Cambridgeshire County Council

Council Meeting

Extracted agenda item: Local Government Reorganisation (LGR) in Cambridgeshire and Peterborough.

Pages 30-120 of Full Council meeting report

21st October 2025

Red Kite Room,
New Shire Hall,
Alconbury Weald,
Huntingdon
PE28 4YE

Local Government Reorganisation (LGR) in Cambridgeshire and Peterborough

To:	Full Council
Meeting Date:	21 October 2025
From:	Chief Executive and Statutory Head of Paid Service
Electoral division(s):	All
Key decision:	Yes
Forward Plan ref:	2025/077

Executive Summary: In December 2024 the Government published the English Devolution White Paper, which set out a vision for reforming local government in England by the end of the current Parliament. The Government's White Paper and subsequent English Devolution and Community Empowerment Bill has committed to abolish all existing two-tier local government via a programme of Local Government Reorganisation (LGR) by April 2028.

In January 2025 the Government issued a statutory invitation to all two-tier council areas in England and some neighbouring unitary councils, including those in Cambridgeshire and Peterborough, asking authorities to submit LGR proposals by 28 November 2025.

Cambridgeshire County Council has been working collaboratively with the 6 other existing councils in the Cambridgeshire and Peterborough region to develop a shared evidence base for LGR, including detailed financial analysis and resident engagement.

In March 2025, the Council agreed a set of five principles that would be used to inform its assessment about the viability of different options for LGR. Subsequently Cambridgeshire County Council has led the development of 'Option A', one of a number of options being explored in the area. This option proposes two new unitary councils across Cambridgeshire and Peterborough – one in the 'North' covering the current administrative boundaries of Fenland District Council, Huntingdonshire District Council and Peterborough City Council, and one in the 'South' incorporating the existing administrative boundaries of Cambridge City Council, East Cambridgeshire District Council and South Cambridgeshire District Council.

Recommendation: It is recommended that Full Council:

a. Approve that 'Option A' should be the LGR option submitted to Government by Cambridgeshire County Council in response to the statutory invitation from the Secretary of State for Housing, Communities and Local Government;

b. Approve that the proposal document for 'Option A' should be submitted alongside other proposals from councils in Cambridgeshire and Peterborough under the cover of a joint letter from Council Leaders;

c. Delegate authority to the Chief Executive, in consultation with the Leader and Deputy Leader of the Council, to finalise a proposal document for 'Option A' and any joint covering letter from Council Leaders, and submit this to Government by the deadline of 28 November 2025.

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1. Creating a greener, fairer and more caring Cambridgeshire

1.1. The Strategic Framework 2023-28 sets out the council's high-level approach for achieving the vision of a greener, fairer and more caring Cambridgeshire through seven 'ambitions':

- Ambition 1: Net zero carbon emissions for Cambridgeshire by 2045, and our communities and natural environment are supported to adapt and thrive as the climate changes
- Ambition 2: Travel across the county is safer and more environmentally sustainable
- Ambition 3: Health inequalities are reduced
- Ambition 4: People enjoy healthy, safe and independent lives through timely support that is most suited to their needs
- Ambition 5: People are helped out of poverty and income inequality
- Ambition 6: Places and communities prosper because they have a resilient and inclusive economy, access to good quality public services and social justice is prioritised
- Ambition 7: Children and young people have opportunities to thrive.

1.2. As the primary statement of the council's priorities, the Strategic Framework is the main reference point for everything the council plans and delivers for local communities. The issues articulated in this report affect all services currently delivered by Cambridgeshire County Council, as well as those delivered by Peterborough City Council and the five district/city councils (Cambridge City Council, East Cambridgeshire District Council, Fenland District Council, Huntingdonshire District Council and South Cambridgeshire District Council). This paper therefore concerns all seven ambitions and all elements of the vision, because it relates to the future of council structures in Cambridgeshire and Peterborough that will be responsible for delivering local government services to residents of this region.

1.3. This report provides Full Council with the background to Local Government Reorganisation (LGR), and an evidence base comprising an 'Options Appraisal' (Appendix 1), 'Financial Analysis' (Appendix 2) and 'Engagement Report' (Appendix 3) that forms the basis of a recommendation that Cambridgeshire County Council develop a full LGR proposal document for 'Option A'. This proposal, if approved, will be submitted jointly alongside other options being developed locally under a single covering letter to the Secretary of State by the deadline of 28 November 2025.

2. Background

2.1 The Government has a clear vision for the future of local government in England, set out in the English Devolution White Paper[1] published in December 2024 and developed through its English Devolution and Community Empowerment Bill[2]. Central to the Government's direction is a drive to both widen and deepen devolution across England through directly elected Mayors with new powers to deliver economic growth. To enable this expansion of devolution the Government considers it necessary to reform local government in those parts of the country that currently operate a two-tier system of county and district councils

[1] English Devolution White Paper - GOV.UK
[2] English Devolution and Community Empowerment Bill - GOV.UK

through a process of Local Government Reorganisation (LGR).

2.2 Following the publication of the White Paper, on 5 February 2025, the then Minister of State for Local Government and English Devolution, Rt Hon Jim McMahon MP, exercised powers under the Local Government and Public Involvement Act 2007 by formally inviting the Leaders and Chief Executives of England's 21 two-tier council areas, and small neighbouring unitary councils, to submit proposals for LGR. As an existing two-tier area Cambridgeshire County Council, the five district/city councils (Cambridge City Council, East Cambridgeshire District Council, Fenland District Council, Huntingdonshire District Council and South Cambridgeshire District Council), as well as the small neighbouring unitary Peterborough City Council were collectively invited to submit proposals for the creation of a single tier of principal local authorities for Cambridgeshire and Peterborough.

2.3 The statutory letter of invitation set out key criteria and guidance for the development of local proposals, as well as timelines for the process and key milestones, including a deadline of 28 November 2025 for the submission of final proposals. The headline criteria set out by Government requested that LGR proposals:

1. Should seek to achieve for the whole of the area concerned the establishment of a single tier of local government. These councils should be for sensible economic geographies, enable housing growth and not advantage or disadvantage a particular area.

2. Must create unitary councils that are the right size to achieve efficiencies, improve capacity and withstand financial shocks. As a guiding principle, unitary councils should aim for population sizes of 500,000 but there may be scenarios where this figure does not make sense.

3. Must create unitary councils that prioritise the delivery of high quality and sustainable public services to citizens. Proposals should show how unitary structures will improve local services and value for money, with particular consideration for Adult Social Care, Children's Social Care, education, special educational needs and disabilities (SEND), and Homelessness.

4. Should show how existing councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views. This includes demonstrating how issues of local identify have been taken account of.

5. Must demonstrate how unitary councils will support devolution arrangements. This should ensure there are sensible population ratios between unitary councils and the Mayoral authority (CPCA) above them.

6. Should demonstrate how new unitary councils will enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

2.4 In addition to these 6 criteria, the Government has strongly encouraged existing district council administrative boundaries to be considered as the 'building blocks' for proposed new unitary councils unless a strong justification for more complex changes can be evidenced, and that the development of proposals should demonstrate wide ranging engagement to inform proposals. Subsequent communication from the Ministry of Housing, Communities and Local Government (MHCLG) also clarified that LGR proposals must set out plans for appropriate arrangements for effective governance of neighbourhood areas in

advance of this being legislated as a new duty on local councils through the English Devolution and Community Empowerment Bill.

2.5 Upon receipt of the statutory letter of invitation, the seven local councils in Cambridgeshire and Peterborough began collaborating on a shared evidence base to inform the development of their LGR proposals, bringing together financial and non-financial data sets, specialist external analysis and seeking resident and stakeholder engagement. An 'Interim Plan' that committed to further joint working was submitted to MHCLG on 21 March 2025, signed by the Leaders of Cambridgeshire County Council, Cambridge City Council, East Cambridgeshire District Council, Huntingdonshire District Council, Peterborough City Council and South Cambridgeshire District Council. A separate letter to MHCLG was submitted by Fenland District Council.

2.6 At the March 2025 Full Council, elected members agreed that the Council's support for any LGR proposal would be contingent on meeting the Government criteria, but also satisfying a set of five principles that would protect certain fundamentals that are critical to the delivery of effective and sustainable unitary councils:

- Size: Unitary council proposals should target a 500,000-population figure and take account of future population growth.

- Sustainability: Unitary council proposals should be sufficiently large to deliver future financial stability and sustainability, for example providing the necessary scale to drive value in local care markets.

- Safety: Unitary council proposals should limit disruption to care services for the most vulnerable residents, including those accessing Adult Social Care and Children's Social Care.

- Simplicity: Unitary council proposals should use existing district council boundaries to limit the complexity and cost of reorganisation, recognising the cost-benefit of the boundary change process is unlikely to be positive.

- Synchronicity: Unitary councils should be conterminous with other public sector boundaries to support effective partnership working and integration opportunities aligned to the 'total place' thinking signposted in the White Paper.

2.7 In June 2025, Leaders and Chief Executives of the seven existing councils agreed to progress with three options for LGR in Cambridgeshire and Peterborough, each of which would create two new unitary councils for the region. Each of these options has since been developed by a lead council, with Cambridgeshire County Council developing the case for 'Option A', Cambridge City Council the case for 'Option B' and Huntingdonshire District Council the case for 'Option C':

- Option A would create a unitary council covering the current area of Fenland District Council, Huntingdonshire District Council and Peterborough City Council, and a second covering the current area of Cambridge City Council, East Cambridgeshire District Council and South Cambridgeshire District Council.

- Option B would create a unitary council covering the current area of East Cambridgeshire District Council, Fenland District Council, Huntingdonshire District Council and Peterborough City Council and a second covering the current area of

Cambridge City Council and South Cambridgeshire District Council.

- Option C would create a unitary council covered the current area of East Cambridgeshire District Council, Fenland District Council and Peterborough City Council and a second covering the current area of Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council.

2.8 In taking the lead to develop 'Option A', an analysis of the evidence base was undertaken by a group of senior council officers, with the guidance and oversight of the politically and geographically balanced LGR Member Working Group, established by act of the County Council in March 2025. The analysis of the evidence produced enables professional advice from officers to the council that 'Option A' is most likely to meet the Government's LGR criteria as well as satisfying the five principles agreed at Full Council in March 2025. An overview of this analysis is included in this paper with the detailed analysis provided in the appendices.

3. Main Issues

National Context

3.1. The English Devolution White Paper, published in December 2024, and the subsequent English Devolution and Community Empowerment Bill, set out the Government's vision for reforming local government across England with two main areas of focus: an expansion of devolution to support the transfer of powers from central Government to newly created Strategic Authorities across all areas of England, and Local Government Reorganisation (LGR) leading to the abolition of all remaining two-tier councils and their consolidation into new single-tier, or unitary, principal local authorities by April 2028.

3.2. Strategic Authorities will operate according to a new statutory devolution framework and be responsible for newly devolved powers and funding, with the intention that local areas obtain greater control over decision-making and service delivery. The target population size for new Strategic Authorities is approximately 1.5 million residents and they must cover areas made up of at least two unitary councils. In effect, for areas that already have a Mayoral Combined Authority like Cambridgeshire and Peterborough, this will mean a redesignation to align with one of the three levels of the framework:

- Foundation Strategic Authorities: non-mayoral Combined Authorities and designated local authorities.

- Mayoral Strategic Authorities: all Mayoral Combined Authorities and Mayoral Combined County Authorities.

- Established Mayoral Strategic Authorities: available to Mayoral Strategic Authorities that are able to satisfy additional governance requirements. Established Mayoral Strategic Authorities will have access to the broadest range of devolved powers and functions, including the ability to request further devolved powers from the government. To qualify, the authority must have been in place for at least 18 months, have a directly elected Mayor, and demonstrate financial stability and good governance.

3.3. Strategic Authorities will have expanded 'areas of competence' and will be granted the ability to perform functions such as transport and local infrastructure, skills and employment support, housing and strategic planning, economic development and regeneration, environment and net zero, health, wellbeing, public service reform, and public safety. The specific functions provided in these areas by the English Devolution and Community Empowerment Bill are set out in the guidance[3]. In addition, Established Mayoral Authorities will be granted the 'right to request' which allows them to propose further powers, funding and partnerships to expand the Devolution Framework.

3.4. In relation to LGR, the White Paper set out the Government's intention to abolish all remaining two-tier council areas in England and replace them with single-tier, or unitary, principal local authorities by the end of this Parliament, with a target 'go live' or 'Vesting Day' date of 1 April 2028. The intention of LGR is to simplify local government structures and improve efficiency by consolidating the functions of existing county councils, district councils and neighbouring unitary councils into larger unitary councils. Some of the potential benefits of replacing two-tier councils with unitary councils include:

- Simplifying the way residents' access and receive valued public services through a single 'front door', with one layer of local government focused on delivering the full range of council services closer to home, tailored to each area's needs and identity.

- Bringing together services that are currently provided by different types of council, such as Adult Social Care and Housing, which creates the opportunity to improve service effectiveness and reduce costs by eliminating duplication and bureaucracy.

- Enabling closer working with local communities, reducing confusion about which council is responsible for which service, and creating new opportunities to coproduce services differently through strong and effective area and neighbourhood-based engagement.

- Enhancing their ways of working with other public sector organisations like the NHS and Police, allowing for more joined-up and effective partnerships to address the main concerns of residents and improve outcomes.

3.5. A PwC report in 2020 indicated that LGR could deliver financial savings of up to £2.94bn nationally (or £126m for an individual mid-size county area) after five years if new unitary councils were built at scale, with payback for the costs of set up achieved within one year[4]. Further analysis set out in Appendix 2 details what the likely financial benefits and disbenefits of the different options for LGR in Cambridgeshire and Peterborough will be based upon contemporary and detailed financial modelling undertaken by PwC having been jointly commissioned by Cambridgeshire County Council and Peterborough City Council using agreed local data. This analysis has also been shared with the other local authorities in the region.

3.6. The English Devolution White Paper and English Devolution and Community Empowerment Bill has been developed alongside the Government's wider ambitions to reform public services through its 'Plan for Change' and Mission Delivery, specifically its new Modern

[3] English Devolution and Community Empowerment Bill: Guidance - GOV.UK

[4] Updated financial analysis: evaluating the importance of scale in proposals for local government reorganisation - County Councils Network

Industrial Strategy[5], 10 Year Plan for Health[6], Families First Partnership programme for Children's Social Care[7] and the Fair Funding 2.0 arrangements for local government[8]. Despite the significant implementation challenges of so many wide ranging and simultaneous public service reforms, there is an opportunity to develop more joined-up public services, so that they are more responsive to the needs of residents and communities and deliver improved outcomes. For example, the greater alignment of public service boundaries across the National Health Service (NHS), Fire and Rescue and Police services and local authorities, creates 'place' as clear focus for public service reform, working in collaboration with Mayoral Strategic Authorities for each defined 'place'.

Local Context

3.7. Cambridgeshire currently operates within a two-tier system of local government for principal local authorities i.e. a county council and five district/city councils. Cambridgeshire County Council serves a population of approximately 678,600 and is responsible for upper-tier services like Adult Social Care, Children's Social Care, Education, Public Health, Libraries and Highways. The five district/city councils within Cambridgeshire - Cambridge City, East Cambridgeshire, Fenland, Huntingdonshire and South Cambridgeshire – are responsible for services like Planning, Waste Collection and Environmental Health. Peterborough City Council serves a population of approximately 215,000 and whilst within the boundary of the ceremonial county of Cambridgeshire, it operates separately as a unitary council and is responsible for both upper and lower-tier local government services.

3.8. The Cambridgeshire and Peterborough Combined Authority (CPCA) has overseen the region's devolution deal since 2016. The CPCA is led by a directly elected Mayor and covers a combined population of approximately 894,000 across the area comprising Cambridgeshire County Council and Peterborough City Council. Under the devolution framework proposed in the White Paper, the CPCA would automatically become a Mayoral Strategic Authority, given it is an existing combined authority with an elected Mayor. However, the CPCA cannot apply for Established Mayoral Strategic Authority status until 2026, due to a Best Value Notice issued in January 2024.

3.9. A range of other public service providers also operate across the Cambridgeshire and Peterborough footprint, with Cambridgeshire Constabulary and Cambridgeshire Fire and Rescue Service, both coterminous with CPCA boundaries. The NHS Integrated Care Board largely aligns but also includes areas of North Hertfordshire centred on Royston, whilst a range of NHS provider trusts are responsible for the delivery of health services in the region. The NHS Integrated Care Board is currently being 'clustered' with Hertfordshire, Bedfordshire, Luton and Milton Keynes as part of national NHS reforms. These reforms are underpinned by a reinforcement of the two existing Integrated Care System (ICS) partnerships for the north and south of Cambridgeshire and Peterborough.

3.10. The UK's Modern Industrial Strategy, published by the Government in June 2025, highlights Cambridgeshire and Peterborough exclusively within the East of England as a high potential region, noting its status as a leading supercluster for the life sciences, materials, and digital and technology research and development sectors. The strategy also commits to support plans for the Oxford-Cambridge Arc, which aim to unlock £78 billion in economic growth by 2035. This includes progressing East-West rail; a new East Coast mainline

[5] The UK's Modern Industrial Strategy 2025 - GOV.UK
[6] 10 Year Health Plan for England: fit for the future - GOV.UK
[7] Families First Partnership programme - GOV.UK
[8] The Fair Funding Review 2.0 - GOV.UK

station bordering Cambridgeshire at Tempsford, Bedfordshire; a new Fens reservoir to help meet the region's future water supply needs; and funding for the Government's Cambridge Growth Company to address economic growth within the greater Cambridge area and at specific sites such as the Cambridge Biomedical Campus. The Government has also backed the University of Cambridge's proposal for a large-scale innovation hub to be developed. These priorities and commitments are important considerations when LGR and devolution plans for Cambridgeshire and Peterborough's future governance structures need to enable regional economic growth, planning, and investment priorities.

LGR Options Appraisal

3.11. To assess the different options for LGR in Cambridgeshire and Peterborough, a comprehensive evidence base has been developed, comprising ONS and Census data, service finance, performance and activity data, local engagement outcomes, evidence from frontline employees, independent expert and external analysis undertaken by PwC, Newton, and Pixel Financial Management. This evidence base has been rigorously reviewed alongside the Government's main and sub criteria for LGR and Cambridgeshire County Council's five approved LGR principles through a two-phased Options Appraisal led by senior officers. The main evidence and analysis outlined in this report and contained in the appendices are based upon agreed data sets developed collaboratively with other local authorities and which have been shared fully with the other councils.

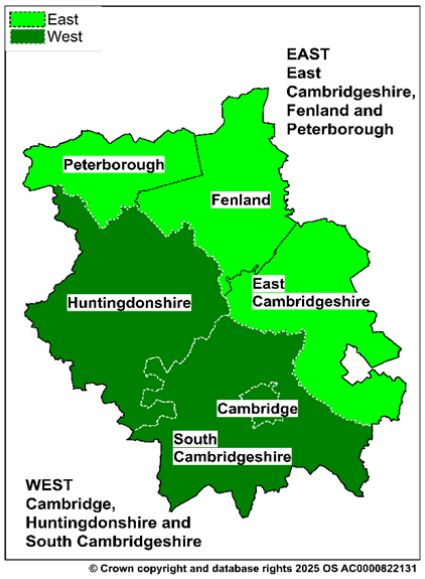
3.12. The first phase of the Options Appraisal considered the viability of different numbers of unitary councils for Cambridgeshire and Peterborough. Each Government criterion was scored on a scale of one to three, where one is the proposal does not meet the criteria, two is the proposal meets some of the criteria, and three is the proposal meets all the criteria. The outcome of this assessment clearly identified that *two* new unitary councils would be optimal in terms of the overall number of unitary councils serving the region:

Criteria	One Unitary	PCC and County Unitary	Two Unitaries	Three Unitaries
1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government	The Government has stated there must be at least two principal authorities (unitary councils) under each Strategic Mayoral Authority. As such a single unitary model, is not viable.	2	3	1
2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks		2	2	1
3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens		3	3	1
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		2	3	2
5. New unitary structures must support devolution arrangements		3	3	2
6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment		3	3	3
Total	**Not viable**	**15** (Middle ranked)	**17** (Highest ranked)	**10** (Lowest ranked)

3.13. Perhaps the clearest illustration of the advantage of two unitary council configurations over those with three is in the financial impacts. Working with specialist advisers from PwC, modelling has projected that moving to three unitary councils across Cambridgeshire and Peterborough would be considerably more costly, both in terms of the recurring annual benefit, one of transition costs and net benefit after 7 years. In effect, any configuration that creates three or more unitary councils in the region would see a payback period of more than 20 years.

Option	Gross annual benefit	Additional Annual Costs	Recurring net annual benefit	One off transition costs	Payback period	Net benefit after 1 year	Net benefit after 7 years
PCC & CCC Unitary	£22,100	£5,500	£16,700	£25,300	2.8 years	-£18,300	£69,700
Two Unitaries	£26,200	£14,100	£12,100	£34,400	6.1 years	-£35,100	£10,700
Three Unitaries	£23,500	£22,100	£1,400	£40,700	20+ years	-£48,800	-£66,300

3.14. Recognising the major disbenefits of pursuing LGR configuration featuring three or more unitary councils, the Leaders and Chief Executives of all seven local councils agreed to progress the development of three variations of a two unitary council option in June 2025 – these were designated as 'Option A', 'Option B' and 'Option C':

Option A	Option B	Option C
		
Unitary 1: Fenland District Council, Huntingdonshire District Council and Peterborough City Council Unitary 2: Cambridge City Council, East Cambridgeshire District Council and South Cambridgeshire District Council.	Unitary 1: East Cambridgeshire District Council, Fenland District Council, Huntingdonshire District Council and Peterborough City Council Unitary 2: Cambridge City and South Cambridgeshire District Council.	Unitary 1: East Cambridgeshire District Council, Fenland District Council and Peterborough City Council Unitary 2: Cambridge City Council, Huntingdonshire District Council, and South Cambridgeshire District Council.

3.15. To assess these three options, the evidence base was further reviewed and enhanced by the results of extensive resident and stakeholder engagement. The first round of this engagement focused on general questions relating to LGR in Cambridgeshire and Peterborough, and the second specifically focused on 'Option A'. As above, each criterion has been scored by a Working Group of senior officers on a scale of one to three. The total score for each of the three options is indicated at the end of the table, with a simple ranking of lowest, middle and highest ranking, where the highest-ranking option best meets the Government's criteria and the lowest ranking option does not meet the Government's criteria well. Each criterion is explored in detail, alongside the supporting evidence, in the Options Appraisal at Appendix 1.

Criteria	**Option A**	**Option B**	**Option C**
1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government	3	1	3
2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks	2	2	2
3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens	3	1	2
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	3	2	1
5. New unitary structures must support devolution arrangements	3	1	2
6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment	3	3	3
Total	**17** (Highest ranked)	**10** (Lowest ranked)	**13** (Middle ranked)

3.16. Based on the evidence reviewed it is likely that 'Option A' would deliver two new unitary councils that best meet the Government's criteria. 'Option A' would provide two unitary councils that would fairly support Cambridgeshire and Peterborough's residents in both urban and rural communities and would avoid creating undue advantage or disadvantage for one part of the region through a more balanced and equal distribution of the existing arrangements. It would also ensure that historical community identities were protected, anchoring new councils in their local 'place' by reflecting the day to day lives of residents, such as travel to work patterns and public service delivery areas. As a result 'Option A' would deliver more equal, more empowered and more effective unitary councils for Cambridgeshire and Peterborough.

3.17. In addition to an assessment against the Government criteria, the relative merits of 'Option A', 'Option B' and 'Option C' have been considered against the five principles for LGR agreed by Cambridgeshire County Council in March 2025. Whilst not scored, this review also indicates that 'Option A' is likely to best satisfy each of these principles, thereby making it a preferable option for protecting critical considerations for the creation of effective, safe and sustainable unitary councils.

Principle	Option A	Option B	Option C
Size	• Two unitary councils that both closely align to the Government's guideline population figure and have an equitable landmass distribution.	• Two unitary councils that are disproportionately sized and do not align to the Government's guideline population figure and have an inequitable landmass distribution.	• Two unitary councils that both closely align to the Government's guideline population figure and have an equitable landmass distribution.
Sustainability	• Two unitary councils with sufficiently diversified revenue sources and large enough tax bases.	• Two unitary councils at risk of providing insufficiently diversified revenue sources.	• Two unitary councils with sufficiently diversified revenue sources and large enough tax bases.
Safety	• Disaggregation of CCC people services (i.e. social care, education, SEND) required. Conterminous boundaries with NHS North and South Integrated Care System Partnerships and NHS Acute Trust patient flows will support with transition.	• Disaggregation of CCC people services required. No conterminous boundaries with NHS North and South ICS Partnerships and more limited alignment with NHS Acute Trust patient flows which may negatively impact transition.	• Disaggregation of CCC people services required. No conterminous boundaries with NHS North and South ICS Partnerships and more limited alignment with NHS Acute Trust patient flows which may negatively impact transition.
Simplicity	• Utilises existing District Council and Peterborough City Council footprints as building blocks, removing the need for any complex electoral boundary reviews.	• Utilises existing District Council and Peterborough City Council footprints as building blocks, removing the need for any complex electoral boundary reviews.	• Utilises existing District Council and Peterborough City Council footprints as building blocks, removing the need for any complex electoral boundary reviews.
Synchronicity	• Unitary council boundaries align with CPCA, Police and Fire footprints. The proposed North and South split also	• Unitary council boundaries align with CPCA, Police and Fire footprints. The proposed North and South split does not	• Unitary council boundaries align with CPCA, Police and Fire footprints. The proposed East and West split does

	provides full operational alignment with NHS North and South ICS Partnerships	provide operational alignment with NHS North and South ICS Partnerships	not provide operational alignment with NHS North and South ICS Partnerships

LGR Financial Analysis

3.18. Central to the consideration of the proposed unitary council arrangements is the question of future financial viability. A detailed Financial Analysis of 'Option A', 'Option B' and 'Option C' is included at Appendix 2. LGR will take place in a wider financial context, and the seven existing councils in Cambridgeshire and Peterborough face a financial position which is already strained and presents challenges to the sustainability of existing structures. The seven existing councils have developed medium-term financial plans that show budget deficits in future years, with forecast demand, pressures and inflation impacts estimated to outstrip expected levels of increased income. Future unitary councils in Cambridgeshire and Peterborough will need to continue to find further savings and ways to boost income to bridge this budget gap.

3.19. Public estimates of the budget deficit are available for all seven existing councils up to March 2028 and are indicative of the type of pressures that new unitary councils will inherit from 'Vesting Day' on 1 April 2028. The budget gap (unidentified savings) in 2027-28 is currently forecast at £45.5m, of this £37m (81%) is attributable to the two upper tier councils. Long-term sustainable financial planning for the new unitary authorities relies on understanding patterns of demand and forecast trajectories for key public services focusing on people. For the high-spending demand-led activity areas of Adult Social Care, Children's Social Care, Special Educational Needs and Disabilities (SEND), and Home to School Transport, the councils providing these services jointly commissioned specialist analysis of the impact of LGR from Newton.

3.20. Applying the principles from Government's consultation on proposed reforms to the funding model for councils (known as Fair Funding 2.0), all the proposed unitary councils in 'Option A', Option B' and 'Option C' would see increases greater than the average for existing county unitary and county councils nationally. In modelling undertaken by Pixel Financial Management, the potential gains for Cambridgeshire County Councill would be disaggregated following LGR but would not be evenly distributed, with the Fenland district of the county gaining for upper tier aspects of the formula. None of the proposed unitary options has projected resources that appear unduly concerning when compared to the volatility expected across England as a whole. The Peterborough City Council area is a major gainer from the potential funding reforms and in the areas that do see reductions from the proposed funding formula changes (the south authorities in 'Option A' and 'Option B') there remains an increase in resources as a result of Council Tax base growth and improved recognition of area cost adjustments in the proposed formula revisions. At this stage, the outcomes of Fair Funding 2.0 consultation are unconfirmed.

3.21. In the context of the financial challenge and significant changes to the methodology that informs council funding distribution, it is important that future unitary councils have sufficient resilience to withstand these, and future unknown, pressures. As illustrated in the table below, 'Option A' provides the most equitable balance for both forms of local taxation – Business Rates and Council Tax, whilst in contrast, 'Option B' and 'Option C' see a starker difference between the revenue raising powers of the proposed new unitary councils, increasing their financial risks.

Option	Unitary Authority	Business Rates Total Income (£000)	Council Tax Total Income (£000)	Total Resources Requirement (£000)	Council Tax as % of Total Resources	Children's Social Care Spend (£000)	Environmental and Planning Spend (£000)
A	North	327,918	342,353	548,401	62.4%	116,298	60,155
	South	310,607	327,238	392,093	83.5%	49,324	74,512
B	North	397,253	414,374	645,615	64.2%	128,224	78,834
	South	241,272	255,217	294,879	86.5%	37,398	55,833
C	East	255,753	264,591	465,782	56.8%	101,459	52,994
	West	382,772	405,000	474,712	85.3%	64,163	81,583

Areas with a closer or more equitable balance between the new unitaries are marked in green, whereas characteristics that appear more unbalanced are flagged in amber.

3.22. The column labelled Total Resources Requirement shows the budget position for each new council (excluding schools) with the next column then comparing this to the Council Tax base, which is fully retained locally. It can be seen in all options that the Council Tax cover is very high in the proposed new council including Cambridge City and South Cambridgeshire and weaker in the council incorporating Peterborough and Fenland. On this measure 'Option C' presents more of an outlier, with a greater differential between the Council Tax cover as a percentage of total resources between the two new councils. This model would leave the new unitary council in the east of the county perhaps unduly reliant on government grant funding to make up for the weaker council tax base (relative to the authority in the west of the county). In terms of 'Option B', the table above shows the differential in overall financial scale between the two councils in this model: the north council budget is more than twice as large as the south council budget.

3.23. The final two columns in the table above are illustrative of service funding deployment in the new authorities. Children's Social Care is a vital and statutory service within local government - usually one of the highest spending areas and closely regulated. All of the scenarios show a significant differential in budget size between authorities in this category but is particularly stark in 'Option B'. The analysis has calculated that the south unitary council in 'Option B' would have a Children's Social Care (CSC) budget of just £37.4m (based on 2025 budgets), markedly smaller than the current CSC budget Peterborough City Council. The small size and scale of children's services in the proposed south unitary council in 'Option B' is concerning and could hinder the provision of safe, high quality children's services. There is a different budgetary position in the Planning and Environmental Services categories, for example which includes functions such as waste management, which are more balanced or show that the financial focus in the south unitary council may be more clustered around these types of functions.

3.24. For residents, changes to Council Tax bills will be a very visible and direct impact of LGR. For the new unitary councils, understanding council tax harmonisation is a key consideration for ensuring financial sustainability. On day one of the new unitary councils, households will pay different amounts of Council Tax depending on the predecessor district/city area they are located in, but each new council must harmonise bills within seven years, with options for the new unitary councils to consider as to how quickly this occurs

and how these single rates are calculated. Modelling has been undertaken to illustrate the options open to the new unitary councils.

	North / South			Horseshoe			East / West		
	Option A - change			Option B - change			Option C - change		
Band D Bills impact	LOW	MED	HIGH	LOW	MED	HIGH	LOW	MED	HIGH
Cambridge	-£94	-£60	£0	-£60	-£34	£0	-£70	-£60	£0
South Cambridgeshire	-£35	£0	£60	£0	£25	£60	-£10	£0	£60
East Cambridgeshire	£0	£35	£94	-£98	£11	£118	-£98	£0	£118
Huntingdonshire	-£123	£0	£93	-£123	-£14	£93	£0	£10	£70
Fenland	-£216	-£93	£0	-£216	-£107	£0	-£216	-£118	£0
Peterborough	£0	£123	£216	£0	£109	£216	£0	£98	£216

The colour coding in the table above reflects different groupings of existing billing councils in the proposed options. Darker shading indicates the areas that would see the largest increase/decrease under each scenario.

3.25. Across all options the council taxpayers in Fenland will see no increase, and depending on the option selected could see a decrease. In Peterborough, by contrast, bills will either remain unchanged or increase. In 'Option A', the south unitary council would inherit relatively similar levels of Council Tax. The table above shows that council taxpayers in East Cambridgeshire face a lower maximum increase under 'Option A' than in either of the alternative options. Adjusting the Cambridge City amount for the notional amount attributable to parish functions narrows the range further to just £51 between the lowest (Cambridge) and highest (South Cambridgeshire) areas.

3.26. In all the options, the new unitary council which contains Fenland and Peterborough shows the highest range of potential tax outcomes reflecting these areas are currently the highest and lowest billing councils respectively. The northern unitary in 'Option B' presents the highest levels of volatility for council taxpayers, with East Cambridgeshire and Huntingdonshire potentially seeing larger increases or decreases depending on the harmonisation approach selected.

LGR Engagement Analysis

3.27. Criterion 4 states that it is for councils to decide how best to engage locally but indicates that evidence of this engagement must be present in the proposal.

3.28. In Cambridgeshire, the annual Quality of Life survey of a minimum of 5,500 residents, supports the council and partners to better understand the priorities, concerns and experiences of Cambridgeshire residents. Whilst this engagement survey does not include residents of Peterborough, it provides a solid foundation on which LGR focused engagement has been developed and has been in operation for three successive years. The 2025 Quality of Life survey results highlight that a sense of community and pride of place continues to be strong amongst Cambridgeshire residents, happiness levels remain higher than the UK average, and residents are engaging in some healthier behaviours this year than in previous years. However, the 2025 results also show persistent concerns regarding the cost of living. Another specific finding from 2025 was that awareness of LGR

amongst residents was low, with almost half of residents (46%) claiming they had never heard about it.

3.29. Building on the Quality of Life survey, all seven local authorities across Cambridgeshire and Peterborough agreed on the importance of engaging residents from across the whole area when developing the options for LGR. Over the course of June and July 2025 the councils collaborated on 'Phase 1' of engagement, gathering the views of residents and stakeholders about what mattered most to them when considering the creation of new unitary councils. The survey prioritised brevity and accessibility, asking a smaller number of core questions to maximise response rates while gathering data on public priorities and preferences. Over 3,000 residents and 231 stakeholders (including 83 parish and town councils and 76 businesses) responded to the survey.

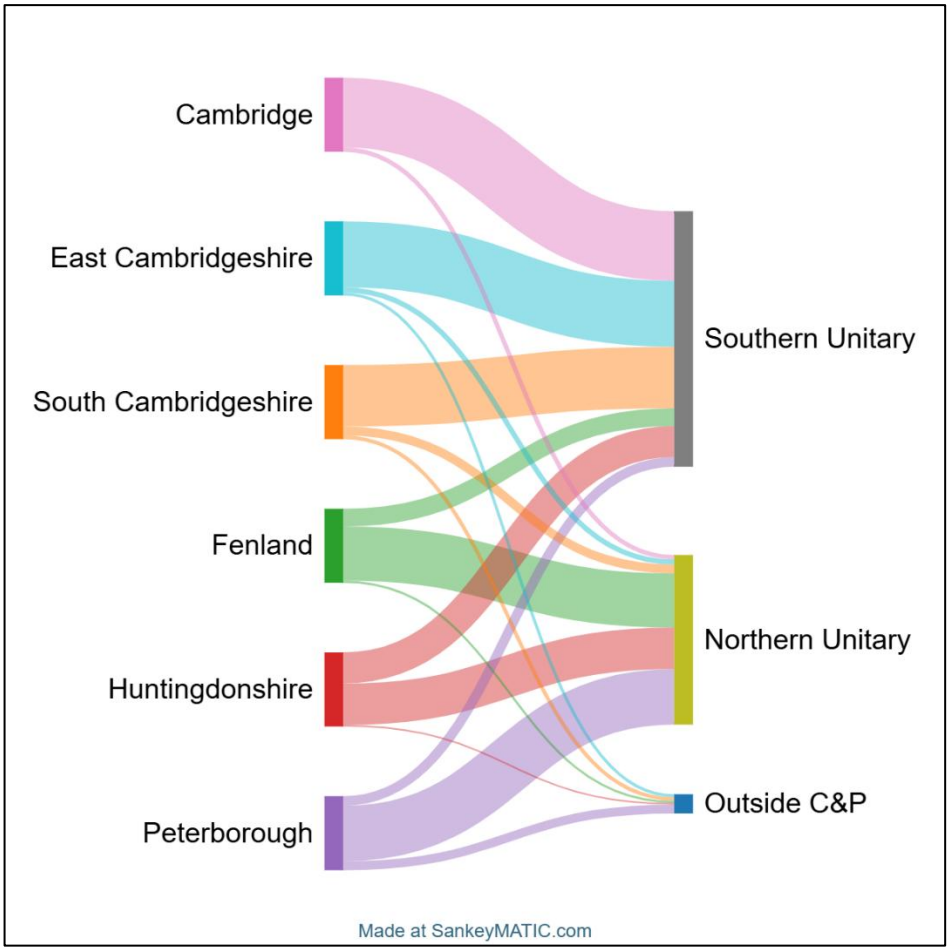
3.30. 'Phase 1' revealed that overall respondents supported structural changes in local government, so long as this led to service improvements (84% of residents that responded to the survey agreed or strongly agreed with this statement). This focus on service improvement was echoed in residents' priorities for new councils, with 'investing in council services' and 'improving response capabilities' being two of respondents' top three priorities. Stakeholders also identified service improvement as a priority; however, stakeholders focused more on operational efficiencies, cost savings, and coordination as specific ways of improving service delivery.

3.31. One of the findings from 'Phase 1' that will need further consideration in the development and implementation of LGR proposals was the concern that residents expressed about being overlooked through the process. Whilst 71% of resident respondents agreed this was a concern, there was significant variation between local areas. This concern was strongest in rural districts including Fenland and East Cambridgeshire, where 81% of respondents reported concern. At the other end of the spectrum, residents in Cambridge and South Cambridgeshire, just over half of respondents expressed concerns, with 24% and 22% respectively showing no concern.

3.32. The 'Phase 1' survey asked residents where they most frequently go to access health services. The responses to this question provide strong evidence to support the established geographies of the North and South ICS Place Partnerships, with the majority of respondents accessing their healthcare within the North or South ICS Place Partnership boundaries. 87% of respondents from Peterborough, 88% of respondents from Fenland, and 92% of respondents from Huntingdonshire reported accessing their healthcare within the North ICS Place Partnership boundaries (mirroring the proposed boundary for the northern unitary in 'Option A'). These figures were even higher in the south, with 91% of respondents in South Cambridgeshire, 95% of respondents in East Cambridgeshire, and 98% of respondents in Cambridge accessing their healthcare within the South ICS Place Partnership (mirroring the proposed boundary for the southern unitary in 'Option A').

3.33. In addition to asking residents where they accessed their healthcare, the 'Phase 1' survey asked where they mainly go for shopping and socialising. Whilst there were some minor variations between behaviour patterns in socialising and shopping and accessing healthcare across the region, the majority of these behaviours were very similar.

		Shopping and Socialising					
		Cambridge City	East Cambridgeshire	South Cambridgeshire	Fenland	Huntingdonshire	Peterborough
Living	Cambridge City	71%	9%	14%	1%	4%	1%
	East Cambs	33%	50%	6%	2%	3%	2%
	South Cambs	40%	8%	35%	1%	10%	1%
	Fenland	11%	13%	0%	42%	8%	23%
	Huntingdonshire	28%	4%	10%	2%	46%	8%
	Peterborough	12%	1%	0%	4%	8%	63%



3.34. These patterns have been assessed through different lenses to build a picture of which proposed unitary authorities will have the utmost respect for local identity. The strong relationship between Fenland and Peterborough, and Cambridge and South Cambridge is clear, however it is the identities of East Cambridgeshire and Huntingdonshire that required careful analysis.

3.35. It is clear through the 'Phase 1' results that there is a strong connection between East Cambridgeshire and Cambridge with 33% of respondents travelling to Cambridge for their socialising and shopping (making Cambridge the top destination for East Cambridgeshire residents outside of their own district). Huntingdonshire also shows a connection to Cambridge, with 28% of respondents doing their shopping and socialising there. Whilst there is also limited connection between Huntingdonshire and Peterborough or Fenland regarding socialising and shopping (8% of respondents from Huntingdonshire travelled to Peterborough and 2% to Fenland for this reason), there is a strong connection between

Huntingdonshire and these two areas regarding healthcare, with 28% of Huntingdonshire respondents travelling to Peterborough and Fenland for healthcare. Within the proposed north unitary of 'Option A', only 56% of Huntingdonshire respondents would stay in the unitary for shopping and socialising, whilst 92% would stay in the unitary area for healthcare.

3.36. Whilst the responses to 'Phase 1' engagement provided an invaluable insight into opinions on local government, local identity and the concept of LGR, Cambridgeshire County Council was determined to ensure deeper engagement with residents and stakeholders across the whole of the region on the development of the 'Option A' proposal. As such a 'Phase 2' engagement exercise was conducted over September-October to generate more detailed views on this option and ensure that proposal development is responsive to any specific concerns. The results of this phase of are currently being analysed to provide a rich picture of quantitative and qualitative insights and will be published as an addendum to this report as soon as possible.

Next Steps

3.37. Subject to Full Council's acceptance of the recommendations set out in this report, Cambridgeshire County Council will finalise the development a full proposal document for 'Option A' and submit this to Government by the deadline of 28 November 2025. This proposal is intended to be submitted alongside other locally developed options under a joint covering letter signed by Council Leaders.

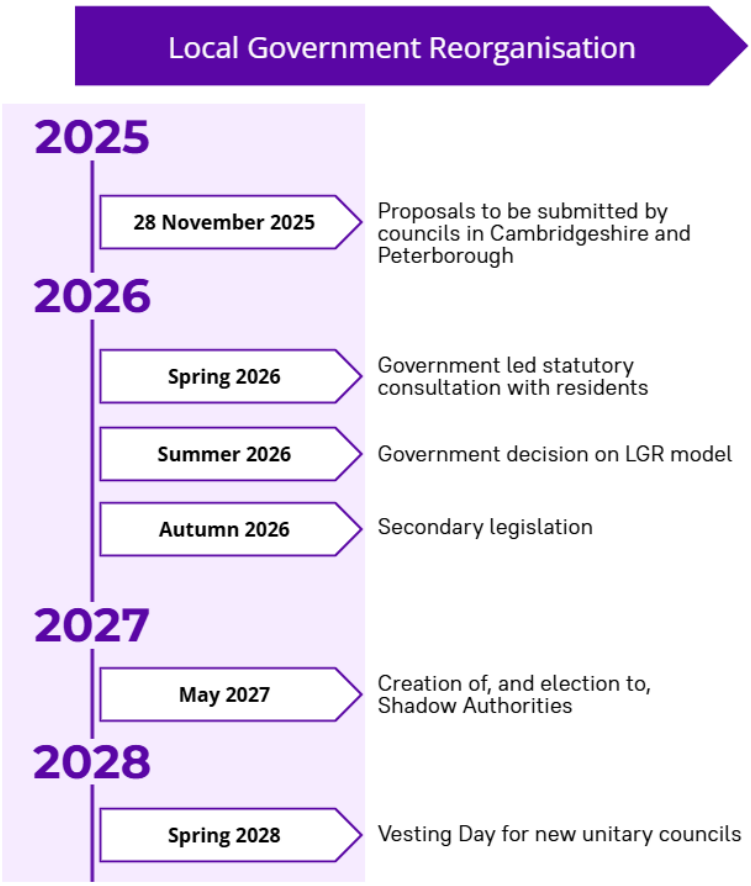
3.38. Members are advised that Government has confirmed each Council may only support one option for LGR. Recognising that each of the three options agreed by Leaders and Chief Executives for development will seek to draw out different strengths it is considered by officers that, based on the analysis undertaken, it is important for 'Option A' to be considered as one of these proposals. Members will also be aware that two latter proposals have arisen and are being developed by Peterborough City Council and Huntingdonshire District Council. Neither of these options are professional considered to create viable or sustainable future councils as the analysis in the report and appendices demonstrates, and these have not been included for Full Council consideration.

3.39. At present, it is expected that following submission of local proposals, the Government will seek to achieve the timeline set out below. In Spring 2026 the Government is expected to lead a statutory consultation with residents and stakeholders regarding LGR proposals, providing a further opportunity for local comment. After the conclusion of the Government led statutory consultation, a Ministerial decision regarding the favoured option for LGR implementation in Cambridgeshire and Peterborough is anticipated ahead of the summer 2026 parliamentary recess, with secondary legislation to establish the relevant structural change orders laid down in Autumn.

3.40. According to the Government's existing timeline, once the final decision on the favoured LGR option has been agreed by the relevant Minister, and all necessary enabling legislation approved, 'Shadow Authorities' would be formed in May 2027, a year ahead of the anticipated 'Vesting Day of the new unitary councils on 1 April 2028.

3.41. During the period between proposal submission and 'Vesting Day', day to day service delivery will continue as normal, with residents accessing services through the existing two-tier structure. The existing seven councils will collaborate to ensure the necessary

preparations are made for the transition and implementation of the new unitary councils so that transition occurs in a ‘safe and legal’ manner.



4. Alternative Options Considered

4.1 Full Council could decide to:

(a) do nothing and not proceed with the development and submission of an ‘Option A’ proposal for LGR to Government by 28 November 2025. This is not recommended as it would mean Cambridgeshire County Council failed to respond to the Ministerial statutory letter of invitation;

(b) support an alternative option for LGR in Cambridgeshire and Peterborough. This is not recommended as it would result in a more limited range of options being submitted to Government.

5. Conclusion and reasons for recommendations

5.1 Working with other councils, Cambridgeshire County Council has developed a comprehensive evidence base to inform the development of LGR proposals for submission to Government. This has been more focused latterly upon the development of ‘Option A’. Based on the analysis presented in the Appendices, the proposed unitary councils that form the basis of ‘Option A’ will provide sufficient size and scale for their financial sustainability and future growth, which will enable them to prioritise high quality service delivery that complement wider public service reform and supports the devolution ambitions of the Cambridgeshire and Peterborough Combined Authority. By grounding these two unitary councils in the historical identities of communities and places across

Cambridgeshire and Peterborough and building them around established patterns of day-to-day life these proposed unitary councils provide a firm foundation on which to develop stronger community engagement and empowerment. 'Option A' represents a safe yet ambitious vision for the region, that will help unlock the region's potential and build a prosperous future for Cambridgeshire and Peterborough.

6. Significant Implications

6.1 Finance Implications

The financial implications of the LGR options are summarised in paragraphs 3.13 and 3.18 – 3.26 above with further details provided in Appendix 2.

The table at paragraph 3.13 records the analysis received showing the options that make proposals for three new unitary councils are most costly, have a payback period exceeding 20 years and cannot be recommended from a financial viability and value for money perspective. From a purely financial standpoint, the most cost-effective option would be to amalgamate district functions to the existing county council footprint leaving Peterborough City Council unchanged. There are no costs of transition for Peterborough in this model and county taxpayers see a faster payback compared to the other options (2.8 years) with financial gains of over £69m expected by year 7. This model would also see no disaggregation of services such as social care, avoiding further costs and complexity.

Amongst the different other options for two unitary councils (A, B and C) that reorganise the upper tier Councils to respond to the wider invitation from government and criteria, external modelling suggests transition should see a payback within approximately 6 years. The net financial gain by year 7 is £10.7m. This is after accounting for expected transition costs in the region of £34.4m. This amount includes estimates for programme transition costs (such as ICT migration), costs of shadow authorities and redundancy estimates. At this stage funding for costs of transition, which would need to come from all of the impacted Councils, have not been identified locally. When LGR proceeds and government's preferred option is decided, financial disaggregation will be complex and need to consider issues such as the apportionment of debt/borrowing and assets, accountancy and income/expenditure processing and relative levels of funding and budget setting according to likely patterns of need and service demand. There are established approaches to where decision making will sit whether this is for the outgoing or incoming authorities, or governed by legislation.

Recommendation (a) is to approve Option A. This option achieves a relatively good balance between the two newly created authorities for distribution of resources, funding and spending and avoids some of the inequities or risks in the other options of smaller budgets and purchasing power, or additional exposure to specific funding sources or risks (such as council tax, government grant or capital financing requirement). Option A, like amalgamating on the existing county footprint and retaining Peterborough City Council, provides a basis for both new Councils to have a sustainable financial position enabling them to respond effectively to the financial challenges for public services in Cambridgeshire and across the country.

Finally, it should be recognised that the financial implications are modelling and do not represent budgets for any of the options, this would be part of the shadow authorities' responsibilities

6.2 Legal Implications

The Secretary of State has invited councils to submit proposals for reorganisation in accordance with part I of the Local Government and Public Involvement in Health Act 2007. Proposals can be of a number of types but all must result in more areas being served by unitary councils.

Once proposals have been received the Secretary of State will consider them. No proposal can be implemented unless there has been consultation with other councils etc. In practice a public consultation is usually held. There's no requirement to consult on every proposal received. Following consultation by the Secretary of State may decide to implement one proposal, with or without modifications. They will then make a legal order called a 'structural change order' which sets out a timescale for implementation of the new structures and sets out interim arrangements.

Interim arrangements usually include the establishment of 'shadow councils' a year before the new arrangement 'goes live'. Elections are held to the shadow councils and the members of the shadow council spend the shadow year preparing to receive the functions and property of the outgoing councils. Members may serve on both the current and shadow councils.

During the shadow year, the shadow councils normally have the right to prevent some decisions being taken by the outgoing councils

- capital expenditure over a certain threshold, or
- a contract over a certain value which runs beyond the 'go live' date or which could be extended.

Since implementation will be a special bespoke order it is not possible to know with certainty what the order will say.

Contracts and property will transfer to the new councils - the shadow councils will be expected to agree this. It is possible to have arrangements for one council to act as caretaker for some contracts and property (e.g. if it is to be sold and the proceeds split between the new councils).

The overwhelming majority of employees will transfer to new councils. There are some very senior employees who will need to either seek a new role in a new authority or they may be at risk of redundancy.

6.3 Risk Implications

There are a range of inherent risks associated with the process of establishing a single tier of local government for areas which previously operated two tiers of local government. Many of these risks are linked to the process of change itself. These include risks around inadequate consolidation of digital systems, data and information governance; the risk of workforce disengagement and cultural misalignment impacting delivery and transformation; and the risk of failure to effectively manage procurement, contracts and partnerships across the wider local government system both prior to and during transition.

These risks will be relevant regardless of the final option selected for LGR in Cambridgeshire and Peterborough. As outlined elsewhere in this paper, the Government has indicated its commitment to proceeding with the establishment of single tier local government in England, and therefore these risks will need to mitigated via effective programme and change management processes, throughout the transition to single tier local government in the area. Cambridgeshire County Council has recognised these risks within its Local Government Reorganisation risk register, and the management and mitigation of these risks will continue to be undertaken and reported as part of the ongoing LGR programme.

In taking a decision on how to respond to the statutory invitation from the Minister of State for Local Government and English Devolution, Members should consider which option best minimises the risks to our local communities, while protecting future authorities from risks around capacity, funding and financial resilience. Detailed information on the expected risks and benefits of each option are set out in the Options Appraisal and Financial Analysis appended to this report. At a high level, the key risk implications for Members to consider include:

- Considering which option best manages the risk of new authorities becoming financially unsustainable. This should include consideration of the council tax bases; revenue sources; forecast expenditure and deficits; and debt implications associated with each option.

- Considering which option best manages the risk of disrupted or inadequate service delivery, or creating services which do not represent value for money.

- Considering which option best manages the risk that new structures do not reflect local identity or local need.

- Considering which option best minimises the risks associated with the cost of transition to new structures, particularly with regards to the complexity of reorganisation and synchronicity with other public sector boundaries.

6.4 Equality and Diversity Implications

An Equalities Impact Analysis will be completed as part of the development of a full proposal document for ‘Option A’.

The creation of new unitary councils, along with the transfer of responsibilities and resources from current councils, will create a risk of disrupted service delivery, as detailed above. The potential negative impact from such a disruption would be greater for vulnerable residents who use these services, for example those older, with care and support needs including disabilities, or those socially isolated due to socio-economic or rurality. However, the proposal outlines key benefits from the suggested configuration of new unitaries that would enable services to move to a more place-based approach that identifies and will be well-positioned to meet needs.

The proposal of ‘Option A’ will align the unitary areas with the geographic areas served by the Integrated Care Board Place Partnerships, which will enable better partnership working with health services, resulting in a positive impact for groups such as older residents and residents with a disability.

6.5 Climate Change and Environment Implications (Key decisions only)

The process of establishing a single tier of local government for Cambridgeshire and Peterborough does not present implications for climate change and environment.

Within Cambridgeshire and Peterborough, different local nature recovery and biodiversity duties sit at each tier of local government, as well as at Combined Authority level. The establishment of unitary councils will simplify governance structures and economies of scale may support leverage to take action.

Environmental impact sources are different in the north of Cambridgeshire, primarily agriculture, compared to the south of Cambridgeshire, mostly building emissions and transport. Establishing single authority areas, in the north and south, may enable targets and strategies set by new unitary authorities to focus more specifically on the challenges within specific areas. Drainage and water systems are split evenly across the proposed new unitary authority areas resulting in no disproportionate disadvantage to either area.

7. Source Documents

7.1 PwC Report (https://www.cambridgeshire.gov.uk/asset-library/lgr/PricewaterhouseCoopers-LGR-Cambridgeshire-Peterborough-report.pdf)

Newton Report (https://www.cambridgeshire.gov.uk/asset-library/lgr/Newton-LGR-Cambridgeshire-Peterborough-report.pdf)

Pixel Financial Management (https://www.cambridgeshire.gov.uk/asset-library/lgr/Pixel-Financial-Management-LGR-Cambridgeshire-Peterborough-report.pdf)

Appendix 1

Options Appraisal

To assess the different possibilities for LGR in Cambridgeshire and Peterborough, officers built and reviewed a comprehensive evidence base. This included commissioned reports from PricewaterhouseCoopers (PWC), Newton, and Pixel Financial Management, alongside ONS and Census data, local engagement outcomes, and anecdotal evidence from frontline staff, amongst other sources of evidence. An options appraisal utilising this evidence base was conducted by a Working Group of senior officers from the council, to compare the suitability of the various possible configurations against the Government's criteria. The first stage of the options appraisal approach was to consider the evidence for the creation of one, two and three new unitary councils covering the Cambridgeshire and Peterborough geography, alongside an option that would retain Peterborough City Council in its current form and create for a single county unitary council for Cambridgeshire. For consistency and to ensure a robust process, all options were assessed against the Government's six criteria as set out in the letter of invitation (Appendix 4). Each criterion has been scored on a scale of one to three, where one is the proposal does not meet the criteria, two is the proposal meets some of the criteria, and three is the proposal meets all the criteria.

Figure 1: Overview of first phase of options appraisal

Criteria	One Unitary	PCC and County Unitary	Two Unitaries	Three Unitaries
1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government	The Government has indicated there must be at least two principal authorities under each Strategic Mayoral Authority. As this would not be possible under a single unitary model, this model is not viable.	2	3	1
2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks		2	2	1
3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens		3	3	1
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		2	3	2
5. New unitary structures must support devolution arrangements		3	3	2
6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment		3	3	3
Total	**Not viable**	**15** (Middle ranked)	**17** (Highest ranked)	**10** (Lowest ranked)

The outcome of this appraisal clearly highlighted that the options which proposed 2 new unitary councils for the area had the strongest alignment to the Government's criteria. Therefore, in June 2025 Council Leaders and Chief Executives across Cambridgeshire and Peterborough settled on a consensus that the future of local government in Cambridgeshire and Peterborough should be formed around the creation of two new unitary councils.

The initial appraisal highlighted a number of concerns regarding both the Peterborough and single county unitary option, and the options which proposed the creation of three unitary authorities.

With just under one million residents across Cambridgeshire and Peterborough, reorganising the region into three (or more) unitary councils would cause significant challenges regarding the size of authorities. The division of the area into three or more unitary

councils would result in authorities with populations far below the guideline figure of 500,000. This would create significant risks regarding unsustainable economies of scale and financial viability of delivering essential services such as Children's Social Care - creating a potential safety risk. The Newton analysis shows that smaller unitary authorities, with a population under 500,000, would be at greater risk to exposure to extremes in demand variation and could be overwhelmed by demand, which would not be sustainable in the long term. In addition, smaller unitary authorities would have less purchasing power, which would result in a significant material impact on the unit cost of care, 1% increase in unit cost per 200k reduction in population[1].

The Pixel Financial Management[2] report indicated that a unitary council with below-average Relative Needs Formula (RNF) is likely to be of concern to Government, whilst identifying that smaller unitary authorities created by reorganising into three unitary authorities would be most at risk of low RNF. This could be for a number of reasons including small relative need per head, small client populations for older people and children, and having an overall smaller population. Both the fragmentation and scale of delivering adults and children's social care in these small unitaries create concerns regarding financial viability. Furthermore, any situation in which LGR creates three new unitary authorities would not produce the level of savings achieved by creating two new unitary authorities and significantly reduces the long-term financial benefit, whilst increasing the one-off transition costs. The PWC model forecasts that two unitary council configurations would see recurring net annual benefits of £12.1m with one-off costs of £34.4m, compared to £1.4m recurring net annual benefits for a three unitary option, and one-off costs of £40.7m[3].

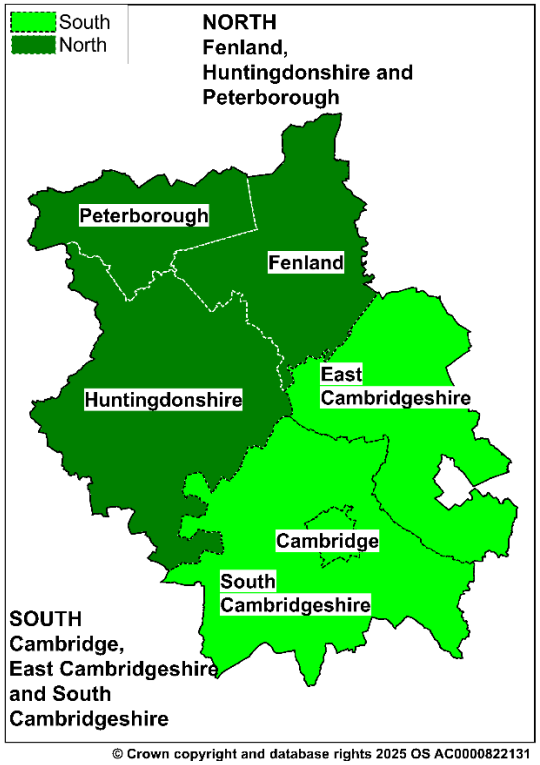
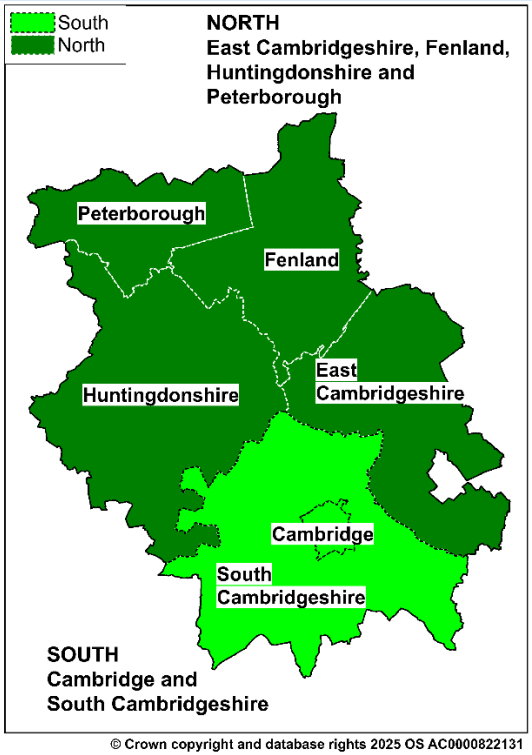
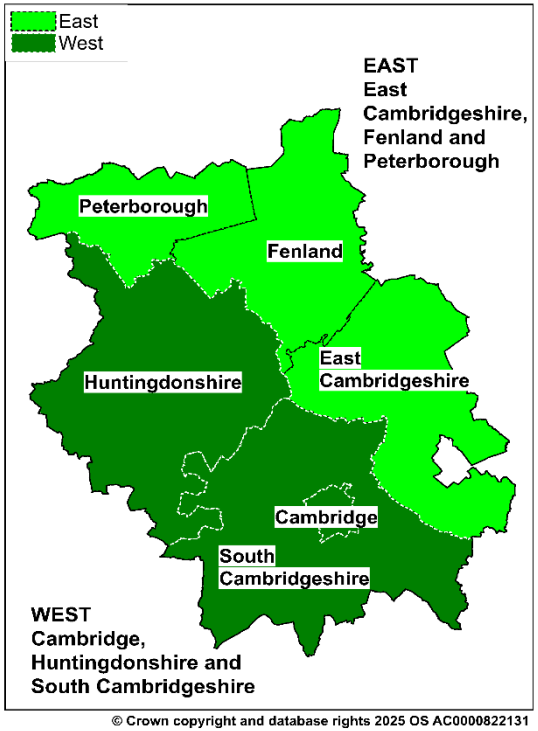
On the other hand, creating a whole county unitary (covering the current county and district services) and retaining Peterborough City Council (currently a unitary) would deliver the highest level of savings, owing to the simplicity achieved by not disaggregating county council services. The PWC report modelled that the one-off transition costs of this option would be £25.3m, with a recurring net annual benefit of £16.7m. However, the creation of a single county unitary would result in Peterborough City Council remaining within its existing boundaries, again far smaller than 500,000. This poses significant challenges relating to sustainability of Peterborough City Council, presents limited opportunities for improvement or transformation, and poses similar safety risks as the three-unitary options due to size. It also fails to consider the impact of LGR across the whole area. This option would also create a vast size and population imbalance between the two unitary councils that is important to consider in relation to the Cambridgeshire

[1] Local Government Reorganisation: Impact on people services, Newton, 2025
[2] Local Government Reorganisation (LGR) – Cambridgeshire, Pixel Financial Management, 2025
[3] Local Government Reorganisation in Cambridgeshire and Peterborough: Option Appraisal, high level financial analysis, PwC, 2025

and Peterborough Combined Authority and their interaction with the new authorities. Whilst this requires consideration, the CPCA are currently working effectively with both Peterborough City Council and Cambridgeshire County Council, so it does not present any significant risk.

Given the consensus around the preferred option of creating two new unitary councils for the future Council Leaders agreed on three proposals to be explored in more detail. Figure 1 shows the breakdown of the three options under consideration.

Figure 1 Overview maps of two unitary options

Option A	Option B	Option C
		
Unitary 1: Fenland District Council, Huntingdonshire District Council and Peterborough City Council Unitary 2: Cambridge City Council, East Cambridgeshire District Council and South Cambridgeshire District Council.	Unitary 1: East Cambridgeshire District Council, Fenland District Council, Huntingdonshire District Council and Peterborough City Council Unitary 2: Cambridge City and South Cambridgeshire District Council.	Unitary 1: East Cambridgeshire District Council, Fenland District Council and Peterborough City Council Unitary 2: Cambridge City Council, Huntingdonshire District Council, and South Cambridgeshire District Council.

In order to assess the three options, the evidence base was further reviewed, with the addition of LGR specific local engagement to gather resident and stakeholder views.

Each criterion is explored in detail for ‘Option A’, ‘Option B’ and ‘Option C’ and the relevant data is presented alongside a narrative for each of the options and their scores. As above, each criterion has been scored by a Working Group of senior council officers on a scale of one to three, where one is the proposal does not meet the criteria, two is the proposal meets some of the criteria, and three is the proposal meets all the criteria. The total score for each of the three options is indicated at the end of the table, with a simple ranking of lowest, middle and highest scoring, where the highest-ranking option best meets the Government’s criteria and the lowest ranking option does not meet the Government’s criteria well.

Within the narrative below, the main criteria and the sub criteria are explored for each of the options. However, there are a number of sub criteria that have not been addressed below. Where this is the case, the sub criteria will be addressed in detail in the relevant section of the proposal, for example, sub criterion 4a - *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* – could not be appropriately demonstrated through the options appraisal, however it has been fully addressed in the engagement section.

Figure 2 Summary of appraisal of two unitary options

Criteria	Option A	Option B	Option C
1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government	3	1	3
2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks	2	2	2
3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens	3	1	2
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	3	2	1
5. New unitary structures must support devolution arrangements	3	1	2
6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment	3	3	3
Total	**17** (Highest ranked)	**10** (Lowest ranked)	**13** (Middle ranked)

Based on the evidence reviewed 'Option A' would deliver two new unitary councils that would best meet the Government's criteria and create the most advantageous conditions to sustain what residents like about our region, whilst addressing its most persistent issues. 'Option A' would provide the region with a balance of size, effectiveness and community empowerment that would benefit all residents, and cannot be achieved through 'Option B' or 'Option C'.

Criterion 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

Option A | Score: 3

'Option A' establishes a single tier of government across the whole of Cambridgeshire and Peterborough with sensible economies and geographies that can support local need. The equal distribution of land mass (47% in the south unitary and 53% in the north unitary)[4] coupled with the equal distribution of minimum annual housing need (49% in the north unitary and 51% in the south unitary)[5] provides a very balanced, sustainable and equal status of economies and geographies, with the best chance of enabling the required housing growth in the region, without placing a significantly disproportionate burden on one unitary. The balance offered by 'Option A' ensures the benefits of LGR will be felt equally across the region and avoids the creation of undue disadvantages for any one area. Another way in which 'Option A' provides an equal balance in the economies of the new unitary councils is in the employment and unemployment rates, with 74% employment rates in the North and 75% in the South[6], and 3% unemployment rates in the North and 2% in the South. This provides further evidence that 'Option A' can deliver two unitary authorities with sensible economic areas.

Option B | Score: 1

'Option B' establishes a single tier of local government across the whole of Cambridgeshire and Peterborough but it does not create unitary councils with sensible economies or geographies. Instead, it concentrates the stronger taxbase in the smaller south unitary

[4] Census 2021 ward boundaries
[5] Calculated using the method set out in the National Planning Policy Framework
[6] Calculated using ONS employment rate age 16 to 64, January 2024 to December 2024

council and restricts a large proportion of expected regional growth to this smaller geographic area. Whilst Cambridge and South Cambridgeshire are in themselves a productive and recognisable economy, it could not be considered sensible for these two areas to be developed as a singular economy due to the housing and growth constraints this economy would face. The distribution of landmass and minimum annual housing need in the 'Option B' unitary councils is the most imbalanced of all three options. The north unitary would have 72% of the land mass and the south unitary would have 28% of the landmass[7], whilst the north unitary would have 61% of the minimum annual housing need, compared to 39% in the south unitary[8]. This imbalance in housing need and land mass might hinder future growth, restricting the potential of the 'Greater Cambridge' economy. To prosper, Greater Cambridge requires a bigger footprint and therefore would be best equipped for future growth if it is subsumed by a unitary authority that brings together the existing areas of Cambridge, South Cambridgeshire and at least one additional area. This suggests that the 'Option B' proposal would struggle to deliver sensible or sustainable economies for the whole region.

Option C | score: 3

'Option C' establishes a single tier of local government across the whole of Cambridgeshire and Peterborough that creates sensible geographies and balance in size. The land mass[9] and minimum annual housing need[10] figures for each unitary are relatively balanced, with the eastern unitary holding 45% of the landmass and 40% of the annual housing need, and the western unitary holding 55% of the landmass and 60% of the annual housing need. The relative balance of these figures suggests sensible geographies capable of enabling the necessary housing growth in the area, without placing a significant burden on one unitary over the other.

[7] Census 2021 ward boundaries
[8] Calculated using the method set out in the National Planning Policy Framework
[9] Calculated using the method set out in the National Planning Policy Framework
[10] Census 2021 ward boundaries

Supporting data

Figure 3 Landmass (based on Census 2021 ward boundaries)

Option A	**Sq. kms**	**% of total**	**% variance**
South Unitary	1,594.11	46.9	6.2
North Unitary	1,803.35	53.1	
Option B	**Sq. kms**	**% of total**	**% variance**
South Unitary	942.39	27.7	44.6
North Unitary	2,455.07	72.3	
Option C	**Sq. kms**	**% of total**	**% variance**
Eastern Unitary	1,542.52	45.4	9.2
Western Unitary	1,854.94	54.6	
Baseline	**Sq. kms**	**% of total**	**% variance**
CCC	3,054.02	89.9	79.8
PCC	343.44	10.1	

Figure 4 Minimum annual housing need (calculated using the method set out in the National Planning Policy Frameworks)

Option A	*Minimum annual housing need*	*% of total*	*% variance*
South Unitary	3,055	49%	2
North Unitary	2,936	51%	
Option B	Minimum annual housing need	**% of total**	**% variance**
South Unitary	2,346	39%	22
North Unitary	3,645	61%	
Option C	**Minimum annual housing need**	**% of total**	**% variance**
Eastern Unitary	2,379	40%	20
Western Unitary	3,612	60%	
Baseline	**Sq. kms**	**% of total**	**% variance**
CCC	4,931	82%	64
PCC	1,060	18%	

Figure 5 Employment rates (LI01 Regional labour market: local indicators for counties, local and unitary authorities - Office for National Statistics)

	Option A		Option B		Option C	
	Northern unitary	**Southern unitary**	**Northern unitary**	**Southern unitary**	**Eastern unitary**	**Western unitary**
Employment Rate	74%	75%	76%	71%	73%	75%
Unemployment Rate	3%	2%	3%	2%	4%	2%

Criterion 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, 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.

Option A - score: 2

Population estimates indicate the south unitary council in 'Option A' currently has a population of 420,100 rising to 507,680 by 2040, and the north unitary council area currently has a population of 520,100 rising to 581,110 by 2040[11]. The two unitary councils proposed in 'Option A' provide the most balance in regard to size, with the smallest population variance of the three options being explored by 2040, at just 6.8%, as well as the smallest variance in land acres at 6%, and the smallest variance in population density with a density of 318.5 per sq. km in the south unitary and 322.2 per sq. km in the north unitary[12]. The Pixel Financial Management report[13] (2025) suggests that the two unitary councils proposed in 'Option A' would be financially viable, and therefore able to

[11] CCC 2023-based population forecasts
[12] Calculated based on CCC 2023-based population forecasts and Census 2021 ward boundaries
[13] Local Government Reorganisation (LGR) – Cambridgeshire, Pixel Financial Management, 2025

withstand financial shocks. Whilst the unitary councils will be financially viable, the transition costs associated with disaggregating current county council services reduce the overall financial benefits achieved through Option A.

Option B - score: 2

'Option B' produces the largest imbalance of size of any of the options. The north unitary council would initially comprise a population of 613,570, rising to an estimated 687,260 in 2040, whilst the south unitary would initially comprise a population of 326,670, rising to an estimated 401,530 in 2040. This creates a population variance of 26.2% by 2040 for 'Option B' (compared to 6.8% in 'Option A' and 12.8% in 'Option C')[14] and a unitary that still falls well below the Government's guideline figure of 500,000. The report by Pixel Financial Management (2025) indicates the two unitary councils created by 'Option B' would have balanced total resources per head, at £1,020.67 per head in the south unitary council, and £1,092.15 per head in the north unitary council, but despite this balance, 'Option B' may face wider financial challenges regarding its purchasing power, owing to the significant difference in the size of the two proposed councils. Pixel has taken the view that any council with above-average Relative Needs Formula (RNF) compared to other single-tier authorities will have sufficient financial scale to be viable, this would suggest that the north unitary council in 'Option B' would have sufficient scale. On the other hand, any single authority with a below-average RNF could be reasonably challenged over their financial viability. The south unitary council proposed in 'Option B' would be smaller than the average unitary authority and is specifically highlighted by Pixel as having a risk of insufficient financial scale due to the smaller, low-needs area it covers[15]. Small unitary councils covering low-needs areas like this are precisely what have attracted the concern of Government officials for the financial sustainability of delivering Children's and Adults' Social Care. Even with the projected longer-term population growth in Cambridge/South Cambridgeshire, these services would remain so small and fragmented that their costs would be driven up through the inability to achieve economies of scale. This limits the south unitary council's potential to achieve efficiencies, improve capacity and withstand financial shocks.

Further to this, the Newton report identifies a statistically significant correlation between smaller authority population sizes and higher unit costs. This is an additional risk facing the south unitary council in 'Option B' which can be avoided in the other options with more balanced authorities.

[14] CCC 2023-based population forecasts
[15] Local Government Reorganisation (LGR) – Cambridgeshire, Pixel Financial Management, 2025

Option C - score: 2

Whilst the unitary councils proposed in 'Option C' currently offer the most equal distribution of population at 423,800 in the eastern unitary and 516,400 in the western unitary (population variance of 9.8%), the forecasted population growth sees a much higher concentration of growth in the western unitary, with forecast growth almost double that of the eastern unitary by 2040 (leading to a population variance of 12.8%)[16]. Despite the differences in growth in the two proposed unitary councils, both are of a size close to the guideline figure of 500,000 by 2040, and both therefore are of the right size to achieve efficiencies, improve capacity and withstand financial shocks. The Pixel Financial Management report (2025) indicated no signs of concern regarding the financial viability of the unitary councils in 'Option C'. Whilst the unitary councils will be financially viable, the transition costs associated with disaggregating current county council services reduce the overall financial benefits achieved through Option C.

Supporting data

Figure 6 Total population and population variance for 2025 and 2040, based on CCC's 2023-based forecasts

	2025 total population	2025 percent of total population	2040 total population	2040 percent of total population
Option A, South Unitary	420,11	44.7%	507,680	46.6%
Option A, North Unitary	520,140	55.3%	581,110	53.4%
Option A, Population Variance		**10.6%**		**6.8%**
Option B, South Unitary	326,670	34.7%	401,530	36.9%
Option B, North Unitary	613,570	65.3%	687,260	63.1%
Option B, Population Variance		**30.6%**		**26.2%**
Option C, Easten Unitary	423,800	45.1%	474,830	43.6%
Option C, Western Unitary	516,440	54.9%	613,960	56.4%
Option C, Population Variance		**9.8%**		**12.8%**
Baseline, CCC	716,240	76.2%	840,090	77.2%
Baseline, PCC	224,000	23.8%	248,700	22.8%
Baseline, Population Variance		**52.4%**		**54.4%**

[16] CCC 2023-based population forecasts

Figure 7 Population density 2023 per square kilometer, based on CCC's 2023-based forecasts

CCC 2023-based	Population density (per sq. km)			
Option A,	2023	2025	2030	2040
South Unitary	257.9	263.5	284.4	318.5
North Unitary	283.1	288.4	303.1	322.2
Option A variance	25.2	24.9	18.7	3.7
Option B,	2023	2025	2030	2040
South Unitary	339.4	346.6	374.6	426.1
North Unitary	245.2	249.9	263.6	279.9
Option B variance	94.2	96.7	111	146.2
Option C,	2023	2025	2030	2040
Eastern Unitary	269.8	274.7	291.0	307.8
Western Unitary	272.5	278.4	297.2	331.0
Option C variance	2.7	3.7	6.2	23.2
Baseline,	2023	2025	2030	2040
CCC	229.7	234.5	250.5	275.1
PCC	641.3	652.2	684.5	724.1
Baseline variance	411.6	417.7	434.0	449.0

Figure 8 Resources per head of population (Pixel Financial Management (2025)

Option A	**Resources per head (£)**	**% variance**
South Unitary	1,023.04	77.06
North Unitary	1,100.10	
Option B	**Resources per head (£)**	**% variance**
South Unitary	1,020.67	71.48
North Unitary	1,092.15	
Option C	**Resources per head (£)**	**% variance**
Eastern Unitary	1,121.24	98.55
Western Unitary	1,022.69	
Baseline	**Resources per head (£)**	**% variance**
CCC	1,043.75	81.93
PCC	1,125.68	

Criterion 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.

Option A - Score: 3

'Option A' provides optimal geography to progress recent developments in public services, such as the Government's 10 Year Health Plan for England, and the move towards neighbourhood services. The boundaries of the proposed north and south unitary councils would be coterminous with the existing boundaries of the local Integrated Care System (ICS) Place Partnerships[17]. This means the structure for cross-sector collaboration between health and local government in areas such as the prevention agenda, Adult Social Care and Housing, would already be in place. The existing ICS footprint and the local identity it reflects are already established with the wider local public sector and its partners. This would enable a smoother transition to new unitary councils and allow new partnerships to 'hit the ground running' without establishing new geographies within which partnership working would need to take place.

Whilst the Government's 10 Year Health Plan prioritises a shift from hospital to neighbourhood health care, hospitals will undoubtedly still have a vital role to play for residents accessing specialist and emergency care. 'Option A' further supports stronger collaboration with health services as the only option that aligns with hospital flow data. Residents from Huntingdonshire, Fenland and Peterborough are most likely to use access hospital care in the proposed north unitary area (in Hinchingbrooke, Peterborough City, Queen Elizabeth, Doddington and North Cambridgeshire hospitals), whilst residents in Cambridge, East Cambridgeshire and South Cambridgeshire were most likely to access hospital care in the south unitary area (in the Cambridge University Hospitals - Princess of Wales and Addenbrookes)[18]. Further to this, there are a number of service areas where demand forecasts are well

[17] Note: excepting Royston. See Figure 9 for map of ICS Place Partnership boundaries.
[18] CCC Public Health hospital flow data

balanced, for example in Adult Social Care there is a perceived balance between these two unitary councils in expected working age adult supported living demand, and domiciliary care demand over time, expected older age contacts demand over time, and expected older age supported living demand over time[19].

Homelessness in Cambridgeshire and Peterborough is a complex issue, concentrated in the cities. One factor influencing homelessness is housing affordability. In Cambridge, East Cambridgeshire and South Cambridgeshire (the southern unitary in 'Option A'), housing affordability ratios are much higher than the England average, with ratios of 11.31, 10.09 and 9.54 respectively (2024)[20]. However, it is important to note that homelessness is not just about housing affordability – it links to poverty and deprivation, health, social care, skills and employment amongst other areas. LGR therefore presents a novel opportunity to reframe the way local government housing services operate. Integrating Homelessness Services with Social Care, Health, and deprivation interventions will allow for more holistic, effective services for residents most in need of support. Whilst this is true across all of the options being explored for LGR in Cambridgeshire and Peterborough, having alignment between the ways of working of health, social care and homelessness provision can only be achieved in full through 'Option A'.

Option B - score: 1

A strength of 'Option B' is in the continuation of district shared services in the south unitary council. There are several areas in which Cambridge City Council and South Cambridgeshire District Council already have shared services, namely Planning and Waste Collection, allowing them to continue in this way would limit the disruption to service delivery. However, there are also significant challenges to sustainable service delivery presented by the south unitary council. For example, the south unitary council would create a notably small Children's Social Care department, with one of the lowest levels of need in the country, and smaller than the existing Peterborough Children's Social Care department. This is significant as Children's Services are one of the highest spend, highest risk, and highest regulated services in local government. The lower economies of scale, management resilience, and limited expertise in a small department, alongside financial sustainability for higher value variations will cause a disproportionate impact on a smaller budget, risking the overall sustainability and safety of service delivery in the south unitary council. Engagement with the Cambridgeshire County Council Adult Social Care leadership team has also raised concerns around the delivery of Adult's Social Care across the north unitary council area. Whilst there is currently one team serving the whole of

[19] Local Government Reorganisation: Impact on people services, Newton, 2025
[20] Housing affordability in England and Wales - Office for National Statistics

Cambridgeshire, the large geography of the proposed northern unitary would reduce the potential to improve the efficiency and savings potential of Adult Social Care here due to the costs associated with covering the larger geography with a disaggregated workforce. Overall, the unitary councils proposed in 'Option B' will not allow for the delivery of sustainable crucial services, and the insufficient size of the south unitary would pose a risk to the safety of residents accessing these.

Option C - score: 2

A strength of 'Option C' is the working relationships already established between Cambridge City Council, South Cambridgeshire District Council and Huntingdonshire District Council regarding service delivery. Shared service arrangements for district council ICT, legal services and business control are in place between the three councils; the western unitary council in 'Option C' would allow these services to continue uninterrupted, reducing the cost of aggregating these after Vesting Day. 'Option C' also creates two unitary councils with well-balanced demand forecasts. For example, the total SEND mainstream demand for Education, Health and Care Plans (EHCPs) is forecast to remain very balanced between the eastern and western unitary authorities, as well as the children's residential care demand over time and expected working age adult residential care demand over time[21].

Similarly forecast service spending is well balanced in 'Option C', for example, the eastern unitary is predicted to face a total adult social care cost of £335 million in 2040, compared to £354 million for the western unitary for the same year[22]. However, there are a number of challenges to high quality service delivery and public service reform presented by 'Option C'. Engagement with stakeholders in Cambridgeshire County Council has raised concerns around the delivery of Adult Social Care across the length of the eastern unitary, with the same team delivering services in the northern parts of Peterborough and the most southern parts of East Cambridgeshire. Whilst there is currently one team serving the whole of Cambridgeshire, the high distances that would be travelled by teams in the proposed eastern unitary would reduce the potential to improve the efficiency and savings Adult Social Care here due to the costs associated with covering the larger geography. Analysis of travel distances within the proposed unitary councils shows that the Eastern Unitary has the largest average distance between the anchor city, Peterborough, and its other largest settlements.

[21] Local Government Reorganisation: Impact on people services, Newton, 2025
[22] Local Government Reorganisation: Impact on people services, Newton, 2025

There are further concerns regarding collaboration between health and local government posed by the geographies of 'Option C'. Not only does the lack of alignment between ICS Place Partnerships and the proposed unitary councils create a barrier for collaboration, but hospital flow data indicates that the majority those in East Cambridgeshire access hospital care within East Cambridgeshire (Princess of Wales) or Cambridge (Addenbrookes), whilst the majority of those in Huntingdonshire access hospital care from Huntingdonshire (Hinchingbrooke) or Peterborough (Peterborough City)[23]. To disconnect Huntingdonshire from Peterborough, and East Cambridgeshire from Cambridge would cause additional barriers to supporting residents to access holistic services, especially in areas such as Adult Social Care Housing and Discharge. Whilst there is potential for high quality and sustainable services through 'Option C', the aforementioned barriers create substantial risk to service delivery.

Supporting data

Figure 9 Average distance between five largest settlements (census 2021) in East Cambridgeshire, Fenland, Huntingdonshire and South Cambridgeshire and the anchor cities of proposed new authorities

Average Distance to anchor city (miles)	
Option A, North Unitary (to Peterborough)	17.02
Option A, South Unitary (to Cambridge)	11.14
Option A, Distance Variance	**5.88**
Option B, North Unitary (to Peterborough)	23.28
Option B, South Unitary (to Cambridge)	12.69
Option B, Population Variance	**10.59**
Option C, Easten Unitary (to Peterborough)	23.88
Option C, Western Unitary (to Cambridge)	6.69
Option C, Population Variance	**17.19**

[23] CCC Public Health hospital flow data

Figure 10 ICS Place Partnerships Cambridgeshire and Peterborough

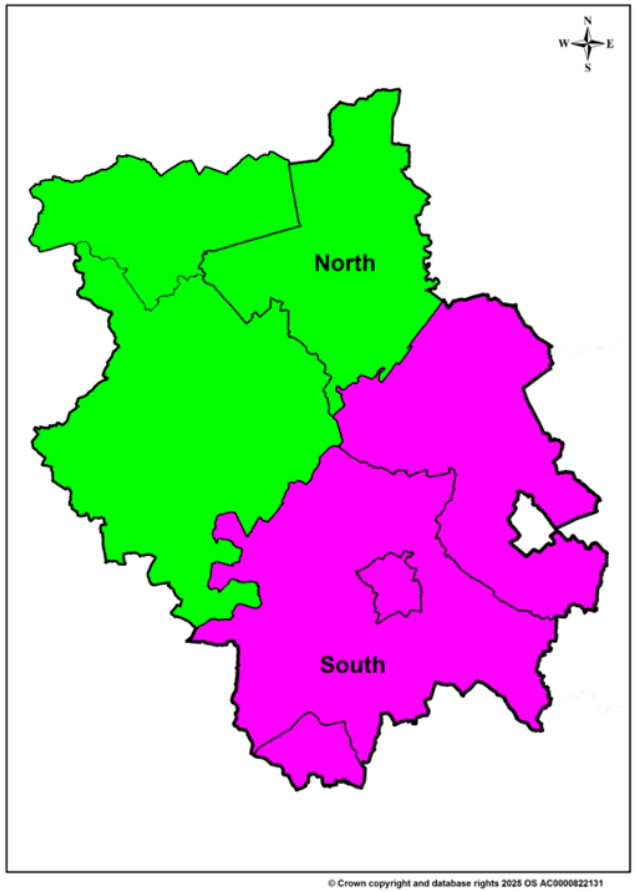
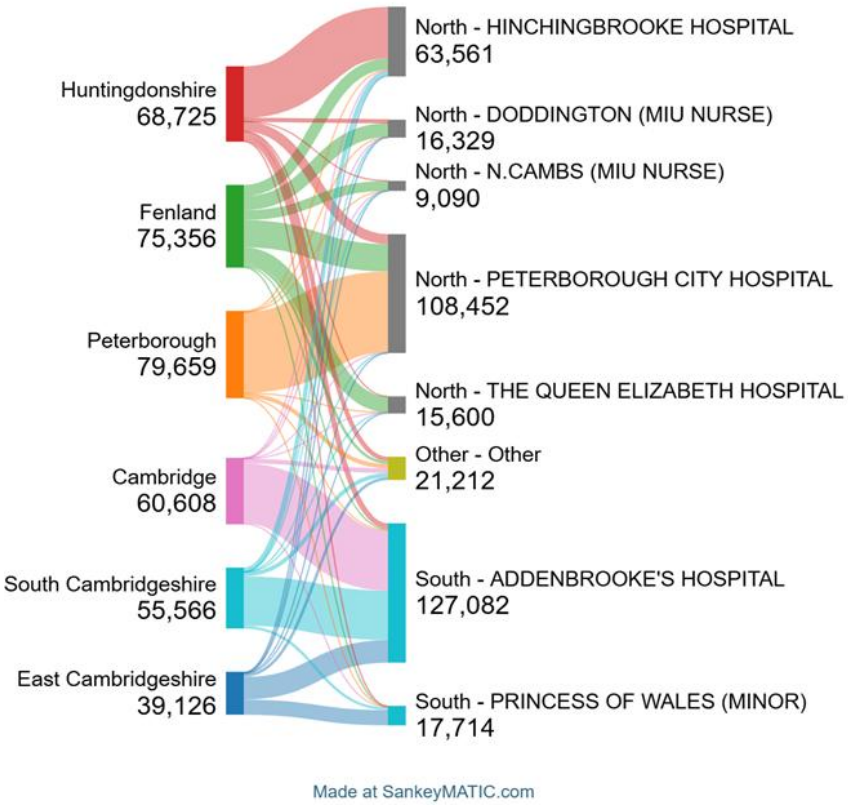


Figure 11 A&E Attendances by hospital site and patient's residential address, Cambridgeshire and Peterborough[24]



[24] Cambridgeshire & Peterborough ICB, Emergency Care Data Set

Criterion 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.

Option A - score: 3

Through a review of historic maps of local government boundaries, it becomes clear there is a great deal of shared history between Huntingdonshire and Peterborough, and East Cambridgeshire and Cambridge. Three of the key findings that can be drawn from the maps are:

- Since 1889 Huntingdonshire and Cambridge have not been under the same authority and neither have East Cambridgeshire and Peterborough
- From 1889-1974 at least parts of East Cambridgeshire have consistently been under the same authority as Cambridge
- From 1965-74 Huntingdonshire and Peterborough were under the same authority and Cambridge and East Cambridgeshire were under the same authority

This provides historical grounding to support the notion that Huntingdonshire and Peterborough on the one hand and Cambridge and East Cambridgeshire on the other are connected by local identity. This local identity is further reinforced through 'phase one' of the local engagement undertaken for LGR, where East Cambridgeshire residents were more likely than Huntingdonshire residents to shop and socialise in Cambridge as their anchor city (33% and 28% respectively). Similarly, Huntingdonshire residents were four times more likely to shop and socialise in Peterborough than residents in East Cambridgeshire (8% and 2% respectively)[25]. This connection to anchor cities is important in ensuring the new unitary councils make sense and maintain a feeling of local identity for their residents, and this is achieved most through 'Option A'. The results from 'phase one' of engagement further show a strong link

[25] Cambridgeshire and Peterborough LGR Engagement Phase One

between Cambridge, South Cambridge and East Cambridgeshire. 83% of respondents from South Cambridgeshire remain within the proposed southern unitary council boundary in 'Option A' for their shopping and socialising, for East Cambridgeshire this figure was 89% and for Cambridge it was 94%. This exemplifies the strong identity within the proposed southern unitary in 'Option A'. There is a slightly different story to be told in the proposed northern unitary in 'Option A'. Within Fenland, 73% of respondents remained in the proposed northern unitary boundaries for socialising and shopping, as did 75% of respondents from Peterborough. Whilst these figures are lower than those for the southern unitary, it is interesting to note that a further 13% of respondents from Fenland regularly go to East Cambridgeshire for leisure purposes, a local connection explored more below. A further 12% of respondents from Peterborough regularly go outside of the Cambridgeshire and Peterborough region for shopping and socialising. However, for Huntingdonshire respondents this figure was much lower at 56%. This begins to unveil the complexity of Huntingdonshire as a district. In the north of Huntingdonshire around Yaxley, Farcet, Stilton and Stibbington, there are strong connections to Peterborough due to their proximity to the city. In the south of the district however, around areas such as St Neots, St Ives and Fenstanton, the connection to Cambridge is much more prominent. This is a great strength of Huntingdonshire and allows residents multiple options for socialising, shopping and employment, however it creates complications regarding the unitary in which its residents will feel most connected, a solution for which is constrained by the Government criteria and LGR timetable.

The distances between the five largest settlements in each district and the unitary anchor city show the most balance between the proposed unitary councils in 'Option A'. The average distance for the southern unitary is 11.1 miles, whilst the average distance for the northern unitary is 17 miles, a variance of only 5.9 miles (this variance is almost two times smaller than 'Option C' and three times smaller than 'Option B'). The average distance between settlements and anchor cities across both unitary councils is also smallest in 'Option A' at 14 miles[26]. Finally, travel to work data indicates the highest percentages of people live and work within the same unitary boundaries in 'Option A', with 77% living and working in the northern unitary and 81% living and working in the southern unitary[27]. This data builds a strong picture of two unitary councils that respect historical local identity, and current leisure and work travel patterns.

It is important to recognise there are complexities regarding East Cambridgeshire's history, with historical ties between the northern parts of East Cambridgeshire and Fenland dating back to 1889, and ties between the southern parts of East Cambridgeshire and

[26] Calculated shortest route using OS Open Road
[27] Calculated using Census 2021

Cambridge dating back to the same year. It is not possible to respect both of these connections and still reorganise local government in Cambridgeshire and Peterborough to meet the Government's criteria, as this would involve redrawing district boundaries. With regard to the longstanding connection to Cambridge, and the strong current ties between residents of East Cambridgeshire and Cambridge, especially around access to healthcare, transport connections, work and leisure, subsuming East Cambridgeshire into a unitary council with Cambridge and South Cambridgeshire seems the most logical and respectful outcome.

Option B - score: 2

The unitary councils proposed in 'Option B' go some way to respecting local identity, with Cambridge and South Cambridgeshire already an established 'place', making up the southern unitary authority. This can be seen through the Greater Cambridge Partnership, one of the largest city deals in the UK, and the Cambridge Growth Company, both of which are focused on Cambridge and South Cambridgeshire. Furthermore, keeping East Cambridgeshire and Fenland within the same council area respects the aforementioned historic ties between these two largely rural areas.

However, placing East Cambridgeshire in a unitary with Peterborough as its anchor city does not make sense in relation to service delivery or local identity. The results from 'phase one' of local engagement on LGR showed that only 2% of respondents in East Cambridgeshire went to Peterborough for shopping or socialising, whereas 33% of respondents in East Cambridgeshire went to Cambridge for this, highlighting the significant preference of Cambridge as an anchor city for East Cambridgeshire residents[28]. Building on the connection to anchor cities, historical maps further highlight the strong connection between Cambridge and East Cambridgeshire, particularly the southern half of East Cambridgeshire, which has been in the same local government boundary as Cambridge City for over 100 years[29]. Looking at the distance between the five largest settlements and the anchor cities in the unitary councils proposed in 'Option B', there is a vast imbalance between the two councils. With the southern unitary having the lowest average distance at 6.7 miles, but the northern unitary having the highest average distance at 23.9 miles. The variance in these two distances, 17.2 miles, is nearly three times higher than that in 'Option A'[30], presenting a disadvantage for those in the

[28] Cambridgeshire and Peterborough LGR Engagement Phase One
[29] See Figure 11 for maps of historic local government boundaries
[30] Calculated shortest route using OS Open Road

northern unitary. This combination of data and public opinion paints the picture of a northern unitary that does not respect current or historical notions of local identity and would not make sense to residents.

Option C - score: 1

One of the biggest limitations of 'Option C' is its limited connections to local identity. Splitting East Cambridgeshire from Cambridge City and placing it into a unitary council where Peterborough is its anchor city does not make sense to local residents. This disconnect is vitally important, as 'phase one' of local engagement for LGR in Cambridgeshire and Peterborough revealed that only 2% of respondents from East Cambridgeshire visit Peterborough for shopping or socialising, and 81% of respondents from East Cambridgeshire were concerned about being overlooked in the LGR process. Ignoring the strong sense of connection between East Cambridgeshire and the anchor city of Cambridge (33% of respondents from East Cambridgeshire reported going to Cambridge for socialising or shopping), risks confirming the fears of the 81% of respondents and overlooking this important facet of local identity. However, one connection that can be seen in the historic maps of the region is the historical alignment of Fenland with the northern half of East Cambridgeshire. Furthermore, 'Option C' would see Huntingdonshire split from Peterborough and placed in a unitary with Cambridge as its anchor city. The historic maps show that Huntingdonshire and Cambridge have not been in the same local authority area for over 100 years.

Preserving historical links to anchor cities for both Huntingdonshire and East Cambridgeshire, whilst also preserving the link between northern East Cambridgeshire and Fenland would require a unitary covering Cambridge, East Cambridgeshire, Fenland and South Cambridgeshire. A split of unitaries covering these two geographies would not meet the Government's criteria for LGR, would not achieve balance between the two new unitaries and would be unlikely to make sense regarding the local identity for the whole area.

Whilst the eastern unitary in 'Option C' does not protect local identity, the same cannot be said for the western unitary. Within 'Option C' the western unitary has the second highest percentage of people remaining within the area for socialising and shopping (of all six proposed unitaries) at 86%, but the eastern unitary has the lowest percentage of people remaining in the area at 67%[31]. This pattern is also reflected in travel to work patterns. Within the western unitary council 79% of people live and work in the area,

[31] Cambridgeshire and Peterborough LGR Engagement Phase One

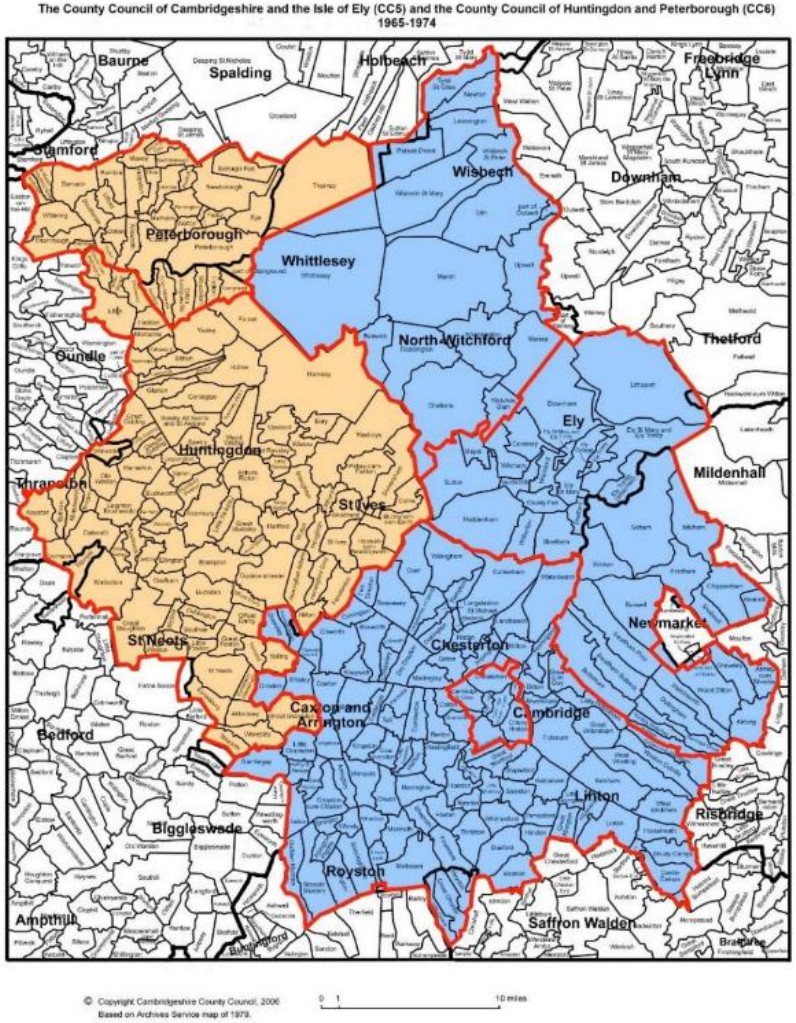
compared to 71% of those in the eastern unitary council, leaving the average for Option C at 75%. Option C has the lowest combination of people living and working in its proposed unitary councils of all three options[32].

One final piece of analysis for this criterion indicates another weakness in 'Option C'. The distance between the five largest settlements in each district and the proposed unitary council's anchor city. The eastern unitary council holds one of the largest distances travelled (Burwell to Peterborough – 39.6 miles) and the second highest average of distance travelled at 23.3 miles, whilst the average across both unitary councils is highest in 'Option C' at 18 miles[33]. This data reveals a distinct lack of recognition for local identity in the unitary authorities proposed in 'Option C', with an especially negative impact on residents in East Cambridgeshire.

[32] Calculated using Census 2021
[33] Calculated shortest route using OS Open Road

Supporting Data

Figure 12 Maps of historic district boundaries



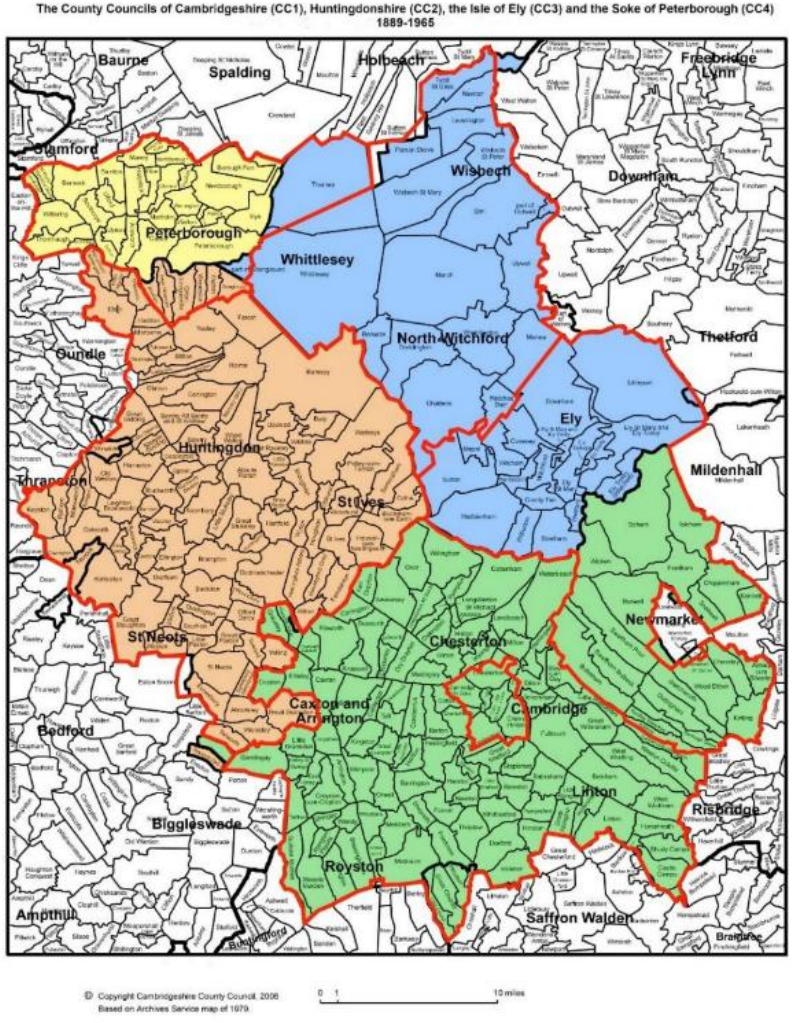


Figure 13 socialising and shopping patterns (Cambridgeshire and Peterborough LGR engagement – phase one)

		Shopping and Socialising					
		Cambridge City	East Cambridgeshire	South Cambridgeshire	Fenland	Huntingdonshire	Peterborough
Living	Cambridge City	71%	9%	14%	1%	4%	1%
	East Cambs	33%	50%	6%	2%	3%	2%
	South Cambs	40%	8%	35%	1%	10%	1%
	Fenland	11%	13%	0%	42%	8%	23%
	Huntingdonshire	28%	4%	10%	2%	46%	8%
	Peterborough	12%	1%	0%	4%	8%	63%

Figure 14 Sankey diagram visualisation of Figure 13

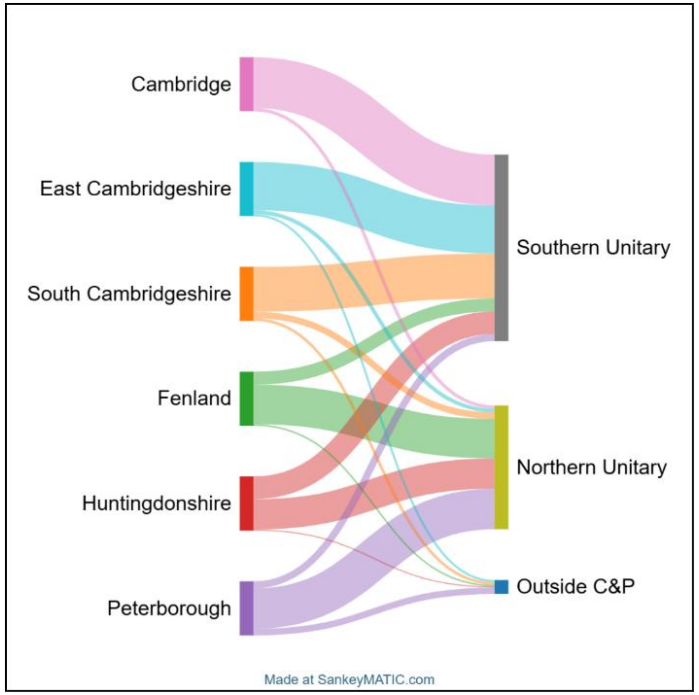


Figure 15a distance to anchor cities (Calculated shortest route using OS Open Road)

	Option A		
	District	**Settlement**	**Distance to anchor city (miles)**
Northern unitary	Fenland	Leverington	20.37
	Fenland	March	19.10
	Fenland	Chatteris	19.33
	Fenland	Whittlesey	8.00
	Fenland	Wisbech	20.15
	Huntingdonshire	Yaxley	6.53
	Huntingdonshire	St Neots	27.76
	Huntingdonshire	Brampton	20.73
	Huntingdonshire	St Ives	24.05
	Huntingdonshire	Huntingdon	21.15
	Average		**17.02**
Southern unitary	East Cambridgeshire	Soham	16.82
	East Cambridgeshire	Ely	16.44
	East Cambridgeshire	Burwell	11.40
	East Cambridgeshire	Littleport	20.83
	East Cambridgeshire	Sutton	16.87
	South Cambridgeshire	Cottenham	6.74
	South Cambridgeshire	Waterbeach	6.13
	South Cambridgeshire	Sawston	7.11
	South Cambridgeshire	Melbourn	10.49
	South Cambridgeshire	Cambourne	9.70
	Average		**11.14**

Figure 15b distance to anchor cities (Calculated shortest route using OS Open Road)

	Option B		
	District	**Settlement**	**Distance to anchor city (miles)**
Northern unitary	East Cambridgeshire	Soham	36.56
	East Cambridgeshire	Ely	31.50
	East Cambridgeshire	Burwell	39.64
	East Cambridgeshire	Littleport	35.70
	East Cambridgeshire	Sutton	25.77
	Fenland	Leverington	20.37
	Fenland	March	19.10
	Fenland	Chatteris	19.33
	Fenland	Whittlesey	8.00
	Fenland	Wisbech	20.15
	Huntingdonshire	Yaxley	6.53
	Huntingdonshire	St Neots	27.76
	Huntingdonshire	Brampton	20.73
	Huntingdonshire	St Ives	24.05
	Huntingdonshire	Huntingdon	21.15
	Average		**23.88**
Southern unitary	South Cambridgeshire	Cottenham	6.74
	South Cambridgeshire	Waterbeach	6.13
	South Cambridgeshire	Sawston	7.11
	South Cambridgeshire	Melbourn	10.49
	South Cambridgeshire	Cambourne	9.70
	Average		**6.69**

Figure 15c distance to anchor cities (Calculated shortest route using OS Open Road)

	Option C		
	District	**Settlement**	**Distance to anchor city (miles)**
Eastern unitary	East Cambridgeshire	Soham	36.56
	East Cambridgeshire	Ely	31.50
	East Cambridgeshire	Burwell	39.64
	East Cambridgeshire	Littleport	35.70
	East Cambridgeshire	Sutton	25.77
	Fenland	Leverington	20.37
	Fenland	March	19.10
	Fenland	Chatteris	19.33
	Fenland	Whittlesey	8.00
	Fenland	Wisbech	20.15
	Average		**23.28**
Western unitary	Huntingdonshire	Yaxley	31.87
	Huntingdonshire	St Neots	17.73
	Huntingdonshire	Brampton	18.59
	Huntingdonshire	St Ives	13.95
	Huntingdonshire	Huntingdon	17.23
	South Cambridgeshire	Cottenham	6.74
	South Cambridgeshire	Waterbeach	6.13
	South Cambridgeshire	Sawston	7.11
	South Cambridgeshire	Melbourn	10.49
	South Cambridgeshire	Cambourne	9.70
	Average		**12.69**

Figure 16 travel to work areas (Calculated using Census 2021)

Option A			
	North	South	Outside Cambs
North	77%	8%	15%
South	5%	81%	15%
Outside Cambs	51%	49%	
Option B			
	North	South	Outside Cambs
North	75%	10%	15%
South	7%	80%	13%
Outside Cambs	60%	40%	
Option C			
	North	South	Outside Cambs
North	71%	14%	15%
South	6%	79%	14%
Outside Cambs	46%	54%	

Criterion 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.

Option A - score: 3

The two unitary councils proposed in 'Option A' have the right size, scale, alignment with other public services and local identity to enable the deepest benefits of devolution to be felt across the region. 'Option A' would provide the optimal conditions for both unitary councils to have resilient and strong economies, capable of delivering economic and housing growth to support the CPCA in achieving its ambitions for the region. 'Option A' also provides the most balance in terms of size, and combination of rural and urban areas, allowing for equal representation of rural and urban voices within the Mayoral Strategic Authority. Furthermore, the alignment of the proposed unitary councils to well-established geographies covering the north and south of the area will allow for simpler working with the NHS as the ICS Place Partnerships also work to these geographies. This simplicity will greatly benefit the CPCA, allowing discussions around economic growth, improved health outcomes, and skills development to happen across coterminous boundaries, rather than having these conversations across conflicting boundaries.

Option B - score: 1

To support devolution arrangements and ambitions, the new unitary structures must enable strong economic and housing growth. The south unitary council in 'Option B' is not of sufficient scale to support future economic or housing growth. The small size and rapid recent growth in the area have created a scenario in which Cambridge City and South Cambridgeshire risk limiting future prosperity and competitiveness, as indicated by the city falling 10 places in the 2025 Good Growth for Cities Index report by PwC[34]. To allow the Greater Cambridge area to prosper further, the new unitary council must be established on a larger footprint. Without

[34] Good Growth Index for Cities, 2025

this, the new unitary council is likely to hinder the CPCA's growth ambitions, rather than support them. Furthermore, the misalignment of the proposed unitary councils with ICS Place Partnership boundaries has the potential to create further barriers to CPCA delivering on the proposed new health-related duties set out in the English Devolution and Community Empowerment Bill. Through the Bill, the CPCA has a strong remit to support improved health outcomes in Cambridgeshire and Peterborough, and a mandate for the Mayor to sit on the local ICB. Attempting to improve health outcomes for residents whilst working to conflicting geographies of ICS Place Partnerships and unitary authorities is likely to lead to unnecessary confusion and complications for all involved public sector partners, hindering the success of any interventions and reporting on performance metrics.

Option C - score: 2

'Option C' does create sensible economies with the potential to support ambitious economic growth in collaboration with the CPCA. However, whilst high concentrations of growth would occur in the western unitary owing to the high levels of growth in Huntingdonshire, South Cambridgeshire and Cambridge City, in the eastern unitary almost all large-scale growth would be driven by Peterborough. This imbalance would prove unsustainable and would pose a threat to the economic ambitions of the combined authority. Furthermore, the misalignment of the proposed unitaries with ICB Place Partnership boundaries, and a strong sense of local identity has the potential to create significant barriers to CPCA achieving its health-related ambitions for the region. Through the English Devolution and Community Empowerment Bill, the CPCA has a strong remit to support improved health outcomes in Cambridgeshire and Peterborough, and a mandate for the Mayor to sit on the local ICB. Attempting to improve health outcomes for residents whilst working to conflicting geographies of ICB Place Partnerships and unitary authorities is likely to lead to unnecessary confusion and complications for all involved public sector partners, hindering the success of any interventions and reporting on performance metrics.

Criterion 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.

All options - score: 3

Effective neighbourhood governance, in the form of area committees, has the potential to improve neighbourhood empowerment by bringing residents closer to decision making and improving accountability of public services locally.

Options Appraisal: Conclusions

Within the confines of the Government criteria and timetable for LGR, 'Option A' creates the most balanced unitary councils that largely align to residents' connections with anchor cities, respect historical boundaries and encompass travel to work and leisure areas. This balance of factors has the potential to deliver successful unitary councils that are grounded in local identity, that engage with residents in a meaningful way and that empower them to get involved with local decision making whilst delivering high quality, efficient services. 'Option A' provides a future for Cambridgeshire and Peterborough that is more equal, more effective and more empowered.

More equal

- **Balanced Councils**: 'Option A' creates two unitary councils with nearly equal population, landmass, and resources.
- **Economic Equity**: Employment and unemployment rates are similar across both councils.
- **Housing Growth**: Distributes housing needs evenly (49% North, 51% South), avoiding unsustainable concentration in Cambridge.
- **Growth Pressure**: Combines Peterborough with Huntingdonshire to ease development strain.

More effective

- **Service Integration**: Merges district and county functions to improve collaboration in health, social care, and public services.
- **Health Alignment**: Matches existing ICS boundaries, unlike Options B and C which would require new structures.
- **Holistic Housing Approach**: Tackles homelessness through integrated services, best achieved under Option A.

More empowered

- **Local Identity**: Builds councils around historical boundaries and resident travel patterns.
- **Community Connection**: Residents in proposed areas show strong ties to their anchor cities (Cambridge or Peterborough).
- **Work Patterns**: Highest percentage of residents both living and working within the same council area.
- **Empowerment**: Aligns with government criteria while fostering meaningful local engagement.

Appendix 2

Financial Analysis

How the new councils will be financially sustainable?

Financial challenges

LGR will take place in a wider financial context for the councils. Cambridgeshire and Peterborough councils face a financial position which is already strained and presenting challenges to the sustainability of existing structures. Financial pressures in our region include:

- Pressures on demand led budgets, in the context of continuing economic headwinds, and price and supply challenges in social care. Cambridgeshire and Peterborough are facing the same pressures seen nationally across Children's and Adult services and for example includes a 93% increase in Cambridgeshire County Council's expenditure on home to school transport in the last five years
- This area also faces some specific local pressures. These connect to being an area of faster population growth and the need to provide and finance new infrastructure such as school places and transport connections. Cambridgeshire County Council is spending additional sums on waste disposal following regulatory changes and both upper tier councils have higher than average levels of borrowing. The level of reserves in Peterborough City Council is low and Cambridgeshire County Council is showing a declining trajectory.
- High Needs Block – the county faces a major recurrent overspend and an accumulated deficit which is temporarily ringfenced. This pressure and the programme to improve the financial position in this area is likely to be inherited by successor councils. SEND pressures are also emerging in the Peterborough area and are projected to rise quickly in coming years.
- Mainstream school budgets are also under significant pressure. Cambridgeshire is amongst the lowest funded authorities for schools on a per pupil basis, ranked 125th out of 151 authorities whilst Peterborough is 81st out of 151 for schools funding.

Budget gap and funding reforms

The existing councils have made medium term financial plans that show budget deficits into future years. Forecast demand, pressures and inflationary impact on delivery of local services are estimated to outstrip expected levels of increased income. Local government in Cambridgeshire and Peterborough will need to continue to find further savings and ways to boost income to bridge this budget gap.

Public estimates of the budget deficit are available for all of the current councils up to March 2028[1] and are indicative of the type of pressures that new councils will inherit from vesting day. The budget gap (unidentified savings) in 2027-28 is currently forecast at £45.5m, of this £37m (81%) is attributable to the upper tier councils.

Alongside LGR, there are also plans for major funding reform for the sector. Proposals made by the Government in their Fair Funding 2.0 consultation may be relatively favourable for this region. Public bodies in Cambridgeshire have long called for a fairer distribution of funding across the country and in particularly appropriate and regular recognition of growing populations, an improved methodology for calculating Adult Social Care and healthcare need and a specific funding factor for home to school transport. The Government has made proposals in these areas as part of consultation.

For Cambridgeshire County Council and Peterborough City Council there are potential gains if the Government implements reforms using the methodology it has consulted on, with this having the potential to close some of the budget gap outlined above. The gains could be substantial for Peterborough City Council with the potential that this alleviates some of the financial sustainability challenges that council is currently facing. However, there is no certainty that the Government will proceed without modification and much will depend on the overall amounts of funding available to local government, the extent that council tax base is accounted for in the equalisation of funding, implementation of a scheduled business rates reset (where growth is redistributed) and the timing and phasing-in of any changes,

Nationally, District Councils as a group would lose relative needs funding if the reforms proceed. In Cambridgeshire, apart from Fenland District Council, all four of the other District Councils would be set to lose funding and potentially widen the budget gap. This is especially the case in the East Cambridgeshire and South Cambridgeshire areas.

Applying the funding modelling to the unitary council proposals, all the proposed unitary councils in 'Option A', 'Option B' and 'Option C' would have increases in excess of the average for county unitaries/ county councils. In modelling undertaken by Pixel Financial Management, the gains that the County Council sees would be disaggregated following LGR and are not evenly distributed, with the Fenland area of the county similarly gaining for upper tier aspects of the formula. None of the proposed unitary options in 'Option A', Option B' or 'Option C' has projected resources that appear concerning when compared to the volatility expected across England as a whole. In the areas that do see reductions from the funding formula (the south unitary councils in 'Option A' and 'Option B') there remains an increase in resources as a result of council tax base growth.

Future trajectories of demand

Long-term sustainable financial planning for the new unitary councils relies on understanding patterns of demand and forecast trajectories for key public services. For the high-spending demand-led activity areas of Adult Social Care, Children's Social Care, Special Educational Needs and Disabilities (SEND) and home to school transport, the councils providing these services have commissioned specialist analysis of the impact of LGR from Newton (see Appendix x). The long-term demographic modelling developed through this work is summarised in the local context section of this proposal.

The analysis shows that in general spend aligns with the spread of demand across Cambridgeshire and Peterborough. This is because there is greater variation in demand levels by district area than there is in unit cost. In all three options for two unitary authorities Fenland and Peterborough are in the same unitary authority. These districts tend to have the highest prevalence of need across services, meaning the unitary authorities containing Peterborough and Fenland will have higher demand for people-based services, and higher spend per resident.

Figure 1. Table of forecast spend per resident

		2025 (£)	**2040 (£)**	
		Spend per resident	Spend per resident	Growth 2025 - 2040
Baseline	CCC	722	1422	97.0%
	PCC	954	1990	108.6%
	Ratio	*1.32*	*1.40*	
Option A	North	857	1741	103.2%
	South	677	1337	97.5%
	Ratio	*1.27*	*1.30*	
Option B	North	840	1703	102.7%
	South	656	1292	97.0%
	Ratio	1.28	1.32	
Option C	East	916	1867	103.8%
	West	661	1307	97.7%
	Ratio	*1.39*	*1.43*	

The table above shows the combined spend per resident in each of the two new authorities across adult and children's social care and SEND.

This shows that there is a clear variation in demand between unitary authorities but this is moderated where the other districts grouped with Peterborough and Fenland have lower prevalence rates. It can be seen that the variation between the two new councils for spending levels per head is lowest in 'Option A' (indicated above by the lower ratio) for the position in both 2025 and the 2040 forecast. 'Option C' has the highest differential ratio as it groups the relatively large district of Huntingdonshire with South Cambridgeshire and Cambridge City, whereas the eastern unitary sees the position in Peterborough and Fenland more dominant compared to the smaller size of East Cambridgeshire.

In all cases the spend per resident grows more steeply between 2025 and 2040 in the unitary council containing Peterborough and Fenland. Although Peterborough is currently seeing a decrease in its under-18 population it also currently has the most growth in SEND prevalence projections.

Newton has also highlighted as part of this modelling that they have identified a statistically significant correlation between smaller authority population sizes and higher unit costs. A multivariable regression model has been used to isolate the impact of population size and buying power, adjusting for the impact of deprivation and median incomes. This is an additional risk facing the proposed south unitary council in 'Option B', which can be avoided in the other options owing to their greater balance of size.

Debt

There are higher than average levels of debt (prudential borrowing) in the Cambridgeshire and Peterborough councils. At the end of 2024-25 overall external borrowing for the councils was in excess of £1.8b. Ensuring debt financing is affordable for the new councils created through LGR is an essential component of their long-term financial sustainability.

Both Peterborough City Council and Cambridgeshire County Council have higher levels of debt than the average for their comparator class of upper tier authority across England. Like many local authorities, both councils have also seen levels of external borrowing increase as internal borrowing (debt funded from internal resources and/or working capital) has reduced over the last two years. So far this has resulted in additional budget pressures and greater exposure to changes in interest rates and this trend is unlikely to reverse ahead of vesting day. Amongst District Councils, East Cambridgeshire, Fenland and Huntingdonshire Districts Councils have lower levels of debt compared to the district average, with no Housing Revenue Account (HRA), whereas Cambridge City Council and South Cambridgeshire District Councils have higher levels of debt than district councils with HRAs.

There are stable levels of borrowing in all councils and the upper tier councils have seen their level of debt as a proportion of core spending power reduce in successive recent years. Looking at the wider balance sheet and capital health is also helpful in this context. For the councils with above average levels of debt in their category, in Cambridgeshire there is broader strength in the balance sheet and borrowing levels underpinned by assets. Cambridgeshire County Council as well as South Cambridgeshire and Huntingdonshire have debt gearing (a measure of relationship between debt and balance sheet equity) which is moderately above the average of their comparators, but this position is stable.

The Peterborough City Council position appears more stretched, with a weaker assets and reserves position on the balance sheet meaning it has debt gearing significantly above the unitary average. This further illustrates the financial vulnerability that Peterborough City Council is exposed to in the current formation and ahead of funding reform nationally.

Figure 2. Cambridgeshire and Peterborough councils debt overview

£000	**Capital Financing Requirement**	**Borrowing Debt Total**	**of which Housing Revenue Account**	**of which GF commercial / income generating**	**of which other General Fund**
Cambridge	288,271	243,572	213,572		30,000
Cambridgeshire	1,074,600	824,324		245,136	579,188
East Cambridgeshire	10,571	0	0	0	0
Fenland	13,471	7,800	0	0	7,800
Huntingdonshire	72,341	34,268	0	24,255	10,013
Peterborough	638,328	487,959	0	131,000	356,959
South Cambridgeshire	384,844	280,123	225,123		55,000

Figure 3. Cambridgeshire and Peterborough councils debt financing overview

£000	Interest Payable	Minimum Revenue Provision	Total Debt Financing Costs	Debt Financing as a % of core spending power	HRA Dwelling Rents	Inv. Property Rental Income
Cambridgeshire CC	34,690	25,774	60,464	12%		8,678
Peterborough UA	18,788	18,693	37,481	20%		
Cambridge	7,494	314	7,808	41%	44,460	10,547
East Cambridgeshire	91	319	410	4%		
Fenland	683	383	1,066	8%		90
Huntingdonshire	394	2,660	3,054	16%		3,922
South Cambridgeshire	8,553	1,147	9,680	55%	34,162	2,079

High Needs Block

There are well known national funding challenges facing many local authorities with responsibilities for funding Special Educational Needs and Disabilities (SEND). Both of the existing upper tier councils have deficits for the High Needs Block (HNB) of its Dedicated Schools Grant (DSG). At the end of 2024/25 the cumulative deficit in Cambridgeshire was £62.9m and £3.4m in Peterborough. These amounts are currently ringfenced and handled as a “negative reserve” in each council’s balance sheet following special temporary accountancy rules known as a Statutory Override, which is in place until March 2028.

Due to the severity of the situation in Cambridgeshire, the county council has participated in the Department for Education’s Safety Valve programme, which has seen the council receive £21m of additional Government funding to date. Increasing demand for Education, Health and Care Plans EHCPs) including educational placements funded through the High Needs Block has meant that Cambridgeshire has seen growth above the trajectory in the Safety Valve agreement. Liaison is ongoing with the Department for Education to agree a revised Safety Valve plan.

On the assumption that a Safety Valve agreement is revised, support payments will resume and the County Council's mitigation plans for the growth in demand progress as forecast, the expected HNB deficit by 1 April 2028 is £126m. The unmitigated position with resumption of additional funding and improvements in trajectory is £198m. Cambridgeshire County Council expects that the high needs block deficit will prevent the Council from utilising any internal borrowing (because of the depletion of working capital by 2026-27). By April 2028, the high needs block deficit will be greater than the County Councils revenue reserves under current forecasts.

At this stage it appears likely that following LGR, the HNB deficits and any agreed funding with DfE will need to be transferred to the successor authorities. We will work with Department for Education to ensure that this is done on an equitable basis in line with the split of SEND expenditure.

What will the budgets of the new Councils look like?

The County Council has drawn on external analysis and a locally agreed shared dataset to compare some of the key financial characteristics of the new unitary authorities that could be created.

Figure 4. Forecast budget of two unitary options

		Business Rates Total Income (£000)	Council Tax Total Income (£000)	Total Resources Requirement (£000)	Council Tax as % of Total Resources	Children's Social Care Spend (£000)	Environmental and Planning Spend (£000)
A	North	327,918	342,353	548,401	62.4%	116,298	60,155
	South	310,607	327,238	392,093	83.5%	49,324	74,512
B	North	397,253	414,374	645,615	64.2%	128,224	78,834
	South	241,272	255,217	294,879	86.5%	37,398	55,833
C	East	255,753	264,591	465,782	56.8%	101,459	52,994
	West	382,772	405,000	474,712	85.3%	64,163	81,583

Areas with a closer or more equitable balance between the new unitaries are marked in green, whereas characteristics that appear more unbalanced are flagged in amber.

The table above shows firstly the tax-raising base for Business Rates and Council Tax for the new unitary councils. 'Option A' provides the most equitable balance for both forms of local taxation. In both 'Option B' and 'Option C' there is a starker difference between the revenue raising powers of the new authorities.

The column labelled Total Resources requirement shows the budget position for each new council (excluding schools) with the next column then comparing this to the Council Tax base (which is fully retained locally). It can be seen in all options that the Council Tax cover is very high in the council including Cambridge City and South Cambridgeshire and weaker in the council comprising Peterborough and Fenland. On this measure 'Option C' presents more of an outlier, with a greater differential between the Council Tax cover as a percentage of total resources between the two new authorities. This model would leave the new unitary council in the east of Cambridgeshire unduly reliant on government grant funding to make up for the weaker Council Tax base (relative to the council in the west).

In terms of 'Option B', the table above shows that the differential in overall financial scale between the two unitary councils in this model: the budget of the north unitary council is more than twice as large as the budget for the south unitary council.

The final two columns in the table above are illustrative of departmental funding deployment in the new councils. Children's Social Care is a vital service within local government, usually one of the highest spending areas and closely regulated. All of the options show a significant differential in budget size between councils in this category but is particularly stark in 'Option B'. Analysis has calculated that the south council under 'Option B' would have a Children's social Care budget of just £37.4m (based on 2025 budgets), markedly smaller than the current Peterborough City Council budget. The small size and scale of children's services in the proposed south unitary council in 'Option B' is concerning and could hinder the provision of safe, high quality children's services, for example by hindering the council's ability to attract and retain staff, particularly management capabilities and in specialised services. There is different budgetary position in the planning and environmental services categories, which includes functions such as waste management, which are more balanced or show that the financial focus in the southern area may be more clustered around these type of functions.

What are the costs and benefits of moving to new authorities?

The existing upper tier councils have worked with a leading accountancy and consultancy firm, PwC, to model the financial impacts of moving to new unitary councils. This analysis has considered:

- financial benefits of LGR
- financial benefits of transformation

- costs of transition
- costs of aggregation and disaggregation

This leads to an analysis of the overall aggregation and disaggregation costs and benefits in the different options.

As a preliminary step, there has been modelling that compares the financial impacts of proceeding with three unitary councils across the Cambridgeshire and Peterborough region rather than two unitary councils. The results project that moving to three unitary councils would be considerably more costly. This has informed the consensus amongst local council Leaders and Chief Executives that the realistic, affordable and financially sustainable options were all variations of a two unitary model.

Figure 5. Projected financials for two and three unitary options

Option £000	Gross annual benefit	Additional Annual Costs	Recurring net annual benefit	One off transition costs	Payback period	Net benefit after 1 year	Net benefit after 7 years
Two unitaries	£26,200	£14,100	£12,100	£34,400	6.1 years	-£35,100	£10,700
Three unitaries	£23,500	£22,100	£1,400	£40,700	20+ years	-£48,800	-£66,300

The table above illustrates that there will be initial upfront additional costs from the transition to unitary councils in all scenarios, funding the costs of change. In the two unitary model the recurring net annual benefits of LGR are calculated as £12.1m, meaning that there is a Pay Back period of just over 6 years. This modelling suggests that by the seventh year following LGR, collectively the new unitary councils should expect to be at least £10.7m better off than under existing structures.

By contrast, in the three unitary model, the initial costs of transition are greater, in order to create a third new council, and the recurrent running costs are also higher. The modelling sets out the annual benefit of running three new unitary Councils is only £1.4m per year cheaper than the current recurrent cost base for two upper tier councils and five district councils. Set against the very substantial change and setup costs for new unitary councils, more than £40m in this scenario, the Pay Back period exceeds 20 years and there is a net deficit after seven years exceeding £66m

PwC's insight combines the rigor of an expert model along with experience of work with a wide evidence bank of councils that have implemented unitary councils through LGR. The modelling draws on publicly available information about spending patterns in Cambridgeshire councils as well as locally collected data and applies assumptions drawing on experience across England. This provides a standardised methodology that has been iterated in response to local testing and feedback by the upper tier Councils.

Figure 6. Financial benefits and costs of reorganisation

Financial benefits of reorganisation £000	**Gross Benefits (recurring)**
Front Office	(£1,455)
District Service Delivery	(£411)
Back Office	(£1,637)
Senior management	(£12,455)
Third party spend	(£3,576)
Property	(£1,987)
Democracy	(£4,655)
Total	(£26,177)

Costs of aggregation and disaggregation £000	**Gross Costs (recurring)**
Senior management	£7,371
Democracy	£2,724
Additional costs in service delivery teams	£4,030
Total	£14,124

The above two tables show the recurring impacts on the cost base as a result of LGR. There are financial implications for workforce and staffing structures as a result of re-organisation and the first table shows cost savings across back office services and removal of service delivery costs that duplicated across districts. Savings would also be expected from third party spend (spend on supplies and services) as overlapping contracts and activities are removed and economies of scale realised. The model assumes that property costs can be reduced by £1.987m. All of the local councils have collated their current property costs and premises floor areas for operational assets illustrating the tangible opportunities in this category.

Under the categories senior management and democracy costs (member allowances and democratic governance functions) all costs in the current councils are removed in the first table, before adding back in the second table the typical running cost of unitary authorities. It can be seen that the net savings in senior management costs are £5,084k and £1,931k for democracy costs.

Figure 7. One-off costs of transition

Costs of transition **£000**	**One off transition costs**
Programme transition costs	£24,874
Redundancy costs	£9,575
Total	£34,449

In the table above programme transition costs include ICT costs (one off costs arising from data cleansing, migration and security, and infrastructure setup for the new authorities); shadow chief executive and member costs (during the transitional period where this is in place alongside existing authorities ahead of vesting day); external change support for transition, rebranding and implementation as well as internal programme management.

Redundancy costs have been calculated using assumptions around level of savings achievable in senior management, front office, service delivery and back-office functions.

Cost modelling implications for the two unitary options

Amongst the two unitary permutations, the financial modelling has drawn attention to risks of additional costs and reduced benefits in the scenario known as option B (the Horseshoe) where the analysis has shown a more uneven split in financial and fiscal scale from dividing existing district areas 4:2 rather than 3:3.

The County Council's Section 151 officer has highlighted the following areas that are likely to favour a 3:3 unitary configuration rather than that of a 4:2 unitary configuration (option B) in terms of the cost benefit analysis

- Management Overheads: The relative imbalance in geography and population created through Option B may require additional management and supervision resources compared to the other two options without a corresponding reduction in the smaller unitary
- Depots and Waste Transfer stations: The geography of the new councils will impact on the requirements around operational assets such as highway depots and waste facilities. Option B results in a significantly larger geography in the north than the south and this may result in additional costs to facilitate operations in this area.
- Third Party Spend: Third party spend benefits are partly driven by economies of scale the opportunity to reduce spend through consolidation of contracts etc. The composition of the new Councils is likely to impact on any third party spend savings. These are estimated to be in the region of £3.5m per annum so any impact could be significant.
- Property Costs: Option B results in a large geography in the northern unitary being created. This could result in reduced opportunities to reduce property costs as more properties would be required to provide sufficient geographic presence
- Corporate/Enabling Services: Each new unitary Council would require similar back office functions. The disparity in the sizes of the two Councils may lead to inefficiencies with the relative overhead of support services relatively high in the southern council.

It should also be recorded that the County Council also requested modelling for a further scenario which does not re-organise the Councils at upper tier level: retaining the existing Peterborough City Council and Cambridgeshire County Council boundaries and therefore a more limited change enables a unitary structure by amalgamating the district councils into a single county unitary. There are no costs of change in this scenario for Peterborough City Council.

Figure 8. Costs of retaining one-county and one-unitary option

Option	Gross annual benefit	Additional Annual Costs	Recurring net annual benefit	One off transition costs	Payback period	Net benefit after 1 year	Net benefit after 7 years

Amalgamation to county boundary PCC unchanged	£22,100	£5,500	£16,700	£25,300	2.8 years	-£18,300	£69,200

The table above shows the significant benefits and accelerated payback from this model with net benefits achieved by 2.8 years and a net benefit of more than £69m after 7 years. Although this is a compelling financial case for a unitary on the scale of the County of Cambridgeshire as a whole and reduces the impact and costs of re-organisation on the existing Peterborough City Council, the Councils have not proposed this option for policy and other government criteria which relate to non-financial reasons.

Council tax harmonisation

For residents, changes to council tax bills will be a visible impact of local government reorganisation. For the new councils, understanding council tax harmonisation is a key consideration for ensuring financial sustainability.

Currently council tax bills differ between Cambridgeshire's district Councils and particularly in comparison to Peterborough City Council.

Figure 9. Table of expected council tax

Expected Council Tax Amount Band D in 2026-27	
Cambridge[2]	**£2,029**
South Cambridgeshire	**£1,970**
East Cambridgeshire	**£1,935**
Huntingdonshire	**£1,960**
Fenland	**£2,053**
Peterborough	**£1,837**

On vesting day, households will pay different amounts of Council tax depending on the predecessor district area they are located in, but each new council must harmonise bills within seven years, with options for the new authorities to consider as to how quickly this occurs and how these single rates are calculated. Modelling has been undertaken to illustrate the options open to the new authorities.

Figure 10. Impact on Band D council tax

	North / South			Horseshoe			East / West		
	Option A - change			Option B - change			Option C - change		
Band D Bills impact	LOW	MED	HIGH	LOW	MED	HIGH	LOW	MED	HIGH
Cambridge	-£94	-£60	£0	-£60	-£34	£0	-£70	-£60	£0
South Cambridgeshire	-£35	£0	£60	£0	£25	£60	-£10	£0	£60
East Cambridgeshire	£0	£35	£94	-£98	£11	£118	-£98	£0	£118
Huntingdonshire	-£123	£0	£93	-£123	-£14	£93	£0	£10	£70
Fenland	-£216	-£93	£0	-£216	-£107	£0	-£216	-£118	£0
Peterborough	£0	£123	£216	£0	£109	£216	£0	£98	£216

The colour coding in the table above reflects different groupings of existing billing councils in the proposed options. Darker shading indicates the areas that would see the largest increase/decrease under each scenario.

The table above shows the amount of increase / reduction required in a band D council tax bill for each area under three scenarios: harmonising to the lowest level of current council tax, harmonising to the median level or harmonising to the highest level. This is the total impact: this can be phased in over up to seven years.

It can be seen that in all scenarios the council taxpayers in Fenland will see no increase, and depending on the option selected could see a decrease. In Peterborough, in contrast, bills will either remain unchanged or increase.

In option A, the southern unitary would inherit relatively similar levels of Council Tax. The table above shows that council taxpayers in East Cambridgeshire face a lower maximum increase under Option A than in either of the alternative options. Adjusting the Cambridge City amount for the notional amount attributable to parish functions narrows the range further to just £51 between the lowest (Cambridge) and highest (South Cambridgeshire) areas.

In all the options, the new unitary councils which contains Fenland and Peterborough shows the highest range of potential tax outcomes reflecting these areas are currently the highest and lowest billing councils respectively. The northern unitary in 'Option B' presents the highest levels of volatility for council taxpayers, with East Cambridgeshire and Huntingdonshire potentially seeing larger increases or decreases depending on the harmonisation approach selected.

New unitary councils will need to consider the right balance between phasing in increases in areas where current Council Tax bands are lower set against an extended period of transition potentially disadvantaging higher paying areas or reducing the income available to fund local services.

Figure 11. Impact of harmonising Council Tax (3 years)

Reduction (Increase) in funding under 3 year harmonisation		After 1 year (£000)			Accumulated 3 years (£000)		
		Low	Median	High	Low	Median	High
Option A	North	£863	-£174	-£1,018	£5,463	-£1,153	-£6,676
	South	£438	£128	-£474	£1,796	£522	-£1,956
Option B	North	£1,107	-£112	-£1,307	£7,024	-£752	-£8,567
	South	£201	-£31	-£261	£1,285	-£207	-£1,694
Option C	West	£276	£160	-£543	£1,772	£1,025	-£3,524
	East	£603	-£84	-£895	£3,813	-£574	-£5,884

The table above shows the impact of harmonising Council Tax on the low, median and high methodologies across either a 3 year timeline (alongside the impact of this in the first year). Under Option A, harmonising to the higher level of council tax generates a modest uplift in funds available for local services, approximately equivalent to a 0.25% increase in the council tax for the new southern authority and a 0.89% increase for the new northern authority.

Appendix 3

Engagement

Local engagement

Criterion 4 states that it is for councils to decide how best to engage locally but indicates that evidence of this engagement must be present in the proposal.

In Cambridgeshire, the county council with support from partners such as Cambridge Ahead, the CPCA and South Cambridgeshire District Council, have commissioned an annual Quality of Life survey for the last three years to better understand the priorities, concerns and experiences of Cambridgeshire residents. Whilst this engagement piece does not include residents of Peterborough, it provided a solid foundation on which LGR focused engagement has built upon. The 2025 Quality of Life survey results highlight that a sense of community and pride of place continues to be strong amongst Cambridgeshire residents, happiness levels remain higher than the UK average, and residents are engaging in some healthier behaviours this year than in previous years. However, the 2025 results also show persistent concerns regarding the cost of living. Another specific finding from 2025 was that awareness of LGR amongst residents was low, with almost half of residents (46%) claiming they had never heard about it.

Phase one

Building on the Quality of Life survey, all seven local authorities across Cambridgeshire and Peterborough agreed on the importance of engaging residents from across the whole area when developing the options for LGR. Over the course of June and July 2025 the councils collaborated on phase one of engagement, gathering the views of residents and stakeholders about what mattered most to them when considering the creation of new unitary councils. The survey prioritised brevity and accessibility, asking a smaller number of core questions to maximise response rates while gathering data on public priorities and preferences. Over 3000 residents and 231 stakeholders (including 83 parish and town councils and 76 businesses) responded to the survey.

Alongside the survey, six online focus groups were held with a total of 38 residents (five from Cambridge, six from East Cambridgeshire, seven from Fenland, six from Huntingdonshire, five from Peterborough, and nine from South Cambridgeshire). The findings from the focus groups build upon those from the survey, uncovering similar patterns, priorities and concerns. Phase one of engagement allowed us to understand what was most important to service users, where people considered to be their local area, and what stakeholders felt were high priority considerations for new unitaries. This was crucial to ensuring that the new unitary councils respected local identity and made sense to both residents and stakeholders.

Focus on service improvement

Phase one revealed that overall respondents supported structural changes in local government, so long as this led to service improvements (84% of residents that responded to the survey agreed or strongly agreed with this statement). This focus on service improvement was echoed in residents' priorities for new authorities, with 'investing in council services' and 'improving response capabilities' being two of respondents' top three priorities. Stakeholders also identified service improvement as a priority; however, stakeholders focused more on operational efficiencies, cost savings, and coordination as specific ways of improving service delivery.

Reducing complexity

Respondents generally felt that local government does not perform well in terms of reducing complexity and simplifying access to services. Almost half (49%) of residents felt that local councils did not perform well in this area, compared to only 19% who felt councils did perform well. LGR presents a unique opportunity to improve public opinion, with the inherent simplification of having only one tier of local government. 11% of stakeholders also felt that reducing the complexity of councils would be important in ensuring the success of future unitary councils. Careful consideration will be given to ensuring that we capitalise on this opportunity and create unitary authorities that build simple communication and easy access to effective services at their core.

The best option for the whole region

One of the findings from phase one that needed consideration was the concern that residents expressed about being overlooked within the LGR process. Whilst 71% of residents that responded agreed this was a concern, there was significant variation between areas. This concern was strongest in rural district including Fenland and East Cambridgeshire, where 81% of respondents reported concern. On the other end of the spectrum, you have Cambridge and South Cambridgeshire, where 54% and 57% respectively showed concerns, with 24% and 22% respectively showing no concern. These findings highlight the importance of ensuring that the option put forward for the new unitaries not only considers the data, but ensures balance of local identity, local needs and local history, to give the whole region the best possible future without causing undue disadvantage to certain areas.

Health services

The phase one survey asked residents where they most frequently go to access health services. The responses to this question provide strong evidence to support the established geographies of the ICS Place Partnerships, with the majority of respondents accessing their healthcare within the Place Partnership boundaries. 87% of respondents from Peterborough, 88% of respondents

from Fenland, and 92% of respondents from Huntingdonshire reported accessing their healthcare within the North ICS Place Partnership boundaries (and the proposed boundary for the northern unitary in Option A). These figures were even higher in the south, with 91% of respondents in South Cambridgeshire, 95% of respondents in East Cambridgeshire, and 98% of respondents in Cambridge accessing their healthcare within the South ICS Place Partnership (and the proposed boundary for the southern unitary in Option A). Health-related services were identified by residents as a top area for future investment, with 22% of respondents selecting health (such as hospitals, social care, doctor or dentist surgeries) as one of their top 3 areas for investment. With the public desire for improved health services, the Government's 10-Year Health Plan driving healthcare into community settings, and the introduction of new health and wellbeing duties for CPCA as the region's Strategic Authority, aligning new unitary authorities with the existing ICS Place Partnerships and residents' patterns for accessing healthcare will reduce complexities and enable optimal efficiencies.

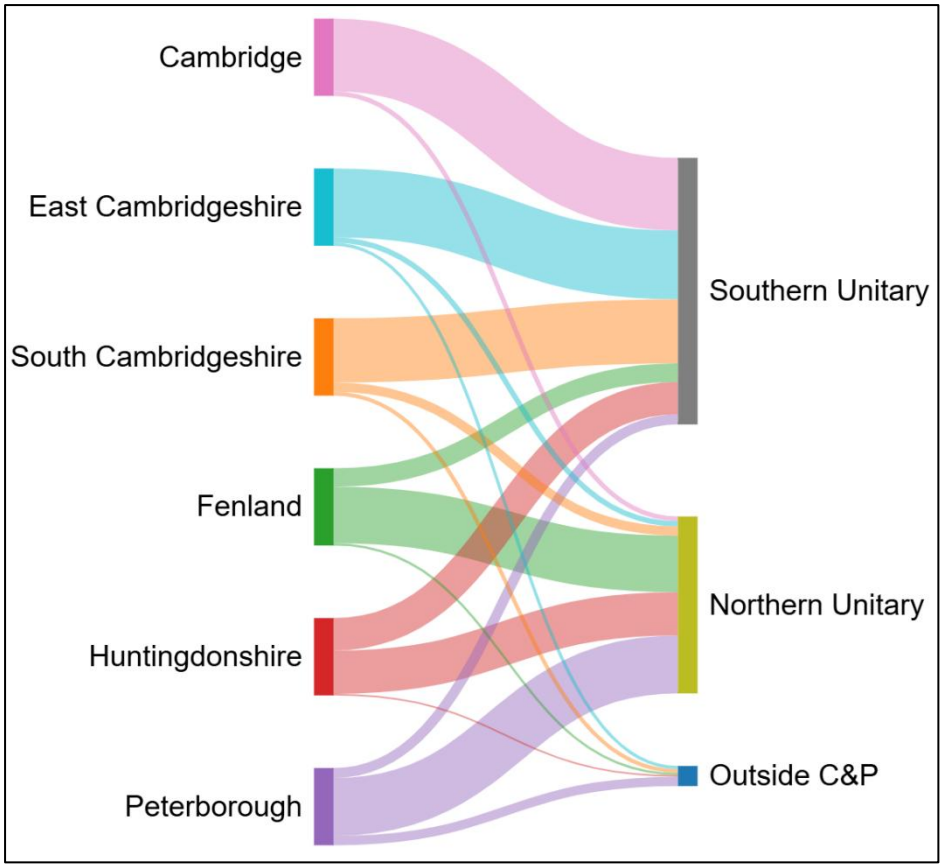
Local identity

In addition to asking residents where they accessed their healthcare, the survey asked where they mainly go for shopping and socialising. Whilst there were some minor variations between behaviour patterns in socialising and shopping and accessing healthcare across the region, the majority of these behaviours were very similar.

Table 1: Where do residents go for shopping and socialising?

		Shopping and Socialising					
		Cambridge City	East Cambridgeshire	South Cambridgeshire	Fenland	Huntingdonshire	Peterborough
Living	Cambridge City	71%	9%	14%	1%	4%	1%
	East Cambs	33%	50%	6%	2%	3%	2%
	South Cambs	40%	8%	35%	1%	10%	1%
	Fenland	11%	13%	0%	42%	8%	23%
	Huntingdonshire	28%	4%	10%	2%	46%	8%
	Peterborough	12%	1%	0%	4%	8%	63%

Figure 1 - Sankey diagram of travel patterns to proposed unitaries



The majority of residents stayed within their local area for shopping and socialising, with the highest percentages in the urban centres of Cambridge City and Peterborough. Residents in East Cambridgeshire showed strong patterns for both staying within their local area and heading to Cambridge. Almost half of Huntingdonshire residents stay within the area for socialising and shopping with just over a quarter travelling to Cambridge. For respondents living in Fenland, Fenland and Peterborough were the

most popular destinations for shopping and socialising. South Cambridgeshire respondents presented a different pattern, with Cambridge as their top destination at 40%, and staying within South Cambridgeshire the second most popular destination for shopping and socialising at 35%.

These patterns have been assessed through different lenses to build a picture of which proposed unitary authorities will have the utmost respect for local identity. The strong relationship between Fenland and Peterborough, and Cambridge and South Cambridge is clear, however it is the identities of East Cambridgeshire and Huntingdonshire that required careful analysis.

It is clear through the phase one results that there is a strong connection between East Cambridgeshire and Cambridge with 33% of respondents travelling to Cambridge for their socialising and shopping (making Cambridge the top destination for East Cambridgeshire residents outside of their own district). Within the proposed southern unitary of Option A (the only option in which East Cambridgeshire and Cambridge are in the same unitary), 89% of East Cambridgeshire residents would remain in the unitary for socialising and shopping, whilst 95% would remain in the unitary for healthcare. Huntingdonshire also shows a connection to Cambridge, with 28% of respondents doing their shopping and socialising there. Within the western unitary of Option C (the only option in which Huntingdonshire and Cambridge are within the same unitary), 84% of Huntingdonshire respondents would remain in the unitary for shopping and socialising, whilst 76% would remain in the unitary for healthcare.

It is also clear that East Cambridgeshire has very little in common with Peterborough or Fenland. Looking at socialising and shopping patterns, only 4% of respondents from East Cambridgeshire visited Fenland and Peterborough, whilst there was no connection to Fenland, Peterborough or Huntingdonshire for East Cambridgeshire residents accessing healthcare. Whilst there is also limited connection between Huntingdonshire and Peterborough or Fenland regarding socialising and shopping (8% of respondents from Huntingdonshire travelled to Peterborough and 2% to Fenland for this reason), there is a strong connection between Huntingdonshire and these two areas regarding healthcare, with 28% of Huntingdonshire respondents travelling to Peterborough and Fenland for healthcare. Within the northern unitary of Option A, only 56% of Huntingdonshire respondents would stay in the unitary for shopping and socialising, whilst 92% would stay in the unitary for healthcare.

This analysis highlights the strong connections between East Cambridgeshire and Cambridge, and the lack of connection between East Cambridgeshire and Peterborough. This would suggest that Option A would do the best job of respecting local identity. Option A would see Huntingdonshire with Peterborough and Fenland, whilst this may not be the optimal place for Huntingdonshire regarding socialising and shopping, it is the optimal place regarding health and produces the best outcomes in local identity for the whole of the region.

Phase two

Whilst the responses to the first phase of engagement provided an invaluable insight into opinions on local government, local identity and the concept of LGR, our determination to ensure deep engagement with residents and stakeholders across the whole of Cambridgeshire and Peterborough led us to embark on a second phase of engagement. This second phase focused on Option A, allowing us to understand resident's views on our preferred option, and improving our understanding of how we can make LGR as beneficial for our people as possible.

One of the key elements of phase two of engagement was to provide residents with the knowledge and background needed to give informed responses to our questions. As previously mentioned, the 2025 Quality of Life results made it clear that residents had a limited understanding of local government reorganisation and how it might impact them. This was a concern, acknowledging that meaningful engagement cannot take place unless people have an understanding of the relevant context and information. To address this, a website dedicated to Option A was established, providing the relevant context on the aims of local government reorganisation across the country, providing detail on the preferred option and summarising the evidence that informed this preference. The site also included a comprehensive Frequently Asked Questions (FAQs) section to further support residents to fully understand LGR, the options and how they could get involved. The site then linked residents to the survey that formed the basis of phase two of engagement.

The phase 2 engagement analysis is underway at the point of this report being published and will be provided as a separate addendum to the Full Council report before the meeting of the Council on 21 October 2025.

Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP
Minister of State for Local Government and English Devolution
2 Marsham Street
London
SW1P 4DF

To: Leaders of two-tier councils and unitary council in Cambridgeshire
Cambridge City Council
Cambridgeshire County Council
East Cambridgeshire District Council
Fenland District Council
Huntingdonshire District Council
South Cambridgeshire District Council
Peterborough City Council

5 February 2025

Dear Leaders,

This Government has been clear on our vision for simpler, more sustainable, local government structures, alongside a transfer of power out of Westminster through devolution. We know that councils of all political stripes are in crisis after a decade of decline and instability. Indeed, a record number of councils asked the government for support this year to help them set their budgets.

This new government will not waste this opportunity to build empowered, simplified, resilient and sustainable local government for your area that will increase value for money for council taxpayers. Local leaders are central to our mission to deliver change for hard-working people in every corner of the country through our Plan for Change, and our councils are doing everything they can to stay afloat and provide for their communities day in, day out. The Government will work closely with you to deliver these aims to the most ambitious timeline.

I am writing to you now to formally invite you to work with other council leaders in your area to develop a proposal for local government reorganisation, and to set out further detail on the criteria, guidance for the development of proposals, and the timeline for this process. A formal invitation with guidance for the development of your proposals is attached at Annex A. This invitation sets out the criteria against which proposals will be assessed.

Developing proposals for reorganisation

We expect there to be different views on the best structures for an area, and indeed there may be merits to a variety of approaches. Nevertheless, it is not in council taxpayers' interest to devote public funds and your valuable time and effort into the development of multiple proposals which unnecessarily fragment services, compete against one another, require lengthy implementation periods or which do not sufficiently address local interests and identities.

The public will rightly expect us to deliver on our shared responsibility to design and implement the best local government structures for efficient and high-quality public service delivery. We therefore 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.

This will mean making every effort to work together to develop and jointly submit one proposal for unitary local government across the whole of your area. The proposal that is developed for the whole of your area may be for one or more new unitary councils and should be complementary to devolution plans. It is open to you to explore options with neighbouring councils in addition to those included in this invitation, particularly where this helps those councils to address concerns about their sustainability or limitations arising from their size or boundaries or where you are working together across a wider geography within a strategic authority.

I understand there will be some cases when it is not possible for all councils in an area to jointly develop and submit a proposal, despite their best efforts. This will not be a barrier to progress, and the Government will consider any suitable proposals submitted by the relevant local authorities.

Supporting places through change

It is essential that councils continue to deliver their business-as-usual services and duties, which remain unchanged until reorganisation is complete. This includes progress towards the Government's ambition of universal coverage of up-to-date local plans as quickly as possible. To support with capacity, I intend to provide some funds for preparing to take forward any proposal, and I will share further information later in the process.

Considering the efficiencies that are possible through reorganisation, we expect that areas will be able to meet transition costs over time from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.

The default position is that assets and liabilities remain locally managed by councils, but we acknowledge that there are exceptional circumstances where there has been failure linked to capital practices. Where that is the case, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation, and Commissioners should be engaged in these discussions. We will continue to discuss the approach that is proposed with the area.

I welcome the partnership approach that is being taken across the sector to respond to the ambitious plans set out in the White Paper. My department will continue to work closely with the Local Government Association (LGA), the District Councils Network, the County Councils Network and other local government partners to plan how best to support councils through this process. We envisage that practical support will be needed to understand and address the key thematic issues that will arise through reorganisation, including managing service impacts and opportunities for the workforce, digital and IT systems, and leadership support.

Timelines and next steps for interim plans and full proposals
We ask for an interim plan to be submitted on or before 21 March 2025, in line with the guidance set out in the attached Annex. My officials will provide feedback on your plan to help support you to develop final proposals.

I will expect any full proposal to be submitted **by 28 November**. If I decide to implement any proposal, and the necessary legislation is agreed by Parliament, we will work with you to move to elections to new 'shadow' unitary councils as soon as possible as is the usual arrangement in the process of local government reorganisation.

Following submission, I will consider any and all proposals carefully before taking decisions on how to proceed. My officials are available throughout to discuss how your reorganisation and devolution aspirations might work together and what support you think you might need to proceed.

This is a once in a generation opportunity to work together to put local government in your area on a more sustainable footing, creating simpler structures for your area that will deliver the services that local people and businesses need and deserve. As set out in the White Paper, my commitment is that clear leadership locally will be met with an active partner nationally.

I am copying this letter to council Chief Executives. I am also copying this letter to local Members of Parliament, to the Mayor of the Combined Authority and to the Police and Crime Commissioner.

Yours sincerely,

JIM MCMAHON OBE MP
Minister of State for Local Government and English Devolution

Annex A

LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), hereby invites any principal authority in the area of the county of Cambridgeshire, to submit a proposal for a single tier of local government.

This may be one of the following types of proposal as set out in the 2007 Act:

- Type A – a single tier of local authority covering the whole of the county concerned
- Type B – a single tier of local authority covering an area that is currently a district, or two or more districts
- Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county; and one or more relevant adjoining areas
- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

Proposals must be submitted in accordance with paragraphs 1 to 3:

1. Any proposal must be made by **28 November 2025**.
2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to this invitation, and to any further guidance on responding to this invitation received from the Secretary of State.
3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Signed on behalf of the Secretary of State for Housing, Communities and Local Government.

[redacted]

F KIRWAN

A senior civil servant in the Ministry of Housing, Communities and Local Government

5 February 2025

SCHEDULE

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.

Interim plans

An interim plan should be provided to Government on or before **21 March 2025.** This should set out your progress on developing proposals in line with the criteria and guidance. The level of detail that is possible at this stage may vary from place to place but the expectation is that one interim plan is jointly submitted by all councils in the area. It may be the case that the interim plan describes more than one potential proposal for your area, if there is more than one option under consideration. The interim plan should:

a) identify any barriers or challenges where further clarity or support would be helpful.

b) identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.

c) include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.

d) include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.

e) include early views on how new structures will support devolution ambitions.

f) include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.

g) set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.

h) set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.