

Annex 1 – ‘Submission of Proposal to Government for Local Government Reorganisation’ report to be considered by Cabinet on 23 September 2025

Committee:	Cabinet	Date: Tuesday, 23 September 2025
Title:	Submission of Proposal to Government for Local Government Reorganisation	
Portfolio Holder:	Councillor Petrina Lees, Leader of the Council	
Report Author:	Peter Holt, Chief Executive pholt@uttlesford.gov.uk	Key decision: Yes

1. Executive Summary

- 1.1 This report presents Uttlesford District Council’s officer analysis on the future structure of local government in Essex, in response to the UK Government’s invitation for proposals on Local Government Reorganisation (LGR) by 26 September 2025. It outlines four competing business cases for reorganising Essex’s 15 existing councils into new unitary authorities and recommends that Cabinet endorse Business Case A, which proposes five new unitary councils, including a West Essex authority comprising Uttlesford, Epping Forest, and Harlow areas.

Strategic Context

- 1.2 The LGR process is part of a broader Government devolution agenda, aiming to streamline governance, improve service delivery, and enhance local accountability. Essex has been identified as a priority area for devolution, with plans to establish a Mayoral Combined County Authority (MCCA) in 2026. The Mayor will hold strategic powers across transport, housing, economic development, and public safety, and will also assume the role of Police, Fire and Crime Commissioner (PFCC) a year later, in 2027.

Decision Imperative

- 1.3 This Cabinet meeting represents Uttlesford’s final opportunity to shape the options that Government will formally consult on later in 2025. While further consultation will occur, only the proposals submitted by the September deadline will be considered. Therefore, a clear decision is needed now to influence the future governance landscape.

The Four Business Cases

1.4 Business Case A – Five Unitary Authorities (5UA)

Uttlesford joins together with Epping Forest and Harlow areas, bringing together those three district councils with the local ‘share’ of a disaggregated Essex County Council. Offers balanced scale (c.380,000 residents per authority on average, around 325,000 for the one including the current Uttlesford area), local

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proximity, and close alignment with natural economic geographies. Officer recommendation: **Optimal model** for Uttlesford and Essex overall.

1.5 Business Case B – Three Unitary Authorities (3UA)

Uttlesford folds in with Braintree, Colchester, and Tendring areas, and again the relevant ‘share’ of a disaggregated Essex County Council. Creates enormous authorities (averaging c.630,000 residents), and is remote and misaligned with sensible economic geographies. Officer judgment: **Deliverable but sub-optimal**, with concerns in particular over the financial modelling in the business case.

1.6 Business Case C – Four Unitary Authorities (4UA, led by Thurrock)

Uttlesford comes together with Braintree and Chelmsford areas, again with the relevant ‘share’ of a disaggregated Essex County Council. The Thurrock-centric nature of this design raises serious questions about its appropriateness for the rest of Essex. Officer judgment: **Deliverable, but sub-optimal** with limited sense across the whole of Essex.

1.7 Business Case D – Four Unitary Authorities (4UA, led by Rochford)

Uttlesford is placed with Epping Forest and Harlow areas and the same local ‘share’ of a disaggregated Essex County Council (similar to Business Case A), but with a less sensible alignment for other parts of Essex, clearly designed around Rochford’s own world view rather than a holistic sensible model for the whole of Essex. Lacks depth and dedicated analysis. Officer judgment: **Least credible** of the four, but still ultimately technically workable.

Officer Appraisal & Recommendation

1.8 Officers conducted a detailed options appraisal against the six published Government criteria (see Sections 14 to 18 of this report):

Criteria		Business Case A - 5UA	Business Case B - 3UA	Business Case C - 4UA	Business Case D – 4UA
1.	“County-wide design & outcomes”	Fully meets	Fully meets	Fully meets	Fully meets
2.	“Financially secure & sustainable”	Largely meets	Largely meets	Largely meets	Largely meets
3.	“Quality services”	Largely meets	Partially meets	Partially meets	Partially meets
4.	“Locally informed and designed”	Partially meets	Barely meets	Partially meets	Partially meets
5.	“Support for devolution”	Fully meets	Fully meets	Fully meets	Fully meets

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6.	“Community empowerment”	Fully meets	Partially meets	Largely meets	Largely meets
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	Fully Meets		Barely Meets
	Largely Meets		Does not meet
	Partially Meets		

Financial Considerations

1.9 Transition costs across Essex are expected to be substantial, and Uttlesford has already previously proactively allocated £2.75m in its Medium-Term Financial Plan to cover its share. Officers caution that financial modelling in the business cases varies widely and may be influenced by confirmation and optimism bias. All cases are deemed financially viable, but Business Case A is considered the most prudent, realistic and likely to deliver in both cost and quality over the long term.

Legal & Governance Framework

1.10 The decision to endorse a business case lies with Cabinet under the Local Government Act 2000. The reorganisation will require enabling legislation, likely via a Statutory Change Order in 2026.

2. Recommendations

Officers recommend:

- 2.1 That Cabinet considers the four separate business cases provided, and the advice, recommendations and conclusions of the Scrutiny Committee and of full Council, as well as the officer advice on the relative strengths, weaknesses and overall merits of each of those four options.
- 2.2 That Cabinet notes the settled overall officer recommendation that Business Case A, the case for 5 unitaries in Essex, which would see the Uttlesford area form part of a new unitary authority with the Epping Forest and Harlow areas, and the local share of a disaggregated Essex County Council, represents the best of the options overall.
- 2.3 That Cabinet resolves which one (if any) of the options to formally endorse in submission to Government by the 26 September 2025 deadline.

3. Financial Implications

3.1. Local Government Reorganisation will cost many tens of millions in terms of transition across all of Essex, and ultimately provide the opportunity to save substantial sums in a new unitary council working differently. These future savings need to more than pay back the transition costs.

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- 3.2. Each business case also contains an options appraisal, including their conclusions (at least at a headline level) on the scale of costs and savings that might be achieved by the alternative competing options. Those different estimates in the four business cases vary substantially, and it is important to note that they are variously made on the basis of different sets of assumptions, making them not reliably comparable like-for-like. They are all also likely to be coloured by ‘confirmation bias’ in endorsing their own option as the best, and to ‘optimism bias’ in each concluding that their respective competitor options are financially less advantageous, more expensive, or even to conclude that they are unsustainable. It should be noted that, the S151’s of Basildon, Chelmsford, Southend and Uttlesford formed a working group with the Chief Executive of Chelmsford to challenge and validate assumptions and outcomes in the Grant Thornton Business Case A work. It is likely that only ECC, Thurrock and Rochford officers undertook validation for their individual business cases.
- 3.3. Uttlesford District Council was unusual amongst the 15 Essex authorities in making an explicit financial provision in its 2025/26 budget and Medium Term Financial Plan approved by full Council in February 2025 by establishing a dedicated LGR reserve to the tune of £2.75 million to contribute towards these transition costs that will fall on Uttlesford before its end on 31 March 2028. It is likely that whichever future alignment model is ultimately selected by Government, this budgetary provision will need to increase once detailed modelling is possible, reflecting the more detailed work of transition that has not yet begun.
- 3.4. Uttlesford District Council officers’ advice is that – notwithstanding the various financial information provided in the four competing business cases – it is simply not possible at this time to predict whether any of the different business cases will be materially more or less expensive to Uttlesford District Council prior to its end. Although some business cases will ultimately generate higher net savings opportunities over the long term than others, this is factored into the options appraisal section below. Again, notwithstanding various conclusions to the contrary reached by some business cases in relation to their competitors, Uttlesford District Council officers advise that all four of the business cases are potentially financially viable, affordable and sustainable.

4. Legal Advice

- 4.1. In evaluating options for local government reorganisation, members must act lawfully, uphold the Best Value duty, and balance local identity with the wider benefits of efficiency, service improvement, and long-term financial sustainability across the county. In taking this decision, members will fulfil their duty to represent the interests of Uttlesford residents and communities while also considering what is sustainable and effective for the whole of Essex.
- 4.2. The decision on whether to support a proposal for Local Government Reorganisation is taken by Cabinet because Cabinet makes all decisions unless Parliament has specifically said it must go to Full Council (Local Government Act 2000, Section 9D(2)). (See Appendix 1A Background Information for further detail).

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- 4.3. Uttlesford can only either endorse a single business case, or else no business case at all, because the Ministry of Housing, Communities and Local Government (MHCLG) has set out that although there can be multiple proposals from an area, a council cannot submit several proposals – it can only put its name to one proposal for unitary government. It is not possible to create a new, fifth option at this stage of this process.
- 4.4. Government guidance makes clear that local government reorganisation should be contained within existing county boundaries. This is because county councils hold key statutory responsibilities (such as highways, education, and waste disposal), and splitting these across borders would make service delivery inefficient and legally complex. Counties also carry a strong historic and community identity, which government policy seeks to preserve. Crossing into neighbouring counties would therefore require redrawing county boundaries through special legislation — something rarely pursued and contrary to the principle of keeping changes simple, locally led, and sustainable (See Appendix 1A Background Information for further detail).
- 4.5 The formal legislative process for establishing new unitary councils will take the form of a Statutory Instrument (Statutory Change Order (SCO)) which Ministers have indicated in the [Summary of the local government reorganisation process](#) (published in July 2025) will be laid before parliament before summer recess in 2026.

5. Background Papers

- 5.1 The following papers were referred to by the author in the preparation of this report and are available for inspection from the author of the report:

Appendix 1 UDC EqHIA Submission of proposals to Government for Local Government Reorganisation

Appendix 1A Background Information

Appendix 1B Table of Greater Essex Governance Decisions (*to follow, as those meetings happening between publication of this paper and the meeting itself*)

Government documents and national advice and guidance

Appendix 2 MHCLG LGR invitation to Leaders Essex Final (February 2025)

Appendix 3 Criteria for Unitary Local Government

Appendix 4 Greater Essex Interim Plan (March 2025)

Appendix 5 MHCLG LGR Interim Plan Feedback (July 2025)

The [English Devolution White Paper - GOV.UK](#)

The draft English Devolution and Community Empowerment Bill (July 2025)
<https://bills.parliament.uk/bills/4002>

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The Local Government Association Devolution & Local Government Reorganisation Hub [The devolution and LG reorganisation hub | Local Government Association](#)

[Summary of the local government reorganisation process - GOV.UK](#)

[Extraordinary Council Meeting - Uttlesford District Council - 08/01/2025](#)

Business Case A

Appendix 6 LGR Creating a greater future for Essex - Executive Summary

Appendix 7 LGR Proposal – Creating a greater future for Essex

Appendix 8 LGR 5 Unitary Public Engagement Analysis (PeopleToo)

Business Case B

Appendix 9 LGR Greater Essex Proposal Overview & Executive Summary

Appendix 10 LGR Proposal Greater Essex Proposal

Appendix 11 ECC Comparison of Assumptions and CIPFA template

[Link to Business Case B Appendices](#)

Business Case C

Appendix 12 LGR Proposal A right balance Sept 2025 (Thurrock)

Business Case D

Appendix 13 LGR Executive Summary Best4Essex (Rochford)

Appendix 14 LGR Proposal Best4Essex (Rochford)

Other shared evidence used commonly across multiple business cases

Appendix 15 Key Differences between Grant Thornton and PwC reports

Appendix 16 LGR National Research Unit Cost analysis (Grant Thornton)

Appendix 17 LGR Impact on People Services Summary (Newton)

Appendix 18 LGR GE Resident Research Summary Slides (NatCen)

Other evidence

Appendix 19 Comparison data on Unitary Sizes and quality outcomes

6. Impact

Communication/Consultation	Various pieces of public engagement have been carried out to research public opinion on the future shape of local government in Essex, as referenced in the report. There will also be a government-led consultation on proposals for Local Government Reorganisation in Autumn 2025.
Community Safety	Future responsibilities for community safety will sit with whatever new unitary authority is created, and therefore the prospects for each new alignment are important considerations to

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	factor into Members' decisions between the four business cases. None of the business cases is inherently materially superior or inferior in this regard.
Equalities	This is addressed in full in the EQHIA available at Appendix 1.
Health and Safety	Future responsibilities for health and safety will sit with whatever new unitary authority is created, and therefore the prospects for each new alignment are important considerations to factor into Members' decisions between the four competing business cases. None of the business cases is inherently materially superior or inferior in this regard.
Human Rights/Legal Implications	The LGR process will require future enabling legislation to go before Parliament in due course to formally establish new and abolish existing councils. Further detail is available in the Legal Advice section of this paper.
Sustainability	Future responsibilities for sustainability, and responding to the climate and biodiversity crisis will sit with whatever new unitary authority is created, and therefore the prospects for each new alignment are important considerations to factor into Members' decisions between the four competing business cases. None of the business cases is inherently materially superior or inferior in this regard.
Ward-specific impacts	The LGR process will result in new ward boundaries in each unitary area. There are two elections scheduled for May 2027, one for UDC in its current form (though government may opt to cancel these closer to the time) and one to enable residents to elect members to a new shadow authority. Members will be able to stand for election for both UDC and the shadow authority. The shadow authority will then take over the new authority when it comes into being on 1 April 2028.
Workforce/Workplace	The LGR process will lead to substantial changes affecting all council staff, including a change of employer, likely new terms and conditions in a new unitary council, and some redundancies, especially amongst senior staff.

7. The interrelationship between Local Government Reorganisation and a new Mayoral Authority for Essex

- 7.1. As set out by the MHCLG, Devolution is the transfer of powers and funding from national to local government. Devolution is intended to ensure that decisions are made closer to the local people, communities and businesses they affect. Through Devolution, new Strategic Authorities will be established. In Essex, this will take the form of a Mayoral Strategic Authority (a Mayoral Combined County Authority (MCCA)) with a range of powers devolved. Greater Essex has been selected as one of the six priority areas for devolution of powers. The Mayor will be a directly elected leader focusing on functions related to: transport and local infrastructure; skills and employment support; housing and strategic planning; economic development and regeneration; environment and net zero; health, wellbeing and public service reform; and public safety. The Mayor will also function as the Police, Fire and Crime Commissioner for Greater Essex from 2027 (ie one year after their election).
- 7.2. Local Government Reorganisation is the process in which the structure and responsibilities of local authorities are reconfigured. In Essex, there are currently 15 councils, comprising an upper tier County Council, two unitary councils and 12 district, city and borough councils. The Government have set out plans to move away from this two-tier system of councils. This means that, in future, there will be a smaller number of unitary councils delivering all local services in an area. Each new unitary council will be a (voting) Constituent Authority of the combined authority. There may in due course need to be discussions and negotiations about the different number of votes each of those new Constituent Authorities will hold in the new Mayoral Combined Authority if the various new unitaries created under any given model are of a substantially different scale. (In relation to the fifth of the Government's LGR criteria outlined in section 9.2, this is one of the factors stressed by the Thurrock-supported Business Case C, but less so/not at all by the other Business Cases).
- 7.3. Local Government Reorganisation and the formation of a new Mayoral Combined Authority, the alignment of Planning and Economic Development functions across constituent Unitary Authorities will be essential. While the Mayor will lead on regional priorities such as strategic planning, housing growth, environment and climate change and economic development, Planning Committees and Economic Development Teams will continue to operate locally within each Unitary Authority. A new two-tier planning framework will be introduced, comprising an Essex-wide Strategic Development Strategy (SDS), focused on growth zones, major infrastructure, and regional priorities and individual Local Plans owned by each authority. These plans, though separately managed, must be closely aligned to ensure coherence and effectiveness. Local plans must be in general conformity with the SDS. Unitaries will therefore need to ensure that local policies and site allocations align with the strategic objectives set by the SDS. The Mayoral Authority would also have powers to

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call-in certain planning applications from any of the Unitaries and decide them itself.

- 7.4. Factoring in all of these considerations, officers advise that there are no material differences between how well or otherwise any of the four Business Cases would make the inter-relationship with the Mayor any more or less effective, practical or achievable – they are all perfectly workable.

8. The drivers, criteria and timetable for Local Government Reorganisation

- 8.1. The Government has set out a programme of devolution and local government reorganisation. The English Devolution White Paper (see Section 5 Background Papers) sets out that unitary authorities can lead to better outcomes for residents, save money which can be reinvested in public services, and improve accountability. Alongside reorganising how councils are structured, the white paper sets out an aim to introduce multi-year funding settlements that will enable councils to plan further in advance, and to realign central and local government responsibilities and powers on local matters.
- 8.2. To ensure that proposals for future unitary authority structures will support the Government's aims, Ministry of Housing, Communities and Local Government (MHCLG) has set out the following criteria against which proposals will be assessed:
- A proposal should seek to achieve for the whole of the area concerned in 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 priorities 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 judgment 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
- 8.3 Government has not given any indication as to the relative weight they would apply to the criteria – though it is expected that some of the criteria will have a no-go threshold – e.g. it doesn't matter how attractive a proposal is in relation to the other criteria, it will not be progressed if it is not considered financially sustainable. Full details of the criteria can be found in Appendix 3 Criteria for unitary local government.
- 8.4 The indicative timetable for Local Government Reorganisation Priority Programme is:

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- Formal Unitary proposals must be made by 26 September 2025
- Government led statutory consultation could be launched during November 2025 to close in early 2026
- Decision on which proposal to implement could be announced by March 2026, before the period of sensitivity for the May local elections
- Secondary legislation would then be prepared and laid in the House, ideally before the summer recess
- The legislation could then be made in the autumn 2026, subject to parliamentary approval
- Elections to the new unitary authorities on 6 May 2027
- New unitary authorities would go live on 1 April 2028 (Vesting Day)

9. The genesis of the four business cases

- 9.1 The process established by the Government, as set out in the Minister’s letter (see Appendix 2) leads by design to the development of competing business cases. For there to be competing business cases for members to consider in September 2025, it was necessary for each council to express an initial, in principle preference (in [January 2025](#)) and then to commit resource to developing the business case and associated supporting evidence. There would otherwise simply be none of the four detailed Business Cases available today to choose between.
- 9.2 All 15 Essex councils have met regularly since January 2025 with a view to cooperating as much as possible through this process, including building as large a shared evidence base as possible. The joint working across Essex has been closer and more collegiate than in various other county areas going through the LGR process at the same time, but has nonetheless experienced its frictions, and illustrations of competitive behaviour. For example, the competing business cases have variously commissioned some external expert work jointly, to provide a shared evidence base, but in other cases, have each commissioned their own experts to produce separate analyses. An example of this latter behaviour has been the commissioning by the 3UA business case group of councils of PwC to produce a financial analysis, and for the 5UA business case group of councils to commission Grant Thornton to produce a separate financial analysis.
- 9.3 The approach adopted in Essex has allowed various councils to (entirely legitimately) remain involved in the development of multiple business cases, before ultimately concluding which completed business case to support (if any). Membership of a business case group does not therefore constrain any of the 15 authorities from ultimately supporting a different business case, once they have seen all four and made their fully-informed choice.

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9.4 At a meeting of all 15 council leaders in January 2025, 10 council leaders including Uttlesford expressed an ‘in principle’ preference for the particular 5 unitary model subsequently developed, fleshed out, and analysed as outlined in Business Case A (see Appendix 7). The Council Leader has played a leading role at a member-level in the steering group commissioning and guiding this work. A range of other Uttlesford cabinet members and officers have also played key roles in this developmental process, along with their counterparts from other councils. Uttlesford’s Chief Executive has also (with colleagues in the other authorities who support Business Case A) played a leading role in the design and drafting of various chapters of Business Case A. The other three Business Cases emerged separately at later dates, as individual councils or smaller groups of councils determined that their own preferences were for other options, and so developed their own competing Business Cases.

10. Guidance for Members considering this report (see Appendix 1A Background Information for further detail).

10.1. During the development of proposals for Local Government Reorganisation, the Leader has ensured that members are provided with regular updates on progress and the emerging themes of the business case through their Group leaders.

10.2. Scrutiny Committee will have met the day before the Cabinet meeting. A write up of the conclusions and any recommendations from that meeting will be circulated ahead of the Cabinet meeting, whilst being unavailable at the time of writing this report.

10.3. Cabinet will reconvene on the rise of the full Council meeting being held on the same evening, so any recommendations or other comments from full Council will be fresh in the minds of Cabinet members when they meet to make their decision.

10.4. For information, a single page report will be tabled on the evening of the Scrutiny, Council and Cabinet meetings summarising the decisions already taken by the first 13 Essex authorities on previous days (see Appendix 1B).

10.5. Throughout this document, the five unitaries that would be created by Business Case A are described as ‘**large**’ (averaging c380,000 residents each); the three unitaries outlined in Business Case B as ‘**enormous**’ (averaging about 630,000 residents each); and the four unitaries detailed respectively in Business Case C and Business Case D as ‘**very large**’ (averaging about 475,000 residents each). This distinction is important, as referring to them instead as ‘small’, ‘large’ and ‘medium’ respectively would mislead, as compared to the lived experience in the rest of the country, councils with populations averaging c380,000 would as can be seen in the table below, still be amongst the largest quarter of all current unitaries (hence ‘large’); councils with populations of c630,000 would be amongst the very largest compared to the current 132 (hence enormous); and councils with c470,000 also towards the top end of the

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spectrum (hence ‘very large’). This relative distinction is important because referring to authorities such as those proposed under Business Case A as ‘small’ would run the risk of creating the impression that they would be unable to enjoy the economies of scale experienced by councils such as Leicester or Dorset, which are already operating at that scale, and which are themselves considered large when compared to all other existing unitaries.

Current unitaries by population quartile

Council	Population	Council	Population	Council	Population	Council	Population
Isles of Scilly	2,281	Bath and North East Somerset	195,618	Plymouth	266,862	Wandsworth	329,035
City of London	10,847	Gateshead	197,722	Wolverhampton	267,651	Bromley	329,578
Rutland	41,151	Stockton-on-Tees	199,966	Rotherham	268,354	Wigan	334,110
Hartlepool	93,861	York	204,551	Kingston upon Hull	268,852	Brent	341,221
Darlington	109,469	Calderdale	207,699	Cumberland	275,390	Sandwell	344,210
Bracknell Forest	126,881	Portsmouth	208,420	Waltham Forest	275,887	East Riding of Yorkshire	346,309
Halton	128,964	Sutton	210,053	Sunderland	277,354	Coventry	355,600
Redcar and Cleveland	137,175	North Tyneside	210,487	Brighton and Hove	277,965	Wakefield	357,729
Torbay	139,479	Westminster	211,365	Salford	278,064	Newham	358,645
Isle of Wight	140,794	Warrington	211,580	Sefton	281,027	Cheshire West and Chester	361,694
Blackpool	141,574	Merton	214,709	Medway	282,702	North Northamptonshire	363,408
Kensington and Chelsea	146,154	Solihull	217,678	Walsall	286,105	Ealing	369,937
Middlesbrough	148,285	Peterborough	217,705	Hounslow	290,488	Leicester	373,399
South Tyneside	148,667	Camden	218,049	Greenwich	291,080	Dorset	383,274
Windsor and Maidenhead	154,738	North Somerset	219,145	Milton Keynes	292,180	Barnet	389,101
Blackburn with Darwen	155,762	Barking and Dagenham	219,992	South Gloucestershire	294,765	Croydon	392,224
Knowsley	157,103	Islington	220,373	Stockport	297,107	Bournemouth, Christchurch and Poole	401,898
North East Lincolnshire	157,754	Luton	226,973	Lewisham	298,653	Cheshire East	406,527
Slough	159,182	Rochdale	226,992	Bolton	298,903	West Northamptonshire	429,013
West Berkshire	162,215	Westmorland and Furness	227,643	Central Bedfordshire	301,501	Kirklees	437,593
Kingston upon Thames	168,302	Tameside	232,753	Newcastle upon Tyne	307,965	Bristol	479,021
North Lincolnshire	170,042	Swindon	235,657	Hillingdon	310,681	Liverpool	496,770
Reading	174,820	Trafford	236,301	Redbridge	310,911	Wiltshire	515,885
Thurrock	176,877	Oldham	243,912	Doncaster	311,027	County Durham	528,127
Southend-on-Sea	180,915	Barnsley	246,482	Southwark	311,913	Bradford	552,644
Wokingham	180,967	Bexley	247,835	Lambeth	316,812	Buckinghamshire	560,409
St Helens	184,728	Southampton	252,689	Wirral	322,453	Sheffield	566,242
Hammersmith and Fulham	185,238	Stoke-on-Trent	259,965	Northumberland	324,362	Manchester	568,996
Bedford	187,466	Harrow	261,185	Dudley	324,969	Cornwall	575,413
Herefordshire	188,719	Hackney	261,491	Tower Hamlets	325,789	Somerset	576,852
Telford and Wrekin	188,871	Haringey	261,811	Shropshire	327,178	North Yorkshire	623,501
Bury	194,606	Derby	263,490	Enfield	327,224	Leeds	822,483
Richmond upon Thames	194,894	Havering	264,703	Nottingham	328,513	Birmingham	1,157,603

“large”

“very large”

“enormous”

Source: [Office for National Statistics \(ONS\) Population Estimates 2022](#)

11. Does each business case ‘add up’ financially?

11.1. Based on the available information, all of the Business Cases ‘add up’ and have been produced in good faith, with Business Case A being the optimal (from this financial standpoint, as well as other important considerations).

11.2. However there are significant variations in the underlying assumptions and different ‘supply and demand’ factors for each configuration of unitary authorities, which would impact on whether each of the new councils is established on a sustainable base. Demand projections for different territories can be modelled to some degree of confidence using population demographic insight.

11.3. Uncertainty related to future funding flows from residential Council Tax, Business Rates, fees and charges, and other Governmental grants also need to be taken into account. Some elements of that future income can be confidently modelled, in that we know exactly where which homes in which Council Tax bands sit, and where businesses are based; other important elements are much less predictable, particularly as the current Fair Funding review will not conclude until after the 26 September deadline.

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- 11.4. In considering the affordability of each model, other financial factors also need to be considered and weighed in the balance, such as costs of transition, and potential for future savings through efficiencies.
- 11.5. As referenced in 11.2, the various business cases make different assumptions in their respective modelling about transition costs. For example, Business Case B (for 3 unitaries) models the IT transition costs at £40 million for 3 unitaries, £50 million for 4 unitaries, and £60 million for 5 unitaries, despite the judgment of many digital services professionals who believe that merging more authorities into larger unitaries would actually cost more, given the complexity and number of systems that need to be merged. Business Case A (for 5 unitaries) in contrast takes a more conservative and balanced approach modelling these IT transition costs at £16.3 million equally across all future alignments. Members attention is drawn in particular to (Appendix 15), which is a comparison between Business Cases A and B's respective financial assumptions, prepared by the chief executive of Chelmsford City Council.
- 11.6. The future costs of staffing across 5, 4 or 3 unitary alignments is an important consideration to factor in. In this respect, Business Case B (for 3 unitaries) hasn't assumed any costs or savings from pay harmonisation. They have, however assumed significant pay savings which are higher in the 3UA model. Additionally, they have stated that the ECC services 'will not experience a significant benefit from consolidation' (i.e. there are no staffing savings available from ECC service). It is not clear how this assumption has been tested.
- 11.7. In stark contrast, Business Case A (for 5 unitaries) projects a risk of significant pay harmonisation costs rising with fewer unitary authorities. Under equal pay, staff must be paid the same for jobs of equal value, and therefore the disparity in salaries between authorities will have to be removed, and it is a recognised trend that for many comparable jobs, larger councils pay more than councils that aren't as big. Business Case A takes a financially conservative approach by acknowledging these pay harmonisation issues and the relative financial advantage for the 5 unitary model, but out of prudence does not model in a cash saving in this regard to its financial modelling, where Business Case B does build in cost differentials into its modelling (but in favour of the 3 unitary model).
- 11.8. Uttlesford members should also factor in the potential for future costs savings through transformation and efficiencies, including any economies of scale. Overall, Business Case A (for 5 unitaries) identifies potential for considerable savings to be achieved in the largest areas of spend – children's and adult social services, based on national modelling undertaken by two sets of external experts – but again takes a prudent approach in only building in a proportion of these potential savings to its modelling. In stark contrast, Business Case B (for 3 unitaries) models that greater economies of scale are achievable on 3rd party spend (such as social care) in larger (ie enormous) unitary councils, whilst simultaneously asserting that Essex County Council's current value for money cannot be beaten, despite in many categories, their admittedly-impressively low

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unit costs compared to national averages are already bettered by (the smaller unitary authority) Southend City Council. It's important to acknowledge that although costs must be controlled in whatever alignment Government ultimately chooses, wise spend on social services in particular at an early intervention stage can both improve outcomes and save money in the longer run, so there must not be a 'race to the bottom' in short-term costs.

11.9. Business Case C (the Thurrock-produced 4 Unitary Authority proposal) includes a range of not-thoroughly-evidenced or adequately justified and explained assumptions that it would provide better value for money and operate at lower cost than other business cases, but is clearly focused overall on the starting point of sharing Thurrock's non-asset backed debt problem round a bigger, richer area, with the rest of Essex merely fitting in around that understandable but nonetheless parochial consideration. Its conclusions on how its model best meets natural communities of interest and sensible economic geographies appear, it is the professional judgment of Uttlesford's officers, to be forced and unsustainable - for example, ignoring the misalignment with the well-established and widely recognised London/Cambridge corridor running down the West side of Essex, clearly including Uttlesford

11.10. Business Case D (the Rochford-produced 4 Unitary Authority proposal) is a pretty comprehensive document, and should not be judged down on the basis that it borrows largely from the evidence bases assembled by other business cases alongside its own original content. With that said, it is notably internally inconsistent, particularly as its analysis focuses predominantly on being 'not too big, not too small' whilst simultaneously having the largest spread of authority population size across its proposed new alignment, ranging from 325,000 to 640,000. In that respect, it could equally simplistically be said to contain the least advantageous elements of both the 5UA and the 3UA models. Business Case D is pretty transparently built on the self-interest of the council that has unilaterally developed it, with the rest of Essex being expected to fit in around it. That 'fitting in' for the rest of Essex, as it impacts on Uttlesford, happens to mirror the Uttlesford/Epping/Harlow alignment proposed in Business Case A. Essentially, from an Uttlesford perspective, Business Cases A and D have largely the same local end result, but with the two big differences being firstly that the overall sustainability and local links across Essex are lower in the Rochford-proposed alignment, and secondly, the different in electoral representation as addressed in section 13 below.

12. Electoral representation – differences between the proposals in the four different models

12.1. Each of the four business cases includes its outline proposals for electoral representation – ie how many wards there would be, how they would be made up, and how many voters each newly-elected councillor would represent. How the business case addresses the criteria of enabling stronger community

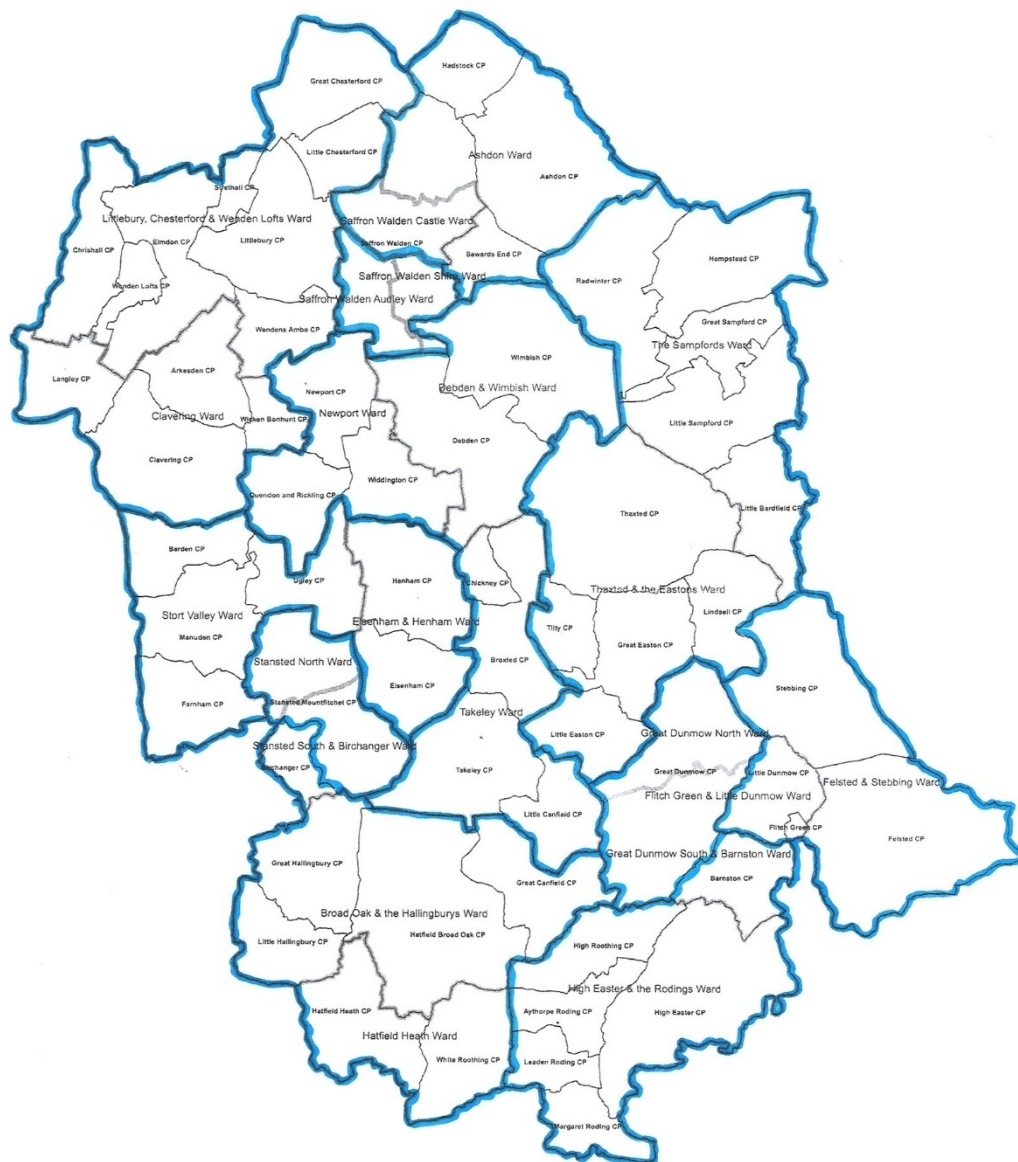
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engagement and delivering genuine opportunity for neighbourhood empowerment is an important point of consideration.

- 12.2. Members should note that there will be a Local Government Boundary Commission full review of boundaries before the second election, so the arrangements would last just the first five years of the new authority, including its first year as a Shadow Authority. The Local Government Boundary Commission has made it clear that it does not have the capacity to do this work ahead of Vesting Day, so it is down to the Business Cases to make these proposals, which can then be fine-tuned before appearing in the Statutory Change Order (SCO), which Government has anticipated is likely to be drafted and laid before Parliament by Summer 2026.
- 12.3. The Local Government Boundary Commission's standing approach has however guided the four business case teams by indicating that wherever possible, existing local government boundaries (of wards or divisions, or if necessary below that, existing polling districts) should be used to keep the proposals as simple and readily deliverable as possible, whilst reflecting also both equity of electorate size and natural communities. The Local Government Boundary Commission guidance also includes that total councillor numbers for each new authority should not be less than 50 nor over 100, and that there should be no more than 3 councillors elected per new ward area.
- 12.4. Business Case A contains electoral proposals that draw on current ward boundaries (and very occasionally polling districts) to create new authorities generally with c75-80 councillors, thus each one representing an average of c3,000 voters. The initial boundaries for the new proposed West Essex authority combining Uttlesford, Epping and Harlow areas would see a total of 83 councillors, including 25 elected from the current Uttlesford area, in line with this map. As mentioned, this will be subject to fine-tuning ahead of the Statutory Change Order (SCO) next summer, should Government choose Business Case A.

Indicative boundaries for Uttlesford area wards as part of new West Essex unitary authority

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12.5. In contrast, Business Case B, uses current County Council divisions (with new boundaries made in Thurrock and Southend of similar size from their current wards), except with three members elected to each, thus seeing each one serve an average of around 4,800 residents – some 60%+ more residents per councillor than under Business Case A.

12.6. Business Case C's approach is very similar to Business Case B's approach and illustrates a circa 5,000 to 1 ratio of residents per elected new councillor (compared to c3,000 to 1 in Business Case A).

12.7. Business Case D's approach is also very similar to Business Case B's, again with a circa 5,000 to 1 resident to councillor proportion, compared to c3,000 to 1 in Business Case A.

13. What about debt in the Essex area?

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- 13.1. As has been widely reported, Thurrock Council has had a debt problem in recent years, following investments gone wrong, and the consequential issuing of a Section 114 Notice. The Government sent in Commissioners to oversee the authority's recovery journey, working alongside the (new) elected administration. This formal intervention has recently been extended until 2028, notwithstanding the considerable progress made by the authority and its commissioners in addressing these debt issues, its heavy control and reduction of spending through the Section 114 notice, and its increase of Council Tax through exceptional permission by 7.99% the year before last and a further 4.99% this year. There also remain various legal processes underway in relation to the original issues.
- 13.2. Government has also indicated that it will make further support available to Thurrock to address the remaining elements of debt, though the specifics of this support (including its quantum) will not be finalised or known until after the 26 September deadline. Only Thurrock has been involved in the details of those discussions which are not therefore known to the other 14 authorities in Essex.
- 13.3. What is known about this massively complex situation is that, at a headline level, Thurrock has reduced its toxic debt position from well over a billion pounds to closer to £800 million – ahead of the trailed additional support from Government. The respective business cases have not had insider knowledge as to what the level and nature of this additional support will be from Government, so have had to make loose assumptions, such as that additional support covering off a further approximate half of this outstanding debt to leave c£400 million to carry forward into the future. This is an important consideration, so that no new unitary is saddled with costs of debt servicing that drown its ability to deliver its statutory duties. Whatever the alignment, any new unitary authority that is bigger than Thurrock is at the moment will be better able to withstand the necessary debt treatment compared to Thurrock pre-LGR. Therefore, the choice of new LGR model is in your officer's professional judgment a matter of which will make it easier/harder for Thurrock's successor council to manage, rather than some models making it possible and other models impossible to handle.
- 13.4. Underpinning those various assumptions in the business cases is the general understanding that each new authority created under LGR will inherit the debts and assets of its predecessor authorities. In the case of Thurrock, Southend and the 12 districts, that would mean that the 5, 4 or 3 unitaries would inherit the debts and assets of those 14 falling within their new geography, with the debts and assets of Essex County Council divided across the new 5, 4 or 3 unitaries as agreed between them (doubtless informed by but not determined by work that Essex County Council will undertake ahead of the shadow elections in May 2027). In the case of previous LGR processes elsewhere around the country, it can routinely take a few years to finalise the former county council disaggregation, as big assets like a County Hall are divided more equally rather than just assigned to the new authority in whose geography it happens to physically sit.
- 13.5. Uttlesford members should therefore understand that at a general level, Thurrock's remaining problematic debt will (after any additional support

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announced later this year by Government) be inherited by whichever new unitary Thurrock is folded into – which in none of the four business case models includes Uttlesford. This dynamic is clearly central to Thurrock's separate Business Case C, so that it can be placed with Brentwood, Epping Forest and Harlow (two of which have substantial relative affluence and higher Council Tax bases with generally higher-banded properties) as opposed to its next door neighbour council Basildon, with which it has a much longer border, presumably due to Basildon's relatively lower Council Tax base etc.

- 13.6. The point of historic debt being inherited by successor authorities is something which Government may seek to alter – either by a change in the law, or (much more likely) by discretionary tweaking of other funding formulae. This latter approach would at least slightly 'spread the pain' by taking future funding out of other parts of Essex to funnel into whatever new authority Thurrock ends up becoming part of. Although this is a real prospect, the nature and prospects for this are so speculative as to lead your officers to advise you to not attach any particular weight or importance to this in determining which model is best suited for the whole of Essex for the next c50 years. In particular, that there is no reason for Uttlesford councillors to vote to support a future model that they consider sub-optimal for Uttlesford residents. They can draw confidence in this respect from the CIPFA report commissioned by all 15 Essex authorities (see Appendix 7 (Appendix 4)) which essentially concludes that (setting aside the Thurrock problematic debt) all four Business Cases produce alignments which are entirely workable in inherited debt and asset terms.
- 13.7. Current, historic and therefore future inherited debt is a natural characteristic of local authorities – some of it relating to debt associated with previous capital spend such as highways (which does not produce an ongoing revenue, but which still needs to be carried and written off as debt over many years through Minimum Revenue Provision); some of it relating to income-producing assets (such as Uttlesford's highly successful investment portfolio); and many tens of millions of pounds of it relating to Housing Revenue Account stocks of council housing (including over £70 million debt held by Uttlesford's HRA counted against our 2,800 council houses). Differing levels and patterns of debt reflect historic strategic decisions taken by sovereign councils with different risk appetites for borrowing and investment, with few authorities nationally (including Thurrock) having run up problematic levels of debt that are not backed by equally valuable hard assets. What the CIPFA report does is map this pattern of debt against the various new business case alignments and conclude that none is inherently problematic. In contrast, some of the Business Cases (particularly Business Case B's financial assessment commissioned of PwC) ranks and colour codes this differing pattern of inherited debt implying that it is problematic, which professional officers recommend that councillors disregard as a particularly unhelpful and skewed set of assumptions apparently designed more to scare than to enlighten.

14. Summary of Business Case A – the Case for Five Unitary Authorities for Essex, with Uttlesford being placed with Epping Forest and Harlow areas



Business Case A – LGR Creating a greater future for Essex (5 Unitaries) Uttlesford with Epping and Harlow		
No	Criteria	Analysis and conclusion
1.	A proposal should seek to achieve for the whole of the area concerned in the establishment of a single tier of local government	Fully meets – under this proposal, all of Essex’s c1.9 million residents would be served by one of five new unitary councils, replacing all 15 current districts, county, and smaller existing unitary councils. None of the five unitaries appear illogical or contrived, nor created merely as ‘left overs’ after efforts to create a particular outcome for part of the Essex area and then filling in the rest around it.
2.	Unitary local government must be the right size to achieve efficiencies,	Largely meets - The 5 new unitary councils envisaged in these proposals would all be amongst the largest compared to the current 132 unitary councils in England, so would enjoy the criticality of mass common in existing, stable other existing councils, with an average

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<p>improve capacity and withstand financial shocks</p>	<p>annual General Fund budget in the order of £500 million. See Section 10 (and Appendix 19) above for an illustration of how 5, 4 and 3 unitary councils would fit into the order of current 132 unitary councils by population size. It is a matter of judgment for councillors to make as to which they consider best able to achieve closest to peak economic efficiency, whether that is the large councils proposed in this 5UA business case, very large councils envisaged in the two 4UA business cases, or enormous councils as proposed in the 3UA business case – remembering that economies of scale should be balanced against the risk that they become remote from customers/service users, and potentially over-reliant on large, national supply chains prone at times to monopolistic practices.</p> <p>Although this business case averages population sizes for the five proposed new unitaries at c380,000 residents each, which is substantially lower than the 500,000 figure contained in the White Paper, the Government has however made clear that lower population numbers are acceptable so long as its business case justifies this variance. It is your officers' advice that this variance is robustly and well justified in this business case, and so the variance from the 500,000 figure need not be a disqualifying factor.</p> <p>The CIPFA debt and non-current assets report (see Appendix 7 (Appendix 4)), commissioned by all 15 councils and relied upon equally across all four competing business cases concludes that the amalgamation of current debt positions across the 15 into the competing configurations are all sustainable in this regard.</p> <p>This business case includes external expert financial advice and modelling, including from Grant Thornton, PeopleToo and Social Care Institute of Excellence (SCIE). Members are entitled to take assurance that the financial assessments made in this report are evidence based – though as per the note elsewhere in this report, Members should be aware of the risk of confirmation bias and optimism bias, and note that (some) of the other competing business cases' experts reach entirely contradictory conclusions.</p> <p>Members should use their own good judgment in this regard. Your officer advice is that the Business Case A analysis and evidence base for criteria 2 is strong, albeit</p>
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		<p>potentially slightly over-optimistic about its own savings prospects, and similarly potentially slightly harsh in its own options appraisal about the competing business cases. This is however only a mild and nuanced critique, as it is your officer advice that Business Case A has been prudent in modelling ranges.</p> <p>Officers have therefore assessed Business Case A against this criteria slightly more highly than the other three competing alignments, having concluded that a large unitary (as opposed to very large or mega large) has better prospects of achieving overall greatest economic efficiency, as well as being closest to its residents.</p>
<p>3.</p>	<p>Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens</p>	<p>Largely meets – there is very little detail in any of the business cases as to <u>how</u> the resulting unitaries would achieve this outcome. This is unsurprising, and to a hefty degree unavoidable, as the detailed future operating models are a huge amount of work not realistically achievable within the timeframe of this business case process (and which would represent substantial abortive work for the unsuccessful three business cases, which would not represent a good use of scarce taxpayer resources).</p> <p>Officer advice is that this criteria essentially requires just sufficient evidence from each business case that sufficient thought has been given to this outcome and sufficient work done to illustrate that the varying proposals provide a reasonable set of foundations upon which future delivery of high quality and sustainable public services to citizens can be delivered in due course. In that respect, your officer advice is that this business case largely meets those requirements.</p> <p>Officers are also scoring this Business Case higher in this regard in particular because it has essentially made its alignment of five new authorities deliberately to split up the three established cities in Essex (Chelmsford, Colchester and Southend) as well as the two other largely comparable urban cores (Harlow and Basildon) into different unitaries, so that there is no pull or competition between cities/urban cores within any one council.</p> <p>This is illustrated in the business cases, and fleshed out by the Travel to Work analysis provided by Metro Dynamics (See Section 3 of Appendix 7), which your officers advise you is compelling and convincing in its evidence base and rationale. This spatial economic</p>

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		<p>alignment therefore supports the new Mayoral devolution approach better than other models that cut more across established economic initiatives and realities such as the London to Cambridge economic corridor/the M25/the trainline which your officers advise you is compelling and convincing in its evidence base and rationale. This spatial economic alignment therefore supports the new Mayoral devolution approach better than other models that cut more across established economic initiatives and realities such as the London to Cambridge economic corridor/the M25/the trainline</p> <p>Beyond that, it is a matter for member discretion as to whether they feel that the 5 large authorities proposed in this business case, is closer to residents than the comparative 4 very large or 3 enormous authorities would likely to be able to achieve. Your officer advice is that these outcomes would more likely be achieved by authorities of the size reflected by this business case than by its competitors, and so illustrating this outcome as better met than the others.</p>
4.	<p>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</p>	<p>Partially meets - this business case relies on two packages of work – the 15 council package of public and stakeholder engagement common to all of the business cases, and also a supplementary public survey, specific to this business case, engaged with by over 7,000 residents.</p> <p>Your officer advice is that these two pieces of work put together only partially meet the criteria.</p> <p>The opportunity to meaningfully engage – let alone co-create plans - with residents, service users, and partner organisations, has been almost entirely foregone. This lack of meaningful engagement and co-creation can be reversed for future stages of the LGR process. Officers advise that the two packages of work are just barely sufficient, but score this business case slightly more highly than those competing business cases relying solely on the cross-15 package, as at least an effort to engage more widely was undertaken.</p>
5.	<p>New unitary structures must support devolution arrangements</p>	<p>Fully meets – the area for the new Mayor for Essex is (as required by Government) coterminous with the sum of the five unitary areas proposed in this model (exactly as they are for the competing 4UA and 3UA models). Each new unitary (under all the competing models) would be a Constituent Member of the new Mayoral Combined Authority.</p>

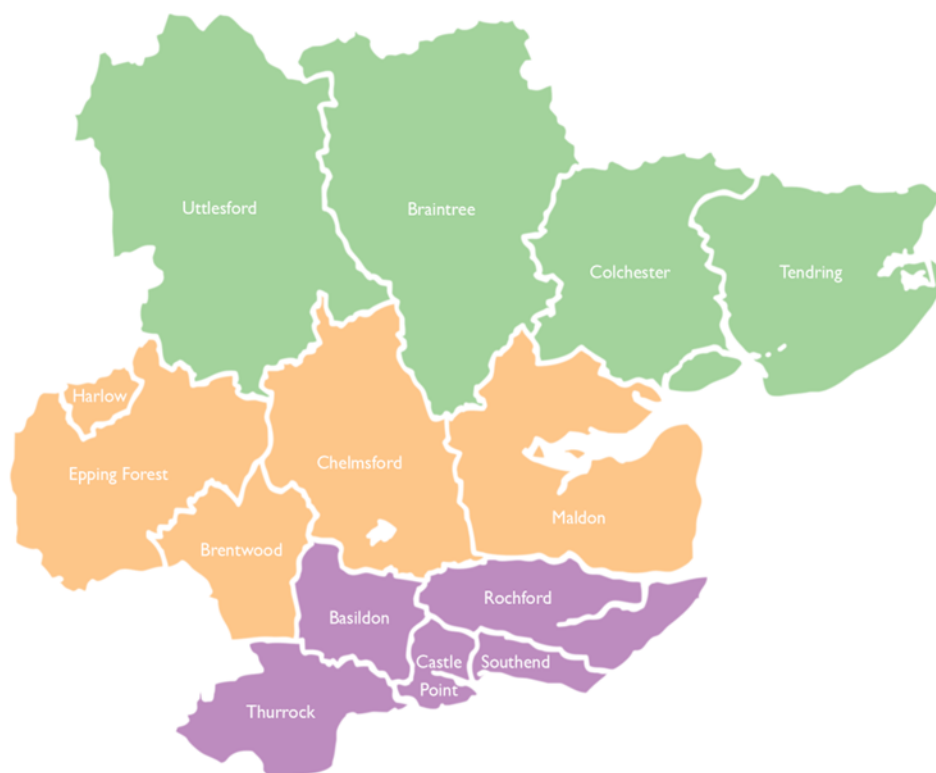
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		<p>There is a distinction between the population for the proposed West Essex authority (c325,000 residents) and the North Essex authority (c500,000 residents) and whether or not as new Constituent Authorities of the Mayoral Combined Authorities they would have equal voting rights. This is an important but nuanced issue that officers advise can be worked through in due course, and most certainly is not a deal-breaker or disqualifying factor for this business case.</p>
6.	<p>New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment</p>	<p>Fully meets - this is a requirement that all of the business cases meet, albeit all of them at only a high level of principle, with all of the detailed work understandably to follow later on.</p> <p>Your officers score this business case higher against this criteria than the 4UA models of very large (which are generally larger, and therefore more distant from residents) and higher still than the 3UA model of mega-authorities, which are inherently remote from residents. Although authorities of any size (including the 5UA model) can – and need to – enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment, it is your officers’ judgment that it will be an easier challenge to address under the 5UA model than its competitors.</p> <p>Whilst not losing focus on the need to challenge all business cases as to how well they deliver for the whole of Essex, it is reasonable and natural for members to test this through their Uttlesford perspective lens. In that regard, members might consider that bringing together the Uttlesford, Epping and Harlow areas into a new authority would see a clear majority of residents (and therefore their elected representatives) coming from market towns, villages and rural communities – thus potentially giving the best chance of ensuring that rural perspectives, interests and challenges are at the heart of the new council’s thinking.</p>
	<p>Officer advice: is this option credible, deliverable and sustainable?</p>	<p>Yes – officers advise that the 5UA business case is fully credible, deliverable and sustainable – even when allowing for any unavoidable confirmation bias and optimism bias, as mitigated by the honest critique of some aspects of the Business Case in this assessment.</p> <p>Relative to all the other business cases in this option appraisal, officers advise that this business case consistently matches or exceeds all of the other business cases against all criteria. Officer advice is</p>

	<p>therefore that this is clearly the optimum option of the four.</p>
<p>Officer commentary on any major issues identified in this business case’s options appraisal raising doubt or casting concern about any of the other three business cases</p> <p>14.1 This business case was published first, and so did not have the advantage of potentially being edited to be able to comment on any of the other three business cases in its internal options appraisal. The three major critiques nonetheless in this business case of the other three is that they are firstly inherently less local; that they are costlier/provide lower savings opportunities, and that they don’t match natural economic geographies as well. Taking these in turn:</p> <p>14.1.1 It is an unarguable matter of fact that the size of unitaries in Business Case A are smaller overall than in the other three business cases, with the three proposed new authorities in Business Case B being the largest. It is for members to determine how much weight and importance they attach to this conclusion, but as a conclusion, it is certainly robust.</p> <p>14.1.2 Each business case concludes that they are less costly than the others/provide better long term saving opportunities than the other three. Although obviously an important factor for members to consider, councillors should determine what reservations should be applied to each set of conclusions in this regard, which are inherently and obviously self-serving, and all of which are to some degree deeply subjective rather than objective. For example, it is your officers professional judgment that the 4 year payback is prudent whilst the shorter payback period assumed in Business Case B relies on savings being identified in year 1 of the new unitary authorities and delivered in year 2.</p> <p>14.1.3 The inherent relative critique contained in this business case that it matches natural economic geographies relatively well, and that other business case alignments relatively substantially mismatch natural economic geographies is in the professional judgment of your officers a point very well made and appropriately evidenced, most visibly so with the travel to work diagram (See Page 113, Section 3 of Appendix 7).</p> <p>14.1.4 Overall, Uttlesford officers conclude that two of these three critiques of the other business cases are both important and robust, with the third (around finances) being credibly evidenced, but still clearly subjective.</p>	

15. Summary of Business Case B – the Case for Three Unitary Councils for Essex, with Uttlesford placed with Braintree, Colchester and Tendring areas

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Business Case B – The Business Case for Greater Essex (3 Unitaries)		
Uttlesford being placed with Braintree, Colchester and Tendring areas		
No	Criteria	Analysis and conclusion
1.	A proposal should seek to achieve for the whole of the area concerned in the establishment of a single tier of local government	<p>Fully meets – under this proposal, all of Essex’s c1.9 million residents would be served by one of three new unitary councils, replacing all 15 current districts, county, and smaller existing unitary councils.</p> <p>None of the three unitaries appear illogical or contrived, nor created merely as ‘left overs’ after efforts to create a particular outcome for part of the Essex area and then filling in the rest around it. (The relative demerits of these particular alignments are assessed and scored down in sections below.)</p>
2.	Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks	<p>Largely meets - The 3 new unitary councils envisaged in this business case would all be amongst the absolute largest compared to the current 132 unitary councils in England – i.e. all in the top handful. Therefore they would enjoy the criticality of mass common in existing, stable other existing councils, with an average annual General Fund budget in the order of £700 million. See</p>

		<p>paragraph 10.6 above (and Appendix 19) for an illustration of how 5, 4 and 3 unitary councils would fit into the order of current 132 unitary councils by population size. It is a matter of judgment for councillors to make as to which they consider best able to achieve closest to peak economic efficiency, whether that is the enormous councils proposed in this 3UA model, very large councils envisaged in the two 4UA models, or large councils as proposed in the 5UA model – remembering that economies of scale should be balanced against the risk that they become remote from customers/service users, and potentially over-reliant on large, national supply chains prone at times to monopolistic practices.</p> <p>This alignment of future councils is in line with the 500,000+ population baseline illustrated in the Government’s White Paper.</p> <p>The CIPFA debt and non-current assets report (see Appendix 7(Appendix 4)), commissioned by all 15 councils and relied upon equally across all four business cases concludes that the amalgamation of current debt positions across the 15 into the competing configurations are all sustainable in this regard.</p> <p>This business case includes external expert advice and modelling, including from PwC and Newton Europe, including drawing on broader work commissioned by the County Councils Network. Members are entitled to take assurance that the financial assessments made in this report are evidence based – though as per the note elsewhere in this report, members should be aware of the risk of confirmation bias and optimism bias, and note that (some) of the other competing business cases’ experts reach entirely contradictory conclusions.</p> <p>Although your officer advice is that the 3UA business case is financially sustainable and therefore a legitimate potential option overall, in regard to this particular criteria it has clearly allowed confirmation bias and optimism bias to overtake objectivity, and substantially overstates its own merits whilst unreasonably concluding that one of the other business cases [Business Case A] would take over 50 years to pay back transition costs from the resultant efficiency and scale savings of the new authorities, which your officers advise is highly skewed and insufficiently robust to be</p>
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		<p>relied upon, undermining the credibility of Business Case B's analysis generally.</p> <p>Officers have assessed the business case against this criteria slightly less highly than the competing alignments, having concluded that a enormous unitary has marginally poorer prospects of achieving overall greatest economic efficiency, as well as being most distant and remote from its residents.</p>
<p>3.</p>	<p>Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens</p>	<p>Partially meets – there is very little detail in any of the business cases as to <u>how</u> the resulting unitaries would achieve this outcome. This is unsurprising, and to a hefty degree unavoidable, as the detailed future operating models are a huge amount of work not realistically achievable within the timeframe of this business case process (and which would represent substantial abortive work for the unsuccessful three business cases, which would not represent a good use of scarce taxpayer resources).</p> <p>Officer advice is that this criteria essentially requires just sufficient evidence from any competing business case that sufficient thought has been given to this outcome and sufficient work done to illustrate that the varying proposals provide a reasonable set of foundations upon which future delivery of high quality and sustainable public services to citizens can be delivered in due course. In that respect, your officer advice is that this business case partially meets those requirements.</p> <p>Beyond that, it is a matter for member discretion as to whether they feel that the 3 enormous authorities proposed in this business case, compared to the comparative 5 large (but smaller) or 4 very large (in between sized) authorities would likely to be able to achieve. Your officer advice is that these outcomes would less likely be achieved by authorities of the size reflected by this business case than by its competitors, and so officers are illustrating this outcome as less well met than the Business Case A alternative.</p> <p>Officers score this model down on the basis in particular that in placing Uttlesford with Braintree, Colchester and Tendring, this very much does not reflect any well-established sensible economic geography or travel to work areas for Uttlesford residents or businesses. Worse, it cuts actively across the well-established and</p>

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		<p>widely recognised economic corridor running through Uttlesford, Epping and Harlow in between London and Cambridge. Economies don't start or stop merely because they do or don't largely align with council boundaries, but the new councils are more likely to do a better job in supporting their local economies thrive the closer their boundaries align. Business Case B is therefore especially poor in this regard.</p> <p>Officers are also scoring this Business Case lower in this regard in particular because it has essentially made its alignment of three new authorities deliberately to split up the three established cities in Essex [(Chelmsford, Colchester and Southend) into different unitaries, so that there is no pull or competition between cities within any one council. Although there is considerable logic and strength in this rationale, officers advise that the laudable principle has been applied wrongly by being too literal in only considering Essex's three formal cities (two of which only relatively recently achieved city status) and not applying the same logic to the two other concentrated urban cores in Basildon and Harlow, either or both of which may well be on track for city status in due course, but both of which already enjoy many similar characteristics. Essentially, this business case places Basildon as a competing urban core in the same unitary area as Southend, and places Harlow in as a competing urban core in the same unitary area as Chelmsford. Although not a disqualifying factor, officers advise that this is a material weakness of this particular business case for virtually the same logic expressed by the business case itself, but arguably misapplied by being too literal about formal city status.</p>
<p>4.</p>	<p>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</p>	<p>Barely meets - this 3UA business case model relies on one package of work only – the whole-15 council package of public and stakeholder engagement common to all of the business cases and which did not articulate any specific proposed alignments for future unitaries.</p> <p>Your officer advice is that this one package of work Barely meets this criteria.</p> <p>The opportunity to meaningfully engage – let alone co-create plans for the future - with residents, service users, and partner organisations, has been almost entirely foregone. This lack of meaningful engagement and co-creation can be reversed for future stages of the</p>

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		<p>LGR process. Officers advise that this single package of work would be generously described as just barely sufficient, and so score this model slightly less highly than those competing business cases that supplemented the cross-15 package of engagement.</p>
5.	<p>New unitary structures must support devolution arrangements</p>	<p>Fully meets – the area for the new Mayor for Essex is (as required by Government) coterminous with the sum of the three unitary areas proposed in this model (exactly as they are for the competing business cases). Each new unitary (under all the competing models) would be a Constituent Member of the new Mayoral Combined Authority.</p>
6.	<p>New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment</p>	<p>Partially meets - this is a requirement that all of the business cases meet, albeit all of them in only a high level of principle, with all of the detailed work understandably to follow later on.</p> <p>Your officers score this model less highly against this criteria than the 4 unitary authority models (which are less large, and therefore less distant from residents) and lower still than the 5 unitary authority model, which are less remote again from residents. Although authorities of any size (including the 3 unitary authority model) can – and need to – enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment, it is your officers’ professional judgment that it will be a harder challenge to address under the 3 unitary authority model than its competitors because of its remoteness – e.g. expecting key decision makers to have a genuine feel for Saffron Walden and Stansted to Clacton and all points in between.</p> <p>Whilst not losing focus on the need to challenge all business cases as to how well they deliver for the whole of Essex, it is reasonable and natural for members to test this through their Uttlesford perspective lens. In that regard, members might consider that bringing together the Uttlesford, Braintree, Colchester and Tendring areas into a new authority would tend to feel like a Colchester city-centric council, with a secondary focus on deprivation challenges on the coast, and Uttlesford’s rural areas being perhaps a distant tertiary afterthought – thus potentially giving the lowest chance of ensuring that rural perspectives, interests and challenges are at the heart of the new council’s thinking.</p>

<p>Officer advice: is this option credible, deliverable and sustainable?</p>	<p>Yes – notwithstanding all of the relative critiques above, considered on its own merits, this business case is clearly deliverable.</p> <p>Relatively, compared to the 5UA business case in particular, your officer advice is that this model is though sub-optimal in many important regards. Officers advise that this Business Case is also less credible than the others generally, as its inherent confirmation and optimism bias appears less constrained through objectivity and self-awareness. In particular, this Business Case’s conclusions around the financial aspects of Business Case A make it unsustainable or unsupportable demonstrate such an extreme degree of bias as to undermine its credibility generally. It is your officers’ advice that all four Business Cases can be made to work perfectly well should the Government ultimately make that choice, and suggestions in any business case that go beyond pointing at relative merits and demerits to suggest that others should be effectively disqualified altogether are themselves beyond the pale.</p>
<p>Officer commentary on any major issues identified in this business case’s options appraisal raising doubt or casting concern about any of the other three business cases</p> <p>15.1 This business case was published rather later than Business Case A, and so had the advantage of potentially being edited to be able to comment on at least Business Case A in its internal options appraisal. The four major critiques nonetheless in this business case of the other three is that they are firstly that they are costlier/provide lower savings opportunities (and indeed that Business Case A does not pay back costs of transition for over 50 years), that they match natural economic geographies less well, and that other Business Cases problematically do not align with Essex Police organisational sub-boundaries; and that as there are currently three each directors of children’s services, directors of adult services, directors of highways etc., that having three new authorities is ‘better’ than having four or five as per the other business cases. Taking these in turn:</p> <p>15.1.1 Each business case concludes that they are less costly than the others/provide better long term saving opportunities than the other three. Although obviously an important factor for members to consider, councillors should determine for themselves what reservations should be applied to each set of conclusions in this regard, which are inherently and obviously self-serving, and all of which are to some degree deeply subjective rather than objective. Uttlesford officers’ professional advice is that the degree of subjectivity in Business Case B in its conclusion that Business Case A would take over 50 years to ‘pay back’ the costs of transition (which it estimates as</p>	

much higher for 5 new unitaries than 3) is simply not credible. This lack of credibility is so pronounced that that it casts a shadow of doubt on the objectivity of the report as a whole. This 50 years+ pay back conclusion cites work commissioned by Business Case B and undertaken on their behalf by PwC. The Business Case states that "The financial model developed by PwC, in liaison with all 15 S151 officers across Greater Essex, was used to evaluate 5 local government reorganisation options.". This statement is accurate in so far as these officers from the 15 authorities did have discussions with PwC, but is clearly carefully phrased to imply that the conclusions reached are objective by associating them as this sentence rather misleadingly does with all of the 15 councils' S151 officers. In fact, in that group of S151 officers it was made repeatedly clear that whilst they were constructively engaging with PwC, they did not collectively share the commission nor endorse or accept their findings, merely noted them. Uttlesford members should therefore be entirely clear: this conclusion that the 5UA model represented in Business Case A will realistically not cover the costs of transition is highly disputed and is certainly not generally accepted by S151 officers, including not being accepted by Uttlesford's S151 officer. It is disappointing that Business Case B should seek to imply a wider buy-in to what is in reality a deeply contentious and actively disputed opinion. See Appendix 15 for full details of the differences applied in financial analysis supporting Business Case B and A.

15.1.2 In terms of its economic geography analysis, Uttlesford officers advise that Business Case B is genuinely not credible in that Uttlesford's certain and lived experience is that the North/South London/Cambridge corridor is a natural economic corridor where the West/East economic links between Uttlesford and Tendring (and all points in between) are of a substantially smaller order.

15.1.3 Business Case B says (See page 84 of Appendix 10) "Essex faces a significant housing challenge in the South of the county. Some authorities in the South are only meeting 35% of current housing targets meaning that these areas are facing significant housing shortfalls to address current demands let alone future targets. The Rochford and Southend-led models will perpetuate this housing challenge by creating some unitaries that are comprised only of authorities that are failing to meet their housing targets, meaning that these new councils would have to radically transform housing performance with little capacity to do so." Even if one were to accept that this analysis is not potentially out of date, as not yet reflecting more recent numbers, and the one-year-old Government's enhanced pressure on housebuilding numbers, Uttlesford officers advise that precisely the reverse conclusion could reasonably be met - ie that this issue could be better addressed in the 5UA model by concentrating the considerable regulatory pressure and influence of Government on seeing more homes built, instead of allowing that issue to be potentially masked and left unaddressed in the 3UA model, with housing pressures potentially quietly shunted from one side

of an enormous new council area to another. This alternative conclusion makes the Business Case B critique of Business Case A actually a weakness of its own model and a positive strength of the 5 UA model.

- 15.1.4 The critique in Business Case B that it aligns fully with Essex Police sub-boundaries where the other three business cases do not. Uttlesford officers advise that this is largely but not entirely accurate – for example, Essex Police operate across Brentwood and Grays (in Thurrock), which lie within two different new unitaries proposed within Business Case B. Even if this critique within Business Case B were actually accurate, Uttlesford officers advise that it is of relatively low importance. The Chief Constable has already spoken with the chief executives of the 15 current authorities and indicated that he would be readily able to realign Essex Police’s sub-boundaries to match whatever new set of unitaries is chosen by Government. To illustrate the relative lack of importance of this point anyway, in the case of Uttlesford, for example, which currently sees local policing operated across Uttlesford and Braintree, this does not actually represent from a local authority perspective a material partnership with Braintree which would bring any real disruption if it were realigned.
- 15.1.5 In relation to the final critique, it is certainly true that before LGR there are three each directors of children’s services, directors of adult services, directors of highways etc. - one each in Essex County Council, Thurrock and Southend. Uttlesford officers advise that the implicit idea that either four or five new authorities would perhaps find it difficult to appoint to those roles rather than presumably just each taking one of the three current postholders each is grossly oversimplistic, which is not a solid foundation on which to build new councils that are likely to last something like 50 years+. Similarly, the idea that having four or five new senior staff each in such roles is massively cost inflationary is even more over-simplistic, and is addressed rather more holistically in the overall financial analyses of each business case. Uttlesford officers advise members to consider the contrary argument – that the larger each new authority, the more either mega large authorities or very large councils are likely to pay their top staff higher salaries than large councils, creating the potential for both a cost spiral in lower tiers of staffing, as well as the possibility of enormous authorities ending up adding extra tiers of expensive management in between these top staff and frontline practitioners. Uttlesford officers therefore advise members to carefully consider whether this particular critique is one to which they should assign any material weight or import.

16. Summary of Business Case C – the Case for Four Unitary Councils for Essex led by Thurrock Council, with Uttlesford being placed with Braintree, and Chelmsford areas

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Business Case C – 4 Unitaries		
Uttlesford being placed with Braintree and Chelmsford areas		
No	Criteria	Analysis and conclusion
1.	A proposal should seek to achieve for the whole of the area concerned in the establishment of a single tier of local government	<p>Fully meets – under this proposal, all of Essex’s c1.9 million residents would be served by one of four new unitary councils, replacing all 15 current districts, county, and smaller existing unitary councils.</p> <p>None of the four unitaries appear illogical or contrived, nor created merely as ‘left overs’ after efforts to create a particular outcome for part of the Essex area and then filling in the rest around it. (The relative demerits of these particular alignments are assessed and scored down in sections below.)</p>
2.	Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks	<p>Largely meets - The 4 new unitary councils envisaged in this business case would all be towards the top end in scale compared to the current 132 unitary councils in England . Therefore they would enjoy the criticality of mass common in existing, stable councils, with an average annual General Fund budget in the order of £600 million. See Section 10 above (and Appendix 19) for an illustration of how 5, 4 and 3 unitary councils would fit into the order of current 132 unitary councils by</p>

		<p>population size. It is a matter of judgment for councillors to make as to which they consider best able to achieve closest to peak economic efficiency, whether that is the enormous councils proposed in the 3UA model, very large councils envisaged in this and the other 4UA model, or large councils as proposed in the 5UA model – remembering that economies of scale should be balanced against the risk that they become remote from customers/service users, and potentially over-reliant on large, national supply chains prone at times to monopolistic practices.</p> <p>This alignment of future councils is close to being in line with the 500,000+ population baseline illustrated in the Government's White Paper.</p> <p>The CIPFA debt and non-current assets report (see Appendix 7 (Appendix 4)), commissioned by all 15 councils and relied upon equally across all four business cases concludes that the amalgamation of current debt positions across the 15 into the competing configurations are all sustainable in this regard.</p> <p>This business case includes external expert advice and modelling, including from KPMG. Members should use their own good judgment in this regard. Your officer advice is that this particular 4UA business case analysis and evidence base is largely credible but flawed in important regards. Most of all, this business case is clearly built around Thurrock's own view of its particular and unfortunate debt-laden circumstances, and in reality moulds future alignments for local government in the rest of Essex as an apparent afterthought to tidy up the rest of the county after giving Thurrock the future it considers optimal for itself, particularly in handling its own problematic debt. This is most obvious in the apparent disregard for natural communities of interest, transport links, travel to work corridors, natural economic geographies and so on. The Business Case C approach is further flawed by a generic 'big is beautiful' approach, but which nonetheless settles on the 'in between' option of four unitaries (compared to three or five).</p> <p>Officers have assessed the business case against this criteria slightly less highly than some other competing alignments, having concluded that a very large unitary has marginally poorer prospects of achieving overall greatest economic efficiency, as well as being most distant and remote from its residents.</p>
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		<p>Although certainly not a disqualifying factor, there is a clear and unashamed apparent starting point for this particular proposal from a Thurrock-centric perspective, that aligns it into a new unitary with Brentwood, Epping Forrest and Harlow, rather than with Basildon, with which it has a much longer existing border, seemingly driven by Thurrock’s perspective over the future handling of its hundreds of millions of pounds of largely toxic debt. Members should properly take such an important issue into account, but (so long as whatever model they ultimately favour is itself sustainable) not feel the need to effectively try to shape the next several decades of local government delivery across Essex all around finding the most comfortable fix to Thurrock’s self-created debt problem.</p>
<p>3.</p>	<p>Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens</p>	<p>Partially meets– there is very little detail in any of the business cases as to <u>how</u> the resulting unitaries would achieve this outcome. This is unsurprising, and to a hefty degree unavoidable, as the detailed future operating models are a huge amount of work not realistically achievable within the timeframe of this business case process (and which would represent substantial abortive work for the unsuccessful three business cases, which would not represent a good use of scarce taxpayer resources).</p> <p>Officer advice is that this criteria essentially requires just sufficient evidence from each business case that sufficient thought has been given to this outcome and sufficient work done to illustrate that the varying proposals provide a reasonable set of foundations upon which future delivery of high quality and sustainable public services to citizens can be delivered in due course. Much like Business Case B, this alignment places the urban core of Basildon with the (recently elevated to formal city status) of Southend, creating an entirely avoidable and generally negative internal tension.</p>
<p>4.</p>	<p>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</p>	<p>Although this business case addresses this criteria, in Uttlesford officer judgment to the bare minimum necessary, it is scored in this regard slightly more highly than Business Cases B, in that Rochford Council did undertake a second, supplementary local listening and engagement campaign with its own residents, who tended to prefer the alignment for their area.</p> <p>Your officer advice is that this one package of work partially meets this criteria.</p>

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		<p>Although this business case also quotes from the second piece of public engagement work undertaken by Business Case A, which Thurrock Council did not join in with or encourage residents to participate in, unfortunately it has sought to portray the conclusions of that work in a misleading fashion. It is technically truthful and accurate but simultaneously misleading for the Thurrock proposal to say “In the five unitary model survey (7,391 responses), some residents felt that the proposed unitaries were too small to deliver savings and too large to represent local areas well.” Concern over less local representation was an important theme in the comments provided by residents who supported the proposal and those who didn’t, which could equally be interpreted as positive sentiment for five unitary councils. It should also be noted that the survey did not ask respondents whether they felt the 5 unitary model would deliver savings, but asked what the priorities for the future unitaries were. Some respondents who generally supported the proposal did say they were uncertain it will deliver the outcomes, but this was only mentioned 8 times from this group of nearly 1150 respondents who provided comments.</p> <p>The opportunity to meaningfully engage – let alone co-create plans for the future - with residents, service users, and partner organisations, has been almost entirely foregone. This lack of meaningful engagement and co-creation can be reversed for future stages of the LGR process. Officers advise that this single package of work would be generously described as just barely sufficient, and so score this model slightly less highly than those competing business cases that appropriately supplemented the cross-15 package of engagement.</p>
5.	New unitary structures must support devolution arrangements	<p>Fully meets – the area for the new Mayor for Essex is (as required by Government) coterminous with the sum of the three unitary areas proposed in this model (exactly as they are for the competing business cases). Each new unitary (under all the competing models) would be a Constituent Member of the new Mayoral Combined Authority.</p>
6.	New unitary structures should enable stronger community engagement and deliver genuine opportunity for	<p>Largely meets - this is a requirement that all of the business cases meet, albeit all of them in only a high level of principle, with all of the detailed work understandably to follow later on.</p> <p>Your officers score this model less highly against this criteria than the 5UA models (which are less large, and therefore less distant from residents). Although</p>

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	<p>neighbourhood empowerment</p>	<p>authorities of any size (including this 4UA model) can – and need to – enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment, it is your officers’ judgment that it will be a harder challenge to address under this 4UA model than its competitors because of its relative remoteness inherent to its scale.</p> <p>Whilst not losing focus on the need to challenge all business cases as to how well they deliver for the whole of Essex, it is reasonable and natural for members to test this through their Uttlesford perspective lens. In that regard, members might consider that bringing together the Uttlesford, Braintree, and Chelmsford areas into a new authority would tend to feel like a Chelmsford city-centric council, and Uttlesford’s rural areas being perhaps a secondary afterthought – thus potentially giving a lower chance of ensuring that rural perspectives, interests and challenges are at the heart of the new council’s thinking.</p>
<p>Officer advice: is this option credible, deliverable and sustainable?</p>		<p>Yes – notwithstanding all of the relative critiques above, considered on its own merits, this business case is clearly deliverable.</p> <p>Relatively, compared to the 5UA business case in particular, your officer advice is that this model is though sub-optimal in many important regards.</p>
<p>Officer commentary on any major issues identified in this business case’s options appraisal raising doubt or casting concern about any of the other three business cases</p> <p>16.1 This business case was published rather later than Business Case A, and so had the advantage of potentially being edited to be able to comment on at least Business Case A in its internal options appraisal. The three major critiques nonetheless in this business case of the other three is that they are firstly (in the case of Business Case A ‘too small’; that the new authorities proposed in Business Case A are problematically unequal in size; and that in Business Case B, that it would be more problematic (in South Essex) to bring together two unitaries and part of Essex County Council. Taking these in turn:</p> <p>16.1.1 It is implicit throughout Business Case C that they consider ‘big is beautiful’ in terms of the cost efficiency of services, and that the new authorities in Business Case A are therefore ‘too small’. Uttlesford officers advise, as detailed elsewhere in this report, that this is an over-simplistic and ultimately inaccurate rule of thumb, as demonstrated by the long-standing case studies amongst the 132 current unitary councils, where this is simply not the case. Business Case C shares a further view on the new authorities within</p>		

Business Case A being too small around debt, saying “Smaller councils would struggle to absorb £4.1 billion in regional debt and may require £400–600 million in government support.” Uttlesford officers acknowledge that Thurrock colleagues have a greater insight into the Government’s position in relation to the specifics of the further debt relief they are prepared to offer (but which they will not finalise or share until after the 26 September deadline), as Thurrock has been party to those confidential discussions where the other 14 authorities have not. However, the objective CIPFA report on debt commissioned and relied on by all 15 Essex authorities makes it quite clear that the debt positions of the other 14 are not inherently problematic and that all four business cases are therefore sustainable overall in debt terms. It is understandable from Thurrock’s perspective that they might prefer in future to be part of a slightly larger local authority in population terms, and for that to include relatively more affluent areas of Brentwood and Epping Forest than Basildon, this legitimately-selfish perspective is arguably not one that should be allowed to dominate the operation of local government alignment across the whole of Essex for the next 50-odd years.

16.1.2 On the critique in Business Case C of Business Case A that its proposed new authorities are too unequal in either size or population demographics, Uttlesford officers advise that this inequality of scale or population characteristic is accurate to a degree, but that it is not a particularly important distinction to rely on in making a decision. If these were proposals for a new football league, then having the four teams with roughly equal amounts of money available to buy players, and roughly equal local populations from which to draw crowds might be a material consideration – because those teams would be in direct competition with each other. Local authorities are however not in competition with each other – they exist in active partnership with their neighbours, in which they all seek to support each other in succeeding. It is simply a reality that different natural communities and different natural economic geographies do not match or balance any more in Essex than they do across the rest of the country’s existing 132 unitary councils.

16.1.3 Business Case C’s critique of Business Case B’s (and also Business Case D’s) proposal is problematic in that it puts together the two current smaller unitaries (Thurrock and Southend) with parts of a disaggregated Essex County Council is more problematic than Thurrock and Southend being put into different new unitary council areas. Although this alignment point is accurate in relation to Business Cases B and D, Uttlesford officers advise that it is not of a substantially more challenging nature to make it particularly problematic.

17. Summary of Business Case D – the Case for Four Unitary Councils for Essex, led by Rochford District Council, with Uttlesford being placed with Epping Forest and Harlow areas



Business Case D – 4 Unitaries		
Uttlesford being placed with Epping Forest and Harlow areas		
No	Criteria	Analysis and conclusion
1.	A proposal should seek to achieve for the whole of the area concerned in the establishment of a single tier of local government	Fully meets – under this proposal, all of Essex’s c1.9 million residents would be served by one of four new unitary councils, replacing all 15 current districts, county, and smaller existing unitary councils. None of the four unitaries appear illogical or contrived, nor created merely as ‘left overs’ after efforts to create a particular outcome for part of the Essex area and then filling in the rest around it. The relative demerits of these particular alignments are assessed and scored down in sections below.
2.	Unitary local government must be the right size to achieve	Largely meets - The 4 new unitary councils envisaged in this business case vary considerably in scale of population served (substantially more than in any of the other three business cases) ranging from 325,000

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	<p>efficiencies, improve capacity and withstand financial shocks</p>	<p>residents to an enormous 640,000 (which would rank 3 in population size of all current 132 unitaries behind only Leeds and Birmingham). Each of the four would nonetheless enjoy the criticality of mass common in existing, stable councils, with an average annual General Fund budget in the order of £600 million (but across a very large range from closer to £400 million to £800 million across the four vastly-differently sized suggested new councils). See Section 10 above for an illustration of how 5, 4 and 3 unitary councils would fit into the order of current 132 unitary councils by population size. It is a matter of judgment for councillors to make as to which they consider best able to achieve closest to peak economic efficiency, whether that is the enormous councils proposed in the 3UA model, very large councils envisaged in this and the other 4UA model, or large councils as proposed in the 5UA model – remembering that economies of scale should be balanced against the risk that they become remote from customers/service users and potentially over-reliant on large, national supply chains prone at times to monopolistic practices.</p> <p>The CIPFA debt and non-current assets report (see Appendix 7 (Appendix 4)), commissioned by all 15 councils and relied upon equally across all four business cases concludes that the amalgamation of current debt positions across the 15 into the competing configurations are all sustainable in this regard.</p> <p>This business case is comparatively light on detail, although it does include some external expert advice and modelling including from RedQuadrant and using PwC data. Members should use their own good judgment in this regard when considering the thoroughness and credibility of the report overall. Your officer advice is that this particular 4UA business case analysis and evidence base is nonetheless largely deliverable, but also sub-optimal in important regards. Most of all, this business case is clearly built around Rochford’s own view of its community interests, and in reality moulds future alignments for local government in the rest of Essex as an apparent afterthought to tidy up the rest of the county after giving Rochford the future it considers optimal for itself. This is most obvious in the apparent disregard for natural communities of interest, transport links, travel to work corridors, natural economic geographies and so on in the South of the County.</p> <p>Officers have assessed the business case against this criteria slightly less highly than some other competing alignments, having concluded that a blend of large, very</p>
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		<p>large and enormous unitaries have in some cases marginally poorer prospects of achieving overall greatest economic efficiency, as well as being most distant and remote from its residents.</p> <p>Members should properly take such important issues into account, but (so long as whatever model they ultimately favour is itself sustainable) not feel the need to effectively try to shape the next several decades of local government delivery across Essex all around finding the most comfortable fix to Rochford's parochial self-interest.</p>
3.	Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens	<p>Partially meets – there is very little detail in any of the business cases as to <u>how</u> the resulting unitaries would achieve this outcome. This is unsurprising, and to a hefty degree unavoidable, as the detailed future operating models are a huge amount of work not realistically achievable within the timeframe of this business case process (and which would represent substantial abortive work for the unsuccessful three business cases, which would not represent a good use of scarce taxpayer resources).</p> <p>Officer advice is that this criteria essentially requires just sufficient evidence from each business case that sufficient thought has been given to this outcome and sufficient work done to illustrate that the varying proposals provide a reasonable set of foundations upon which future delivery of high quality and sustainable public services to citizens can be delivered in due course.</p>
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	<p>Partially meets – Although this business case addresses this criteria, in Uttlesford officer judgment to the bare minimum necessary, it is scored in this regard slightly more highly than Business Cases B, in that Rochford Council did undertake a second, supplementary local listening and engagement campaign with its own residents, who tended to prefer the alignment for their area.</p>
5.	New unitary structures must support devolution arrangements	<p>Fully meets – the area for the new Mayor for Essex is (as required by Government) coterminous with the sum of the four unitary areas proposed in this model (exactly as they are for the competing business cases). Each new unitary (under all the competing models) would be a Constituent Member of the new Mayoral Combined Authority. The disparity of size of the four councils (with the South being nearly twice as big as the West) would</p>

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		<p>potentially complicate the Constituent Authority voting rights discussion, though this would nonetheless be a point of detail to be worked through rather than a fundamental stumbling block.</p>
6.	<p>New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment</p>	<p>Largely meets - whilst not losing focus on the need to challenge all business cases as to how well they deliver for the whole of Essex, it is reasonable and natural for members to test this through their Uttlesford perspective lens. In that regard, members might consider that bringing together the Uttlesford, Epping and Harlow areas into a new authority would see a clear majority of residents (and therefore their elected representatives) coming from market towns, villages and rural communities – thus potentially giving the best chance of ensuring that rural perspectives, interests and challenges are at the heart of the new council’s thinking.</p> <p>Although the future alignment for Uttlesford is the same optimal conclusion in Business Case D as in Business Case A, the proposed new South Essex Council in this Business Case is distinctly imbalanced and sub-optimal - e.g. because it combines the urban areas of Basildon and Southend at either ends of its area, which is avoided in Business Case A's alternative alignment.</p>
	<p>Officer advice: is this option credible, deliverable and sustainable?</p>	<p>Yes – notwithstanding all of the relative critiques above, considered on its own merits, this business case is clearly deliverable.</p> <p>Relatively, compared to the 5UA business case in particular, your officer advice is that this model is though sub-optimal in many important regards.</p>
<p>Officer commentary on any major issues identified in this business case’s options appraisal raising doubt or casting concern about any of the other three business cases</p> <p>17.1 There is little in this section as there is little new, original or compelling in this business case, as it borrows so much from other business cases, at times misapplying analysis, bent to meet the parochial conclusion around Rochford’s perceived self-interest. The bulk of the more detailed analysis in Business Case D is largely drawn from and repeating analysis contained in other business cases, and a critique thereof is not therefore repeated in this section, to avoid duplication. Uttlesford officer judgment is that there are no new, meaningful and material points of criticism of the other business cases contained to respond to.</p>		

18 Options appraisal between the four competing models

18.1 For ease of comparison between the four competing models, these longer commentaries from the sections above are summarised unweighted alongside each other in the table below – colour coded as Dark Green for relatively the best, Green for good, Amber for acceptable but sub-optimal, Yellow for problematic/relatively very sub-optimal, and Red for fundamentally problematic/entirely unsustainable. NB none of the four business cases is assessed as red for fundamentally problematic/entirely unsustainable overall, underlining the officer advice that it is quite proper for members to choose any of the four options if overall they consider it both sustainable/deliverable in practice, as well as the best compared to the other options.

Criteria	Business Case A - 5UA (Uttlesford with Epping and Harlow)	Business Case B - 3UA (Uttlesford with Braintree, Colchester and Tendring)	Business Case C - 4UA (Uttlesford with Braintree and Chelmsford)	Business Case D – 4UA (Uttlesford with Epping and Harlow)
1. “County-wide design & outcomes”	Fully meets	Fully meets	Fully meets	Fully meets
2. “Financially secure & sustainable”	Largely meets	Largely meets	Largely meets	Largely meets
3. “Quality services”	Largely meets	Partially meets	Partially meets	Partially meets
4. “Locally informed and designed”	Partially meets	Barely meets	Partially meets	Partially meets
5. “Support for devolution”	Fully meets	Fully meets	Fully meets	Fully meets
6. “Community empowerment”	Fully meets	Partially meets	Largely meets	Largely meets
Officer advice – is this option deliverable overall?	Yes	Yes	Yes	Yes

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Officer advice – is this the most optimal option overall?	Yes	No	No	No
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19 Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Risk that Uttlesford councillors' policy priorities for improving outcomes for residents are distracted and diminished by the unavoidable workload associated with implementing a new unitary council, should that be decided by Parliament	3 significant	4 major	Consideration of this report, and future focused actions to prioritise local policy imperatives alongside the work of moving to a new unitary council and winding up the current council.
Risk that Government selects an alternative proposal and Uttlesford has less influence in early work to design and deliver on the new unitary model	3 significant	3 significant	The active engagement of the Leader and Chief Executive, alongside other Cabinet Members and Officers since January 2025 in the process leading towards the development of these business cases has ensured that Uttlesford District Council and more specifically its residents' interests are best represented in the competing options that have emerged.

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

20 Glossary of terms

Term	Definition
Business Case A (5UA)	Proposal for five new unitary authorities in Essex, including a West Essex authority comprising Uttlesford, Epping Forest, and Harlow. Considered the optimal model by officers.
Business Case B (3UA)	Proposal for three enormous unitary authorities, placing Uttlesford with Braintree, Colchester, and Tendring. Considered deliverable but sub-optimal.
Business Case C (4UA - Thurrock-led)	Proposal for four very large unitary authorities, placing Uttlesford with Braintree and Chelmsford. Considered credible but flawed.
Business Case D (4UA - Rochford-led)	Alternative four-unitary model placing Uttlesford with Epping Forest and Harlow. Considered least credible.
Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is a professional body in the United Kingdom dedicated to promoting excellence in public financial management and governance.
Confirmation Bias	The tendency to favour information that confirms pre-existing beliefs, potentially skewing decision-making.
Devolution	Devolution is the transfer of powers and funding from national to local government.
Essex-wide Strategic Development Strategy (SDS)	A regional planning framework led by the Mayor, aligning with local plans of each unitary authority.
Fair Funding Review	A government review of local authority funding formulas, impacting future financial modelling.
The Local Government Boundary Commission	The Local Government Boundary Commission (LGBCE) is an independent body established by statute to conduct boundary, electoral, and structural reviews of local government areas in England.

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Term	Definition
Local Government Reorganisation (LGR)	The process of restructuring local councils into fewer unitary authorities to improve efficiency and accountability.
Mayoral Combined County Authority (MCCA)	A strategic authority led by a directly elected Mayor, responsible for transport, housing, economic development, public safety, and more. Planned for Essex by 2026.
Ministry of Housing, Communities and Local Government (MHCLG)	UK government department responsible for local government policy and overseeing the LGR process.
Optimism Bias	The tendency to believe that positive outcomes are more likely, potentially underestimating risks.
Police, Fire and Crime Commissioner (PFCC)	A role that will be assumed by the Mayor of Essex in 2027, overseeing police, fire, and crime services.
Statutory Change Order (SCO)	Legislation required to formally establish new unitary councils and abolish existing ones. Expected in 2026.
Large Unitary Authority	A proposed council serving approximately 375,000 residents.
Enormous Unitary Authority	A proposed council serving approximately 630,000 residents.
Shadow Authority	A transitional council elected in May 2027 to prepare for the new unitary authority going live in April 2028.
Very large Unitary Authority	A proposed council serving approximately 475,000 residents.
Travel to Work Area (TTWA)	A geographic area where most people commute for work, used to assess economic alignment in business cases.
Unitary Authority	A unitary authority is a type of local authority in England responsible for all local government services within a specific area. It combines the

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Term	Definition
Wednesbury Principle	functions of a non-metropolitan county council and a non-metropolitan district council, providing a single tier of local government. A legal standard ensuring public authority decisions are reasonable and based on relevant considerations.