

**Public**  
**Key Decision – Yes**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Local Government Reorganisation in Cambridgeshire and Peterborough

**Meeting/Date:** Extraordinary Cabinet – 19 March 2025

**Executive Portfolio:** Executive Leader, Chair of the Cabinet and Executive Councillor for Place (Cllr S Conboy)

**Report by:** Michelle Sacks – Chief Executive Officer

**Ward(s) affected:** All

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### **Executive Summary:**

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.

To provide a Local Government Reorganisation (LGR) progress update for the Peterborough and Cambridgeshire area.

The Council is required to submit a formal response to Government by the 21 March 2025. The proposed letter is attached as Appendix 2 for Cabinet to consider. This letter has been drafted in collaboration with other authorities impacted by LGR in Cambridgeshire & Peterborough.

The government currently does not have power to direct local authorities to bring forward proposals, but they are planning to reintroduce this power (which expired when the legislation was first introduced). Advice from the Monitoring Officer has confirmed that in law, unless specified to the contrary, the responsibility for decision making sits with the Executive in this matter.

### **Recommendations:**

The Cabinet is

### **RECOMMENDED**

1. to consider the background to the English Devolution White Paper and its implications for residents of the District and Huntingdonshire District Council.

2. that authority be delegated to the Chief Executive, in consultation with the Executive Leader of the Council, to finalise the proposed letter to Government along with other Council Leaders, as the interim submission, to indicate our commitment to work towards achieving a consensus proposal by November 2025. It should be noted, it is the Executive Leader of the Council who will sign this letter.

## **1. PURPOSE OF THE REPORT**

- 1.1. The report is intended to provide Members with background information regarding the extensive reforms to the local government framework across England set out in the White Paper on English Devolution published 16 December 2024.
- 1.2. To provide Members with an update on the LGR progress for the Peterborough and Cambridgeshire area.
- 1.3. To consider the proposed letter of submission to the Government by 21 March 2025. This letter has been drafted in conjunction with other authorities in Cambridgeshire and Peterborough following discussions between the Councils Leaders' and Chief Executives.

## **2. BACKGROUND**

- 2.1. 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](#).
- 2.2. Since Cambridgeshire & Peterborough already has devolved powers (through our Combined Authority), this report covers only the local government reorganisation aspects of the White Paper.
- 2.3. The Government intends to introduce local government reorganisation 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. All councils in an area are expected to work together to develop unitary proposals that are in the best interest of the area as a whole and there is an expectation that new unitary authorities will usually have a population of 500,000 or more, although exceptions will be considered on a case-by-case basis. More detail is included in the letter from Minister Jim McMahon received on 5 February 2025, attached as Appendix 1 to this report.
- 2.4. Huntingdonshire District Council has 71 Town and Parish Councils. The nationally driven Local Government Reorganisation does not include any changes to Town and Parish Councils.
- 2.5. There are approximately 700,000 residents across Cambridgeshire, and 220,000 residents in Peterborough (which already has a unitary council).
- 2.6. The benefits of re-organisation are the opportunities to support transformation in the longer term by bringing services together which can support improvement in service delivery, including to support preventative and holistic services focused on the needs of local people and communities, while making it simpler for residents to understand who is

responsible for the services they receive. The government has also been very clear that financial savings are expected through the process of reducing the number of councils.

- 2.7. The White Paper sets out the government's intention to deliver reorganisation 'as quickly as possible, including through legislation when it becomes necessary to ensure progress' (p.100). Accordingly, in the medium term, reorganisation may arrive regardless of the Council's view on the subject and therefore it is important that Huntingdonshire District Council has a considered view as to the most optimal arrangements for Cambridgeshire and Peterborough.
- 2.8. Huntingdonshire District Council is working proactively with all local authorities within Cambridgeshire & Peterborough to develop the proposals to ensure maximum opportunity for our communities. The government recently announced that an initial proposal should be submitted by 21 March 2025, and a final business plan by November 2025. The Leaders across Cambridgeshire & Peterborough continue to meet regularly, and the proposed submission from the partner authorities to government is attached at Appendix 2.
- 2.9. It may be possible to reach agreement across Cambridgeshire and Peterborough in the final proposal, but it may also be the case that competing proposals will be submitted to the Government. There is therefore no guarantee that any proposal which Huntingdonshire District Council endorses would be adopted by Government. Similarly, if Huntingdonshire District Council chooses not to submit a proposal, Government can proceed if it wishes. Working together with all councils is the way that Huntingdonshire District Council can ensure greatest input into the process moving forward. This will ensure that the communities of Huntingdonshire will be fully represented in the debate on any emerging proposals.
- 2.10. In addition to the opportunities presented elsewhere in this paper (paragraph 2.6), it is clear that reorganisation presents significant risks. At present these risks can only be identified at a very high level. They have been split into 'strategic risks' which are more general risks related to reorganisation and 'implementation risks' which relate to the process of reorganisation itself. As we proceed then Huntingdonshire District Council and other councils will need to manage and mitigate those risks as best we can.

### **3. RISKS**

#### **1.1. STRATEGIC RISKS**

- There will be significant one-off implementation costs of reorganisation, regardless of which proposal is agreed.
- Council tax harmonisation for the new areas will be required (although this can be phased in to avoid any sudden increases in bills, should the new unitary decide to harmonise upwards).
- Whatever new unitaries are agreed, they will be larger than the current districts and risk losing the 'local' element of local decision.
- There is a risk that the size of the new unitaries means that they will be more 'remote' from residents than current districts as they will serve many more people. Councillors may struggle to represent their residents in the way that district councillors currently do.
- There is a risk that prior to the dissolution of existing councils, some will decide to spend their financial reserves on legacy programmes for 'their' residents. If all councils do this the financial resilience and sustainability of the new councils will be impaired.
- Not all areas are parished and there will need to be a recognition of the current structural differences in any new unitary authority.

#### **1.2. IMPLEMENTATION RISKS**

- Implementation will take significant time away from senior managers.
- Existing transformation projects may lose momentum, with the focus being on the new authority.
- There is a risk that key staff will leave during the transition period and that we will not be able to recruit replacements as Cambridgeshire may be seen as a less stable environment than areas not going through reorganisation

1.3. None of these issues necessarily outweighs the benefits but it is important that members understand the main identified issues and that we develop the most appropriate mitigation plans.

1.4. Detailed evidence and analysis will need to be undertaken to inform, shape proposals and understand any impact of potential options. This will be undertaken in advance of, and to inform final submission later in the year. There is consensus across the Councils in working together to understand and consider relevant issues to enable informed conclusions to be drawn.

1.5. Over the last 30 years the number of district councils has reduced by around half, mainly as a result of unitarisation. The government's proposed move toward 'devolution by default' and unitarisation creates the

risk that in the longer-term Cambridgeshire could be restructured whether local authorities are involved or not, and it may therefore be more palatable to actively shape proposals locally that will work best for residents. Furthermore, local authorities of a smaller scale and size have proven more prone to failure in recent years. Unitarisation appears to be the government's preferred way of managing this risk.

#### **4. NEXT STEPS**

- 4.1. 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.
- 4.2. The Chief Executives' group has also initiated meetings of the collective Monitoring Officers off the constituent councils to ensure there is a consistent approach to decision-making and the legalities arising from the White Paper. The same approach will be taken with the collective Heads of Communication.
- 4.3. There is an internal LGR project group that meets regularly to gather information on best practice and map actions that the Council should be considering and factoring into work programmes. By way of example, there will be a number of tasks that should be initiated to ensure that effective due diligence is undertaken to support the new unitary, such as an alignment of procurement and review of existing contracts.
- 4.4. As a result of forecast underspend for 2024/25, a reserve will be established that will be used to support key activities relating to LGR that cannot be accommodated within current resources allocations.
- 4.5. There is no option considered to be on or off the table, as we do not yet have the data available to assess the financial sustainability of any proposal. Thus, future decision making is not fettered in any way.
- 4.6. It is important to note that whilst the Council can influence reorganisation, the final decision is for the Secretary of State.
- 4.7. Following the Extraordinary Council meeting, there will be an Extraordinary Meeting of Cabinet to consider the letter at Appendix 2, taking the views of the whole Council into consideration. Briefings and reports have been undertaken to date and will continue to be provided to members on a regular basis throughout the process to shape the development of proposals in the best interests of Huntingdonshire District Council's residents and businesses.
- 4.8. Any substantive proposals for reorganisation will be brought back to Council for discussion. This may entail additional meetings of the Council.

## **5. OPTIONS CONSIDERED**

- 5.1. The Council could decide not to sign the letter attached at Appendix 2, and either send its own letter, a letter with a smaller number of Cambridgeshire councils, or not send a letter at all.
- 5.2. It is considered, based on the request detailed in Appendix 1, that the strength of a combined letter is more likely to carry weight with Government. This is because it shows alignment with the specific request to seek to find consensus or local agreement and is demonstrative of the collaboration in place between councils.

## **6. KEY IMPACTS**

- 6.1. There are a multitude of impacts as set out within sections of this report, and many of these will lead to individual work streams as the work continues over the next few months. However, these impacts do not prevent the signing of the letter at Appendix 2.

## **7. WHAT ACTIONS WILL BE TAKEN**

- 7.1. Set out in the report above in Section 4 - NEXT STEPS.

## **8. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

- 8.1. This is a requirement of Government but the process of unitarisation is intended to bring benefits to the wider community. Once the details of proposals emerge, the links to the Corporate Plan, Strategic Priorities and Corporate Objectives will be able to be set out more clearly.

## **9. CONSULTATION**

- 9.1. No consultation has taken place so far. Paragraph 10.5 below sets out the government's role in consultation. Depending on how the work proceeds, it is likely that the Council will engage with our residents once a clearer option(s) for unitary government is developed.
- 9.2. The Town and Parish Forum, which will take place on the 19 June 2025, will be themed around The Journey to LGR and be an opportunity to continue to engage with the 71 Towns and Parishes within Huntingdonshire, in addition to the quarterly briefings which have already commenced.

## **10. LEGAL IMPLICATIONS**

- 10.1. Local government reorganisation is governed by the Local Government and Public Involvement in Health Act 2007. The Secretary of State can at any time invite proposals for unitary local government from local authorities and also has the power to direct authorities to submit proposals. The criteria against which proposals are to be judged can be set out in the invitation/direction.

- 10.2. The government currently does not have power to direct local authorities to bring forward proposals but they are planning to reintroduce this power (which expired when the legislation was first introduced).
- 10.3. Advice from the Monitoring Officer has confirmed that in law, unless specified to the contrary, the responsibility for decision making sits with the Executive in this matter.
- 10.4. 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 the current advice from MHCLG is that any proposals which disaggregate district boundaries must be thoroughly justified.
- 10.5. 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. The Secretary of State may also introduce modifications to a proposal. Any authority in the area that does not sign off the final business proposal(s) must be consulted by the government as part of their deliberations.
- 10.6. It should be noted that local government reorganisation is currently controlled by central government who can reorganise local authorities against the wishes of local authorities in an area.
- 10.7. In Cambridgeshire and Peterborough, it is unlikely that any of the current councils will continue to exist and the new councils would be created in 'shadow form' the year before implementation. The likely timetable indicates that shadow elections will take place in May 2027, creating shadow authorities, with new unitary councils coming into effect on Vesting Day on 1 April 2028. The shadow authorities have power to recruit staff and plan for implementation but do not have any local government powers until they 'go live'. Shadow authorities would be governed by councillors elected in 2027, and these councillors would become councillors of the new unitaries on 'go live' date.

## **11. RESOURCE IMPLICATIONS - FINANCIAL**

- 11.1. There are limited direct financial implications at this stage.
- 11.2. Across all the existing councils in the Cambridgeshire and Peterborough system, 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. It will be necessary to carry out a comprehensive assessment of financially viable future structures for



consideration and also assess which configurations of the new unitary authorities present the best value for money to taxpayers.

- 11.3. A significant financial consideration is the level of debt currently held across the Cambridgeshire and Peterborough local government footprint. Any business case proposal and any form of LGR will need to adequately consider and deal with the underlying debt positions.
- 11.4. 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.
- 11.5. There will be additional costs associated with the planning, development and implementation of any new structures. There is an expectation (but no guarantee) that the government will provide capacity funding; confirmation of this is pending from Government. We should expect long term that value for money improvements can be achieved through streamlined structures for some service delivery arrangements and rationalised overheads. These potential opportunities will be explored through the options appraisals, alongside the costs of re-organisation.
- 11.6. A further risk is that the government has committed to introducing a multi-year settlement in 2026/27 and a complete overhaul of grants and allocation methodologies. It is expected that there will be more weighting applied to distribute funding to areas with the greatest need, in communities with a high level of deprivation, and to authorities that are unable to raise significant funding from council tax rises. This creates significant uncertainty around Cambridgeshire funding streams in the medium-term

## **12. HEALTH IMPLICATIONS**

- 12.1. None to directly report at this stage.

## **13. ENVIRONMENT AND CLIMATE CHANGE IMPLICATIONS**

- 13.1. None to directly report at this stage.

## **14. OTHER IMPLICATIONS - STAFFING**

- 14.1. This is an unsettling time for colleagues. It is important to note that reorganisation will not itself lead to large scale redundancies or job losses. The overwhelming majority of employees will transfer automatically (under TUPE arrangements) to one of the new authorities and they may not see much difference in their day to day working patterns.
- 14.2. Although senior managers are unlikely to automatically transfer, reorganisation often creates new opportunities for people, particularly as the new Mayoral Strategic Authority expands to take on new devolved responsibilities.

14.3. We are at such an early stage in the process that it is impossible to give any more details than these headlines. The Council is clearly mindful of the importance of colleagues in delivering our services and of the importance of ensuring that colleagues continue to feel valued, consulted and engaged in the process. The Chief Executive in her capacity as Head of Paid Service, with overall responsibility for the workforce, has initiated regular staff briefings and there are updates through the FAQs that are revised on a weekly basis (when there has been new information to provide updates).

## **15. REASONS FOR THE RECOMMENDED DECISIONS**

15.1. As set out above, it is preferable that Huntingdonshire District Council works in partnership with all other councils across Cambridgeshire & Peterborough to achieve the best possible outcome for our residents.

## **16. LIST OF APPENDICES INCLUDED**

Appendix 1: Letter from Minister McMahon dated 5 February 2025

Appendix 2: Proposed letter of submission to Government

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