

Report Title	Local Government Reorganisation Strategic Business Case for a Five-Unitary Council model of Local Government in Lancashire
Meeting	Executive
Meeting Date	20 th November 2025
Report Author	Dean Langton Chief Executive
Directorate	
Lead Executive Member(s)	Cllr David Whipp Leader of the Council
Wards Affected	All
Public. Part Exempt, or Fully Exempt	Public
Appendices (if any)	<p>App A – Strategic Business Case for a Five-Unitary Model of Local Government in Lancashire</p> <p>App B – Lancashire Local Government Reorganisation Survey Report – Community/Stakeholder Survey Reports</p> <p>App C – Local Government Reorganisation in Burnley and Pendle: Consultation Survey Findings</p> <p>App D – Minutes of the Council Meeting held on 17th November 2025. (TO FOLLOW)</p>

1. Executive Summary

- 1.1 This report presents the draft Strategic Business Case for a Five-Unitary Council model for Lancashire following the Government's invitation to Councils in Lancashire to submit proposals for local government reorganisation in the area.
- 1.2 Other draft Strategic Business Cases have been produced for a Two-, Three- and Four-Unitary Models. As part of this Case-Making, Councils across Lancashire have used a shared evidence base and have worked together to establish a baseline financial position.
- 1.3 The draft Strategic Business Case presented here sets out how Lancashire looks today, reflecting on the challenges and opportunities that exist across the County area. It also considers the current model of local government.

- 1.4 An Options Appraisal and a financial assessment have been undertaken on the proposed Unitary models of Local Government. In addition, a Lancashire-wide consultation has also been conducted and there has been a local consultation and engagement programme covering both the Pendle and Burnley areas.
- 1.5 The draft Strategic Business Case concludes that the Five-Unitary Council model for Lancashire both meets the criteria for Unitary Local Government in Lancashire set by the Government and is the preferred model. The proposed model has a single compelling theme – that Local Government built on local, natural community areas delivers better outcomes.

2. Recommendations

For the reasons set out in this report, Executive is recommended to:

- 2.1 Note the outcome of the various consultations and engagement activities on local government reorganisation in Lancashire, details of which are set out at **Appendix B and C**;
- 2.2 Note the minutes of the Council Meeting held on 17th November 2025 as set out at **Appendix D**;
- 2.3 Give approval to submit the Strategic Business Case (and related information such as the shared evidence base, outcome of consultations etc) for a Five-Unitary model of Local Government in Lancashire as set out at **Appendix A** to MHCLG on or before 28th November 2025;
- 2.4 In doing so, give delegated authority to the Chief Executive, in consultation with the Leader of the Council, to make any final minor and administrative amendments to the Strategic Business Case as appropriate.
- 2.5 Given the deadline for submission and that this matter has been subject to consideration by Council, resolve that the decision of the Executive here is urgent and not subject to call-in as set out in Part 4 Overview and Scrutiny Procedure Rules 15(h).

3. Information: the Rationale & Evidence for the Recommendations

Background

- 3.1 At an Extraordinary Meeting of Council in March 2025, Councillors considered a report on both Devolution and Local Government Reorganisation.
- 3.2 By way of a reminder, the report set out in summary information on the Government's English Devolution White Paper (much of which is now captured in the English Devolution and Community Empowerment Bill which is currently making its way through the Parliamentary process) which includes an ambition to create Strategic Authorities across all regions in England to which devolved powers and funding will be given.

3.3 The White Paper also made clear that County and District Councils in the 21 areas of England with a two-tier model of local government will be replaced by Unitary Councils under a process known as local government reorganisation.

3.4 On 5th February 2025, the Government wrote to all Councils in two-tier areas inviting them to submit proposals for local government reorganisation with interim plans to be submitted by 21st March 2025 and full proposals to be submitted by 28th November 2025. In doing so, the Government set out the following criteria that any such proposal should meet:-

1. *A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government;*
2. *Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks;*
3. *Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens;*
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;*
5. *New unitary structures must support devolution arrangements;*
6. *New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.*

3.5 Following consideration of the report, and in response to the request for an interim plan to be submitted by 21st March 2025, the Council resolved:-

- i) That Pendle Borough Council states its preference for exploring only Options 4 and 5 [*the Four- (based on existing District boundaries) and Five- Unitary models*] at this stage;
- ii) That Pendle Borough Council agree to endorse the All Lancashire Leaders' letter on local government reorganisation in Lancashire to the Minister of State for Local Government and English Devolution; and
- iii) That a separate covering letter be sent to the Minister of State for Local Government and English Devolution expressing Pendle Borough Council's preferred potential Unitary options, as per the All Lancashire Leaders' letter along with the other additional points as detailed in the pre-
amble to these minutes raised at this meeting.

3.6 Lancashire Councils did submit the All Lancashire Leaders' letter and the Council did submit its own separate covering letter as resolved.

- 3.7 In response to the submission of the Interim Plan, the Government wrote to all Councils in Lancashire acknowledging receipt of the Plan and offering feedback on the outline proposals. A summary of all the (generic) feedback provided to Local Authorities can be found here [Local government reorganisation: summary of feedback on interim plans - GOV.UK](#). The central message from Government was to build on the initial work and ensure that the final proposal(s) address the criteria (set out in the original invitation and shown above) and are supported by data and evidence (with a recommendation that the final proposal(s) should use the same assumptions and data sets or be clear why there is a difference).
- 3.8 Since the submission of the Interim Plan in March 2025 and the feedback from Government, a significant amount of work has been undertaken to develop Strategic Business Cases.
- 3.9 To fund the development of these Business Cases, the Government provided Proposal Development Funding of £447k to Lancashire Councils (as part of an allocation of £7.6m funding provided to Council areas subject to local government reorganisation). Councils in Lancashire agreed to appoint a Consultancy Team comprising Metrodynamics, 31Ten and LG Futures to support the development of a comprehensive evidence base (which all Councils have access to), a baseline financial analysis (developed with oversight from Lancashire Chief Finance Officers) and, ultimately, the drafting of Strategic Business Cases.
- 3.10 As was outlined in the report to Council in March 2025, there remain different views across Lancashire about the model of Unitary Local Government across Lancashire. Consequently, five Strategic Business Cases have been developed as follows:-

Strategic Business Case	Developed by
2 Unitary Councils	Lancashire County Council
3 Unitary Councils	Blackburn with Darwen Borough Council, Hyndburn Borough Council Rossendale Borough Council Wyre Borough Council Fylde Council
4 Unitary Councils (existing Boundaries)	Chorley Borough Council South Ribble Borough Council Lancaster City Council Preston City Council Ribble Valley Borough Council West Lancashire Borough Council
4 Unitary Councils (alternative Boundaries)	Blackpool Borough Council
5 Unitary Councils	Burnley Borough Council Pendle Borough Council

*1 – It should be stressed that no Council has resolved formally to support cases at this point.

- 3.11 Whilst all Councils have had access to the shared comprehensive evidence base and have collaborated on the development of the baseline financial analysis, thereby complying with the Government's recommendation in this respect, the development of Strategic Business Cases has been a matter for each relevant group of Councils supported by the Consultancy Team working with ethical walls in place to respect confidentiality.
- 3.12 The remaining part of this report focuses on the development of the Five-Unitary Council Model of Local Government developed by this Council in conjunction with Burnley Borough Council.

The Strategic Business Case for the Five-Unitary Model

- 3.13 The detailed draft Strategic Business Case is provided at **Appendix A**. Subject to the Council's consideration here and the decision of the Executive in due course, these documents along with the comprehensive evidence base and financial modelling will form the bid submission to the Government on 28th November 2025.
- 3.14 The Strategic Business Case comprises:
- a **Foreword and an Executive Summary** which provides an overview of the Councils' bid submission;
 - the position in **Lancashire Today**, reflecting both the socio-economic challenges and opportunities and how local government is currently structured. This provides the rationale for local government reorganisation;
 - The **Vision and Objectives** of the proposed Five-Unitary Council model balancing strategically significant Unitary Councils, able to maximise the potential of devolution, with a localisation of democracy and innovative service delivery focused on the needs of local residents and communities;
 - an **Options Appraisal** which, through a 5-step approach and using a qualitative assessment and financial analysis, critically appraises each of the Unitary model options;
 - details of the outcome of both Lancashire-wide and local **consultations**;
 - the **Local Government Reorganisation Proposition from Pendle/Burnley** setting out what the new form of local government will look and operate like post reorganisation.

The Vision and Objectives

- 3.15 Section 4 of the draft Strategic Business Case sets out the Vision and Objectives for the Five-Unitary Model of Local Government in Lancashire.

3.16 The vision for this model is centred on localism:-

Our vision is for local government in Lancashire that delivers positive outcomes for everyone. We will do this through five new unitary authorities, each empowered to deliver a reimagined approach to service delivery for their needs. By establishing fully equipped, full-service authorities, designed to address community issues and opportunities at the geography where they already exist, this model ensures services are both effective and connected. Formal and informal partnerships will ensure strategic coherence, minimising disruption to vulnerable service users.

Each new authority will have the expertise and power to unlock growth whilst serving populations they understand and know. Closer working with communities and increased democratic representation will ensure sustainable, responsive, and accurate representation, and will embed local character into governance, with decisions that reflect the people they serve.

3.17 To deliver this vision, a series of objectives was set against which the Five-Unitary model of Local Government has been assessed. These objectives are informed by the criteria set by the Government for new Unitary Local Authorities and are as follows:-

- Ensure democratic representation reflects real community identities and connections;
- Achieve efficiency and growth while keeping services rooted in local focus;
- Balance financial efficiency with long term social outcomes;
- Unlock the full benefits of devolution for every community;
- Build balanced structures that promote diversity and cohesion;
- Respect and protect entrenched local identities and cultures;
- Innovate through smaller, more agile authorities.

3.18 In arriving at the proposed model, as well as being assessed against the Government's criteria, an assessment has been undertaken against these objectives to ensure that the challenging expectations of the new Unitary Authorities can be met.

The Option Appraisal

- 3.19 Section 5 of the draft Strategic Business Case is an appraisal of all the Unitary models against the Government's criteria for the new Unitary Councils. The results of this are provided – RAG-rated - in summary in the table below (with more details provided in the business case).

		2UA	3UA	4UA*1	5UA
1	Establish single tier LG	●	●	●	●
2	Right size to achieve efficiencies, improve capacity and resilience	●	●	●	●
3	Prioritise the delivery of high quality and sustainable public services	●	●	●	●
4	Working together to understand and meet local needs	●	●	●	●
5	Supporting devolution arrangements	●	●	●	●
6	Stronger community engagement and neighbourhood empowerment	●	●	●	●
	Score	14	20	24	30
	Conclusion	<i>Critical failure(s)</i>	<i>Not Preferred</i>	<i>Not Preferred</i>	<i>Preferred</i>

*1 – For the purpose of this Options Appraisal, the 4UA option that requires District Boundary changes is not considered compliant with Government guidance and has been excluded from the appraisal process.

- 3.20 As the table indicates, the outcome of this assessment indicates that the Five-Unitary model of Local Government for Lancashire is the preferred option and crucially, is considered to meet all the criteria set by Government. Based on this assessment, the Two-Unitary model does not meet at least two of the criteria set (and is therefore deemed to be a critical failure) and the Three- and Four- Unitary models only partially some of the criteria.

Consultation

- 3.21 Section 6 of the draft Strategic Business Case provides the results of consultations and engagement undertaken on the proposals.
- 3.22 As Councillors will be aware, a Lancashire-wide survey was undertaken during September 2025 to explore the structure of local Councils, priorities for reform and the perceived benefits and concerns around local government reorganisation. Around 13,400 participants submitted feedback to this survey. A detailed report on the outcome of the survey is provided at **Appendix B**.

- 3.23 During October 2025, Pendle and Burnley Councils also conducted an engagement programme comprising a series of Focus Groups and a community consultation. This generated around 1,600 responses with around 80% favouring the Five-Unitary model of Local Government for Lancashire. Again, a detailed report on the outcome of this engagement work is provided at **Appendix C**.

The Five-Unitary Model Proposition

- 3.24 Section 7 of the draft Strategic Business Case sets out the proposition for local government reorganisation that will form the basis of the bid submission to Government. In particular, this Section describes how the proposed model meets the specific challenges of Lancashire, how it will meet both the vision and strategic objectives set for the development of the model.

- 3.25 Underpinning the draft Strategic Business Case for the Five-Unitary model of Local Government in Lancashire are the following six pillars:-

- **Localism** – The Five-Unitary model holds this as fundamental. People identify with their own communities. The model moves decision-making and the power to change much closer to these people and these communities, through basing decision-making apparatus firmly within neighbourhood areas that will directly benefit from the improved services, more green spaces, new homes and jobs. The Five Unitary Councils can develop their own strategic priorities tailored to their communities, and if the plans to address these are not delivering the democratic recourse and remedy are tangible and direct;
- **Economies of scope and scale with local focus** – The Five Unitary model designs Unitary Councils based on coherent geographies, with this coherence being defined by local conditions in each place. In some cases, this leads to a requirement for larger, scale unitary models, and in others, smaller and more focused. In Lancashire, the latter case is more relevant given the diversity and complexity of its social and economic make up. The Five Unitary model provides efficiency, whilst enabling the local focus needed to drive effective outcomes and is therefore the right design to best serve the needs of the specific characteristics of Lancashire with regards to driving growth.
- **Outcomes not just savings** - The Five-Unitary model proposal carefully strikes a balance between a more efficient and agile delivery model than the current system, but without threatening the delivery structures, local expertise and service resilience that will all be required to capture opportunities, drive service reforms and deliver better outcomes for the whole Lancashire County;

- **Devolution** - Devolution arrangements work best when elected Leaders can represent coherent and defined places that make up a wider functional economic area, with limited conflict. This builds on the precedent set so far by combined authorities across England, with lessons learned from those that have deviated from this design principle.

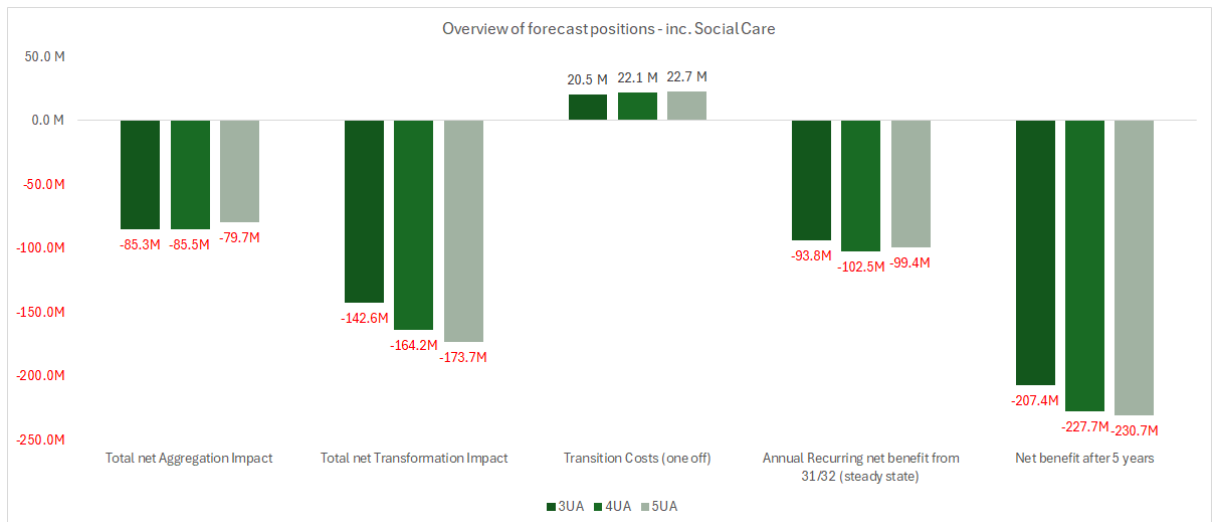
Linked to this, evidence shows that smaller authorities are better able to be responsive and tailored in addressing local needs themselves through innovation and transformation, as well as in collaboration with their mayoral strategic authority. The Five-Unitary model will have the right balance of governance checks and agile decision making to develop and deliver targeted solutions for their distinct communities, and a logical and clear basis from which to support them through combined authority investment. Importantly, it will lead to two seats on the Strategic Authority from East Lancashire ensuring full and proper representation from an area much in need of strategic investment;

- **Innovation** – The evidence shows that smaller authorities are better able to be responsive and tailored in addressing local needs themselves through innovation and transformation. The Five-Unitary model provides the right balance of governance checks and agile decision making to develop and deliver targeted solutions for their distinct communities, and a logical and clear basis from which to support them through new approaches;
- **Respect Communities and Build Sustainable Areas** - In designing the future shape of Lancashire, the Five-Unitary model manages to deliver a set of new Councils that strike a balance between viability and an authentic sense of place and culture. Unlike the Four-Unitary model which seeks to configure the historic city of Lancaster as a secondary player to Preston, the Five-Unitary model respects the importance of place.

- 3.26 The proposed five Unitary Councils would have populations of between 260k and 390k based on geographies that reflect local identities and natural economies and balances a connection to local communities with the scale to operate strategically in conjunction with the Strategic Authority that will optimise opportunities for economic growth and prosperity across the County.

The Financial Case

- 3.27 The financial impact analysis demonstrates that the Five-Unitary model delivers the strongest and most resilient financial position of the options modelled.
- 3.28 The financial analysis undertaken addressed the Three-, Four- and Five-models, as the Two- and Four- (cross boundary) models were discounted due to critical failures against the set criteria. This is set out in Section 5 of the Strategic Business Case. It examined the costs of implementation and transition and set these against the benefits generated to demonstrate the net financial impact of each of the models. The results of this analysis are shown below:



3.29 This demonstrates that whilst the level of investment is significant, the net benefits across a 5-year period far outweigh these with a net benefit of £230.7m being demonstrated for the Five-Unitary model.

3.30 The principal reasons why this performs better than its next two comparators, in the form of Four- and Three- models, include:

- The Five Unitary model can achieve efficiencies and better outcomes through service reforms over a smaller, more manageable geography. This allows solutions tailored to specific areas; for example, in Adult Social Care, an ability to understand and engage in the local supplier markets allowing for bespoke design, commissioning and contracting strategies at a local level.
- An ability to drive efficiency in service and digital transformation and achieve comparable results with larger organisations due to the agility with which change can be implemented on a more manageable scale and at a faster pace, without the need for complex service change and contracting over large geographies.

3.31 By combining appropriate scale with a well-established footprint, the Five-Unitary model provides a clear pathway to sustainable financial and operational improvements.

Other Strategic Business Cases

3.32 As indicated above, development of all Strategic Business Cases has been a matter for the individual Groups supporting each respective option.

3.33 At the time of writing, other Strategic Business Cases had not been released and so it is not possible to share them. This is largely because Councils want an opportunity to consider their own draft Strategic Business Case before being disclosed more widely. As and when other Strategic Business Cases become available, they will be shared with Councillors accordingly.

Next Steps

- 3.34 Council will meet on 17th November 2025 to consider this matter. The minutes of that meeting (shown here as **Appendix D**) will be circulated to the Executive in due course. It is for the Executive to determine whether the Council should submit the draft Strategic Business Case set out in this report. As indicated above, submissions must be made on or before 28th November 2025.
- 3.35 All bids submitted by the deadline will be assessed by Government against the criteria originally set in the Minister's letter from February 2025. Should each submitted bid meet the criteria, they will be subject to consultation in early 2026 with a decision by Government to proceed with a preferred model – or not at all – to be taken before the Parliamentary Summer recess.
- 3.36 If a decision is taken to proceed with a preferred model, elections to the Shadow Councils will take place in May 2027 and vesting day – the first day of the new Councils – will be 1st April 2028 (with existing Councils abolished accordingly).

4. Link to Council Plan Priorities: (Providing High Quality Services and Facilities, Proud and Connected Communities and Places, Good Growth and Housing and Healthy Communities)

- 4.1 This report considers the reorganisation of local government in Lancashire which will lead to new Councils being formed in due course.
- 4.2 At the heart of the draft Strategic Business Case is creation of Five-Unitary model of Local Government which, it is argued, will provide for better opportunities to drive economic growth and improved service delivery by Councils that will be financially sustainable and resilient.

5. Implications

Financial Implications

- 5.1 There are no financial implications arising directly from the recommendations in this report.
- 5.2 The Strategic Business Case for the Five-Unitary Model of Local Government provided at **Appendix B** includes a detailed financial case, a summary of which is provided elsewhere in this report.

Legal and Governance Implications

- 5.3 There are no Legal and Governance Implications arising directly from the recommendations in this report.

Climate and Biodiversity Implications

- 5.4 There are no climate and biodiversity implications arising directly from the recommendations in this report.

Human Resources Implications

- 5.5 There are no staffing implications arising directly from the recommendations in this report.
- 5.6 Subject to any subsequent decision by the Government to implement any of the options for the reorganisation of local government in Lancashire, there are likely to be significant staffing implications. The scope, scale and extent of this cannot be determined at this stage and will be a matter for detailed consideration once the Government has determined which, if any, of the proposed options will be taken forward for implementation.

Equality and Diversity Implications

- 5.7 There are no equality and diversity implications arising from the recommendations made in this report.

6. Consultation

- 6.1 During September 2025, a Lancashire-wide consultation on local government reorganisation was undertaken. A detailed report on the outcome of that consultation is provided at **Appendix B**.
- 6.2 During October 2025, in conjunction with Burnley Borough Council, the Council undertook a consultation across Burnley/Pendle. This consultation was supplemented by a range of Focus Groups with various stakeholder organisations. A detailed report on the outcome of that consultation is provided at **Appendix C**.

7. Alternative Options Considered

- 7.1 The draft Strategic Business Case includes a full Options Appraisal of the various proposed models of Unitary Local Government in Lancashire.

8. Statutory Officer Sign off (please put an x in the relevant box below)

Section 151 Officer	✓
Monitoring Officer	✓

9. Background Documents

Letter from Minister of State for Local Government and English Devolution -
Invitation to Councils in Lancashire – February 2025

Report to Council on Devolution and Local Government Reorganisation – March
2025

Contact Officers

Dean Langton
Chief Executive