

Local Government Reorganisation Update



Report to:	Cabinet
Date:	10 July 2025
Portfolio Holder:	Councillor Michael Hardware, Portfolio Holder for Local Government Reorganisation and Devolution
Lead Officer:	James Gardner, Managing Director
Key Decision:	No
Forward Plan:	Forward Plan number I018749
Call In:	This item is not subject to call in procedures
Corporate Mission:	Transform our council
Wards Affected:	None specifically

Executive Summary

- A** In respect of the corporate mission to 'transform our council,' the Building Harlow's Future plan states that the council will "*champion Harlow's interests in the local government reorganisation*" to ensure that "*the town emerges in a position of strength and influence.*"
- B** This report provides Cabinet with an update on the work ongoing across all local authorities across Essex in respect of local government reorganisation and Harlow Council's role within that work.

Recommended that Cabinet:

- A** Notes the update on Local Government Reorganisation for Greater Essex.
- B** Endorses Harlow Council's continued participation with the production of the Five Unitary Business Case (formerly Business Case A) and the Business Case for Greater Essex (formerly Business Case B) recognising that a formal decision on the council's position will be taken in September.

Reason for decision

- A** In respect of the corporate mission to 'transform our council,' the Building Harlow's Future plan states that the council will "*champion Harlow's interests in the local*

government reorganisation” to ensure that “the town emerges in a position of strength and influence.”

- B** To ensure that the council meets required timelines for a final submission by 26 September 2025, in line with guidance provided by the Government.

Other Options

- A** Submit a competing proposal: Although the Government encourages local authorities to collaborate, there is no restriction on submitting competing proposals. In such cases, the Secretary of State may select one proposal for consultation or may consult on multiple proposals before deciding which one to advance.
- B** Consider active participation with development of only one of the Business Cases being developed: This approach would limit Harlow’s ability to inform the different options being considered and would limit representation of the town and its specific requirements and ambitions.

Background

1. In respect of the corporate mission to ‘transform our council,’ the Building Harlow’s Future plan states that the council will *“champion Harlow’s interests in the local government reorganisation”* to ensure that *“the town emerges in a position of strength and influence.”*
2. In December 2024, the Government set out its English Devolution White Paper which proposed a radical overhaul to local government in England. The White Paper focussed on both devolution and local government reorganisation. Devolution means the creation of a Mayoral Combined Authority for Essex with a directly elected Mayor with powers devolved from Government as has been done across the country. Local government reorganisation refers to the unitarisation of councils by aggregating district councils together and disaggregating Essex County Council so that residents are served by one unitary authority.
3. The White Paper included the creation of the Devolution Priority Programme which would identify those areas which would see fast-tracked devolution and local government reorganisation. The Government asked for upper-tier authorities which wished to be on the priority programme to make a formal submission.
4. Following the submissions by Essex County Council, Thurrock, and Southend-on-Sea Unitary Councils on 10 January 2025 to join the Government’s new Devolution Priority Programme and commit to local government reorganisation, the Deputy Prime Minister announced on 5 February 2025 the inclusion of 'Greater Essex' in the Priority Programme.
5. An invitation from local government reorganisation for Greater Essex outlined the criteria for assessment, guidance for proposal development, and the timeline.
6. Councils are required to submit a final proposal by 26 September 2025, and an Interim Plan was submitted ahead of the deadline date of 21 March 2025, detailing progress

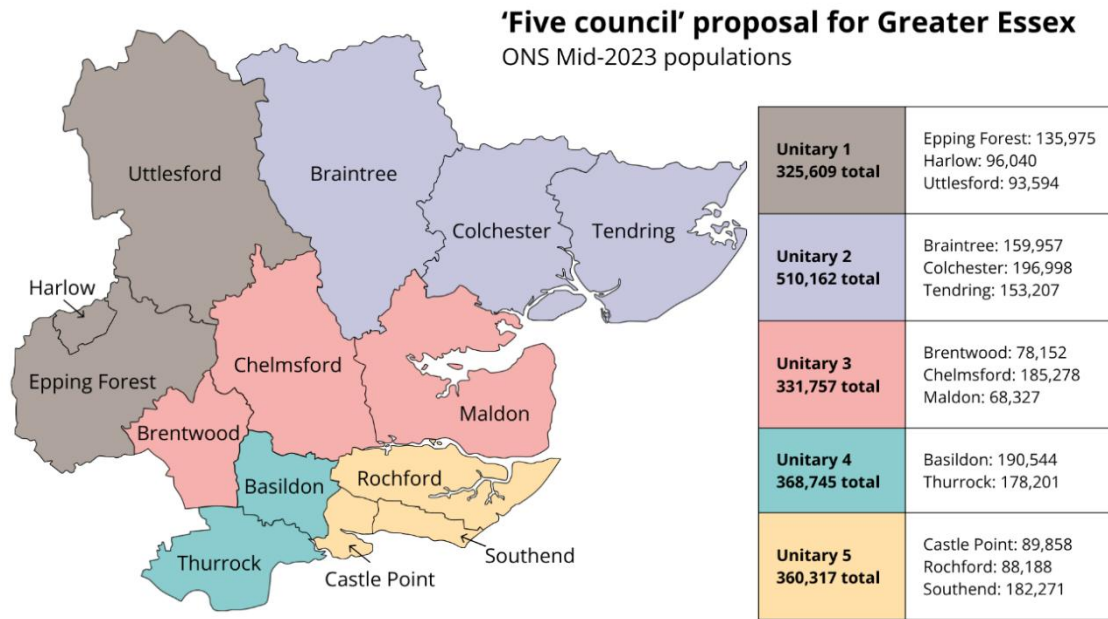
towards a final proposal. The Interim Plan was endorsed by Cabinet on 19 March 2025 alongside all local authorities in Greater Essex.

7. On 7 May 2025, the Greater Essex local authorities received feedback to the Interim Plan from the Ministry of Housing, Communities and Local Government (MHCLG), and this can be reviewed in Appendix A. Both senior officers and members from all Greater Essex local authorities met with officials from MHCLG to review the feedback and ask further questions about the Government's response to the Interim Plan.
8. The non-binding feedback is intended to support councils in developing their final proposals, which must present a single preferred option for the entire area.
9. As part of the feedback, the Government *"removed the reference to benchmarking against 500k, as it was only intended to be illustrative"* as MHCLG officials *"recognise it does not neatly align with the options under development in some areas"*.
10. A summary of the feedback is as follows was provided within the LGR Update to the Cabinet on 12 June 2025.
11. Local authorities across Greater Essex are collaboratively developing two separate business cases for submission to Central Government: Five Unitary Business Case and Business Case for Greater Essex, with Harlow Council actively involved in both.
12. It is almost certain that these will represent two separate submissions to Central Government.
13. The Five Unitary Business Case is led by a majority of Essex councils and proposes five new unitary authorities. One option includes a combined authority for Harlow, Epping Forest, and Uttlesford. All 15 councils have been invited to participate in briefings to ensure transparency and collaboration.
14. The Business Case for Greater Essex, developed by fewer councils, is exploring a broader range of options (two to five unitary authorities). It aims to assess the benefits and limitations of each configuration through a structured options appraisal.
15. The appraisal will consider:
 - a) Scale and Value for Money
 - b) Quality of Public Services
 - c) Identity and Community
 - d) Alignment with Devolution and Greater Essex Combined County Authority
16. In line with MHCLG guidance, authorities are maintaining collaboration by:
 - a) Sharing evidence and financial data (via the Essex Finance Officers Association)
 - b) Holding joint policy sessions
 - c) Commissioning shared research
 - d) Coordinating communications and engagement

17. Essex Leaders and Chief Executives have commissioned support from a specialist consultancy named Newtrality to act as a critical friend for the Local Government Reorganisation programme and they will work with both Business Cases to review and help strengthen the business cases ahead of final submission/s.

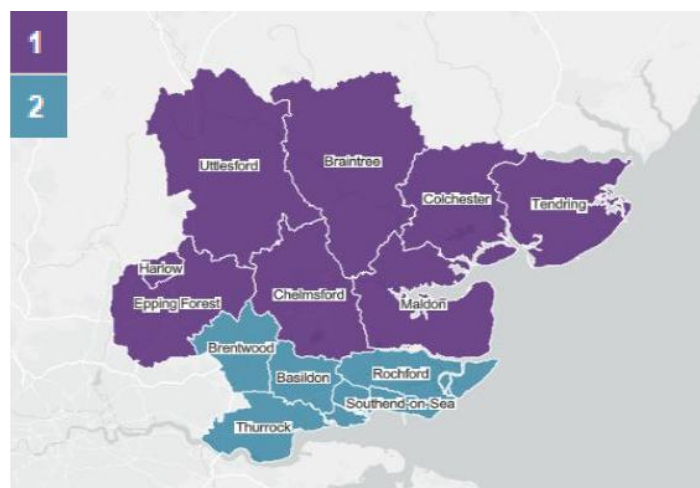
Issues/Proposals

18. Both Business Cases are now progressing with initial drafting of constituent chapters underway, and review and iterative production processes in place.
19. Each business case will set out evidence and narrative as to how its' proposal meets the following criteria, as set by MHCLG:
 - a) Use sensible geographical areas, ideally based on existing district boundaries, (though the Government is open to changes where there is strong justification)
 - b) Ensure financial sustainability
 - c) Minimise fragmentation of services
 - d) Consider local identity, cultural and historic importance
 - e) Follow a 'guiding principle' of a population of around 500k, with flexibility depending on an area's individual circumstances
20. A telephone and written resident survey of 1,400 residents is currently being undertaken. The work is being carried out independently by the National Centre for Social Research (NatCen), the UK's leading social research organisation.
21. Participants are being recruited to ensure representation from across the Greater Essex population.
22. A further stakeholder engagement survey has been launched which targets partner organisations including public sector organisations, health services, education providers and Members of Parliament.
23. Once completed, the results of both surveys will inform the strategic narrative and options appraisals of both proposals.
24. A further resident survey has been launched by the Five Unitary Business Case, which seeks to specific insight regarding the five Unitary Authority model to inform that Business Case.
25. The Five Unitary Business Case is proposing the following configuration for five new Unitary Authority areas:



26. It is useful to note that the Five Unitary Areas proposed by the Five Unitary Business Case would see four of these placed within the top quartile of Unitary Authorities in terms of population on a national basis, with the proposed Epping Forest/Harlow/Uttlesford being towards the top of the second quartile for the same measure. This means that these councils would all be considered 'very large'.
27. When projected population growth is considered, the Epping Forest/Harlow/Uttlesford Unitary Area would move within this range within a medium-term period.
28. As detailed, the Business Case for Greater Essex are progressing and options appraisal of several proposed Unitary Authority areas ahead of selection of a scenario to form its proposal.
29. The eight Unitary Authority areas that are being appraised are as follows:

Scenario for two Unitary Authorities



Scenarios for three Unitary Authorities





Scenarios for four Unitary Authorities



Scenario for five Unitary Authorities



30. The business cases will need to demonstrate how the MHCLG criteria is met as well as detailing local and regional considerations and an overarching vision.
31. A key consideration will be the increased population projections for each new Unitary Area as well as the economic growth opportunities.
32. City areas are widely considered to be an important 'anchor' within a new Unitary Authority area due to the significant economic development and growth that is projected for these locations, giving rise to the importance of their prominence within a new area.
33. Whilst Harlow is not defined as a city at present, its projected population growth will see it eclipse regional city areas within the next ten years.
34. Alongside this, the economic development opportunities provided by the UK innovation Corridor and M11 transport infrastructure, means that Harlow should also be considered as an 'anchor' to a new Unitary Authority area.
35. Both businesses cases are now progressing, with several data sources and projections being reviewed against the required criteria.
36. These projections, including financial performance and service evaluations and will consider the aggregation of District Council Services and the Disaggregation of County Council Services, both of which present significant complexity.
37. It is important to note that these projections should consider known performance positions of current Unitary Authorities as a sensible guide to future outcomes for proposed areas.
38. Furthermore, consideration must be given to both the impact to Economies of Scale (potentially provided by aggregation of services) as well as Diseconomies of Scale (driven by increased transactional cost and lost locality driven benefits).

39. Although it may be the case, there is currently no evidence to suggest that larger Unitary Authorities perform better either financially or operationally than smaller ones. This should be reflected in the modelling to ensure that any optimism bias is managed effectively
40. Localism is a vital consideration as part of the proposals to ensure it:
- a) Engages Communities: Ensures local voices are heard
 - b) Shapes Places: Reflects unique community identities
 - c) Drives Efficiency: Encourages tailored, innovative solutions
 - d) Builds Trust: Fosters collaboration between stakeholder and residents
 - e) Promotes Inclusivity: Ensures everyone has a say in local governance
41. Once proposals are submitted for evaluation, it will then be Central Government that then take the decision as to which proposal will be subject to formal consultation.
42. It should be noted that Central Government reserve the right to refuse proposals and select an alternative model should it deem fit.
43. The Portfolio Holder for Local Government Reorganisation and Devolution will bring the final proposal/s to the Cabinet meeting in September 2025.
44. The full and final proposal will be brought before Full Council by the Leader of the Council ahead of the final submission date.

Implications

Equalities and Diversity

There are no direct implications at this stage.

Climate Change

There are no direct implications at this stage.

Finance

Essex Finance Officer Association (EFOA) of Essex finance leaders and Section 151 Officers meet on a regular basis to share and support information to produce both business cases.

Harlow Council will continue to monitor resources required for Local Government Reorganisation alongside future budget setting cycles and set out within the medium-term financial plan.

An earmarked reserve has been created for costs surrounding planning and transition for Local Government Reorganisation. An initial £500,000.00 has been allocated, but this will

be reviewed as further clarity is obtained surrounding projected costs. This will occur once a formal option for unitary authority areas has been confirmed by central government.

Author: Jacqueline Van Mellaerts, Director – Finance and Section 151 Officer

Governance

The governance implications in terms of what is required next, and by when to stay on track with the LGR Programme are set out in the report. Determining Harlow's preferred option is a Cabinet decision that will be taken on 11 September. A report will also be taken to Council for debate on 18 September, which allows sufficient time for both Cabinet and Council to consider the matter prior to the submission deadline of 26 September.

Future reports surrounding transitional arrangements will include commentary on governance implications relevant for the stage in question as proposals develop.

Author: Daniel Dickinson, Director – Legal and Governance (Interim) and Monitoring Officer

Appendices

None

Background Papers

Building Harlow's Future plan

English Devolution White Paper – Ministry for Housing, Communities and Local Government

MHCLG feedback to Interim Plan

LGR Update – Cabinet Report – 12 June 2025.

Glossary of terms/abbreviations used

LGR – Local Government Reorganisation

MHCLG – Ministry for Housing, Communities & Local Government

ELCE – Essex Leaders and Chief Executives