

OVERVIEW AND SCRUTINY COMMITTEE

Local Government Reorganisation

19th Nov 2025

Report of Chief Executive

PURPOSE OF REPORT

To allow the committee to consider a detailed report on Local Government Reorganisation ahead of Council and Cabinet on 26th November.

This report is public.

RECOMMENDATIONS

- (1) That Overview and Scrutiny considers the report and appendices.

Background to the report

1. Local government in Lancashire and some other areas of England is in a two-tier arrangement (or three-tier if parish and town councils are included), meaning that the delivery of council services are split between the county council and 12 district councils. Two unitary councils (Blackpool and Blackburn with Darwen) border the county council area. Local government reorganisation (LGR) refers to changing the structure of local government in an area so that the existing councils cease to exist and are replaced by new unitary authorities that are responsible for the delivery of all local government functions in the area they serve.
2. At the end of 2024, the government published its White Paper on English Devolution. The White Paper included significant proposals in relation to devolution and local government reorganisation. On 5 February, the government sent a letter to all areas of England with two-tier local government to issue an invitation for proposals for reorganisation. That letter set out the anticipated timescales for proposals to be developed, with full proposals for Lancashire by 28 November.

Current position

3. Local government reorganisation will lead to the creation of new unitary authorities alongside the development of the Foundation Strategic Authority (currently referred to as the Lancashire Combined County Authority) to address rising social care demand, housing pressures, health inequalities, and economic disparities. Lancashire, with 1.6 million residents and a £39.6 billion economy, faces significant socio-economic challenges including a £10bn economic productivity gap and high deprivation levels. Government considers that reorganisation provides an opportunity to transform public services, involve residents in the decisions that affect their day-to-day lives, and support Lancashire to meet its full economic potential.

Local Government Reorganisation proposals

4. The letter received from the government on 5 February set out a formal invitation for proposals for local government reorganisation to all councils in Lancashire. It also set out the anticipated timeline and criteria for proposals.
5. The government requested the councils of Lancashire to work together to produce a single interim plan which was submitted by 21 March 2025. The interim plan for Lancashire outlined high-level options for local government reorganisation, reflecting a lack of consensus among the 15 councils, and proposed between one and five potential new unitary authorities, while acknowledging the political, economic, and geographical complexities of the county.
6. Full proposals for reorganisation in Lancashire will have to be submitted by 28 November.

Local government reorganisation: criteria

7. The government has set out guidance which will be used to assess proposals for reorganisation. The guidance is set in full in the letter and is summarised below.
 - a. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.**

Proposals should be for 'sensible economic areas, with an appropriate tax base' so there is not unfair advantage or disadvantage across the area. The proposals need to be supported by robust evidence and analysis.
 - b. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.**

'As a guiding principle, new councils should aim for a population of 500,000 or more', although there may be certain scenarios where that does not make sense for an area. The proposal should set out the rationale.
 - c. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.**

Proposals need to set out how they will improve local government service delivery and public service reform. Consideration needs to be made as to impact on crucial services such as children's services, SEND and homelessness
 - d. 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.**
 - e. New unitary structures must support devolution arrangements.**

Proposals will need to set out how the CCA arrangement will need to change as a result of reorganisation, and ensure that there are sensible population size ratios between the new councils and the new strategic authority.
 - f. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.**
8. In developing proposals, the government's guidance is that existing district areas should be considered the building blocks, and strong justification will be required for more complex boundary changes.

Approach to proposal development

9. In keeping with the government's expectations, consultants 31Ten, Metrodynamics, and LG Futures were procured jointly by all 15 Lancashire authorities to support the development of reorganisation proposals for Lancashire.
10. The councils have agreed to the development of a single submission which consists of a joint evidence base and then individual cases for change for each of the different proposals.
11. Lancaster City Council has not formally expressed its preferred model for unitarisation. Lancaster City Council agreed the formation of cross party working group to oversee our approach to LGR. This group meets on a regular basis. 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 case for change as already been circulated to all Members and is attached at Appendix 1a, 1b.
12. 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.

Options

13. Five options have been developed for local government structures in Lancashire, ranging from two to five unitary councils. Appendix 2 shows the proposed geographies and council support for each option, and they are summarised below:
 - a. **Two** unitary councils with Lancashire split into North and South regions broadly across the River Ribble and M65. This has been developed by Lancashire County Council.
 - b. **Three** unitary councils bringing Chorley together with South Ribble, West Lancs and Preston. In the North a council covering the area of Fylde, Wyre, Blackpool and Lancaster. In the east Blackburn with Darwen together with Hyndburn, Rossendale, Burnley, Pendle and Ribble Valley. This has been developed by Wyre, Blackburn with Darwen, Hyndburn, Fylde, and Rossendale.
 - c. **Four** Lancashire which groups Chorley with South Ribble and West Lancs and creates a fourth unitary council of Lancaster, Ribble Valley, and Preston in the North. This is the most widely supported of all options having been developed by six councils; Chorley, South Ribble, West Lancs, Preston, Ribble Valley, and Lancaster.
 - d. An **alternate four** option which has been developed by Blackpool and splits the current districts of Wyre and Ribble Valley and brings Blackpool together with Preston.
 - e. A **five** unitary option, developed by Burnley and Pendle, which creates an additional council in the East of the county, splitting Pendle, Burnley and Rossendale from Ribble Valley, Blackpool and Hyndburn. This also divides districts along the Fylde coast into different authority areas.

Options appraisal

14. A comprehensive approach has been taken to the development of a Four Lancashire proposal for local government reorganisation in Lancashire. It covers the strategic, economic, financial, commercial, and management cases, providing context and background for the proposed changes. The business case assesses current arrangements and challenges, presents the rationale and opportunities for adopting a four-unitary model, and details the vision, ambitions, and approach for key services. It also explains how the proposed changes will be delivered, ensuring that the business case is robust, evidence-based, and clearly structured to support the transformation of local government in Lancashire.
15. The full proposal that has been developed undertakes an options-appraisal of each of the proposals being developed in Lancashire. The initial appraisal assessed each model against the government's criteria. The two, five, and alternate four proposals face challenges in scale, community engagement, and strategic alignment and so have not been taken forward, this is detailed below (**commentary on the three proposal is included in para 18**)

Option	Against government criteria
Two unitary Lancashire	<p>The new councils would have extremely large populations of circa 800,000, amongst the largest in the country. This is significantly higher than the government's expected population and risks inefficiency and reduced responsiveness to local needs due to scale. It is likely that at this scale sub-structures would be required which undermines the objectives of local government reorganisation.</p> <p>The scale also creates local government which is remote from its communities, risking democratic accountability and trust.</p> <p>The option misaligns with local economic geographies and commuting patterns, with the risk that this may hinder economic development.</p>
Alternate four Lancashire	<p>This option creates two areas with significant deprivation (the Fylde coast/Preston and also in East Lancashire) alongside a northern unitary which would face challenges in the medium term due to its small and ageing population. This also divides existing district building blocks, which would make it significantly more complex to implement.</p> <p>It does not effectively support devolution as the new areas are highly uneven in terms of size and economic weight. This would create an imbalance where some areas are remote from power and some lack influence.</p>
Five unitary Lancashire	<p>This option creates councils with populations lower than the minimum thresholds, with two less than 300,000. This risks inefficiencies, higher costs, and reduced resilience.</p> <p>Whilst the smaller size allows for more locally tailored services, the fragmentation risks duplication in service</p>

delivery and uneven quality.

16. The four unitary proposal that has been developed sets out a vision for what Local Government Reorganisation should achieve. That vision is to create a bold and future-facing local government in Lancashire — radical in its ambition, creative in its design, and innovative in its delivery. It will remain closely connected to communities, provide a strong platform for economic prosperity, and drive the transformation of public services through investment in early intervention.

17. To achieve this vision, the four unitary proposal establishes the following objectives:

- a. Establish the strongest platform for partnership with a future Lancashire Mayoral Strategic Authority
- b. Deliver radical change in creating a new public service landscape
- c. Achieve the right scale for efficient service delivery, whilst ensuring greater responsiveness to residents
- d. Strengthen effective place-based, preventative approaches
- e. Reinforce democratic connection and accountability to communities
- f. Build organisational resilience and future delivery capacity
- g. Ensure Lancashire plays a strong role in the North's growth
- h. Ensure geographical coherence that reflects communities and functional boundaries

18. Both the three unitary and the four unitary options were assessed as meeting the government's criteria. Those options were then considered against our objectives. This detailed appraisal establishes that the Four Lancashire option has significant advantages over the three unitary model.

- a. **Financial analysis** compares the three unitary and four unitary options on benefits, costs, and net positions, concluding that whilst these are small initial set up costs for the additional authority, the transformational potential of the four Lancashire option far exceeds these and could realise over £195 million in savings between 2027 and 2033.
- b. **Service model analysis** highlights four's advantages in local responsiveness, innovation opportunities, and tailored prevention strategies, while three offers scale but risks reduced community connection.
- c. **Economic analysis** favours four for aligning with real economic geographies, preserving key economic areas like the Fylde Coast, and supporting targeted innovation and productivity growth, despite some inter-authority inequities.

Stakeholder engagement

19. A consistent engagement approach was agreed by all 15 councils and a resident survey ran across the county from August to September with 13,414 responses. This survey established that, whilst 63% of respondents are happy with the service they currently receive from their local councils, a large proportion of respondents identified areas where they would like to see improvements:

- a. Infrastructure & Transport – residents want to see improvements to roads, traffic, and public transport.
- b. Safety & Policing – people are concerned about safety and crime prevention.

- c. Health & Social Care - access to NHS, mental health, and support for carers.
- 20. A strong theme of localism was evident throughout the feedback with word “local” used 9,000 times. Residents want services close to their communities with their main concerns about change being a loss of local identity and representation and a lack of local accountability and knowledge.
- 21. 63% of responses indicated a preference to keep the current structure of local government. There was also a clear indication that residents expect public services to improve. The summary of the feedback received is provided at Appendix 3.
- 22. In addition to this Lancaster City Council conducted its own survey that had 752 responses.
- 23. This survey showed that a clear majority of respondents were happy with the way things are currently. It showed that if Lancaster has to become unitary it should be on its existing footprint. This is not an option that Government has provided in its criteria. However it could be taken as an indication of the preference of Local Government to be local.
- 24. The survey indicated a preference for 5 unitaries. For the reasons outlined in this report that does not appear to align with Government criteria.
- 25. The summary of the survey is attached at appendix 4

Officer recommended option

- 26. **Four Lancashire** aims to simplify governance, improve service delivery, and align with economic corridors. It balances scale for efficiency and local identity, enabling tailored services and stronger community engagement. The model addresses fragmentation and supports integrated, place-based approaches with stakeholder backing.
- 27. Four unitary councils, working collectively through a Mayoral Strategic Authority will enable radical improvements in public services while also kickstarting economic growth. The councils are based on credible geographies and recognisable communities, while also simplifying the structures of local government and accountability. The population sizes of each unitary are of a scale that is comparable to existing unitary authorities.
- 28. The model will improve public services through:
 - a. Prevention and Early Intervention – building on the success of initiatives such as social prescribing and the place based intelligence platform.
 - b. Neighbourhood working and community empowerment - embedding communities in decision-making, strengthening their influence, and ensuring that public services reflect local priorities and local identity.
 - c. Economic growth and connectivity - we will close the productivity gap, improve health, and boost labour-market participation.
- 29. Appendix 5 sets out in detail the rationale / pitch for a four unitary Lancashire.
- 30. At the time of writing no other completed cases for change were available. As they begin to be published officers will endeavour to provide the links to them for Members

to consider. It will obviously be difficult for the Chief Executive to answer detailed questions on those different cases for change.

Delivery and Next Steps

30. It is anticipated that a detailed delivery plan will be developed to outline the phased implementation culminating in Vesting Day, on 1 April 2028.
31. A draft timeline for elections and devolution is detailed at appendix 6. It is important to note:
 - a. This timeline is based on the most recent information available from MHCLG, and so may change.
 - b. The Mayoral elections will only be in 2027 if the strategic authority (LCCA) and upper tier authorities agree to undertake consultation and request a move to a mayoral model. This decision has not been made yet.
32. The initial part of the LGR transition will be overseen by a Joint Committee, appointed to by the existing councils. This will be mandated in 2026, following the government decision, through a Structural Change Order, which will also define its make-up.
33. The elections in 2027 to the Shadow Authority are effectively the first elections to the new authorities, which will take over on 1 April 2028. They are referred to as Shadow Authorities when they are in the preparation period alongside the existing authorities.

Risk

38. The key risks associated with this report include:
 - a. Creation of uncertainty, which could lead to a greater turnover of staff and more difficulties in recruitment. This will be managed by a programme of internal communications to provide reassurance and updates, as well as a continued focus on delivering the corporate strategy and core services of the council.
 - b. Breakdown in relationships across Lancashire councils due to the creation of competing proposals. The decision of government is final and there will be the need for the council to continue to collaborate with partners across Lancashire, whichever decision is made for the reorganisation of the county.

CONCLUSION OF IMPACT ASSESSMENT (including Health & Safety, Equality & Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing):
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As outlined in report.

LEGAL IMPLICATIONS

There are no legal implications to the expression of a proposal for local government reorganisation.
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FINANCIAL IMPLICATIONS

The journey ahead into Local Government Reorganisation will undoubtedly come with significant financial implications. However, these are extremely difficult to quantify at this point in time but as more is known, they will be built into further reports as appropriate.

OTHER RESOURCE IMPLICATIONS, such as Human Resources, Information Services, Property, Open Spaces

There will be significant resource implications for all of the above. At this stage the case for change sets out a high level view. Once the Government's decision is taken work will take place to agree the details.

SECTION 151 OFFICER'S COMMENTS

The submission outlines projected expenditure, funding, and savings up to vesting day and beyond, based on financial modelling conducted across all Lancashire Councils.

At this stage, the assumptions are necessarily broad but are anchored in actual, large-scale financial data. Currently, there is limited published information regarding the financial and non-financial outcomes of previous similar reorganisations. As with any assumptions, the further they extend into the future, the greater the uncertainty.

The case for change addresses both the rationale for reorganisation and acknowledges that financial considerations are not the only factors the government will evaluate. The figures presented in the business case reflect a realistic understanding that Local Government Reorganisation will involve substantial costs, but ultimately, the transition to new Councils is expected to deliver significant long-term benefits.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and re-iterates that the final approval of submission of the proposal to government lies with Cabinet in accordance with section 9D(2) of the Local Government Act 2000.

BACKGROUND PAPERS

See appendices.

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