of urban centres, rural communities, and strategic national corridors, the region faces unique challenges in delivering integrated, accessible, and future-ready mobility solutions.

The recent publication of the Joint Strategic Transport Statement (JSTS) and the updated Staffordshire Bus Service Improvement Plan (BSIP) provides a coordinated framework for addressing these challenges. Together, these documents outline a shared vision for transforming public transport, reducing carbon emissions, and improving infrastructure resilience.

Our analysis explores the current state of the transport network, evaluates the interventions proposed, and considers their implications for regional connectivity, equity, and long-term growth.

The Joint Strategic Transport Statement sets out several key intervention areas:

- **Northern Cross Boundary Transport Package** focuses on enhancing connectivity between Newcastle-under-Lyme, Stoke-on-Trent and Staffordshire Moorlands.
- **Southern Cross Boundary Transport Package** focuses on enhancing connectivity between Staffordshire and the West Midlands conurbation. South Staffordshire, Lichfield, Cannock, Tamworth and the West Midlands conurbation rely on each other for jobs and services.

- **North to East Multi-Modal Transport Corridor** focuses on enhancing connectivity between Stoke-on-Trent, East Staffordshire and Derbyshire
- **North to South Multi-Modal Transport Corridor** focuses on enhancing connectivity between northern Staffordshire (including Stoke-on-Trent), southern Staffordshire and the West Midlands conurbation along the nationally significant M6 and West Coast Main Line corridor that cuts through Staffordshire.

A North-South split is more consistent with the current transport strategy, and infrastructure investment plans of Staffordshire and Stoke-on-Trent as set out in the JSTS. It supports coherent delivery of strategic transport interventions, governance efficiency, and equitable access.

An East-West split, while potentially beneficial for North to South connectivity through the major road links such as M6, would still result in significant fragmentation of most key intervention areas within the JSTS and would disrupt existing collaboration frameworks and misalign with the region's transport ecosystem, requiring significant restructuring and risking inefficiencies in service delivery.



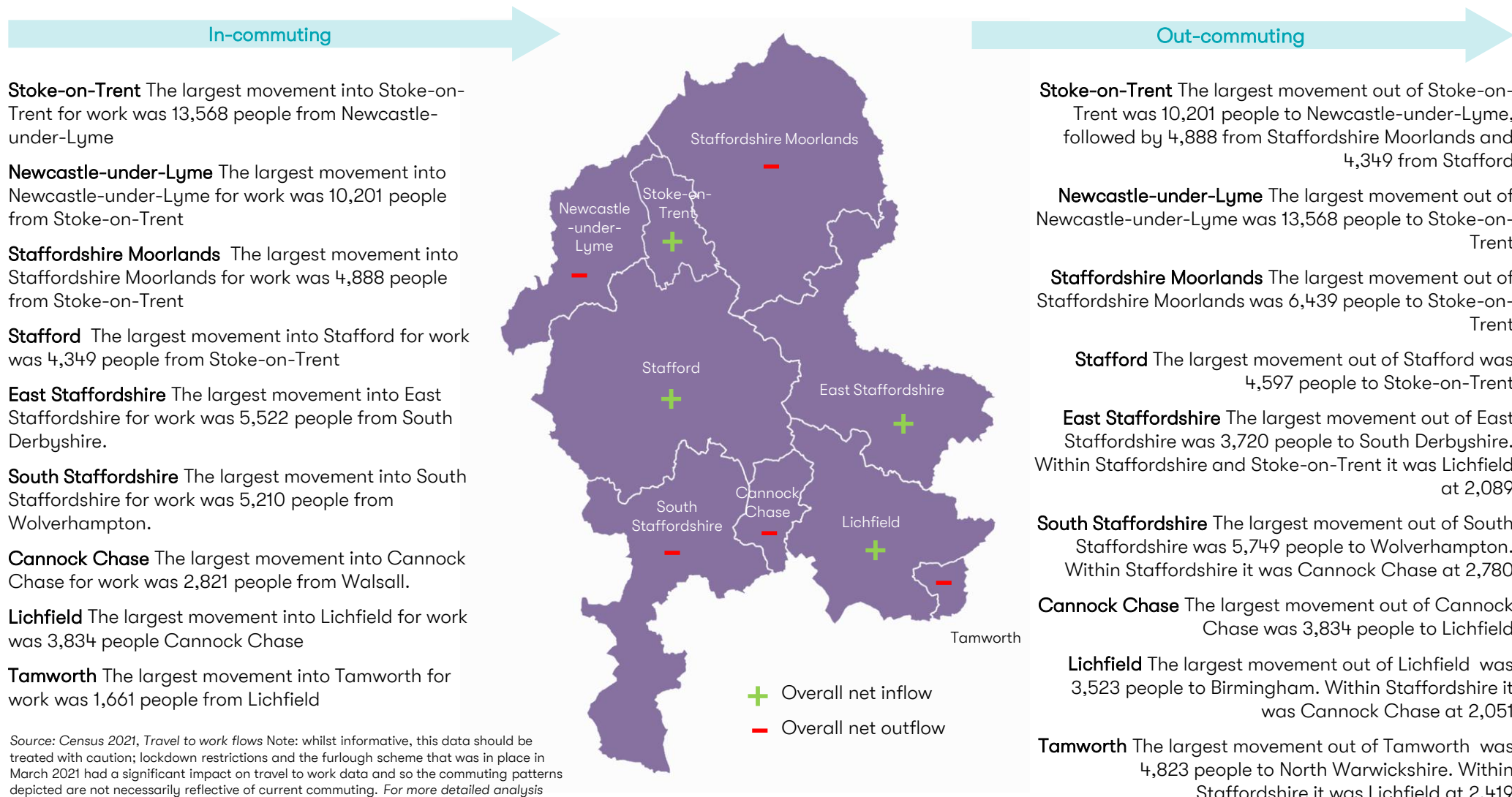
Similarly, the BSIP provides strong operational and strategic evidence in support of a future North-South configuration of the region. Bus service patterns, operator geography, and infrastructure investment are naturally divided between North Staffordshire (including Stoke-on-Trent, Newcastle-under-Lyme, and Staffordshire Moorlands) and South Staffordshire (including key urban areas of Tamworth, Lichfield, Cannock, and Burton).

The BSIP's prioritisation of high-usage corridors, targeted enhancements, and mobility hubs reflects this division, enabling interventions that match local travel behaviours.

Commuting geographies

Analysis of commuting patterns provides evidence of economic ties across different areas.

There are significant ties between the Northern district authorities and neighbouring authorities such as East Cheshire. Southern districts have strong links to authorities South of the region with over 10% of those living in these four districts commuting outside the county to areas such as Wolverhampton, Birmingham and Walsall, with much lower links between the North and South of the Staffordshire.



Source: Census 2021, Travel to work flows Note: whilst informative, this data should be treated with caution; lockdown restrictions and the furlough scheme that was in place in March 2021 had a significant impact on travel to work data and so the commuting patterns depicted are not necessarily reflective of current commuting. For more detailed analysis please see Appendix D

Commuting geographies

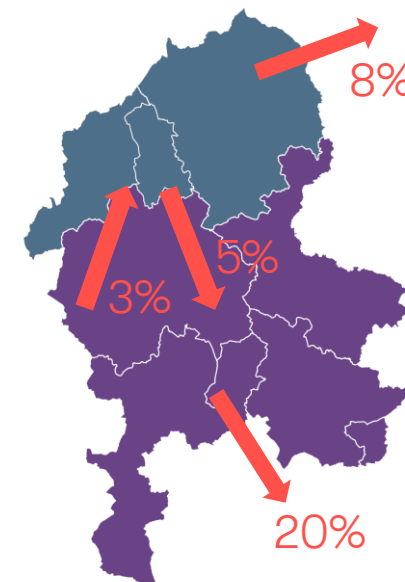
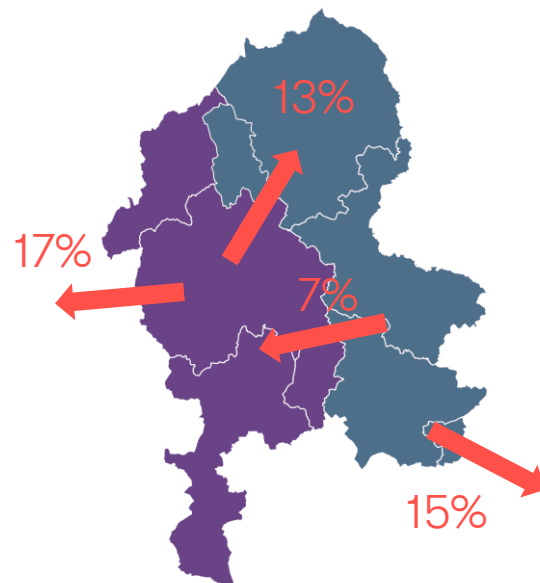
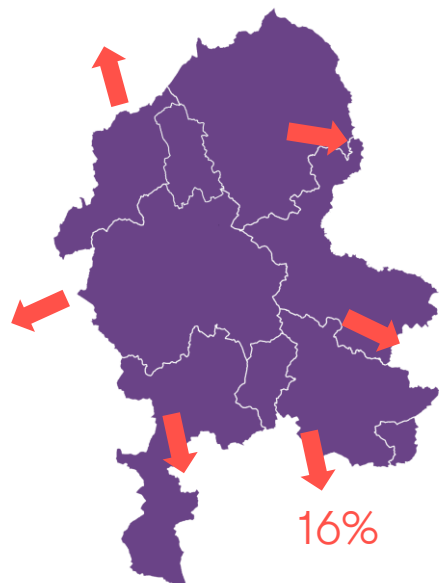
Analysing where residents commute to within the area against possible configurations to better understand the economic ties within and outside the region.

Understanding the internal commuting patterns of new configurations gives an understanding of the ties between different areas of the region. The analysis shows there is greater cross boundary movement with an East-West configuration with 10% of commuters crossing the boundary (13% of the East commuting to the West and 7% commuting from West to East). The movement of a North-South configuration is much lower with only 4% of population commuting across the boundary (3% from South to North, and 5% from North to South) showing a much closer links between the three Northern areas. This also demonstrates the significant ties between all four southern district areas with Wolverhampton, Walsall and Birmingham, as shown by the outflow from the region of the Southern Unitary in a North-South split. These links are important to consider in a further configuration as reflects ties between areas which need to be avoided splitting as well as consideration of most optimal configuration for service delivery for Councils.

Across the region of 528k commuters, 82k (16%) travelled outside the Stoke-on-Trent and Staffordshire area.

Based on a West-East split, 13% travel from West region into the East, and 7% from East into West. 17% of the West region commuted outside the Staffordshire and Stoke-on-Trent area, with 15% from East region outside the Staffordshire and Stoke-on-Trent area.

A North-South split of districts shows a lower commuter movement across these boundaries, with just 5% movement from the Northern area to the South and 3% from the South into the North. There is significant movement outside the area from the South region, predominantly into Birmingham, Wolverhampton and Walsall.



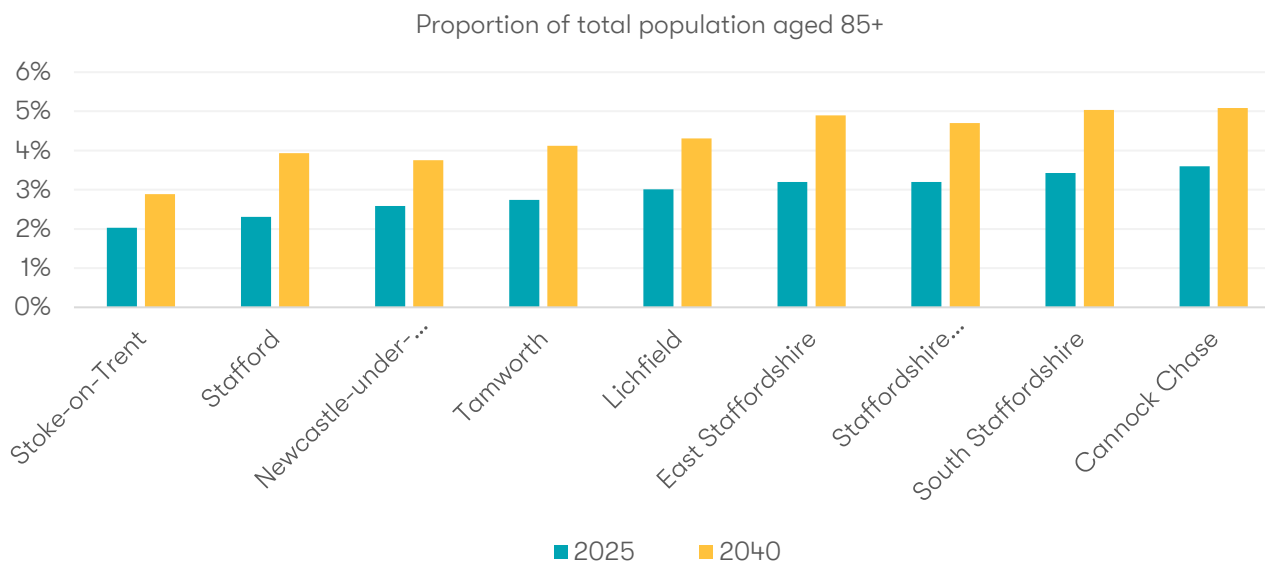
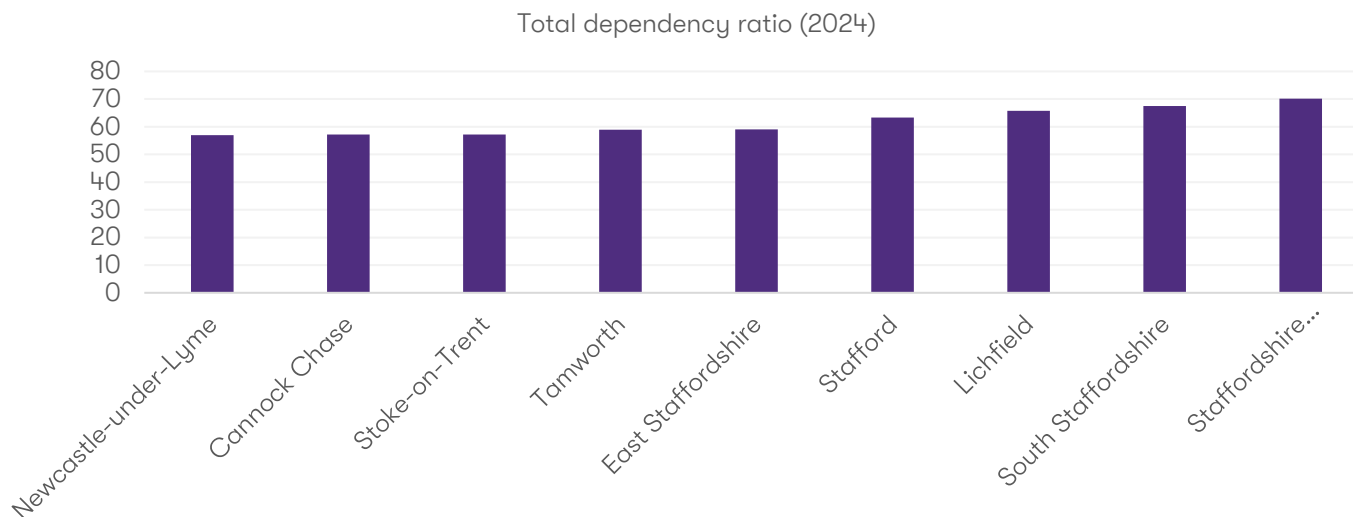
Demographics

Age profile and demand for social care

Stoke-on-Trent is projected to have the largest 85+ population by 2025, followed by Stafford, due to their overall population sizes. However, Cannock Chase and South Staffordshire have the highest proportion of 85+ residents, while Stoke-on-Trent has the lowest proportion.

The chart (bottom right) highlights a projected increase in the proportion of people aged 85+ across all areas between 2025 and 2040, indicating growing demand for social care services in the future. Older individuals typically require more complex support, including home care, residential care, and medical assistance, placing pressure on local authorities to expand services, workforce, and funding.

Examining the Total Dependency Ratio (TDR) using 2024 mid-year population estimates, Staffordshire Moorlands has the highest ratio, followed by South Staffordshire. This serves as an additional proxy for social care demand, as a higher dependency ratio suggests greater pressure on working-age populations to support both older and younger dependents.



Deprivation

While direct social care data may not be available at the district level, proxies such as deprivation, age structure, health inequalities, and housing conditions offer valuable insights into potential demand within a county council.

Stoke-on-Trent stands out as the most deprived area in the region, with 32% of its LSOAs falling within the most deprived 10% nationally.

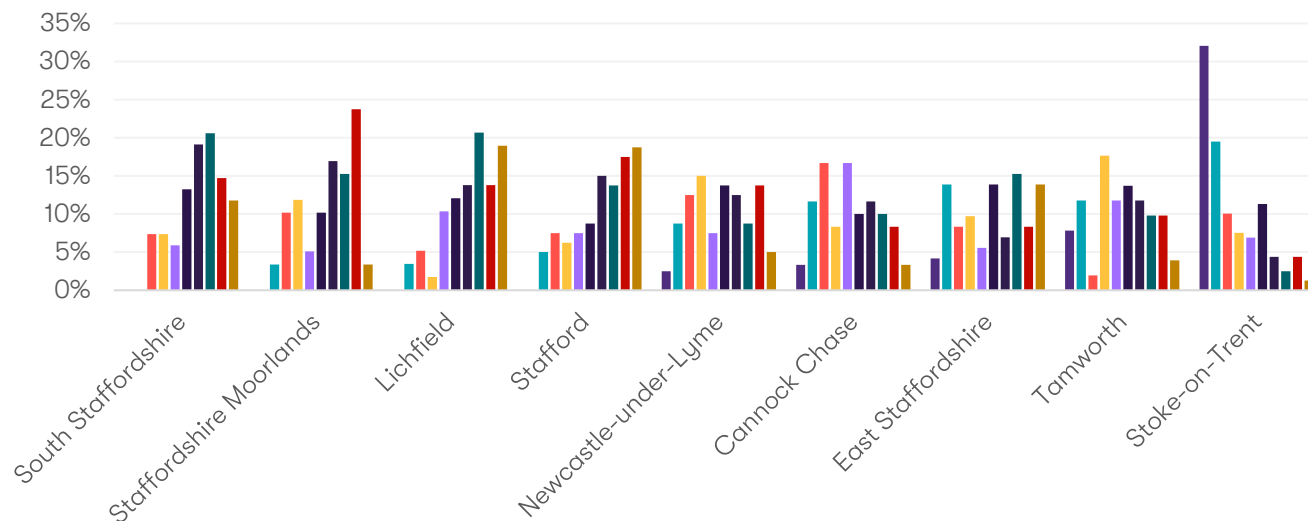
Across Staffordshire, Tamworth, East Staffordshire, Cannock Chase, and Newcastle-under-Lyme all have over 10% of their LSOAs ranked among the 20% most deprived in England. In contrast, South Staffordshire has none in this category.

Conversely, in Stafford and Lichfield, at least a third of LSOAs are ranked within the two least deprived deciles nationally. When considering absolute numbers, which account for population scale, East Staffordshire has the second-highest number of LSOAs in the top 20% nationally (13), following Stoke-on-Trent (82). Tamworth ranks next with 10, while Cannock Chase and Newcastle-under-Lyme each have 9.

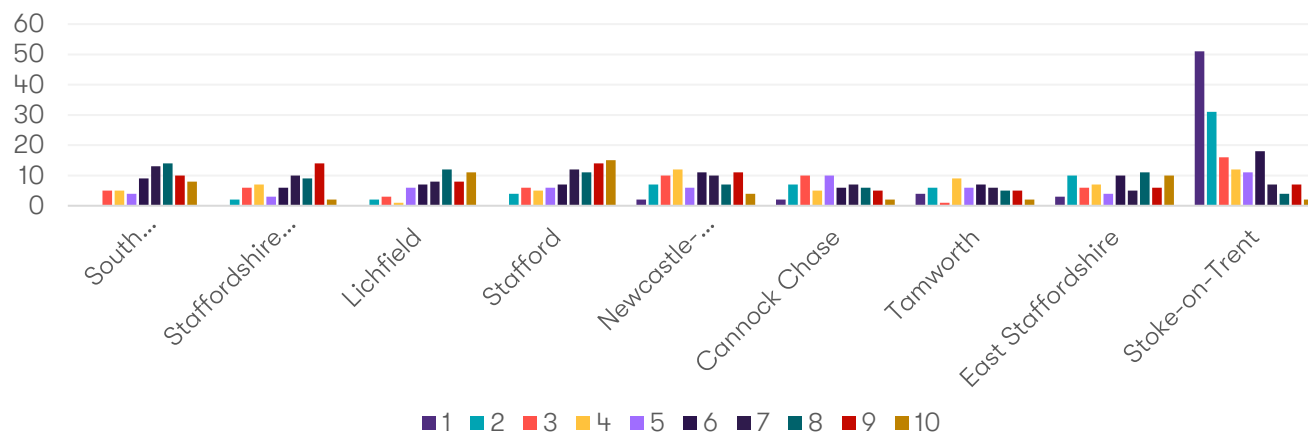
Stoke-on-Trent also has the highest percentage of households deprived in multiple dimensions.

The dimensions of deprivation used to classify households focus on four key characteristics: education, employment, health, and housing. The percentage of households deprived across all four dimensions is highest in both Stoke-on-Trent and East Staffordshire (see the maps and table on the next page).

IMD deprivation profiles - percentage of LSOAs in each decile



IMD deprivation profiles - absolute number of LSOAs in each decile



Deprivation

Deprivation and demand for social care

Deprivation is a strong proxy for demand on social care services, as it correlates with key risk factors such as low income, poor health, unemployment, and housing instability.

Areas with higher deprivation tend to have greater levels of long-term illness, disability, and complex social needs, increasing reliance on both adult and children’s social care. Furthermore, the number of deprivation dimensions a household experiences can amplify these needs. For example, households facing multiple dimensions of deprivation (e.g., poor health, unemployment, and housing instability) are more likely to require intensive social care support.

Higher deprivation often means greater safeguarding concerns, higher numbers of looked-after children, and increased demand for home care and residential support. Understanding deprivation patterns helps local authorities anticipate social care pressures and allocate resources more effectively.

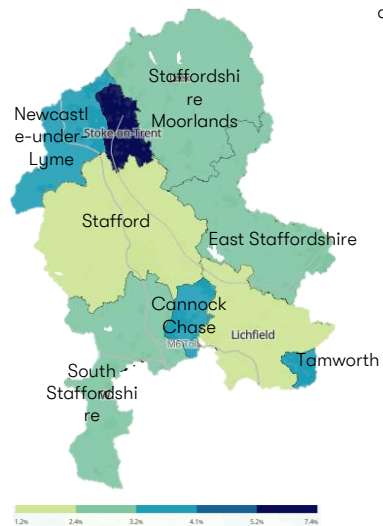
Percentage of households deprived in number of dimensions

Local authority	None	Three	Four
Stoke-on-Trent	41.4%	5.5%	0.2%
Newcastle-under-Lyme	46.8%	3.6%	0.1%
Staffordshire Moorlands	49.3%	2.7%	0.1%
Stafford	53.0%	2.4%	0.1%
East Staffordshire	49.4%	3.1%	0.2%
South Staffordshire	50.3%	2.6%	0.1%
Cannock Chase	45.6%	4.1%	0.1%
Lichfield	52.0%	2.4%	0.1%
Tamworth	45.7%	3.7%	0.1%

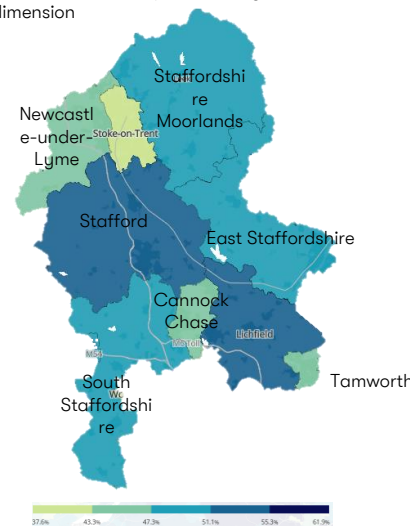
Source: Census 2021 maps

Deprivation dimension maps

Household is deprived in three dimensions



Household is not deprived in any dimension



Housing

Urban rural classification across Stoke-on-Trent and Staffordshire

Urban-rural classification across Stoke-on-Trent and Staffordshire

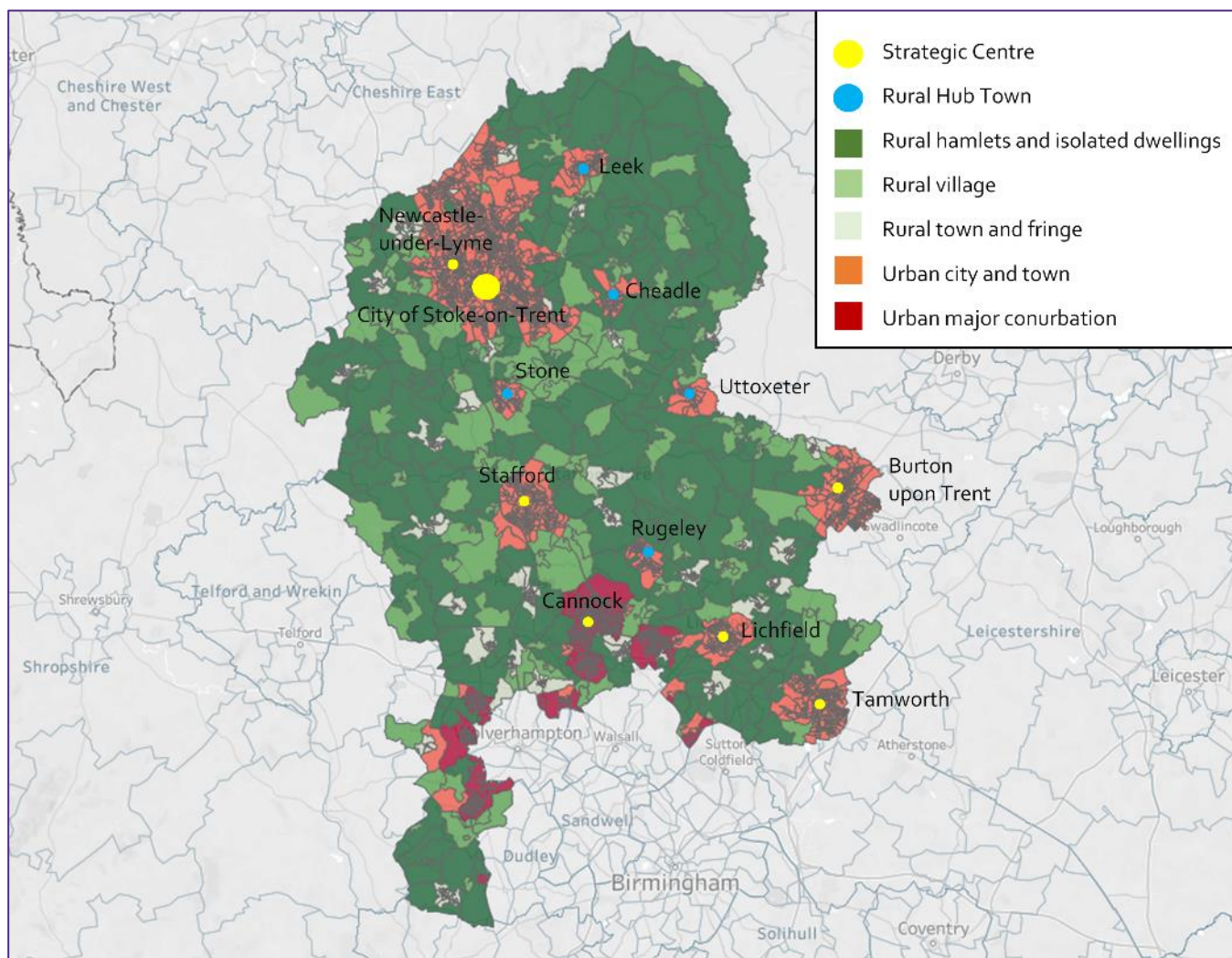
Stoke-on-Trent is entirely urban, classified as a major urban conurbation, while Staffordshire presents a mixed urban-rural profile, with towns like Newcastle-under-Lyme, Stafford, Tamworth, and Burton-upon-Trent classified as urban cities and towns, alongside rural villages and hamlets in areas such as Staffordshire Moorlands and South Staffordshire.

This variation has significant implications for local government service delivery. Urban areas tend to have higher population densities, greater demand for social care, and more concentrated deprivation, requiring targeted interventions in housing, employment, and healthcare access.

In contrast, rural areas face challenges such as service accessibility, transport limitations, and an aging population, necessitating innovative service delivery models, such as community-based health and care initiatives. Local government must balance investment between urban regeneration and infrastructure improvements while ensuring rural communities have parity of access to essential services.

Understanding the spatial geography is important for deciding the future configuration as boundaries splitting geographically linked areas could create unnecessary barriers in future service delivery. For example, an East/West option would split the Northern urban conurbation of Newcastle-under-Lyme and Stoke-on-Trent whilst also separating close urban areas of Cannock and Stafford.

A map showing rurality across Stoke-on-Trent and Staffordshire



Source: Staffordshire County Council, ONS, DEFRA, census 2011

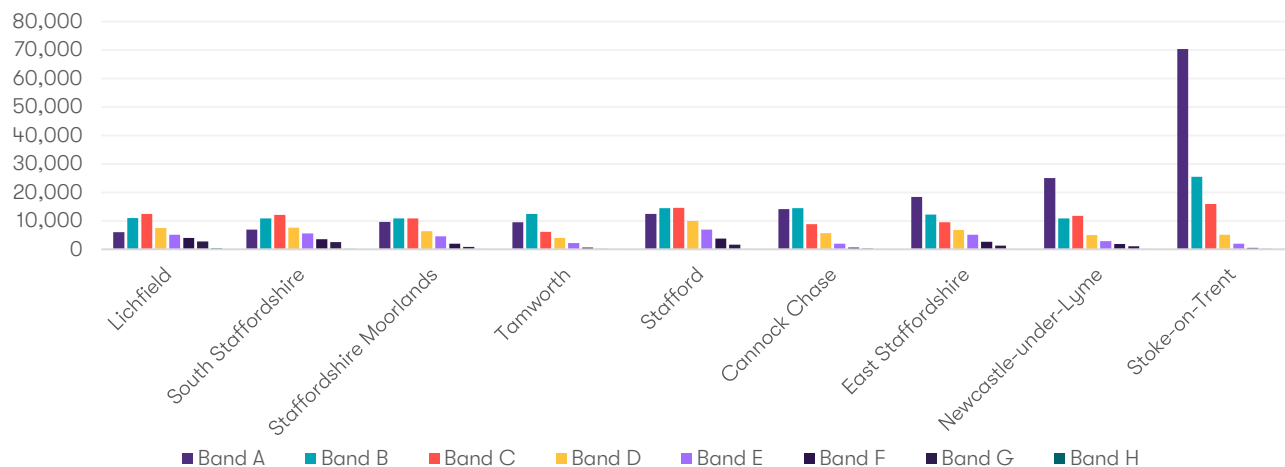
Council Tax base

Council Tax base: a reflection of service demand and fiscal pressures on local authorities

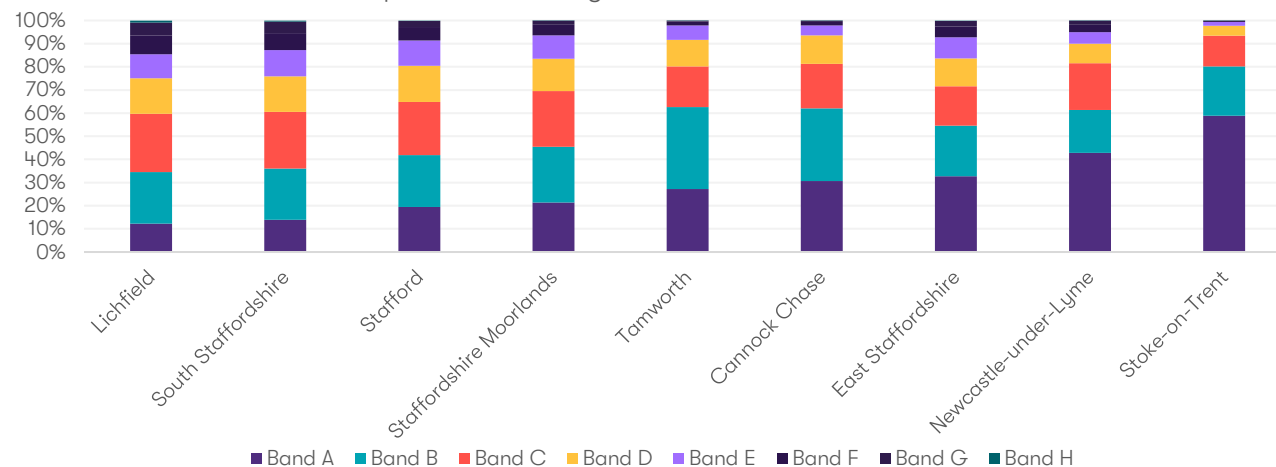
The Council Tax base provides a key insight into both demand for services and the financial capacity of local authorities. Areas with a low tax base, often due to lower property values and higher proportions of households in lower Council Tax bands (A and B), tend to have higher levels of deprivation and greater demand for public services, including social care, housing support, and welfare assistance. Conversely, areas with a higher tax base, typically with more properties in higher bands (D and above), generate greater revenue for local authorities but may have lower overall service demands.

A weak tax base can limit local government budgets, forcing authorities to rely more on central government funding or make difficult choices on service provision. This creates a fiscal challenge where councils in high-need, low-tax-base areas must stretch limited resources further, potentially leading to service pressures, funding gaps, and inequalities in provision across different regions.

Total number of dwellings by band on council valuation list



Proportion of dwelling bands on council valuation list



Source: Council Taxbase Data

Temporary accommodation

East Staffordshire had 80 households in temporary accommodation in March 2024, which was the highest rate per 1,000 households at 1.52. Conversely, South Staffordshire had 8, at 0.17 per 1,000 households.

High levels of temporary accommodation (TA) use indicate significant pressure on local government housing services and wider support systems. TA is provided to households experiencing homelessness, often due to evictions, financial hardship, or domestic issues, and includes hostels, B&Bs, council-managed housing, and private sector placements.

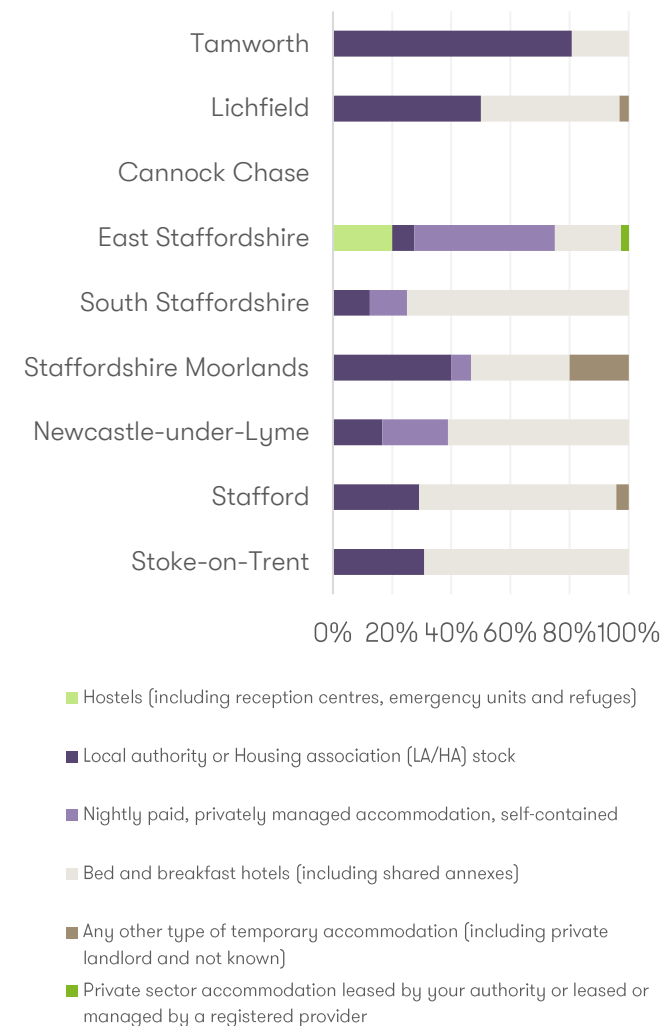
For local authorities, high TA levels reflect housing affordability issues, rising homelessness, and demand outstripping supply. This places a strain on housing budgets, as councils must cover temporary housing costs, often paying higher rates for emergency accommodation like B&Bs. Longer stays in TA suggest bottlenecks in permanent housing availability, leading to increased demand for homelessness prevention services, welfare support, and mental health provisions.

The bar chart above shows the type of temporary accommodation placements being utilised by each of the local authorities within Staffordshire and Stoke. Values are shown as a proportion of all households in temporary accommodation. For example, within Stoke-on-Trent the greatest proportion of temporary accommodation placements (69%) are in bed and breakfast accommodation.

Areas with a high TA burden often experience broader social challenges, such as overcrowding, child welfare concerns, and educational disruption for families. Local government must balance short-term emergency responses with long-term solutions, such as investing in affordable housing, expanding homelessness prevention strategies, and working with private landlords.

	Total number of households in TA	Total number of households in TA per (000s) households
East Staffordshire	80	1.52
Stoke-on-Trent	81	0.72
Tamworth	26	0.80
Lichfield	32	0.72
Stafford	24	0.38
Staffordshire Moorlands	15	0.34
Newcastle-under-Lyme	18	0.31
South Staffordshire	8	0.17
Cannock Chase	0	0.00

Source: MHCLG



Summary

How does the socio-economic profile of Staffordshire and Stoke-on-Trent meet the MHCLG criteria for reorganisation?

Key criteria

- New councils should aim for a population of 500,000 or more
- Sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area
- Sensible geography which will help to increase housing supply and meet local needs
- Proposals should show how new structures will improve local government and service delivery, and should avoid unnecessary fragmentation of services

Category	Summary
Population & Demographics	The total population across the region is 1.2 million. Based on guidance that new unitaries should be cover a population of 0.5 million or more, this would lead to a 2UA proposal. There are no significant differences in democratic profiles across the region. South Staffordshire and Staffordshire Moorlands have the highest total dependency ratio (i.e. greater proportion of non-working age population) with Newcastle-under-Lyme, Cannock Chase and Stoke-on-Trent having the lowest.
Housing	Stoke-on-Trent is entirely urban, while Staffordshire presents a mixed urban-rural profile, with towns alongside rural villages and hamlets in areas such as Staffordshire Moorlands and South Staffordshire.
Deprivation	Stoke-on-Trent has notably higher deprivation than the Staffordshire, alongside a substantially larger population. As a result, any unitary configuration, including Stoke-on-Trent, will inevitably have higher overall deprivation than the other newly formed unitary authorities.
Economy & Workforce	Analysis of commuter flows shows strong ties within the three most Northern and within the four most Southern councils. Commuter flows from Stafford and East Staffordshire are more mixed, Stafford is more closely connected to Stoke-on-Trent, however East Staffordshire has more flows outside the Staffordshire region and to Lichfield in the South.
Health & Social Care	The region is covered by a single NHS Integrated Care Board, Staffordshire and Stoke-on-Trent, however the provider services in the region is more fragmented. A provider Trust provides acute hospital services in Stoke-on-Trent and Stafford however services in the South of the region are provided by Trusts who also cover areas outside the Staffordshire boundary in Wolverhampton and Derby.
Service Delivery	Several examples of partnership working already exist between specific districts and areas for example, Lichfield and Tamworth have several examples of joint service delivery such as waste collection. Similarly, Stafford and Cannock Chase have some areas of shared service delivery in back-office services. There are also several examples of shared service delivery across borders for example Staffordshire Moorlands share a management team with High Peak District Council in Derbyshire and the i54 Enterprise Zone in South Staffordshire as part of the Black Country Enterprise Zone.

05 Financial analysis

Financial analysis

To understand the financial context of the region, we have analysed key financial metrics through three lenses as set out below.

For local government reorganisation to be both sustainable and efficient, it should be assessed through three core lenses.

This approach ensures that any proposed structure delivers long-term stability, credible savings, and improved value for residents.

1. Financial Resilience

We assessed the current financial health of each authority and modelled how different configurations would affect debt, reserves, and medium-term sustainability.

This included:

- Core spending power and funding outlook
- Medium-Term Financial Plan (MTFP) gaps
- Debt and liabilities, including Dedicated Schools Grant deficits
- Social care expenditure pressures, which account for up to 94% of net spend in Stoke-on-Trent

This analysis highlights the importance of creating authorities with sufficient scale and balanced financial profiles to manage inherited challenges effectively.

2. Financial benefits and risks of consolidation

We then evaluated the direct financial impact of reorganisation, including:

- Savings from streamlined governance, such as reduced senior management and member costs
- Efficiencies from shared services and back-office functions
- Risks associated with transition, including one-off implementation costs and potential disruption

3. Service delivery efficiency and cashable savings through aggregation

Finally, we have examined the potential for future savings and efficiencies from aggregating services. These would typically be through future decision-making on operating models for these services, such as leisure and waste collection.

To analyse the financial position of different configurations, we have used a combination of RO data submitted to the Government by Councils and published by MHCLG, as well as publicly available data from individual councils.

This includes the latest public budget reports, accounts and treasury management strategies where available. In the absence of detailed information, Staffordshire County Council's financial information has been disaggregated based on relevant population estimates.

Based on this data, we have analysed key metrics for a potential new configuration of authorities to better understand the financial implications for any new organisation.

- **Funding and spending power** – Analysis of the Council Tax base, retained business rates and wider core spending power based on existing funding models.
- **Financial Outlook** – Review of Council's current medium-term financial outlook and savings plans to understand long-term financial resilience of the region
- **Indebtedness** – Analysis of the existing debt of each Council, which would be inherited, as this creates long-term financial commitments to be managed.
- **Unit cost** – Review of the current unit cost of services in each area.

A two unitary solution provides a more financially sustainable platform across the region

Staffordshire and Stoke-on-Trent currently operate with highly contrasting financial profiles, creating structural imbalances that undermine resilience and efficiency.

Staffordshire County Council commands a core spending power of £888 million, supported by a broad tax base of 301,905 Band D equivalents, while Stoke-on-Trent has just £321 million and 69,304 Band D equivalents. This disparity means Stoke-on-Trent is disproportionately exposed to financial risk and reliant on a narrower revenue stream.

Debt and liabilities amplify this challenge. Stoke-on-Trent's General Fund debt stands at 249% of net revenue expenditure, compared to 100% for Staffordshire, and its Dedicated Schools Grant deficit is £23 million, less than half that of Staffordshire's £55 million.

These figures highlight the vulnerability of the current structure and the increased risk of creating new unitary authorities where one authority carries a significantly higher debt burden and faces acute financial pressures than the other.

Social care costs further skew the picture. Stoke-on-Trent allocates 94% of its net expenditure to social care, reflecting high deprivation levels (32% of its neighbourhoods rank among the most deprived 10% nationally), while Staffordshire spends 77%. This imbalance limits Stoke-on-Trent's ability to invest in economic development and regeneration, perpetuating a cycle of financial strain.

A key criterion for any new configuration of single-tier authorities is ensuring that the new organisations have sufficient size and scale to manage inherited financial challenges effectively. Creating authorities that are unevenly matched would risk instability and inefficiency.

Our analysis compared financial metrics for a North-South split with those for an East-West split. The results clearly demonstrate that the North-South model provides the best alignment of financial resilience. The North-South configuration creates two authorities with comparable spending power and service responsibilities, reducing financial vulnerability and enabling economies of scale. This approach ensures that both authorities can manage social care pressures, invest in infrastructure, and deliver services efficiently.

Adjusting boundaries to incorporate a broader population would enable the new Northern authority to manage social care demands more effectively. It would also allow economies of scale in service delivery, reducing duplication and improving efficiency. This redistribution of resources strengthens financial resilience and creates a more level playing field between the two new authorities.

A North-South configuration not only balances financial risk but also strengthens the region's ability to deliver on future ambitions. Larger, more financially stable authorities are better equipped to invest in infrastructure, economic development, and innovation. By aligning governance with economic geography and creating authorities of sufficient size, the North-South model provides a credible, pragmatic solution that supports both local service delivery and regional growth.

Staffordshire County Council

(incl. Districts)

£888 million

Core Spending Power

301,495

Council Tax base (Band D equiv.)

£149 million

Retained Business Rates (including top-up/tariff

100%

General Fund Debt (% of net revenue expenditure)

£42 million

(5.5% of net revenue expenditure)

Projected funding gap 2028/29

(£55 million)

DSG deficit as at 31 March 2025

77%

% of net expenditure on social care

61%

% of service expenditure on social care

Stoke-on-Trent City Council

£321 million

Core Spending Power

69,304

Council Tax base (Band D equiv.)

£75 million

Retained Business Rates (including top-up/tariff)

249%

General Fund Debt (% of net revenue expenditure)

£12 million

(4.8% of net revenue expenditure)

Projected funding gap 2028/29

(£23 million)

DSG deficit as at 31 March 2025

94%

% of net expenditure on social care

66%

% of service expenditure on social care

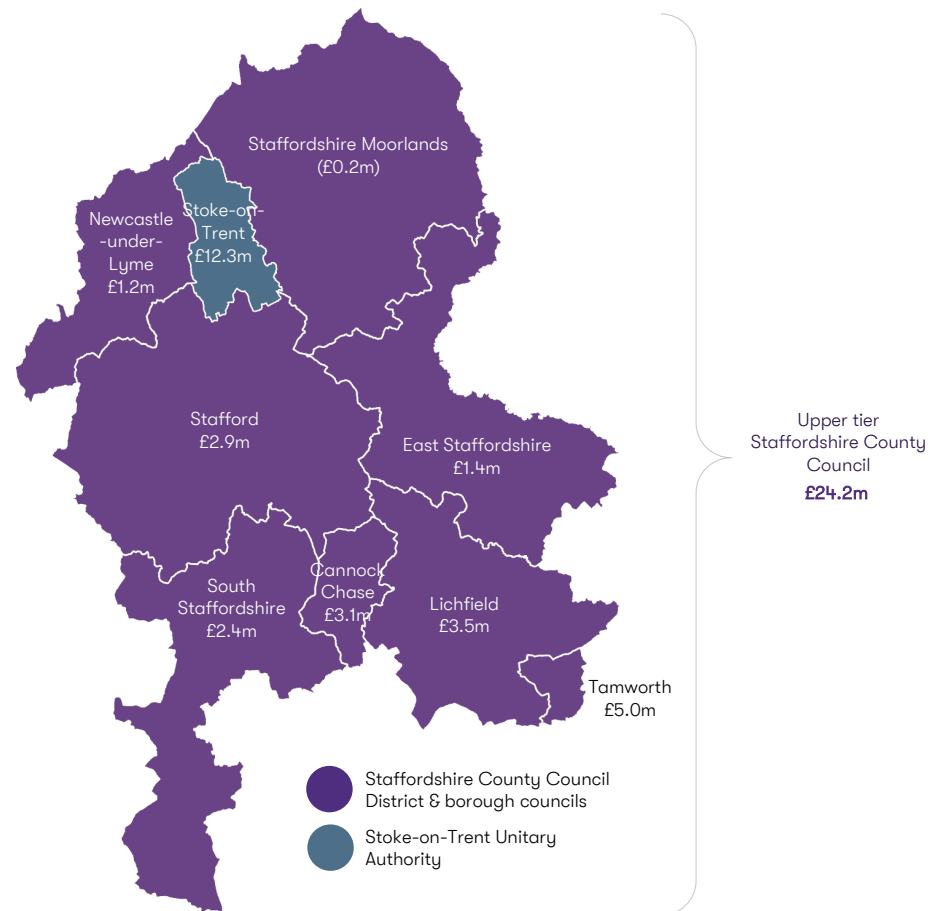
Financial baseline

We have mapped funding gaps within the region to illustrate the financial outlook for each authority up to the first year of any future reconfiguration. This serves as a crucial indicator of the current councils' financial resilience, which will be inherited by new councils, and the impact this has on the financial resilience of new organisations.

These figures give an indication of the financial position as each authority makes different assumptions in their projections, for example, on future grants, inflation and demand impacts.

Forecast general fund revenue gap in 2028/29

Authority	2026/27	2027/28	2028/29
	£m	£m	£m
Stoke-on-Trent	10.8	14.1	12.3
Staffordshire County	(0.2)**	0.8**	24.2
Staffordshire Moorlands	(0.1)	(0.1)	(0.2)
Newcastle-under-Lyme	1.3	1.6	1.2
Stafford	3.1	2.9	2.9*
East Staffordshire	(0.5)	0.5	1.4
Cannock Chase	3.0	3.1	3.1*
South Staffordshire	5.9	4.4	2.4
Lichfield	0.7	1.9	3.5
Tamworth	5.1	4.9	5.0



Source: Figures taken from Council's published 2025/26 budget reports,

*Cannock Chase and Stafford MTFP end in 2027/28 so this has been used as an estimate for 2028/29

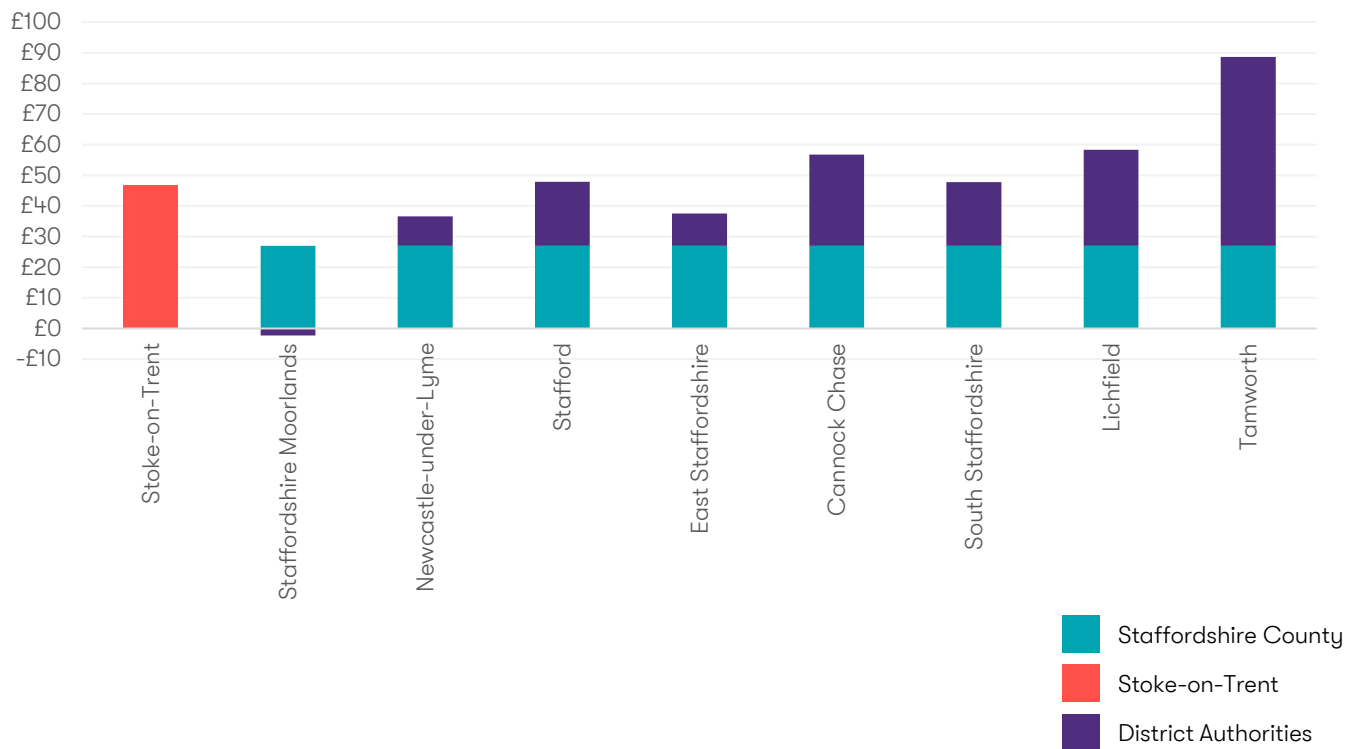
**Net of £7m drawdown from reserves in 26/27 and 27/28

Impact on new configurations

We have analysed funding gaps as set out in the current medium-term financial plans across the region to understand the financial position new authorities under reconfiguration will inherit from April 2028. The funding gaps, as presented in the existing councils' latest budget reports, were allocated to new configurations of authority based on the population of respective areas.

Analysis of current projected funding gaps and their impact on future configuration shows that, across the region, there is a wide variation based on population served, with more acute financial pressures in the Southern areas of Cannock Chase, South Staffordshire, Lichfield and Tamworth.

Projected funding gap in 2028/29 per head of population



Total 2028/29 Funding Gap **£55 million**
(5.3% of net revenue expenditure)

Scenario A – North-South split	£18 million (4.1% of net revenue expenditure)	£37 million (6.3% of net revenue expenditure)
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Scenario D – East- West split	£33 million (5.5% of net revenue expenditure)	£23 million (5.3% of net revenue expenditure)
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Council Tax harmonisation

Aligning Council Tax levels across newly formed unitary authorities to replace councils with differing tax rates can be done in different ways; however, it is an important lever to help new organisations become more financially resilient.

With Council Tax harmonisation, there is an opportunity to design two resilient organisations without a sharp increase in Council Tax rates for residents.

Council Tax harmonisation can be complex, balancing a range of rates across a wide area. There are different approaches to harmonising Council Tax; however, the most financially beneficial is to harmonise all rates in the region at the current maximum rate, currently £1,789 per year for a Band D property.

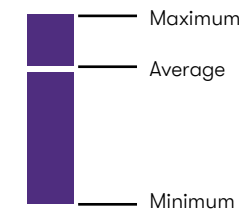
Analysis shows rates are broadly aligned across the region, with most authorities being within 6%. Stoke-on-Trent currently has the lowest rate (11% below the highest). Harmonisation at different rates would have a significant impact on the funding available to new councils and on residents who depend on the rate at which harmonisation occurs.

Harmonisation will have the most impact in Stoke-on-Trent as the current Council Tax rate is 5% lower than the next lowest (South Staffordshire) and 11% lower than the highest (Cannock Chase). A complete analysis of the impact on Band D Council Tax rates under each option is provided in Appendix 3.

Comparison of current Council Tax rates within each reconfiguration



Harmonisation Range



Authority	24/25 (Band D) £	Low		Average		High	
		£	%	£	%	£	%
Stoke-on-Trent	1,618	-	-	108	7%	170	11%
Newcastle-under-Lyme	1,763	(145)	(8%)	(37)	(2%)	25	1%
Staffordshire Moorlands	1,725	(107)	(6%)	1	0%	63	4%
Stafford	1,718	(100)	(6%)	8	0%	70	4%
East Staffordshire	1,754	(136)	(8%)	(28)	(2%)	34	2%
South Staffordshire	1,685	(67)	(4%)	41	2%	104	6%
Cannock Chase	1,789	(170)	(10%)	(62)	(3%)	-	-
Lichfield	1,737	(119)	(7%)	(11)	(1%)	51	3%
Tamworth	1,747	(129)	(7%)	(21)	(1%)	41	2%

Council Tax harmonisation

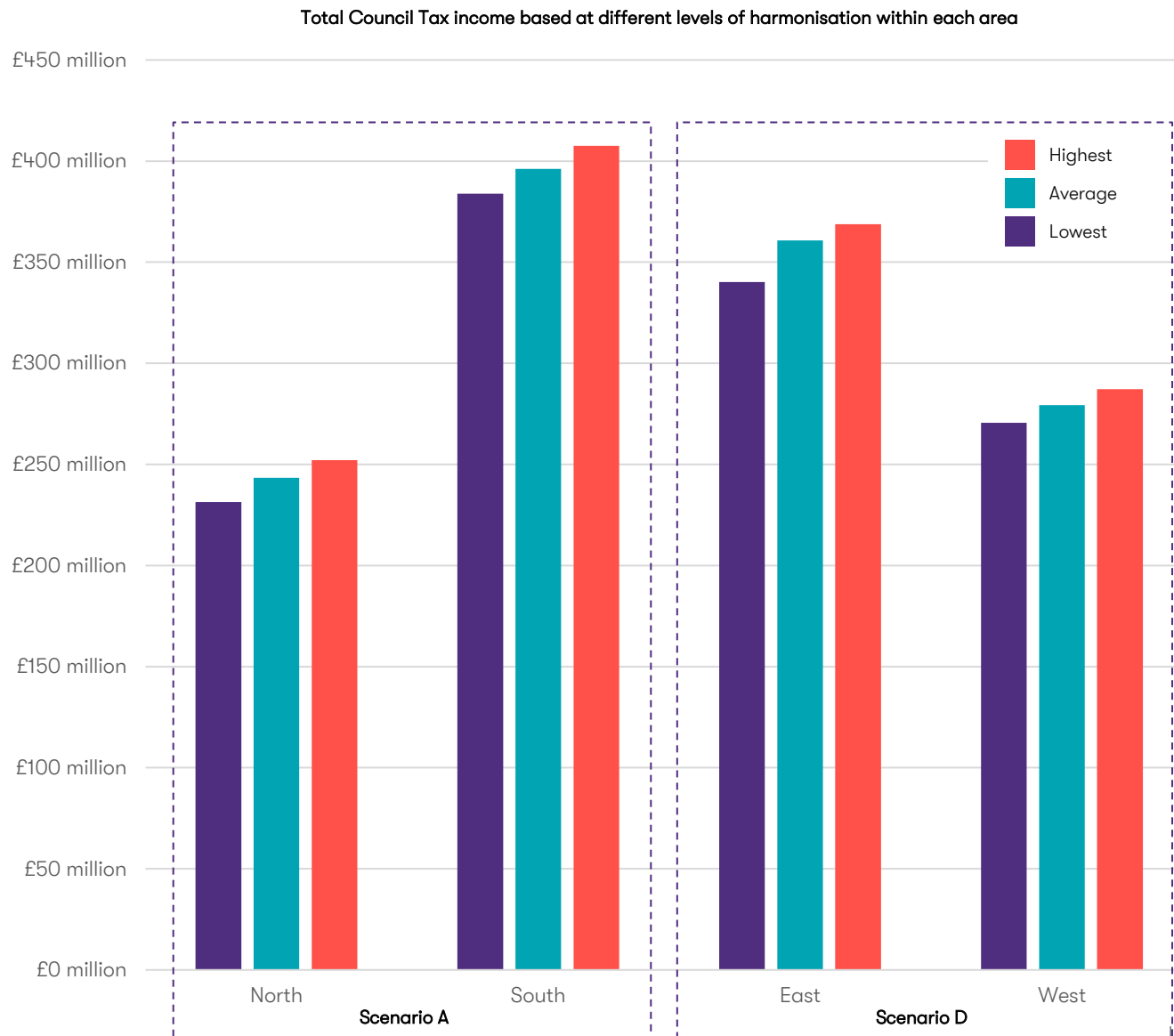
Council Tax harmonisation will impact the total Council Tax revenue of new Councils dependent on which configuration of existing Councils are included in future Councils and the level at which rates are harmonised.

The chart on the right shows the total Council Tax income for each scenario at harmonisation at lowest current rate, average rate or the highest rate. Harmonisation at the highest rate will have the biggest impact on future income however would have the biggest impact on rate payers across the region.

The overall impact on Council Tax revenues across the region from different scenarios is set out below. Setting at the average in areas would yield additional Council Tax of between £3 million and £4 million, with setting rates at the highest level yielding an between an additional £20 million and £24 million.

Comparison of the total Council Tax Income in the region for each Scenario

	Scenario 1	Scenario 2
Minimum	-£25m	-£21 m
Average	£4m	£3 m
High	£20m	£24 m

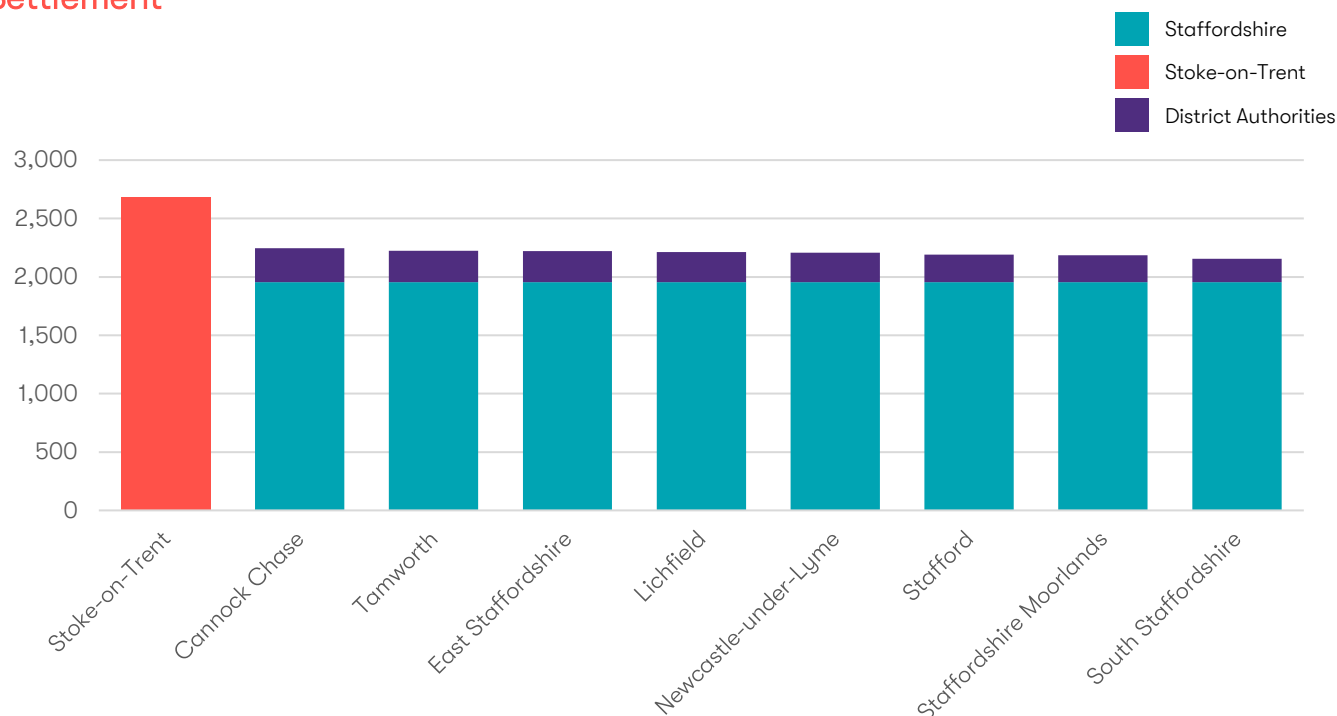


Baseline funding levels

Core Spending Power per 2025/26 Finance Settlement

To assess the financial resilience of local government reorganisation efforts, it is necessary to analyse each region's Core Spending Power (CSP). This analysis provides the baseline for understanding the impact of spending power on future council configurations.

The table below presents the Core Spending Power for 2025/26, enabling the calculation of total CSP per dwelling across the Staffordshire authorities.



Area	Core spending power (CSP)	CSP Per dwelling	Add Staffordshire CSP per dwelling	Total CSP per dwelling
Stoke-on-Trent	£321.0m	£2,683	-	£2,683
Staffordshire Moorlands	£10.5m	£232	+£1,953	£2,185
Newcastle-under-Lyme	£14.8m	£253	+£1,953	£2,027
Stafford	£15.1m	£236	+£1,953	£2,189
East Staffordshire	£15.0m	£267	+£1,953	£2,221
Cannock Chase	£13.4m	£290	+£1,953	£2,244
South Staffordshire	£9.9m	£201	+£1,953	£2,155
Lichfield	£12.8m	£259	+£1,953	£2,213
Tamworth	£9.4m	£269	+£1,953	£2,223

Assets and liabilities

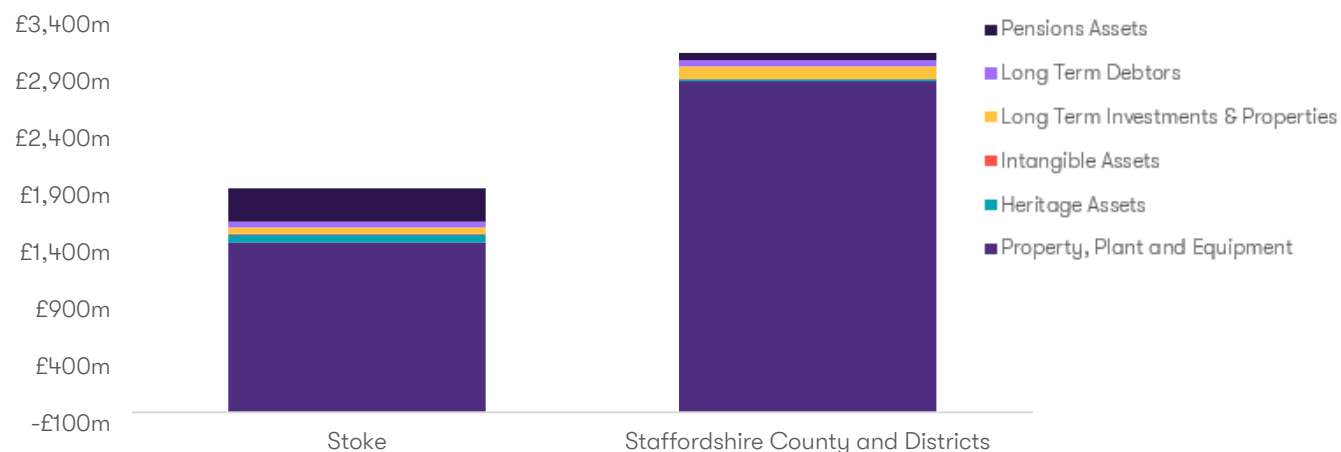
Levels of external debt and unpaid capital expenditure can result in risk and long-term fixed future costs dependent on the purpose of the expenditure and how it is funded.

Understanding the level of debt and capital financing costs also provides insight into the risk that any new authorities would inherit in a reorganisation.

Analysis of outstanding debt and balance sheets indicates the current debt falls within reasonable levels when benchmarked against existing similar organisations and is not a significant outlier.

Stoke-on-Trent has relatively higher levels of debt compared to the region; however, analysis of balance sheets shows very small levels of long-term commercial investments, which could expose higher levels of risk, representing 5.4% of long-term assets for Stoke-on-Trent and 5.2% for Staffordshire County and District authorities.

	General Fund Capital Financing Requirement as at 31 March 2025 (estimate) £m	External Borrowing (%age of CFR)
Stoke-on-Trent	650,077	88%
Newcastle-under-Lyme	23,849	60%
Staffordshire Moorlands	14,011	33%
Stafford	3,425	41%
East Staffordshire	12,627	58%
South Staffordshire	41,970	36%
Cannock Chase	7,576	89%
Lichfield	1,705	55%
Tamworth	7,029	80%
Staffordshire	569,100	59%



Summary financial position

The financial analysis highlights the significant differences in scale, cost, and sustainability between the 2UA configurations, and Scenario A demonstrates greater parity in the financial position overall.

These figures underline the importance of considering not just aggregate spending power but also the distribution of financial risk, cost efficiency, and social care pressures when evaluating the most sustainable and equitable configuration for Staffordshire.

	Scenario A		Scenario D	
	North Staffordshire	South Staffordshire	East Staffordshire	West Staffordshire
Core Spending Power	£549 million	£661 million	£731 million	£478 million
Core spending power per dwelling	£2,458	£2,206	£2,396	£2,198
Council Tax base (Band D equiv.)	142,962	227,838	210,188	160,611
Retained Business Rates (including top-up/tariff)	£109 million	£115 million	£142 million	£82 million
General Fund Debt (% of net revenue expenditure)	193%	98%	165%	105%
Projected funding gap 2028/29	£18 million (4.1% of net revenue expenditure)	£37 million (6.3% of net revenue expenditure)	£33 million (5.5% of net revenue expenditure)	£23 million (5.3% of net revenue expenditure)
DSG deficit as at 31 March 2025	£35 million	£43 million	£49 million	£29 million
Total service expenditure unit cost (£/person)	£1,136	£944	£1,075	£954
% of net expenditure on social care	86%	78%	85%	75%
% of service expenditure on social care	64%	62%	64%	60%

06 Financial implications of LGR

Financial implications of reorganisation

Balancing transition costs with future efficiency

Local government reorganisation presents a complex financial challenge, requiring upfront investment but offering significant long-term benefits.

Transition costs are unavoidable, covering activities such as restructuring systems, harmonising pay structures, and managing organisational change. These costs are expected to be offset by future efficiencies in service delivery and administration, but careful phasing is essential to ensure reforms are implemented before savings are realised.

Stoke-on-Trent City Council, as the only existing unitary authority in the region, provides a mature delivery platform for upper and lower-tier services. Leveraging this experience will reduce complexity and integration costs for neighbouring councils, enabling smoother implementation and faster realisation of benefits.

The cost of transition varies depending on the configuration, but establishing two unitaries offers the most balanced approach. While all options involve upfront expenditure, the North-South model delivers the strongest financial case, with net benefits of £12.6m–£17.9m and a payback period by 2029/30, despite one-off transition costs of £20.6m–£24.7m. These savings stem from streamlined governance, reduced duplication, and economies of scale in service delivery.

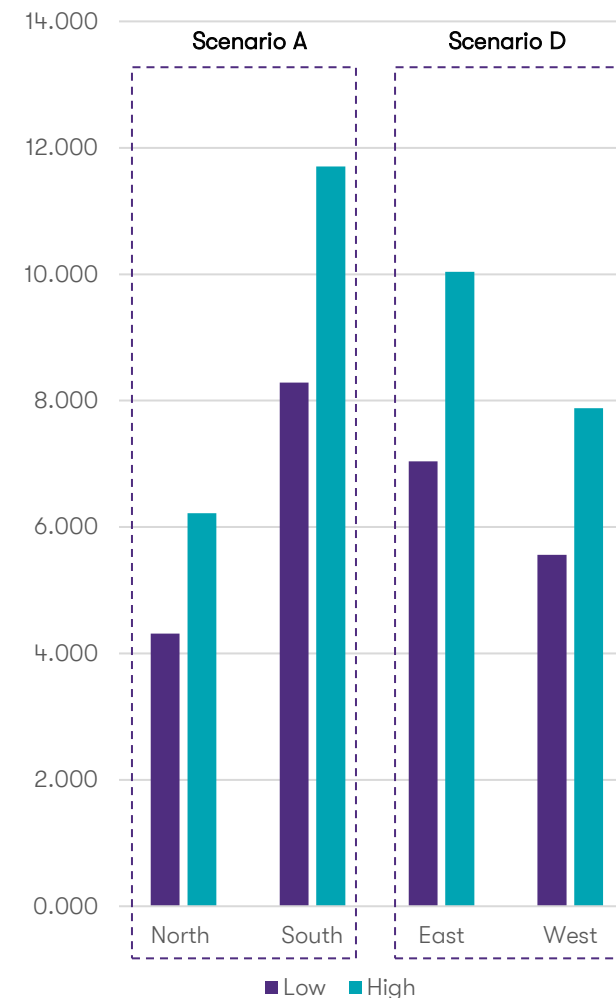
It is important to note that some risks cannot be fully quantified at this stage, including operational disruption, uncertainty over service outcomes, and potential for unforeseen costs. Data quality also affects the accuracy of financial projections, increasing the risk of misstatement. However, the evidence strongly supports that, when managed effectively, reorganisation will deliver sustainable financial benefits and create a stronger platform for future growth and devolution.

We analysed three scenarios: low, base, and high. The base case is considered most likely with the low case assuming lower savings and higher costs (e.g., redundancy and transition costs), while the high case assumes greater savings and lower costs, providing a broad range. Where higher savings involve more additional redundancy costs, this may be offset in the calculations by increased redundancy pay.

Financial implications of transition

Net benefit	£12.6 – £17.9m
Transition Costs	£20.6 – £24.7m
Payback year (i.e. the first-year net benefits will repay transition costs)	2029/30

Savings by Scenario



Scenario A

North-South Split

This table presents estimated financial savings and transition costs for each scenario:

- Savings: Senior management, back office, property, service delivery, and democratic services.
- Transition Costs: Redundancy, programme management, ICT systems, public engagement, establishing new councils, and contingency.

In the North-South configuration, the base case savings are £15.3m, with the South unitary achieving £10m and the North £5.3m. The high case projects £17.9m (£11.7m in the South, £6.2m in the North), and the low case £12.6 million (£8.3m in the South, £4.3m in the North).

Transition costs in the high case are £20.6m (£13.7m in the South, £6.9m in the North), and in the low case, they are £24.7m (£16.5m in the South, £8.2m in the North).

Savings	Base			Low			High		
	Total	North	South	Total	North	South	Total	North	South
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Senior management	8.900	2.967	5.933	8.200	2.733	5.467	9.560	3.187	6.373
Back office	2.330	0.777	1.553	2.100	0.700	1.400	2.560	0.853	1.707
Property	2.000	0.667	1.333	1.000	0.333	0.667	3.000	1.000	2.000
Service delivery	0.720	0.303	0.417	0.580	0.244	0.336	0.860	0.361	0.499
Democratic Services	1.360	0.571	0.789	0.720	0.303	0.417	1.940	0.815	1.125
Total	15.310	5.284	10.026	12.600	4.313	8.287	17.920	6.217	11.703
Transition Costs									
Redundancy	6.120	2.040	4.080	6.438	2.146	4.292	5.712	1.904	3.808
Programme management	3.800	1.267	2.533	4.180	1.393	2.787	3.420	1.140	2.280
ICT systems	5.750	1.917	3.833	6.325	2.108	4.217	5.175	1.725	3.450
Public engagement	0.750	0.250	0.500	0.900	0.300	0.600	0.600	0.200	0.400
Establishing a new council	2.500	0.833	1.667	2.750	0.917	1.833	2.250	0.750	1.500
Contingency	3.784	1.261	2.523	4.119	1.373	2.746	3.431	1.144	2.288
Total	18.920	7.568	15.136	24.712	8.237	16.474	20.588	6.863	13.726

Scenario D

East-West Split

This table presents estimated financial savings and transition costs for each scenario:

- Savings: Senior management, back office, property, service delivery, and democratic services.
- Transition Costs: Redundancy, programme management, ICT systems, public engagement, establishing new councils, and contingency.

Under this scenario, the total recurrent annual savings are estimated at again £15.3m in the base case, with the West unitary realising approximately £6.7m and the East unitary £8.6m. In the high case, savings increase to £17.9 million (£7.9m in the West, £10m in the East), while the low case projects £12.6 million (£5.6m in the West, £7m in the East).

Transition costs for the high case are estimated at £20.6m (£9m in the West, £11.4m in the East), and the low case rises to £24.7m (£11m in the West, £13.7m in the East).

Savings	Base			Low			High		
	Total	East	West	Total	East	West	Total	East	West
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Senior management	8.900	4.944	3.956	8.200	4.556	3.644	9.560	5.311	4.249
Back office	2.330	1.294	1.036	2.100	1.167	0.933	2.560	1.422	1.138
Property	2.000	1.111	0.889	1.000	0.556	0.444	3.000	1.667	1.333
Service delivery	0.720	0.422	0.298	0.580	0.340	0.240	0.860	0.504	0.356
Democratic Services	1.360	0.797	0.563	0.720	0.422	0.298	1.940	1.136	0.804
Total	15.310	8.568	6.742	12.600	7.039	5.561	17.920	10.040	7.880
Transition Costs									
Redundancy	6.120	3.400	2.720	6.438	3.577	2.861	5.712	3.173	2.539
Programme management	3.800	2.111	1.689	4.180	2.322	1.858	3.420	1.900	1.520
ICT systems	5.750	3.194	2.556	6.325	3.514	2.811	5.175	2.875	2.300
Public engagement	0.750	0.417	0.333	0.900	0.500	0.400	0.600	0.333	0.267
Establishing a new council	2.500	1.389	1.111	2.750	1.528	1.222	2.250	1.250	1.000
Contingency	3.784	2.102	1.682	4.119	2.288	1.830	3.431	1.906	1.525
Total	18.920	12.614	10.091	24.712	13.729	10.983	20.588	11.438	9.150

Savings

Savings from reorganising the existing two-tier Council structure across Staffordshire and Stoke-on-Trent have been estimated using the financial data published by each Council and detailed assumptions across five categories, based on evidence from previous restructuring that savings are achieved through consolidation. Sensitivities have been applied based on the variability and risk to the quality and robustness of these assumptions.

We recognise that there is potential to achieve further savings beyond those identified in this assessment. However, evidence from recent unitary reorganisations suggests that these savings have not consistently materialised in practice.

In fact, when we examine the actual unit costs of services post-reorganisation, many authorities have experienced increases rather than reductions, driven by the complexity of the transition and challenges in service harmonisation. While we acknowledge that additional efficiencies could be realised through subsequent service transformation programmes, these opportunities remain unquantified at this stage.

As such, our analysis focuses on realistic, evidence-based assumptions rather than speculative savings, ensuring that financial projections are credible and grounded in observed outcomes rather than aspirational targets.

- **Senior Management** – Reducing duplication in leadership roles and consolidating executive functions across fewer organisations will result in fewer senior management positions, greater strategic coordination, and a more efficient decision-making process, ultimately lowering overall administrative costs.
- **Back Office** – Efficiencies will be realised by integrating IT systems, centralising administrative functions, and removing duplication and redundant processes to improve operational effectiveness.
- **Property** – Cost reductions will be secured through the rationalisation of council-owned buildings, consolidating offices, and maximising the use of shared spaces. This approach will not only lower maintenance and utility costs but also free up valuable assets for repurposing or disposal, ensuring a more strategic and cost-effective use of public resources.
- **Service Delivery** – Efficiencies will be gained by standardising service models, reducing duplication, and leveraging digital transformation to improve accessibility and reduce costs.
- **Democratic Services** – Savings will be made by reducing the number of councillors, streamlining governance structures, and optimising committee and meeting arrangements. This will decrease the costs associated with allowances, support staff, and election expenses.

Savings Ranges	2UA
	£m
Senior management	8.2 - 9.6
Back office	2.1 - 2.6
Property	1.0 - 3.0
Service delivery	0.6 - 0.9
Democratic Services	0.7 - 1.9
Total recurrent saving generated	12.6 - 17.9

Streamlined management and governance

Fewer organisations removes duplication in senior management roles as well as reducing the number of elected members and overall cost of democracy by making a clearer more streamlined governance model.

Amalgamating Councils into fewer organisations will significantly reduce the need for management roles at all levels.

Our analysis has considered senior and mid-tier management roles, and it is assumed that any other savings from the reduction in management posts within functions and services are included in the assumptions on back-office and service-delivery savings.

Whilst job titles and roles aren't comparable on a like-for-like basis between District authorities and new unitaries, the modelling has used the baseline of current roles and salaries and mapped them against the appropriate roles typical in a new unitary management structure, based on similar costs of roles sourced from benchmark data across the sector.

Assumptions have been derived from a review of the outcomes of previous reorganisation and sensitivities applied to assumptions around roles in scope, cost per redundancy, the level of redeployment, and the number of redundancies.

Mid-Tier Management

Below the senior management team, management structures are more varied with less publicly available data however reviewing management structure and analysing roles, salaries and spans of control, the third tier of management typically reflects the Assistant Directors and/or Heads of Service such as Head of Waste, Head of Finance and Head of Internal Audit, with average salary costs of £105k including pension and employers national insurance contributions. Across the 10 organisations, there are approximately 93 roles at this level.

Senior Management

Senior management teams of an organisation reflect the most senior officers' roles in a Council and are typically composed of the Chief Executive and their direct reports, often Executive Directors. Across the 10 current Councils, there are 9 Chief Executives with an average cost of £220k per role, and approximately 34 Tier 2 (Executive Directors) at an average cost of £146k. This represents an annual spend of £6.7 million (not including additional support such as administrative assistance).

	Baseline		Two Unitaries	
	FTE	£m	FTE	£m
Senior Management	41	6.7	10	1.9
Mid-management	93	10.0	40	4.6
Total	133	16.7	50	7.7
Saving	n/a	n/a	83	9.0

Economies of scale

Understanding the potential efficiencies of different configurations of Councils depends on the evidence to achieve economies of scale in different-sized organisations.

In October 2006, the Department of Communities and Local Government released a report titled 'Population size and local authority performance'. The research undertook almost 700 tests of the relationship between population size and performance in English local government.

The research showed a complex picture with the impact of population size varying across services and between measures of performance for the same service. Furthermore, it found that 54% of relationships were non-linear, meaning that performance improved with population size to a point, and therefore bigger doesn't necessarily mean better.

Revisiting the research

Since 2006, local government has been impacted by austerity, Brexit, a pandemic, as well as advances in digital and hybrid working. Therefore, we have revisited this analysis at a high level to understand whether size impacts performance, given the government's pursuit of simplified local government structures and its intention to increase the size of organisations.

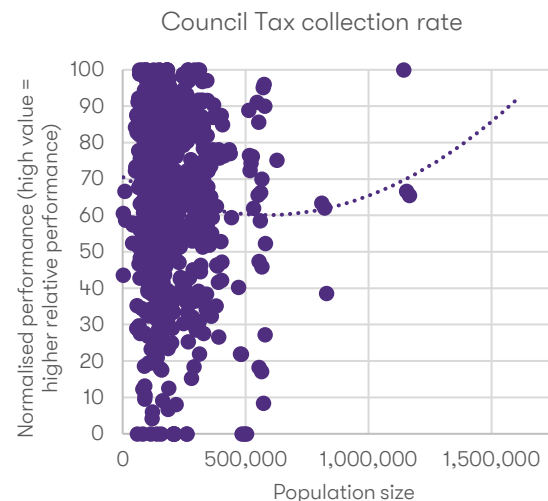
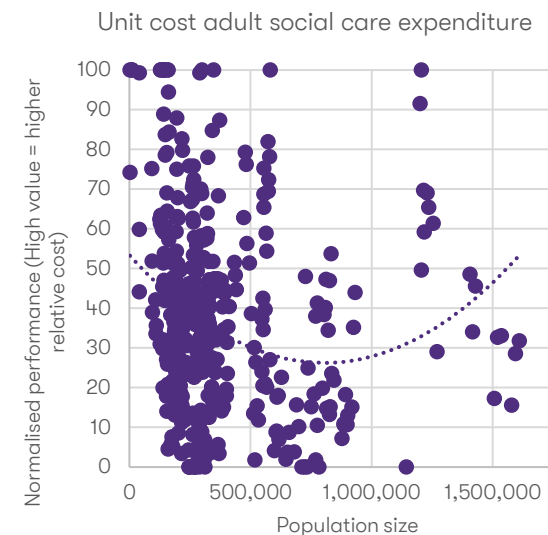
- We assessed performance across five different service areas: council tax collection, social care (adults and children's), planning and waste collection.

- We assessed performance over three years (2021/22 – 2023/24) in order to remove single-year variation
- We limited the influence of deprivation by normalising performance within cohorts of authorities with similar levels of deprivation

The charts on the right provide some of our analysis relevant to our findings.

Finding the balance

Evidence from both the 2006 CLG study and our recent analysis indicatively suggests that performance peaks at mid-large scale (400,000 – 800,000 residents). This population range offers an optimal balance of cost-efficiency, performance, and democratic accountability, avoiding the inefficiencies of very small and excessively large councils.



A more efficient operating model

Amalgamating multiple organisations provides an opportunity for a more efficient operating model in both back office as well as service delivery, providing more joined up streamlined services across the region for citizens

By amalgamating multiple organisations, significant savings can be achieved in the organisation's back-office running costs and property costs through the removal of duplication, consolidation of IT systems, and standardisation of processes. This will result in a reduction in required headcount, thereby reducing the need for office space and associated costs, including energy, cleaning, and maintenance.

Our methodology for estimating potential savings begins by compiling current expenditure across all authorities using publicly available budget reports and financial statements. These costs are then categorised by function, such as corporate services, ICT, and management overheads, to identify areas most likely to benefit from integration.

Percentage reductions are applied to reflect efficiencies achievable through harmonised processes, shared technology platforms, streamlined governance, and the removal of duplicated management structures. To ensure robustness, sensitivity analysis is incorporated to account for implementation challenges, transitional costs, and the variable realisation of economies of scale. This approach provides a pragmatic estimate of savings while recognising that actual outcomes depend on the pace and effectiveness of subsequent transformation programmes.

- **Back office functions** – Based on experience from previous reorganisations and shared service projects, an appropriate percentage reduction has been applied to current baseline costs of services such as finance, HR, procurement, and IT, reflecting the elimination of redundant administrative roles, consolidation of IT infrastructure, and streamlined procurement.
- **Property** – Making back-office efficiencies will result in a lower need for office space, since COVID-19, hybrid working has resulted in a much lower occupancy of office space. However, each Council still require a civic centre to undertake Civic and democratic duties. Reducing the number of Councils will enable disposal of several civic buildings, which can cost up to £1 million a year to run; some costs will be offset by income generated by the building, e.g. through events. However, assuming a reduction in these buildings from 10 to 2 would result in significant savings.
- **Service delivery** - Has been estimated by applying a reduction to current costs of district service delivery, such as leisure and waste collection, based on evidence from previous examples of amalgamating these services either through shared services or local government reorganisation.

Baseline financial estimates are based on publicly available data contained within various Council reports. It provides an indication of estimated baseline spend; however, due to discrepancies in the presentation of data in budget reports, more detailed data analysis is required to validate these figures.

	2UA
	£m
Back Office	2.1 - 2.6
Property	1.0 - 3.0
Service Delivery	0.6 - 0.9
Total	3.7 - 6.5

Streamlined management and governance

Fewer organisations removes duplication in senior management roles as well as reducing the number of elected members and overall cost of democracy by making a clearer more streamlined governance model.

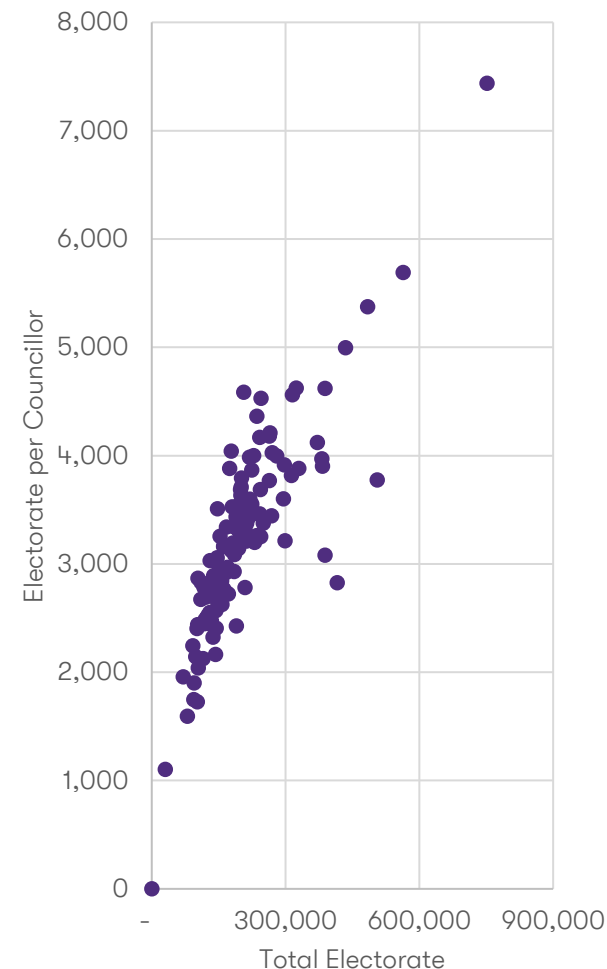
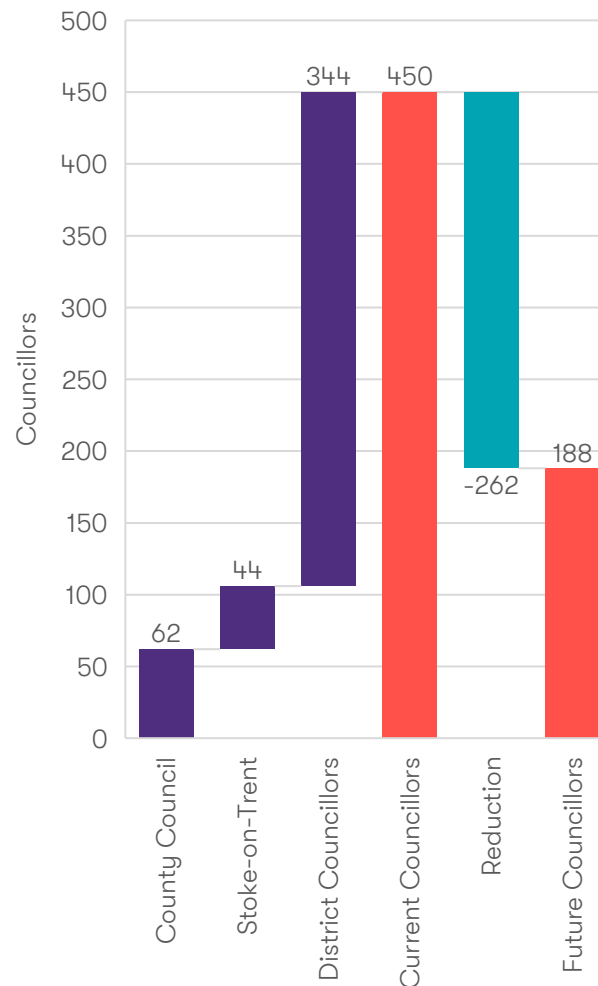
There are currently 450 members across the ten authorities in Staffordshire representing 253 wards. Staffordshire County Council splits the 8 district councils (and their 159 wards) into 60 electoral areas.

We have assumed that post reorganisation there would be 94 electoral areas, based on the existing 34 wards in Stoke-on-Trent, and the 60 electoral areas of Staffordshire County Council. Applying a ratio of 2 members per electoral area then the number of members post reorganisation would be 188, a reduction of 262 members.

188 councillors would give a ratio of 1:4,500 councillors to electorate which is higher than the average across current single tier authorities however larger single tier Councils have a higher ratio than smaller unitaries so an average of 4,500 would be in line with other unitaries of the scale of future configurations of two unitaries.

The average basic allowance of each member would be likely to increase to reflect the greater responsibilities of unitary councillors. Using cost of members allowances as published in statutory accounts have modelled the current average cost per member and applied it to the number of members who would serve on the new Councils, alongside a similar reduction in democratic support costs to reflect reductions in member support and number of committee meetings which need administering.

Applying sensitivities to the average future cost per Councillors, the number of councillors and reduction in democratic support this is expected to generate a saving between £0.7 million and £1.9 million.



Transition costs and risk

There are significant costs associated with transitioning two-tier authorities to a single tier; however, the presence of an existing unitary authority alters the assumptions and costs, as there are already two upper-tier authorities in operation.

- **Redundancy** – Redundancy costs are directly linked to the anticipated level of savings made through the removal of duplication of activities across the back office and service delivery.
- **Programme management** – There are common programme management costs associated with transition, irrespective of the number of unitaries; however, there will be some additional costs associated with consideration of the impact of multiple unitaries compared to a single organisation.
- **ICT Systems** – Cost include the migration and integration of current IT systems used across the different authorities. Key systems include finance and HR systems, or ERP systems, as well as underlying IT networks and security.
- **Public engagement** – A significant level of public engagement is required irrespective of the number of future organisations, this includes communications and media, as well as consultation events and engagement activities with partner and stakeholder organisations.
- **Establishing a new council** – This includes activities associated with establishing a new authority, including shadow running costs, elections, development of new branding, as well as operational costs such as potential minor property works.

Costing estimates are based on high level assumptions and gives an indicative a range of potential financial implications but should not be used for decision making without further detailed analysis.

Transition Costs	2UA £m
Redundancy	5.7 - 6.4
Programme management	3.4 - 4.2
ICT systems	5.2 - 6.3
Public engagement	0.6 - 0.9
Establishing a new council	2.3 - 2.8
Contingency	3.4 - 4.1
Total One Off Transition Costs	20.6 - 24.7

Significant risks

Alongside quantified financial impacts of reorganisation there are numerous risks which may have financial implications which can not be quantified at this point

Local government reorganisation presents a range of inherent risks that can influence both financial outcomes and service delivery.

While the examples below highlight some of the most significant risks with potential financial implications, they do not represent an exhaustive list. These risks underscore the importance of robust planning, phased implementation, and ongoing monitoring to mitigate unintended consequences and ensure that anticipated benefits are realised.

- **Diseconomies of scale** - While larger organisations are expected to benefit from efficiencies, overly large councils can become bureaucratic and inefficient, leading to higher administrative costs rather than savings.
- **Service delivery challenges** - The cost of delivering services over a too large a geographical area could increase, particularly in rural regions where travel times and infrastructure challenges may create inefficiencies.
- **Integration complexity** - Merging councils with different operational models, cultures, and financial strategies may create difficulties in standardising processes, leading to delays in making anticipated savings.
- **Disruption to services** – Temporary service inefficiencies or declines in quality during the transition period, leading to higher costs or poorer outcomes.

- **Spatial configuration** – Some savings are more highly sensitive to spatial geography, for example, Highways and Property services, where depot locations, route optimisation, and building accessibility will impact future costs. In contrast, other savings, such as democratic services and back office, are less sensitive.



07 Appendices

A Data definitions

Area, Demographics & Deprivation

Indicator short title	Indicator definition	Year	Source
HA	Area in hectares of the land count (clipped to coastline minus the inland water)	2022	ONS: Standard Area Measurements for Administrative Areas (December 2022) in the UK
Population density	Total estimated population per hectare	2024	ONS: Mid-Year Population Estimates and Standard Area Measurements for Administrative Areas
Total estimated population 2023 (no.)	Total estimated resident population for latest year of available data	2024	ONS: Mid-Year Population Estimated
Young People (% of total)	Estimated number of people aged 0-15 as a percentage of the total resident population	2024	ONS: Mid-Year Population Estimated
Working age people (% of total)	Estimated number of people aged 16-64 as a percentage of the total resident population	2024	ONS: Mid-Year Population Estimated
Older people (% of total)	Estimated number of people aged 65+ as a percentage of the total resident population	2024	ONS: Mid-Year Population Estimated
Total estimated population 2030 (no.)	Projected total estimated population in 2030	2030	ONS: Population projections
Total estimated population 2040 (no.)	Projected total estimated population in 2040	2040	ONS: Population projections
Population growth (to 2040)	Percentage change in total estimated population between 2023 and 2024	2024-2040	ONS: Population projections
LSOAs in most deprived decile (%)	The proportion of LSOA's that fall within the top 10% of deprived LSOA's nationally	2019	ONS: English Indices of Multiple Deprivation

Labour market, Economy & Housing

Indicator short title	Indicator definition	Year	Source
Employment rate (%)	The proportion of residents aged 16 to 64 who are in employment.	Jul-2023-Jun 2024	Annual Population Survey
Total employees (no.)	Total number of employees (workplace based)	2023	Business Register and Employment Survey
Business density per 10,000 pop	Total number of businesses per 10,000 resident population	2023	ONS Business Counts and Mid-Year Population Estimates
Median weekly earnings - weighted (£)	Median gross weekly pay of full-time workers	2024	Annual Survey of Hours and Earnings
GVA (£000)	Total Gross Value Added in current prices, pound millions (balanced approach)	2022	ONS: Regional gross value added (balanced) by industry: local authorities by ITL1 region
GVA per job – weighted (£)	GVA per filled job in current prices	2022	ONS: Table B3: Current Price (smoothed) GVA (B) per filled job (£); Local Authority District,
Business rates per employee (£)	Business rates divided by the total number of employees	2023	MHCLG: Collection amounts and rates of council tax and non-domestic rates: Local Authority level data for 2021-22 and 2022-23 Business Register and Employment Survey
Net additional dwellings per 1,000 dwellings	Total net additional dwellings per 1,000 dwelling stock	2022-23	MHCLG: Net additional dwellings by local authority in England (Table LT122) and Table 100: Number of Dwellings by Tenure and district
Annual housing target	Annual local authority housing target	2024	Governments House Building Targets Autumn 2024
Housing target as % 2023 dwellings	Total annual housing target as percentage of 2023 total dwellings	2024	Governments House Building Targets Autumn 2024

B Detailed Methodology

Methodological approach

Socio-economic modelling

Scope

The aim of the socio-economic analysis is to provide:

1. A **snapshot view** on the potential socio-economic make-up of each proposed new unitary
2. Easy **cross-comparison between new unitaries** within a proposed configuration
3. The ability to **benchmark** new unitaries against all other existing unitaries in England.
4. Understanding of the **scale of variation** between different unitaries within each configuration.

Our approach

Data has been collected and analysed across the following six measures:

- **Area:** size of area (ha) and population density.
- **Demographics:** total population (2024), proportions of young/working age/older people, forecast total population (2030 and 2040) and population growth 2024-2040).
- **Deprivation:** proportion of LSOA's in the top decile of deprivation within England.
- **Labour market:** employment rate, total employees, businesses per 10,000 population and median weekly earnings.
- **Economy:** total GVA, GVA per job and business rates per employee.
- **Housing:** net additional dwellings per 1,000 dwellings, annual housing target, housing target as % of 2023 dwellings

Area	Population Density (Person/ha)	Total Population (2024)	Forecast Population (2030)	Forecast Population (2040)	Population Growth 2024-2040	Proportions of young/working/older people	LSOA's in the top decile of deprivation	Employment rate	Total employees	Median weekly earnings	Total GVA	GVA per job	Business rates per employee	Net additional dwellings per 1,000 dwellings	Annual housing target	Housing target as % of 2023 dwellings		
UA UPPER PERCENTILE	171,042	128	128,249	128	146	121	126,044	126,222	10	10	154,906	15,249	140	175	13,004	14,877	179	14
UA LOWER PERCENTILE	17,447	14	19,122	18	18	17	19,229	19,229	10	10	17,889	1,845	126	144	1,381	14,432	144	14

A screen shot of the socio-economic analysis tool

Methodological approach

Financial Analysis

Scope

The aim of the financial analysis is to provide a financial overlay and a review of current financial position and performance to enhance financial visibility and understanding of the potential sustainability and resilience of the new configuration of authorities across the region.

Our Approach

We have analysed publicly available data from Council budget reports and Statement of Accounts, as well as analysis of statutory income and expenditure returns to analyse potential unitary options regarding:

- **Financial resilience** – assessment of the financial resilience of the different options has been assessed using data lifted directly from the council’s MTFs’ compared to current levels of reserves.
- **Unit cost and spending variations** - Understanding of how service unit costs and spending would compare Revenue Outturn (‘RO’) data submitted by local authorities and most appropriate cost drivers, most commonly relevant population sizes for each service.
- **Indebtedness** – comparison of hypothetical debt levels across the new unitary structures to understand potential risks and issues which would need resolving and could impact of financial resilience of any new unitary.
- **Financial savings and costs of reorganisation** – analysis of current baseline expenditure on key services and costs impacted by reorganisation and applying high level assumptions based on experience and learnings from previous reorganisation and transformation projects.

Staffordshire County Council disaggregation

In absence of detailed Council-wide data the financial information of Staffordshire County Council has been disaggregated by relevant population unless a more suitable publicly available dataset is available.

The screenshot shows a software interface for financial analysis. It features a ribbon with various tool options like 'Paste', 'Format Painter', 'Font', 'Alignment', 'Merge & Center', 'Number', and 'Styles'. Below the ribbon, there are two main sections, each representing a different unitary configuration. Each section includes a map of the region and a data table.

Scenario 1: Stoke and Staffordshire

Area	2025/26 - MIN	2025/26 - MAX	2024/27 - MIN	2024/27 - MAX	2027/28 - MIN	2027/28 - MAX	2029/30 - MIN	2029/30 - MAX
MIN	6,490	37,895	10,320	45,439	16,731	43,303	40,040	69,185
MAX	6,490	37,895	10,320	45,439	16,731	43,303	40,040	69,185
Range	0	0	0	0	0	0	0	0
Average	6,490	37,895	10,320	45,439	16,731	43,303	40,040	69,185

Scenario 2: Config 1 (Stafford in South)

Area	2025/26 - MIN	2025/26 - MAX	2024/27 - MIN	2024/27 - MAX	2027/28 - MIN	2027/28 - MAX	2029/30 - MIN	2029/30 - MAX
MIN	-172	15,697	6,589	17,816	2,438	16,342	16,498	30,870
MAX	7,819	23,799	16,642	27,723	14,994	26,921	24,438	38,870
Range	9,741	9,102	9,054	9,897	14,642	10,520	2,820	8,099
Average	3,499	16,790	9,100	22,019	8,348	21,492	20,020	34,870

A screen shot of the financial analysis tool

Methodological approach

Use of Council data

From experience, the RO data is very useful at comparing individual local authorities but there are often inconsistencies in how the data is classified by individual local authorities.

We have also used data published publicly by the individual councils to deepen the analysis. In absence of detailed information Staffordshire County Council financial information has been disaggregated based on population.

Caveats, limitations and assumptions

In any data analysis it is crucial to acknowledge and understand the limitations and caveats that may impact the findings and their interpretation. These limitations can arise from various sources, such as the inherent nature of the data. Recognising these limitations ensures a more nuanced and accurate understanding of the results, facilitating better decision making and policy development. Below we outline some key caveats and assumptions pertinent to this analysis.

Financial resilience

- This analysis is based on the gap between income and expenditure as set out in individual authorities medium term financial plans. We have compared the plans of individual authorities against our national foresight assumptions to ensure reasonableness of each authorities plans.
- Staffordshire County Council funding and pressures have been disaggregated based on most appropriate and available measure. This will commonly be based on relevant population as a key cost driver of expenditure.
- HRA (Housing Revenue Account), DSG (Dedicated Schools Grant) and wholly owned companies are not currently included in this analysis.

Unit cost

- RO data submitted for 23/24 has been used, along with relevant population data to calculate unit costs (spend per head of relevant population) across each RO category and for each of the local authority areas. The unit costs do not reflect issues of service affordability.
- The unit cost for each of the options has then been calculated on the same basis (per head of relevant population).
- Staffordshire County Council spend will be disaggregated based on most appropriate and available measure. This will commonly be based on relevant population in receipt of those services as a key cost driver of expenditure.
- HRA, DSG and wholly owned companies are not currently included in this analysis.

Indebtedness

- Data on external debt held by each of the local authorities has been taken from the 2024/25 Treasury Management Strategy (or equivalent) published on the local authority website as part of the budget setting process. We note that this is a point in time and will be updated based on most up-to-date information provided by local authorities.
- This has then been aggregated to assess the indebtedness of the proposed options.
- For the purposes of this stage of the work, Staffordshire County Council indebtedness has been disaggregated based on population. This will be reviewed as the work develops to be more nuanced as required (i.e. aligned to the distribution of relevant assets that the borrowing has funded).
- HRA, DSG and wholly owned companies are not currently included in this analysis.






Council Tax Harmonisation

The table below sets out the impact on the Band D rate in each Council area for each scenario at different rates of harmonisation. Positive reflects at an increase to the current rate, decrease indicates the rate in that area would be reduced under the respective scenario

Council	Current Rate (Band D equiv.) £	Scenario A			Scenario B			Scenario C			Scenario D			Scenario E		
		Low	Average	High	Low	Average	High	Low	Average	High	Low	Average	High	Low	Average	High
Stoke-on-Trent	1,618	-	108	170	-	-	-	-	84	145	-	98	136	-	98	145
		-	7%	11%	-	-	-	-	5%	9%	-	6%	8%	-	6%	9%
Newcastle-under-Lyme	1,763	(145)	(37)	25	(78)	(23)	25	(145)	(61)	-	(78)	(25)	25	(145)	(47)	-
		(8%)	(2%)	1%	(4%)	(1%)	1%	(8%)	(3%)	-	(4%)	(1%)	1%	(8%)	(3%)	-
Staffordshire Moorlands	1,725	(107)	1	63	(40)	15	63	(107)	(23)	38	(107)	(9)	29	(107)	(9)	38
		(6%)	0%	4%	(2%)	1%	4%	(6%)	(1%)	2%	(6%)	(1%)	2%	(6%)	(1%)	2%
Stafford	1,718	(100)	8	70	(33)	22	70	(33)	20	70	(33)	21	70	(33)	20	70
		(6%)	0%	4%	(2%)	1%	4%	(2%)	1%	4%	(2%)	1%	4%	(2%)	1%	4%
East Staffordshire	1,754	(136)	(28)	34	(69)	(14)	34	(69)	(16)	34	(136)	(38)	-	(69)	(16)	34
		(8%)	(2%)	2%	(4%)	(1%)	2%	(4%)	(1%)	2%	(8%)	(2%)	-	(4%)	(1%)	2%
South Staffordshire	1,685	(67)	41	104	-	55	104	-	54	104	-	54	104	-	54	104
		(4%)	2%	6%	-	3%	6%	-	3%	6%	-	3%	6%	-	3%	6%
Cannock Chase	1,789	(170)	(62)	-	(104)	(49)	-	(104)	(50)	-	(104)	(50)	-	(104)	(50)	-
		(10%)	(3%)	-	(6%)	(3%)	-	(6%)	(3%)	-	(6%)	(3%)	-	(6%)	(3%)	-
Lichfield	1,737	(119)	(11)	51	(53)	2	51	(53)	1	51	(119)	(21)	17	(53)	1	51
		(7%)	(1%)	3%	(3%)	0%	3%	(3%)	0%	3%	(7%)	(1%)	1%	(3%)	0%	3%
Tamworth	1,747	(129)	(21)	41	(62)	(7)	41	(62)	(9)	41	(129)	(31)	7	(62)	(9)	41
		(7%)	(1%)	2%	(4%)	(0%)	2%	(4%)	(1%)	2%	(7%)	(2%)	0%	(4%)	(1%)	2%

C Financial analysis of other Unitary configurations

Financial Position

	Scenario A		Scenario B		
	North Staffordshire	South Staffordshire	South East Staffordshire	South West Staffordshire	North Staffordshire
					
Core Spending Power	£549 million	£661 million	£311 million	£350 million	£549 million
Core spending power per dwelling	£2,458	£2,206	£2,219	£2,195	£2,458
Council Tax base (Band D equiv.)	142,962	227,838	106,416	121,422	142,962
Retained Business Rates (including top-up/tariff)	£109 million	£115 million	£51 million	£64 million	£109 million
General Fund Debt (% of net revenue expenditure)	193%	98%	93%	103%	193%
Projected funding gap 2028/29	£18 million (4.1% of net revenue expenditure)	£37 million (6.3% of net revenue expenditure)	£18 million (6.9% of net revenue expenditure)	£18 million (5.8% of net revenue expenditure)	£18 million (4.1% of net revenue expenditure)
DSG deficit as at 31 March 2025	(£35 million)	(£43 million)	(£21 million)	(£21 million)	(£35 million)
Total service expenditure unit cost (£/person)	£1,136	£944	£941	£947	£1,136
% of net expenditure on social care	86%	78%	80%	75%	86%
% of service expenditure on social care	64%	62%	63%	61%	64%

Financial Position

	Scenario C		Scenario D		Scenario E	Scenario F	
	South Staffordshire	North Staffordshire (disaggregated Districts)	East Staffordshire	West Staffordshire	Staffordshire Region	Staffordshire County (incl. Districts)	Stoke-on-Trent City
Core Spending Power	£623 million	£586 million	£731 million	£478 million	£1,209 million	£888 million	£321 million
Core spending power per dwelling	£2,206	£2,440	£2,396	£2,198	£2,400	£2,204	£2,683
Council Tax base (Band D equiv.)	215,048	155,751	210,188	160,611	370,799	301,495	69,304
Retained Business Rates (including top-up/tariff)	£109 million	£115 million	£142 million	£82 million	£224 million	£149 million	£75 million
General Fund Debt (% of net revenue expenditure)	99%	187%	165%	105%	142%	100%	249%
Projected funding gap 2028/29	£35 million (6.4% of net revenue expenditure)	£20 million (4.1% of net revenue expenditure)	£33 million (5.5% of net revenue expenditure)	£23 million (5.3% of net revenue expenditure)	£55 million (5.3% of net revenue expenditure)	£43 million (5.5% of net revenue expenditure)	£12 million (4.8% of net revenue expenditure)
DSG deficit as at 31 March 2025	(£40 million)	(£38 million)	(£49 million)	(£29 million)	(£78 million)	(£55 million)	(£23 million)
Total service expenditure unit cost (£/person)	£945	£1,122	£1,075	£954	£1,025	£943	£1,304
% of net expenditure on social care	78%	86%	85%	75%	82%	77%	94%
% of service expenditure on social care	62%	64%	64%	60%	63%	61%	66%

Detailed Configurations

	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	Scenario F
Unitary 1	All	<ul style="list-style-type: none"> Newcastle-under-Lyme Staffordshire Moorlands East Staffordshire Stafford South Staffordshire Cannock Chase Lichfield Tamworth 	<ul style="list-style-type: none"> East Staffordshire Stafford South Staffordshire Cannock Chase Lichfield Tamworth 	<ul style="list-style-type: none"> Newcastle-under-Lyme Stafford South Staffordshire Cannock Chase 	<ul style="list-style-type: none"> East Staffordshire Stafford South Staffordshire Cannock Chase Lichfield Tamworth 	<ul style="list-style-type: none"> Stafford South Staffordshire Cannock Chase
Unitary 2		<ul style="list-style-type: none"> Stoke-on-Trent 	<ul style="list-style-type: none"> Stoke-on-Trent Newcastle-under-Lyme Staffordshire Moorlands 	<ul style="list-style-type: none"> Stoke-on-Trent Staffordshire Moorlands East Staffordshire Lichfield Tamworth 	<ul style="list-style-type: none"> Stoke-on-Trent Newcastle-under-Lyme Staffordshire Moorlands East Staffordshire (Stramshall & Weaver, Blythe, Town and Heath) Stafford (Swynnerton & Oulton, Barlaston and Fulford) 	<ul style="list-style-type: none"> Stoke-on-Trent Newcastle-under-Lyme Staffordshire Moorlands
Unitary 3						<ul style="list-style-type: none"> East Staffordshire Lichfield Tamworth



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