

TITLE: Local Government Reorganisation Proposals

Committee: Full Council

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1.0 Issue

- 1.1. To consider the final proposals for Local Government Reorganisation (LGR) across Cambridgeshire and Peterborough.

2.0 Recommendations

Members are requested

- 2.1. To note this report and the proposals for Options A–E for Local Government Reorganisation.
- 2.2. To endorse **one or none** of the proposals for submission to Government by 28 November 2025.
- 2.3. To delegate authority to the Chief Executive, in consultation with the Leader and Deputy Leader, to finalise the draft business case and a joint covering letter for submission of the Council's preferred proposal to Government.

3.0 Background/Options

- 3.1. On 16 December 2024, the Government published the *White Paper on English Devolution*, which sets out wide-ranging reforms to local government in England. The paper requires all remaining two-tier areas (those with both county and district councils) to reorganise into unitary authorities, while strengthening devolution arrangements. The White Paper can be accessed here: [English Devolution White Paper](#).
- 3.2. Cambridgeshire and Peterborough already benefit from devolved powers through the Combined Authority. This report, therefore, focuses solely on proposals for Local Government Reorganisation.
- 3.3. The Government intends to implement LGR in all two-tier areas and may also consider reorganisation where an existing unitary authority is underperforming or where current structures are deemed unsustainable.
- 3.4. Cambridgeshire and Peterborough currently comprise one of the most complex governance arrangements in England, including:
 - Cambridgeshire County Council
 - Five District Councils: Cambridge City, South Cambridgeshire, East Cambridgeshire, Huntingdonshire, and Fenland
 - Peterborough City Council (existing unitary authority)

- Cambridgeshire & Peterborough Mayoral Combined Authority
- Greater Cambridge Partnership
- A network of Town and Parish Councils (which will not be directly affected by LGR)

Overview of the Proposals

- 3.5. An informal Cambridgeshire and Peterborough Leader and Chief Executive LGR working group was established in early 2025, and a range of options for new unitary councils were considered. Independent financial analysis was undertaken by Pixel¹. This demonstrated that three-unitary options would be more costly to establish, would generate lower savings, and result in longer payback periods. At the point when the Pixel report was issued, the Leaders therefore decided not to take forward the three unitary options that were being considered at that time, and agreed that Options A, B and C, all of which are two unitary proposals, should be developed further.
- 3.6. However, since this time, five distinct proposals have been developed across the Cambridgeshire and Peterborough region:
- 3.7. **Option 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

- 3.8. **Option 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

- 3.9. **Option C - East/West option**

Unitary 1	Peterborough City Council, East Cambridgeshire and Fenland District Councils, along with County Council functions
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¹ Pixel is a leading financial consultancy which provides advice to over 160 local authorities through their Funding Advisory Service, using forecasting models to identify the impact of government funding patterns and arrangements on Medium Term Financial Planning.

Unitary 2	Cambridge City Council, Huntingdonshire and South Cambridgeshire District Councils along with County Council functions
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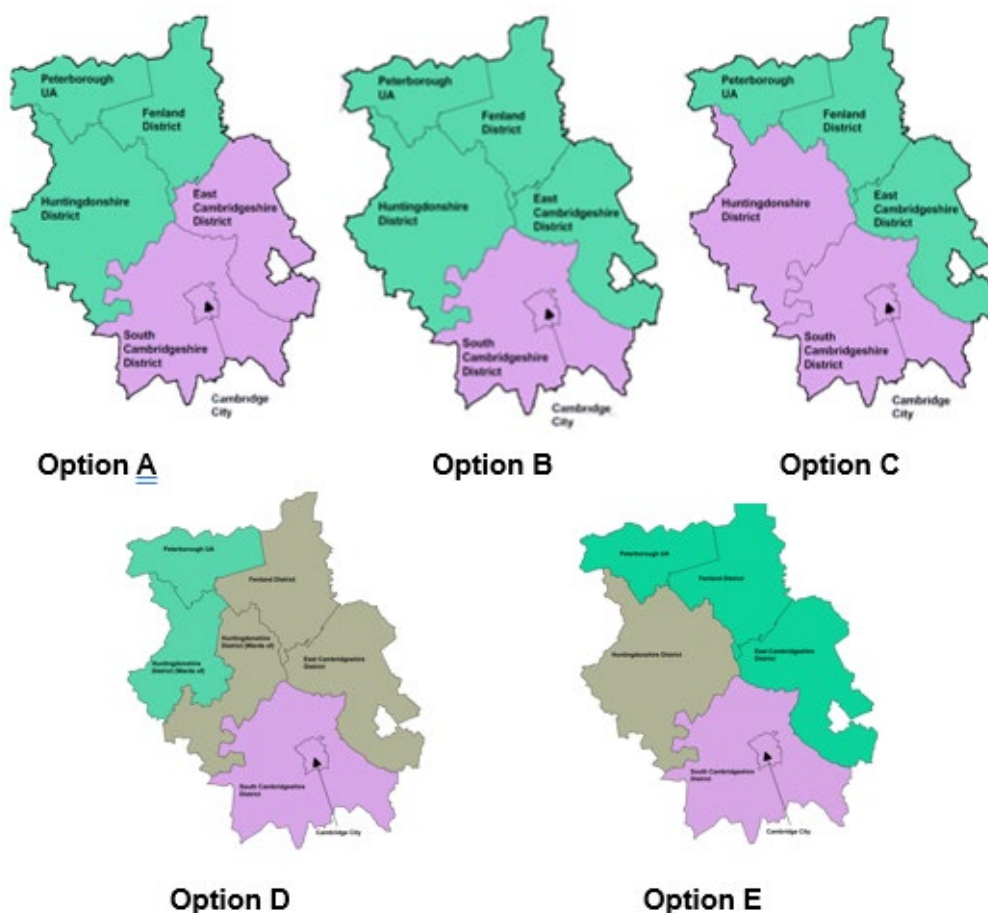
3.10. **Option D – Three Unitary proposal**

Unitary 1	Peterborough City Council, parts of Huntingdonshire District Councils, along with County Council functions
Unitary 2	Parts of Huntingdonshire District Council, Fenland, and East Cambridgeshire, along with County Council functions
Unitary 3	Cambridge City Council and South Cambridgeshire District, along with County Council functions

3.11. **Option E – Three Unitary proposal**

Unitary 1	Peterborough City, Fenland, East Cambridgeshire District Councils with County Council functions
Unitary 2	Huntingdonshire District Council with County Council functions
Unitary 3	Cambridge City Council and South Cambridgeshire District along with County Council functions

Image Below: Maps of Options A to E



3.12. Each proposal has been developed by different councils as outlined below:

Option	Lead Council(s)	Contributing Councils
A	Cambridgeshire County Council	—
B	Cambridge City, East Cambridgeshire, South Cambridgeshire	Huntingdonshire, Fenland, and Peterborough
C	Huntingdonshire District Council	—
D	Peterborough City Council	—
E	Huntingdonshire District Council	—

3.13. A shared baseline dataset was commissioned collaboratively across all councils, covering financial modelling, service impacts (Adult and Children’s Social Care, SEND, Housing, Homelessness), and stakeholder feedback. Each lead council has also undertaken further analysis or commissioned consultants to refine their individual business cases.

3.14. At its meeting on 18 September 2025, the Council agreed that it should have the opportunity to consider all LGR proposals for the region. However, it noted that Option B appeared to offer the best alignment with the Government’s criteria and the interests of East Cambridgeshire residents. The Council therefore requested that Officers contribute directly to the development of the Option B business case.

3.15. Not all proposals were finalised at the time of publishing this report; however, links to each of the published proposals are included in the appendices list, and the draft

Option B proposal is appended to this report (Appendix 1). Supporting analysis and reference documents are linked in Appendix 7.

- 3.16. Each proposal includes some form of an options appraisal; however, the approaches differ, reflecting the individual lead councils' interpretation, weighting, and judgments against the Government's assessment criteria (Appendix 2).
- 3.17. On 21 October 2025, Cambridgeshire County Council approved submitting Option A to the government.
- 3.18. Other councils are considering the proposals on the following dates:
- 07 November 2025 - Fenland District Council
 - 18 November 2025 - Peterborough City Council
 - 20 November 2025 - Cambridge City Council
 - 24 November 2025 - Huntingdonshire District Council
 - 24 November 2025 - South Cambridgeshire District Council

4.0 Conclusions

- 4.1 The Council may endorse one or none of the proposals prior to submission for consideration by Government.
- 4.2 In line with the Government's request for joint submissions, a single cover letter will be prepared to clearly set out each Council's respective position on endorsement (or otherwise) of the LGR proposals.
- 4.3 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	By July 2026
Legislation prepared, laid and made subject to parliamentary approval	September 2026 to December 2027
Shadow Unitary Elections	May 2027
New Unitaries Go – Live	1 April 2028

5 Implications

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

Financial Implications

- 5.1 All proposals have significant financial implications. Detailed modelling within each business case examines one-off transition costs and payback periods, disaggregation of services, tax base and council tax harmonisation, debt and reserves, and future funding arrangements.

- 5.2 The Council will need to budget for transitional costs once the preferred model is confirmed; however, these costs are not yet known.
- 5.3 A total of £318,000 was received from MHCLG to support all councils in Cambridgeshire and Peterborough with the business case development
- 5.4 A provisional contribution of £28,000 has been identified to support a jointly funded post to coordinate the early stages of the transition programme (excluding Fenland DC). The role will be hosted by Peterborough City Council. The costs will be met from the Councils surplus revenue reserves.

Legal implications

- 5.5 The Local Government and Public Involvement in Health Act 2007 provides the key statutory framework for local government reorganisation.
- 5.6 On 5 February 2025, the Minister of State for Local Government and English Devolution invited proposals for unitary arrangements in Cambridgeshire and Peterborough, with final submissions due 28 November 2025 and new authorities operational from 1 April 2028.
- 5.7 The existing Mayoral Combined Authority will transition to a Mayoral Strategic Authority with enhanced powers as set out in the government's white paper.
- 5.8 Following submission of a proposal to government, the Secretary of State will consult on all valid proposals that address the government's criteria (Appendix 2). This will be a formal consultation with statutory consultees, other stakeholders and members of the public. The Council will be consulted on all unitary proposals it has not endorsed or formally submitted to government.
- 5.9 A final decision will be made by the Secretary of State, and the relevant Structural Change Orders (SCOs) will be laid before Parliament to establish the new authorities.
- 5.10 Elections to the new authorities are expected in May 2027, followed by a shadow year to oversee the transition. Further details about this process can be found here [Summary of the local government reorganisation process - GOV.UK](#)
- 5.11 During the period of the 'shadow year', the newly established shadow council will have authority to make key decisions or prevent decisions being undertaken by legacy councils. The details will be set out in the SCO and are usually limited to financial decisions. These will not be known until the SCO is drafted, which is done with some consultation with all affected Councils.

Human Resources

- 5.12 There are no staffing implications associated with this report; 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)).

Equality Impact Assessment

- 5.13 In developing the business cases, each proposal has considered the potential impacts of LGR on key communities and demographic groups. During the transition to a new unitary authority, there may be varying levels of impact on different stakeholders. Transitional changes could result in temporary disruption to services, which may disproportionately affect some groups more than others.
- 5.14 To mitigate these risks, a robust risk and programme management framework must be embedded throughout the transition period and beyond. In addition, individual Equality Impact Assessments would need to be undertaken at key stages of the programme to ensure that potential adverse impacts are identified, monitored, and appropriately addressed.

6.0 Appendices

Appendix 1 – Option B business case draft

Appendix 2 – Government Criteria

Appendix 3 – Option A business case [\[LINK\]](#)

Appendix 4 – Option C business case [\[LINK\]](#)

Appendix 5 – Option D business case [\[LINK\]](#)

Appendix 6 – Option E business case [\[LINK\]](#)

Appendix 7 – Supporting analysis and reference documents for Option B business case [\[LINK\]](#)

7.0 Background documents

English Devolution White Paper December 2024

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

Local Government Reorganisation – Motion to Council – 18 September 2025

Appendix 2 – Detailed criteria set out by the government in the 5 February 2025 letter to all leaders in Cambridgeshire & Peterborough

[Letter: Cambridgeshire and Peterborough - GOV.UK](https://www.gov.uk/government/consultations/letter-to-all-leaders-in-cambridgeshire-and-peterborough)

Guidance from the Secretary of State for proposals for unitary local government.

Criteria for unitary local government

1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.

- a) Proposals should be for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.
- b) Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.
- c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.
- d) Proposals should describe clearly the single tier local government structures it is putting forward for the whole of the area, and explain how, if implemented, these are expected to achieve the outcomes described.

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

- a) As a guiding principle, new councils should aim for a population of 500,000 or more.
- b) There may be certain scenarios in which the 500,000 figure does not make sense for an area, including on devolution, and this rationale should be set out in a proposal.
- c) Efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money.
- d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.
- e) For areas covering councils that are in Best Value intervention and/or in receipt of Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.
- f) In general, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. For areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can

be managed locally, including as part of efficiencies possible through reorganisation.

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

- a) Proposals should show how new structures will improve local government and service delivery and should avoid unnecessary fragmentation of services.
- b) Opportunities to deliver public service reform should be identified, including where they will lead to better value for money.
- c) Consideration should be given to the impacts for crucial services such as social care, children's services, SEND and homelessness, and for wider public services including for public safety.

4. Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.

- a) It is for councils to decide how best to engage locally in a meaningful and constructive way and this engagement activity should be evidenced in your proposal.
- b) Proposals should consider issues of local identity and cultural and historic importance.
- c) Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed.

5. New unitary structures must support devolution arrangements.

- a) Proposals will need to consider and set out for areas where there is already a Combined Authority (CA) or a Combined County Authority (CCA) established or a decision has been taken by Government to work with the area to establish one, how that institution and its governance arrangements will need to change to continue to function effectively; and set out clearly (where applicable) whether this proposal is supported by the CA/CCA /Mayor.
- b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.
- c) Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities.

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

- a) Proposals will need to explain plans to make sure that communities are engaged.
- b) Where there are already arrangements in place it should be explained how these will enable strong community engagement.

