

Overview and Scrutiny Committee

Briefing note- Local Government Reorganisation update

On 16 December 2024, the Government published its English Devolution White Paper, which stated "We will expect all two tier areas and smaller or failing unitaries to develop proposals for reorganisation." In two tier areas, it is clear that reorganisation means the creation of unitary local government to replace the two-tier system.

On 5 February 2025 a letter was sent to all local authorities in Lancashire setting out the government's approach to the development of reorganisation proposals across the county. The letter set out key milestones including the deadline for full and detailed proposals by 28th November 2025. The letter also provided detail on the criteria against which proposals would be assessed.

These criteria are included in **appendix A**

It is Government's expectation that local leaders work proactively and collaboratively to develop proposals which are in the best interests of the area, and not unnecessarily expend resources on producing competing proposals. However, the government also recognised that it might not be possible for all authorities in Lancashire to reach agreement on a single proposal, and that there may be alternatives put forward. The government stated that this would not be a barrier to progress, and that it would consider any suitable proposals that are submitted.

Lancaster City Council agreed the formation of cross party working group to oversee our approach to LGR. This group meets on a regular basis.

Joint Evidence Base

Specialist theme groups have been established across Lancashire's fifteen councils to collaboratively develop a single unified evidence base. This joint approach is designed to support the business cases for each of the emerging unitary options.

The work has been underpinned by independent consultants, ensuring a robust and impartial economic, financial and service baseline. This suite of documents that make up the joint evidence base has been agreed by all Lancashire Chief Executives and is being actively used within each of the options working groups to develop their respective business cases.

LGR Options

Five different options for the unitarisation of Lancashire are being developed into detailed cases for change. These include models proposing 2, 3, 4 (with two variations) and 5 unitary authorities.

Independent consultants, are supporting four out of the five cases for change , each supported by a dedicated working group and a nominated expert consultant. This structure ensures confidentiality and maintains the agreed "ethical walls" between the councils.

The fifth business case (led by Blackpool) is being developed internally, using the same jointly agreed evidence base and consultation findings as the other cases for change.

All business cases are being progressed in line with the submission deadline of 28th November, with variances in the extent of current drafting.

Lancaster City Council has not formally expressed its preferred model for unitarisation. The cross party working group have, however, directed the Chief Executive to work with five other Chief Executives to bring forward a case for change for a 4 unitary model based on existing District footprints.

This would create-

- North Lancashire Unitary of Lancaster, Ribble Valley, Preston
- Pennine Lancashire Unitary of Blackburn, Rossendale, Hyndburn, Burnley, Pendle
- Fylde coast Unitary of Blackpool, Wyre, Fylde
- South Lancashire Unitary of Chorley, South Ribble, West Lancs

A map showing all cases for change in development is shown in **Appendix B**

Consultation

The pan Lancashire resident and stakeholder consultation closed on 28th September.

The findings from this survey have been presented to Lancashire Chief Executives and the detailed reports are now being used within each of the case for change working groups to inform the development of their proposals.

In addition to this Lancaster City Council conducted it's own survey to allow our residents and stakeholders to provide a District specific perspective. Analysis of the responses is taking place.

Lancaster City Council formal position

Lancaster City Council's preference will be agreed by Cabinet on 26th November (executive function by default pursuant to Section 9D (2) LGA 2000) at the rise of an extraordinary Full Council. This will allow all Members the opportunity to hear the conclusions of the cross party working group and debate the matter, ahead of the Cabinet meeting that immediately follows.

Submission of LGR Options

In accordance with Government Guidance, it is the intention that all proposals for local government reorganisation in Lancashire, will be submitted by 28th November, with a single, joint covering letter signed by all fifteen Leaders, which will:

1. Clearly indicate which of the five Business Cases each Council has formally agreed to support and submit.
2. Reinforce the collaborative approach taken to the development of a single, joint evidence base
3. Demonstrate the collective leadership and ownership of the process and the commitment to achieving the best outcomes for the people of Lancashire.

Decision

It is important to note that whilst individual Councils may express their preference the decision rests firmly with Government (particularly MHCLG and the Treasury).

Government will consult on the cases for change, that meet the criteria during at some point after Nov 28th. It is expected that Government will announce their decision ahead of the summer recess.

APPENDIX A

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 this 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.

Developing proposals for unitary local government

The following matters should be taken into account in formulating a proposal:

Boundary Changes

a) Existing district areas should be considered the building blocks for your proposals, but where there is a strong justification more complex boundary changes will be considered.

b) There will need to be a strong public services and financial sustainability related justification for any proposals that involve boundary changes, or that affect wider public services, such as fire and rescue authorities, due to the likely additional costs and complexities of implementation.

Engagement and consultation on reorganisation

a) We expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.

b) For those areas where Commissioners have been appointed by the Secretary of State as part of the Best Value Intervention, their input will be important in the development of robust unitary proposals.

c) We also expect local leaders to engage their Members of Parliament, and to ensure there is wide engagement with local partners and stakeholders, residents, workforce and their representatives, and businesses on a proposal.

d) The engagement that is undertaken should both inform the development of robust proposals and should also build a shared understanding of the improvements you expect to deliver through reorganisation.

e) The views of other public sector providers will be crucial to understanding the best way to structure local government in your area. This will include the relevant Mayor (if you already have one), Integrated Care Board, Police (Fire) and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, National Park Authorities, and the voluntary and third sector.

f) Once a proposal has been submitted it will be for the government to decide on taking a proposal forward and to consult as required by statute. This will be a completely separate process to any consultation undertaken on mayoral devolution in an area, which will be undertaken in some areas early this year, in parallel with this invitation.

