

Jim McMahon OBE MP

Minister of State for Local Government and English Devolution
Ministry of Housing, Communities & Local Government

21 March 2025

Dear Minister,

Local Government Reorganisation in Lancashire

As the Leaders of Lancashire's Councils, we are writing in response to your 'statutory invitation' letter of 5 February 2025, to express our shared commitment to strong, sustainable local government and our willingness to work together with a spirit of respect and cooperation.

We recognise Government's commitment to reform local government with the intention to 'lead to better outcomes...save significant money... and improve accountability.' We, in turn, are committed to working together – and with Government – to understand and consider the potential impact(s) of the English Devolution White Paper for Lancashire.

Your letter sets out the following criteria that will be considered and invites us to comment:

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

However, in the time since receipt of your letter, we have not yet come to a clear consensus on a single proposal. In part, because of the inherent complexities of Lancashire as a county – politically, economically and geographically, and also our collective desire to ensure the best outcome for Lancashire residents and businesses.

Lancashire's rurality is not dissimilar to North Yorkshire, Cumberland, Westmorland and Furness, and Northumberland, but all of these have well under half the population of Lancashire; while our population numbers are more akin to areas like Birmingham and Leeds, which are largely urban.

There are real, pressing issues of local identity, culture and heritage that require further exploration and consideration than time has allowed.

The challenge also reflects the trade-offs inherent in the guidance provided by Government which we are aware is helpfully recognised by your officials – for example with scale versus local empowerment; working towards established geographies (based on travel to work areas and/or existing service delivery footprints) versus ensuring there are no undue disadvantages created or uneven distributions; and community empowerment versus service fragmentation, to name but three.

Therefore, a number of potential options are being considered by different Councils within Lancashire at present. Not all options have the support of all or even a majority of Councils at this stage but the potential list includes:

- A single unitary
- Variations on two unitaries
- Variations on three unitaries
- Variations on four unitaries
- Variations on five unitaries

The fact that we have a multitude of options of different sizes and configurations reflects the range of local views and there are mixed views on which ones best meet the Government's criteria.

It is also important to note that, in some areas within Lancashire, it is also the case that 'no change' would be the preferred option and there is a view from some councils that the proposed timescales for implementing change on this scale are insufficient. Therefore, we will need further guidance from the government on the detail of the criteria to enable us all to work through options together towards an acceptable proposal(s).

Over the coming weeks and months, it is our intention to work through the range of options which may be presented, identifying and appraising a short list of potential options before any detailed submissions for the November timeline. Further information is set out below.

Context

Lancashire is a diverse county with a rich history and culture. From coastal plains to the Pennine Hills, rural hamlets to industrial centres, our varied landscapes, endless ingenuity and friendly people all make modern Lancashire. Woven through this mix is a geography which combines a coast reinventing its cultural and tourism offer for new generations of visitors, a countryside noted for the provenance and quality of its food, areas of natural beauty and a mix of proud and independent cities and towns. Lancashire has a long tradition of innovation and entrepreneurship which has gone on to change the world.

A thriving Lancashire remains one of the prerequisites to a successful economy in the North of England. With a population of 1.57 million residents, covering 1,184 square miles and a GVA of £40 billion, Lancashire already makes a major contribution and offers enormous potential. We have over 55,000 businesses providing over 728,000 jobs.

We play host to several strategic growth locations and businesses with specialisms in advanced manufacturing (one of the world's largest aerospace clusters), tourism, food, agriculture and nuclear technology; alongside a burgeoning healthcare sector, and significant university-led innovation assets supporting development across these and other sectors. More recent developments include being the location for the National Cyber Force, and new transatlantic digital infrastructure. Whilst our affordable housing, varied culture and heritage, diverse populations and extensive natural environment combine to make the county a great place to live, work and visit.

Here in Lancashire, we have a long, proud history of working in partnership to deliver for our residents, coming together in times of crisis and working collaboratively in the local and national interest. Although we do not always agree, we have constructive debate to work through issues together and all our Leaders and Chief Executives of our 15 county, unitary and district local authorities regularly meet to deliver on shared and complementary priorities.

Local Engagement

Since receipt of the Statutory Invitation, we can say with confidence that there has been agreement and commitment to work together towards determining a future local government structure in Lancashire, which will best work for the continuing benefit of our residents, communities, partners and businesses. This approach has been reinforced in the most recent joint meetings of all 15 Lancashire Leaders and Chief Executives on 11 February and 5 March 2025. We are moving forward with a shared evidence base that will help us progress at pace.

In each of our areas, we know our places, our communities and our residents well. We understand how they fit into the wider Lancashire picture, and we will ensure this insight is incorporated into this process.

Current considerations

Given the complexity of the Lancashire region, its history and current local government structure, there has not been sufficient time to discuss in depth and resolve all issues and considerations. As such, at this stage in the process we are not able to provide indicative costs of change and potential efficiency savings with the degree of certainty that we would all be comfortable with. We are, however, committed to working to meet the Government's timescales for full proposals to be submitted by November 28, 2025.

Early indications are that there are a number of potential options under consideration across the Lancashire local authorities which may comprise different numbers of unitary authorities of varying sizes and covering different but distinct geographies as outlined in the appendix to this letter.

Our current modelling of options is based on creating new Unitary Authorities utilising existing District / Unitary council boundaries with no requirement to undertake complex boundary changes.

However, we would welcome a steer on the extent to which amending a district boundary, should it be considered that would result in a better fit for a community or place within the new authorities, would be likely to impact on the process and timescales, especially if such an amendment was relatively minor and only impacted on one current district boundary and its neighbouring proposed new unitary. This is on the assumption that a wider redrawing of boundaries would add complexity and likely delay to any process.

Democratic Representation

With its current 2-tier system of local government in the majority of Lancashire, 2 unitary councils and very many town and parish councils, the residents of Lancashire benefit from a significant level of democratic representation and coverage. In making any changes we would want to ensure that, in future, there is an acceptable and sufficient level of democratic representation in each of the new local authorities.

In order to confirm the future number of councillors, we would, of course, seek guidance from the Local Government Boundary Commission for England. However, we are reviewing the local electorate and councillor ratios for the newest neighbouring unitary authorities in Cumbria and North Yorkshire, and also considering the support required for Members in any of the new Lancashire Unitary Authorities.

Clearly this exercise will need to be refined and informed by the emerging make-up of the new authorities, including their geographic scale, population densities, urban and rural nature and other relevant factors, such as the polycentric core urban centres, to ensure full representation of our communities in any new structure.

We would welcome further guidance and discussion on the proposed numbers and ratios of councillors to the electorate and/or the general population.

Lancashire is covered, but not universally, by over 200 Town and Parish Councils, and to help our thinking we would also welcome Government's detailed view on how the role of this layer of democracy will work following the change in democratic representation that unitarisation will produce.

Lancashire Devolution

With the passing of the Statutory Instrument in early February, the Lancashire Combined County Authority (LCCA) was created. This was a hugely important step for Lancashire and showcased the desire of Lancashire Leaders to work together to agree proposals that are in the best interests of the place, our residents and businesses.

The current LCCA comprises the three Upper Tier Local Authorities (UTLAs) in Lancashire, with 4 constituent members – 2 from Lancashire County Council and 1 each from Blackburn with Darwen and Blackpool Councils. There is also non-voting District Council representation throughout the LCCA's governance structure including two non-constituent members on the LCCA board itself. This year, as previously agreed with the Minister, a governance review of the LCCA will be undertaken and report by the Autumn, in line with the principles in the English Devolution White Paper.

We are clear that the proposed boundaries for a new single tier structure will be co-terminus with those of the LCCA and there will be clear and distinct functions between the LCCA and any model of unitary local government.

Challenges

We welcome the Government's focus on the future financial sustainability of Local Authorities, particularly given the complexities of the Lancashire area and the financial challenges of recent years.

We face a number of challenges that we will be mindful of through this process and would benefit from further dialogue with Government.

We know that the fiscal situation facing local government and wider public services is serious and that reorganisation, whilst expected to contribute ongoing savings will be insufficient in itself to respond to this situation. Long term and increased funding will need to go hand in hand with reform.

While we have areas of prosperity, we also have some of the most deprived Districts and Lower Super Output Areas (LSOAs) in the country according to the Index of Multiple Deprivation (IMD). There are places with significant deprivation in a number of coastal areas, across many parts of East Lancashire and within some neighbourhoods across the County. This is reflected in variations in demand, service need and taxbases. This will lead us to consider how we best pool challenges within any future unitary models. Any future national funding reforms will also be a key consideration.

We are also mindful that Lancashire is 78% rural which in many other areas presents challenges to delivering services within available resources. MHCLG research has identified that unit costs can be higher in rural areas and over 17% of residents within Lancashire live in rural communities. Rurality is also a factor in relation to a wide range of community identities and ensuring effective democratic representation is in place.

We are aware of the Government's expressed desire to ensure that, as far as is possible, and where applicable, none of the new unitary authorities are created with undue advantage or disadvantage. However, we acknowledge that the geographic spread of population, deprivation, varying taxbases, demand for services and health inequalities will still see clusters of deprivation and areas of rurality. Therefore, we ask that there continues to be additional funding from across the system, targeted to areas of deprivation and rurality within larger footprints, to recognise the relative needs, taxbases and demands of areas to deal with these ongoing challenges.

We would also appreciate a commitment from the Government to work closely with us as reforms to local government financing emerge to understand the potential impact of any changes may have on the potential unitary options being considered.

Public Service Transformation

In common with many other areas across the country, public services in Lancashire continue to face significant demand, complexity and financial pressures. This can be seen particularly in the health system, with the Lancashire and South Cumbria Integrated Care Board (ICB) and three of the acute hospital trusts currently in the highest level of intervention with NHS England. We recognise that devolution and changes to local government reorganisation could provide opportunities to transform the way in which public services are delivered to meet some of these challenges, making services more sustainable and focused on prevention and early intervention.

We have a long history of public services working in partnership across Lancashire and with colleagues in the Voluntary, Community, Faith and Social Enterprise (VCFSE) sectors that we would clearly look to continue and strengthen through new models of local government service delivery.

We are also mindful of service fragmentation that could result from reorganisation and will ensure this is a key consideration as options are developed.

Engagement

As we move forward, we will engage with a range of partners and sectors to seek their views on the future model of local government in Lancashire.

Lancashire Constabulary, the Police and Crime Commissioner for Lancashire and the Lancashire Fire and Rescue Authority, and Lancashire Fire and Rescue Service all cover an area co-terminus with the boundaries of the 15 local authorities in Lancashire.

The health footprint is more complex as the Lancashire and South Cumbria (LSC) ICB covers a wider area which includes a significant part of Westmorland & Furness Council which is served by the University Hospitals of Morecambe Bay Trust, although the place-based model for the ICB is based on upper tier local authority boundaries. Parts of West Lancashire are also served by health services outside of the LSC ICB.

We would also look to engage with private sector partners through a range of forums, including the LCCA Business Board, the Chambers of Commerce and other local business networks, with the Higher and Further Education sectors through existing networks and with our wider residents and communities.

Clarification

The criteria include a number of ‘trade-offs’ between factors such as scale and community representation. Understanding the Government’s view of the relative importance of each element and whether any of the considerations are weighted would help assess the viability of any emerging proposals. Clarification is needed to optimise resources and move forward with those likely to meet the final evaluation criteria.

It would be helpful to gain clarity on one criteria that is fundamental to the development of numerous proposals:

We recognise the Government guidance places a 500,000 minimum population threshold on new unitary authorities to ensure they are sustainable and resilient. A number of proposed options would meet this criteria. Nevertheless, due to the complex geography, levels of deprivation and functional economic and commuting areas, there are a variety of options being considered by some councils which are below this threshold.

Therefore, we are seeking clarity on the 500,000 population criteria and whether the Government would be willing to accept a different threshold should that be in the best interests of the residents, communities and businesses of Lancashire and the public services provided, or whether there is a minimum population size that the Government anticipates would be acceptable.

Next Steps

As we start to give more detailed consideration to possible proposals and consider their implementation challenges and opportunities, we have agreed to develop a more in-depth shared evidence base to inform detailed proposals, and to work together on the development of any agreed proposals, enabling our existing local government structures

to continue with the delivery of vital services that residents depend on. Our aspiration is to work together on a common evidence base as we develop proposals and we welcome the Government's commitment to providing financial support and guidance throughout this process.

As we move forward, we would appreciate further guidance from Government on points of clarification and how best to develop a shortlist as we would not want to utilise scarce resources on options that may not meet the proposed criteria for consideration in the November submissions.

For clarity, set out below is a summary of our requests for clarification and support that have been set out through the letter:

- Views on relative importance of each element of the criteria and whether any factors have been given additional weighting
- The potential impact on the complexity and length of the process if changes are made to district boundaries
- The Government's view on how town and parish councils might change following reorganisation
- Guidance on the preferred ratio of councillors to population or electorate size
- Commitment to work closely with us as reforms to local government finance emerge so we can understand the potential impact
- Clarity on the population criteria, and whether the Government is willing to accept variations should that be in the best interests of the population and area, and whether there is a minimum population size that would be acceptable
- Commitment to work with us to assist with the additional capacity required to support this process.

We would appreciate it if our officers could continue to meet with your officials to review and discuss proposals in the coming months to obtain further clarity on requirements for final proposals.

In the meantime, within the capacity and resources we have available to us, we are all committed to continuing to deliver the best public services and outcomes for our places, which will include delivering economic growth, affordable housing, improving our environment, safeguarding and supporting our most vulnerable residents, and striving to reduce inequalities.

We are also committed, whatever the ultimate decision, to working together on implementation and transitional arrangements for the benefit of our residents, communities and businesses across Lancashire.

We trust this letter gives you the assurance that we are collectively working on options in response to the 'Statutory Invitation'.

From the Leaders of all Councils in Lancashire:

Blackburn with Darwen Borough Council

Blackpool Council

Burnley Borough Council

Chorley Borough Council

Fylde Borough Council

Hyndburn Borough Council

Lancashire County Council

Lancaster City Council

Pendle Borough Council

Preston City Council

Ribble Valley Borough Council

Rossendale Borough Council

South Ribble Borough Council

West Lancashire Borough Council

Wyre Borough Council

Appendix: Additional supporting information

Different models currently under consideration

Models					
	1 x Unitary Council	2 x Unitary Councils	3 x Unitary Councils	4 x Unitary Councils	5 x Unitary Councils
Average Population*	1.57m	785,000	523,000	393,000	314,000
Average Geographical area (square miles)	1,184	592	395	296	237

*Note: in any model which proposes multiple unitary authorities, the size of each of these authorities will vary according to the exact make-up of the proposed model.

Simple map of Lancashire and its County, District and Unitary Boundaries



Deprivation and Rurality / Population Sparsity

Within Lancashire there are significant areas of deprivation and rurality.

Deprivation:

Blackpool unitary authority is ranked as the most deprived local authority in England on the IMD average rank measure, plus seven other measures, including income, health, local concentration and the percentage of people employment-deprived.

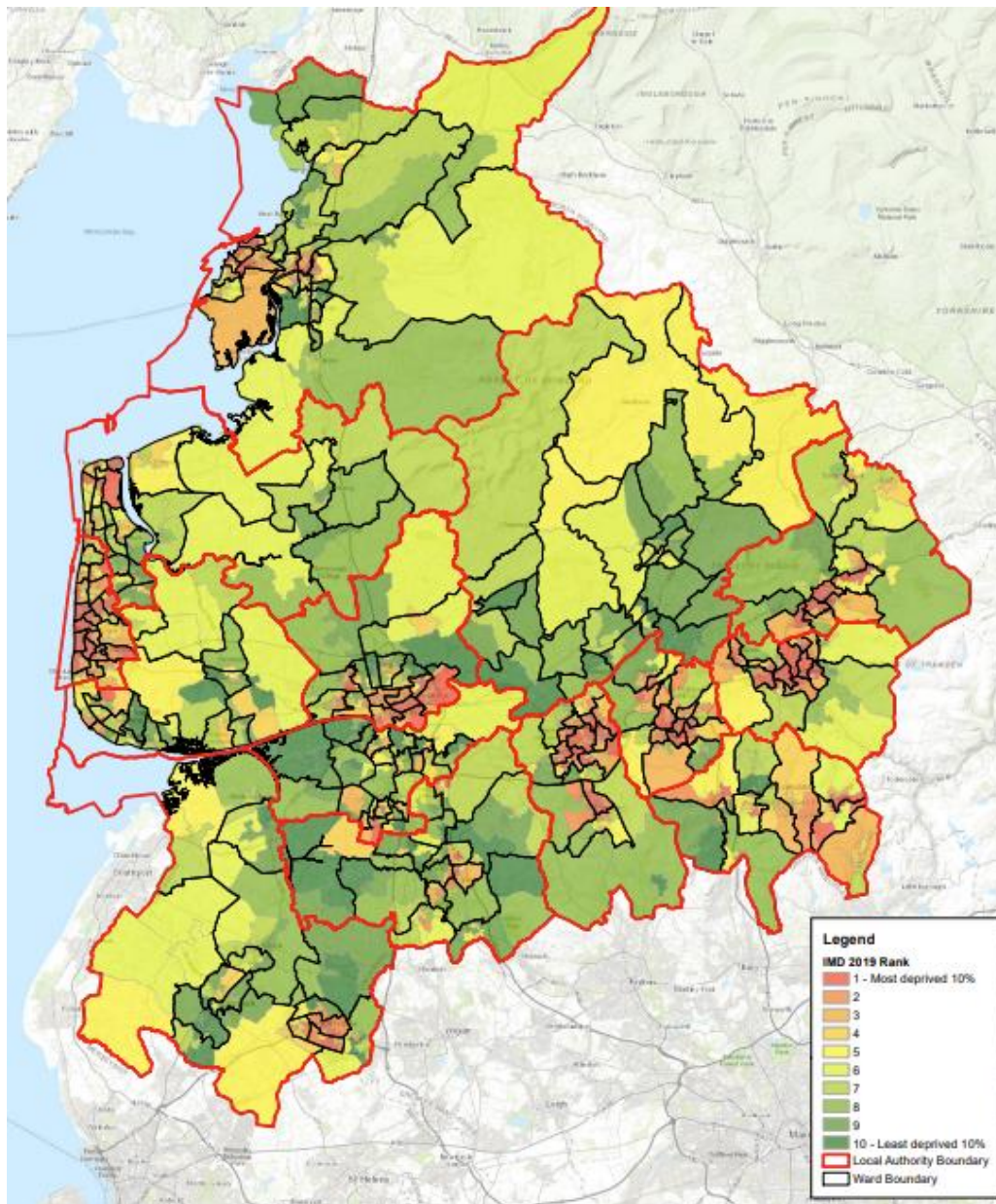
Blackburn with Darwen unitary is also in the most deprived 10% in England.

Burnley and Hyndburn Districts are both in the most deprived 10% of the lower-tier local authorities based on the IMD average rank measure, with Pendle and Preston in the most deprived 20%.

Indeed, 17 (6%) out of 285 wards in Lancashire are in the 1% most deprived in England.

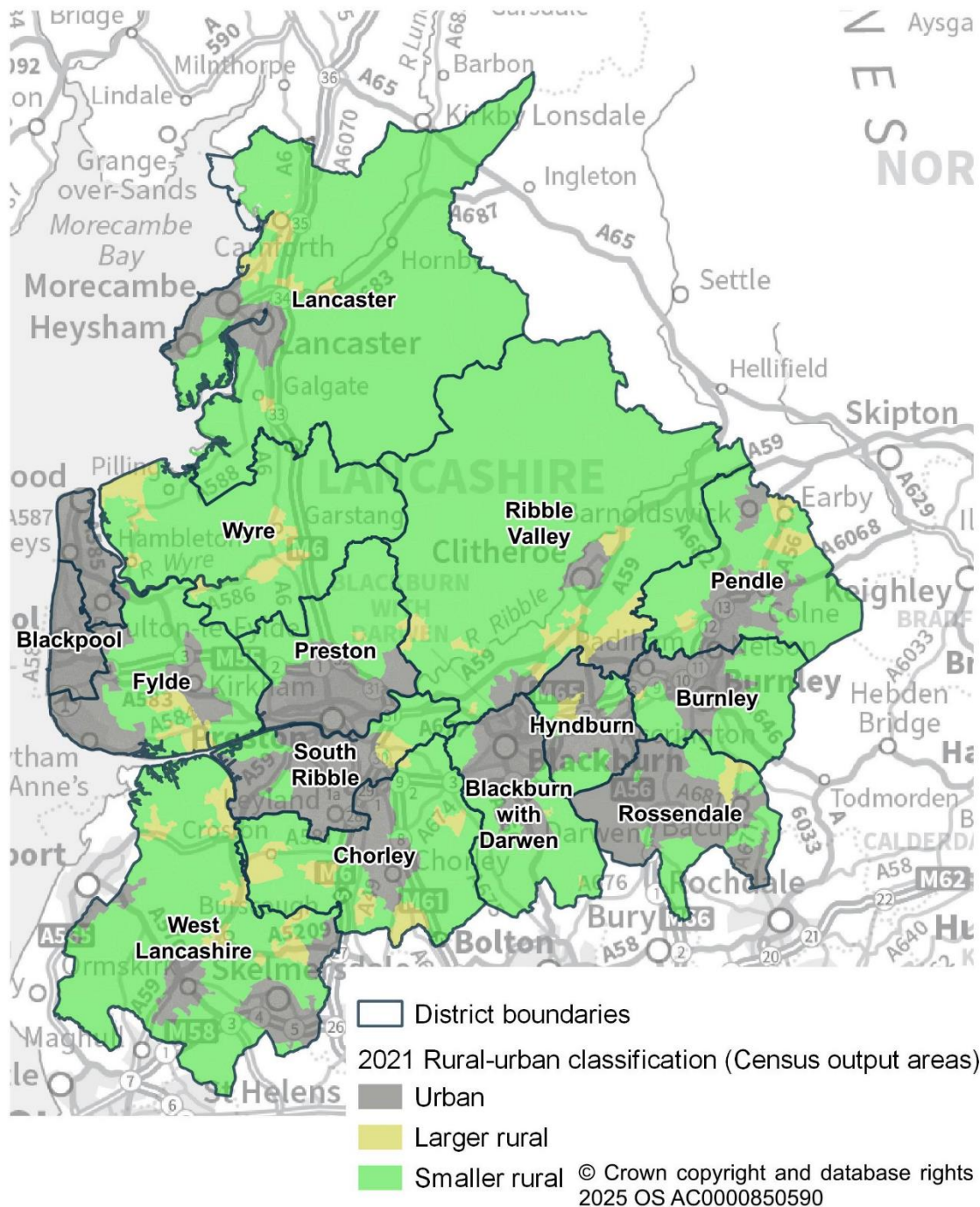
Other coastal towns such as Morecambe, Fleetwood, and Cleveleys also have areas with significant deprivation. Nine of Morecambe's 25 Lower Super Output Areas and 10 LSOAs across Fleetwood and Cleveleys fall within the 10 percent most deprived areas in the country.

Out of the 23 LSOAs in Skelmersdale in West Lancashire, one is ranked within the most deprived 2%, 6 are within the 10% most deprived, and a further 8 are within the 20% most deprived nationally.



Rurality:

Rurality is also a significant factor across the county. The 2021 Rural Urban Classification (RUC) is a statistical classification that provides a consistent and standardised method for categorising geographies as either rural or urban. At the smallest geography, the RUC uses three categories of urban, larger rural settlement and smaller rural settlement. The map below shows the classification within Lancashire.



1,264,344 (82.6%) of Lancashire's population live in an urban area, 142,565 (9.3%) live in a large rural settlement and 124,277 (8.3%) live in an area classified as a smaller rural settlement. 78% of the Lancashire area is classified as rural.

The RUC divides local authorities into four categories of urban, intermediate urban, intermediate rural and rural majority. Eight of Lancashire's local authorities are classified as urban (Blackburn with Darwen, Blackpool, Burnley, Hyndburn, Pendle, Preston, Rossendale and South Ribble), three are intermediate urban (Fylde, Lancaster and Wyre),

two are intermediate rural (Chorley and West Lancashire) and one is rural majority (Ribbles Valley).

In July 2014, LG Futures was commissioned by DCLG/DEFRA to undertake Research into Drivers of Service Costs in Rural Areas. The research noted some constraints to determining if service levels and costs were due to population sparsity or policy decisions, but nonetheless, where services involve a significant degree of travel, there is a general tendency for more rural authorities to have greater costs associated with travel claims and for more rural areas of authorities to have greater associated travel downtime. National unit costs analysis identified that sparsity measures (which were used as a proxy for rurality), were found to be positively and significantly related to unit costs in 11 services which account for 15% of spending. For other service there was less of a correlation in the data made available. A qualitative survey of authorities also suggested higher costs for services in rural areas although data that quantified this link was not available.

Other considerations:

Alongside deprivation and rurality there are other factors that need to be considered when designing a fair funding system. These include national issues related to social care provider markets and provision related to children's social care and SEND to name just two examples.