

Appendix 1A: Background Information

Background Information to support Members reading committee papers for LGR Submission of Proposal to Government for Local Government Reorganisation

Additional context to the committee report

1. This report summarises the four competing Business Cases for future alignment of unitary councils in Essex, and invites Cabinet to choose to endorse the submission of one of those four to Government by their 26 September 2025 deadline, or else alternatively to not endorse any of the four options.
2. This is Uttlesford's main opportunity to actively shape and influence the decision that Government will ultimately take, and which is likely in turn to shape the future of local government in Essex for decades to come, so members are actively encouraged to reach and indicate a clear and positive conclusion. There will be a further opportunity for the Council to comment during the formal consultation exercise the Government has indicated it will commence before Christmas, but at that stage, it will only be commenting on some or all of the options put forward by this 26 September deadline, making this the last opportunity to materially shape what those different options will be.
3. The report contains an officer options appraisal and comparison of the relative merits of those four Business Cases, and contains advice on the kinds of factors that members should (and should not) take into consideration in reaching their conclusion.
4. The report presents an officer recommendation for which Business Case to endorse, whilst stressing that the decision is one for elected members to take, having considered each business case, the officer options appraisal and key factors.
5. 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.
6. 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.

7. Vast amounts of data have been gathered and analysed, and assumptions have been wrapped around this on how future unitary councils may wish to structure themselves to deliver services and on the delivery of expected outcomes. Differing interpretations of this data have led to different conclusions being reached. However, despite the considerable work that has been undertaken, members are reminded that the newly elected members of those new unitary councils will not be (other than via any direction set out within the Statutory Change Order (SCO) creating them) bound to the assumptions upon which the Business Cases are built. Instead, the members of these new councils will ultimately structure them according to their beliefs, their politics and the conditions that persist at that moment, some years from now. They may pay little more than a passing reference to the work and blueprints contained within these proposals.
8. Members should therefore use their best judgment to create the best conditions for success in the resulting new council arrangements ultimately chosen by Government, whilst understanding that the mandate for setting the policy direction and taking the key strategy, service, and appointment decisions for the future will lie with those elected in May 2027 to represent the new sets of council boundaries created.

Additional detail on the Legal Framework

9. Schedule 1 of Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (S.I. 2000/2853) lists the non-executive functions reserved to Full Council. Local government reorganisation is not included. Local Government and Public Involvement in Health Act 2007, Part 1, Chapter 1 (Sections 2–7): Covers proposals for structural change. These powers are not reserved to Full Council. Since legislation doesn't reserve these matters to Full Council, they default to the executive's remit.
10. Regarding County Boundaries and Local Government Reorganisation, the framework for local government structures in England comes from the Local Government and Public Involvement in Health Act 2007 (LGPiH Act 2007). This Act gives the Secretary of State powers to invite and implement proposals for local government reorganisation, usually on a county basis. The statutory guidance issued alongside the Act and later reinforced in government policy statements (e.g. the 2020 Devolution and Local Recovery White Paper draft, and subsequent DLUHC guidance), emphasises that reorganisation should normally be within historic county boundaries. In practice, this means government has set a policy expectation, not an absolute legal prohibition, that proposals don't cross county lines unless exceptional circumstances exist.
11. Regarding PFCC Boundaries and Strategic Authorities. The Police Reform and Social Responsibility Act 2011 created Police and Crime Commissioners (PCCs), later expanded to Police, Fire and Crime Commissioners (PFCCs) under the Policing and Crime Act 2017. The 2017 Act allows mayors to assume the functions of PCCs (and PFCCs) — but only if their mayoral combined authority

boundaries are coterminous with the relevant police force area. This coterminous requirement is why the government insists that new local government or devolved structures must not cross PFCC/police force boundaries, unless the policing governance arrangements are also changed by legislation.

12. The latest parliamentary debate confirming the government's position on PFCC coterminosity and county boundaries in the context of local government reorganisation took place on 3 June 2025. This was a written ministerial statement delivered by the Minister for Local Government and English Devolution, Jim McMahon, which reinforced why Uttlesford area cannot be joined with neighbouring county areas.
 - The government reiterated its commitment to supporting reorganisation only where proposals respect existing county and PFCC boundaries.
 - Ministers emphasized the importance of shared evidence bases and collaborative planning across councils.
 - The statement reinforced that PFCC coterminosity remains essential, aligning with the principles laid out in the Levelling Up and Regeneration Act 2023.

Additional detail on the process for considering the report

13. It is important in presenting this officer analysis of the four business cases to acknowledge the risk of 'confirmation bias' and/or 'optimism bias' that unavoidably comes from Uttlesford at a member and officer level having contributed so actively to one of the four, as well as being amply demonstrated in all four Business Cases regardless of their councils of origin.
14. Confirmation bias is the tendency to seek out, interpret, and remember information in a way that supports one's preexisting beliefs or expectations, while giving less attention or weight to evidence that might contradict them. This bias can lead to selective information gathering, skewed reasoning, and overconfidence in personal conclusions, ultimately reinforcing misconceptions or flawed assumptions.
15. Optimism bias is the inclination to believe that positive outcomes are more likely for oneself than for others, and that negative events are less likely to occur. While it can foster motivation, resilience, and goal-setting, optimism bias can also result in underestimating risks, overlooking potential challenges, or failing to prepare adequately for setbacks. Together, these biases can subtly distort decision-making, often without the decision-maker being consciously aware of their influence.

16. Members should factor in the very real prospect of confirmation bias and optimism bias to their considerations. This potential for bias exists not only in this officer report and its analysis of the various business cases, but of course to all four of the competing business cases themselves. Councillors should therefore ensure that they have read the four competing business cases (including the options appraisal contained in each one) and deploy their good judgement accordingly, focusing on content and evidence over presentation, and determining in each case what reservations should be applied to each.
17. As with all important decisions, councillors should consider and weigh all relevant factors in reaching their choice, and disregard all irrelevant factors, as per the Wednesbury Principle. The Wednesbury Principle comes from a 1948 UK legal case (*Associated Provincial Picture Houses Ltd v Wednesbury Corporation*) and is used to assess whether a public authority's decision is so unreasonable that no rational decision-maker could have made it. In the context of good governance, it serves as a safeguard against irrational or arbitrary decisions, ensuring that actions are proportionate, logically justified, and based on relevant considerations. By applying the Wednesbury test, decision-makers can demonstrate fairness, transparency, and accountability, reinforcing public trust in the integrity of the decision-making process.
18. Members are entitled to rely on the advice of their experienced professional officers in providing them with sufficient information to be able to comply with this Wednesbury Principle, with that advice and information being contained in this report and its appendices. Members should take care in reaching their final decision not to be swayed by irrelevant factors, such as speculating about which political party might in future stand the best chance of winning elections under any particular different alignment of areas. Any such speculation as to whether any particular future alignment or geography of new councils would be more or less advantageous for any particular party or candidate is not a proper consideration in reaching your decision.
19. Members do not need to endorse every single element of any particular business case as presented to be able to consider it both sustainable and also the best overall for the residents of Uttlesford and for all of Essex – they just need to consider everything in the round, and to not consider a business case so ultimately flawed as to be impossible to support it.
20. Government will not make its decision between the competing four options by counting the number of councils that support each one – this is not a popularity contest, and nor does any council have a veto. What this means is that councillors need simply to identify the right thing to do and do it, without trying to be tactical in supporting any particular option in light of which Business Case other councils have already chosen to endorse.
21. Members cannot either pick and choose elements from different business cases nor realistically propose a brand new fifth option, as there is neither the

time nor the resource available to flesh out, model, test, and build the comprehensive business case required to be able to submit a different business case. Members' choice is therefore limited in practice to either supporting one of the four that has been developed over recent months, or else not to endorse any of them.

22. It is legitimate for Uttlesford's councillors to use their local knowledge to make a judgement as to which of the four business cases best serves the long-term interests of the residents who elected them. It is however also important that Uttlesford's councillors take a view as to whether each competing business case is also first credible and secondly optimal overall for all of Essex's over 1.9 million residents. For example, if Uttlesford's councillors were to determine that local residents' long term interests were best served by being placed with the Epping and Harlow areas – which is the outcome of both business case A (5UAs) and business case D (4UAs) - they need further to take a view as to which of those two business cases is both most sustainable and also best overall for the whole of Essex.
23. In questioning each of the four business cases, councillors should consider the options appraisal contained in each – but in so doing, members should consider their confidence in the objectivity they attach to each business case critiquing the other three – especially as those option appraisals will have been written without the benefit of having read the competing business cases, and will be based only on a headline understanding and a reading of only elements of the background information shared in advance of each's publication.
24. Uttlesford members have the advantage in reaching their own conclusions of having had the chance to read each business case in full before making this go/no-go judgement on each one, and can legitimately rely on their officer advice contained throughout this report, where your officers have also read and considered each business case in full.
25. Councillors should each ask themselves in turn for each of the four competing cases: do I consider this business case sufficiently credible to be worthy of potential endorsement, or is it unconvincing overall? Having considered that question separately for each of the four, each councillor will then have a short-list of between zero and four proposals to choose between – and they should then consider each of those remaining options against each other.
26. If members do not have sufficient confidence in any of the four business cases to consider them sufficiently credible and sustainable overall, they should vote to not support any of them, rather than just selecting the 'least worst' if they have determined that none of the four is inherently good enough.
27. If members consider that several of the four business cases clear the first hurdle of being essentially credible, they should then determine from that shortlist which single business case they consider, on balance, the most

optimal overall, and then to either support that business case, or alternatively none at all.

Additional detail on the question “Does each business case add up financially?”

28. Although each of the of the four Business Cases has been produced professionally and in good faith, the question remains for Uttlesford councillors to determine whether each ‘adds up’ - ie represents an affordable and sustainable basis for the future of local government across the whole of Essex for decades to come. This determination is one of the central considerations for members to assess in finalising which (if any) of the four to formally support.
29. This determination needs to balance the different ‘supply and demand’ factors and their direct impact on service costs for each configuration of 5, 4 or 3 new unitaries, so that none of the new councils is established on an unsustainable base, even if it works for all the other proposed councils elsewhere in Essex.
30. This future supply of funding needs to consider the different levels of funding that will flow into each depending on the Council Tax base from homes within each area, the Business Rates base from businesses within each new geography, the fees and charges base, and other Governmental grants. 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. It is simply not possible to provide members with certainty on matters yet unknown, and yet members must nonetheless make a determination within this fixed Government timetable, therefore relying on assumptions, and the officer and external advice made thereon. It is acknowledged that this is a difficult set of judgments for councillors to make, especially when various of the four competing business cases has paid external expert consultancies which have come up with flatly contradictory conclusions.
31. On the ‘demand’ for future services (and therefore call on resources), this too can be modelled to some degree of confidence using population demographic changes, from which in turn demand on services (such as children’s social care and adult social care in particular) can be projected across the different geographies – e.g. with Uttlesford seeing a disproportionately growing older population (albeit calling on average less on social care than some other areas) with other areas seeing a disproportionate increase in younger populations.
32. Although there is no argument in Business Case A with the reality that there would be 5 sets of chief executives, directors of finance, children’s services, adult services etc., there is an assertion that the overall staffing costs for 5 unitaries would tend overall to be lower because of the pay harmonisation

factor – even without taking into account the possibility that a large new unitary may tend to have fewer layers of senior management than a enormous new authority

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