

**TITLE: Local Government Reorganisation Update**

Committee: Full Council

Date: 18 September 2025

Author: Director Operations

Report number: AA54

Contact officer: Isabel Edgar, Director Operations, [Isabel.edgar@eastcambs.gov.uk](mailto:Isabel.edgar@eastcambs.gov.uk)

## **1.0 Issue**

- 1.1. To update the Council on Local Government Reorganisation (LGR) in Cambridgeshire and Peterborough.

## **2.0 Recommendations**

Members are requested

- 2.1. To note the progress to date on LGR in Cambridgeshire and Peterborough.
- 2.2. To note the three proposals being developed by individual Councils across the region.

## **3.0 Background/Options**

- 3.1. On 16 December 2024, The White Paper on English Devolution was published, which proposes wide ranging changes to the framework of local government across England including devolution from central government to strategic authorities and local government reorganisation in two tier areas. The White Paper can be accessed here: [English Devolution White Paper](#).
- 3.2. Cambridgeshire & Peterborough (C&P) already have devolved powers (through our Combined Authority); therefore, this report covers only the LGR.
- 3.3. The Government intends to implement LGR in two tier areas and for those unitary councils where there is evidence of failure or where their size or boundaries may be hindering their ability to deliver sustainable and high-quality services for their residents.
- 3.4. On 5 February 2025, Jim McMahon, Minister of State for Local Government and English Devolution, invited proposals to establish unitary authorities across C&P. Final Proposals are required to be submitted to Government by 28 November 2025.
- 3.5. Six of the seven Council Leaders submitted a joint interim response to Government on 21 March 2025, that was endorsed at an Extraordinary Council Meeting on [20 March 2025](#). The Leader of Fenland District Council also submitted a letter. These responses did not commit the Councils to a particular course of action and do not fetter future decisions.
- 3.6. The Ministry of Housing, Communities and Local Government (MHCLG) issued guidance on 5 February 2025. This sets out detailed criteria for the creation of new

unitary authorities, which the government will use to assess proposals it receives. The government requires proposals to provide a viable solution for the whole geography, not just the area that includes our own authority. The key criteria include:

- A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.
- Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.
- Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.
- Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.
- New unitary structures must support devolution arrangements.
- New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

- 3.7. Government have stated that new unitary authorities should aim for a population of 500,000 or more. However, the Government recognises that this may not make sense everywhere. Where an area believes that is the case it should set out the rationale in its proposal. Informally, there has been an indication that the minimum population the Government would consider is between 300,000 - 350,000. This is consistent with the previous Government's criteria which expected proposals with a population 'in excess of 300,000'.
- 3.8. There are approximately 920,000 residents (ONS mid-year estimate 2023) in Cambridgeshire and Peterborough. Based on conservative assumptions the population of Cambridgeshire and Peterborough is expected to grow to over 1,060,000 over the next 15 years. This forecast does not include, for example, the emerging Local Plans being developed throughout Cambridgeshire, or any potential population increases arising from plans to be developed by the Government owned Cambridge Growth Company or from East West Rail.
- 3.9. The guidance currently states that proposals should ideally use existing district areas as the building blocks for new councils. Although government has not ruled out boundary changes it has indicated there would need to be a strong justification, and the reorganisation process could take longer.

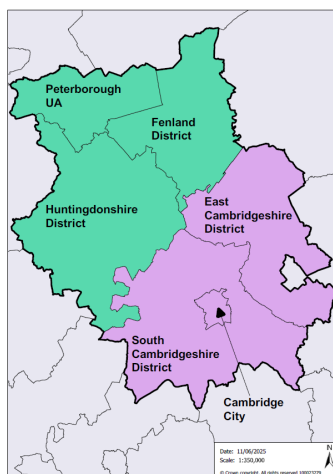
### **Progress to date**

- 3.10. All councils in an area are expected to work together in the best interests of the whole area to develop and submit proposals by 28 November 2025. However, Government recognises that there will be some cases where agreement on a single proposal will not be possible despite best efforts. A Leaders and a Chief Executives LGR group has met regularly since the invitation from Government to develop proposals collaboratively.
- 3.11. Chief Executives commissioned chief finance officers and data analysts from each authority to develop a financial model to evaluate different unitary options. This is being supplemented by analysis from Pixel, a leading local government financial

advisor. The modelling to date is based on the existing approach to local government funding but is being updated to reflect the fair funding review changes. It is not anticipated that the new funding allocations will materially change the conclusions of the financial modelling undertaken by Pixel.

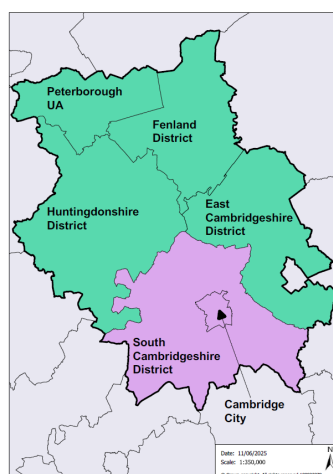
- 3.12. Leaders have considered the implications of several options for the geography of new unitary councils based on available evidence. Some of these options were excluded as they did not meet criteria set by the Government or because the financial analysis showed that they were less financially viable. Leaders also felt that three unitary authorities for the area would be less likely to meet the Government's financial resilience criteria.
- 3.13. On [11 June 2025 council Leaders announced](#) that they had identified three options to establish new unitary councils across Cambridgeshire and Peterborough. Each of these options would lead to the creation of two new unitary councils. In future, these new councils would be responsible for providing all local government services across the Cambridgeshire and Peterborough area and replace all seven existing local authorities.
- 3.14. The three options set out below are all based on existing authority boundaries. The Leaders working group recognise each option has different strengths or weaknesses and different implications for services, local communities, and businesses.
- 3.15. A lead authority is responsible for developing the business case for each of the options as follows: Proposal A is led by Cambridgeshire County Council, proposal B is led by Cambridge City Council, proposal C is led by Huntingdonshire District Council.
- 3.16. Some Leaders, such as the leader of South Cambridgeshire District Council and the Leader of Cambridge City Council have expressed preference for different options, and therefore different Councils are inputting into each of the business cases, either directly or indirectly through the sharing of data.
- 3.17. The development of the business cases is well underway. With a first draft being shared with Chief Executives in September 2025. As agreed by the working group the business cases will be developed using a range of shared data and analysis to ensure reasonable comparisons and conclusions between each of the proposals can be drawn.
- 3.18. **Proposal A North-West/South-East option**

Unitary 1	Peterborough City Council, Huntingdonshire and Fenland District Councils along with County Council functions
Unitary 2	Cambridge City Council, East Cambridgeshire and South Cambridgeshire District Councils along with County Council functions



### 3.19. **Proposal B North/South option**

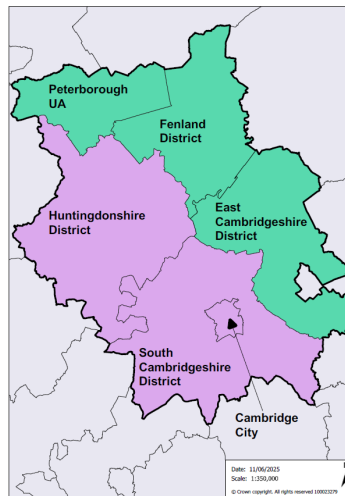
Unitary 1	Peterborough City Council, East Cambridgeshire, Fenland and Huntingdonshire District Councils along with County Council functions
Unitary 2	Cambridge City Council and South Cambridgeshire District along with County Council functions



### 3.20. **Proposal C- East/West option**

Unitary 1	Peterborough City Council, East Cambridgeshire and Fenland District Councils along with County Council functions
--------------	--

Unitary 2	Cambridge City Council, Huntingdonshire and South Cambridgeshire District Councils along with County Council functions
--------------	--



- 3.21. A further proposal put forward by MP's in Peterborough has been developed outside of the Leader's LGR working group. This proposal sets out three unitaries across the region. Peterborough City Council is developing a business case to support this proposal and this will also be submitted to Government in November 2025.
- 3.22. The preparation of the business case will enable Members to take an informed view in expressing their preference for a particular proposal prior to the submission date of 28 November 2025. Council will meet in November to decide on which submission to endorse or not endorse prior to submission to government.

### Other activity

- 3.23. In June, a survey asking for views on the future of local government in Cambridgeshire and Peterborough was launched and closed on 20 July 2025. Please see separate Agenda item for 18 September council meeting.
- 3.24. Analysis of the impact of LGR on People Services (Adult Social Care, Children's Social Care, SEND, Housing and Homelessness) - This work was undertaken by Newton Impact, a leading consultancy providing specialist advice to national and local government. The analysis will help to inform decision making around the impacts on the financial resilience of the new unitary authorities going forward, the potential demands on these high cost areas and opportunities for service reform.
- 3.25. Future governance arrangements for the new Authorities – the Government requires each of the business cases to set out potential future governance arrangements. This includes the number of Councillors proposed for each unitary, and the warding or divisions arrangements. A working paper is being prepared and will be presented to the Leaders LGR working group.

- 3.26. An informal member working group at the Council has been established and has equal representation from the Conservative administration and Liberal Democrat and Independent group. The purpose of the working group is to receive more detailed information about the development of the business cases and provide input into the proposal at an early stage. Additionally, all members have been invited to member seminars which will continue to run throughout the LGR process.
- 3.27. It is vital that staff are kept informed and engaged on LGR, and several in person and online sessions have been arranged, giving the opportunity for staff to ask questions, submit ideas and raise concerns as appropriate. LGR is a significant concern for staff and their involvement at the appropriate times will help to ensure that the transition to the new Unitary Councils is successful.
- 3.28. The Local Government Minister wrote to all councils in two-tier areas in late July with a short update on LGR. The letter was accompanied by three new advice notes on different aspects of LGR: LGR process and timeline, financial decisions before LGR, Partnership working in social care in new unitary councils. The letter and advice note do not contain any new policy announcements but do clarify a number of points below.
- 3.29. Elections: The Government has previously indicated that ‘it has no plans to postpone any elections which councils are scheduled to hold’ and ‘the starting point is for all elections to go ahead unless there is strong justification’. We assume this remains the Government’s position; however, they have confirmed that Surrey, who is going through the LGR process ahead of all other two tier areas, will not hold the planned district or county elections in May 2026. There will only be elections for the shadow authority. This may be relevant for other Councils in Cambridgeshire.
- 3.30. The advice indicates that the Government intends to issue directions to give shadow unitary authorities significant control over district and county councils making new financial commitments before vesting day. These directions will only be made after the LGR Structural Changes Order is in place in the county area. This is the same approach used in previous instances of LGR.

#### **4.0 Conclusions**

- 4.1 While a unified agreement across Cambridgeshire and Peterborough is possible, more than one proposal is likely to be submitted. Consequently, there is no guarantee that any proposal endorsed by East Cambridgeshire District Council will be adopted by the Government. Furthermore, if the Council opts not to endorse a proposal, with partners, the Government retains the authority to proceed with reorganisation. Active participation ensures the Council may have a say in shaping the future outlook for unitary government within our area.
- 4.2 Currently Officers are directly engaged in the development of the business case for Proposal B. This also has direct input from Cambridge City and Peterborough City Councils, South Cambs, Fenland and Huntingdonshire District Councils.
- 4.3 The Council can only endorse one or none of the unitary proposals that are submitted to government.

4.4 The latest indicative LGR timeline for our area is:

Activity	Period
Councils submit final LGR proposals	28 November 2025
Govt consultation	January to May 2026
Govt decision on proposals	May to August 2026
Legislation prepared, laid and made subject to parliamentary approval	September 2026 to December 2027
Shadow Unitary Elections (as soon as possible)	6 May 2027
New Unitaries Go – Live	1 April 2028

5.0 Implications

Financial Implications	Legal Implications	Human Resources (HR) Implications
NO	NO	NO
Equality Impact Assessment (EIA)	Carbon Impact Assessment (CIA)	Data Protection Impact Assessment (DPIA)
NO	NO	NO

**Financial Implications**

- 5.1 At this stage, direct financial implications are minimal. However, extensive partnership working will be essential to inform reliable financial modelling, which is inevitably complicated as it requires both disaggregation of upper tier functions and aggregation of district functions into whatever unitary councils are proposed.
- 5.2 Evaluations of financially viable future structures will be necessary, along with assessments of the best value-for-money configurations for taxpayers. A crucial factor is the current level of debt across Cambridgeshire's local government. Any reorganisation proposal must adequately address financial liabilities to ensure sustainability.
- 5.3 Government announced funding for all Councils affected by LGR. Cambridgeshire and Peterborough received £318,000 which has funded the development of financial modelling, social care and health modelling and support for public engagement. Any residual funding amount will support the development of the 3 business cases. This pot of funding is being administered by Cambridgeshire County Council.

**Legal implications**

- 5.4 The Local Government and Public Involvement in Health Act 2007 provides the key statutory framework for local government reorganisation. The Secretary of State can at any time invite proposals for reorganisation
- 5.5 The Government does not currently have power to direct local authorities to bring forward proposals as these expired shortly after the legislation was first introduced.

However, the Government has indicated it is planning to legislate to reintroduce the power to direct.

- 5.6 It is therefore prudent to assume that all existing Councils in Cambridgeshire are unlikely to continue in their current form, with new councils expected to operate in a shadow capacity from May 2027 before full implementation in April 2028, known as 'vesting day'.

## **Human Resources**

- 5.7 There are no staffing implications associated with this report update; however, it is likely to be an unsettling time for some staff. It is important to note that all staff will transfer automatically to one of the new authorities under 'TUPE' regulations (Transfer of Undertakings (Protection of Employment)). As the process is at such an early stage it is impossible to provide further information on this, however the Council is mindful of the valuable contribution Officers make in delivering services.

## **6.0 Appendices**

None

## **7.0 Background documents**

English Devolution White Paper December 2024

Local Government Reorganisation – Submission to Government – Extraordinary Council 20 February 2025