

Agenda Item No:	4	
Committee:	Cabinet	
Date:	14 March 2025	
Report Title:	Local Government Reorganisation – draft proposals	

1 Purpose / Summary

- 1.1 To provide background information regarding the extensive reforms to the local government framework across England set out in the White Paper on English Devolution published on 16 December 2024.
- 1.2 To provide an LGR progress update for the Peterborough and Cambridgeshire area.
- 1.3 Consider the feedback from Council in relation to the questions in appendix 1 and for Cabinet to compose the required submission to Government by 21 March 2025.

2 Key Issues

- 2.1 On 16 December 2024, the White Paper on English Devolution was published, outlining extensive reforms to the local government framework across England. These changes include increased devolution from central government to strategic authorities and local government reorganisation in two-tier areas, and in some adjoining Unitary Authority areas. The White Paper can be accessed here: [English Devolution White Paper: Power and partnership: Foundations for growth - GOV.UK](#)
- 2.2 As the Cambridgeshire & Peterborough area already has devolved powers through the Combined Authority, this report specifically addresses the local government reorganisation aspects of the White Paper.
- 2.3 The Government intends to implement local government reorganisation in all two-tier areas and in some adjoining Unitary Authority areas. All councils in an area are expected to collaborate on unitary proposals that serve the best interests of the region. Generally, the Government anticipates new unitary authorities will have populations of 500,000 to 1,000,000, but in exceptional cases the Government is believed to be willing to consider a new unitary authority which has a population as low as 300/350 thousand.
- 2.4 The Council is expected to work with others to develop proposals, but unfortunately agreement has not been able to be reached between the Leaders of the seven principal councils in the Cambridgeshire and Peterborough area with respect to the content of an initial letter. The Government has recently set deadlines, requiring an initial response by 21 March 2025 and one or more final proposal(s) by 28 November 2025.

3 Recommendations

- 3.1 That Cabinet considers the feedback from Council in relation to the questions raised in Appendix 1.
- 3.2 That Cabinet delegate to the Leader of the Council and Portfolio for Finance the final drafting and submission of the response to government by the deadline of 21 March 2025.

Wards Affected	All Fenland wards
Forward Plan Reference	KEY/11FEB25/02
Portfolio Holder(s)	Cllr Boden – Leader of the Council
Background Papers	White Paper on English Devolution published on 16 December 2024 English Devolution White Paper: Power and partnership: Foundations for growth - GOV.UK Council Report: LGR – draft proposals; 14 March 2025

Report:

1 BACKGROUND AND INTENDED OUTCOMES

- 1.1 On 16 December 2024, the White Paper on English Devolution was published, outlining extensive reforms to the local government framework across England. These changes include increased 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: Power and partnership: Foundations for growth - GOV.UK](#)
- 1.2 As the Cambridgeshire & Peterborough area already has devolved powers through the Combined Authority, this report specifically addresses the local government reorganisation aspects of the White Paper.
- 1.3 The Government intends to implement local government reorganisation in two-tier areas and in some adjoining Unitary Authority areas. All councils in an area are expected to collaborate on unitary proposals that serve the best interests of the region. Generally, the Government anticipates new unitary authorities will have resident populations of 500,000 to 1,000,000, but in exceptional cases the Government is believed to be willing to consider a new unitary authority which has a resident population as low as 300/350 thousand.
- 1.4 Cambridgeshire currently has approximately 700,000 residents, while Peterborough, which already operates as a unitary council, has around 220,000 residents.

- 1.5 The five districts within Cambridgeshire (Fenland, Huntingdonshire, East Cambridgeshire, South Cambridgeshire and Cambridge) have approximate resident populations, respectively, of 103,000, 184,000, 89,000, 166,000 and 147,000.
- 1.6 Government has requested that the initial response covers, inter alia, suggested boundaries for the new unitary authorities, details of savings which may be achieved and thoughts as to the council size of the new unitaries.

2 OTHER CONSIDERATIONS

- 2.1 The Government have published the White Paper on English Devolution and have requested the council provide an initial response by 21 March 2025. Therefore, the proposed response from FDC will be determined by Cabinet having regards to Full Council's responses to the questions raised in Appendix 1.
- 2.2 The White Paper sets out the Government's intent to progress reorganisation swiftly, including through legislative measures if it becomes necessary to ensure progress. The reorganisation may arrive regardless of the Council's view; therefore, it is important that Fenland District Council has a considered view as to the optimal arrangements for Cambridgeshire.
- 2.3 The Council has been encouraged by Government to work with others to develop proposals but unfortunately it has not been possible for the seven leaders of the Cambridgeshire and Peterborough area to reach agreement as to the content of the initial response. It is FDC's intention to work closely with the other six principal councils to produce an agreed proposal, or an agreed set of proposals, in time for the final submission in November. The Government has recently set deadlines, requiring an initial response by 21 March 2025 and one or more final proposal(s) by 28 November 2025. Leaders across Cambridgeshire & Peterborough have met on several occasions.
- 2.4 While a unified agreement across Cambridgeshire and Peterborough is possible, competing proposals may emerge. Consequently, there is no guarantee that any proposal endorsed by Fenland District Council will be adopted by the Government. Furthermore, if the Council opts not to submit a proposal, the Government retains the authority to proceed with reorganisation. Active participation ensures the Council may have a say in shaping the future structure.
- 2.5 In addition to any opportunities, it is clear that reorganisation presents certain important issues for consideration. At present these can only be identified at a high level. If we proceed then Fenland District Council and other councils will need to manage and mitigate against those issues:
 - Substantial one-off implementation costs, regardless of the chosen proposal.
 - The requirement for council tax harmonisation, which could be phased in to mitigate sudden increases.

- Increased demands on senior management, potentially diverting focus from existing corporate priorities.
- Whatever new unitaries are agreed, they will be larger than the current districts and risk losing the 'local' element of local decision. Councillors may struggle to represent their residents in the way that district councillors currently do.
- Staff attrition during the transition, making recruitment challenging in an uncertain environment.

3 Next Steps

- 3.1 The Chief Executives' group has commissioned finance officers to create a financial model based on 2024/25 budget data that will allow the Leaders to review the financial implications of various options, including potential savings. This work has commenced and will continue over the Spring and Summer.
- 3.2 Appendix 1 sets out the questions to be considered by Council for further consideration by Cabinet in determining FDC's initial response to Government.
- 3.3 It is important to note that whilst the council can influence reorganisation, the final decision is for the Secretary of State.
- 3.4 Following the Extraordinary Council meeting, the Cabinet will take the decision, subject to the views of the whole Council, as to what should be included in the initial response to Government. Briefings and reports will be presented to members on a regular basis throughout the process to shape the development of proposals in the best interests of Fenland's residents and businesses.
- 3.5 Any substantive proposals for reorganisation will be brought back to Cabinet/Council for discussion. This may entail additional meetings of the Council. We will give as much notice of this as possible.

4 CONSULTATION

- 4.1 The 2024 White Paper on English Devolution states that:
 - Any changes to public service boundaries will be made in consultation with stakeholders and considering the impact on service delivery

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 The White Paper sets out the Government's intent to progress reorganisation swiftly, including through legislative measures if it becomes necessary to ensure progress. Therefore, alternative options are not available.

6 IMPLICATIONS

6.1 Legal Implications

- 6.2 Local government reorganisation is governed by the Local Government and Public Involvement in Health Act 2007. The Secretary of State has the authority to invite or direct proposals and make final decisions.
- 6.3 The law says that Local Authority boundaries may not cross police force boundaries but can otherwise be whatever best meets criteria. The invitations issued under previous governments often say that existing districts must be used as the 'building blocks' from which new authorities are to be constructed, and whilst this is not required by Government, it is expected unless there are compelling reasons to split an existing district between more than one new unitary authority.
- 6.4 Although Government encourages local authorities to work together there is nothing to stop competing proposals being submitted and in that case the Secretary of State can select one proposal for consultation or may consult on competing proposals before making a decision as to which is to be taken forward, or Government may decide upon an entirely different arrangement.
- 6.5 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.

7 Financial Implications

- 7.1 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. Evaluations of financially viable future structures will be necessary, along with assessments of the best value-for-money configurations for taxpayers.
- 7.2 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.
- 7.3 There are many factors to take into account when thinking about the creation of new, financially sustainable organisations. All Councils are struggling with forecast budget gaps in future years due to national pressures being experienced in demand for services and huge uncertainty around future government funding levels.

8 Equality Implications

N/A

9 SCHEDULES

Appendix 1: Questions for full Council to consider

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Questions for Full Council to consider:

1. Should FDC initially express our concern and opposition to the manner and timing of this Local Government reform process, whilst recognising the right of Central Government to impose this and whilst also confirming our eagerness to participate fully in the process and to co-operate fully with other local councils so as to get the best possible outcome for local residents?
2. Does Full Council see any exceptional circumstances to justify the splitting of any existing district council area in Cambridgeshire between two or more new unitary authorities?
3. Does Full Council oppose, in principle, the creation of a single new Unitary Authority covering the whole of the Cambridgeshire & Peterborough area, on the grounds that this would be too large an area for residents to consider such a unitary authority to be "local"?
4. Does Full Council oppose, in principle, the creation of a single new Unitary Authority covering the whole of the area of the current Cambridgeshire County Council, on the grounds that this would be too large an area for residents to consider such a unitary authority to be "local"?
5. Does Full Council accept that, given the need to provide upper and lower tier responsibilities in a financially sustainable manner, the new unitary authority which includes Fenland would need to have a population of at least the Government's stated 500,000 lower limit, if not higher?
6. Does Full Council accept that the Government's specific and national priority growth agenda for the South of the County could potentially justify Cambridge City and South Cambridgeshire District Councils, with a population of around 313,000, arguing that exceptional circumstances exist which may justify those areas (with or without the area of East Cambridgeshire District Council) forming a unitary authority with a population of fewer than 500,000?
7. Does Full Council favour an initial unitary council size of around 100 members (subject to reduction at the end of the first term of office) with wards or divisions formed from the existing County Council divisions in Cambridgeshire and the existing City Council wards in Peterborough?
8. Does Full Council agree, until there is a firmer idea as to the boundaries of any new unitary authorities, and until the creation of the finance officers' financial model based on 2024/25 budget data for all seven principal authorities, that it would be premature to indicate to Government the level of potential savings (if any) that this Local Government Review process may produce?