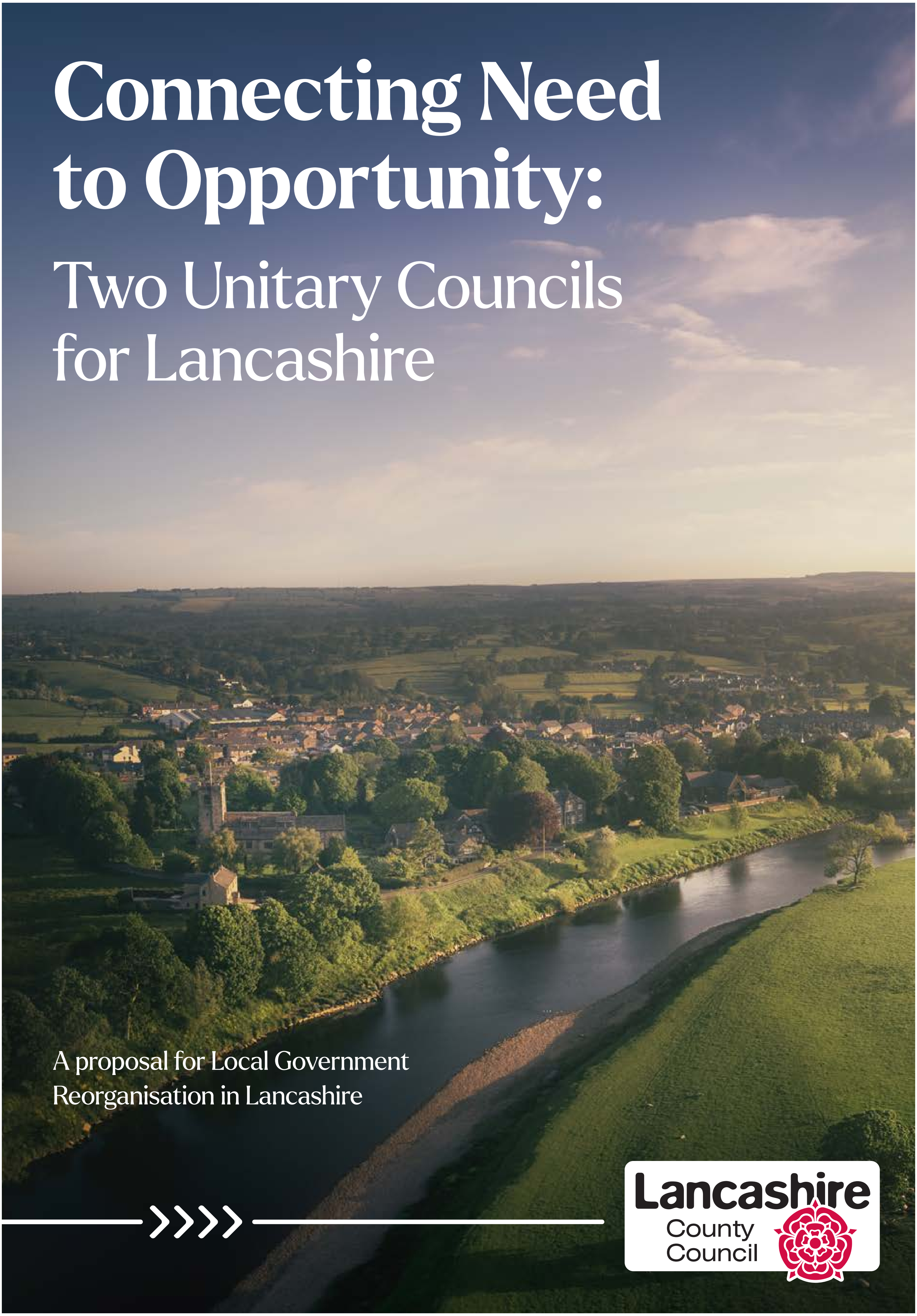
Connecting Need to Opportunity:

Two Unitary Councils for Lancashire



A proposal for Local Government Reorganisation in Lancashire

Lancashire County Council

Foreword

Lancashire is a remarkable and vibrant county — rich in history, proud of its identity, and full of potential. From its industrial heritage to its thriving communities and diverse landscapes, Lancashire has long played a vital role in shaping the story of England.

Local government across Lancashire plays a crucial role in the lives and livelihoods of our communities. It reflects decades of evolution, civic pride and institutional history. Fundamental change to our councils through Local Government Reorganisation comes without a groundswell of local support and a reform of this scale is not something we expected to embark on at this time.

However, Government policy is clear: reform is deemed necessary, and we have a duty to put forward a proposal that is in the best interests of local people.

Foreword

We have taken a data and insights-led approach, grounded in evidence and shaped by the voices of our communities to develop our proposals. We've heard that our residents want greater efficiency and better value for money, high-quality and reliable public services, and more joined up planning and clear accountability in decisions. At the same time, residents want to know that local voices are heard, cherished local services are protected, decision-making reflects local perspectives, there is a fair deal for all parts of the county, and that communities don't lose their identities.

Lancashire is a county of contrasts — urban and rural, affluent and more deprived, with varying levels of demand for services throughout. The recently released 2025 IMD data, shows 5 of the 14 Lancashire Local Authorities rank in the 15 most deprived areas of England. There have been particular increases in relative deprivation in Pendle, and 7 of the 10 most deprived LSOAs in England are located in Blackpool. We cannot create new councils that concentrate affluence and deprivation or prioritise one area over another. It is through our shared endeavour and pooled resources that our great county delivers for everyone. It is critical that any new councils have the scale, geography, and resources to be able to operate efficiently and effectively now and into the future, connecting need with opportunity across our county. Reorganisation must not fail our residents.

A single unitary authority is not feasible within the criteria the Government have set out for reorganisation. The strongest alternative is a model based on two new councils, north and south, broadly split along the river Ribble. These two new unitaries for Lancashire can offer:

- Strong, equitable councils with balanced resources and service need, removing the postcode lottery for services and care.
- Strengthened financial resilience and the strongest value for money available across all proposals, unlocking net savings of £391m over five years from Vesting Day, creating the opportunity to invest in communities.
- Protection of services for the most vulnerable and the maximum financial headroom available to protect much valued local services in communities.
- The capacity and capability to drive economic and housing growth that benefits local people.
- The strongest foundations for a safe and speedy transition so our residents reap the benefits quickly.
- The most sensible way of working best with other public sector organisations such as health, fire, police and ensuring the voluntary and community sector, and private sector are not held back from delivering across our communities and across the county.
- A credible response to what residents have told us is important to them.

But the response to our challenges is not about solely focusing on council structures. In common with councils across the country, we are facing rising service demand, a challenging fiscal environment now and into the future, and reduced levels of trust in our public institutions.

Our ambition goes beyond local government reorganisation: one that unlocks the full potential of localism, empowering our communities through an ambitious approach to neighbourhood engagement and governance, and creates a new £15m neighbourhood fund for each unitary council, to invest directly in the local improvements residents want. It is also about unleashing the potential of innovation in public service reform, not just within the new councils, but across public service partners to drive the preventative, integrated services of the future to support residents and communities to live better lives. This will be accelerated by the establishment of a Public Service Reform Fund for Lancashire, ideally with government as a partner and co-investor, to drive transformation across local services. Finally, our proposals create the conditions for meaningful future devolution for Lancashire, with the powers and resources to unlock opportunity across the whole county.

We commend our case to government and look forward to working seamlessly with our partners and communities as we embark on a new chapter for local government in Lancashire which connects need to opportunity.

County Councillor Stephen Atkinson
Leader of Lancashire County Council

Stephen Atkinson

Leader of Lancashire County Council

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Connecting Need to Opportunity: Two Unitary Councils for Lancashire: Strategic Business Case – At a Glance

The Proposal

- Create two new equitable unitary authorities for Lancashire – North and South
- Financially strong and efficient:
  - £391m net savings over 5 years from Vesting Day – the fastest payback of Lancashire proposals
  - £140m annual recurring savings by 2032/33
- Strongest option for financial resilience
- Driving pride in place: empowering communities through investment and local delivery
- Transformation: accelerating public service reform

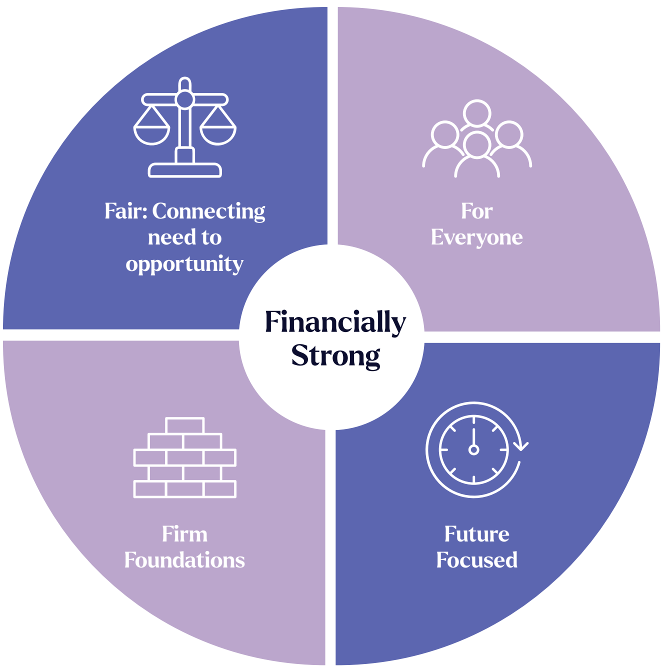
Table 0.1 – Financial Case

Financial Case					
Option	5-Year Net Benefit	Annual Savings	Transi-tion Cost	Transfor-mation Cost	Payback
2UA	£391m	£140m	£62m	£54m	2029/30
3UA	£218m	£99m	£76m	£59m	2030/31
4UA	£0	£45m	£90m	£63m	2032/33
5UA	–£162m	£8m	£105m	£65m	2052/53

*Transition and Transformation Costs are one-off

Why Two Unitaries?

- **Fair: Balanced resources and service need**
- **Financially Strong: Efficiencies and resilience**
- **For Everyone: Protects local identity**
- **Firm Foundations: Simplifies transition**
- **Future-Focused: Strategic scale for growth & reform**



Public & Stakeholder Support

- Over 13,000 residents surveyed: priorities include reliable services, value for money, and a stronger local voice
- 409 stakeholder responses: support for scale, simplicity, and streamlined governance

Key Benefits

- **Community Empowerment:** Community First approach to empower and engage communities, backed by a new £15m per authority Neighbourhood Fund
- **Economic Growth:** Strategic planning and investment, accelerated housing growth, driving east-west growth opportunities
- **Devolution Ready:** Supports delivery of future devolution
- **Public Service Reform:** Integrated, preventative services; accelerated through a dedicated Public Service Reform Fund
- **Financial Sustainability and Resilience:** To manage demand and provide capacity to invest and protect local services

Our Ask to Government

- Contribution to £62m transition costs to support effective implementation that protects key services
- Enable capitalisation of asset receipts to support transition and transformation costs
- Co-investment in a Public Service Reform Fund to drive cross-partner, collaborative investment in integrated services
- Support for a credible implementation timetable to maintain continuity of vital resident services
- Ensure statutory consultation fully considers and addresses local views
- Establish appropriate transition governance reflecting scale and scope of existing responsibilities

The Two Unitary Model is the only option that delivers:

- Efficiency, equity, and resilience
- Strategic capacity for growth and reform
- A fair deal for every community in Lancashire

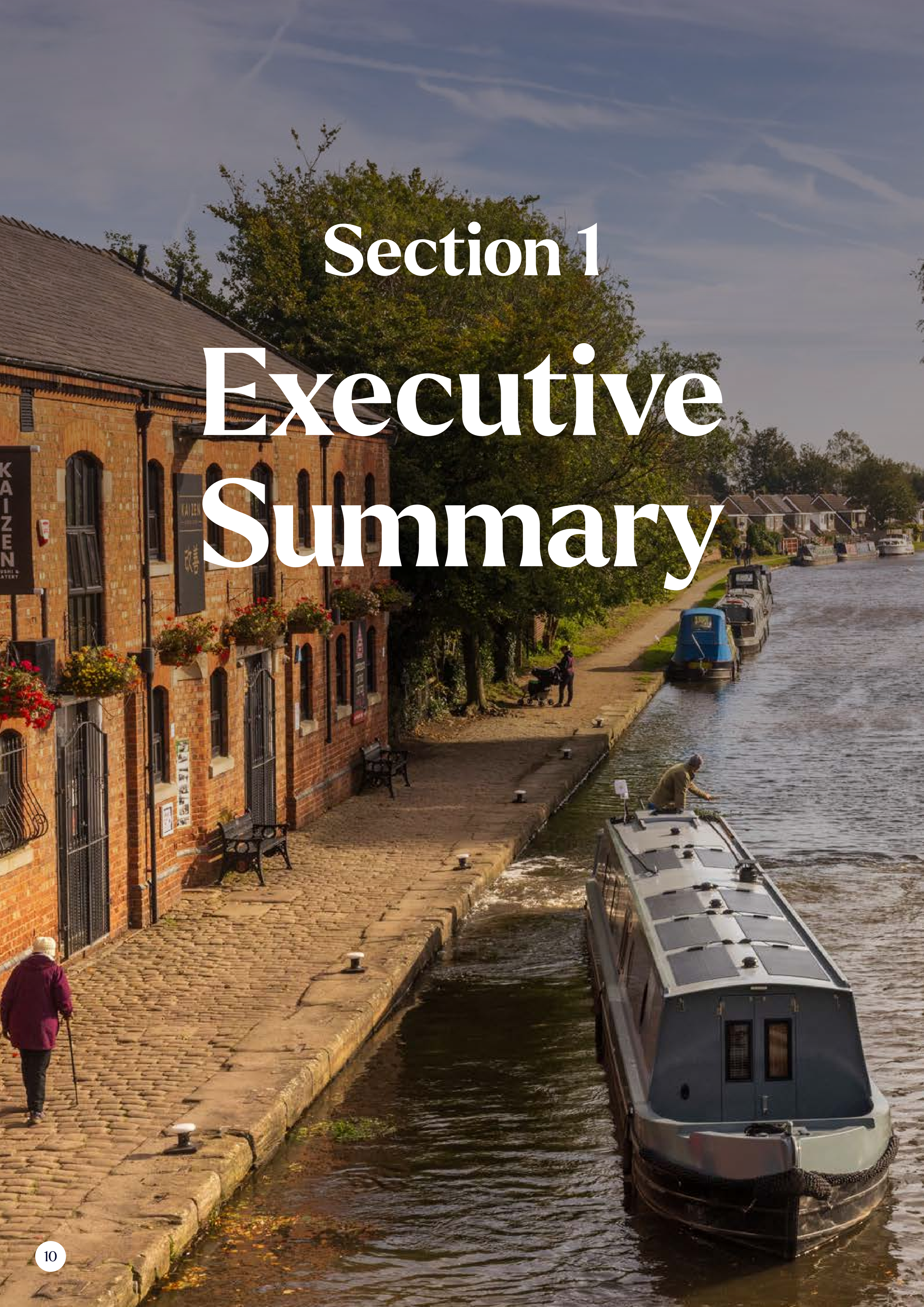
Table 0.2 – North and South Lancashire Profiles

Key areas	North Lancashire	South Lancashire
Population	**722,045**	**879,600**
Local jobs	**364,000**	**376,000**
Economic output	**£18.6 billion**	**£21 billion**
GVA per capita	**£26,159**	**£24,232**
Economic activity rate	**79%**	**78%**
Cost of people services per resident	**£589**	**£603**
Population aged over 65 by 2047	**38%**	**27%**

We commend this proposal to Government

Section 1

Executive Summary



Executive Summary

Purpose

This document sets out our vision for how Local Government Reorganisation would be best achieved in Lancashire, to deliver improved efficiency, improved services and outcomes for residents, and stronger communities - better connecting need to opportunity.

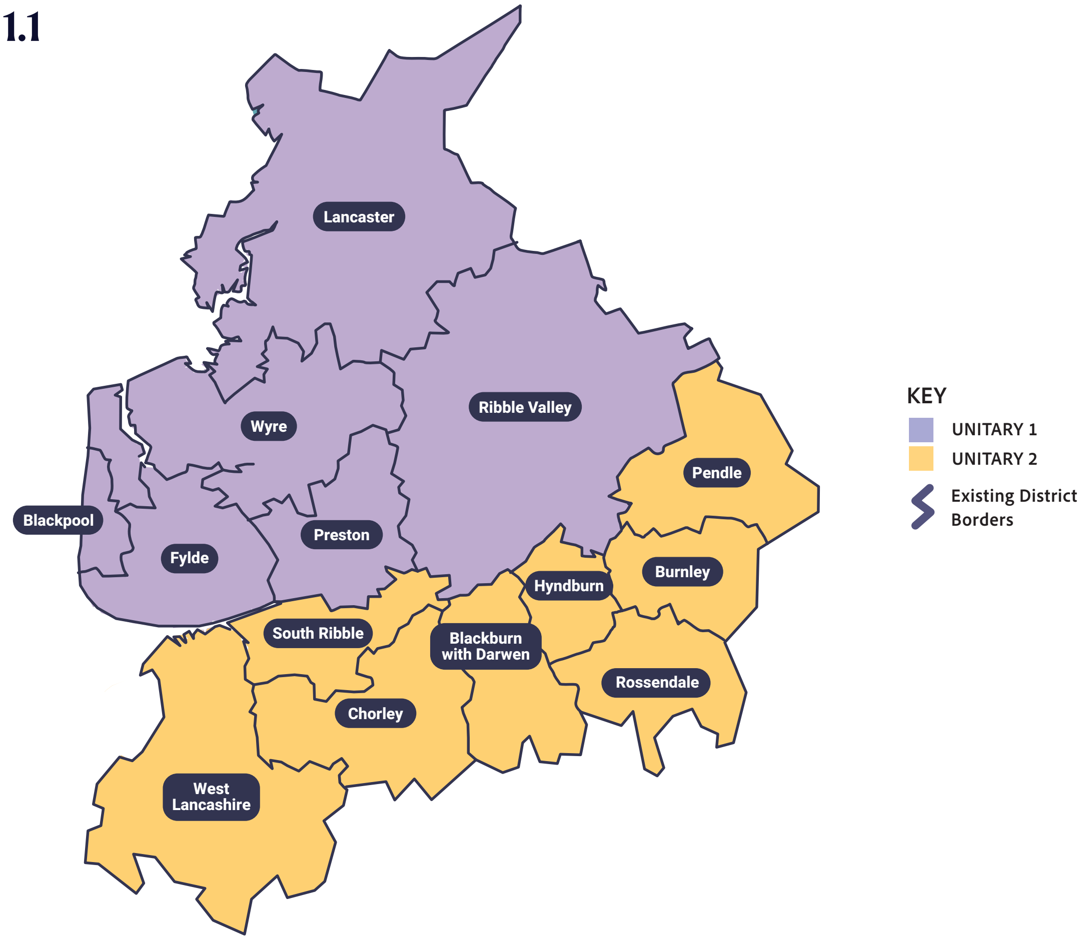
Following the data...

We have developed this proposal through rigorous interrogation of the data, using experience around local authority services, a robust financial analysis of the options, and most importantly, a clear understanding of what is important to our residents.

Our proposal for two new unitary authorities for Lancashire, split broadly along the river Ribble, provides the best-balanced option to deliver for residents now and in the future. The two new unitary authorities will have the scale to deliver significant efficiencies, financial resilience and deliver the best value for money for local residents.

Delivering £391m in net savings over 5 years from Vesting Day, the two new authorities will have the financial headroom to safeguard services to the most vulnerable residents, invest in cherished local services and put in place a strong, comprehensive community offer to ensure local voices are heard and can influence local decisions and priorities. It provides the strategic capacity and capability to drive local economic development and accelerate housing growth to benefit all our communities. It provides the platform for collaboration with partners across Lancashire to invest in transformation to more preventative, integrated public services, to improve outcomes for residents. It is underpinned by solid foundations to deliver a smooth and speedy transition to the new unitary authorities, ensuring residents reap the benefits at the earliest opportunity.

Figure 1.1



1. Executive Summary

Implementing two unitary authorities will raise the bar for all communities across Lancashire and will drive progress in narrowing the gaps in economic growth and prosperity, opportunities and aspiration, and overall population health and wellbeing.

It is the only proposal being considered for Local Government Reorganisation in Lancashire that can deliver all these benefits, providing the best outcomes for residents across the whole of Lancashire now and into the future.

Our Lancashire context

A county of contrasts...

Lancashire is a county of contrasts, with areas of affluence and relative deprivation throughout. We have some of the most deprived areas of the country, along with some of the least deprived postcodes, demonstrating the significant variations across the county area. We have a wide variety of geographies, from coastal communities, cities, towns and villages, and large areas of sparsely populated countryside.

This variety of populations and geographies means we have significant variability in service demands across the county, with concentrations of demand for different services in different places, relating to demographic and economic differences, many of which are currently managed through the flexibility and scale provided by the county council service footprints.

These differences extend through to variable tax bases across the county, with different levels of council tax take and differences in business rate receipts, reflecting areas of greater or more limited economic activity.

A polycentric economy...

Our economy is a study in contrasts. We host world-class sectors such as aerospace and advanced manufacturing, nationally critical energy infrastructure, a growing logistics and distribution corridor. Yet we also have a long tail of lower-productivity sectors.

Lancashire's economic geography is polycentric and complex. We function as a network of overlapping travel-to-work zones rather than a single integrated labour market. Our economy is structured around four major economic corridors that shape how people live and work. Together, these corridors form the backbone of a dispersed but interdependent economy whose growth depends on stronger east–west connectivity along the central belt. Lancashire also benefits from a strong and collaborative higher and further education system, anchored by four universities and a network of further education colleges.

Strong local identity and pride...

Our communities often identify with more hyper-local geographies than our existing local authority boundaries, with the vast majority of respondents to our survey indicating a local identity attached to their town or village community. Residents place a high value on many local services, currently delivered by our District Councils, which they do not wish to lose, alongside a confidence that local issues are prioritised by their councils, through the engagement and connection they have with communities.

Services under pressure...

In common with other areas across the country, local services are facing significant challenges, now and increasingly into the future through rising service demand, including through demographic change. These service challenges are set within the context of a continuing tight fiscal environment, with central and local government budgets anticipated to continue to be challenging into the future. In addition, public services are operating within a context of reduced levels of trust in public institutions, adding to the challenge of engagement with residents in transforming local services to create local government organisations fit for the future.

Residents want efficient, value for money, quality services...

The current system of local government involves several complexities and costs, with duplication across tiers, rising overheads, and inefficiencies that divert resources away from frontline services. The resident survey revealed a strong desire for consistent, reliable, and high-quality public services, with top priorities including value for money, clear accountability, and simplified access to council support.

With councils that recognise and invest in communities...

While many residents expressed initial caution about structural change, their feedback highlighted frustrations with the complexity and inefficiencies of the current two-tier system. Proposals for reorganisation require the new unitary authorities to have the scale to drive efficiency and reliability, whilst having the financial strength to invest and engage on a more local level.

Raising the bar in every community, and reducing the gaps in between...

Stakeholders from across Lancashire, including Parish Councils, businesses, charities, and public sector organisations, provided detailed feedback that supports the case for fewer and larger unitary authorities. Their responses emphasised the need for balanced and sustainable governance structures capable of delivering efficient services, reducing administrative overheads, and addressing inequalities between areas. There was no clear consensus around a specific model, but it is apparent that proposals for reorganisation need to ensure financial sustainability and value for money, protect local voices and influence, and ensure that all parts of Lancashire – urban and rural alike – benefit equally from reorganisation.

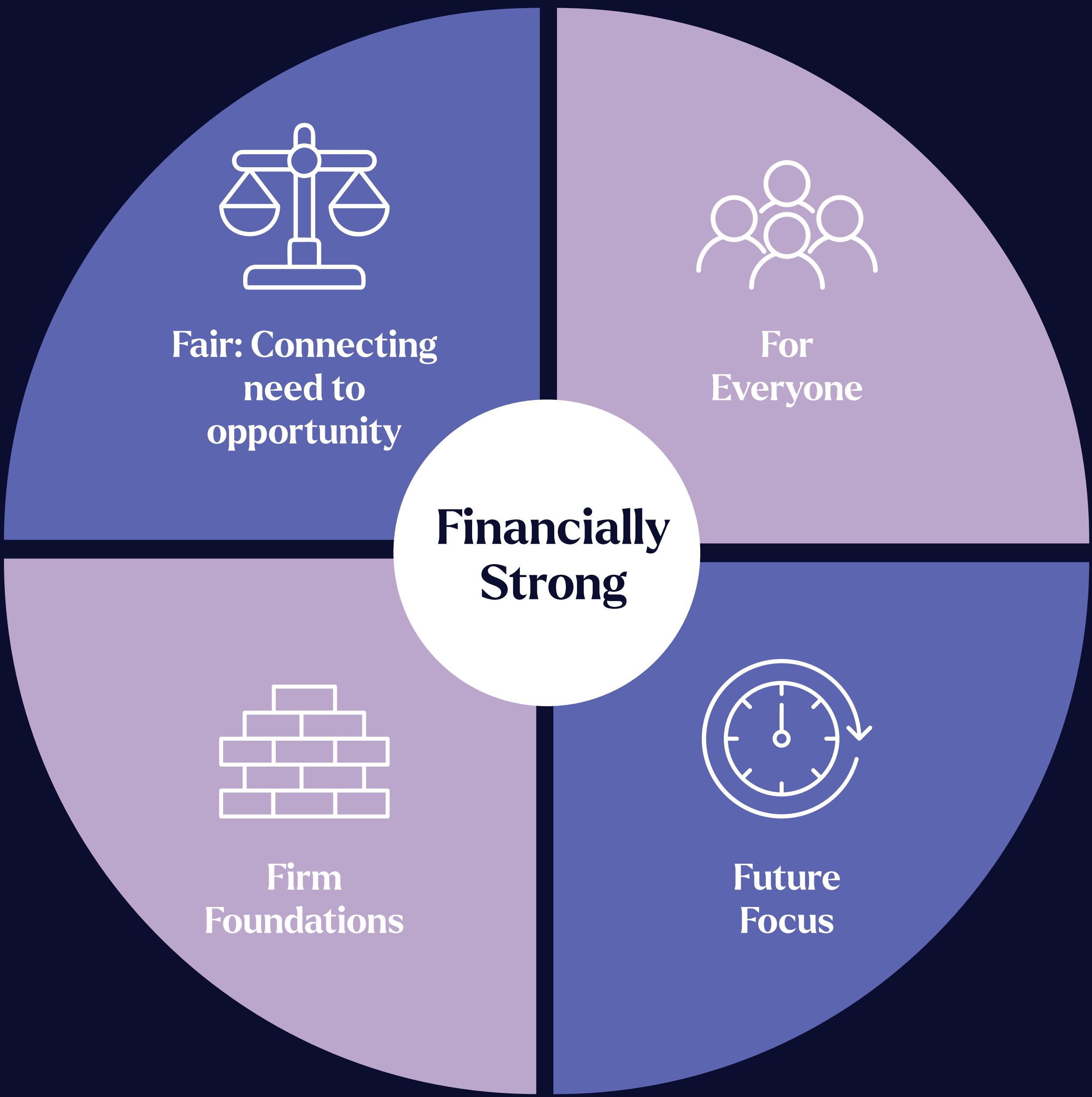
Our objectives for Local Government Reorganisation

Flowing from the analysis we have identified five key objectives which need to be achieved through any potential reorganisation.

- **Fair: Balanced resources and service need**
- **Financially Strong: Efficiencies and resilience**
- **For Everyone: Protects local identity with the resources to raise the bar and narrow gaps**
- **Firm Foundations: Simplifies transition**
- **Future-Focused: Strategic scale for growth & reform**

1. Executive Summary

Figure 1.2 – Connecting Need with Opportunity



Options for Reorganisation

A total of 6 different options have been assessed through our rigorous and evidence-based options appraisal. Our assessment considers the extent to which proposals meet the government's criteria and local objectives set out above.

LGR criteria

MHCLG has set out six criteria against which options for local government reorganisation should be assessed, setting out that proposals should demonstrate:

- **Single tier of local government**
- **Right size for efficiency and resilience**
- **High quality, sustainable services**
- **Joint working and local support**
- **Supports devolution**
- **Strong community engagement**

These reflect the Government's ambitions for reform and the standards that all proposals are expected to meet. In developing our appraisal for Lancashire, we have aligned to these criteria while also introducing a seventh, to reflect our ambitions and objectives for LGR. This additional criterion emphasises the importance of creating a future-ready Lancashire: a governance model of sufficient scale and sustainability to provide the flexibility required to meet the needs of today and adapt to those of tomorrow.

The key conclusions drawn from the options appraisal lead us to a recommendation that two unitary authorities offer the best option for Lancashire in terms of delivering for our residents and meeting the Government's criteria for assessing Local Government Reorganisation proposals.

Two options were not considered in the full options appraisal:

A single county-wide unitary, whilst delivering significant potential financial benefits, and strategic capacity, as well as strong foundations for managing the transition to unitarisation, it does not meet the criteria for supporting devolution arrangements. As it fails this test, it has not been considered for submission as a preferred option. However, if devolution policy were to change to enable single county authorities to take on devolved powers, then Lancashire County Council reserve the right to reconsider the option of the potential benefits of a single unitary council for Lancashire. A summary of the benefits of One Unitary Authority is set out in Appendix 10.

Four Unitary Authorities (Option B) was not fully considered as this model does not align with existing administrative boundaries and, as a late addition to the process, there was insufficient evidence available to support a robust assessment.

Four options were taken through the full options appraisal, including a detailed balance analysis to measure the equity between authorities:

Two Unitary Authorities (2UA) for Lancashire delivers strong financial efficiencies and resilience and provides a high degree of equity between the new authorities compared to the other options. It provides a solid foundation for public service delivery, with the capacity to invest in future transformation to drive integrated and preventative service approaches. It delivers the capacity to create genuine local engagement and empowerment through the ability to invest in new community governance and infrastructure as well as creating strong, balanced authorities to support future devolution and delivery through the Lancashire Combined County Authority (CCA).

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Three Unitary Authorities (3UA) offers a reasonably balanced option for LGR, with the opportunity to deliver positive returns through financial efficiencies, with authorities of sufficient scale to provide a degree of financial flexibility and resilience, though with some imbalances affecting one of the new authorities significantly. It offers a good basis for service delivery and reform and provides a good strategic fit with some other public service providers. It creates authorities with sensible economic areas, and of comparable scale to support effective devolution arrangements through the CCA.

Four Unitary Authorities (4UA) creates a high degree of imbalance between the new authorities, with one authority subject to significant financial risk. The authorities do not meet the scale required to deliver significant efficiencies, with a longer payback period, and more limited resource to drive future transformation of services across the whole of the county. These financial constraints will also impact the ability to deliver meaningful engagement and empowerment of communities. Whilst this model provides significantly more elected member representation, the extent of support provided to members and directly to communities will be significantly more constrained than in the 2 or 3 unitary options. This will lead to more inconsistency in service quality and provision across key social care services, as well as local services and create a less equitable outcome for Lancashire residents.

Five Unitary Authorities (5UA) has the same drawbacks as the four unitary option, but even more pronounced. It fails to deliver any significant efficiencies over the current 2-tier system, resulting in a sizeable net cost over 5 years, and not producing positive net returns until the 2050s. It would create significant imbalances between different authorities, with all authorities falling well short of the 500,000 population size, with one only around half that size, increasing the financial and operational risks to key local authority social care services. This significantly impacts the ability of this option to credibly deliver transformation benefits in the future across all communities in Lancashire.

Summary of Financial Analysis:

Financial modelling has been undertaken to assess projected budget positions, transition and transformation costs and savings / benefits to determine the most financially sustainable and resilient option.

2UA provides the most financially sustainable option with the highest payback...

- The 2UA model delivers the strongest financial case, with total one-off implementation costs of £116m (£62m transition, £54m transformation) and recurring annual savings of £140m by 2032/33.
- The 2UA option achieves payback with a cumulative net benefit of £31m by 2029/30, increasing to £391m by 2032/33 - enabling early reinvestment in transformation and neighbourhood services, while maintaining financial resilience and service continuity.

The other options deliver lower savings, higher costs, and slower or no reasonable payback:

- The 3UA model breaks even in 2030/31 with £218m cumulative benefit by 2032/33.
- The 4UA option only breaks even by 2032/33 and only does so because of savings realised from transformation – transition costs are not repaid until 2033/34.
- The 5UA model is financially unviable, forecasting £162m cumulative net cost by 2032/33 and failing to pay back within 20 years.

2UA also provides the most financially resilient option…

- Financial resilience analysis of public data leads us to conclude that the 2UA model is the only compliant option without a unitary deemed significantly “at risk” in terms of financial resilience.
- The analysis shows that under each of the 3UA, 4UA and 5UA options, one of the new unitary councils created will be considered “at risk”.

In conclusion, the 2UA option offers the best value for money, lowest risk, and greatest capacity for sustainable reform and improved resident outcomes.

Figure 1.3 – Annual recurring net benefit from 32/33 steady state

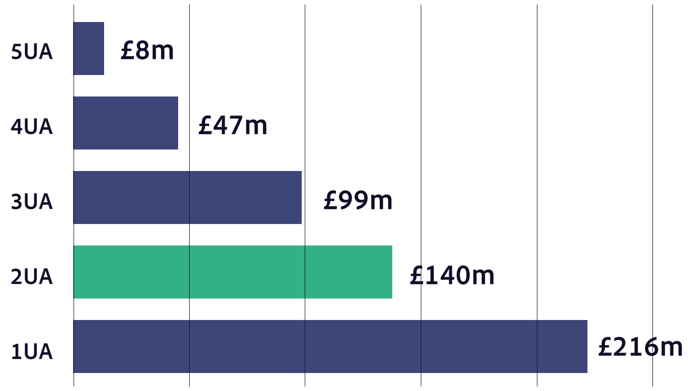
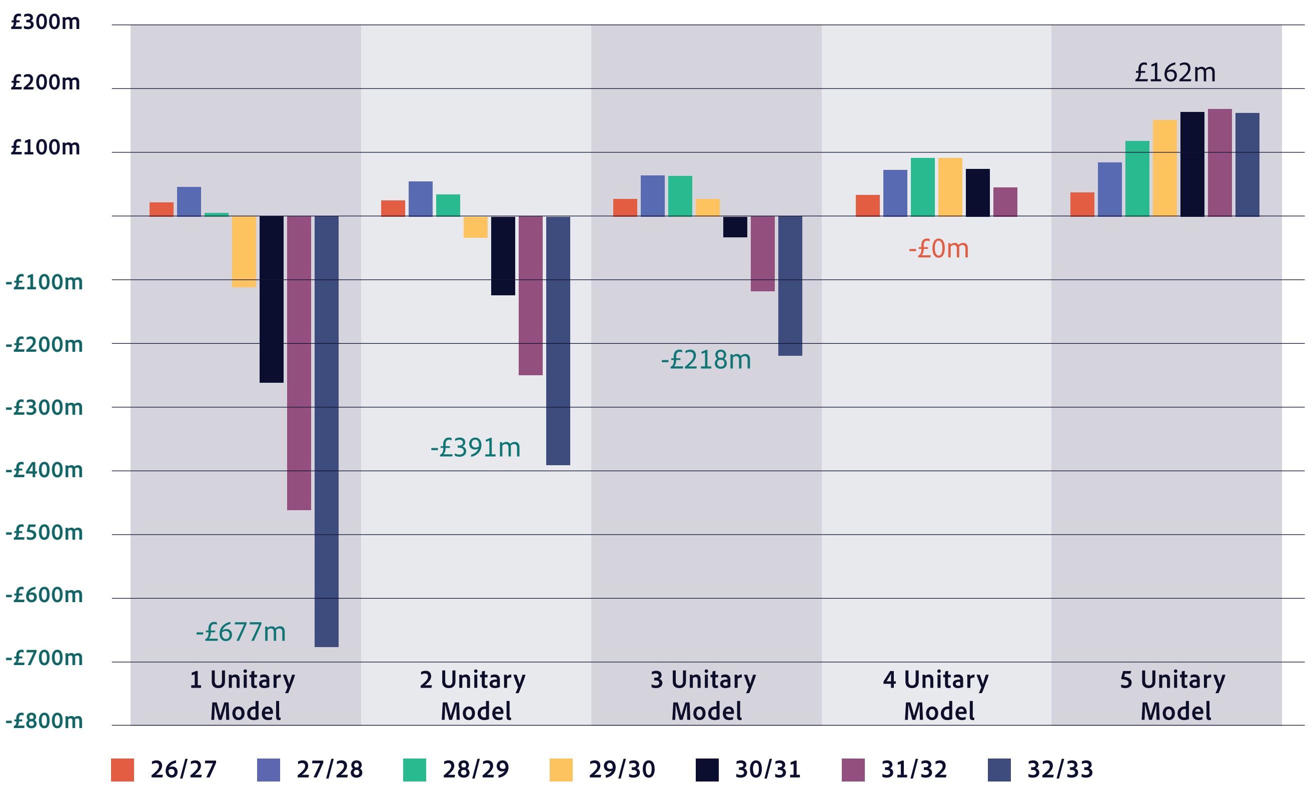
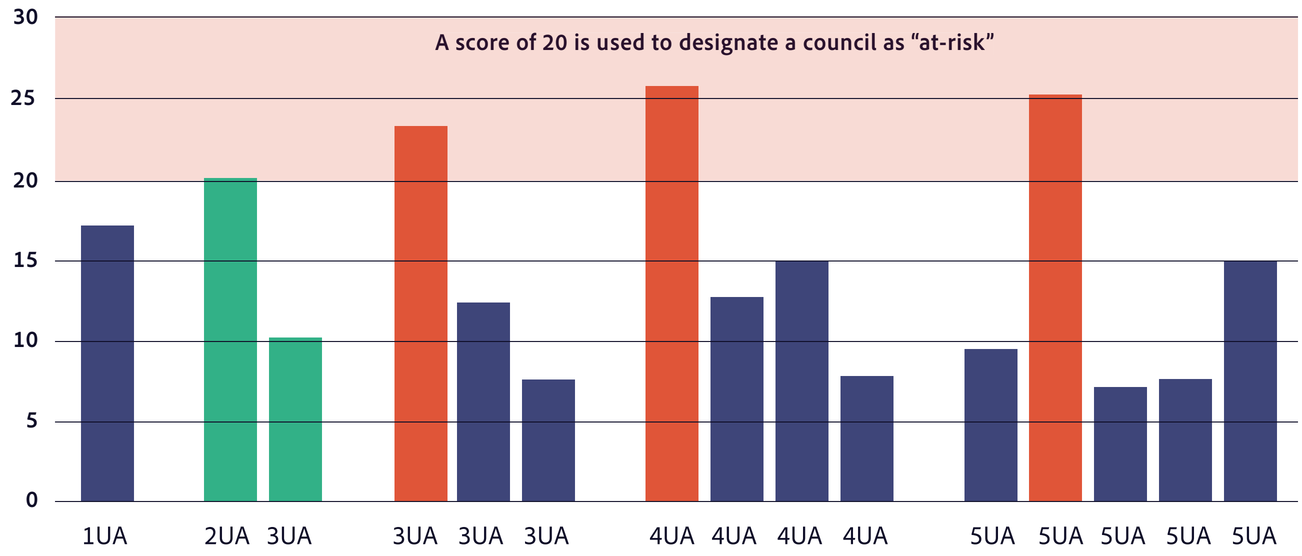


Figure 1.4 – Cumulative Net Cost / (Benefit) & Payback Period



1. Executive Summary

Figure 1.5 – Financial Resilience scores



2UA is the best fit for Lancashire:

The options analysis and financial analysis clearly show that the 2UA option meets each of the MHCLG criteria and the five local objectives. It also demonstrates that the 2UA option provides the most balanced, financially sustainable and future-ready option for reorganisation in Lancashire. 2UA is therefore the preferred option for LGR in Lancashire.

- Single tier of local government
- Right size for efficiency and resilience
- High quality, sustainable services
- Joint working and local support
- Supports devolution
- Strong community engagement

Our proposal: Two unitaries in action

Building on strengths, unlocking potential...

Two unitaries can deliver better outcomes for people, places and public services. The new organisations will take a fresh approach to key challenges, adopting and adapting national leading practice, but also building on the good practice of existing councils. As well as ensuring services are safe and legal, our proposals are based on releasing the transformational potential of LGR, with sufficient resources to make this happen.

The proposal outlines a new and radical model for local delivery and local engagement which will be enabled by the substantial financial headroom released by two unitaries. This model will ensure services are tailored to the varying needs of our communities and unlock a shift in resources and decision making to neighbourhoods, giving people more of a say in local services and decisions, strengthening trust and connection with our residents.

Investing in communities...

The financial capacity created through efficiencies in the two unitary authority model will enable a commitment to significant investment in how the new unitaries will deliver for Lancashire. Alongside protecting important local services, our proposal includes a dedicated neighbourhoods fund with a £15m initial endowment (for each unitary council), to invest directly in our communities on the things that will make the most difference to those communities. This will be new, additional investment into neighbourhoods, as part of giving residents a clearer say in what happens in their communities.

Investing in service reform...

To drive our transformation vision, we will also launch a new pan-Lancashire Public Service Reform fund, ideally in collaboration with government, designed to co-invest in the cross-public service transformation that will deliver improved integration and delivery of local services to improve long term outcomes for residents. New investment to improve Lancashire's public services for all our residents. Our proposal is not built on shared services, as it is important that new unitary authorities are sustainable and self-sufficient. However, we will explore opportunities where individual business cases for operating across the whole Lancashire footprint can provide strategic and financial benefits.

A smooth, safe transition...

To ensure a smooth and effective transition to Vesting Day, we will work transparently and collaboratively with all councils, partners, and stakeholders. Our commitments include:

- Delivering safe and legal unitaries by Vesting Day with minimal service disruption.
- Starting transition activities early, regardless of central government timelines.
- Supporting staff through clear communication and development.
- Engaging communities and partners to co-design future service models.
- Using joint programme teams to drive transformation.
- Maintaining continuity and continued delivery of improvement plans in high-risk services (Adults, Children's, SEND).
- Standardising data and IT systems for seamless migration.
- Establishing shared data baselines and standards.
- Embedding digital-first, preventative, and data-driven approaches.
- Learning from other regions to adopt best practices.

1. Executive Summary

Asks of Government to support delivery of LGR

To support a smooth and effective transition to any new authorities through LGR we have six key asks for consideration by Government:

- That government ensures there is a credible, managed timetable for implementation, recognising the complexities potentially involved and the pressures on both national and local stakeholders of delivering LGR across 21 county areas at the same time. This could mean more direct engagement with you on the proposals to be taken forward, and consideration of a phased implementation approach depending on the complexity of change required, with vesting days in 2029 or 2030 as well as 2028.
- A government contribution to support the £62m of transition costs is sought to help fund and rapidly unlock the benefits of LGR without depleting reserves and impacting services. Recognising the significant up-front costs involved in LGR at a time when local authorities are having to make significant year by year savings to deliver balanced budgets, one-off, LGR implementation specific funding support should be provided in the absence of an improved local government funding settlement. This will support more rapid implementation of LGR and delivery of future efficiency benefits, whilst safeguarding key services to vulnerable residents.
- To enable the capitalisation of receipts from asset sales to support investment in implementation and transformation, enabling us to deliver the most effective transition to new authorities, setting them up to be able to realise financial efficiencies and drive improvements in service design, integration and delivery.
- Co-investment in a pan-Lancashire public service reform fund, to support the transformation of services in the new unitary authorities to integrated, preventative public services, fit for the future. This co-investment would support work with key public service partners to design and deliver integrated service transformation to improve outcomes for residents, recognising that these improved outcomes will deliver benefits to wider public services and the Exchequer which will not be captured locally or in local authority budgets.
- Establishing appropriate governance arrangements for the transition to new unitary authorities, reflecting the scale and scope of existing responsibilities for key services, to ensure the transition can be well managed, protecting the continuity of key services and keeping our most vulnerable residents safe.
- Work with us to ensure the statutory consultation fully considers and addresses the views and aspirations of local communities.

Conclusions: Two Unitary Authorities for Lancashire – Connecting Need to Opportunity

A two unitary model avoids concentrating local disparities within its boundaries but balances and connects places together, ensuring that all areas have a fair deal through Lancashire's collective resources – **connecting need to opportunity.**

The two-unitary model offers a financially sustainable model for Local Government in Lancashire. By consolidating structures and removing duplication, it creates economies of scale and frees up resources to reinvest in prevention, innovation and growth. With the scale and stability to align social care, housing, health and community services, we can provide more joined-up, preventative support that helps residents live healthier, more independent lives. At the same time, the model creates the capacity to innovate – harnessing digital transformation, data and insights-led decision-making and new models of meaningful community engagement and voluntary sector partnership – **better connecting need to opportunity.**

Lancashire's polycentric economy means there is no single configuration of local government boundaries that could fully capture the complexity of current travel-to-work patterns. The two-unitary model acknowledges this reality and provides the strategic scale required to manage Lancashire's economy today, while preparing for the broader economic footprint of tomorrow. Scale is particularly important in leveraging investment, giving Lancashire the credibility and capacity to secure major funding and align it with long-term priorities. The model offers the balance between local responsiveness and county-wide leadership necessary to unlock productivity and strengthen resilience across urban, coastal and rural communities: **better connecting need to opportunity.**

This approach is fully aligned with government priorities in the English Devolution White Paper, which calls for institutions with the scale and capability to act as strong partners for central government and national agencies. The two-unitary model meets this test, creating councils that can operate effectively at scale, work in collaboration with health, policing and other partners to integrate services, informed by and responsive to strong local voices and accountability: **better connecting need to opportunity.**

Our model also adds value to devolution in Lancashire by enabling the Combined County Authority to realise its full potential, providing a coherent and streamlined local government landscape to underpin strategic decisions on transport, skills, housing and economic development. With two strategically scaled authorities reflecting the distinctive geographies of North and South Lancashire, the CCA will be positioned to act decisively for the whole County: securing investment, coordinating major programmes and delivering interventions that cut across existing boundaries. Crucially, this will include making the case for strategic investment in improved east–west connectivity, unlocking the economic potential of Lancashire's central belt and creating stronger links between its towns, cities and growth corridors: **better connecting need to opportunity.**

The two-unitary model combines the flexibility of neighbourhood-level structures with the strategic capacity to operate and invest at scale. Local decision-making will be rooted at the level at which communities most closely identify, while residents, businesses and places benefit from the financial sustainability and flexibility achieved through two broad, balanced footprints. This creates a system that enhances efficiency, is responsive to local needs, invests in local priorities and improves outcomes in every community: **better connecting need to opportunity.**

Section 2

Purpose

Councils are under growing pressure all across England. Common challenges are emerging across the country: rising demand for services, changing demographics and a difficult financial landscape. At the same time, local government is going through a major shift, with a movement towards widespread devolution and devolved powers. The goal is to hand more power and investment to local areas, but local councils must have the capacity and financial resilience to be able to deliver.

2. Purpose

The English Devolution White Paper sets out that councils must have the scale, capacity and resilience to act as effective partners for central government, business and other public service partners. The existing two-tier local government structure creates complexity, limiting the effectiveness of partnership working, and leads to duplication and inefficiency.

Unitarisation can reduce wasteful duplication and increase value for money, if delivered at the right scale. It can also reduce fragmentation of public services and help to foster improved collaboration with partners. Local government reform is also increasingly seen as a necessary step to unlock meaningful devolution, which the government sees as a critical way to deliver infrastructure, secure investment and support economic growth.

In recent years, new unitary councils have been created in places like Dorset, Buckinghamshire, North Yorkshire, Somerset, and Cumbria. These changes aimed to simplify how councils are run, bring services together, and improve financial stability. Many of these areas have seen real benefits already in the few years since implementation, including improved financial performance and better strategic planning. But the process isn't without challenges – transition is complex and brings about several significant risks. As well as managing the obvious financial risks involved in the implementation process, robust planning and careful implementation is essential to ensure the continuity of service delivery. This is particularly important for the people-based services we deliver that protect and safeguard our most vulnerable residents.

The government's position on Local Government Reorganisation is clear: councils must be strategically capable, financially sustainable, and locally accountable. Their governance should also align with wider public service and economic geographies.

On 6th February 2025, the government formally invited Lancashire's councils to work together on a proposal for LGR in the county.

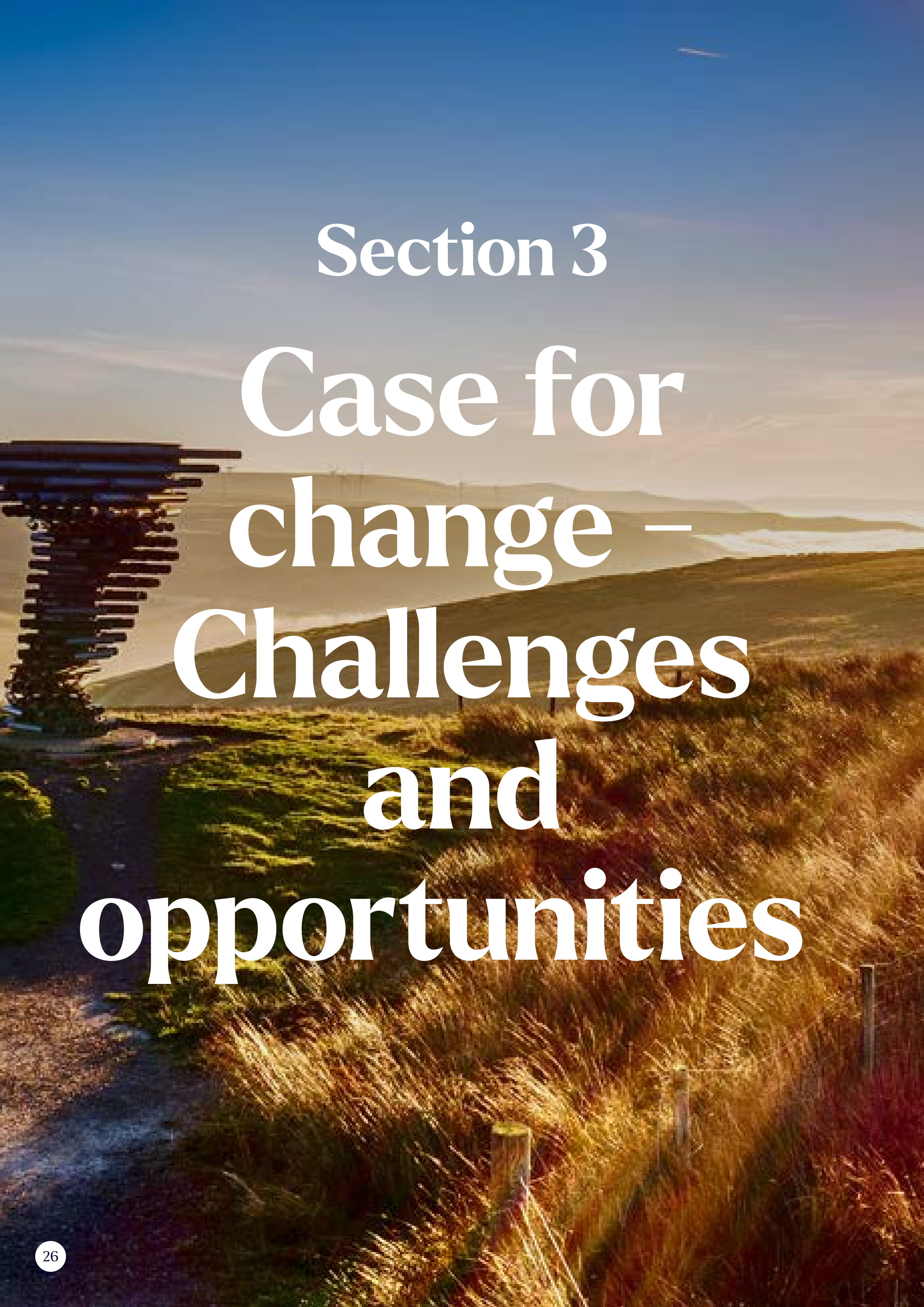
Now, Lancashire faces a key decision. It must decide how best to organise its councils to meet today's needs and prepare for future opportunities. Driving economic growth, investment, and improving public services must be at the heart of our proposal. Any structural reform must give Lancashire the scale, capability, and resilience to tackle current challenges, whilst also delivering on long-term ambitions.

This business case explores:

- The challenges and opportunities facing Lancashire, including what residents and stakeholders say matters most.
- The core objectives that any LGR model must deliver in Lancashire.
- An assessment of the options proposed by Lancashire councils, measured against government criteria and our own goals.
- A full financial analysis of each option, with a detailed case for the preferred one.
- How two new councils could deliver better outcomes for People, Place, and Public Services.
- An initial plan for how the changes could be implemented.

It should be noted this document has been developed locally but has also been supported by external verification and specialist advice including:

- **31ten Consulting** - Business Case Lead, including baseline services data to support all Lancashire councils LGR business cases.
- **Metro Dynamics** – Economic Lead, including economic evidence base to support all Lancashire councils LGR business cases.
- **Local Government Futures** – Preparation of financial baseline for 28/29 to support all Lancashire councils LGR business cases.
- Independent stakeholder and resident engagement carried out by **Cratus** for all Lancashire councils.
- **CIPFA** analysis of financial resilience.
- **Newton Europe in collaboration with the County Councils Network** – Analysis of the impact of LGR options on people services in Lancashire.
- Learning from other councils such as Cumbria, North Yorkshire, Dorset and Somerset, with whom we have strong, ongoing relationships.



Section 3

Case for change – Challenges and opportunities

This chapter provides a clear picture of Lancashire in terms of people, places and public services. It explains Lancashire's socio-economic contrasts, with the range of different communities across urban, coastal and rural geographies. It articulates the service demands and pressures on local authority services, and how these vary across Lancashire.

Key Points:

- Lancashire has stark disparities in health, income and skills across communities.
- Fragmented governance arrangements have the impact of limiting ability to plan strategically and tackle inequalities.
- There is rising demand for services under tight fiscal constraints, demanding a future-focused, transformational response.

Conclusion:

This assessment of the challenges and opportunities across Lancashire shows why a new model for local government must be able to pool resources to manage the disparities in resident outcomes and service demands, and to plan inclusively to connect deprived areas with growth corridors.

3. Case for change – Challenge and opportunities

3.1 Our Place

A county of contrasts

Lancashire is a county of powerful contrasts: between prosperity and deprivation, coast and countryside, cities and villages, growth and constraint. Our geography and economy are uniquely varied: the industrial Pennine towns with their manufacturing legacy; the Fylde Coast, anchored by Blackpool's international visitor economy; the fast-growing central Lancashire corridor, including Preston, one of England's newest cities, and its surrounding commuter belts; and extensive rural areas in the Ribble Valley and West Lancashire, rich in agriculture and natural assets.

This diversity is both our strength and our challenge. We contribute over £40 billion in GVA to the UK economy and sit at the heart of the North's industrial base, yet the benefits of growth are unevenly shared. Persistent disparities in wealth, health, skills and opportunity continue to shape outcomes across our places and communities.

Economic performance and sectoral contrasts

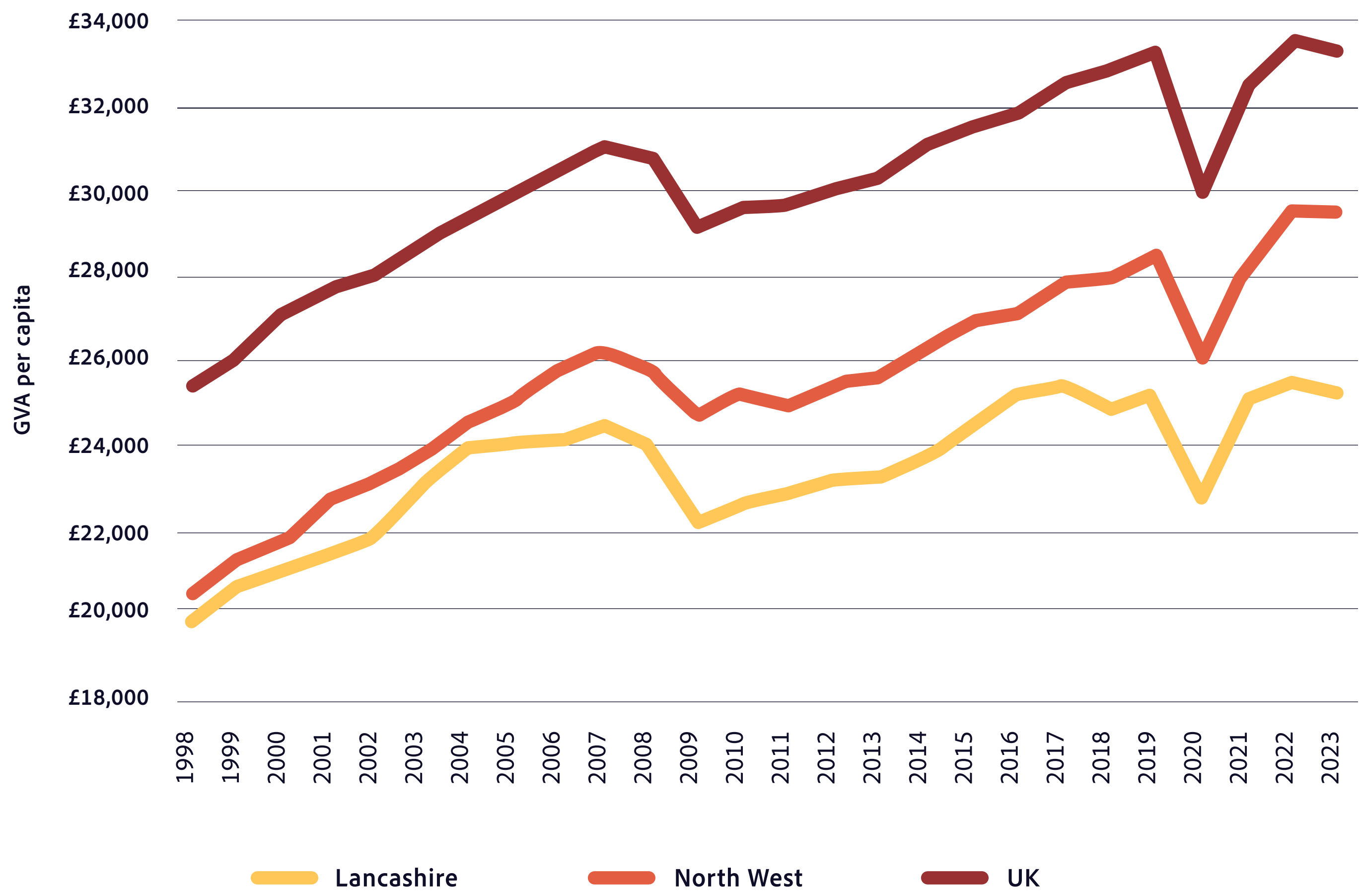
Our economy is a study in contrasts. We host world-class aerospace and advanced manufacturing at Warton and Samlesbury, nationally critical energy infrastructure at Heysham, and a growing logistics and distribution corridor along the M6 that connects us to regional, national and international markets. Strengths in food and drink manufacturing, chemicals, digital, health innovation and emerging low-carbon technologies make Lancashire central to national industrial strategy growth sectors.

Lancashire has an increasingly influential role in driving a collaborative approach to economic growth in the North West. Lancashire's economic geography is increasingly integrated with neighbouring regions including Cumbria, North and West Yorkshire, Greater Manchester and Merseyside, and areas such as Lancaster, Rossendale and West Lancashire have particularly strong external economic links. The Great North Partnership is an example of northern regions coming together to unlock the North's economic potential, working together rather than competing for the same opportunities. The emerging Cyber/ Digital corridor spanning across Lancaster - Samlesbury – Manchester, a key initiative of The Great North, represents Lancashire's growing role in shaping a more connected North West economy.

Between 1998 and 2023, GVA per capita grew by 1.0% per year, below both regional and national averages. GVA per head now stands at £25,200, more than £4,000 below the North West average. Manufacturing contributes almost 18% of Lancashire's GVA, more than double the UK average, anchoring globally competitive supply chains that drive investment and exports. Yet a long tail of lower-productivity sectors continues to shape our economy.

The visitor economy, employing 57,000 people and attracting 66 million visits annually, remains vital to our identity but is dominated by seasonal, lower-paid work. This coexistence of globally competitive industries and struggling local economies defines Lancashire's economic contrast.

Figure 3.1 – Lancashire's productivity gap



3. Case for change – Challenge and opportunities

Figure 3.2 – Lancashire's Sector Priorities

National Security and Resilience

Lancashire plays a pivotal role in the UK's aerospace, defence and nuclear industries, forming part of the world's fourth-largest aerospace cluster. The sector employs around 13,000 people directly and supports more than 20,000 jobs through its supply chain, generating an estimated £1.7 billion in GVA. Major programmes such as the Global Combat Air Programme and AUKUS Submarine Programme highlight its national importance. Alongside this, West Lancashire contributes 20% of England's field vegetables and salad crops, reinforcing the county's role in UK food security.

Clean Growth and Nuclear

Lancashire's low-carbon and energy sectors employ around 12,000 people and generate more than £900 million in GVA. Key assets include Springfields Fuels, Heysham 1 and 2, and AMRC North West, which anchor our national role in clean energy production. Planned investment in Small Modular Reactors (SMRs) and offshore wind will accelerate green job growth and cement Lancashire's position as a UK clean energy powerhouse.

Sustainable Digital and AI

Lancashire's digital and AI sector is growing rapidly, driving transformation across advanced manufacturing, defence, and public services. With strengths in AI, cybersecurity, and data-driven innovation, Lancashire is an important player in the North West Cyber Corridor, supported by assets such as Lancaster University's Cyber Works, University of Lancashire's Cyber Foundry, and the region's access to reliable green energy.

Advanced Engineering and Manufacturing

Lancashire's advanced engineering and manufacturing sector is the backbone of our economy, employing around 87,000 people and generating nearly £6.7 billion in GVA. 18% of total output. Building on our heritage in aerospace and automotive manufacturing, the sector is evolving through innovation in space technology, advanced materials, and low-carbon manufacturing.

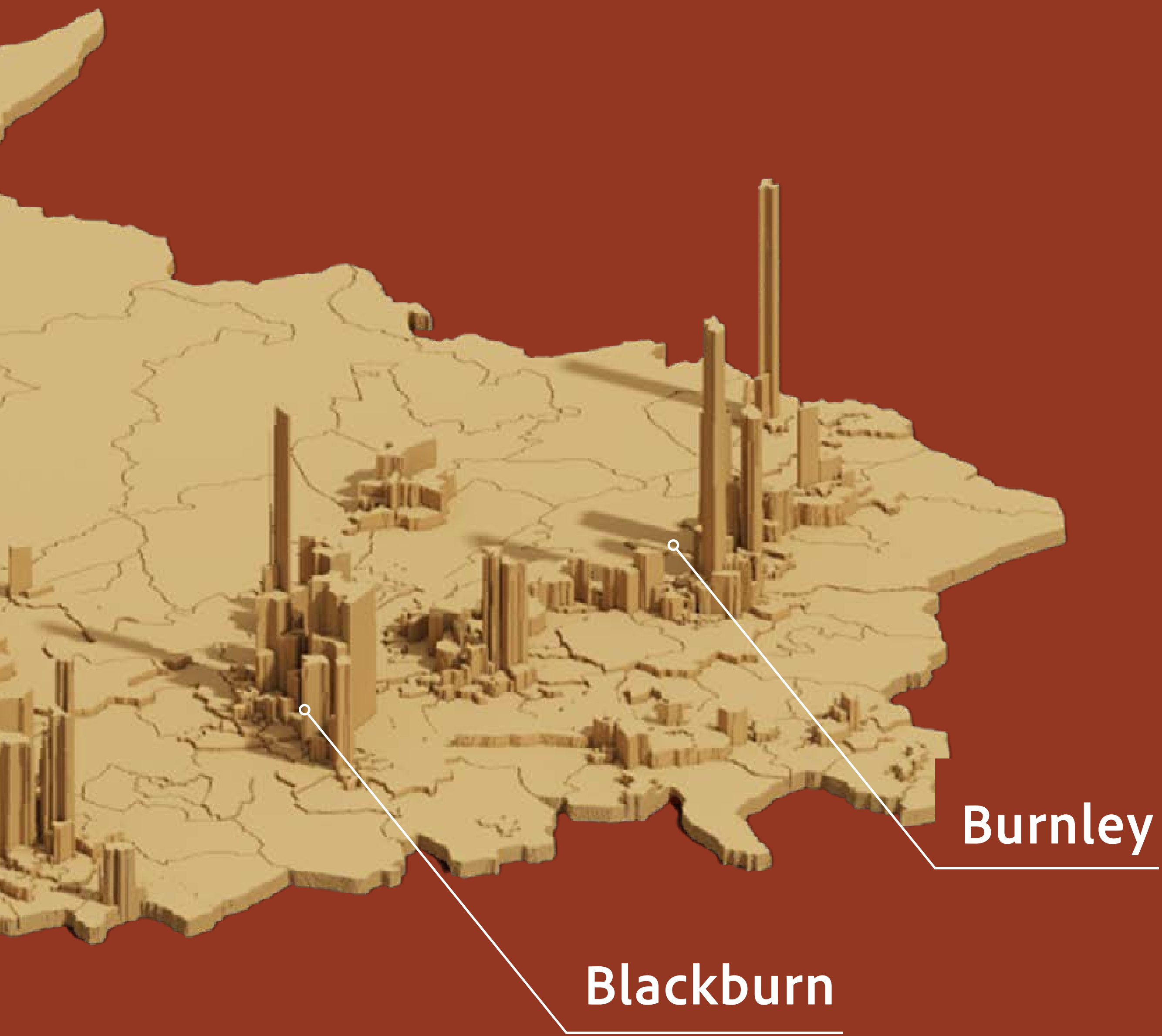
Culture and Tourism

Culture and tourism are key to Lancashire's identity and economic growth, supporting over 57,000 full-time equivalent jobs and generating around £5.4 billion for the local economy. Our vibrant towns, historic landmarks, and outstanding natural landscapes, from Blackpool's iconic resort to the heritage of Lancaster and the rural beauty of the Ribble Valley and Forest of Bowland, attract visitors, talent, and investment.

3. Case for change – Challenge and opportunities

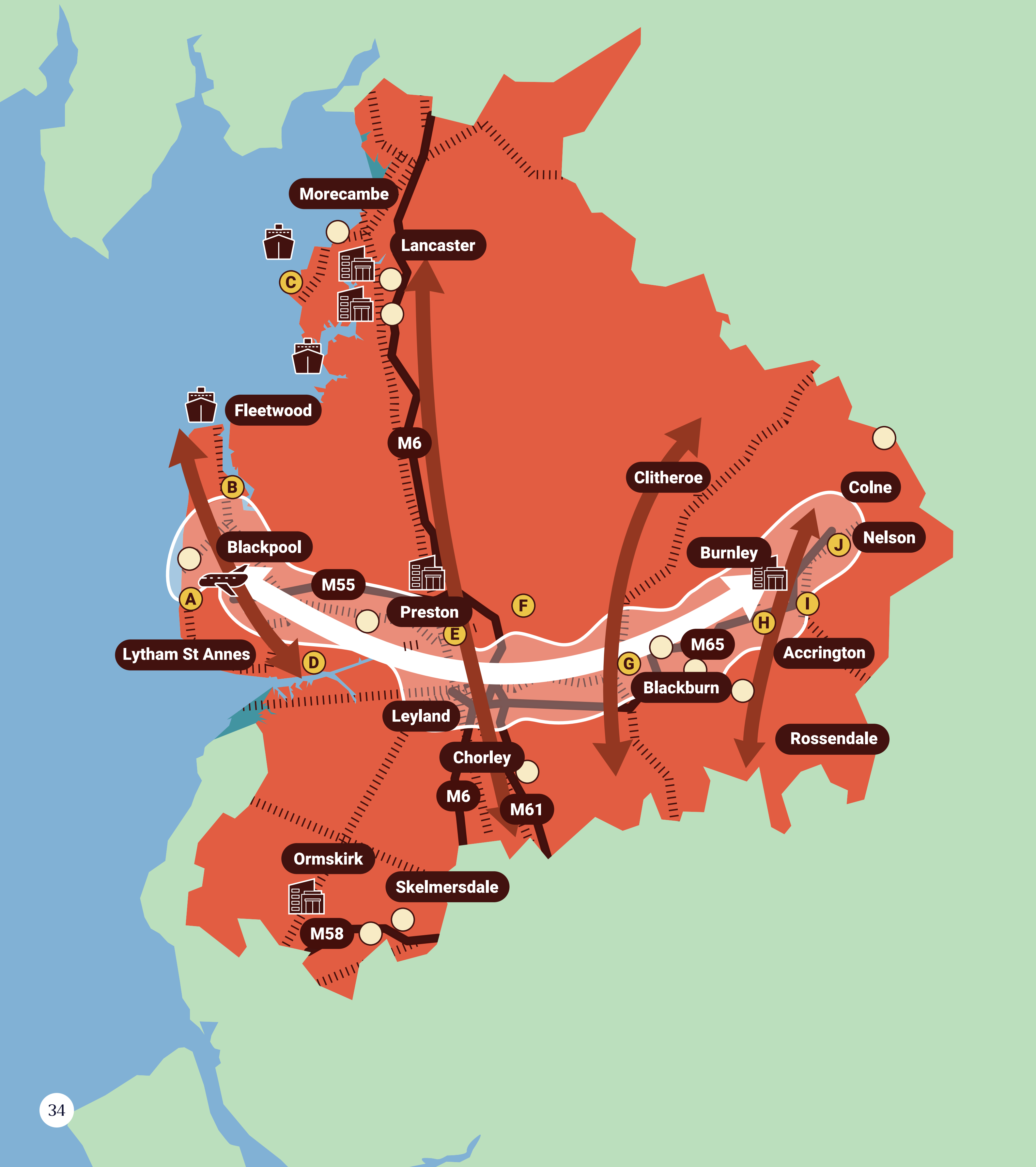
Figure 3.3 –

Gross Value Added (GVA) per hectare, 2022



3. Case for change – Challenge and opportunities

Figure 3.4

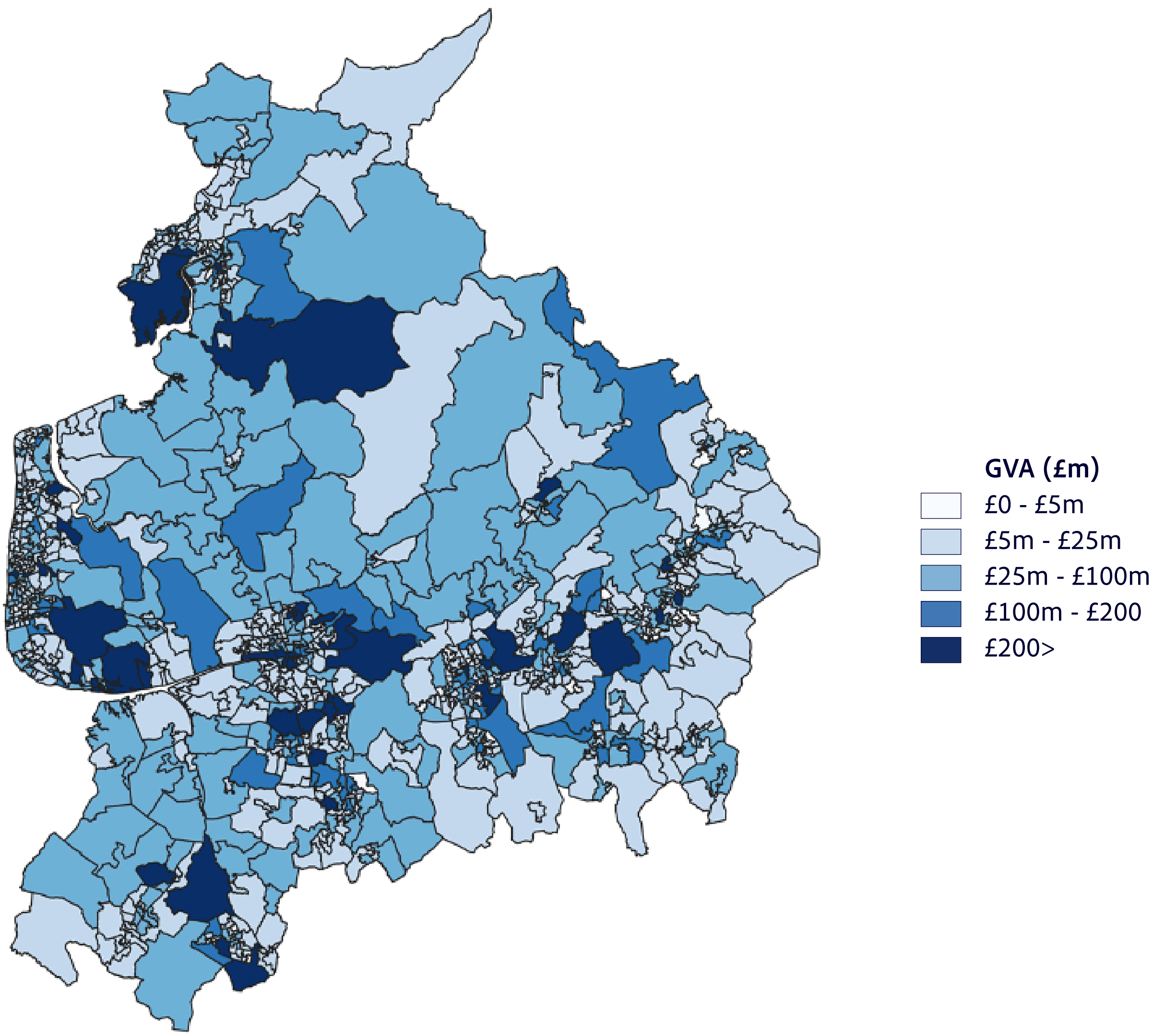


Lancashire's economic geography is polycentric and complex. We function as a network of overlapping travel-to-work zones rather than a single integrated labour market. The Lancashire Independent Economic Review (2021) analysed work-related travel patterns across the county, and found 17 unique clusters. The clusters reflect the fact that most trips for work purposes made in Lancashire tend to be short and local.

Our economy is structured around four major economic corridors that shape how people live and work: the Fylde Coast corridor linking BAE Warton and Fleetwood; the M6 axis connecting Lancaster, Central Lancashire and West Lancashire; the Clitheroe–Blackburn–Darwen corridor across the central Pennines; and the East Lancashire corridor, stretching from Colne to Rawtenstall via Burnley. Together, these corridors form the backbone of a dispersed but interdependent economy whose growth depends on stronger east–west connectivity along the Central Belt. Our larger towns and cities, such as Preston, Blackburn, Burnley and Lancaster, drive innovation, jobs and connectivity, while our rural communities, particularly in Ribble Valley and West Lancashire, sustain agriculture, food production and natural capital. Yet rural areas often face barriers of distance, transport and digital connectivity.

Disparities in prosperity remain clear. Mid Lancashire, including Fylde, Preston, Ribble Valley and South Ribble, records GVA per head above £30,000, while Wyre and Rossendale sit below £18,000. Preston's economy generates £5.6 billion, compared with £1.3 billion in Rossendale and £1.8 billion in Hyndburn. The challenge is to connect the vitality of our core economic corridors with the communities yet to share in Lancashire's growth.

Figure 3.5 – Lancashire's uneven GVA landscape



3. Case for change – Challenge and opportunities

Our people

The strength of Lancashire lies in its people: innovative, hardworking and proud of where they live. But while our communities share resilience and ambition, they do not yet share equally in our success. In Lancashire, 32% of neighbourhoods fall within the most deprived 20% nationally, with high concentrations of deprivation in Blackburn with Darwen, Blackpool, Hyndburn, Burnley, Preston and Pendle. Notably, 10 of the 20 most deprived neighbourhoods in England are located in the county, all within Blackpool. Pendle in particular has moved from 36th to the 13th most relatively deprived local authority in England in the 2025 Index of Multiple Deprivation analysis. Lancashire has persistent and entrenched pockets of need, which need to be connected to opportunities in the county.

Health inequalities are stark. Life expectancy can vary by more than a decade between our healthiest and least healthy communities. Poor health and disability are concentrated in coastal and post-industrial towns, constraining participation in the labour market and increasing demand for public services.

Earnings data reinforce these divides. Median annual income stands at £34,642, 8% below the national average. Within Lancashire, the difference is striking. Residents of Ribble Valley (£40,458), Chorley (£38,868) and Fylde (£38,133) earn well above the average, while those in Pendle (£28,945) and Blackburn with Darwen (£29,153) earn among the lowest in England. Around one in five workers still earn below the real living wage, compared with 16–17% regionally and nationally.

Lancashire's skills profile reflects these contrasts. Only 32% of residents aged 16 to 64 hold a degree-level qualification, compared with 37% nationally, while 14% have no formal qualifications. Skills attainment is lowest in parts of East Lancashire and the coast, where historic industrial structures and limited connectivity have constrained access to higher-skilled work. In contrast, central and north Lancashire benefit from our universities and advanced manufacturing employers, which provide strong pathways into technical and professional roles. Closing this gap is essential to ensuring all residents can participate in and benefit from Lancashire's growth.

These disparities weaken productivity, limit disposable income and constrain the capacity of councils to invest in prevention, growth and innovation.

Our communities

Our housing market and demographic profile further illustrate Lancashire's contrasts. While average house prices remain below the national level, variation is stark - from around from £133,000 in Blackpool to £260,000 in Ribble Valley, with Preston (£178,000) and Wyre (£186,000) close to the median. ONS affordability ratios (2024) show house prices range from 3.67 times earnings in Burnley to 6.43 in Ribble Valley, underlining the gap between the most and least affordable places.

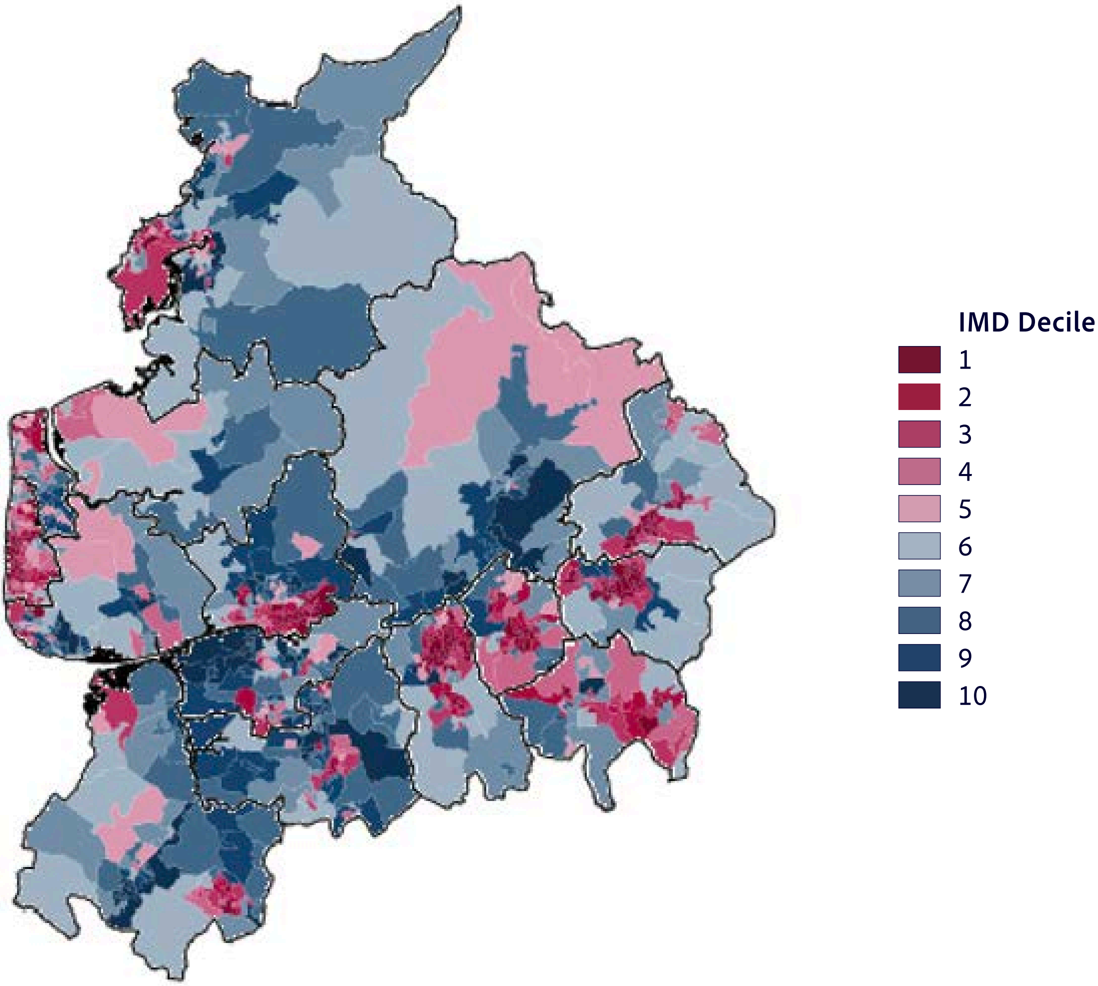
Fast-growing communities in central Lancashire and along the M6 corridor face rising housing demand, while coastal and post-industrial towns continue to struggle with low-value, poor-quality housing and underused stock. Balancing these divergent markets will be key to creating sustainable, inclusive growth.

Lancashire's population of 1.6 million has a median age of 41 years, and the number of residents aged 80 and over is projected to almost double: from around 82,000 in 2022 to over 153,000 by 2047. Over the same period, one-person households are expected to rise by almost 45%, reaching nearly two fifths of all homes. These demographic shifts highlight growing demand for adaptable housing, health and care services, and the need to retain young people to sustain our future workforce.

The LGR opportunity

Lancashire's economy boasts strong sectoral clusters, innovation capacity and strategic assets, creating major opportunities for sustainable and inclusive growth. Yet our ability to realise this potential is held back by entrenched inequalities, weak connectivity, low productivity and complex governance that fragments decision-making and dilutes investment.

Figure 3.6 – Index of Multiple Deprivation, IMD Score (2025)



To achieve our ambitions, Lancashire needs a system of government that reflects our economy and works for all our communities: one that narrows the gap between our places, connects need to opportunity, and enables more people to share in our success. LGR provides an opportunity to create strong and strategic unitary authorities that can:

- Narrow the gap between communities: tackling deprivation and inequality.
- Connect need to opportunity: ensuring access to skills, jobs and services across the county.
- Enable more people to share in success: spreading growth beyond established centres.
- Pool risk and resources: strengthening resilience and financial sustainability.
- Invest in the future: driving long-term growth through coherent planning and confident leadership.

Together, these changes would give Lancashire the clarity, capacity and ambition to meet its potential, turning our contrasts into our greatest strength.

3. Case for change – Challenge and opportunities

Figure 3.7 – Population Composition (2024)

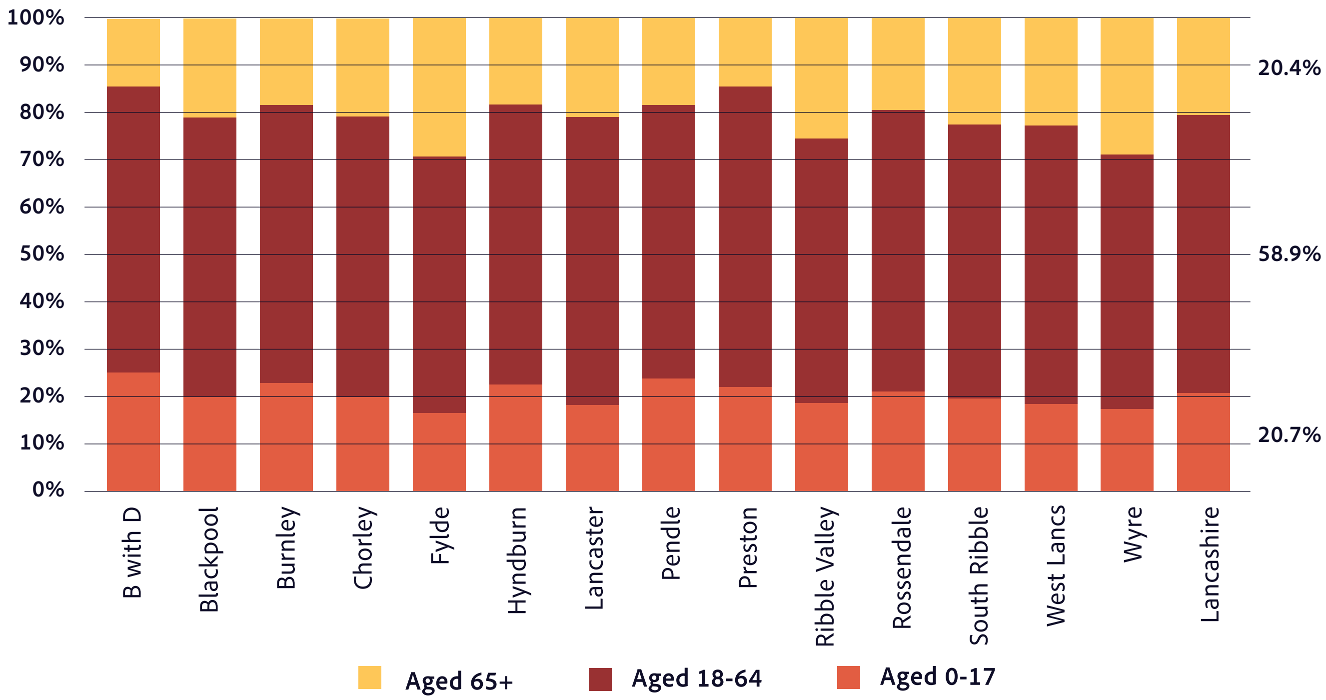
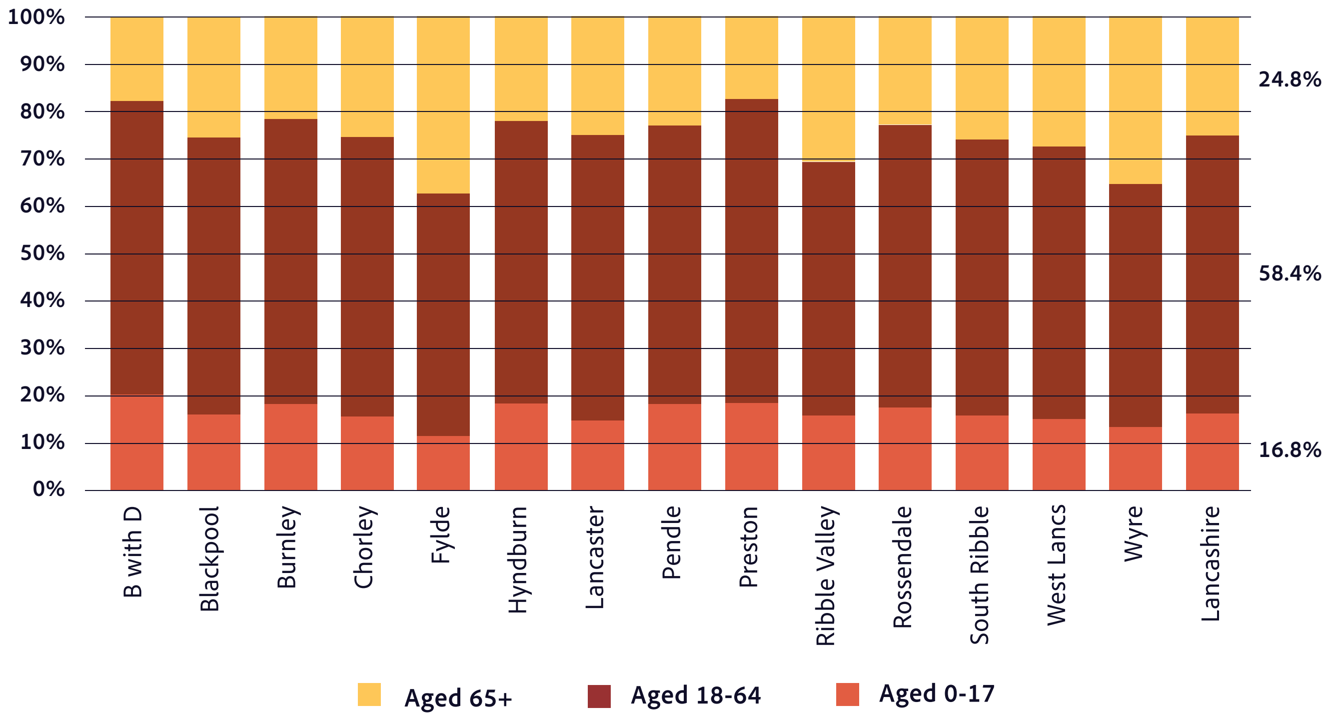


Figure 3.8 – Population Composition (2047)



Background to Local Government in Lancashire

Lancashire has a long and proud tradition of civic leadership. From the late 1700s to the 19th century, our industrial towns played a leading role in shaping local government. Some of the country's earliest borough councils and public health boards were formed here, and twenty-two towns were incorporated in the wake of the 1835 Municipal Corporations Act. Places like Preston, Blackburn and Burnley were early adopters of innovations such as gas street lighting, sanitation systems and public libraries, and our strong sense of local identity still resonates across Lancashire today.

A quarter of the way into the 21st century, Lancashire's local government structure – rooted in the 1974 Local Government Act, alongside some phased reorganisation between 1995 and 1998 resulting in a county council, twelve districts and two Unitary Authorities – is now subject to far reaching national reform. The rationale for national reform is focused on enhancing coherence, strategic capacity and service sustainability, which can only be achieved through improved efficiencies and financial stability.

The two-tier system, while supported by many residents, misses opportunities for greater integration of key services. Housing and social care, economic development and infrastructure planning are all critical drivers of health, wellbeing and prosperity. But the current structure can lead to duplication in some areas and gaps in others, making it harder to respond to shared challenges in a unified way. As people live longer and expectations rise, rapid social, economic and technological change is placing new demands on councils. Constrained resources and a fragmented system limit the scope for prevention, integration and innovation.

Lancashire is home to some of the most deprived communities in England. Councils face rising demand across adults' and children's services, a growing housing and homelessness challenge, and increasing complexity in delivering statutory services. But without better alignment between functions, it becomes harder to plan effectively for population health, housing, infrastructure, or growth and to tackle the inequalities that exist across the county.

The current arrangements also reduce opportunities to integrate critical growth functions like planning and transport, and can slow down decision-making across the system. For partners including the NHS, police, business groups and the voluntary sector, this fragmentation can create confusion, with overlapping footprints and inconsistent boundaries across the county.

3.2 Our Services

Lancashire has 15 councils, which are as follows:

- **Lancashire County Council** provides county-wide functions including adults and children's social care, education, highways and transport, libraries, waste disposal, and strategic planning. LCC serves 81% of the total Lancashire population.
- **Twelve district councils: Burnley, Chorley, Fylde, Hyndburn, Lancaster, Pendle, Preston, Ribble Valley, Rossendale, South Ribble, West Lancashire, Wyre** which deliver services such as housing and homelessness, local planning and development control, waste collection, environmental health and licensing, council tax and housing benefits administration, leisure, parks, public realm, and local economic development.
- **Two standalone unitaries – Blackpool Council and Blackburn with Darwen Borough Council** deliver both sets of functions delivered by the county and district councils. Blackpool and Blackburn with Darwen Councils serve 9% and 10% of the total Lancashire population respectively.

3. Case for change – Challenge and opportunities

Scale of Existing Councils:

There is considerable difference in the scale of the existing councils in Lancashire, with the 12 District Councils accounting for just 11% of total net expenditure across the county. Lancashire County Council itself accounts for roughly two thirds of all spend.

The variation in scale is further demonstrated through the distribution of staffing numbers across the councils. As of March 2025, there were 46,420 employees across the 15 local authorities in Lancashire. Over 72% are employed by LCC.

Figure 3.9 – Employee Numbers across Lancashire 15 Authorities

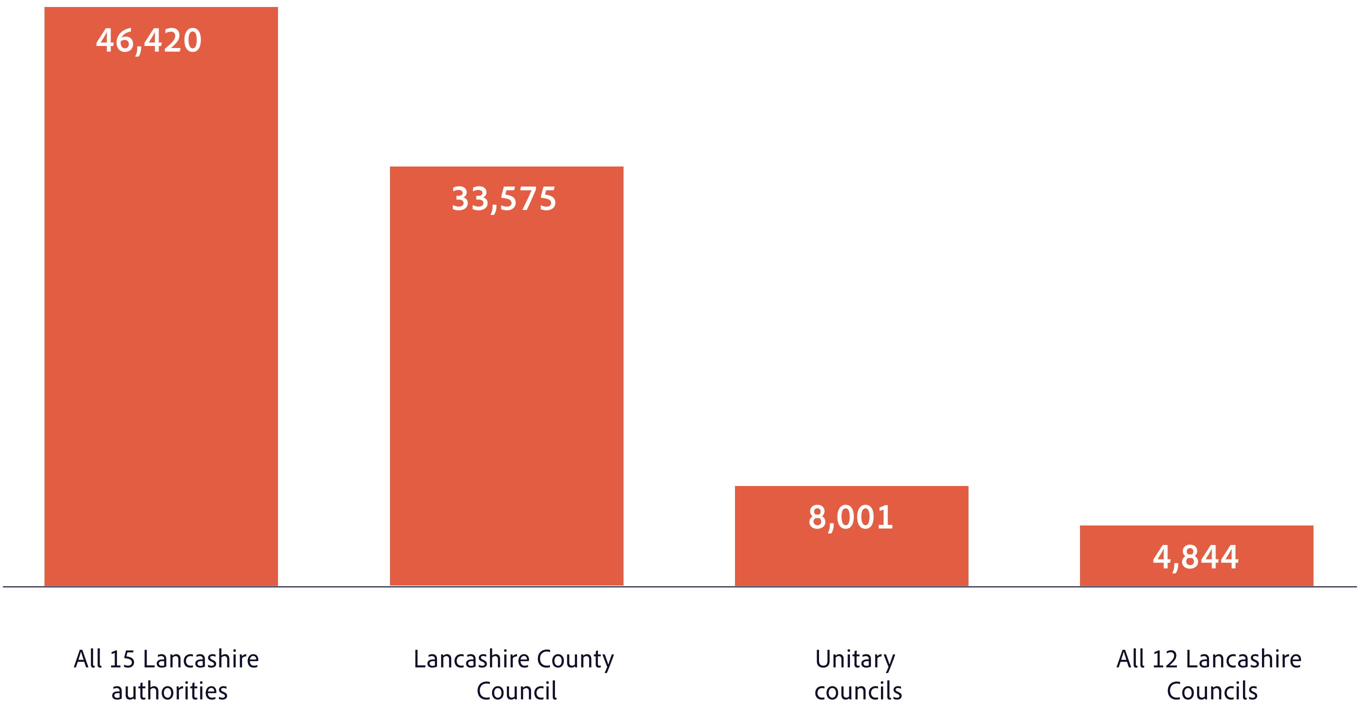
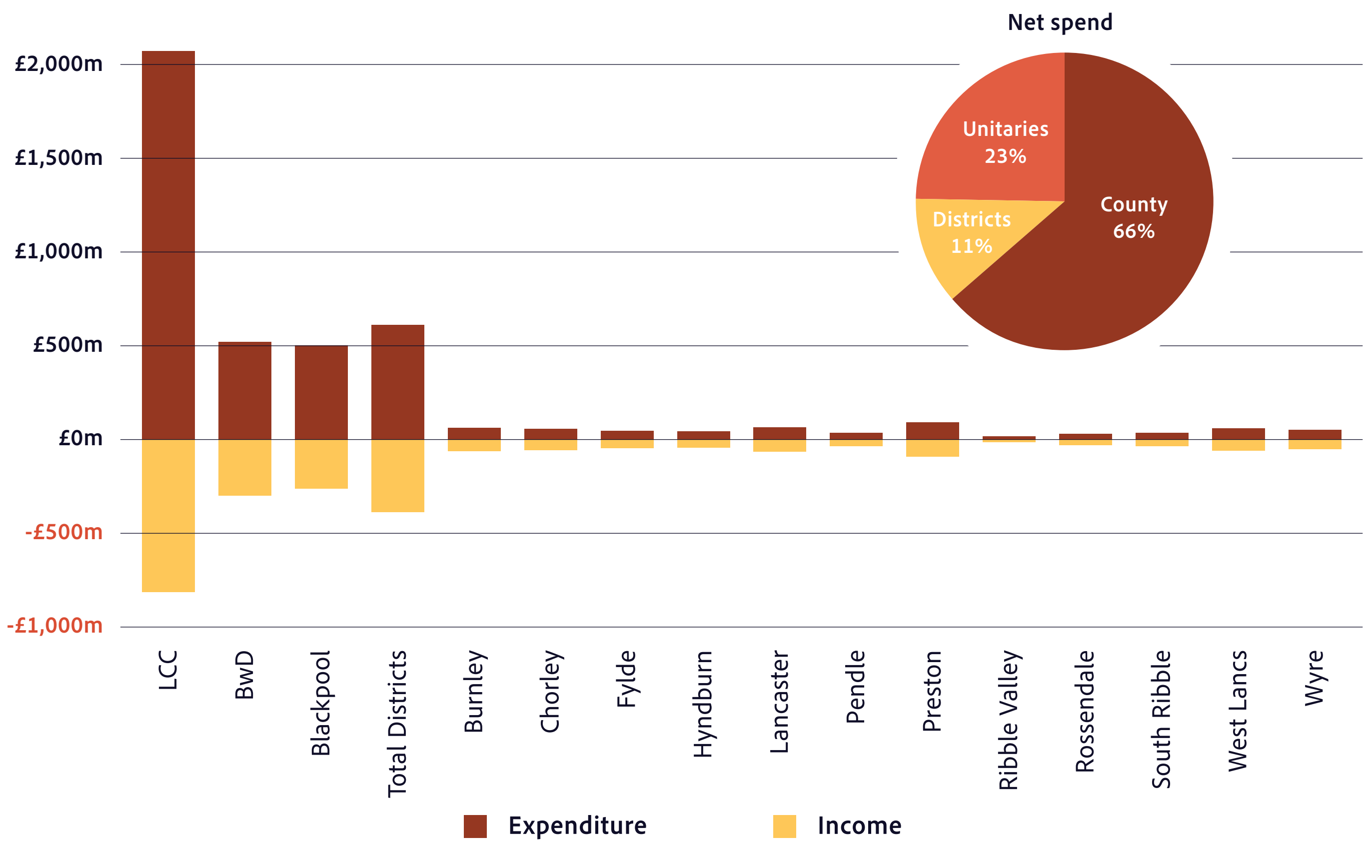


Figure 3.10 – Current net expenditure and income in each council



Of the net expenditure, 66% is spent by Lancashire County Council with a further 23% spent by the two unitary councils and 11% spent by Districts.

Table 3.1 – Distribution of Council Services

Service Area	County Council	District Council	Unitary Council
Adult Social Care	▲		▲
Children's Social Care	▲		▲
Education and Skills	▲		▲
Public Health	▲		▲
Housing & Homelessness		▲	▲
Highways & Transport	▲		▲
Local Planning	▲	▲	▲
Waste Disposal	▲		▲
Waste Collection		▲	▲
Environmental Health		▲	▲
Leisure & Culture	▲	▲	▲

3. Case for change – Challenge and opportunities

Adult Social Care

Adult Social Care (ASC) across Lancashire, Blackburn with Darwen and Blackpool represents one of the most significant areas of public expenditure and frontline delivery within the region. Collectively, these three authorities spend over £1 billion each year supporting adults with care and support needs. Lancashire County Council accounts for the largest share at approximately £860 million, followed by £118 million in Blackpool and £117 million in Blackburn with Darwen. Despite this substantial investment, the system remains under sustained pressure driven by population change, increasing complexity of need, workforce challenges and deep structural variation across local markets.

Population, demand and patterns of need

Lancashire's population profile is distinct within the North West. It combines a large and growing older population with areas of concentrated deprivation and long-term health inequality. The population aged 65 and over is projected to grow by 26.1% between 2025 and 2040, with those aged 85 and over expected to rise even faster. This growth will add significant demand pressure to the care system, particularly for residential and nursing provision, community-based reablement, and long-term condition management.

Demand is also rising among working-age adults. Improved life expectancy for people with learning disabilities, autism and physical impairments has led to increasing longevity with higher and longer levels of dependency and complex care needs. This is reflected in the continued growth of younger adults with complex needs, which is a cohort whose lifetime costs are significantly higher and whose needs extend beyond traditional provision.

Across Lancashire, patterns of demand differ sharply by geography. Urban centres such as Preston, Blackpool and Blackburn with Darwen record the highest volume of referrals and packages of care, reflecting their population density, hospital infrastructure, and higher levels of deprivation. These localities experience a greater prevalence of complex health conditions and frequent transitions between hospital and community care, which in turn drive demand for short-term and step-down capacity.

Conversely, rural and semi-rural districts such as Ribble Valley, Wyre, and Pendle tend to record lower volumes of demand but face more acute challenges in accessibility, workforce recruitment and transport connectivity. These areas often experience longer travel distances for domiciliary care, higher delivery costs, and limited access to specialist provision. The geography of need and access therefore interacts with cost and workforce pressures to create distinctive local market dynamics within the county.

Variation in demand and inequality

The scale and diversity of Lancashire's geography mean that social care demand is shaped by multiple interacting factors: age, deprivation, health status and rurality. The county includes some of England's most affluent communities alongside some of its most deprived. For instance, Blackpool and Burnley are among the most deprived localities nationally, with health outcomes and disability-free life expectancy substantially below the national average. In contrast, Fylde and Ribble Valley display lower deprivation and higher healthy life expectancy, with correspondingly higher proportions of self-funders.

Self-Funders and Market Influence

Lancashire exhibits a notably high proportion of self-funders compared to many other counties. In Fylde and Ribble Valley, more than 45% of care home placements are privately financed. Across large parts of the county, private-pay clients form a significant share of market income, influencing pricing dynamics and shaping provider behaviour.

In districts with high self-funding prevalence, providers are more likely to set rates in line with private market benchmarks rather than local authority fee schedules. This limits the council's leverage in market negotiations and constrains its ability to influence quality, workforce investment, and sustainability. Conversely, in districts with lower self-funder ratios, such as Burnley and Hyndburn, the market is more dependent on local authority commissioning and tends to exhibit thinner margins and greater volatility.

The uneven geography of self-funding contributes to systemic variation in both affordability and quality. While some providers in affluent areas are financially resilient, others serving predominantly publicly funded populations face sustained cost pressures, high staff turnover, and limited capacity for reinvestment.

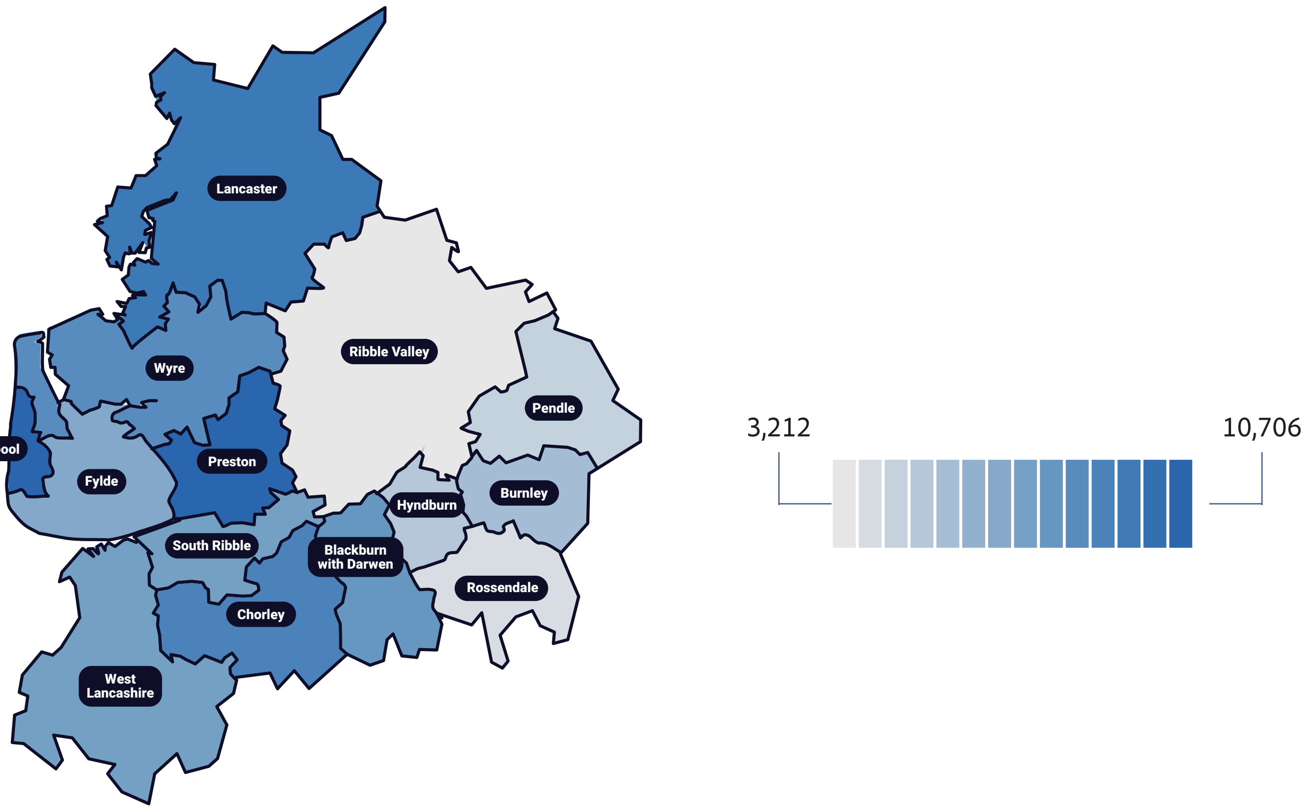
Market structure and provision

Lancashire's adult social care market is among the largest and most complex in England. It encompasses approximately 11,800 registered care home beds and an estimated 85,000 commissioned homecare hours per week, spanning a mix of independent, voluntary and council-owned provision. The market also includes a growing number of supported living schemes and extra-care housing developments, although supply remains uneven and concentrated around urban areas.

The county continues to operate with a comparatively high level of self-provision, reflecting its historic approach to delivery. Several care homes and support services remain under direct or arm's-length council control, offering stability and quality assurance but reducing flexibility in responding to market shifts. Lancashire County Council is currently undergoing a review of its in-house provision with a view to modernising the estate and better reflect contemporary needs and trends.

Despite the overall capacity headline, the balance between supply and demand remains misaligned. Districts such as Wyre and South Ribble record residential occupancy levels above 92%, indicating limited elasticity and constrained availability for placements. In contrast, West Lancashire shows

Figure 3.11 – Map of total social care referrals across Lancashire by council area – source: LGR data group



3. Case for change – Challenge and opportunities

nominal bed surpluses, but a shortage of facilities equipped to meet complex dementia or end-of-life needs. Similar patterns exist in homecare, where the capacity to deliver commissioned hours fluctuates due to recruitment challenges, travel time inefficiencies and provider withdrawal from less profitable geographies.

Supported living and housing-with-care options have expanded but remain fragmented. Newer extra-care schemes have been concentrated in growth corridors such as Central Lancashire, while the northern districts continue to rely on traditional care home models. The uneven distribution of provision affects resident choice, continuity of care and local authority capacity to discharge patients promptly from acute settings.

Workforce shortages continue to compound these pressures. Vacancy rates in adult social care remain persistently high, particularly among care workers and registered managers. Recruitment challenges are exacerbated in rural districts, where travel distances and fuel costs deter domiciliary care workers. Competition with retail and hospitality sectors, coupled with limited access to training and career progression, further constrains supply.

These market realities are mirrored in financial metrics. Average spend per adult resident ranges from £247 in Blackburn with Darwen to £329 in Lancashire, while average weekly nursing care rates vary £808 in Blackpool to £1,266 in Lancashire, reflecting both the higher complexity of need and cost of provision across the county system.

Housing and independence

The quality and availability of housing plays a decisive role in adult social care demand. In Lancashire, fragmented responsibilities between county-led care and district-led housing have limited the system's ability to deliver joined-up accommodation pathways. Many residents remain in unsuitable homes, contributing to hospital admissions, delayed discharges, and premature moves into residential care.

Local Government Reorganisation provides an opportunity to align housing, care and public health within a single strategic framework. This would enable coordinated commissioning of supported living and extra care housing, a unified adaptations service, and a shared data platform linking housing conditions to care outcomes. Over time, this integration could reduce reliance on high-cost placements and support more adults to live independently in their own homes.

Enabled Opportunities

Local Government Reorganisation presents a strategic opportunity to address these entrenched variations and strengthen the sustainability of adult social care across Lancashire. Reorganisation, in Adults Social Care, could enable:

- Alignment of standards, commissioning frameworks and quality oversight across new unitary structures to promote more consistent access, transparency, and equity of provision.
- Integrated planning and investment with the Lancashire and South Cumbria Integrated Care Board (ICB) and NHS partners to improve workforce coordination, capital deployment and intermediate care capacity.
- Enable scale economies and shared infrastructure, including commissioning intelligence, digital systems, and market engagement functions, reducing duplication and improving efficiency.
- Refocusing of resources toward prevention and early intervention, supporting residents to live independently for longer, reducing reliance on acute or high-cost residential care.
- A unified approach to market pricing, using Fair Cost of Care data, proprietary information and commissioning intelligence to create a consistent, transparent and sustainable pricing approach and fee framework that balances affordability with provider viability.
- The authorities being positioned as a strategic commissioner and market steward, using its combined scale to influence prices, incentivise innovation, and drive investment in quality and workforce development.

By unifying systems, data, and market oversight, LGR could enable a more coherent approach to managing demand, supporting residents, and shaping a balanced and sustainable care market across Lancashire and its neighbouring authorities.

3. Case for change – Challenge and opportunities

Table 3.2 – Children's Services & Education

Children's Services and Education are delivered separately across Lancashire, Blackburn with Darwen, and Blackpool and spend is currently as follows:

	Lancashire	Blackburn with Darwen	Blackpool	Total
Social care	£300m	£57m	£78m	£435m
Education	£205m	£159m	£78m	£442m
Combined	£505m	£216m	£156m	£877m

In line with national trends, this service area faces increasing pressure, with costs associated with SEND provision, home-to-school transport, and residential care placements rising significantly. The pressures are compounded by growing health intervention waiting lists, including educational and health care plan assessments, therapies, and CAMHS. Rising numbers of child protection cases are also stretching workforce capacity, making it harder to maintain consistent quality of service. This is reflected in the 2024 rates of Looked After Children (LAC), where Blackpool has among the highest rate per 10,000 (181) in England, while Lancashire (68) sits below the national average (70), and the 2025 Child Protection Plan rate (CPP) where Blackpool has 86 per 10,000 and Blackburn with Darwen (79) are above the national average (41), and Lancashire County Council is well below it.

The Lancashire Children and Young People Needs Assessment, undertaken in 2025, highlighted some of the varied challenges across the Lancashire County Council footprint including:

- **Rising child poverty and deprivation:** Over a quarter of children live in low-income families, with significant increases since the pandemic and cost-of-living crisis, especially in certain districts.
- **Widespread fuel and food insecurity:** Many families struggle to afford basic necessities, with high rates of fuel poverty and food insecurity affecting children's health and wellbeing.
- **Growing demand and gaps in health, development, and SEND support:** More children have special educational needs, mental health challenges, and developmental delays, but funding and service provision have not kept pace.
- **Persistent educational inequalities:** Children from deprived backgrounds and those with SEND consistently achieve lower educational outcomes and face higher rates of absence and exclusion.
- **Increasing safeguarding and social care pressures:** More families face homelessness and temporary accommodation, and children in care or at-risk experience poorer health, wellbeing and attainment.

The current footprints for delivery of Children's Services are complicated and reflect the complex nature of these services, with some service models being countywide, some on a functional basis rather than locality (including social care), some delivered on district footprints (including Early Help Services), and some based on the old NHS place based partnerships of Fyle Coast, Morecambe Bay, Central Lancs, Preston, West Lancs and Pennine Lancs (including Team Around the School and Setting approach).

The current partnership arrangements include the Lancashire Children's Safeguarding Assurance Partnership and Lancashire SEND Partnership. There are opportunities to strengthen the strategic approach to partnership working, since partners are often working across multiple local authority footprints. For Police this means driving improvements through the current three Children's Safeguarding Assurance Partnerships, and for the ICB, currently across four SEND Partnerships. The two unitary option provides the opportunity to simplify and strengthen these partnerships at a strategic level, whilst using a neighbourhoods approach to gain a clear understanding of risk, need and delivery at a local level.

Consistent with the national context, Special Educational Needs and Disabilities (SEND) provision in Lancashire is undergoing significant reform amid longstanding challenges. A joint Ofsted and CQC inspection of Lancashire County Council's services in late 2024 identified areas for improvement including reducing delays in Education, Health and Care (EHC) plan assessments, improving the work with partners, and communication with families. These issues have been compounded by rising demand, staffing shortages and uneven service quality across the county. Blackpool and Blackburn with Darwen are experiencing similar challenges with a shortage of capacity in special schools.

LCC is already making positive steps, including through the Lancashire SEND Partnership, which includes key partners like the NHS, the Lancashire and South Cumbria ICB, and parent/carer forums. The partnership has launched a Priority Action Plan and a new SEND Strategy (2025–2028). Key areas of progress so far include:

- Educational Psychologist allocations have increased by 637% between April and July.
- EHCPs issued monthly rose by 87% in the same period.
- Backlog of annual reviews reduced by 16% from June to August.
- Special school places increased by 5% year-on-year.
- Specialist SEND unit places increased by 92%.

The distribution of total referrals in 2025 across Lancashire's Children's Services shows clear concentration in the coastal and urban authorities of Blackpool (936) and Blackburn with Darwen (671), where rates of referrals per 10,000 children are above both the England (519) and North West (529) averages, reflective of higher levels of deprivation and population density. Blackburn with Darwen and Blackpool rates are generally at the higher end of statistical neighbours, while the wider Lancashire County Council area referral rates (304) are significantly below its statistical neighbours.

Figure 3.12 – Distribution of Total Children's Services Referrals

3. Case for change – Challenge and opportunities

Enabled Opportunities

LGR provides the opportunity to create a more consistent and sustainable service that addresses variations in demand and outcomes, and learns from best practice. Investment into the best models for these services is required, rather than continuing with legacy footprints and models due to lack of financial capacity to do better.

A unified approach to SEND provision would reduce duplication and direct resources more effectively, while closer integration with housing, health and leisure would support earlier intervention. Councils are keen to support more children to remain safely with their families and to increase the availability of foster care to balance rising placement costs. Reorganisation to large unitary councils enables commissioning and the rolling out of initiatives to take place at scale, reducing reliance on costly residential and school placements. A shared workforce strategy would allow for stronger career pathways, common training standards, and integrated use of data.

Public Health

County Councils and Unitary Authorities are responsible for protecting and improving the health of their local population.

Lancashire County Council delivers a range of public health services to promote wellbeing, prevent illnesses and protect the health of our residents across all ages, working with partners to improve the living and working conditions, natural and built environments and engage communities with positive behaviour change. They include services that support children and young people's health, NHS health checks, smoking cessation support, suicide prevention, sexual health services and services aimed at reducing problem drug and alcohol use. Public health services undertake infection prevention and control, support the management of disease outbreaks, plan and respond to natural and man-made emergencies and address health related concerns such as environmental pollution and severe weather.

Public health services also advise the NHS Integrated Commissioning Board and provide support for people with complex needs. This includes reducing worklessness caused by ill health, assisting victims of domestic abuse and helping people maximise income and benefits through welfare rights and volunteering opportunities.

Public health services also support key partnerships, including the Health and Wellbeing Board, Community Safety Partnership, Best Start in Life Board and Work and Health Partnership.

Public health services are funded through a national ring-fenced grant from the Department of Health and Social Care, via a needs-based formula using population and deprivation data. Lancashire received £65 per head of population in 2025/26, totalling £81.7m, while Blackpool and Blackburn with Darwen councils received £155 and £116 per head of their population, totalling £21.6m and £17.4m respectively.

Enabled Opportunities

LGR provides a massive opportunity to improve public health and reduce inequalities, and will provide a better way to address the wider determinants of health by aligning and maximising the impact of services delivered by district councils e.g. housing, leisure, planning and licensing. There is also an opportunity to reduce overlaps and duplication in supporting the homeless population, environmental health and supporting the voluntary, community, faith and social enterprise sector.

Housing and Homelessness

The 12 district councils, Blackpool and Blackburn with Darwen each operate its own housing and homelessness service, and maintains a statutory housing register. Outside of the 2 existing unitary authority areas, there is currently a lack of integration between housing and vital health and care services. Blackpool, Lancaster and West Lancashire retain council-owned stock totalling approximately 14,300 homes, while around 75,300 affordable homes are managed by registered providers across the Lancashire area. Social housing accounts for around 12.7% of overall stock, below the national figure (16.6%), due to a lower proportion of council-owned stock overall. Lancashire ranks among the top three counties for affordable housing completions.

In line with the national trend, affordability is a growing challenge. Average private rents exceed Local Housing Allowance rates across all authorities, and the number of households on waiting lists has risen sharply over the past five years. In 2024/25, approximately 9,500 households were assessed as homeless or at risk, with pressures concentrated on larger family homes in urban areas. Despite this, temporary accommodation (TA) use remains lower than the England average as it is often absorbed through supported housing, housing association lettings (by RPs) and private rented placements rather than formal TA. However, this means the true scale and cost of homelessness locally may be greater than statistics suggest.

Enabled Opportunities

LGR provides an opportunity to build a clearer and more accurate picture of housing demand and to adopt a shared strategic approach by aligning housing, health and care services, improving resilience to rising temporary accommodation costs, and increasing the already high levels of affordable housing completions.

Opportunities of bringing health, housing and social care together:

Bringing together these service areas under a unified structure through Local Government Reorganisation (LGR) unlocks significant opportunities for integrated, people-focused support. These services and their outcomes are deeply interconnected: for example, poor housing conditions can exacerbate health issues, which in turn may increase demand for social care; similarly, children's outcomes are shaped by their family's housing stability, access to health services, and educational support. Currently, these services are often delivered in silos across different authorities, leading to gaps in provision and inconsistent outcomes.

By aligning these services within new unitary councils, LGR provides a catalyst to drive a whole-system approach to meeting residents' needs. It will enable more focus on pathway opportunities and the customer journey, to ultimately reduce demand on acute services. Integrated commissioning and shared data systems would allow professionals across sectors to work together more effectively, identifying risks earlier and coordinating early intervention and prevention to support improved outcomes for residents.

There is a key opportunity around aligning the strategic planning of housing with social care services. Data shared across the new unitary councils will enable housing growth strategies to manage the need for certain types of accommodation in particular areas of the County. For example, it will enable us to target where we build homes that promote independence and reduce isolation, so that councils can delay or avoid the need for acute care, improve resident outcomes and reduce long-term demand and costs.

Ultimately, this integration fosters a more efficient and equitable system – one that is better equipped to respond to complex challenges and deliver improved outcomes for communities across Lancashire.

3. Case for change – Challenge and opportunities

Highways & Transport

Highways and transport responsibilities are currently split, with Lancashire County Council acting as the highway authority for twelve districts, while Blackburn with Darwen and Blackpool operate independently. Coordination is provided through the Local Transport Plan, with Lancashire also managing county-wide schemes such as subsidised bus routes and the NoWcard concessionary scheme. Blackpool is part of a small group of authorities nationally in retaining direct operational responsibility for its tramway, most bus services and a municipally owned airport.

LCC currently faces a c£600m maintenance backlog across the LCC network, combined with a steady increase in traffic volumes over the past three decades. Active travel rates remain below national levels, particularly for cycling, and bus patronage has declined more sharply than the regional average. Rail usage is predominantly used for out-of-county commuting rather than supporting local connectivity.

Enabled Opportunities

LGR creates the opportunity to take a more strategic, integrated approach to transport planning and investment, alongside the opportunity to ensure highways is integrated with other public realm services.

Local Planning

Planning responsibilities are currently separated across fifteen local planning authorities, each responsible for local plans, planning approvals, and enforcement. The county council acts as the Local Planning Authority for minerals and waste across Lancashire. The county council is also a statutory consultee on a range of applications that may have highway, ecology, flooding implications. The current system is complex for developers to navigate and creates a barrier to growth and development across the county. While there are some examples of joint working, such as the Central Lancashire Local Plan, most activity is conducted separately. This creates duplication in both policy-making and administrative effort and makes it harder to align land-use planning with county-wide priorities for housing, transport and economic growth.

Land-use designations vary greatly across Lancashire, with Blackpool containing only 60 hectares of Green Belt, while almost 90% of West Lancashire falls within this designation. There are large disparities in the availability of developable land between the different council areas, and this currently undermines some councils' ability to manage their housing targets across their small geographies.

Enabled Opportunities

LGR offers the opportunity to bring a more strategic approach to planning across the county, strengthening the ability to plan for infrastructure, balancing development across rural and urban areas, providing greater clarity for residents, developers and investors, reducing variation in costs and outcomes and supporting more coherent growth and regeneration across Lancashire.

This is particularly the case for fewer unitary councils. Larger unitaries will be able to better manage and balance their housing and development needs over larger geographies. Limiting the number of Local Planning Authorities will also help bring much needed clarity to the planning system for housing developers and registered providers, allowing stronger strategic partnerships to be forged. This will only help drive forward at pace the delivery of housing completions, helping to achieve the national housing targets set by the government.

The Lancashire Combined County Authority is required to create a spatial development strategy (SDS) for Lancashire, in line with the emerging

Planning and Infrastructure Bill. The integration of the relevant disciplines into the same authority, and authorities working across a larger footprint, will enable greater strategic planning and the delivery of an effective SDS.

Waste Disposal

Waste disposal is currently delivered by three authorities, each with separate arrangements. Lancashire County Council manages waste treatment facilities through various third-party contracts, including its majority-owned company, which also operates two waste recovery centres on LCC's behalf. LCC also operates fifteen household waste recycling centres. Blackpool delivers disposal through its minority owned company, while Blackburn with Darwen manages two centres directly. Recycling performance outcomes vary significantly across the three authorities and are comparatively low when benchmarked. Household recycling rates in 2023/24 ranged from 37.4% in the Lancashire-12 districts to 44.0% in Blackpool and 27.1% in Blackburn with Darwen.

Enabled Opportunities

Through LGR and in response to the Government's "simpler recycling" reforms, there is an opportunity to reduce this variation by standardising approaches, consolidating facilities, and embedding best practice. Economies of scale would be achieved in procurement, logistics and communications, supporting higher recycling rates and more consistent outcomes.

There are also significant opportunities around integrating waste collection and waste disposal, which are currently fragmented between the district councils and the county council. Better strategic alignment of waste collection with waste disposal will deliver significant benefits across Lancashire. Waste collection on an increased scale will also drive efficiencies and economies of scale. Work undertaken in summer 2025 has identified £6m of annual efficiencies through better integrated collection and disposal services.

Waste Collection

Waste collection is delivered through a variety of models across the twelve districts and the two unitaries, with expenditure on waste disposal and collection across all councils totalling c.£212m per annum. Some of the districts manage services in-house while others operate via contracted arrangements. Collection frequency is broadly fortnightly, with the exceptions of Ribble Valley (weekly), Blackpool, and Lancaster (moving to a three-weekly model from 2026). All authorities will move to weekly food waste collections from April 2026.

The current system prevents improvement in recycling performance because there is no direct incentive for collection authorities to achieve high performance or encouragement for householders to separate their waste and present good quality recycling for collection. Under the newly introduced Enhanced Producer Responsibility strategy, councils will receive less income for inefficient services, providing a future risk to services in the current system.

Enabled Opportunities

LGR provides the opportunity to harmonise collection systems, reduce duplication in fleet and depot management, and communicate more effectively with residents. It would also help narrow disparities in recycling performance, reduce costs per household and enable councils to make best use of economies of scale.

As is pointed out with waste disposal, the key LGR opportunity is to create an integrated end-to-end service, which also drives efficiencies and economies of scale. Unitary councils will have direct accountability for the complete waste journey, which will help to drive performance.

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Environmental Health

Environmental health services are delivered by the District Councils and Unitary Authorities, with a wider range of services delivered across Lancashire under this umbrella. Environmental health outcomes vary greatly across Lancashire, with higher greenhouse gas emissions in rural areas, while poorer air quality is concentrated in coastal and urban areas.

Enabled Opportunities

LGR creates an opportunity to share best practice across the area, pool resources, and invest collectively in measures to reduce disparities. A more consistent environmental health function, aligned with housing, planning,public health and other regulatory services would deliver both financial efficiencies and improved outcomes for residents.

Leisure and Culture

Leisure and culture services are a mixed responsibility of the Unitary Councils, LCC and the District Councils. There are over eighty libraries, a wide range of parks and leisure facilities, and a diverse cultural and heritage offer including museums, galleries, theatres and two designated National Landscapes. This provision is extensive but uneven across the county. The same is true for leisure centres, which are now directly delivered by only seven councils, with many others outsourcing to trusts or contractors. This results in variation in provision, distribution and affordability, limiting equitable access for residents across different communities. At the same time, libraries are beginning to evolve beyond traditional lending, offering adult learning, children's activities, digital access and health programmes, but the ability to scale these is limited.

Enabled Opportunities

Through LGR, leisure and cultural services could be planned and delivered more strategically, ensuring a fairer distribution of facilities and services and act as enhanced service delivery points. Consolidation would reduce duplication, improve financial resilience and allow successful initiatives to be expanded more widely, which would not only strengthen leisure and cultural provision but also support broader objectives around health, skills and community wellbeing.

Some of the council-managed open spaces and parks, including the National Landscapes, offer genuine leisure and cultural value. There is an opportunity through LGR to manage and promote these assets as part of a single place-based offer.

3.3 Our Partnerships

Devolution in Lancashire

In November 2023, the UK Government agreed to a Level 2 devolution deal to create a Combined County Authority with the three upper-tier councils in Lancashire: Lancashire County Council, Blackpool Council and Blackburn with Darwen Borough Council. This agreement marked a significant step towards greater local control over key public services and funding, following more than a decade of failed devolution discussions in Lancashire. This arrangement does not include a directly elected mayor, but there was agreement with Government that Lancashire would undertake a governance review to explore options towards deeper devolution.

The deal included £20 million in capital funding to support local economic growth projects. It also transfers powers from central government to the newly formed Lancashire Combined County Authority (LCCA), which will act in a strategic capacity in areas such as adult education, transport, employment and skills, and housing and regeneration. The agreement is designed to work in partnership with the 12 district councils across Lancashire, ensuring that local voices are part of the decision-making process.

Governance of the LCCA includes representatives from the three constituent councils, with Lancashire County Council having two voting members and Blackpool and Blackburn with Darwen each having one. The 12 district councils participate as non-constituent members. The LCCA is supported by 3 advisory boards; Skills, Economic Prosperity and Transport. The Lancashire Business Board also ensures that the voice of business is at the heart of Lancashire's strategic vision and action.

In September 2025, the LCCA approved 3 key strategy documents; the Lancashire Growth Plan, the Lancashire Local Transport Plan and the Get Lancashire Working Plan. These 3 documents set the strategic vision for Lancashire, and it is imperative that the new unitary authorities created are aligned to that vision and support the LCCA in achieving it.

In line with the English Devolution Bill, the LCCA is preparing to take on further responsibilities in areas such as spatial development planning and the co-ordination of infrastructure investment. A key component of this will be the preparation of a Spatial Development Strategy (SDS) for Lancashire, which will guide strategic growth across the county, complement local plans, and align with the Lancashire Growth Plan and other key strategies. It will provide a coherent framework for land use, housing, employment, and infrastructure investment, ensuring that development is planned in a way that supports inclusive and sustainable growth across Lancashire. The LCCA will require any new unitary authorities to actively contribute to the development and implementation of the SDS, and to work collaboratively to bring forward projects of strategic significance that may cross administrative boundaries.

Enabled Opportunities

Through LGR, deeper devolution can be underpinned by strong and sustainable councils that have the geography and resources to connect need and opportunity, while local economies and transport networks that straddle council boundaries are supported by a dynamic Lancashire-wide Strategic Authority, with extensive devolved powers and resources.

Public services delivered in Lancashire by partners

Alongside the council, a network of key partners currently deliver a wide range of public services across Lancashire. Whilst these partners have various delivery localities, which is explored below, it is important to note that each partner's overall footprint covers the whole Lancashire area. These organisations currently have 15 individual councils to work with across that area, which prevents efficient partnership working.

Health

The NHS Lancashire & South Cumbria Integrated Care Board (ICB) is responsible for health services across Lancashire County Council's twelve districts, the two existing unitary authorities and parts of Cumbria (Cumberland and Westmorland & Furness). The ICB delivers services through a series of place-based partnerships, which are broadly aligned to local authority areas but do not fully correspond to council geographies.

Acute and specialist health services are provided through a network of NHS trusts:

- **Blackpool Teaching Hospital NHS Foundation Trust** – operating three hospitals including the Lancashire Cardiac Centre and regional cardiothoracic surgery.

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- **East Lancashire Hospital NHS Trust** – operates two teaching hospitals and community sites that provide emergency, planned, maternity and urgent care.
- **Lancashire & South Cumbria NHS Foundation Trust** – delivers a range of specialist mental health, learning disability and community services including inpatient facilities.
- **Lancashire Teaching Hospital NHS Foundation Trust** – operates two hospitals providing major trauma, neurology, urgent care and elective services.
- **Mersey & West Lancashire Teaching Hospitals NHS Trust** – provides acute, women's and children's services and elective care from Ormskirk District General Hospital.
- **University Hospitals of Morecambe Bay NHS Foundation Trust** – operates Royal Lancaster Infirmary and hospitals in Barrow and Kendal, serving North Lancashire and South Cumbria.

Due to the NHS trusts operating across footprints that do not neatly match existing council boundaries, integration with local authorities around public health and adult social care is challenging and requires ongoing co-ordination.

Policing

Lancashire Constabulary covers the entire county and is structured into three territorial divisions:

- **East** – covering Blackburn with Darwen, Burnley, Hyndburn, Pendle and Ribble Valley.
- **South** – covering Chorley, South Ribble, West Lancashire and Preston.
- **West** – covering Blackpool, Fylde, Wyre and Lancaster.

Neighbourhood policing is delivered through local teams supported by community beat managers, Police Community Support Officers (PCSOs), special constables and volunteers. While this structure ensures full coverage, the Constabulary's operational boundaries do not align with local government boundaries. This adds complexity to joint initiatives on community safety, safeguarding and early intervention, where effective partnership work is essential.

Fire and Rescue

Lancashire Fire and Rescue Service operates around 40 stations across six area commands: Northern, Southern, Eastern, Western, Central, and Pennine. Stations include whole time, retained and day-crewed models to ensure 24/7 coverage based on risk and geography. As with health and policing, these boundaries differ from those of councils, requiring an additional layer of cross-boundary coordination for planning, prevention activity and community resilience programmes.

Community Safety Partnerships

Lancashire also has a network of Community Safety Partnerships, bringing together responsible authorities such as District Council representatives and councillors, LCC representatives, Police, Fire & Rescue, Health, Probation and Voluntary Sector Organisations. They work collaboratively to develop and implement local strategies for community safety and wellbeing tailored to specific local and community needs.

Coronary and Registrar Services

Coroners

Coronial areas aren't aligned with local authority areas. Lancashire has two coronial areas, each with their own Senior Coroner: 1. Lancashire and Blackburn, delivered by LCC and 2. Blackpool and Fylde, delivered by Blackpool. These service delivery footprints are well established and demonstrate effective ways of working across two larger areas.

Registration

There are three Registration Districts in Lancashire aligned with upper tier local authority boundaries. The LCC district is considerably larger than the other two and achieves much better economies of scale and resilience. This shows the importance of creating unitaries of sufficient scale in order to achieve value for money.

Voluntary Sector

The Voluntary, Community, Faith and Social Enterprise (VCFSE) sector in Lancashire is a vibrant and essential part of the region's social and economic fabric, contributing over £609 million annually to the local economy, with volunteering alone valued at £143 million. It plays a pivotal role in promoting equality, community wellbeing, and inclusive economic development. The sector is increasingly recognised as a strategic partner in public service delivery, particularly within health and care systems, through initiatives like the Lancashire and South Cumbria VCFSE Alliance. Collaborative efforts across the county aim to ensure the sector is adequately resourced and influential in shaping a fairer, greener, and more resilient Lancashire.

Working with Business

Lancashire Chambers of Commerce

The Chambers of Commerce in Lancashire (North & Western, East Lancashire, and Lancaster & Morecambe) play a vital role in supporting over 1,600 businesses across the county. They offer services including international trade support, training and development, policy advocacy, and networking opportunities. The Chambers act as a collective voice for local businesses, helping shape regional economic policy and providing practical tools to help companies grow, innovate, and compete. There is a strong relationship between the Chambers and Lancashire's Local Authorities.

Lancashire Business Board

The Lancashire Business Board is an independent advisory group made up of senior leaders from major regional, national, and international firms. The Business Board supports the LCCA and provides it with a private sector perspective on local policy, supports inward investment, and advocates for economic growth and devolution in Lancashire. Members contribute their expertise to help shape strategic initiatives and collaborate with local councils to ensure business needs are reflected in regional development plans.

Enabled Opportunities

Larger, more strategically capable councils, would be better placed to work with these partners to align priorities, streamline engagement and enable more integrated approaches to service delivery across health, community safety and emergency response.

3.4 Responding to local views

Resident Views

The aspirations and priorities of our residents must be central to considerations about the future of local government in Lancashire. A public survey was launched to gather early insights into residents' awareness, concerns and priorities regarding LGR. The survey was designed to ensure that the voice of the public is considered from the outset and incorporated into the emerging proposals for reorganisation. It also helped to establish residents' priorities in terms of the council services they benefit from.

The survey received over 13,000 responses, including almost 68,000 written comments, reflecting a significant level of public interest and engagement. A detailed independent analysis of the survey, completed by Cratus, can be read at Appendix 8.

What Residents Told Us

Lancashire residents are proud of this county. Most respondents expressed a strong attachment to their local communities, with three-quarters identifying most closely with their town or village. This sense of local identity was a recurring theme throughout the survey and shaped many of the concerns about reorganisation. It is crucial therefore, in order to protect that strong local identity, new unitary councils, no matter their size, must create robust community-based arrangements to provide residents with genuine opportunity to influence decisions in their areas.

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When asked about their preferences for future council structures, 63% said they would prefer to retain the current councils, while only 23% supported the move to larger unitary councils. The remaining 15% were unsure. Just one postcode area (PR1) showed a majority preference for the implementation of new unitary councils.

Residents were clear though about what they value in local government. The most important areas to residents included health and care services, access to parks and green spaces and reliable waste collection. They indicated a strong desire for value for money and reliability of services. Proposals for reorganisation must ensure that new unitary councils have the financial sustainability to not just protect these services but enhance them.

What residents think of their current services

Overall, residents rated their experience with council services at 63 out of 100, with 81% expressing neutral or positive views. However, there was significant variation between different postcode areas across the county. New, larger unitary councils will help to ensure that resident experience is more consistent and positive across Lancashire, reducing the postcode lottery effect.

Looking ahead, residents emphasised the need for consistent and reliable services, good value for money, and clear, transparent decision-making.

Views on Reorganisation

The most frequently cited concern was the loss of local identity and representation, with fears that smaller towns and villages would be overlooked in a larger system. Others worried about bureaucracy, service quality and unfair distribution of resources. There were also practical concerns about the cost and complexity of the transition.

Some respondents did see the potential advantages in a unitary model. These included greater efficiency, simplified access to services and better strategic planning. A smaller number also believed that economies of scale could lead to cost savings and improved infrastructure.

How our proposal must adapt

It's clear that any move toward reorganisation must be accompanied by clear, transparent communication. Residents need to be reassured that local voices will still be heard, and that services will not be diminished. New unitary councils must have the financial capability to invest locally and protect local services that are valued the most.

We look forward to further engagement with residents when the Government launches the statutory consultation on LGR options for Lancashire next year.

Stakeholder views

We recognise the importance of key stakeholder engagement throughout the LGR journey of developing proposals and implementing a new local government structure. Their role, and Lancashire councils' relationship with them, is critical in successfully delivering a forward-looking model that improves services for residents, by integrating delivery at a more local, neighbourhood level. It is important that Lancashire councils all work together at the appropriate time, to engage key partners in detailing and progressing the selected LGR model.

As set out above, the existing public services system across Lancashire is complex and misses opportunities for greater efficiency. Reorganisation is an opportunity to simplify that system and reshape how services are designed and delivered, with a renewed emphasis on working within communities and prioritising preventative approaches.

Collaborative Service Design and Delivery

Our partners such as the Lancashire Combined County Authority, businesses, NHS and ICB, Police, Fire & Rescue, housing providers, education providers, and voluntary and community organisations are not just stakeholders in the LGR process, they are co-creators of the future operating model. Their involvement will be critical in designing integrated services that reflect the needs of local communities and deliver better outcomes.

These partnerships will underpin our neighbourhood governance proposals, working within communities, focused on prevention, early help and tackling the root causes of social challenges.

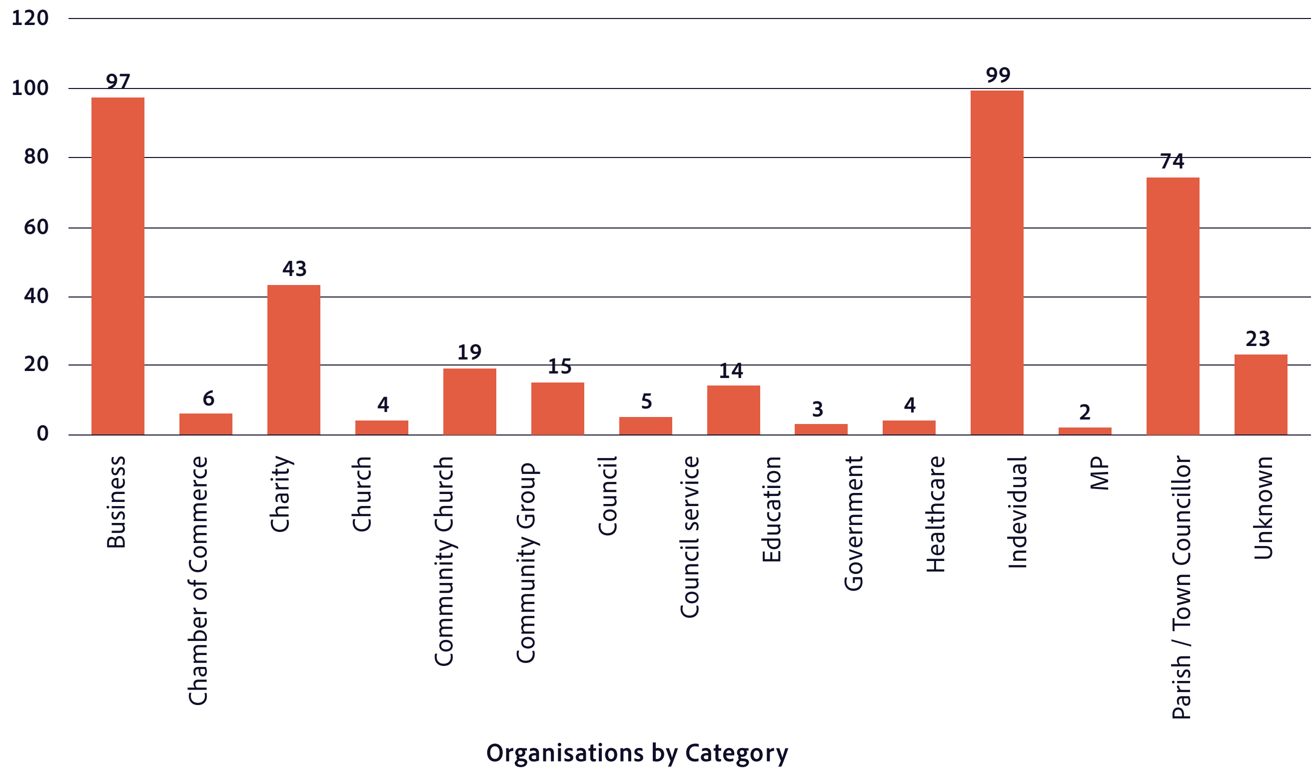
Stakeholder Engagement

We have already undertaken a structured and proactive approach to stakeholder identification and engagement, as part of the proposal development. A comprehensive stakeholder mapping exercise has been completed, identifying a range of key individuals and organisations across sectors including elected representatives, public service partners, business leaders and community organisations.

Together with the other Lancashire councils, we have carried out a stakeholder engagement survey, designed to understand stakeholders' views on both the opportunities and challenges of reorganisation. A total of 409 responses were received, representing over 200 unique organisations and individuals covering a range of different sectors. A more detailed analysis of the survey and the approach taken can be found in Appendix 9.

- Stakeholders identified several areas where new councils could deliver better outcomes:
- **Improved Services**: Strong demand for better transport, road maintenance, public transport and waste collection.
- **Economic Growth**: Support for reducing business rates, revitalising high streets and boosting local economies.

Figure 3.13 – Stakeholders Responses – Organisations by Category



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- **Efficiency & Accountability**: Desire for streamlined services, clearer responsibilities, faster responses and transparent decision-making.
- **Community & Wellbeing**: Calls for investment in health (especially mental health), education, youth services and support for voluntary groups.

Concerns About Reorganisation

While many stakeholders saw potential benefits, some expressed potential concerns:

- **Financial Risks**: Concerns about increased council tax, inefficiencies and poor use of funds.
- **Loss of Local Representation**: Feeling that rural and fringe areas may lose their voice in decision-making.
- **Centralisation & Bureaucracy**: Concerns that reorganisation may lead to remote governance and not reduce red tape.
- **Equity & Identity**: Fears that reorganisation may lead to unequal funding distribution and loss of unique local identities.

Final Reflections

In their final reflections, stakeholders offered a range of views on the proposed models for reorganisation. Some favoured fewer, larger councils for the sake of efficiency, while others advocated for more, smaller councils to preserve local knowledge and responsiveness. There was no clear consensus for a particular configuration, but it is apparent that proposals for reorganisation need to ensure financial sustainability and value for money, protect local voices and influence, and ensure that all parts of Lancashire – urban and rural alike – benefit equally from it.

Beyond the survey, we have identified a core set of stakeholders with whom it is vital that relationships are built and enhanced to deliver efficient new structures. These include, but are not limited to, Members of Parliament, County Councillors, NHS bodies, Police and Fire & Rescue services, major employers, Chambers of Commerce, voluntary and community sector organisations, and university and educational institutions. Senior officers have met with some of these core stakeholders individually with the aim of:

- Informing and engaging stakeholders on the proposed local government reorganisation.
- Gathering feedback, concerns, and suggestions from key individuals and organisations.
- Building trust and transparency throughout the process.

These early conversations have been invaluable in shaping our thinking and future planning. Amongst some stakeholders, a level of uncertainty remains around the difference between LGR and devolution, with both processes progressing simultaneously in Lancashire. Strong communication will be vital.

Similar to the findings of the stakeholder survey, we found no general consensus for a particular option. Views varied depending on their sector and their location:

- NHS bodies see opportunities to achieve greater consistency and improve integrated care pathways, both enabled by working at bigger scale. They also see LGR as a chance to improve alignment with local government on the delivery of the NHS 10-year plan, which puts much stronger emphasis on neighbourhood delivery.
- Education institutions and universities recognise the importance of new unitary councils having the appropriate scale and capacity to work strategically. Views on particular unitary configurations varied depending on their location. Education institutions recognise their roles as anchors in their local areas. It is important that we recognise this role in our proposals for community-based working.
- The business community similarly recognise the value of simplicity and scale, so that the new councils have the ability to attract investment and develop infrastructure aligned to the needs of business. There is also a view that it may be beneficial to align new councils with existing economic geography patterns, where possible.

- Other public sector partners, such as the Police and the Ambulance Service, identified that transition may be less complex if the new unitary configuration aligns with existing service delivery boundaries. But acknowledged the opportunity LGR brings to improve efficiency and value for money.

Post-Submission

Following the submission of the LGR proposal, Lancashire County Council will maintain momentum by continuing to engage key stakeholders across sectors. This ongoing dialogue will serve two critical purposes.

1. It will enable the co-development and implementation of pilot schemes for place-based working, allowing partners to test integrated service models in real community settings. These pilots will focus on preventative approaches such as early help, community health, and neighbourhood safety, and will provide valuable learning to inform wider roll-out.
2. Sustained engagement will ensure that once government selects its preferred LGR model, Lancashire is well-positioned to move quickly into implementation. Established relationships, shared priorities and early collaborative working will allow for a smoother transition, minimising disruption and accelerating the delivery of benefits to residents.

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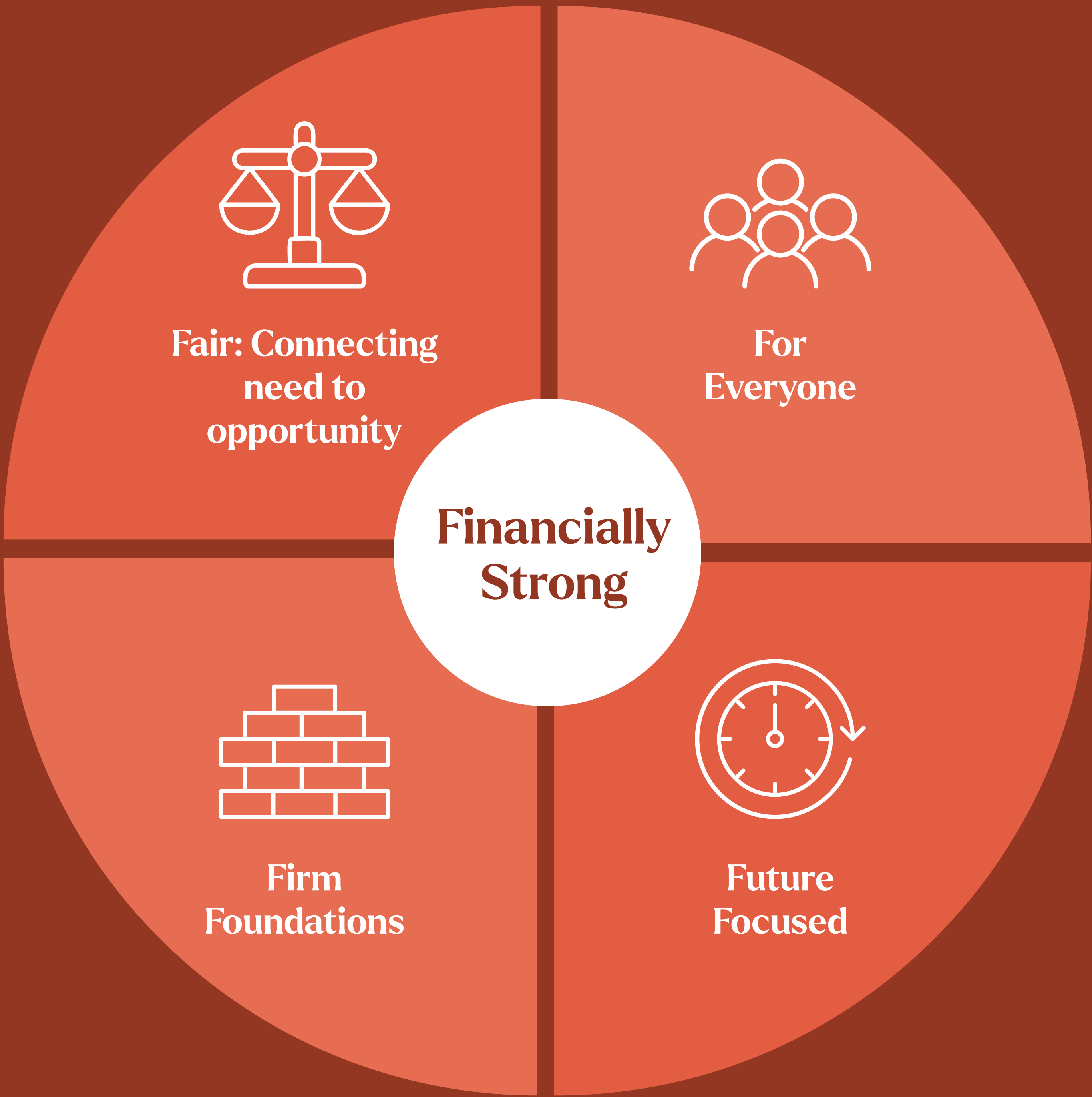
3.5 Conclusions – Responding to our challenges and opportunities

Flowing from the challenges and opportunities outlined, a set of objectives have been established which will guide considerations around the best solutions for LGR in Lancashire. They fully align to the government's criteria for assessing proposals but also reflect local considerations and are as follows:

1. **Fair** – connecting need to opportunity: Our Local Authorities need to support all our communities to prosper. We need local governance that can drive inclusive growth across the whole of Lancashire, to avoid concentrating deprivation or affluence, or centralising demand in ways that create imbalance or allow one area to dominate. A well-balanced configuration of Local Authorities will enable fair resource allocation and more effective management of service to reflect need and opportunity, raising the bar for all communities, whilst narrowing the gaps between them - making sure no Lancashire communities are left behind.
2. **Financially strong**: Ensure that all new authorities are established with the financial stability and capacity to succeed and are designed to reduce inefficiencies, overheads and duplication, and deliver value for money. Financially strong authorities will have the capacity and capability to deliver effective devolution of decision-making to communities, and drive the transformation and tailoring of services to deliver preventative, integrated and improved services for all our communities.
3. **For everyone**: Recognise and embrace the distinct identities, aspirations and needs of different communities. Promote inclusivity and engagement by developing new governance structures that enable decision making and service delivery to be responsive to local priorities, therefore empowering every community and fostering a strong sense of local identity and belonging.
4. **Firm foundations**: Deliver a streamlined and proportionate transition that minimises disruption, sustains focus on critical local service challenges, and safeguards essential services for residents through the process.
5. **Future focused**: Establish Unitary Authorities that will stand the test of time, with the capacity to drive economic growth, support communities and deliver the next generation of integrated public services.

This assessment of the challenges and opportunities across Lancashire shows why a new model for local government must be able to pool resources to manage the disparities in resident outcomes and service demands, and to plan inclusively to connect deprived areas with growth corridors. The two unitary authority model provides the best option to achieve this.

Figure 3.14 – Connecting Need to Opportunity



Section 4

Options appraisal

This chapter sets out the approach we have taken to assessing the options against the criteria and objectives for Local Government Reorganisation. It sets out our Options Appraisal which, through analysis of the available evidence highlights that:

- Two Unitary Authorities offers the strongest balance of equity, efficiency, and resilience of all the options assessed. Whilst 3UA is a strong option, it doesn't provide the same efficiencies or equity.
- Smaller unitary models (4 and 5 unitaries) risk embedding inequalities and financial fragility due to reduced flexibility and shared risk.
- Larger scale unitary authorities enable strategic investment to support economic and housing development and integrated service delivery.

Conclusion:

The Options Appraisal confirms Lancashire needs councils with sufficient scale to be able to act strategically and flexibly to reflect the different demands and needs across the county. Only through efficient council structures operating at scale can we have public services which can connect need to opportunity across all our communities. 2UA provides that scale, whilst also offering the most equity and resilience.

4. Options appraisal

4.1 Appraisal Approach

MHCLG has set out six criteria against which options for local government reorganisation should be assessed. These reflect the Government's ambitions for reform and the standards that all proposals are expected to meet. In developing our appraisal for Lancashire, we have aligned to these criteria while also introducing a seventh, to reflect our ambitions and objectives for LGR. This additional criterion emphasises the importance of creating a future-ready Lancashire: a governance model of sufficient scale and sustainability to provide the flexibility required to meet the needs of today and adapt to those of tomorrow.

The table to the right sets out the six criteria which all options will be assessed, with a description of our interpretation of what success looks like from the perspective of government. In addition, it provides a description of the seventh criteria for Lancashire.

Table 4.1

Criterion	What success looks like
1: Single tier of local government [MHCLG]	A single tier of local government which covers the entirety of Lancashire with no gaps or overlaps and utilises existing boundaries. Proposals are cognisant of existing economic areas, and do not create socioeconomic, tax or housing imbalance between areas.
2: Right size for efficiency and resilience [MHCLG]	Each proposed council has a population of over 500,000. Proposals should offer financial resilience and sustainability, and the ability to drive efficiencies that are maintained to secure stable funding for future outcome delivery.
3: High quality, sustainable services [MHCLG]	Proposals offer the scale to improve service standards by providing a platform for meaningful public service reform. Services can be integrated effectively, reducing fragmentation, to help drive value for money and lower unit costs.
4: Joint working and local support [MHCLG]	Proposals acknowledge local identity and historic context, with the ability to deliver on a local and strategic level and effective joint working. Evidence of constructive partnership working between stakeholders and meaningful engagement with residents and partners.
5: Supports devolution [MHCLG]	The proposed councils are of a sufficient scale to ensure appropriate population ratios between the unitary authorities and the Lancashire Combined County Authority, and are able to maximise the opportunities of current and future devolution arrangements.
6: Strong community engagement [MHCLG]	Agile and future-focused mechanisms for community empowerment and locally led decision-making. Models ensure clarity and accessibility in democratic processes.
7: Creating a future ready Lancashire [LCC]	UAs are of sufficient scale, to be adaptable to Lancashire's future needs and to seize future opportunities for prosperity. Proposals enable strategic alignment on Lancashire's economic priorities and the Local Growth Plan, simplifying investment access, enabling strong pan-regional partnerships and providing a robust platform for radical public service reform.

4. Options appraisal

Table 4.2

Alignment of the five objectives with MHCLG criteria							
Objective	MHCLG and LCC Criteria						
	1	2	3	4	5	6	7
Fair – connect need to opportunity	✓	✓	✓	✓	✓	✓	✓
Financially strong	✓	✓	✓	✓	✓	✓	✓
For everyone	✓	✓	✓	✓	✓	✓	✓
Firm foundations	✓	✓	✓	✓	✓	✓	✓
Future focused	✓	✓	✓	✓	✓	✓	✓

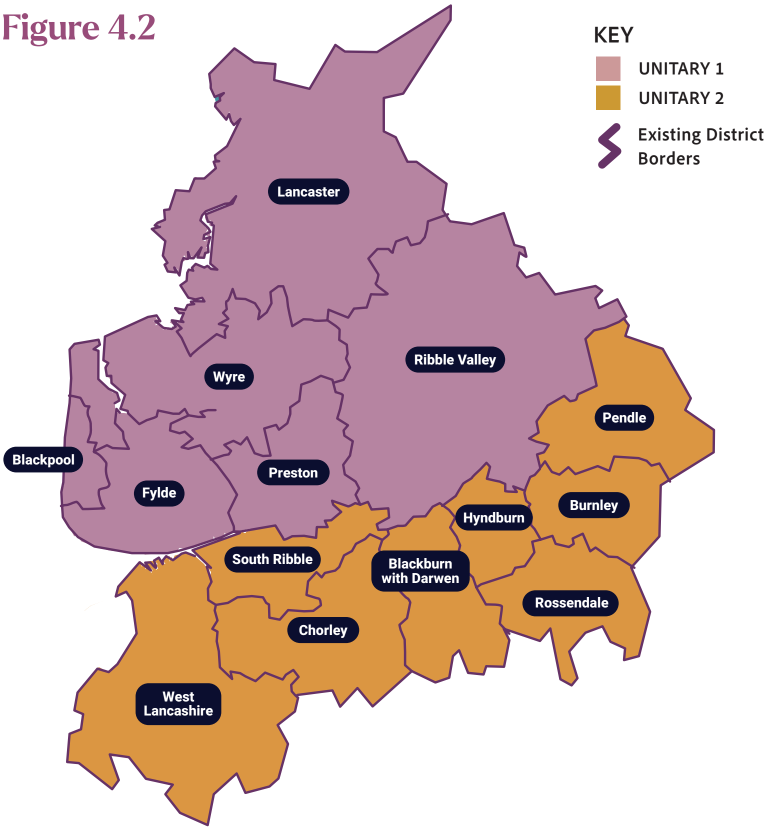
Alignment
This objective ensures Lancashire's reorganisation delivers balanced and equitable outcomes across all our communities. It underpins a single, coherent tier of government that promotes balanced economic, social, fiscal, and housing growth across the county. Fairness drives consistent access to high-quality services and shapes our approach to radical public service reform - integrating delivery around people and place to tackle inequalities at their root. It supports equitable resource allocation, strengthens partnership working by connecting need and opportunity across Lancashire, empowers communities to participate meaningfully in decision-making, and ensures that future prosperity and the benefits of devolution are shared evenly across all of Lancashire's places.
This objective ensures Lancashire's new governance arrangements are built on long-term financial resilience, efficiency, and value for money. It establishes a single, sustainable system with the scale and capacity to reduce duplication, unlock efficiencies, and reinvest savings into improved local services. Financial strength is the foundation for transformational reform—enabling investment in prevention, integration, and innovation to deliver better outcomes at lower cost. It strengthens partnership credibility, provides stability for workforce and service planning, and ensures Lancashire's councils have the capability to take on devolved powers with confidence. A financially strong system can fund flexible mechanisms for locally led decision-making, supports sustainable economic growth, and creates the fiscal flexibility needed to adapt to future challenges and opportunities.
This objective ensures Lancashire's future governance is inclusive, representative, and connected to the identities of its people and places. Within fair and balanced unitary authorities, local need won't be masked by averages, allowing resources and reform to be directed where they are needed most. It drives service models that integrate delivery, focus on prevention, and tackle inequality at its root. This objective underpins inclusive economic growth by aligning regeneration, skills, and infrastructure investment with the needs and potential of every community. It also drives democratic renewal, strengthening participation, transparency, and trust through meaningful engagement and devolved accountability. By recognising Lancashire's diversity - urban, rural and coastal - it ensures that every community has a voice in shaping decisions and shares in the benefits of growth, prosperity, and devolution.
This objective ensures Lancashire's reorganisation is delivered with stability, confidence and clear purpose. It provides the governance, financial, and operational resilience needed to safeguard essential services and maintain public trust through change. Strong transition planning will minimise disruption, protect critical functions and create the conditions for service reform to take root quickly and effectively. This objective also builds institutional maturity - strengthening workforce capacity, digital infrastructure, and partnerships to support future devolution and transformation. Firm foundations mean Lancashire's new authorities can move seamlessly from restructuring to renewal, with the capability to deliver sustainable improvement from day one.
This objective ensures Lancashire's new governance is adaptable, ambitious, and built to stand the test of time. It aligns local structures with Lancashire's economic strengths and growth corridors, enabling a coherent, strategic approach to long-term investment and development. Central to this is radical public service reform - using innovation, technology, and collaboration to redesign services around people and place, improving outcomes while delivering greater efficiency and prevention. A future focused proposal will enable local government to work in partnership with the CCA to lead on future priorities such as skills, health, digital inclusion, and energy, while ensuring Lancashire remains competitive and resilient in a changing economy. Future Focused governance will secure the flexibility, capability, and foresight needed to deliver sustainable prosperity for generations to come.

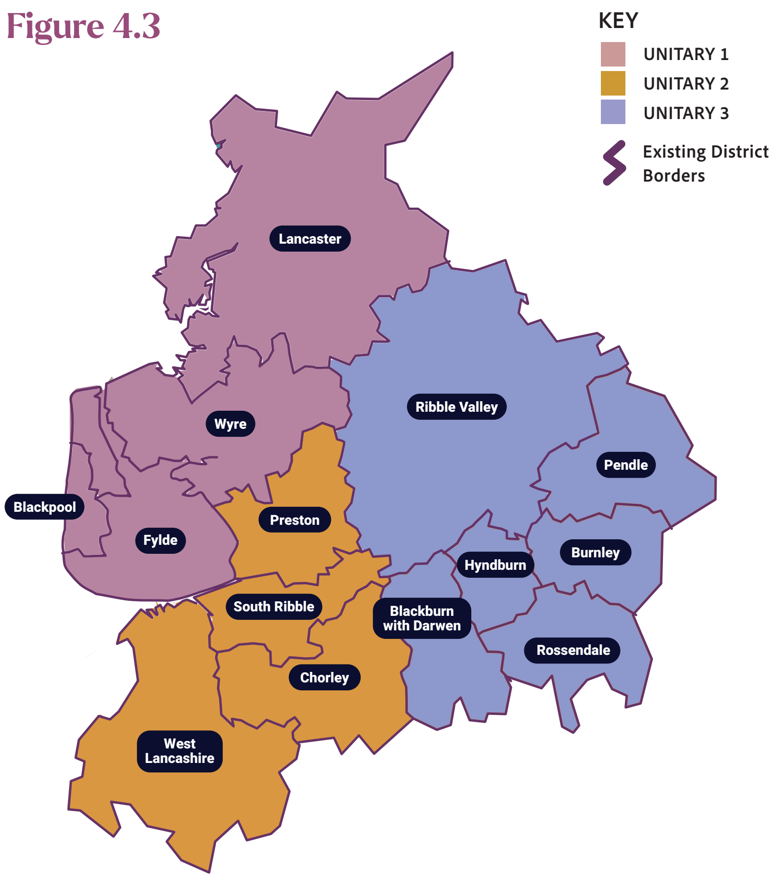
4. Options appraisal

Options for review

Across the fifteen councils in Lancashire, five potential models of local government have been identified for consideration. The table shows the UA boundaries of each option, the estimated population and the rationale for selecting that option.

Option	Geography	Description
1 Unitary Authority	Figure 4.1 	**Estimated populations (2024):** 1,601,645 **Core rationale:** A single county unitary authority, if government policy was to change, is likely to offer the best balance of efficiency, strategic capacity and coherence. It would also provide the simplest solution for both residents and partners and enable a strong singular voice for Lancashire.

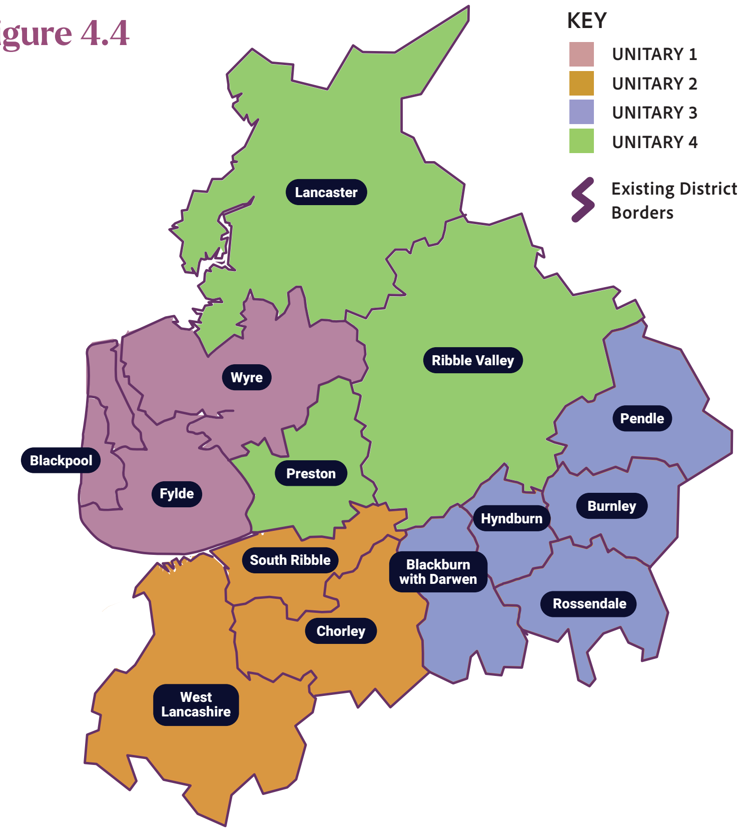
Option	Geography	Description
2 Unitary Authorities	Figure 4.2 	**Estimated populations (2024):** ▪ Unitary 1 (North): 722,045 Blackpool; Fylde; Lancaster; Preston; Ribble Valley and Wyre ▪ **Unitary 2 (South): 879,600** Blackburn with Darwen; Burnley; Chorley; Hyndburn; Pendle; Rossendale; South Ribble; and West Lancashire **Core rationale:** This option is based on the premise that larger authorities would provide more financial efficiency in service delivery and promote equity between North and South Lancashire regarding funding and responses to demand pressures.

Option	Geography	Description
3 Unitary Authorities	Figure 4.3 	**Estimated populations (2024)** ▪ Unitary 1 (North): 493,387 Blackpool; Fylde; Lancaster; and Wyre ▪ **Unitary 2 (South): 521,811** Chorley; Preston; South Ribble; and West Lancashire ▪ **Unitary 3 (East): 586,447** Blackburn with Darwen; Burnley; Hyndburn; Pendle; Ribble Valley; and Rossendale **Core rationale:** This option considers 3UAs to be a sufficient scale to offer some financial stability through efficiencies and to deliver improvements in service delivery. It is focused on bringing together areas with similar characteristics with single UAs.

4. Options appraisal

<table>
<tr><th>Option</th><th>Geography</th><th>Description</th></tr>
<tr><td>4 Unitary Authorities - Option A</td><td>

Figure 4.4



</td><td>

Estimated populations (2024)

- **Unitary 1** (West): 348,381 Blackpool; Fylde; and Wyre
- **Unitary 2** (South): 358,947 Chorley; South Ribble; and West Lancashire
- **Unitary 3 (East):** 520,653 Blackburn with Darwen; Burnley; Hyndburn; Pendle; and Rossendale
- **Unitary 4** (North): 373,664 Lancaster; Preston; and Ribble Valley

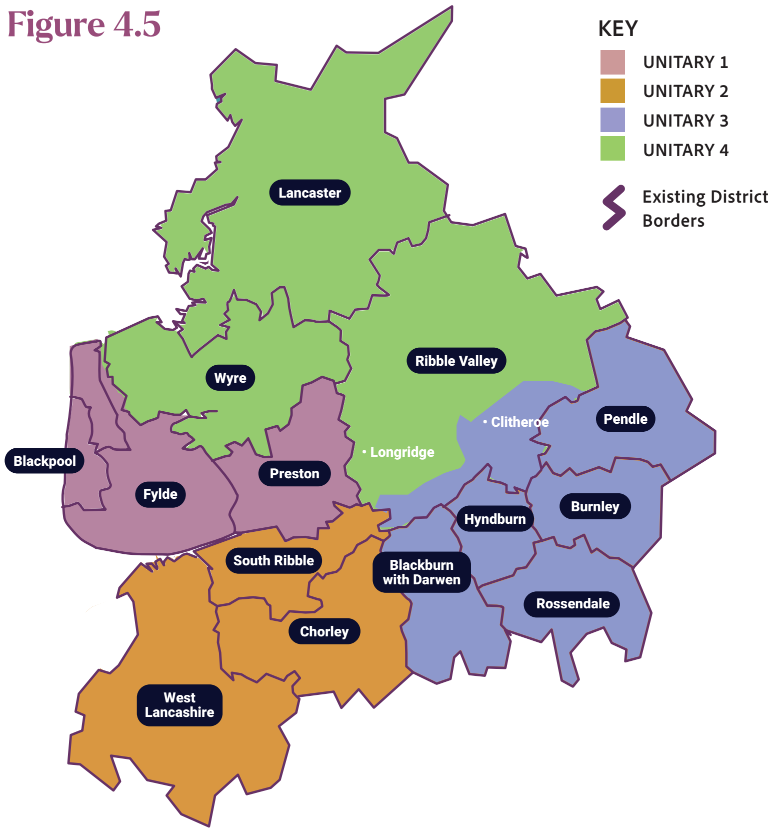
Core rationale:

This option considers 4UA to best align to the current economic footprints of Lancashire. This option will argue it can provide strong local leadership whilst being of a sufficient scale.

</td></tr>
</table>

<table>
<tr><th>Option B</th><th>Geography</th><th>Description</th></tr>
<tr><td>4 Unitary Authorities - Option B</td><td>

Figure 4.5



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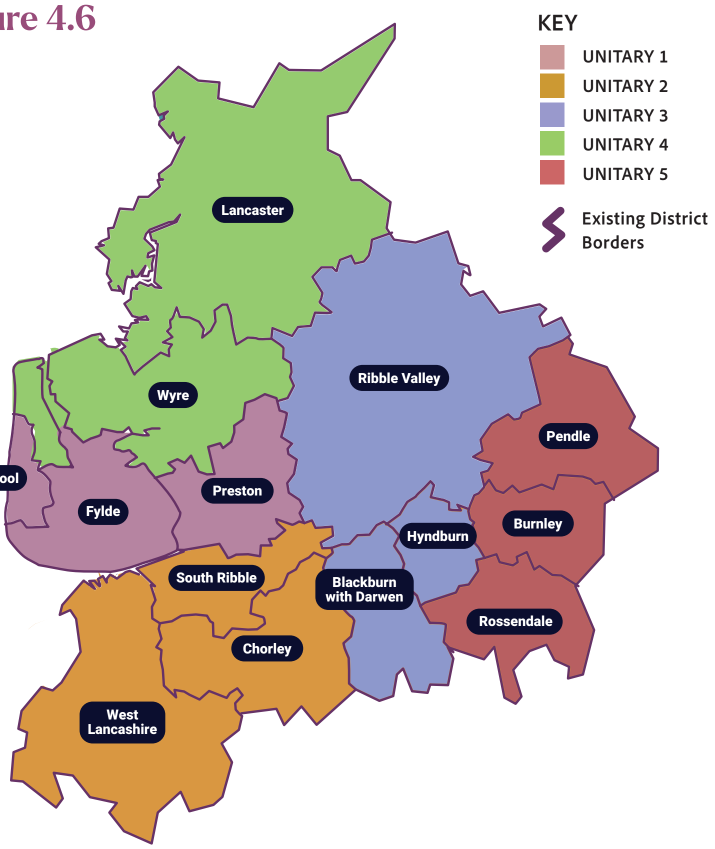
Estimated populations (2022):

- **Unitary 1** (West): 456,001 Blackpool; Fylde; Preston and Urban Wyre
- **Unitary 2** (South): 350,157 Chorley; South Ribble; and West Lancashire
- **Unitary 3** (East): 545,057 Blackburn with Darwen; Burnley; Hyndburn; Pendle; Rossendale; and South Ribble Valley
- **Unitary 4** (North): 199,275 Lancaster; North Ribble Valley; and Rural Wyre

Core rationale:

This option considers 4UA to best align to the current economic footprints of Lancashire, specifically recognising the close economic relationship between Preston and the Fylde Coast. This option will argue it can provide strong local leadership whilst being of a sufficient scale.

</td></tr>
</table>

Option	Geography	Description
5 Unitary Authorities	Figure 4.6 	**Estimated populations (2024)** ▪ **Unitary 1** (West): 392,502 Blackpool; Fylde; and Preston ▪ **Unitary 2** (South): 358,947 Chorley; South Ribble; and West Lancashire ▪ **Unitary 3** (East): 314,392 Blackburn with Darwen; Hyndburn; and Ribble Valley ▪ **Unitary 4** (North): 263,749 Lancaster; and Wyre ▪ **Unitary 5** (Pennine): 272,055 Burnley; Pendle; and Rossendale **Core rationale:** Smaller unitary authorities may operate with greater agility, reduce reliance on large staffing resources, and foster enhanced engagement with local communities. Such proximity can encourage residents to participate actively in decision-making processes and promote accountability within local government regarding the provision of services and strategic planning.

Why these configurations?

It should be noted that other configurations of all options have been explored by the Councils across Lancashire and those selected for review here are the preferred models for which there will be LGR Business Cases prepared and submitted. An East/West configuration for a 2UA model has been explored, however the North/South model is evidenced as being a more balanced option, particularly in relation to population sizes, equity of demand and tax base. Early analysis showed the East/West model was a significantly weaker option than a North/South configuration and it has therefore not been taken through the more rigorous options appraisal in this Business Case.

4. Options appraisal

High-Level Options Assessment

Before moving into the formal long-listing process, each option has been subject to an initial high-level review to assess its ability to meet the agreed criteria.

This exercise has led to the exclusion of two options from the long list:

- Single Unitary Authority (1UA) – see Appendix 10 for a more detailed assessment of 1UA: This option would be coterminous with the boundaries of the Lancashire Combined County Authority. As such, it would not satisfy the devolution criteria requiring appropriate population ratios, nor would it add value to current or prospective devolution arrangements. It should be noted however that any changes in the strategic direction of the LCCA may make it appropriate to review the 1UA option and therefore for completeness it has still been included in the financial analysis. If government policy changes, enabling single unitary authorities to act as strategic authorities and taken on devolved powers, then Lancashire County Council would like the opportunity to reconsider a single county unitary as an option for reorganisation.
- Four Unitary Authorities, Option B (4UAb): This model does not align with existing administrative boundaries and, as a late addition to the process, there is insufficient evidence available to support a robust assessment. However, should the longlist appraisal identify the 4UA as an option to shortlist and assess further then 4UAb will also be considered further.

4.2 Longlist Appraisal

The remaining options are evaluated against the seven agreed criteria. Each option is assessed qualitatively to determine the extent to which it meets the definition of success, with performance expressed using the RAG rating framework outlined below.

Table 4.3

Green	Amber	Red
Option fully meets conditions for the criterion – Strong / Low Risk	Option partly meets the criterion – Moderate / Manageable Risk	Option does not meet key conditions – Weak / High Risk
• Clear, robust evidence that the criterion is met in full • Benefits, alignment, or deliverability are highly credible • Risks are low and well managed; no major barriers identified • Only minor refinements needed	• Criterion is partly met; some uncertainty, gaps or trade-offs remain • Benefits or alignment are credible but not fully evidenced • Delivery risks exist but are manageable with mitigation • Further work required before full confidence is achieved	• Criterion largely unmet; significant weaknesses or barriers evident • Benefits are unclear, low or speculative • Major risks around affordability, deliverability or alignment • Option not credible without fundamental redesign

Table 4.4

Criteria		2UA	3UA	4UA	5UA
Single tier of local government	Sensible economic area	A	G	G	A
	Suitable tax base	G	G	R	R
	Promotes housing	G	A	R	R
	Equitable between localities	G	A	R	R
	Realistic outcomes	G	G	R	R
Right size for efficiency and resilience	500,000+ population	G	G	R	R
	Efficiencies in public services	G	A	R	R
	Transition costs	G	A	R	R
	Financial resilience (manage debt)	G	A	R	R
	Financial sustainability	G	A	R	R
High-quality, sustainable services	Higher quality public services	G	G	R	R
	Public service reform for vfm	G	G	R	R
	Mitigates against negative impacts to crucial services	G	A	R	R
Joint working and local support	Local stakeholders endorse	A	A	A	A
	Local identity and historic importance	A	A	A	A
Supports devolution	Align with CCA	G	G	G	A
	Sensible population ratio vs CCA	G	G	A	R
Stronger community engagement	Plan to engage	G	G	G	G
	Plan to harness	G	A	A	A
Creating a future ready Lancashire	Enables strategic coherence	G	G	A	R
	Future adaptability	G	A	R	R
	Platform for radical public service reform	G	G	R	R
	Simplified for investment	G	A	R	R
	Pan-regional partnerships	G	A	R	R

4. Options appraisal

Table 4.5

Single tier of local government				
Criteria	2UA		3UA	
	RAG	Rationale	RAG	Rationale
Sensible economic area	A	**Strengths:** The total council tax base is reasonably split but with a 4 percentage point difference between the two UAs. In terms of how this taxbase works for the population the rate of tax band D equivalents per 1,000 residents is 12% higher in the North than the South, this is the lowest disparity in rates of all the UA options. Delivers the most balanced socioeconomic UAs of all options, creating a robust platform for effective service design and positioning each authority for long-term success. Each UA combines shared sector strengths with distinctive assets and priorities, providing clear local focus for each UA and a strong platform for partnership working alongside the CCA. The tax base is most equitable between UAs in this option. Large strategic UAs have the scale to drive housing delivery across localities, with simpler governance that builds stronger relationships with national agencies and developers while reducing transaction costs. Their breadth allows housing growth to be planned across wider functional markets, aligning new homes with jobs and infrastructure. **Weaknesses:** As with all options under consideration, the 2UA model is not aligned to the established travel-to-work patterns identified in the Lancashire IER (2021). However, this option has the least alignment between current and historic patterns and administrative boundaries.	G	**Strengths:** The taxbase is evenly split with a minor variance of 1 percentage point. The taxbase rate per 1,000 residents in 19% higher in the North compared with the East despite fairly even splits of the tax base. The model aligns more closely with the travel-to-work patterns identified in the Lancashire IER, though the polycentric nature of the county's economy prevents any LGR option to fully reflect them. Sufficient scale to deliver housing targets and build strategic relationships with developers and national agencies. **Weaknesses:** Provides a reasonable balance of socioeconomic characteristics, but with some significant disparities — including a £4bn gap in economic size between South and North Lancashire, and a 26 percentage point difference between the East and North UA when considering the proportion of neighbourhoods that are within the top 30% most deprived nationally. Whilst closer to the travel-to-work patterns, the 3UA model remains large enough to lose some local connection and increases risk of creating suburbs rather than centres, particularly in the South East. Consideration as to whether division across the South will complicate County wide objectives to enable east-west connectivity.
Suitable tax bases	G		G	
Promotes housing	G		A	
Equitable between localities	G		A	
Realistic outcomes	G		G	

4UA		5UA	
RAG	**Rationale**	**RAG**	**Rationale**
G	**Strengths:** The model aligns more closely with the travel-to-work patterns identified in the Lancashire IER, though the polycentric nature of the county's economy prevents any LGR option to fully reflect them. **Weaknesses:** The total council tax base is reasonably split but with a 4 percentage point variance. However there is considerable disparity when applying this tax base to the population with a 29% higher rate of band D equivalent properties in the area with the highest rate vs the area with the lowest rate. Economic footprints can shift – and need to in Lancashire (e.g. need for increased east–west connectivity), so hardwiring structures around today's patterns risks locking in geographies that need to evolve. Shows substantial imbalance between UAs across key socioeconomic indicators, with the widest gaps of any model in resident earnings, business dynamism, higher-level qualifications, and deprivation. Substantial risk of entrenching inequality and weakening resilience across authorities. Four separate local plans risk inconsistency and slower delivery without strong coordination, while multiple planning authorities make engagement more complex for national developers.	A	**Strengths:** The model aligns more closely with the travel-to-work patterns identified in the Lancashire IER, though the polycentric nature of the county's economy prevents any LGR option to fully reflect them. **Weaknesses:** The tax base is unevenly distributed - each council ranges from 15% to 25% of the total, a 10 percentage point difference. In terms of the size of the taxbase per 1,000 resident, the area with the greatest rate is 25% larger than the area with the smallest. The tax base is unevenly distributed - each council ranges from 15% to 25% of the total. Economic footprints can shift – and need to in Lancashire (e.g. for example, need for increased East–West connectivity), so hardwiring structures around today's patterns risks locking in geographies that need to evolve. This model creates the most unbalanced unitaries of all options, embedding inequalities between councils and undermining the long-term resilience of each authority. Five separate planning authorities mean five local plans, five sets of housing targets, and potentially divergent approaches, creating a high risk of delay and inconsistency. Five planning authorities mean five local plans and targets, increasing the risk of delay and inconsistency. Smaller UAs may lack specialist capacity for planning and delivery, while developers are likely to see multiple regimes as cumbersome, costly, and uncertain.
R		R	
R		R	
R		R	
R		R	

4. Options appraisal

Table 4.6

Right Size for Efficiency and Resilience				
Criteria	2UA		3UA	
	RAG	Rationale	RAG	Rationale
Population 500,000+	G	**Strengths:** Both UAs meet the 500,000+ population criteria. Maximises VfM and by 2032/33 delivers annual recurring savings of £71m through initial consolidation/ transition and an additional £69m annual recurring savings through longer-term transformation. Further transformation initiatives would be funded on an invest to save basis as early transition savings create the budget headroom to reinvest in more ambitious transformation. The scale of transformation enables integrated working across all legacy councils and a single front door at one stop shops, enabling consolidation of the office accommodation footprint resulting in asset disposals to fund the transformation. The substantial recurring savings delivered through transition and transformation are of a scale that enables investment in inclusive growth and preventative services that improve resident outcomes and secure the council's long term financial sustainability. **Weaknesses:**	G	**Strengths:** Improves VfM and by 2032/33 delivers annual recurring savings of £47m through initial consolidation/ transition and an additional £52m annual recurring savings through longer-term transformation. Transformation initiatives would be enabled as early transition savings create some budget headroom to reinvest in further transformation, albeit at a smaller scale and slower pace than 2UA. Transformation enables integrated working across all legacy councils and a single front door at one stop shops, enabling consolidation of the office accommodation footprint resulting in limited longer-term asset disposals to fund transformation. The recurring savings delivered through transition and transformation enable limited investment in preventative services to improve resident outcomes and support the council's long term financial sustainability. **Weaknesses:** At an estimated population of 493,400, The North UA falls slightly short of the 500,000+ population threshold. 3UA provides a less financially favourable position than 2UA.
Efficiencies leading to VfM	G		A	
Funding transition and transformation	G		A	
Financial sustainability	G		A	

4UA		5UA	
RAG	Rationale	RAG	Rationale
R	**Strengths:**	R	**Strengths:**
R R R	**Weaknesses:** Only the East UA model reaches the minimum population requirements. North (373,700), South (359,000) and West (348,400) do not meet 500,000+ threshold and represent a substantial imbalance across the UAs. Only marginally improves VfM and represents a high-risk option, delivering combined transition and transformation annual recurring savings of only £45m despite investment of £163m. The Eastern authority will start with a budget gap of £43m (5.6%) undermining the council's opening and ongoing financial sustainability. The new UAs have very limited financial flexibility / resilience and lack the financial headroom for investment to drive any substantial transformation. The recurring savings delivered through transformation present a challenging decision whether to invest in preventative services that improve resident outcomes and support the council's long term financial sustainability.	R R R	**Weaknesses:** None of the UAs meet the population requirements. Fails to deliver VfM - The potential £8m annual recurring savings available from transition and transformation are outweighed by the programme costs incurred to generate these. Consequently, the implementation programme does not payback and is not financially viable. The new UAs would be financially constrained with an increased focus on ensuring financial sustainability through spend and service reductions. This precludes the opportunity to invest in future transformation and results in declining resident outcomes. The imbalance and lack of scale results in some councils reporting a structural budget deficit from vesting day and struggling to ensure their financial sustainability on an ongoing basis.

4. Options appraisal

Table 4.7

<table>
<tr><th colspan="5">High quality sustainable services</th></tr>
<tr><th rowspan="2">Criteria</th><th colspan="2">2UA</th><th colspan="2">3UA</th></tr>
<tr><th>RAG</th><th>Rationale</th><th>RAG</th><th>Rationale</th></tr>
<tr><td>Improves service delivery and avoids fragmentation</td><td>G</td><td rowspan="3">Strengths:
Improved efficiencies and strategic capacity will have a positive impact on service delivery. Through 2UAs there will be no unnecessary fragmentation. The financial stability offered through this model will enable much needed investment into prevention models to mitigate against the projected rising demand of services such as ASC and CSC. Further financial headroom will also support the greater protection of much valued neighbourhood and discretionary services. This model will also enable strategic resourcing that can be flexed to best meet demand.

Weaknesses:
Scale could risk reducing local responsiveness, however 2UA enables investment into setting up suitable structures to enable services to link into local neighbourhood and towns needs and can pool resources to meet these needs (see section 6.8).
Existing ASC and CSC footprints are complex and don’t match proposed geographies for any option.</td><td>G</td><td rowspan="3">Strengths:
There are three existing teams for key people services such as ASC and CSC, therefore creation of three new teams likely to be simpler, although geographically two of current teams sit within 1 of the new UAs. There are opportunities to avoid unnecessary fragmentation. The financial stability offered through this model will enable much needed investment into prevention models to mitigate against the projected rising demand of services such as ASC and CSC.

Weaknesses:
Strategic resourcing opportunities are more limited.
Prevention models could be more restricted by UA boundaries and duplication of efforts.
Scale could risk reducing local responsiveness, however 3UA enables investment into setting up suitable structures to enable services to link into local neighbourhood and towns needs.
Existing ASC and CSC footprints are complex and don’t fully match proposed geographies for any option.</td></tr>
<tr><td>Platform for public service reform leading to VfM</td><td>G</td><td>G</td></tr>
<tr><td>Mitigates against negative impacts to crucial services</td><td>G</td><td>A</td></tr>
</table>

4UA		5UA	
RAG	**Rationale**	**RAG**	**Rationale**
R	**Strengths:** Smaller geographies enable teams to be linked closer into communities, however this alone is insufficient and more will be needed to implement this as each UA in this model still has a wide geography.	R	**Strengths:** Smaller geographies enable teams to be linked closer into communities, however this alone is insufficient and more will be needed to implement this as each UA in this model still has a wide geography.
R		R	
R	**Weaknesses:** The poorer financial stability and resilience of this option prohibits the opportunity to invest into aligning with and serving the needs of towns and neighbourhoods. There will be no financial capacity to invest into prevention and early intervention to reduce rising service demand levels. Strategic resourcing opportunities very limited. Significant fragmentation of aspects that could currently be working well. This option will not meet the service needs of Lancashire residents, its inefficiencies and duplication of efforts will worsen services rather than improve them and not enable investment. Existing ASC and CSC footprints are complex and don't match proposed geographies for any option.	R	**Weaknesses:** The poorer financial stability and resilience of this option prohibits the opportunity to invest into aligning with and serving the needs of towns and neighbourhoods. There will be no financial capacity to invest into prevention and early intervention to reduce rising service demand levels. Strategic resourcing opportunities very limited. Significant fragmentation of aspects that could currently be working well. This option will not meet the service needs of Lancashire residents, its inefficiencies and duplication of efforts will worsen services rather than improve them and not enable investment. Existing ASC and CSC footprints are complex and don't match proposed geographies for any option.

4. Options appraisal

Table 4.8

Joint working and local support				
Criteria	2UA		3UA	
	RAG	Rationale	RAG	Rationale
Local stakeholders endorse	A	**Strengths:** Supports effective joint working as fewer UAs with sufficient scale and capacity enable simple partnership working structures. As strategic institutions, they offer a stronger platform for strategic collaboration with central government and national agencies. Model has benefited from constructive public and partner engagement. Fewer administrative boundaries mean that fewer hyper local identities cut across UA boundaries. **Weaknesses:** No model reflects the level of local identity residents most associate with – their towns and villages. Larger unitary authorities will require effective neighbourhood-level structures to maintain a clear link between local identity and decision-making.	A	**Strengths:** Model has benefited from constructive public and partner engagement. Some political endorsement from current Councils. East Lancashire grouping reflects shared heritage, identity and industrial history, which could attract stronger stakeholder and community support. 'Greater Preston' grouping reflects existing partnerships and emerging development plans. **Weaknesses:** No model reflects the level of local identity residents most associate with – their towns and villages. Some boundary groups are culturally less coherent, risking weaker support. 3UA model more closely resembles recognised identities, but will still require investment in localism to maintain clear links between local identity and decision-making. It also introduces moderate complexity for joint working and some risk of duplication and fragmentation.
Local identity and cultural importance	A		A	

4UA		5UA	
RAG	**Rationale**	**RAG**	**Rationale**
A	**Strengths:** Model has benefited from constructive public and partner engagement. Stronger alignment to well-recognised sub-regional geographies, increasing likelihood of public and stakeholder buy-in. Good levels of political endorsement from current Councils across the Lancashire geography.	A	**Strengths:** UAs are bounded more locally, more closely reflecting historic and local identities, increasing likelihood of public buy-in. Model has benefited from constructive public and partner engagement.
A	**Weaknesses:** No model reflects the level of local identity residents most associate with – their towns and villages. Increased number of UAs introduces substantial complexity for joint working and partnership agreements. Medium risk of duplication and fragmentation without robust coordination mechanisms. Public engagement highlights the importance of local identity, but places greater importance on reliable services, value for money, and clear accountability - areas where a 4UA model is less robust.	A	**Weaknesses:** No model reflects the level of local identity residents most associate with – their towns and villages. Model introduces significant complexity for joint working and partnership agreements. High risk of duplication of efforts between UAs which may cause confusion for stakeholders. Public engagement highlights the importance of local identity, but places greater importance on reliable services, value for money and clear accountability. 5UA model has significant risks against these factors. Model has limited political support across the Lancashire geography.

4. Options appraisal

Table 4.9

Supports devolution				
Criteria	2UA		3UA	
	RAG	Rationale	RAG	Rationale
Alignment with CCA	G	**Strengths:** 2UA model offers a strong model for collaboration, with two councils able to make rapid progress with shared objectives (or example, investment in infrastructure, transport and skills agendas). Two Strategic institutions have the scale and capacity to support delivery of County Combined Authority as well as any future devolution developments. Strong population ratio with LCCA. **Weaknesses:** Governance arrangements must include a clear mechanism to resolve deadlock should the two constituent members be unable to reach agreement.	G	**Strengths:** Model provides a credible model for devolution, with each UA of sufficient scale to engage with a Strategic Authority. Offers a good population ratio between the CCA and each UA. Three members means no issue of deadlock between constituent members. **Weaknesses:** One member, one vote risks entrenched two-against-one voting dynamics, in which one authority may be systematically marginalised, which would undermine trust and reduce stability of governance.
Sensible population ratio for CCA	G		G	

4UA		5UA	
RAG	Rationale	RAG	Rationale
G A	**Strengths:** Offers a balanced governance structure for decision making. **Weaknesses:** Model is at the lower bounds of a sufficient population ratio between the UAs and a strategic authority. A 4UA model offers less flexibility to absorb new responsibilities in future devolution arrangements. Further challenge in seeking agreement across multiple constituent member of the LCCA.	A R	**Strengths:** Offers more prominence to local voices, however this could lead to inconsistent political leadership and conflicting priorities. **Weaknesses:** Not all 5 UA's have a sufficient and balanced population ratio. Smaller councils may lack the scale and capacity to deliver complex functions or scale of strategic leadership expected from devolution deals. A 5UA model offers less flexibility to absorb new responsibilities in future devolution arrangements. Further challenge in seeking agreement across multiple constituent member of the LCCA.

4. Options appraisal

Table 4.10

Stronger community engagement				
Criteria	2UA		3UA	
	RAG	Rationale	RAG	Rationale
Plan to engage	G	**Strengths:** Strong evidence of ambitious plans to harness community empowerment. 2UA model has the most scale and capacity, and financial resource to successful deliver agile neighbourhood delivery structures and invest in localism. **Weaknesses:** Lower number of councillors than other models, however efficiencies can be invested into localism and the councillor support offer.	G	**Strengths:** More balanced scale of UAs supports clearer local accountability while retaining capacity for innovation in engagement. Councils will have greater financial capacity to invest in community engagement. **Weaknesses:** Residents may feel removed from the decision making in the larger UAs, unless neighbourhood mechanisms are prioritised.
Plan to harness	G		A	

4UA		5UA	
RAG	Rationale	RAG	Rationale
G A	**Strengths:** This model aligns closely with existing geographies, which, through traditional engagement methods, may give communities a stronger sense of voice. Retains higher number of councillors, however this contributes to the higher costs and lower efficiency of this model. **Weaknesses:** Smaller authorities will lack the resources to invest innovative community engagement methods as well as hyper local outcome delivery. Limited evidence of new methods to engage with communities. Greater number of councils adds complexity in designing consistent engagement approaches across Lancashire.	G A	**Strengths:** This model most closely aligns closely with existing geographies, which, through traditional engagement methods and through smaller UAs, may give communities a stronger sense of voice. Retains highest number of councillors, however this contributes to the higher costs and lower efficiency of this model. **Weaknesses:** Smaller authorities will lack the resources to invest innovative community engagement methods as well as hyper local outcome delivery. Limited evidence of new methods to engage with communities. Smaller authorities that group together multiple distinct settlements risk larger centres dominating, overshadowing the character and priorities of surrounding communities. Uneven size of UAs may create imbalance between ability for meaningful community empowerment. Fragmentation risks inconsistency in engagement mechanisms across authorities, creating confusion for residents.

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Table 4.11

Creating a future ready Lancashire				
Criteria	2UA		3UA	
	RAG	Rationale	RAG	Rationale
Enables strategic coherence	G	**Strengths:** Simplifies countywide planning in housing, transport, and economic development aligning closely to LGP priorities. Strategies can be set at scale with minimal duplication. Large scale of UAs provides financial resilience and institutional capacity to adapt to future pressures (such as climate resilience, demographic change, service demand). Provides the clearest and simplest structure for investors. Scale gives credibility in national and internal markets, positioning each UA as an attractive strategic partner. Two large, strategic UAs provide clear and powerful partners for neighbouring combined authorities. Scale enhances Lancashire's credibility and influence in pan-regional forums such as the Great North and Transport for the North. Enables whole-system reform through strategic scale — integrating health, care, housing and skills services, with the capacity to invest in prevention and innovation. **Weaknesses**: Broad geographies risk presenting less distinctive investment propositions without careful place promotion strategies.	G	**Strengths:** Still large enough for resilience, but less capacity for agility with smaller UAs. Relatively streamlined structures for investors. UAs have distinctive investment propositions. **Weaknesses**: South and East UAs are stronger economically than the smaller North, which could weaken balance in delivering LGP priorities. Designed to align more closely to the existing economic and health geographies rather than the footprints of tomorrow. Limited financial capacity and coordination challenges would constrain system-wide transformation.
Future adaptability	G		A	
Promotes housing	G		A	
Platform for radical public service	G		G	
Pan-regional partnerships	G		A	

4UA		5UA	
RAG	**Rationale**	**RAG**	**Rationale**
A R R R R	**Strengths:** Some alignment between current functional economic geographies makes it easier for each UA to market coherent propositions. Matches the LGP's recognition of sub-regional strengths - West (tourism and coastal regeneration), East (manufacturing and skills), South (growth corridor into GM/LCR) and North (Lancaster's university and energy). However, requires stronger governance measures to align four economic strategies to support LGP delivery. **Weaknesses**: Constrained to current economic geographies, lacking the scale and resources to adapt to future shifts in labour markets and patterns which may be driven by new infrastructure investment. Imbalance between UAs weakens the ability for some council to be adaptable. More complexity for investors than a 2UA or 3UA model, requiring strong coordination to prevent fragmentation. Trade off between the recognised geographies of the 4UA with fragmentation, limiting ability of the UAs to act strategically or have the scale to be seen as attractive strategic partners.	R R R R R	**Strengths:** Smaller UAs can forge highly targeted relationships with neighbouring authorities (e.g. East Lancashire with West Yorkshire, Lancaster with Cumbria). **Weaknesses**: Smaller UAs may lack the staff and financial strength to drive major infrastructure or inward investment ambitions outlined in the LGP. Constrained to current economic geographies, lacking the scale and resources to adapt to future shifts in labour markets and patterns which may be driven by new infrastructure investment. Imbalance between UAs weakens the ability for some council to be adaptable. Five authorities make investment access more complex for Government and international investors. Smaller UAs may lack the scale, visibility and capacity to position themselves credibly in global markets. Risk of competition between UAs, undermining Lancashire's offer. While it fosters local resonance, this model risks presenting Lancashire as fragmented and parochial in the wider North. Too small and financially fragile to sustain transformative reform, with duplication and inconsistent standards across services.

4. Options appraisal

4.3 Balance Analysis

We have carried out a review of how balanced each LGR proposal will be on a range of social, economic and service metrics. This demonstrates the levels of equity between councils, which is critical to ensuring that councils have balanced levels of need and resources. A balanced model ensures that no single authority is disproportionately advantaged or disadvantaged in terms of resources, capacity, or need. This is critical for delivering fair and consistent services to residents across Lancashire, regardless of where they live. It also helps prevent systemic inequalities from emerging between areas, which could undermine public trust and create long-term disparities in health, education, employment, and infrastructure (full analysis is included in Appendix 1).

These outputs are considered as supporting evidence towards this options appraisal and therefore, alongside other evidence bases presented, they underpin the shortlisting of options and selection of the preferred option.

Across economic, workforce, wellbeing and service delivery indicators, the 2UA model consistently delivers the most balanced and sustainable outcomes for Lancashire. The 4UA and 5UA options produce significant imbalances between the new unitary authorities across a multitude of different criterion. 3UA creates a more equitable balance than 4UA and 5UA, but doesn't perform as strongly as 2UA.

Table 4.12 – Economy

Options	GVA	Rank	GVA per capital	Rank	Business concentration	Rank	Business Dynamism	Rank	Job density	Rank
2UA	2.3 (£bn)	1	£1,927	1	4.9%	1	0.3 pp	1	0.13 pp	2
3UA	4.1 (£bn)	3	£8,233	2	11.4%	2	0.9 pp	2	0.12 pp	1
4UA	2.7 (£bn)	2	£8,365	3	19.9%	4	1.6 pp	3	0.19 pp	3
5UA	6.1 (£bn)	4	£9,809	4	19.3%	3	2.6 pp	4	0.34 pp	4

- Analysis of the economic disparities between proposed governance options shows that the 2UA model performs strongest overall, offering the most balanced and coherent economic geography across Lancashire. It produces the smallest gap in GVA and the lowest variation in GVA per capita. The 2UA configuration also delivers the most even distribution of business concentration, business dynamism, and job density, suggesting that larger, strategically defined authorities would reduce inequalities in economic performance across the county. By contrast, as the number of unitaries increases, economic disparities widen (particularly in GVA and business dynamism) indicating that smaller, more fragmented administrative areas would be less able to share prosperity or coordinate investment across boundaries.
- 4UA and particularly 5UA show significant disparities across the indicators.

Table 4.13 – Labour Market

Options	Unemployment rate	Rank	Economic activity rate	Rank	Resident earnings	Rank	Level 4 attainment (census)	Rank	Not in Employment, Education or Training (NEET)	Rank
2UA	0.4 pp	1	1.1 pp	1	£2,068	1	2.1 pp	1	0.4 pp	1
3UA	1.3 pp	2	3.9 pp	2	£5,838	2	4.7 pp	2	1.0 pp	2
4UA	2.0 pp	4	6.1 pp	3	£7,354	4	7.1 pp	4	1.7 pp	3
5UA	1.8 pp	3	10.8 pp	4	£6,998	3	6.5 pp	3	1.8 pp	4

- The labour market analysis shows that the 2UA model delivers the most balanced and equitable outcomes across employment, participation, and income indicators, though not the strongest performance on higher-level qualifications. It achieves the smallest gaps in unemployment and economic activity rates between its constituent areas, alongside the narrowest disparities in resident earnings and youth participation (NEET rates). This suggests that a larger, strategically aligned structure provides the most stable foundation for inclusive growth — reducing the variation in opportunity and prosperity that can arise when smaller areas compete rather than coordinate.
- Both 4UA and 5UA show significant disparities across the indicators.

4. Options appraisal

Table 4.14 – Population & Wellbeing

Options	Population density (skqm)	Rank	% of n'hoods in the top 3 most deprived	Rank	Life expectancy male (years)	Rank	Life expectancy female (years)	Rank	Prevalence of child obesity	Rank
2UA	274	2	8.9 pp	1	0.4	1	0.1	1	1.4 pp	1
3UA	178	1	26.0 pp	2	1.5	2	1.3	2	3.3 pp	2
4UA	540	3	42.8 pp	4	2.8	3	2.3	4	4.7 pp	4
5UA	834	4	40.3 pp	3	3.3	4	2	3	4.6 pp	3

- Analysis of health and wellbeing indicators shows that the 2UA model delivers the most balanced and equitable outcomes across Lancashire's population. It achieves a moderate population density, avoiding the extremes seen in the 4UA and 5UA models. This balance provides the right scale for efficient service delivery, while retaining sufficient local variation to reflect community identity and need. The 2UA configuration also records the narrowest gaps in deprivation, life expectancy, and child obesity prevalence. It has the lowest variation in the proportion of neighbourhoods among the most deprived nationally, and the smallest differences in both male and female life expectancy, suggesting that a larger, more evenly structured authority would reduce polarisation between urban and rural areas and enable resources to be better aligned to population health needs.
- Both 4UA and 5UA show significant disparities across all indicators.

Table 4.15 – Children's & Adults Services

Options	Rate of EHCPs	Rank	Rate of Children looked after	Rank	Rate of Adult Referrals	Rank	Rate of CIN Plans	Rank	Rate of Child Protection Plans	Rank	Rate of ASC Long Term Support (18+)	Rank
2UA	2.0%	1	18.7%	1	12.2%	1	20.4 .%	1	13.9%	1	29.9%	1
3UA	19.7%	2	68.3%	2	23.2%	2	75.6 .%	2	42.4%	2	59.4%	2
4UA	30.5%	3	130.9%	3	24.9%	3	105.4.%	4	90.1%	3	63.9%	3
5UA	35.8%	4	133.0%	4	25.8%	4	105.1 .%	3	79.7%	4	154.7%	4

- Analysis on service demand indicators within ASC, CSC and Education demonstrate the 2UA model is significantly more balanced than the other options and therefore will be establishing far more equitable councils in regard to service demand for these crucial people services (and noting these are the highest areas of spend within councils). This balance demonstrates that key service pressures are going to be more evenly distributed across the two new authorities and therefore enable resources and infrastructure to be strategically organised to meet these needs.

- Both 4UA and 5UA show significant disparities across the indicators.

Table 4.16 – Other Services

Options	Recycling Rates	Rank	Council tax band D equivalent rate per 1,000 residents	Rank	Homeless Relief-duty owed	Rank	Forecast housing growth	Rank
2UA	2.6 pp	1	11.8%	1	0.10 pp	1	0.74 pp	2
3UA	10.6 pp	2	19.0%	2	0.32 pp	2	0.63 pp	1
4UA	14.4 pp	4	29.4%	4	0.69 pp	3	2.91 pp	3
5UA	13.4 pp	3	25.0%	3	1.03 pp	4	3.43 pp	4

- Analysis of some key aspects such as homeless relief (duty owed) and Council tax band D demonstrate again the more equitable balance of the 2UA option. This analysis is significant as it demonstrates that no Council is being set up to fail in the 2UA option, whereas unequitable concentration of deprivation / affluence will cause pressures that can't be overcome, ultimately failing those who most need support.
- 4UA and 5UA show significant imbalances between their unitary councils across these indicators.

Table 4.17 – Overall Balance

Options	Average Rank	Rank total
2UA	1.1	28
3UA	1.9	48
4UA	3.4	85
5UA	3.6	89

The 2UA model is clearly the most balanced option overall, with 3UA also showing reasonable balanced between councils. However, both 4UA and 5UA demonstrate some significant imbalances between councils across the majority of criteria.

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4.4 Shortlist

Options to be eliminated

The assessment has shown that both the 4UA and 5UA options perform poorly against the criteria i.e. they cannot achieve the objectives for LGR and this is demonstrated across all criteria. The key concerns with these options are:

1. **Single tier of local government** – this is created in all appraised options, however 4UA and 5UA create the most imbalanced new Local Authorities as they are underpinned by significant inequalities between the different councils, which in turn will undermine the long-term resilience of each authority. This is set out in the balance analysis. For example, the review of male life expectancy within the proposed new authorities demonstrates a stark difference between the new authorities in 4UA and 5UA and embeds inequality into the new system, reflecting a concentration of deep rooted inequalities in health, education, income etc being concentrated in one authority, which completely undermines the LGR goal of creating fair and balanced councils across Lancashire.

Table 4.18

Options	Life expectancy variance male (years)	Rank
2UA	0.4	1
3UA	1.5	2
4UA	2.8	3
5UA	3.3	4

2. **Right size for efficiency and resilience** – both options 4UA and 5UA go against MHCLG's principle of new authorities of 500,000+ population. There are many drivers for this criterion and it's important to explore some of these to understand the significance of this principle. Unless business cases for 4UA and 5UA robustly demonstrate how the lower population size can still achieve the drivers then MHCLG should not be progressing these options:

Population Driver 1 – Economies of scale, larger authorities can spread fixed costs across a larger population size resulting in a lower cost per resident to deliver services such as temporary accommodation, homelessness prevention, waste collection and education.

Population Driver 2 – Financial sustainability, smaller councils struggle to manage rising demand of services and do not have the financial capacity to invest in prevention and early intervention. They therefore struggle to balance budgets, which results in deep cuts to core services, which in turn impacts all residents but particularly those who are most vulnerable and rely on the Council to meet their basic needs.

Population Driver 3 – Strategic capacity and influence, when moving to a single tier it is essential for councils at this level to have the strategic capacity and voice to work with key partners such central government, the NHS, developers/investors and the CCA. This ability is diminished in the 4UA and 5UA options as they will not be strategic enough.

Both 4UA and 5UA do not realise VfM as they create limited savings and therefore little reinvestment into services and localism, with 5UA only achieving £8m of annual recurring savings despite significant implementation costs. Implementing either of these options offers far too much risk potentially creating unmanageable budget gaps and the need for exceptional financial support for Councils. Detailed financial analysis is set out in section 5 and this identifies that on day 1, the Eastern Authority in the 4UA model will inherit a £43m budget deficit (5.6%).

The smaller Eastern Authority in the 5UA model will inherit an £18m budget deficit (4.7%). This threatens those councils' ongoing financial viability.

3. **High quality sustainable services** – delivering this is at the core of local government and both the 4UA and 5UA options jeopardise this through their lack of financial stability and lack of balanced demand and performance between new authorities. For example, there is a significant imbalance in Children Looked After (CLA) rates in all models - apart from 2UA - and it is important to understand what this means. CLA rates often indicate entrenched social issues such as poverty, trauma, family breakdown and this will place an immense pressure on children's social care for that new authority, resulting in them being under-resourced to meet their level of need and this will ultimately result in poorer service quality and worsened outcomes for children. LGR must not fail our residents.

Table 4.19

Options	Rate of Children Looked After Variance	Rank
2UA	18.7%	1
3UA	68.3%	2
4UA	130.9%	3
5UA	133.0%	4

Delivering crucial services will be impacted and services certainly won't be improved. 4UA and 5UA cases will likely rely on shared services and moving to a shared service should be decided on a case-by-case basis, based on robust review of the benefits and challenges, rather than it being built into new unitary models now without having gone through this robust review.

Therefore, if 4UA and 5UA are reliant on the success of shared services we believe this is a shortsighted approach because:

- It could go against the principle of simplifying and streamlining services as it may reintroduce complexity and enables ambiguous accountability, unless a detailed case is made, considering all of the implications, proving it will lead to better outcomes.
- Continuing use of existing shared services inherit old ways of working rather than encouraging new, innovative, improved and unified ways of working. It also could lock Councils into legacy systems and contracts that may not align with the needs of the new authorities.
- The longevity of shared services cannot be guaranteed, with sovereign councils that may decide not to continue sharing, creating uncertainty around future financial sustainability.
- Sharing services between 4 or 5 unitaries will be significantly complex and can lead to strained governance due to contrasting views.

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5. **Supports devolution** – both 4UA and 5UA are not as well aligned to devolution, but 5UA in particular will have smaller councils that may not be able to deliver complex functions or the scale of strategic leadership expected from devolution deals. It also risks some areas being left behind if they can't offer strong leadership and capacity to strategically collaborate with the CCA.
6. **Stronger community engagement** – both 4UA and 5UA will make limited investment into community engagement due to their financial capacity and a greater number of councils make engagement approaches inconsistent across Lancashire.
7. **Creating a future-ready Lancashire** – both 4UA and 5UA will lack the scale to be seen as attractive strategic partners and they are less adaptable and flexible to be able to meet future needs such as shifts in labour markets. Smaller authorities may lack the resource capacity and expertise to drive growth, major infrastructure or inward investment and will not have the financial stability to be able to invest in the future.

In addition to the above, the Council has also considered the County Council Network's commissioned report by Newton Europe on Local Government Reform: Impact on People Services. This report demonstrates there are significant risks of disaggregating services into smaller authorities, including:

- Disaggregation of social care may concentrate high levels of demand in certain areas, driven by variation in deprivation, access to other services, and demographics.
- Uneven concentration of demand and care supply can create significant risks relating to placement sufficiency and ordinary residence.
- Unit costs of commissioned care will be affected by scale and disaggregation: where people services become smaller, purchasing power is reduced.
- Potential impact of SEND deficits.
- Correlation between smaller authorities delivering worse OFSTED results.

The above demonstrates why 4UA and 5UA options should not be considered as LGR solutions for Lancashire.

Options to be further considered

2UA and 3UA both come out of the longlisting as strong potential options and share a number of consistent features. The following section considers distinctions in strengths and weaknesses.

Reflecting on these and the criteria in turn:

1. Single tier of local government

- Neither 2UA nor 3UA aligns fully with travel-to-work patterns. This reinforces that administrative boundaries cannot be the only tool for representing functional economies.
- A forward-looking structure for Lancashire, with a CCA, provides the scope to create economic zones or investment corridors that reflect real travel-to-work and economic geographies.
- Such a layered design would capture the place-based distinctiveness 3UA seeks, while removing its risk of imbalance (e.g. £4bn GVA gap between UAs).
- A 2UA structure would therefore provide the simplest statutory framework, alongside cross Lancashire zones and partnerships to ensure local economic identities are not lost.
- The 2UA model provides the scale and capacity to implement a coherent and ambitious housing growth strategy that accelerates housing completions across Lancashire.

2. Right size for efficiency and resilience

- Both 2UA and 3UA demonstrate financial sustainability by delivering significant recurring savings by 2032/33 resulting in much higher net benefits.
- However, 2UA estimates a £391m net benefit, over that 5-year period from Vesting Day, which is £172m more than 3UA, which would enable significantly more investment into inclusive growth, preventative measures and therefore make this option far more resilient to future changes impacting the local government landscape. 3UA would need to demonstrate it could achieve additional benefits and outcomes equivalent to or greater than £172m to be seen as a better option than 2UA. It is not apparent that it could provide these benefits.

3. High quality, sustainable services

- 2UA offers stronger strategic resourcing capacity than 3UA, which risks weaker coordination and duplication of prevention models.
- The risk of remoteness in 2UA can be addressed through a strong neighbourhood model, ensuring services remain connected to communities and responsive to local needs.
- In practice, this means designing in local delivery geographies, ensuring Adult and Children's Social Care can still engage at the right scale while benefiting from strategic pooling at countywide level.
- Larger authorities will have more financial headroom to protect discretionary neighbourhood services that are much valued by communities.
- As demonstrated in the balance analysis, 2UA creates unitaries that are more balanced than in 3UA and therefore doesn't prioritise some postcodes over others. An example of this is demonstrated in the Newton Analysis, which suggests that the 2UA will have low variation in unit costs for Nursing, Residential and Domiciliary Care as well as Supported Living Provision for working age adults:

Table 4.20

	Care Type	2040 unit cost (net)		Maximum Variation
		North	South	
2UA	Nursing Care	£1,445	£1,433	£12
	Residential Care	£1,712	£1,827	£115
	Domiciliary Care	£582	£573	£9
	Supported Living	£1,577	£1,487	£90

Table 4.21

	Care Type		2040 unit cost (net)		Maximum Variation
		East	North	South	
3UA	Nursing Care	£1,459	£1,339	£1,573	£234
	Residential Care	£1,684	£1,756	£1,937	£253
	Domiciliary Care	£551	£573	£624	£73
	Support Living	£1,468	£1,592	£1,553	£124

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4. Joint working & local support

- In future, Lancashire's economic geography will not be defined by UA boundaries alone, but by the three levels of governance: CCA (strategic), UA (statutory) and towns/neighbourhoods (community).
- This structure allows Lancashire to retain cultural and economic groupings through zones and partnerships without needing to embed them as rigid administrative boundaries.
- 3UA introduces complexity and duplication risks; 2UA gives a simpler, stronger platform for statutory services, while allowing corridors and partnerships to emerge flexibly at CCA and local levels.
- This also mitigates the risk of remoteness in 2UA: UAs deliver services, but neighbourhood and CCA layers give local identity and economic voice.

5. Supports devolution

- 2UA's simplicity makes it a more credible partner for government, giving Lancashire two strategic institutions with the scale and capacity to take on devolved powers.
- Risks of binary deadlock can be mitigated through established mechanisms such as Mayoral casting vote, reserved matters requiring unanimity and delegation of operational matters to committees or officers.

6. Strong community engagement

- Both models require a robust neighbourhood model to prevent remoteness from residents.
- In 2UA, fewer councillors means engagement must be reinforced through investment in local governance, ensuring representation and participation at neighbourhood level.
- The opportunity is to go beyond consultation: create mechanisms for community investment and shared ownership (for example, participatory budgeting, community-managed assets and neighbourhood trusts).
- This would combine management and money in a place, giving communities genuine autonomy over aspects of non-statutory local service delivery and management of community assets.

7. Future ready Lancashire

- 2UA provides the scale required for Lancashire to achieve national and global recognition, giving credibility with investors and pan-regional bodies and delivering more effective inward investment.
- 2UA provides the capacity required to establish a significant capital programme, which is critical to the delivery of the Lancashire Growth Plan, as the unitary councils will be the deliverers of the CCA's vision.
- 3UA risks imbalance between South/East and North, which could weaken delivery of the Lancashire Growth Plan priorities.
- Risks of generic, broad investment propositions in 2UA can be addressed by enabling distinctiveness to arise naturally through economic zones and corridors designed within the CCA framework. A strong neighbourhood offer also enables more targeted investment across the county.
- This layered model therefore achieves both: strategic scale and resilience, while retaining flexibility to promote distinctive local offers.

Balance Analysis – comparing 2UA and 3UA

- 2UA achieves the smallest disparities between authorities in productivity, employment, earnings, deprivation and service demand, while maintaining a balanced population profile that supports efficient service delivery and equitable access.
- 3UA achieves similarly equitable disparities to 2UA around some business, labour market and population indicators. However, 3UA creates much bigger imbalances around GVA and key service indicators.

- 2UA's combination of scale and coherence reduces polarisation, allowing investment and public services to be planned around real communities rather than administrative boundaries. Although the model does not record the highest rank in every indicator, it provides the most stable foundation for improvement. This gives Lancashire the scale, fiscal strength and institutional capacity to address those gaps through coordinated planning and investment.

Overall summary:

- 2UA is the stronger statutory model: simple, efficient, financially resilient, well-balanced and credible with government and investors.
- Its potential shortcomings can be mitigated and more than offset by deliberately designing in layered governance and efficiency-enabled investment:
  - Neighbourhood structures for local accountability and engagement.
  - Economic zones and corridors at CCA level to reflect real functional geographies.
  - Robust governance safeguards to manage deadlock.
  - This approach captures the best of 3UA's distinctiveness and identity, without its risks of imbalance, duplication and fragmentation.

Stakeholder engagement outcomes

The stakeholder engagement survey showed us that there is cautious optimism around reorganisation, with stakeholders identifying what they believe to be the key opportunities. It is clear that to deliver on these opportunities, new unitary councils must have the appropriate scale, resources and strategic capacity. The 2UA option provides the most strength in that regard, and can best deliver against the following stakeholder priorities:

- **Improvements in transport and road infrastructure.** Whilst the LCCA is now the strategic transport authority, new unitary councils will still have a critical role to play in road maintenance and supporting the delivery of the Local Transport Plan. Unitary councils must have the financial capability to invest in a strong transport and infrastructure capital programme.
- **Stakeholders want local government to be simpler and more responsive.** The 2UA option results in councils with sufficient scale and capacity, to enable simple partnership working structures.
- **Councils to take a more active role in the business ecosystem and the economy, with particular emphasis on placemaking**. A local government structure with fewer unitary authorities will help to provide a simplified support offer to the business ecosystem, including easier access to finance and targeted skills support for key sectors, working with the LCCA. The financial strength of the 2UA model also enables more significant investment in our town centres and high streets.
- **More efficient and less bureaucratic planning processes.** The current planning system is complex and thwarts development. The 2UA model means developers only have two local planning authorities to deal with, and those planning authorities can be appropriately resourced to handle the development pipeline. Larger authorities also have the strategic capacity to support the LCCA in the development and delivery of its Spatial Development Strategy.
- **Improved health and social care services, including an emphasis on ease of access.** New unitary councils need to have the resources to invest in community-level access to health and care services for all age groups.
- **A more integrated role for voluntary and community groups, parish and town councils**. These organisations have a critical role in our communities. New unitary councils need to create robust neighbourhood governance structures, where there is genuine opportunity for local organisations to influence decisions in their areas.

4. Options appraisal

Resident engagement outcomes

The resident survey clearly highlighted some scepticism amongst the public around the benefits of reorganisation. However, there were several key insights to demonstrate that, if new unitary councils have strong financial sustainability to provide reliable and accessible services, to invest locally and have the scale to drive efficiencies and simplify the system for residents, then unitary councils have the ability to drive better outcomes in the areas that matter most to residents.

The 2UA option, as demonstrated throughout this proposal, has the scale and financial power to drive these outcomes.

Strong desire for consistent and reliable services

Residents overwhelmingly prioritised consistent and reliable services, value for money and clear and accountable decision-making as the most important attributes for future councils. These priorities align closely with the core objectives of the 2UA proposal, which is designed to streamline service delivery, reduce duplication and drive efficiencies.

"Consistent and reliable services" received the highest sentiment score (4.77/5), followed closely by "providing good value for money" (4.76/5) and "clear and accountable decision-making" (4.75/5).

Recognition of efficiency and value for money

Many residents acknowledged potential efficiency gains and cost savings from larger councils. Over 1,600 comments specifically cited efficiency, streamlining and value for money as potential benefits of reorganisation.

Residents noted that larger councils could:

- Eliminate duplication of roles and services
- Achieve economies of scale
- Reinvest savings into frontline services

"Councils should be able to secure better value for money working on economies of greater scale."

"Removing unnecessary job roles/duplicates."

"Efficiency savings – fewer staff and councillors means lower costs."

These comments suggest that residents are open to the idea of fewer, larger councils if they can deliver tangible improvements and cost-effectiveness. The 2UA option is best places to deliver these outcomes and its strong financial performance allows it to invest into frontline services and deliver them at a more localised level.

Support for simplified access and unified services

A significant number of residents expressed frustration with the complexity of the current two-tier system, particularly around knowing which council is responsible for which service. The idea of simplified access to services through a single authority was appealing to many.

"Lack of confusion as to who to go to with queries or concerns."

"More consistency in support for residents as there will be better fixed ways of working."

This supports the rationale for fewer councils, where a single point of contact could improve clarity, reduce confusion and enhance the user experience.

Strategic planning and infrastructure investment

Residents also saw potential for better infrastructure planning and investment under a larger, more strategic authority. Comments highlighted the need for coordinated transport systems, improved road maintenance and strategic development planning.

"Easier to plan and address strategic priorities."

"Planning can combine and ensure infrastructure matches development."

This suggests that residents recognise the limitations of fragmented governance in tackling county-wide challenges and see the value in a more unified approach.

The 2UA option will have the most capacity to consider planning and infrastructure matters at a strategic level. The new unitary councils will have a critical role in supporting the LCCA in developing, implementing and delivering a pan-Lancashire Spatial Development Strategy. One of most prominent transport and infrastructure challenges in Lancashire is the poor East-West connectivity. Having 2 large unitary councils on a north-south basis, both with a significant interest in improving East-West connections, is the most likely option to expedite the required investment.

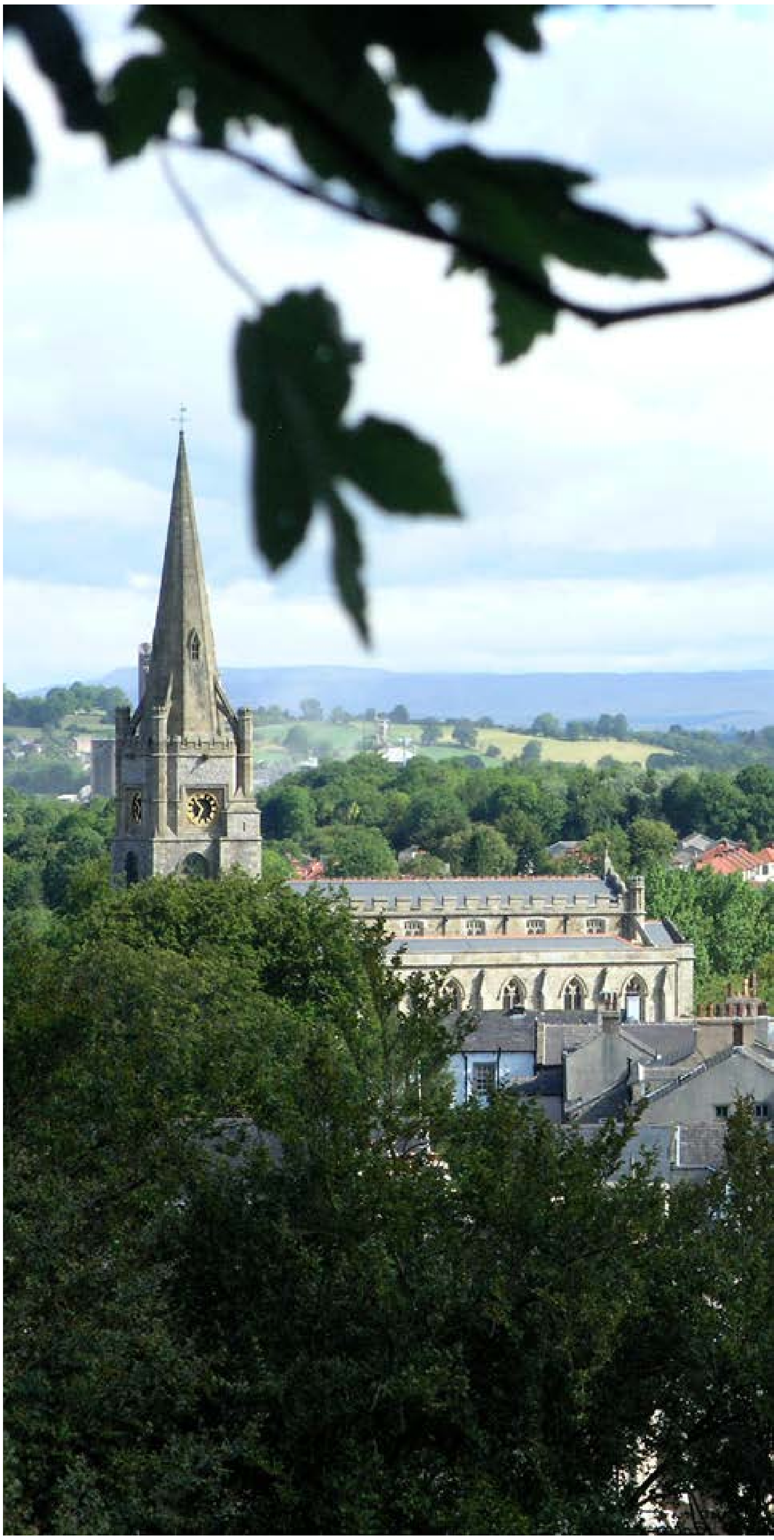
Protecting local identity

The preference to retain existing councils is somewhat driven by concerns about losing local identity and representation. If proposals can demonstrate that local identity will be protected, key frontline services will be retained and brought closer to residents, and community voice will be enhanced around local decisions, then the level of support is likely to increase.

All options under consideration will need to implement robust neighbourhood and community arrangements to genuinely achieve those outcomes. The 2UA option provides the most financial flexibility, and therefore the most resources and capacity to deliver on this.

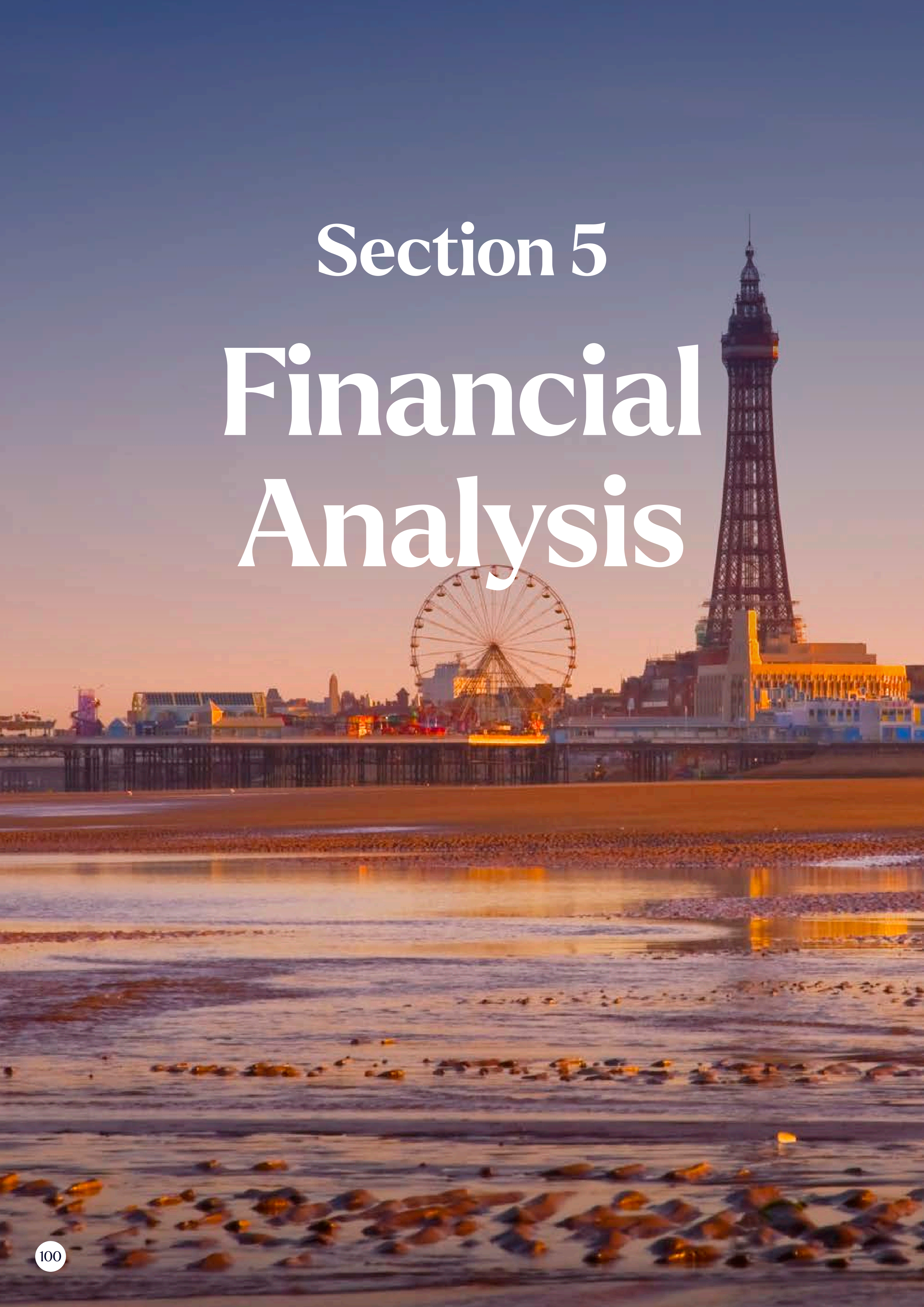
Options appraisal outcome and preferred option

Based on this analysis and strong supporting evidence base, 2UA is the preferred option for LGR in Lancashire.



Section 5

Financial Analysis



This chapter sets out in detail the financial analysis that underpins the case for Two Unitary Authorities, examining the costs, savings, sustainability and resilience of each option.

It makes clear that:

- There are clear and significant differences in the financial position created by the different options.
- Two Unitary Authorities achieves the fastest payback (2.5 years) and highest cumulative benefit (£391m) after five years from Vesting Day.
- The financial strength offered by two Unitary Authorities enables reinvestment in transformation, prevention and in directly supporting communities through investing in local priorities.
- Smaller models fail to deliver value for money or long-term resilience, and will be unable to deliver the scale of investment in service transformation, integration or community working.

Conclusion:

Financial sustainability is the foundation for effective structures for local governance in Lancashire. It is the key factor to enable equitable service delivery and local empowerment for all our communities.

5. Financial Analysis

Introduction

The following sections provide an overview of the financial operating context, financial resilience and the financial modelling work undertaken, with further detail provided at Appendix 2.

The modelling to forecast the impact of LGR has been developed drawing experience from other LGR financial modelling, experience from LGR implementations and using the best data currently available to provide a snapshot in time. The results are presented in this section, but will require update and revision over time as known external factors are clarified and as other issues emerge.

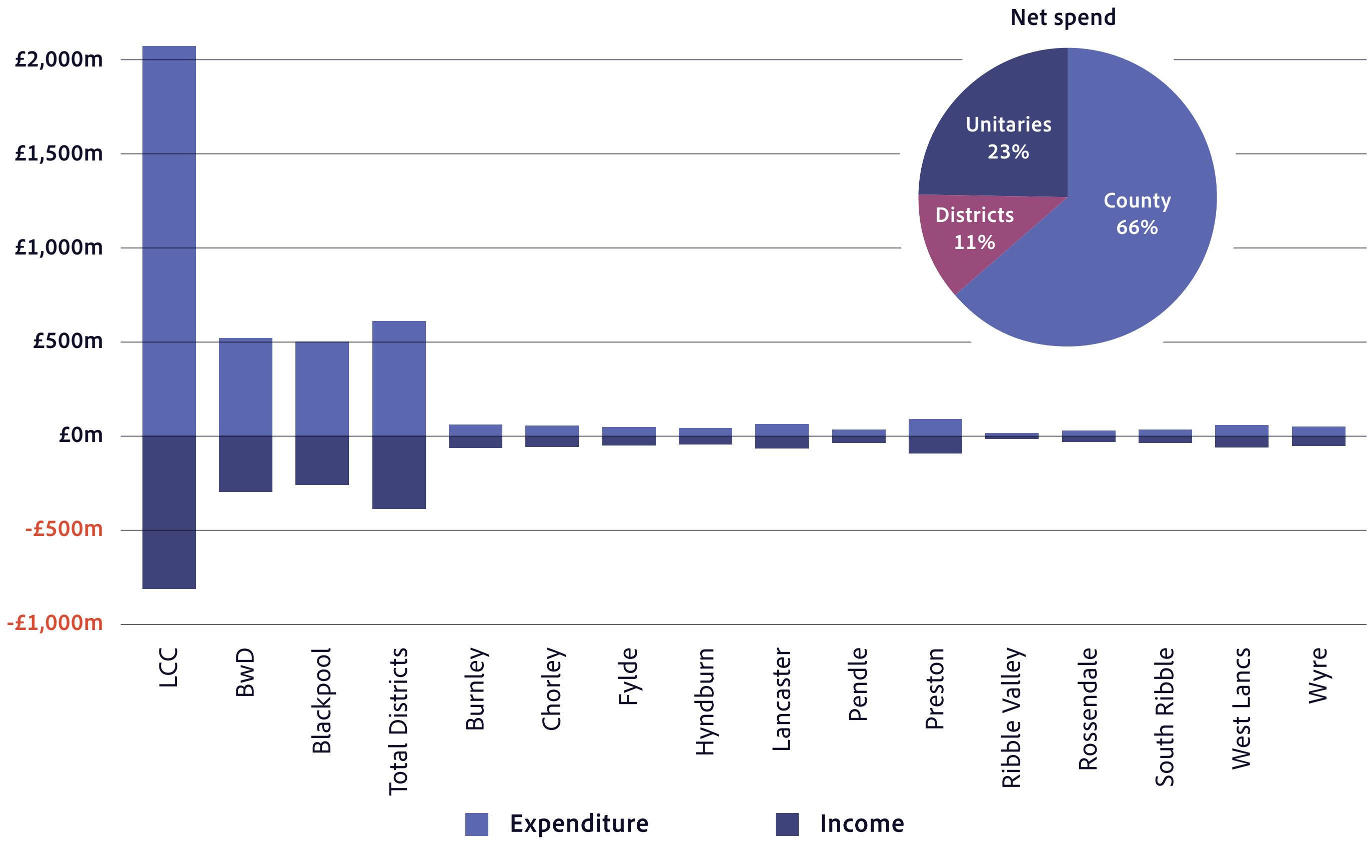
Financial operating context

The financial operating context for Lancashire and scope of this financial modelling includes: Lancashire County Council; two unitary councils: Blackpool, Blackburn and Darwen; and twelve District Councils.

Spending

The overall 2025/26 gross expenditure budget for all councils is £3.7bn. This is shown in the chart below which demonstrates the relative scale of the spend and income in each council.

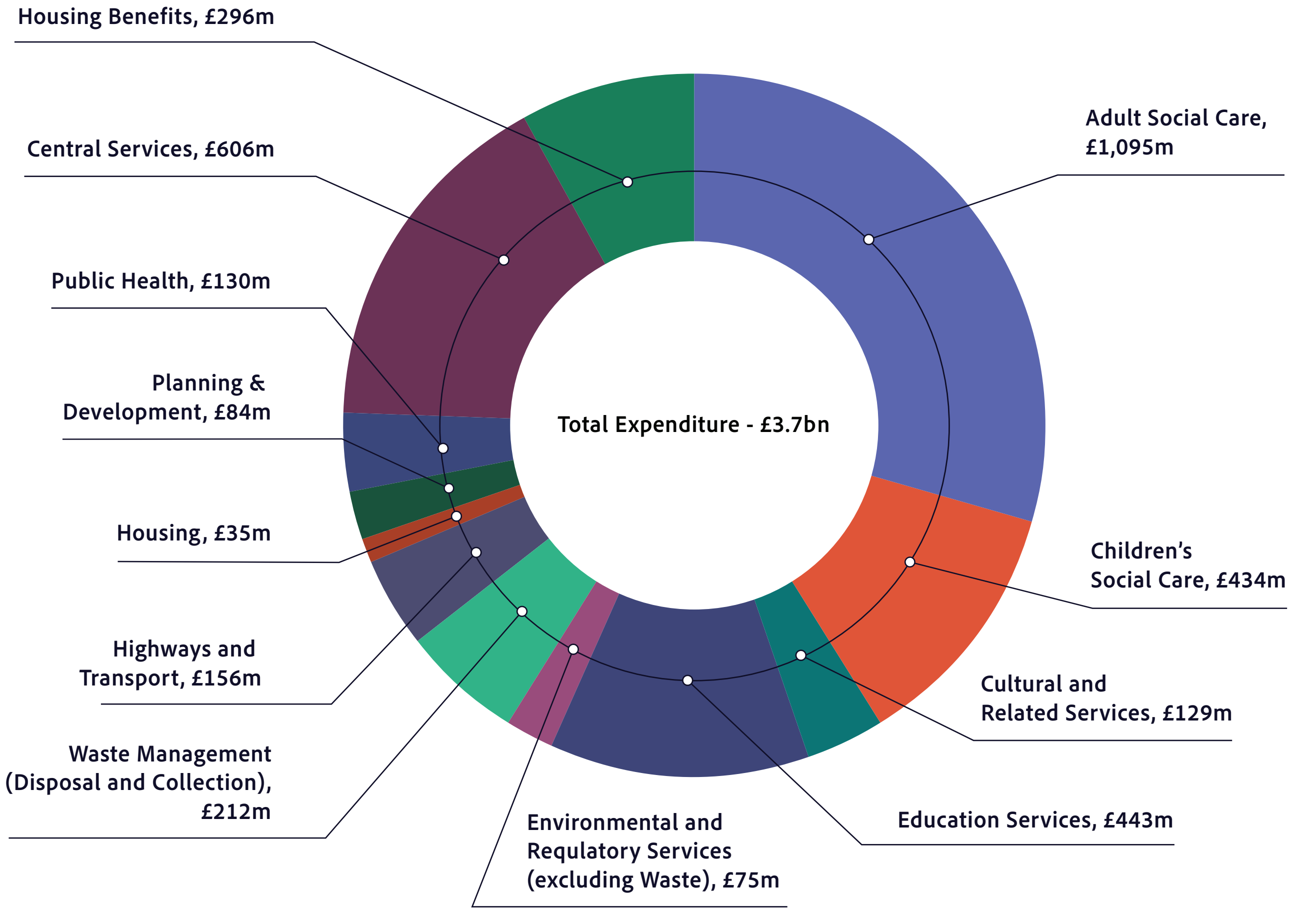
Figure 5.1 – Current net expenditure and income in each council



Of the net expenditure, 66% is spent by Lancashire County Council with a further 23% spent by the two unitary councils and 11% spent by Districts.

Figure 5.2

The following chart shows how this money is spent – the range of services provided by all councils across Lancashire.

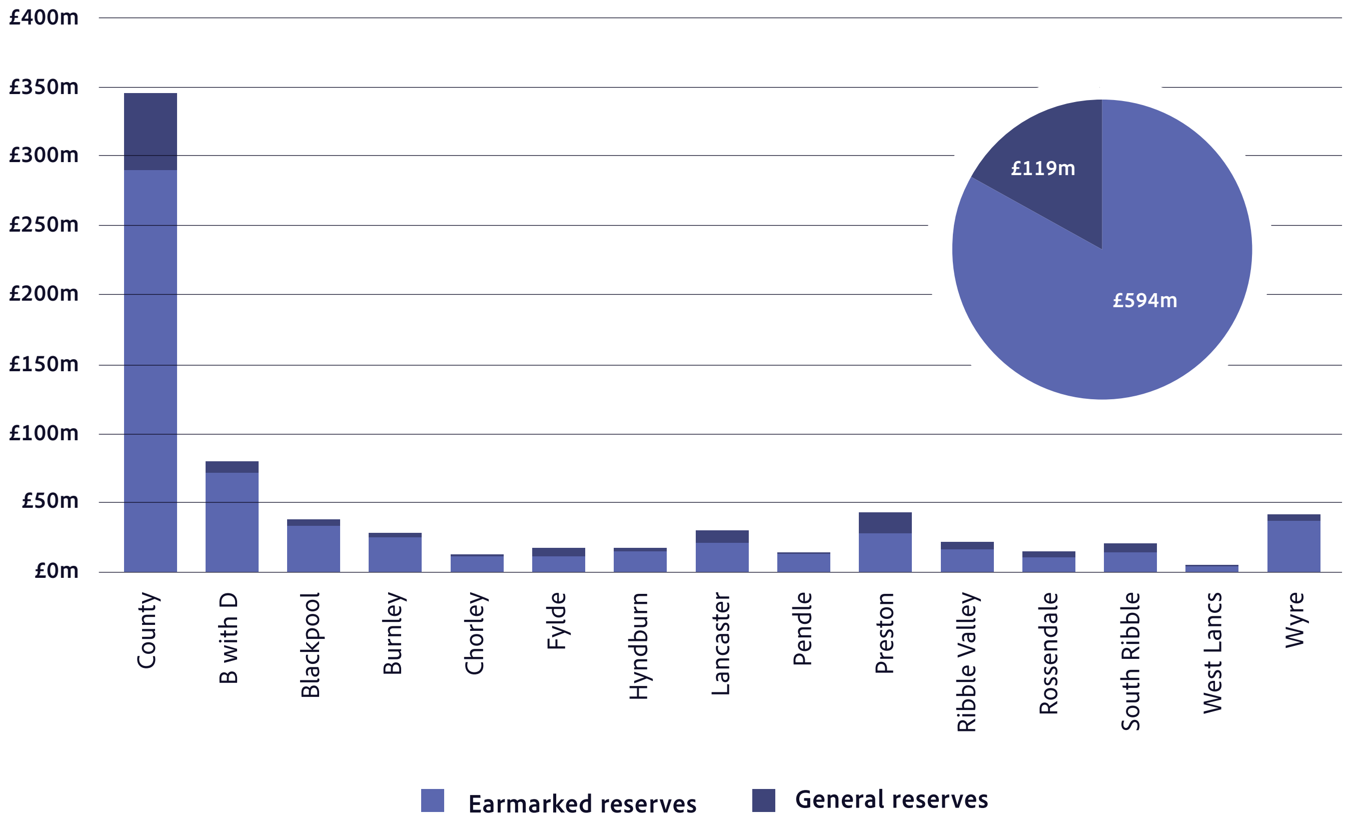


5. Financial Analysis

Reserves

The following chart shows the reserves position for each council as at 31st March 2025. Across all councils reserves total £713m of which £594m are earmarked and £119m are general reserves.

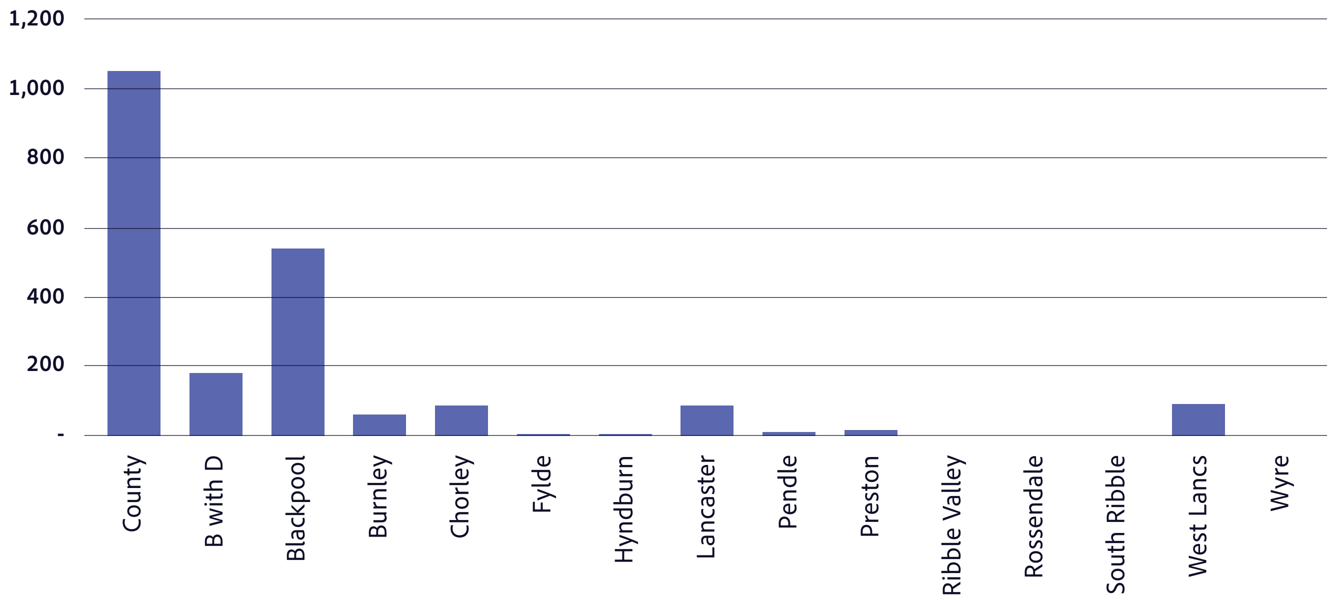
Figure 5.3 – Reserves as at 31st March 2025



Debt and Borrowing

The debt positions for the existing councils are summarised in the chart below.

Figure 5.4 – Debt as at 31st March 2025



5. Financial Analysis

Across Lancashire councils there are currently significant levels of debt that will be carried forward and need to be serviced by the new unitary authorities, with a current total Capital Finance Requirement (CFR) of c£2.8bn across all authorities.

While there are some specific cases of authorities with higher proportional amounts of debt compared to other councils nationally, these are isolated cases and in terms of CFR proportionally (relative to population) the majority of Lancashire authorities are in line with others nationally.

As such, while the current levels of debt in Lancashire do not present a risk to financial sustainability, there is further work to be undertaken to determine how assets and liabilities will be distributed and serviced by new unitary authorities under the resulting model of local government for Lancashire. This work will be carried out during the transition period once the selected model and new unitary authorities are determined.

Although there is a higher level of debt in the county council, there is also a corresponding high value of assets funded on the balance sheet by this debt. A key indicator of financial resilience for all authorities is net financing cost versus net revenue budget and across Lancashire there are no outliers compared to the national average and therefore the level of debt is not a key consideration for the LGR process.

SEND deficits

All authorities locally and nationally are facing significant demand and rising cost pressures in SEND services. The three Lancashire upper tier authorities are all experiencing SEND budget challenges with forecast deficits on the High Needs budgets from 2025/26 as part of their MTFPs.

The deficits are a result of insufficient government funding to cover SEND costs and councils are relying on the statutory override from Government that permits these deficits to be kept off general budgets, but cashflow the costs from the general fund. Consequently, it should be noted the forecast baseline budget projections to 2028/29 do not include the SEND deficits.

Government has extended the statutory override to March 2028 and is committed to systemic reform with its anticipated white paper. However, to ensure financial sustainability, addressing the SEND pressures is an essential priority for the existing upper tier councils and new unitary authorities up to Vesting Day and beyond.

Financial resilience

Analysis was undertaken to model the potential financial resilience risk position for of the proposed unitary options based on their publicly available financial resilience index data for the existing councils.

The analysis uses a basket of financial resilience measures to calculate a risk score. The more detailed analysis of the LGR options is attached at Appendix 4 and summarised in the chart below.

The higher the financial resilience score, the more likely the council will have future financial concerns / risks and therefore may need to hold higher reserve levels or take mitigating actions to reflect that position.

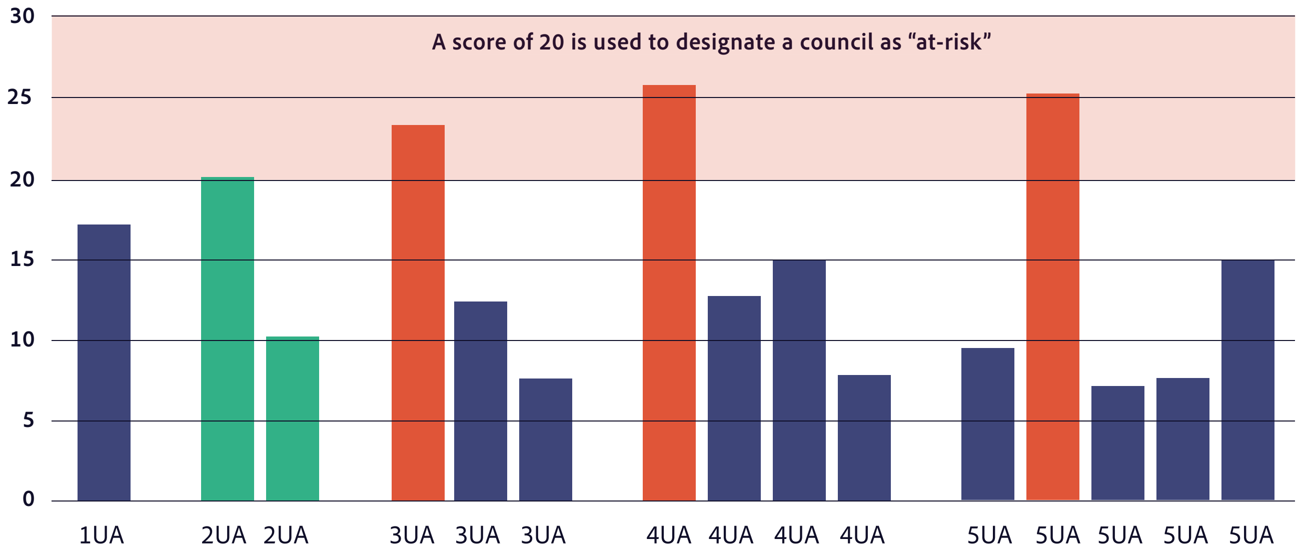
This would mean the council prioritising its available capacity (people, skills and finances) to manage those risks year-on-year, leaving less capacity available to invest and deliver change.

The chart demonstrates that, other than the non-compliant 1UA option, two unitaries is the only option that does not include one unitary council considered to be significantly "at risk" with regard to financial resilience, by CIPFA standards.

For the 2UA option there is one new unitary council which is close to being described as 'at risk', while the other is in a more secure position.

For the three, four and five unitary options, one of the new unitary councils would start with significant financial resilience risks - counter to the objective of establishing new unitary councils with the ability to be financially sustainable.

Figure 5.5 – Financial Resilience scores



5. Financial Analysis

MTFS and baseline budget projections

Opening baseline budget projections

The opening budget positions for the new unitary councils have been projected to show forecast budget surplus / deficits on Vesting Day 2028/29.

The net expenditure has been modelled using information from the existing MTFP's and MTFS's of all councils, and includes potential LCC budget demands and pressures disaggregated across the new unitary councils.

The financial analysis shows that existing councils are forecast to have a cumulative funding deficit of £134m by 2028/29.

This comprises a forecast funding gap of £56m in 2026/27, rising to £97m in 2027/28 and to £134m by 2028/29 (assuming no action is taken to mitigate this position).

This forecast is based on a range of assumptions in relation to both of the following:

- Expenditure - inflation, demand pressures, legislative changes etc.
- Income - assumed Council Tax increases, impact of the funding reforms (including Fair Funding 2.0) by Government, increases in fees and charges etc.

These assumptions are based on the best-known information available at the time these forecasts were produced, and are inevitably subject to change, which may reduce or increase the forecast deficit and may also significantly change the allocation of the county deficit across districts and therefore the new unitaries.

In developing the financial models for unitary options, and acknowledging that new councils will be created from April 2028, it has been assumed that existing councils will address their gross funding gaps for 2026/27 and 2027/28, regardless of local government reorganisation. This recognises the statutory obligation on each council to set a balanced budget annually.

It is not possible to be definitive at this stage about how this will be done, as this will be subject to each council's own budget setting and democratic decision-making processes.

Figure 5.6 – Forecast 2028/29 Budget Gap as a percentage of Expenditure

Positive values are gaps (deficits) Negative values are surpluses

It has been assumed the budget gaps will be met mainly by recurrent budget reductions (either reduced costs or increased income) with any residual budget pressures considered immaterial in the context of the financial case.

If it is assumed legacy councils identify £97m permanent savings for 2026/27 and 2027/28 to resolve the in-year budget deficits, the remaining 2028/29 budget deficit on Vesting Day is £37m.

This modelling is summarised in the chart below, which shows the value for each unitary, before reserves are applied, of the forecast budget deficit / surplus and also as a percentage of expenditure.

This chart demonstrates how the forecast 2028/29 opening / Vesting Day budget deficit is distributed between each new authority in all options being considered.

For the two unitaries model, a £2m opening budget surplus is forecast for the North Unitary, whilst the South has a £39m (3%) budget gap.

In recognition of the scale of the 2U councils and their consequent financial resilience, at 3%, this gap does not present a major issue for the new unitary and is expected to be resolved through savings identified prior to Vesting Day, bolstered with further savings achieved during the early years of transition.

5. Financial Analysis

The three unitaries model also shows significant inequitable opening balances with deficits ranging from £4m (0.5%) to £25m (3%).

For the four and five unitary options, the East unitary council shows a significantly larger opening deficit of 5.6% or 4.8% respectively of net expenditure, compared to the other councils.

Given the scale of the councils in the four and five unitary models, this significant and inequitable opening budget gap would create immediate and ongoing sustainability issues as the smaller councils struggle to close a gap of this magnitude. This substantially undermines the financial sustainability and viability of the four and five unitary options.

While the modelling approach used is considered to be the most reliable and accurate approach currently available, it is recognised that the allocation of actual savings across districts / unitaries will be different. Therefore, the opening balances are indicative, at best, and can only be relied on with limited assurance.

LGR modelling principles

A financial model has been developed to understand the financial implications of LGR.

A model has been developed for each option of 1UA, 2UA, 3UA, 4UA option A and 4UA option B and 5UA.

The modelling reported in this business case is based on an average mid-point between a 'base' and 'stretch' forecast.

The base forecast assumes lower, prudent levels of savings whereas the stretch forecast assumes more ambitious and realistic savings but higher value. Anchoring the analysis at the mid-point strikes a measured balance between caution and aspiration.

The financial modelling covers the period from 2026/27 through to 2032/33 – five years after Vesting Day. This includes the 2027/28 shadow year, Vesting Day and the first year of the new unitaries in 2028/29. This modelling provides an adequate timeframe for the initial transition and consolidation, followed by a significant transformation programme which exploits the available opportunities of scale, consolidation and integration, and achieves a steady state by 2032/33.

Modelling approach – cost and savings categories

To determine the 2028/29 baseline used for the modelling, an inflationary uplift has been applied to 2025/26 estimates for all existing councils.

Costs and savings have been forecast to estimate the potential financial changes that will impact each unitary model.

Profiles have also been developed and applied to each cost / saving to reflect the timing of when these will impact.

Costs and savings have been identified and considered in the categories shown below - these are described further in Appendix 2.

Appendix 5 further explains the logic and rationale of the savings percentages and assumptions that underpin the modelling.

Transition costs

The one-off cost of undertaking the initial work required in 2026/27 and 2027/28 to implement the new operating model and ensure the new unitary councils are safe and legal from Vesting Day.

Aggregation savings / benefits

The short-term recurring savings that arise from de-duplication and economies of scale through the initial combination, consolidation and rationalisation of one county, twelve districts and two unitaries into two, three, four or five new unitaries.

Disaggregation costs

The recurring costs of duplication and loss of economies of scale that result from splitting the delivery of existing county services across multiple new unitaries.

Transformation costs

The one-off cost of delivering a substantial and longer-term change programme in each new unitary council that exploits the opportunities available from integrated delivery across all legacy council functions and ensures modern, low cost, best practice services that are streamlined, automated and digitised with a preventative focus to optimise resident outcomes.

Transformation savings / benefits

The recurring savings, delivered through the change programme, that arise from integrating, streamlining and automating services and taking an early intervention and preventative approach to reduce the costs of supporting residents at times of crisis.

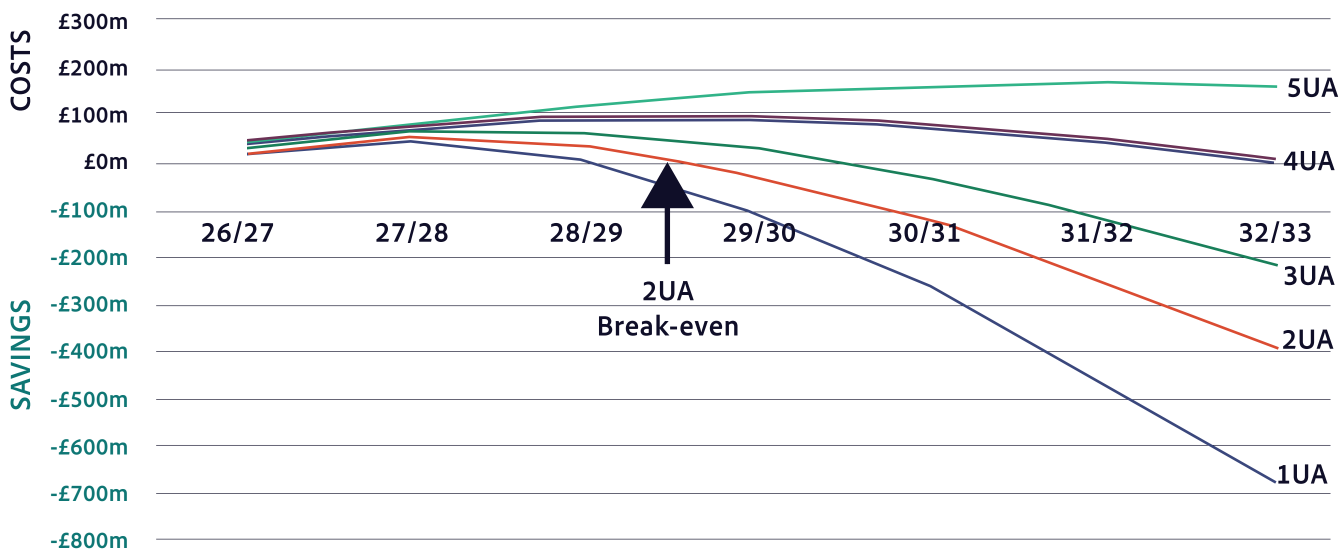
Cost/benefit analysis – Summary of modelling

The combination of these time-profiled costs and savings results in a cost / benefit analysis that forecasts the net cumulative impact of LGR for each unitary option, and a forecast of when / if the one-off transition and transformation costs will be paid back by the net savings that are achieved.

This is summarised in the chart below – each line represents the two, three, four or five unitary option, showing costs initially increasing as one-off transition implementation costs are incurred and then decreasing when recurring savings are delivered that exceed these costs.

The savings increase further as transformation initiatives deliver further recurring savings that commence in 2029/30. The one-off cost of delivering these transformation savings is incurred up to 2031/32.

Figure 5.7 – Cumulative Financial Impact: Cost Benefit Analysis & Payback Period



In the chart, at the point where the line crosses the horizontal axis to indicate the one-off costs have been repaid and the option starts to generate net savings.

The cumulative value of net savings increases up to steady state in 2032/33 and these recurring savings flat-line and continue in future years.

The arrow on the chart above shows the two unitary option achieves the earliest payback of the compliant options and generates a net cumulative saving of £31m by 2029/30, increasing to £391m by 2032/33 with annual recurring savings of £140m.

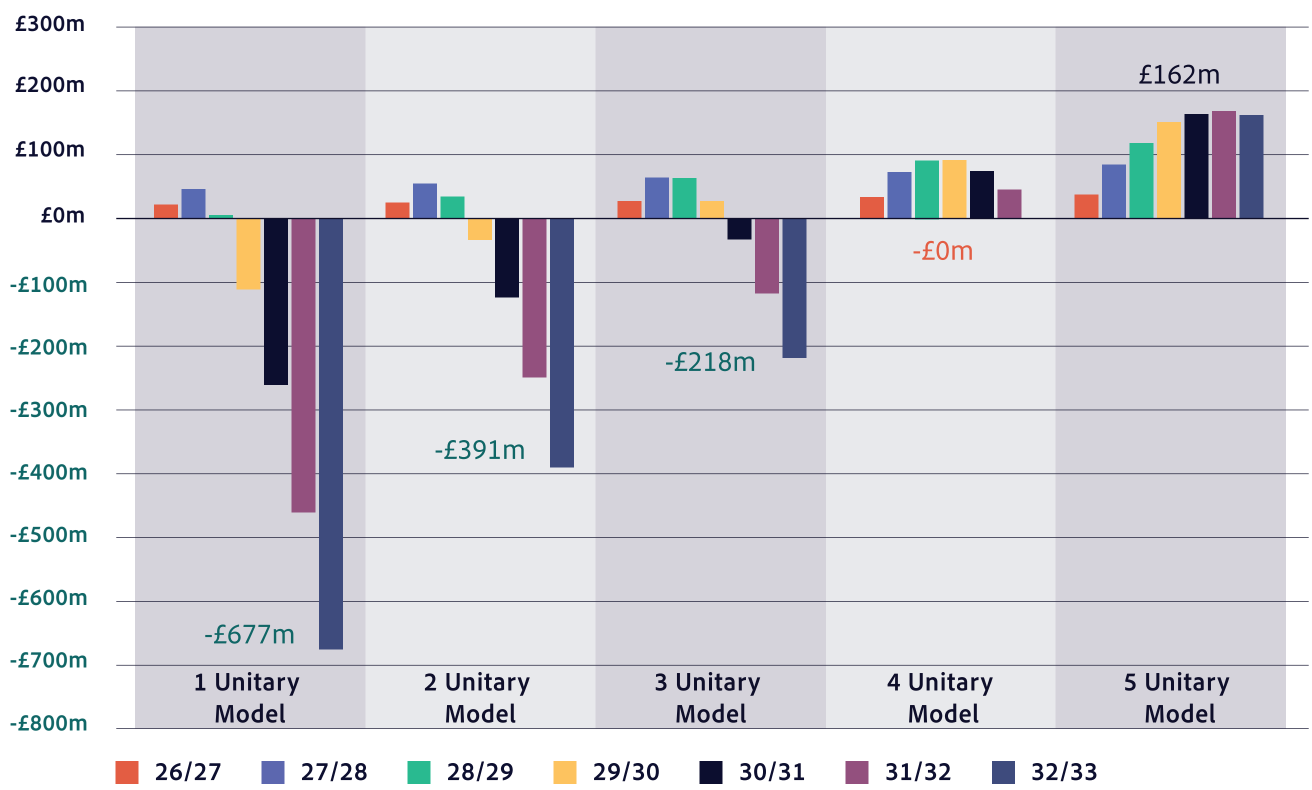
5. Financial Analysis

In contrast, the 5UA model fails to payback implementation costs and forecasts a cumulative net cost of £162m by 2032/33, with annual recurring savings of only £8m.

The following graph shows the 5-year post-Vesting Day payback positions of the different options considered as part of the financial analysis.

Further detail explaining the basis of the modelling is included at Appendix 2, with supporting detail explaining savings percentage rationale and assumptions at Appendix 5.

Figure 5.8 – Cumulative Net Cost / (Benefit) & Payback Period



Summary of the modelled options

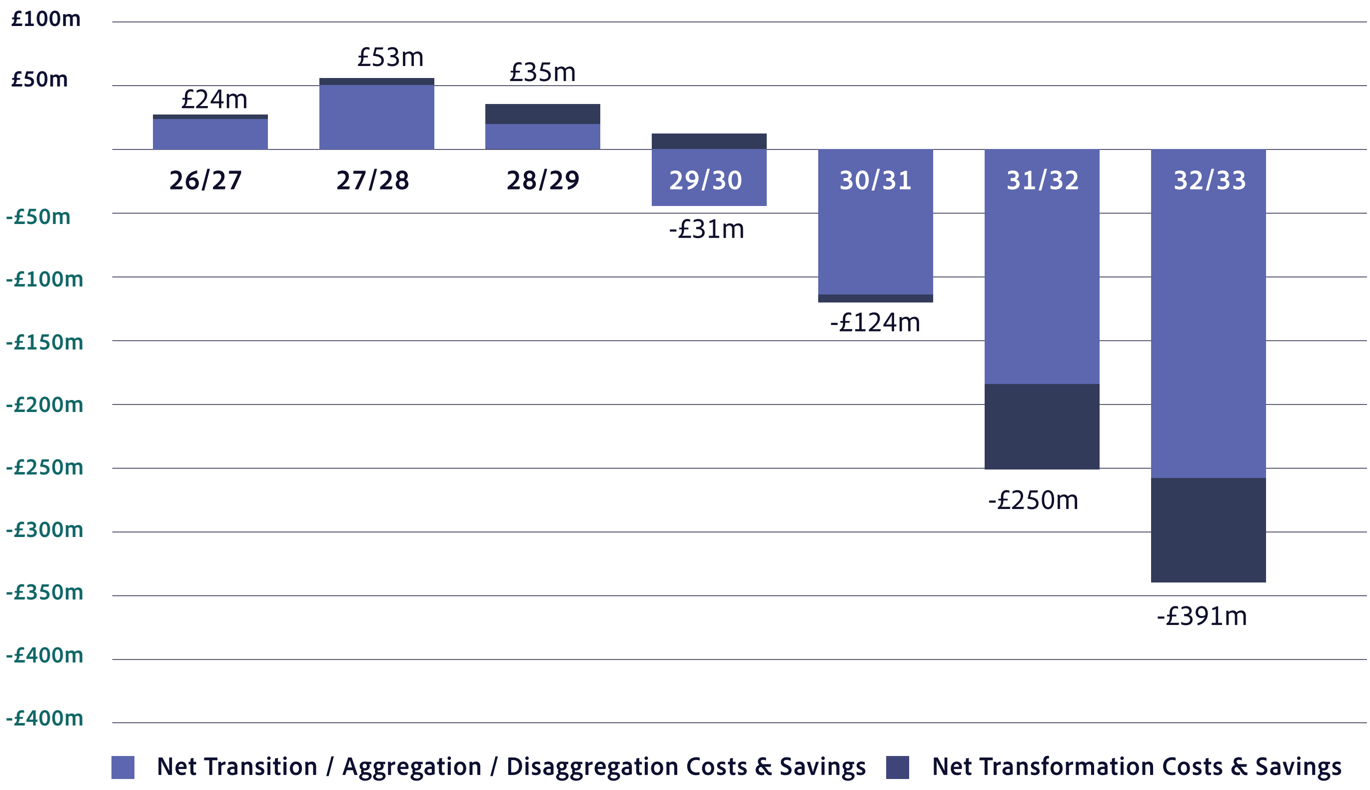
Based on the projected budget opening positions and the cost/benefit modelling described above, a financial position has been forecast for each option and is considered in the following section.

The two unitaries option

Whilst current forecasting indicates the South unitary will inherit a £39m budget deficit, the scale and financial strength of the councils in the two unitary model will readily enable this gap to be addressed either before Vesting Day, or in the early years after.

The chart below shows the cumulative cost benefit analysis modelled for the 2UA option.

Figure 5.9 – Cost Benefit Analysis Payback Period for 2UA Model



5. Financial Analysis

The 2UA option maximises the annual efficiencies with the delivery of £71m of transition savings (net of disaggregation costs). In year one after Vesting Day - 2028/29 - only 50% (£36m) of these recurring annual benefits are realised. But the full 100% will be achieved by year two.

Payback and a £31m surplus is achieved in 2029/30 and a total cumulative net benefit of £391m is achieved after five years by 2032/33.

One-off transition implementation costs are estimated at £62m. For modelling purposes, it has been assumed these costs will be incurred pre-Vesting Day, with the exception of ICT costs which are phased through to 2029/30. These figures and assumptions are based on establishing a “safe and legal” authority on day one.

These transition costs will have already been funded by the legacy councils or funded by government, so the transition savings can be utilised by the new unitaries to fund any remaining budget gaps or to fund investment in transformational change.

Further investment will be needed to deliver innovative transformational change that exploits the full opportunity of unitarisation. This has been estimated at £54m.

Consequently, by year two, the two unitary councils maximise the opportunities for delivering transformational change earlier than any of the other unitary models. This enables the new unitary councils to support delivery of public sector reform and early additional investment into neighbourhoods.

By 2032/33 annual steady state recurring savings of £140m are achieved. This includes net savings from transition and disaggregation of £71m and transformation savings of £69m.

In consideration of the scale of this forecast saving, it is proposed that each council ring-fences a significant annual sum to support neighbourhood / community power initiatives by establishing an initial £15m ‘Neighbourhood Fund’ earmarked reserve for each unitary council.

This would ultimately be a decision for each shadow council, but it is proposed this could be funded for three years at £5m per annum from the savings released, commencing in 2029/30. Bids to apply for the funding would be progressed in 2028/29 with the funding starting to be allocated by 2029/30.

The modelling demonstrates the councils within the 2UA option have the financial scale and resilience to start on a stable basis and then consolidate, rationalise and transform to create modern, efficient, sustainable unitaries that are financially sustainable and have the funding capacity for investment to improve resident outcomes.

The three unitaries option

The three unitaries are projected to open with budget deficits ranging from £4m (0.5%) for the South unitary to £25m (3%) for the East unitary, creating a financial resilience challenge for the East unitary from Vesting Day.

The chart below shows the cumulative cost benefit analysis modelled for the 3UA option.

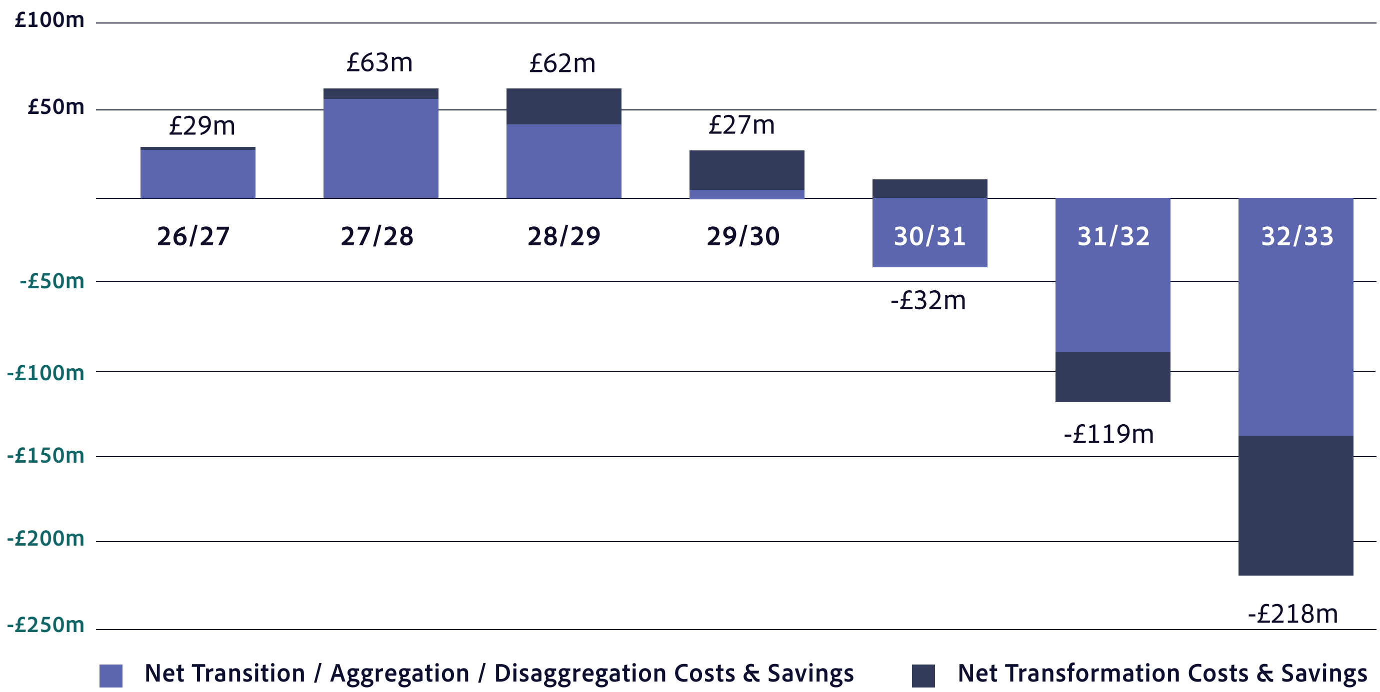
At steady state in 2032/33, the 3UA option forecasts total recurring annual savings of £99m, including £47m of transition savings and a further £52m transformation savings.

To achieve this, transition costs are estimated at £76m and transformation costs at £59m.

Payback and £32m surplus is achieved in 2030/31 and a cumulative net benefit of £218m is achieved by 2032/33.

The inequitable opening balances will create challenges for this option and whilst the 3UA model delivers savings, these are significantly lower value and delivered later than the savings achieved by the 2UA model. The costs required to deliver these savings are higher and the smaller scale will not enable the same level of reinvestment and improvement that the 2UA model offers.

Figure 5.10 – Cost Benefit Analysis Payback Period for 3UA Model



5. Financial Analysis

The four unitaries option

The chart on the right shows the unequal distribution of the projected 2028/29 opening budget gap for the four unitaries model.

This shows significant variances in the opening budget positions for each new unitary.

The modelling forecasts opening surpluses for the South (£4m, 1%) and North (£3m, 0.5%) unitaries, but budget deficits for the West (£1m, 0.1%) and East (£43m, 5.6%).

The large 5.6% budget gap projected for the East unitary undermines the council's opening and ongoing financial sustainability and will require significant work before and after Vesting Day in order to identify and deliver mitigating savings. This effort will significantly distract, already scarce, capacity away from the essential work required to deliver LGR.

The chart below shows the cumulative cost benefit analysis for the 4UA option.

Figure 5.11 – Forecast 2028/29 Budget Gap as a percentage of Expenditure

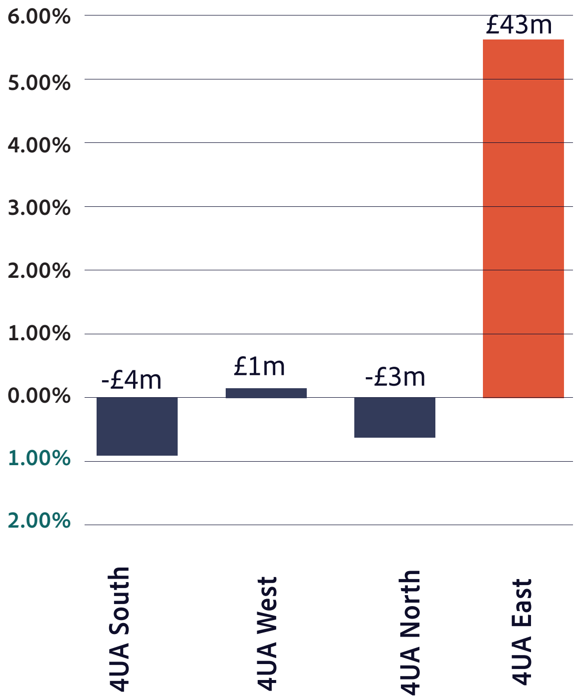
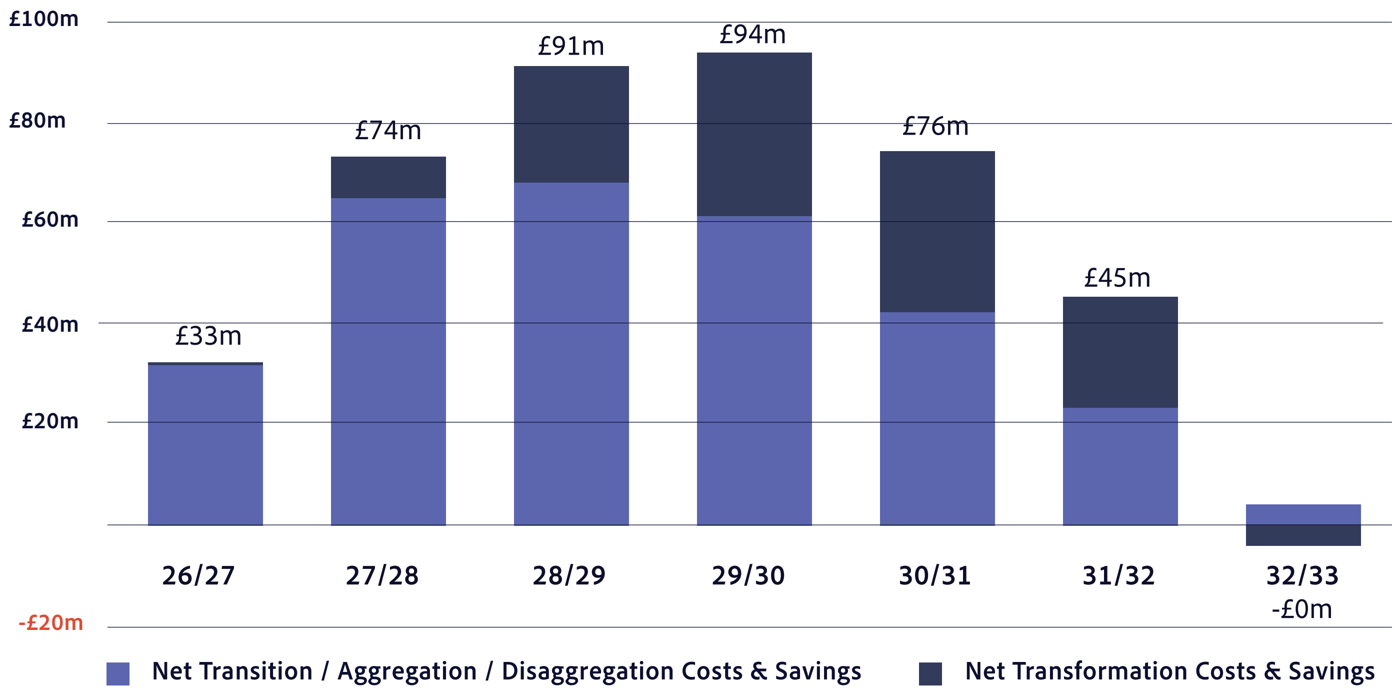


Figure 5.12 – Cost Benefit Analysis Payback Period for 4UA Model



By 2032/33, the cumulative net position is a break-even (£2m deficit for the 4UA option B). Transition and disaggregation costs are forecast at £163m with only £158m savings generated by 2032/33 from transition, consequently there is a net transition cost of £5m that off-sets the £5m net transformation saving to achieve an overall break-even position (nil surplus / deficit).

Transformation costs are forecast at £63m and by steady state in 2032/33, the 4UA option is forecast to deliver net annual recurring savings of £45m.

Overall payback and break-even is achieved in 2032/33, but considering the transition costs / savings in isolation, the cost of transition does not deliver a positive return until 2033/34.

The 4UA Option B is not materially different from the 4UA option described above but is forecast to deliver a slightly worse £2m cumulative deficit by 2032/33 including a £7m cumulative net transition cost.

The scale of investment required to deliver transition for the 4UA model and the slow payback, combined with lower ongoing savings, present high-risk factors that jeopardise the viability of this option and present limited opportunity for investment in genuine transformation to improve resident outcomes.

5. Financial Analysis

The five unitaries option

The chart on the right shows the wide divergence in the 2028/29 opening budget gap projected across the five unitaries model.

Whereas the South unitary forecasts a £4m (1%) opening budget surplus, the other unitaries are forecast to open with budget deficits ranging from £4m (0.6%) in the West, £7m (1.5%) in the Middle, £12m (3.4%) in the North and £19m (4.8%) in the East.

The £19m opening annual budget deficit projected for the East unitary would create a significant immediate challenge to identify and deliver substantial annual recurring savings to balance the budget. This saving requirement will present a substantial challenge and may jeopardise the council's ongoing financial viability. Ultimately this challenge is one of scale. In the five unitaries model, not all councils have the scale to withstand financial shocks and ensure financial resilience.

The chart below shows the cumulative cost benefit analysis for the 5UA option.

Figure 5.13 – Forecast 2028/29 Budget Gap as a percentage of Expenditure

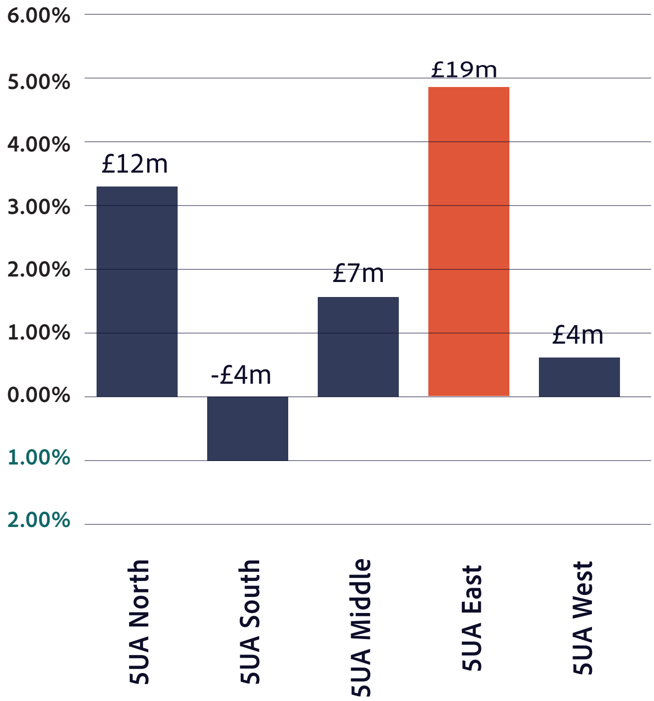
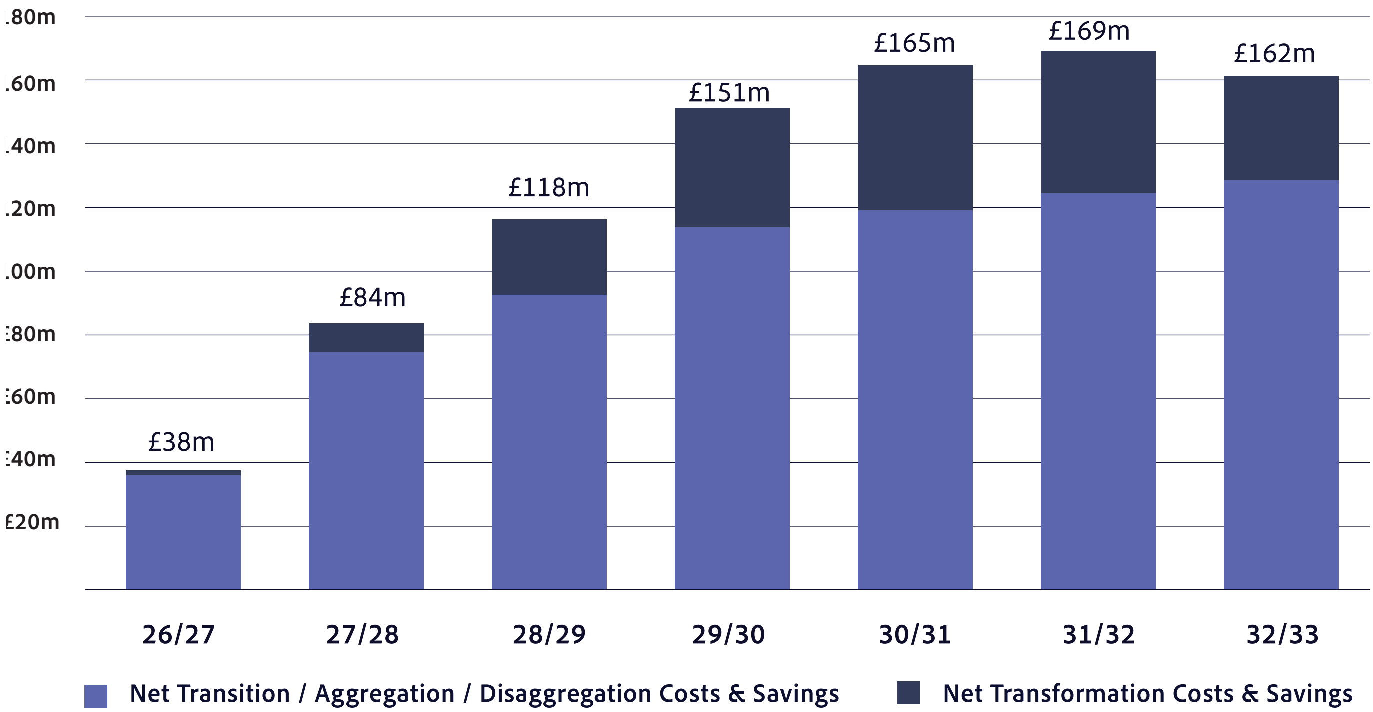


Figure 5.14 – Cost Benefit Analysis Payback Period for 5UA Model



The 5UA model fails to achieve payback of the forecast costs of transition and / or transformation, so is therefore not financially viable.

At steady state in 2032/33, the 5UA option forecasts a net cumulative cost of £162m with only £8m annual recurring savings. This indicates that, theoretically, payback would eventually be achieved by 2052/53.

Clearly this is not feasible, and the transformation costs cannot be justified with such an extended payback period. Furthermore, residents would not benefit from the potential service improvement achievable through the transformation work that larger unitary councils could justify and afford.

Removing the transformation costs / benefits, this results in a forecast cumulative transition cost of £131m by 2032/33, but recurring costs of disaggregation outweigh recurring aggregation savings. This results in an ongoing annual cost of transition of £6m, clearly demonstrating there is no financial case for adopting the 5UA model.

Financial modelling conclusions

The modelling undertaken demonstrates the two unitary model provides best value for the Lancashire taxpayer, both in terms of the benefits that can be delivered through the process of reorganisation / transition / consolidation, and as a platform for securing longer-term benefits through transformation and public service reform.

The key financial findings that confirm two unitaries as the preferred option are summarised below:

- The two unitary model will deliver a minimum of £41m more annual recurring savings compared to the three, four and most expensive five unitary models.
- Creating more than two unitaries substantially reduces the financial gain and increases risk, meaning a two unitary model will give improved financial capacity and resilience from Vesting Day.
- The transition implementation cost and transformation costs are lower than the three, four and five 5 options, so combined with substantially greater savings, the 2UA option is a significantly lower risk and higher value for money option.
- At £62m, the 2UA option costs substantially less to implement than the three, four and five options - £14m less than the 3UA option and £43m less than the 5UA option.
- The 2UA option reduces delivery risk by continuing the provision of social care services from upper tier councils with scale, while integrating service delivery capacity and operating models to maximise improvement and consistency of approach - learning from the best across all of the services.
- Although all new models will aspire to deliver future savings from transformation and public service reform, these projected savings can only be speculative at this stage. For the two unitary model, the net cumulative transformation savings by 2032/33 are estimated at £133m. The pace and deliverability of transformation within two new unitary councils will be significantly greater than in the smaller unitary councils, especially for the four and five unitary options - where establishing social care and upper tier services, and stabilising delivery of those services will be an essential priority.
- For all options, the new councils must ensure future demand pressures are funded appropriately. Setting a balanced budget each financial year is a statutory requirement, alongside having reasonable estimates for demand and costs. Through delivering higher efficiency savings and having the pace and deliverability of transformation savings, the two unitary model will ensure budget pressures can be met, while also delivering investment in preventative and neighbourhood activities.
- Efficiencies should not be used to prop-up more expensive and poor value local government structures. This is even more acute given the forecast cumulative three-year budget gap of £134m for 2026/27 to 2028/29 that must be addressed.

5. Financial Analysis

- The two unitary option sets up each new unitary with the best opportunity to have financial headroom to invest in future capacity for financial transformation and digitisation; this is essential as the cornerstone for ensuring residents receive best value services within a financially sustainable system, while also ensuring services can be delivered across a credible geography and sustainable population base.
- Other than the non-compliant 1UA option, two unitaries is the only option that does not include one council that could be considered to be significantly “at risk” with regard to financial resilience using statistics in the CIPFA resilience index.
- The forecast allocation of the opening budget deficit indicates that a four or five unitary model presents a substantial risk of creating one or more authorities that are not financially sustainable or unable to withstand financial shocks, and will potentially require government support. This unbalanced starting position means that for some new unitary councils a significant focus, alongside stabilising and developing essential service provision, will be to identify and deliver efficiencies just to balance the budgets in the first few years of their existence.
- With a four or five unitary model, the balance of the Council Tax base and the potential for growth of that base through housing growth is not evenly split - adding further to the risk of one of the new unitary councils requiring financial support in the future.
- Simplicity and pace matter. The two unitary model minimises the disruption of implementation and reduces complexity, which is essential to ensure effective service delivery and value for money. Moving from the current three upper tier councils to two unitaries maximises the opportunity for continuity of service provision.
- Continuous improvement is a given across all services, particularly social care. Moving to two new unitaries and adopting best practice from the existing upper tier councils will maximise outcomes as early as possible.

Overall, the two unitary model enables the system to achieve its new stable state as early and efficiently as possible.

Financial sustainability is the foundation for effective structures for local governance in Lancashire. It is the key factor to enable equitable service delivery and local empowerment for all our communities.

The two unitary authority model provides substantially the strongest financial platform to deliver for every community, with the ability to protect valued local amenities, invest in all our communities, and in service improvement.

Our ask to government: Financial support for transition costs

Our plans for the two unitary model are ambitious and reflect a prudent investment that will rapidly yield a positive financial return and improved resident outcomes. However, this requires substantial investment in the short-term.

We are seeking a significant contribution from government to help fund the initial £62m one-off cost of transition to avoid financial disruption to Lancashire.

Without a significant contribution, this will delay the ability to invest in transformation and public service reform as all costs will be met from reserves, and consequent savings will then be needed to replenish reserves over the payback period.

We are also seeking support to enable the capitalisation of receipts from asset sales to support investment in implementation and transformation, enabling us to deliver the most effective transition to new authorities, setting them up to be able to realise financial efficiencies and drive improvements in service design, integration and delivery.

Section 6

Our proposition

This chapter sets out how two unitary authorities for Lancashire can improve outcomes for residents, for all our places and communities, and create and deliver better, more integrated, preventative and locally-responsive public services.

Key points:

The following benefits are more likely to be secured through the 2UA model:

- **People:** Investment in early intervention, housing and care to reduce inequalities and improve population health and wellbeing.
- **Place:** Investing in a new strategic approach to neighbourhood governance, through a new Community First model, giving all communities a strong voice and influence, clear local accountability and investment to make things happen, including through a new £15m neighbourhoods fund for each unitary council. Delivering strategic planning and regeneration to unlock growth corridors and deliver new homes where they are needed across the county.
- **Public Services:** Exploiting economies of scale and innovation to deliver consistent quality services - delivering real value for money for residents. Driving investment, including through a proposed collaborative Lancashire Public Service Reform fund with government, to design and implement service transformation and integration across public service partners, to create local public services ready for the future and improve the long-term outcomes for all our communities.

Conclusion:

The implementation of two unitary authorities for Lancashire provides the strongest foundation to drive tangible improvements for all our residents and communities, delivering consistent, high-quality and resilient services, unleashing innovation, resourcing preventative support for vulnerable residents, and putting community voice, civic pride and accountability at its heart.

6. Our proposition

Overview of the new authorities

The two new UAs will form the backbone of a future ready Lancashire - strong, balanced institutions with the scale to lead reform, and the resources and capacity to respond to local need.

Together, they will narrow the gap between our communities, connect people to opportunity, and enable all our residents the opportunity to share in the county's success. Each will build on distinct economic strengths - one anchored in innovation, energy and coastal renewal; the other in manufacturing excellence and urban regeneration - while working together through the Lancashire Combined County Authority to invest confidently in shared priorities and deliver long-term prosperity.

They will both drive improvements in public services, building efficient, integrated and locally-responsive services to improve outcomes for residents across the whole of Lancashire.

This is a structure designed to deliver efficiency, accountability and impact: a simpler, smarter Lancashire where local leadership drives improved community outcomes and national growth.

Figure 6.1 – North Lancashire Map

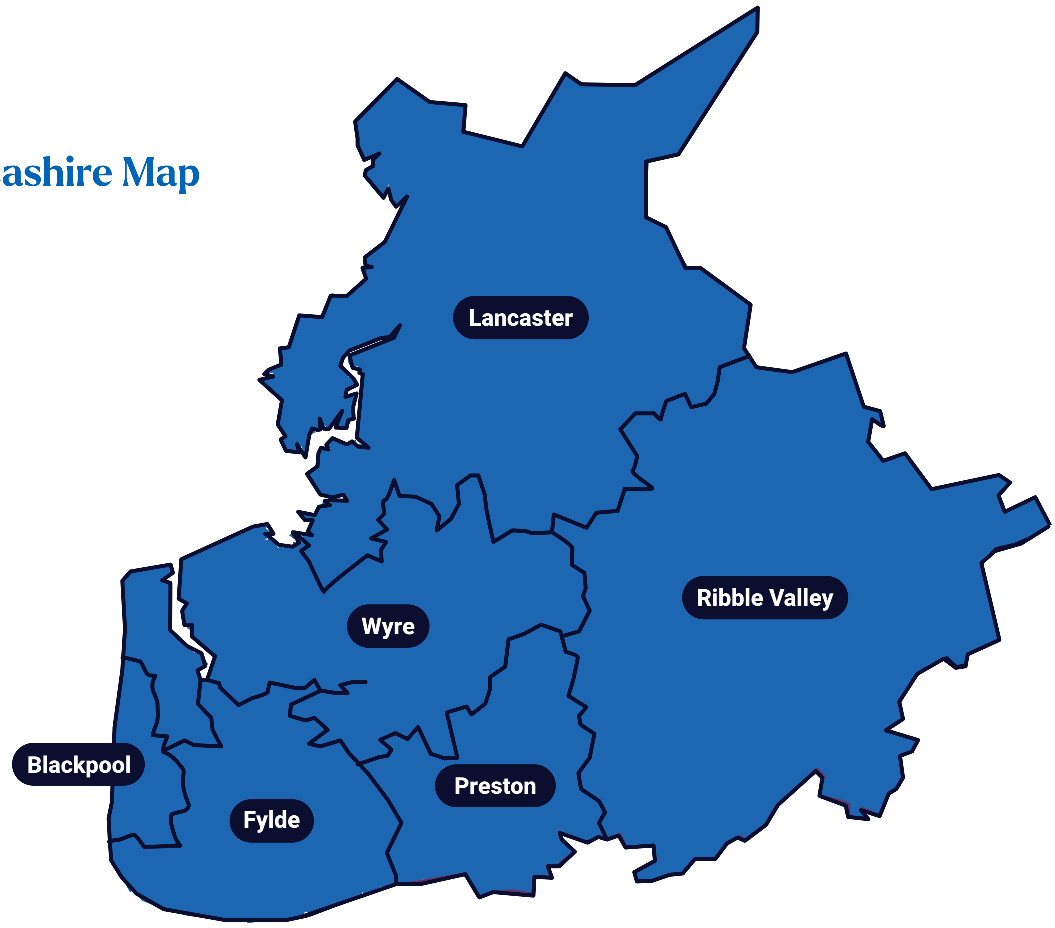
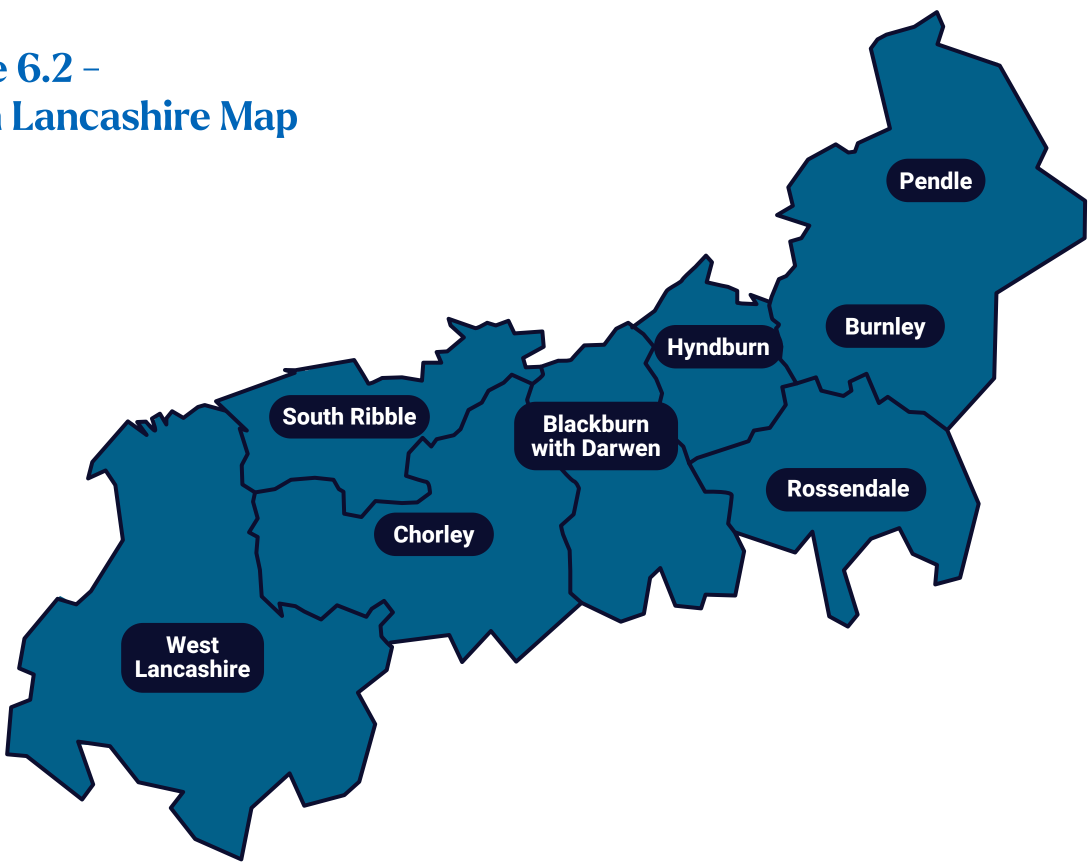


Figure 6.2 – South Lancashire Map



6. Our proposition – North Lancashire

6.1 North Lancashire

North Lancashire is a dynamic, outward-looking economy that connects world-class innovation with inclusive, sustainable growth. Stretching from Blackpool and the Fylde Coast, through Wyre to Lancaster, Preston and the Ribble Valley, it would combine national energy infrastructure, leading universities, and a thriving visitor economy with coastal, rural, and urban communities that work together as one system.

North Lancashire would continue to build on its strengths as a leader in clean energy, advanced engineering and digital innovation. Its diverse economic base, which includes BAE Systems at Warton, Springfields Fuels and Heysham Power Stations, will anchor national capability in aerospace, nuclear and defence, supported by a growing ecosystem of supply-chain businesses and innovation assets.

The area's strategic location, with the M6, West Coast Mainline and Blackpool Airport, will underpin strong north–south connectivity and link local industries to national markets.

With 33.4% of the working-age population qualified to degree level, North Lancashire will attract high-value employers and provide the talent pipeline for emerging industries. Continued housing delivery - averaging 3,600 homes a year - will sustain population growth and create vibrant, well-connected communities.

North Lancashire will be at the forefront of the UK's clean growth transition. Planned investment in offshore wind, Small Modular Reactors (SMRs) and the Silicon Sands AI Growth Zone will generate high-quality green jobs and supply-chain opportunities. Lancaster University and the National Nuclear Laboratory will anchor research and innovation in energy, AI and advanced materials, while Myerscough College will strengthen agri-tech excellence across rural Lancashire.

There are significant challenges and opportunities for public services in North Lancashire, with significant pockets of deprivation and wide disparities in outcomes across the area. Targeted investment in health, housing, skills and transport will help to tackle the root causes of deprivation in Blackpool, Fleetwood and Morecambe, with a focus on preventive, integrated approaches to service design and delivery. This will ensure that all residents can benefit from new economic opportunities and outcomes improved across the population, from early years to end of life care. Improved east–west connectivity and enhanced public transport will link rural communities to jobs, education and services, addressing historic barriers to inclusion.

Figure 6.3 – North Lancashire in numbers

722,045 Total population	**27%** Proportion of population aged 65+ in 2047	**38%** Population growth between 2024 and 2047 for persons aged 65+	**58.8%** Working Age Adults as a proportion of the population
0.4% Average annual population growth between 1991 and 2024	**18.631 Billion** Billion economic Output	**£26,159** GVA per capita	**364,000** Local jobs
11% Workforce in manufacturing	**25,090** Total number of businesses	**89%** Proportion of businesses that are microsize	**79%** Proportion of population who are Economically Active
33.4% Working Age Residents qualified to degree level	**12.4%** Working Age Residents with no qualifications	**£35,581** Annual gross resident earning	**3.3%** Unemployment
17% Proportion of neighbourhoods in 10% most deprived (IMD 2025)*	**3.8%** Proportion of 16/17 year olds who are NEET	**81.5** Life Expectancy for females	**77** Life Expectancy for males

£589 Average cost per resident of People services day 1	**£1,117** Average cost per resident of People services 2040*	**3.35%** of population supported by people services

6. Our proposition – South Lancashire

6.2
South Lancashire

South Lancashire would be the industrial and commercial powerhouse of a future-ready Lancashire — a region where manufacturing heritage, innovation and enterprise drive inclusive growth.

More densely urbanised than the north, it will be centred around the large towns of Blackburn, Burnley, Chorley and South Ribble, as well as the boroughs of Hyndburn, Rossendale, Pendle and West Lancashire. This part of the county will continue to build on its proud industrial legacy, shaped by textiles, engineering and manufacturing, while expanding into new technologies, logistics and clean growth.

South Lancashire would strengthen its position as one of the UK's foremost advanced manufacturing and engineering regions. The area's strong industrial base will continue to underpin local prosperity and national competitiveness.

Major employers such as Rolls-Royce (Barnoldswick), Safran (Burnley) and Emerson & Renwick (Accrington) will anchor high-value production and innovation across East Lancashire, forming a manufacturing corridor supported by leading technical colleges and R&D assets.

South Lancashire's proximity to Greater Manchester and the Liverpool City Region would remain a key strength, enabling businesses to benefit from cross-regional supply chains, shared labour markets, and access to ports and global trade routes.

South Lancashire would be at the forefront of industrial renewal and urban regeneration, transforming long-standing manufacturing towns into thriving hubs of innovation, creativity and enterprise. Major regeneration projects, including the Blackburn Town Centre Masterplan and Burnley Bridge employment zone, will reinvigorate urban centres, create high-quality jobs, and improve the quality of place for residents and businesses alike.

The sub-region will lead the next generation of industrial innovation, linking its advanced engineering strengths with the growing digital and AI economy. The National Cyber Force (NCF) headquarters at Samlesbury and the Blackburn Cyber Skills and Education Campus will position South Lancashire as a national centre for cybersecurity, AI and data-driven industry, forming a vital part of the North-West Cyber Corridor. This fusion of manufacturing and digital innovation will drive productivity and strengthen resilience across local supply chains.

South Lancashire would modernise and diversify its economy by embracing advanced manufacturing, clean growth and digital transformation, reducing its reliance on traditional sectors vulnerable to automation and global market shifts. Collaboration with Greater Manchester, Cheshire and Warrington, and the Liverpool City Region will unlock shared investment opportunities in logistics, skills and innovation.

Persistent deprivation in neighbourhoods in Blackburn, Burnley and Pendle would be addressed through targeted investment in early years, skills, health, housing and regeneration to improve outcomes across the whole geography. By taking a preventative, integrated locally responsive approach to service design and delivery across South Lancashire, all communities from the west to the east can share in the opportunities and benefits of growth.

A stronger focus on education and skills alignment would address the current mismatch between workforce qualifications and employer demand - with only 31% of residents educated to degree level compared to 37% nationally. Expanding technical education, apprenticeships and lifelong learning will ensure local people can access skilled, future-focused careers.

Figure 6.4 – South Lancashire in numbers

879,600
Total population

23%
Proportion of population aged 65+ in 2047

27%
Population growth between 2024 and 2047 for persons aged 65+

59.0%
Working Age Adults as a proportion of the population

0.4%
Average annual population growth between 1991 and 2024

20.964 Billion
Billion economic Output

£24,232
GVA per capita

376,000
Local jobs

14%
Workforce in manufacturing

29,230
Total number of businesses

88%
Proportion of businesses that are microsize

78%
Proportion of population who are Economically Active

31.3%
Working Age Residents qualified to degree level

14.6%
Working Age Residents with no qualifications

£33,514
Annual gross resident earning

3.8%
Unemployment

21%
Proportion of neighbourhoods in 10% most deprived (IMD 2025)*

3.4%
Proportion of 16/17 year olds who are NEET

81.4
Life Expectancy for females

77.4
Life Expectancy for males

£603
Average cost per resident of People services day 1

£1,123
Average cost per resident of People services 2040*

3.35%
of population supported by people services

6. Our proposition – Focusing on outcomes

6.3
Focusing on outcomes

An outcomes focused approach to local government in Lancashire

Delivering improved outcomes for residents and communities is at the heart of our proposal for the future of local government in Lancashire.Our objective is to build new structures of local government, empowerment and engagement that will support all our residents to live better, more prosperous and healthier lives from birth through to old age.

We have developed the 2UA proposition for Lancashire to reflect how the new Local Authorities will best deliver outcomes against three interdependent dimensions: People, Place and Public Services, which together reflect the priorities that matter most to residents and provide a coherent structure for assessing the potential of reorganisation.

We need our local government structures to deliver across these three dimensions:

- To empower **people** to live healthier, safer and more prosperous lives.
- To strengthen pride in our **places** by fostering inclusive, resilient, better connected and sustainable communities.
- To deliver **public services** that are high-quality, efficient, integrated and responsive to local needs.

Through these dimensions, we will demonstrate how modernising and streamlining local government into two strong and balanced unitary authorities for Lancashire can unlock opportunities for transformation, innovation, improved service delivery and economic growth, ensuring that our new authorities are not only administratively viable, but also strategically positioned to meet future challenges.

This framework is both simple and comprehensive, reflecting the experience of residents and the core responsibilities of local government in terms of representing and giving voice to local residents' interests; as custodians of place, to support and enhance our communities; and through accountability to design and deliver the local public services that people want and need.

Figure 6.5

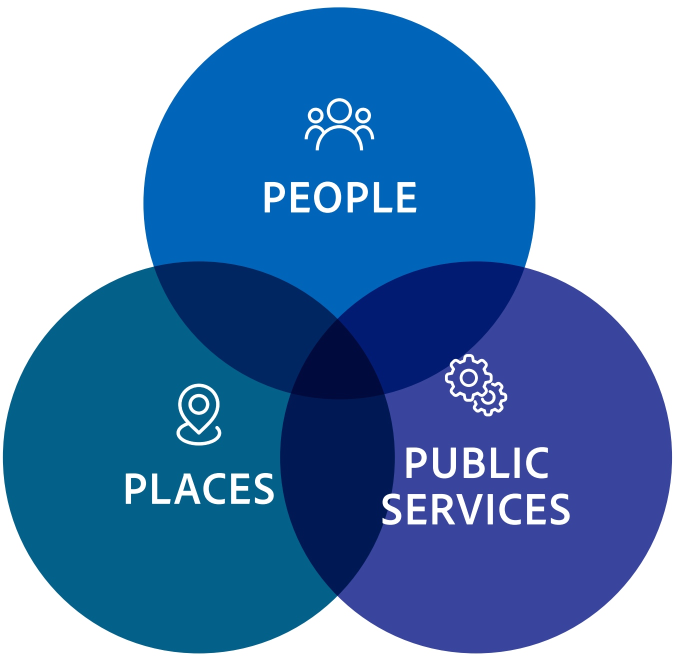
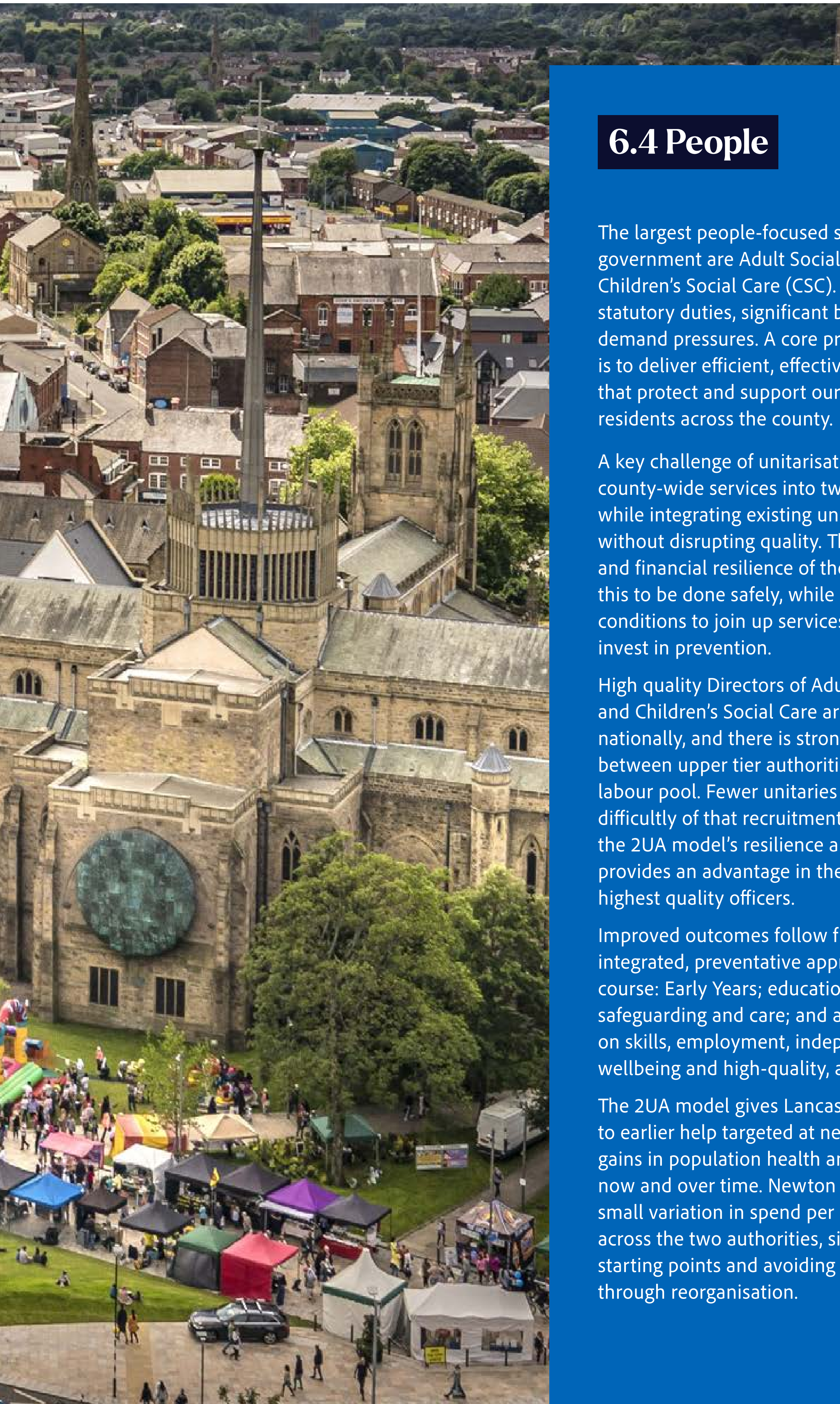


Figure 6.6

People	Place	Public Services
Vision: Empower people across the whole life-cycle to live healthier, safer and more prosperous lives.	**Vision:** Create inclusive, resilient and better-connected communities.	**Vision:** Deliver high-quality, efficient and integrated services that drive prevention and respond to local needs.
Strategic Outcomes: • **Health & Wellbeing:** Residents experience improved physical and mental health and development, from birth to end of life experience. • **Safety & Security:** Communities feel safe and protected from harm. • **Economic Prosperity:** People have access to high-quality education, skills and employment opportunities, across the whole county. • **Social Inclusion:** Reduced inequalities and barriers for vulnerable groups.	**Strategic Outcomes:** • **Inclusivity:** All residents feel a sense of belonging, representation and civic pride. • **Resilience:** Communities can adapt to economic, social and environmental challenges. • **Connectivity:** Improved transport across the county, connecting people to opportunity, digital infrastructure and community networks.	**Strategic Outcomes:** • **Quality:** Services meet or exceed statutory standards and user expectations. • **Efficiency:** Resources are used effectively to deliver the most impact for every Lancashire pound. • **Integration:** Joined-up strategic delivery across health, social care, education and housing. • **Responsiveness:** Services design and delivery is flexible to respond to different local priorities, outcomes and feedback.
Potential Indicators: • Life expectancy and healthy life expectancy. • Early years outcomes; school inclusion and educational outcomes. • Rates of preventable disease and mental health service access. • Crime rates and perception of safety surveys. • Employment rates, skills attainment, and income levels.	**Potential Indicators:** • Community engagement and participation rates. • Access to affordable housing and local amenities. • Public transport use. • Broadband coverage. • Carbon emissions per capita and biodiversity measures. • Flood risk management and climate adaptation plans. • Deprivation levels.	**Potential Indicators:** • Regulatory ratings (e.g. Ofsted, CQC). • Customer satisfaction and service performance metrics. • Cost per service user and productivity benchmarks. • Engagement rates of communities in service design and delivery. • Reductions in levels of Children in Need (CIN) and Children in Care (CIC) • Reductions in the proportion of adult residential care needs.

6. Our proposition – People



6.4 People

The largest people-focused services in local government are Adult Social Care (ASC) and Children's Social Care (CSC). Both carry clear statutory duties, significant budgets and rising demand pressures. A core priority for the 2UA model is to deliver efficient, effective, safe and legal services that protect and support our most vulnerable residents across the county.

A key challenge of unitarisation is disaggregating county-wide services into two new authorities while integrating existing unitary services and without disrupting quality. The scale, coherence and financial resilience of the 2UA model enables this to be done safely, while also creating the conditions to join up services with partners and invest in prevention.

High quality Directors of Adult Social Care and Children's Social Care are in short supply nationally, and there is strong competition between upper tier authorities for a limited labour pool. Fewer unitaries clearly reduce the difficultly of that recruitment challenge, and the 2UA model's resilience and sustainability provides an advantage in the recruitment of the highest quality officers.

Improved outcomes follow from a long-term, integrated, preventative approach across the life course: Early Years; education (including SEND); safeguarding and care; and adult services focused on skills, employment, independent living, wellbeing and high-quality, accessible care.

The 2UA model gives Lancashire a credible route to earlier help targeted at need, with measurable gains in population health and wellbeing, both now and over time. Newton analysis shows a small variation in spend per resident (2.3%) across the two authorities, signalling consistent starting points and avoiding postcode lotteries through reorganisation.

6. Our proposition – People

Services for children and education

2UA offers the opportunity to drive a more consistent approach across Lancashire in a context of rising demand in social care and SEND, and significant disparity of outcomes for children across the districts. The predicted reduction in the U18 population is not enough to mitigate against the rises in demand and the increasing complexity of needs.

Reducing the number of local authorities simplifies care pathways, meaning fewer handovers between different jurisdictions when families move or cases are escalated. This continuity minimises gaps in information sharing, reduces duplication, and lowers the risk of missed safeguarding concerns during transitions.

Recent analysis from the Competition and Markets Authority has highlighted issues with the care market for children's services, which means that the cost of delivering services continues to rise faster than demand.

Adding this to the already stretched nature of SEND services and specialist school placements, there will be a need for the new authorities to have the scale, financial resilience and capacity to invest in early intervention, reduce reliance on costly placements and provide children and families with more consistent support.

Children's Services at the county council is focused on a strength-based operating model ('Family Safeguarding') supporting families to remain together and ensure they receive care within their home, which aligns with Blackpool Council's model. Both of these are designed to reduce the need for local authority care, and the costs and relatively poor outcomes that often result. This approach, combined with a focus on continuing to improve the quality, experience and outcomes for children in care, and investing in early years preventative approaches will deliver improved outcomes for children and families, reducing the need for more complex interventions in the future.

The 2UA model would enable the councils to:

- **Meet demand:** Demand for children's social care and SEND is projected to rise nationally, requiring substantial investment to expand in-house and commissioned provision, and work strategically with partners to manage escalating costs. The new authorities will have the strategic and financial capacity to address this challenge from day one.
- **Shape provision:** A more fragmented model would lack the financial capacity and resources to develop in-house social care services, invest in local SEND provision, implement early intervention programmes effectively, or engage partners at scale. The 2UA model avoids this fragmentation. Lessons learnt on what works well and doesn't work well currently can be considered and either continued or reshaped.
- **Shift towards early intervention:** Aligning with the 'families first' approach and best practice in SEND focused on early prevention, 2UAs, with their scale and financial resilience can invest in targeted early help and family support programmes. This shift will ensure that every family can access the right help and support when they need it, with a strong emphasis on early intervention to prevent crisis and reduce future needs.
- **Balanced Fostering Capacity:** The proportion of Children in Care supported by internal fostering would be almost identical across the two authorities (24% in the North and 23% in the South), this balanced position would enable a joined-up strategic approach to expanding in-house fostering, reducing reliance on costly agency placements, and ensuring children can be placed in stable family environments close to home. This balanced position avoids a postcode lottery and ensures those in need do not need to live within or outside a particular area to get the intervention they need.
- **Strengthen support for kinship and fostering arrangements:** A larger footprint will enable Lancashire to continue to expand recruitment and retention of in-house foster carers, reducing reliance on expensive agency provision. Building on the existing models, the 2UA model would embed best practice internally and use scale to expand kinship and fostering models across a wider geography.

Lancashire case study – Family safeguarding model

Lancashire's Model has been transforming how families are supported by focusing on strengths, addressing root causes of harm, and enabling children to remain safely at home wherever possible. Traditional safeguarding approaches often focus on risk and removal, which can overlook the potential for positive change within families. Lancashire recognised the need for a more holistic, preventative model that empowers families and reduces the need for care interventions.

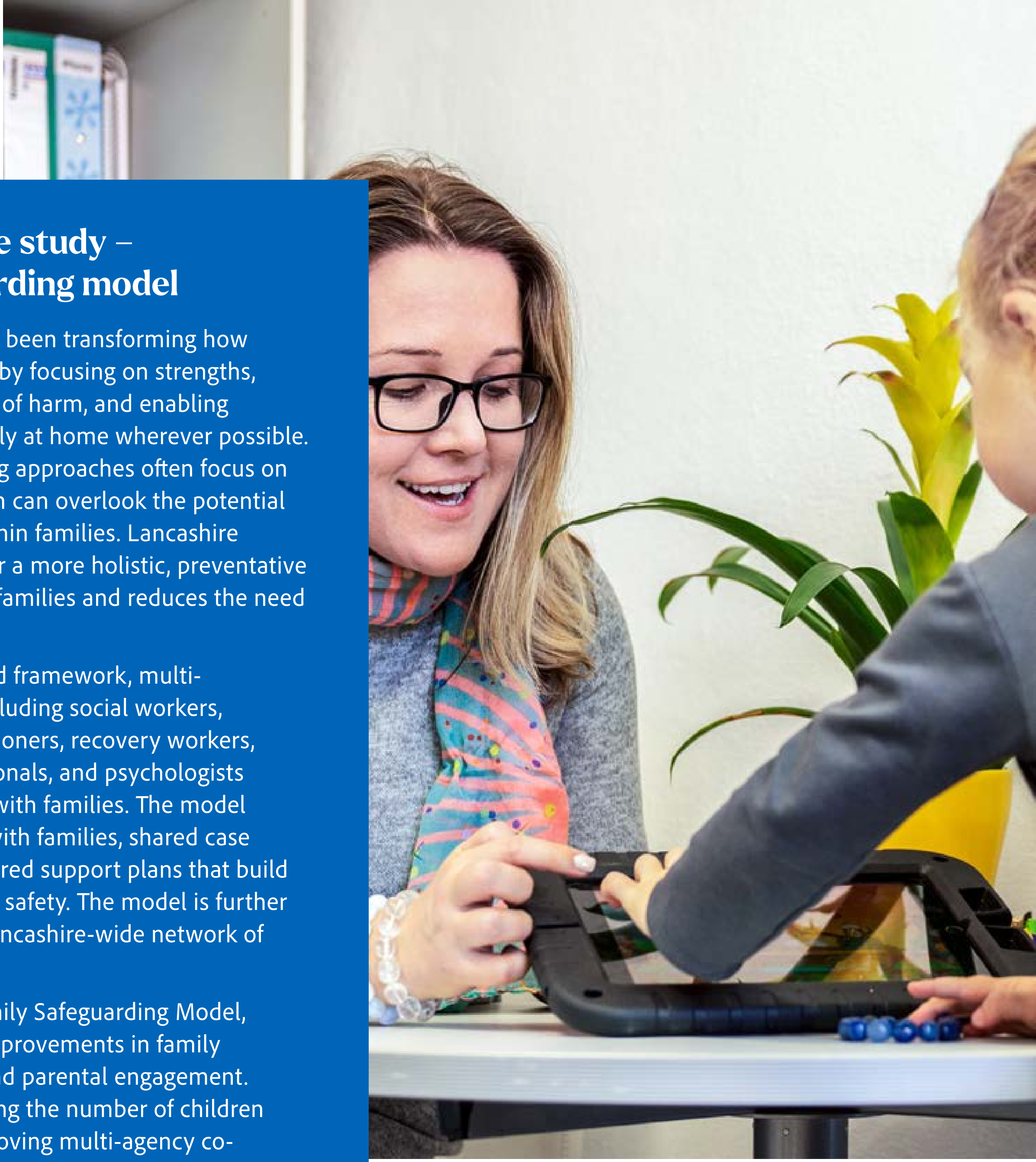
Using a strengths-based framework, multi-disciplinary teams - including social workers, domestic abuse practitioners, recovery workers, mental health professionals, and psychologists - work collaboratively with families. The model prioritises time spent with families, shared case management, and tailored support plans that build resilience and promote safety. The model is further strengthened by the Lancashire-wide network of family hubs.

Since adopting the Family Safeguarding Model, Lancashire has seen improvements in family stability, child safety and parental engagement. The approach is reducing the number of children entering care and improving multi-agency co-ordination. A locally-developed dashboard is tracking both qualitative and quantitative outcomes.

One local mum, who has been supported by the model, said: "I really feel that the Lancashire child safeguarding model helped me to turn my life around, and to build more positive relationships and a healthy lifestyle."

Family Safeguarding shows how a restructured and refocused authority can deliver more effective, joined-up services by aligning social care, health and community support - reducing duplication and improving the experience for families.

This scheme has successfully resulted in lower CLA rates according to data from DfE in Nov 2024 showing Lancashire's CLA rate to be 68 per 10,000, which is considerably lower than the North West average of 94 per 10,000. It will be important for the new authorities to build on the strategies in place and feed these learnings into the new strategic priorities for Children's Services.



6. Our proposition – People

- **Stability through transition:** Transitioning to a 2UA model as opposed to three, four, or five unitaries would provide stability during local government reorganisation. By consolidating services into two authorities, the model minimises disruption to frontline teams, reduces the risk of increasing looked after children and associated costs.
- **Multi-agency child protection**: Reducing the number of councils from 15 to two simplifies partnership working with health, education, policing and safeguarding partners. This creates clearer lines of accountability, strengthens multi-agency child protection arrangements, and enables more consistent, co-ordinated responses to children at risk.
- **Support to schools:** Longstanding relationships with schools will be enhanced. Some of these services are traded, so there would be potential to explore a pan-Lancashire service to minimise disruption to schools and their pupils.
- **Invest strategically in SEND provision:** Rising numbers of children with EHCPs are increasing demand on both mainstream and specialist provision, and there is a need to invest in in-house provision and reduce reliance on high-cost out-of-area placements. The 2UA model creates a balanced foundation for SEND investment, bringing together two authorities with very similar levels of spend per resident, £163 in the North and £168 in the South. This alignment reduces the risk of significant funding disparities emerging between areas, ensures a fairer distribution of resources and importantly ensures all residents across Lancashire are treated equitably.
- **SEND improvement programme:** Lancashire's SEND improvement programme is already demonstrating progress, including through the Lancashire SEND Partnership, which includes key partners like the NHS, the Lancashire and South Cumbria ICB, and parent/carer forums. The partnership has launched a Priority Action Plan and a new SEND Strategy (2025–2028). Key areas of progress so far include:
  - HCPs issued monthly rose by 87% in the same period.
  - Backlog of annual reviews reduced by 16% from June to August.
  - Special school places increased by 5% year-on-year.
  - Specialist SEND unit places increased by 92%.

The 2UA model provides the scale and financial capacity to sustain investment, embed best practice across the county, and deliver consistent, high-quality outcomes for children with special educational needs and disabilities. This would build on success in areas such as Blackburn with Darwen, and improve consistency for parents across the county.

- **School improvement:** Currently outcomes vary significantly across Lancashire. A larger and more Strategic Authority would have the scale and resources to enable best practice, such as that seen in Blackburn with Darwen, to be shared and scaled across Lancashire, raising standards for all. Larger authorities will also be better positioned to attract, train and retain an educational workforce across a wider geography.
- **Workforce:** The two authorities, working together or separately will have the necessary scale to attract, develop and retain quality childrens services staff, particularly in critical roles such as social workers and educational psychologists. It will also help reduce the difficulties of recruitment to statutory posts such as the Director for Children's Services, of which there is limited supply.
- **Reduced regulatory burde**n: Fewer authorities reduce the number of required CQC and Ofsted inspections, allowing both the government and the unitaries to put more focus on policy and improvement. This will help to improve consistency and quality of services.

North and South Lancashire have distinct demographic, economic, and service demand profiles that require tailored approaches to children's services. The North includes coastal and rural areas with pockets of deprivation, while the South is more urbanised, with higher concentrations of child poverty, safeguarding concerns, and SEND demand. These differences necessitate differentiated strategies for early intervention, education, and care, ensuring that services are responsive to local needs and equitable across both authorities. We identify the specific opportunities for the two authorities as follows:

Opportunities created by a 2 unitary approach within the North include:

- **Investment and sustainability for the Family Hubs programme:** Increased scale will provide stronger opportunities to build on Government funding to strengthen the Family Hubs Networks, particularly across coastal towns such as Fleetwood and Morecambe.
- **Early Years Intervention:** The opportunity to build on best practice identified through the Blackpool Best Start initiative, which, supported by a £45 million investment from the National Lottery Community Fund, has delivered a transformative impact on the lives of young children and families in the town's most deprived communities.
- **Coastal Education Strategy:** Extend the learning from the Blackpool Opportunity Area to improve attendance, literacy, and outcomes in coastal schools.
- **Inclusive Growth:** Align housing, regeneration and employment strategies to stabilise families and reduce child poverty in our more deprived coastal communities and Preston.
- **Residential Care:** Use scale to invest in council-run children's homes and reduce reliance on high-cost agency children's homes, building on the significant expansion of in-house homes in Lancashire.
- Planning investment, such as school places for children and young people with SEND, at scale.

Opportunities created by a 2 unitary approach in the South include:

- Having the scale to invest in community infrastructure and support.
- **Urban Poverty:** The scale will provide opportunities to develop and sustain investment targeting urban poverty including youth services, parenting support and community engagement.
- **School Readiness:** Improved early years outcomes in deprived areas through outreach, childcare uptake and culturally responsive support.
- **Education Improvement Partnerships:** Sharing best practice at scale across schools and academy trusts, with targeted support for underperforming areas.

6. Our proposition – People

Lancashire case study – Where our children live

We are reshaping our residential provision through the Where Our Children Live strategy.

Lancashire County Council's "Where Our Children Live" scheme is transforming residential care by increasing the number and quality of children's homes, ensuring that children in care live in safe, nurturing environments close to their communities. Demand for residential placements has grown, and many children in care have historically been placed outside Lancashire or in settings that do not fully meet their needs. This strategy addresses the need for more high-quality local provision.

The county council is investing in new children's homes across the county, including small, family-style units designed to offer stability and personalised care. The approach builds on existing partnerships and uses data to plan provision which best meets the needs of children and young people. While the strategy is still being implemented, early signs show increased placement stability and reduced reliance on out-of-area providers. New homes are attracting skilled staff and enabling better multi-agency working. The council is monitoring progress through placement data, staff feedback and outcomes for children.

"Where our Children Live" demonstrates how planning and investment in local provision can support consistent care standards and reducing costs through better local delivery under a unitary model.

Currently delivered by LCC, Blackpool and Blackburn with Darwen, adult services face rising demand and increasing complexity, with variation in delivery models and capacity. The 2UA model creates the opportunity to align approaches, invest where it matters and deepen partnership working to improve outcomes.

Recent Care Quality Commission (CQC) assessments (July - August 2025) show variation in quality and consistency across Lancashire's adult social care services.

- Lancashire County Council was rated "Requires Improvement" (15 August 2025), with strengths in prevention, workforce leadership and safeguarding, but areas for improvement in commissioning consistency and quality assurance.
- Blackburn with Darwen Borough Council achieved an overall rating of "Good" (24 July 2025), reflecting strong partnership working with the NHS and a maturing community-based model that supports independence.
- Blackpool Council was rated "Inadequate" (6 August 2025), primarily due to weaknesses in quality oversight, provider resilience and timely access to reablement services.

This mixed profile underlines the need for stronger system leadership and consistent standards across Lancashire. The 2UA model provides a timely opportunity to consolidate high-performing practice, address fragility in weaker areas, and establish a single improvement and assurance framework for adult social care across both authorities — driving quality, equity and long-term sustainability from Day 1.

We will consolidate and build on LCC's Living Better Lives in Lancashire, a three-step model:

- **Step 1:** Enable people to use community resources and support to stay well.
- **Step 2:** Where needed, provide short-term, reablement-focused interventions to restore independence and avoid long-term care.
- **Step 3:** Where required, provide high-quality long-term care that is right-sized, right-place and right-time.

The two authorities will have balanced populations across working-age and older adults, enabling investment at scale in prevention, reablement, domiciliary and residential care.

Day 1: Safe and Legal ASC

Demand: Long-Term Care demand rises under all scenarios, but the 2UA option shows low variance from baseline on Day 1 (5%), giving both authorities fair, balanced starting points.

Income mix: A more equitable split of self-funders and council-funded care supports sustainable income vs alternative UA configurations.

Ordinary residence: With two authorities, administration reduces relative to more fragmented options — freeing capacity for frontline care.

Prevention at the Core

While many authorities aspire to prevention, few have the stability and headroom to deliver it at pace. The 2UA model provides the financial and strategic capacity to invest in communities, population health, reablement, and care closer to home to maximise independence.

Prevention Case Study: Lancashire Short-Term Services and Hospital Discharge

The Lancashire Short Term Services and Hospital Discharge programme supports individuals after their hospital stay, focusing on prevention, recuperation and rehabilitation. Our Integrated Neighbourhood Team has improved coordination and communication between health, social care and other partners. It provides services in the community when needed and ensures that patients receive the right treatment and services.

The Service supports people to return home following a stay in hospital or in a Short-Term Bed or to remain at home by avoiding the need to be admitted to hospital. The Service works with the person and their family to determine the right care and support at the right time, by considering the variety of short-term services (also known as Intermediate Care services) and other options available to support the person.

This approach demonstrates the benefits of health and social care agencies working together in a locality to help the residents live longer, healthier and happier lives. The time spent in hospital by patients who were medically fit to leave, dropped by nearly a third over two years. The reduction in delays is largely due to better coordination between NHS and local authority social care teams. More people have been supported since its rollout in April 2024, helping patients recover in familiar surroundings rather than staying in hospital longer than necessary.

6. Our proposition – People

Technology-Enabled Care at Scale

Investment in technology is often costly; the 2UA model creates the capacity to prioritise and scale proven tools that improve insight, independence and productivity.

Market shaping

Delivering high-quality, sustainable care also depends on the ability to shape and steward the market effectively. Lancashire's scale and diversity mean commissioning must balance strategic leadership with local flexibility. The 2UA model provides the foundation for this — giving each authority the capacity, data insight, and financial resilience to plan provision over the long term, strengthen provider relationships, and ensure the local care market remains both viable and responsive to changing needs.

- **Strategic commissioning:** Two strong authorities have the capability and credibility to shape markets around person-centred, independence-enhancing care, co-designing pathways with providers over the long term.
- **Quality oversight and improvement:** Capacity to assure quality and drive continuous improvement increases under the 2UA model (e.g. aligned QA frameworks, shared analytics, targeted improvement collaboratives).
- **Economies of scale:** Greater purchasing power ensures more of the Lancashire Pound is invested in quality; pan-Lancashire commissioning becomes simpler and more effective with two authorities.

Workforce

Achieving these ambitions will rely on a stable, skilled and motivated workforce. The care workforce is Lancashire's greatest asset but faces acute recruitment and retention challenges, driven by high turnover, competition from neighbouring areas, and an ageing profile. Two strong authorities can work together to build a coherent workforce strategy that invests in people, grows local talent pipelines, and supports staff to deliver consistently excellent care and support.

- **Recruitment and retention**: Two authorities are better placed to attract, support and reward a high-quality workforce.
- **Leadership**: The national market for senior ASC leaders is tight; fewer top roles across two large authorities and bigger reform mandates make Lancashire more attractive to top talent.
- **Collaborative workforce planning**: A pan-Lancashire approach with education and training partners will address specialist shortages and reduce agency reliance.

Whole system working

Improving outcomes at scale will also require a whole-system approach — joining up services, budgets and accountability across health, care, housing and communities. Lancashire has already demonstrated the benefits of partnership through its integrated discharge, reablement and neighbourhood models. The 2UA structure creates the clarity and simplicity needed for deeper collaboration with the NHS Lancashire and South Cumbria ICB, ensuring that care is coordinated around people, not organisational boundaries.

As part of this, Lancashire is pioneering the first devolution of a statutory adult social care function to district councils, through the Minor Adaptations Section 101 Agreement. This initiative transfers responsibility for minor home adaptations directly to districts and stands as a national first that tests how statutory care responsibilities can be devolved safely and effectively. It provides a live case study for devolution in practice, capturing lessons and insights on governance, accountability, and delivery to inform both local implementation and national policy development.

Further benefits include:

- **Shift to community prevention:** Alignment with national policy, putting more emphasis on care at home and less reliance on bed-based care. Counties with comparable scale (e.g. Worcestershire, Hertfordshire) provide tested models.

- **Alignment with other People areas**: Connecting ASC with housing, CSC and public health ensures the right specialist, supported and independent-living options, crucial for ageing well, supporting vulnerable households and tackling health inequalities.
- **Integration with the NHS**: Moving from 14 partners to two authorities simplifies alignment with NHS Lancashire & South Cumbria ICB, enabling clear joint priorities and faster delivery.

Future Public Health Service Model in Unitary Lancashire

The role of public health in system leadership

Directors of Public Health (DsPH) and their teams bring a unique blend of strategic leadership, technical expertise and place-based insight that sits at the heart of successful local government. They act as the lynchpin for improving and protecting the health and wellbeing of residents, combining statutory responsibility for population health with the practical experience of shaping local systems.

Public health teams already span a wide range of capabilities — from data, epidemiology and evidence-based policy to health improvement, environmental health and community wellbeing. They play a critical role in using evidence to inform local policies, redesign services, and ensure that Lancashire's neighbourhoods are welcoming, safe, and health-promoting places.

Integrating public health within the new authorities

Embedding public health at the centre of the two new unitary authorities will provide the strategic engine for prevention and reform. The scale and scope of the 2UA model will allow DsPH to influence a broader set of council and partner functions — spanning health, social care, housing, education, and economic development — ensuring that every decision made by the new councils contributes to improving population health.

The reach and influence of public health teams across the NHS, the Voluntary, Community, Faith and Social Enterprise (VCFSE) sector, education, criminal justice, welfare, culture and sport, and local businesses will make them pivotal to:

- **Embedding prevention across all council activity**, from housing and planning to procurement and workforce policy.
- **Joining up services at neighbourhood level**, aligning health, care and community support around residents' needs.
- **Enhancing strategic partnerships** with anchor institutions and maximising the impact of the public pound through shared priorities.
- **Driving health-related economic productivity**, linking wellbeing with skills, workforce participation and inclusive growth.

Where appropriate, it may be beneficial for the two unitaries to collaborate, including in the following areas:

1. Health Intelligence – collaborative use of unified analytical capability to use data and predictive insight for local decision-making.
2. Health Improvement – coordinated prevention programmes focused on lifestyle, mental health, and community wellbeing.
3. Public Protection – consistent regulatory and environmental health standards to protect residents and promote safe places.
4. Population Health Management – integrated planning with the NHS and ICB to reduce inequalities and manage demand.

Such an arrangement would enhance corporate and professional leadership, enabling the development of a flexible public health workforce of the future that can adapt to new challenges, share expertise, and shape the next generation of public health professionals.

6. Our proposition – People

Opportunities for innovation and commercial value

The scale of the two unitaries could also unlock opportunities for innovation and commercial development. Lancashire could strengthen its market position in commissioning and delivering specialist public health interventions, such as inpatient detoxification services, smoking cessation, and weight management, or digital and AI-supported wellbeing tools.

By working collaboratively at scale, the two new authorities could attract external investment, develop joint ventures with the NHS and academia, and position Lancashire as a national leader in applied public health delivery.

Alignment with countywide strategy and devolution

Finally, the new public health arrangements will strengthen strategic alignment with the Lancashire Combined County Authority (CCA). Through shared leadership and intelligence, the two authorities will be able to support countywide strategies for health inequalities, workforce, prevention and inclusive growth, while maintaining local flexibility and accountability.

This model will ensure that Lancashire's public health function not only continues to meet its statutory duties, but also drives system transformation — building healthier, more resilient communities and reinforcing prevention as a shared responsibility across the whole of local government.

Housing and homelessness

There is an opportunity to take a more strategic approach to housing need, supply and future growth. Currently responsibilities for housing and homelessness are fragmented across 12 districts, Blackpool and Blackburn with Darwen, with each authority maintaining its own housing register, strategy and delivery model.

Consolidation into two unitaries would create the scale, resilience, and capacity required to manage rising housing demand and align delivery with health, care, skills, and economic development.

A consolidated approach to housing will enable Lancashire to:

Take a strategic view towards housing delivery: Consolidating data on demand and need, and taking a strategic approach to planning and viability will enable the delivery of projects that are currently often stalled due to fragmented planning, viability gaps and limited delivery capacity.

The 2UA model would also have the capacity to assign resources to challenges where infrastructure shortfalls constrain delivery, and plan housing more effectively by aligning with infrastructure, transport and economic development needs. Local Housing Need would be evenly split between the two authorities – 52.5% in the South and 47.5% in the North. The 2UA model doesn't create an uneven burden on either of the two authorities.

We have set out a more detailed strategic approach to housing growth on page 150, which could be adopted by the two authorities.

Key opportunities would be as follows:

Align with other People areas: Taking a strategic approach to housing alongside adult social care, children's services, and health to ensure the required specialist, supported and independent living options are available, alongside accelerating preventative measures. This is vital for meeting the needs of an ageing population, supporting vulnerable households and tackling health inequalities.

Manage homelessness and temporary accommodation strategically: The scale and financial resilience of the new councils in the 2UA model would enable them to take a much more strategic approach to homelessness prevention and temporary accommodation solutions. With fewer councils responsible for housing, we could avoid duplication or gaps across district boundaries and create a more consolidated and collaborative prevention strategies.

Comparable current demand: The percentage of households owed a homelessness prevention duty is almost identical across the two proposed authorities, 0.64% in the North and 0.62% in the South. This demonstrates a shared level of need, reducing the risk of uneven pressures, and provides a strong basis for delivering a balanced, strategic and coordinated approach to tackling homelessness across Lancashire, where housing needs are prioritised for all, rather than only people in certain postcodes.

Unlock regeneration at scale: The new authorities would have the financial strength and delivery capacity to bring forward complex regeneration schemes, prepare brownfield land and accelerate local plans. The larger scale of the councils would enable more strategic partnerships with organisations such as Homes England, private developers and investors. Tools such as compulsory purchase, viability assessments and local planning powers could be deployed more effectively across a wider footprint to unlock housing and mixed-use sites.

Reduce duplication and resources: Consolidating twelve districts plus Blackpool and Blackburn with Darwen into two strategic housing authorities would eliminate multiple registers, inconsistent approaches to lettings and separate commissioning processes. Aggregating commissioning and combined procurement would deliver better commercial terms, reduce unit costs for placements and temporary accommodation, and release resources for early intervention and housing quality improvements.

Be resilient to policy and market change: larger, more strategically-focused councils can prepare proactively for national legislative and market shifts (for example reforms to rental law and their implications for homelessness duties) by building flexible, scalable systems that can absorb policy change without destabilising statutory services.

6. Our proposition – People

Lancashire case study: Complex needs housing support

Public Health have worked with seven district councils, and are currently working with Preston, to commission support for individuals with complex needs i.e. someone with two or more needs which typically interact with and exacerbate one another, affecting their physical, mental, social or financial wellbeing.

These are people who have experienced repeat homelessness; rough sleeping and those who find it difficult to secure and maintain independent living, because of the level of their compounded or complex needs. The services deliver support to individuals who are in crisis, present challenging behaviour issues and who may struggle to live within boundaries and engage in support. Staff work with residents to help them identify their own strengths and goals, learn new skills, gain knowledge and increase self-awareness. This enables complex and entrenched behaviours to be addressed, with a view to leading stable independent lives developing personal capacity and recovery capital.

6. Our proposition – Place

6.5 Place

'Place' in local government is not defined by administrative boundaries, but by the experience of residents in their towns, villages, neighbourhoods and the networks of services and opportunities that connect them. People identify most strongly with these local settings, where community identity and accountability are rooted.

The 2UAs are not intended to be 'places' in their own right, but rather provide a framework of resources, capacity and strategic consistency to enable places across Lancashire to flourish. Their role is to create the conditions for residents to connect with and shape their communities, ensuring that decisions and investment are felt at the most local level.

Through strong structures for statutory service delivery, working alongside neighbourhood delivery models, support for parish and town councils, and targeted investment in priority areas; the 2UA model preserves and strengthens local identity, while still achieving the scale necessary for sustainable service delivery. In this way, the model combines efficiency and resilience with the ability to hard-wire 'place' into Lancashire's governance, ensuring that communities remain at the heart of decision-making.

This forward-facing model would create the scale, resilience, and strategic capacity to unlock Lancashire's place potential:

The Lancashire Combined County Authority will provide strategic leadership by coordinating skills, transport, digital, culture and economic growth across the county, removing duplication and setting consistent priorities. It will strengthen Lancashire's voice by acting as a single, credible partner with government and pan-regional bodies such as Transport for the North and the Great North. In addition, it will leverage devolved powers to ensure Lancashire benefits from new funding and responsibilities to deliver transformation. The authorities will be critical in realising the strategic vision of the LCCA, and the 2UA model is most primed in providing this support due to their enhanced strategic capacity.

6. Our proposition – Place

Driving an East-West focus to unlock opportunity and tackle our major constraints. The 2UA model would drive focus on collaborative opportunities across the central belt, which makes up Lancashire's most dynamic labour market. It would also invest in east–west connectivity by prioritising strategic transport improvements across Pennine towns and the M65/M61 corridor to unlock productivity and connect residents to opportunities. Beyond administrative boundaries, the model will allow the LCCA to focus on functional economies by creating "zones" that reflect economic corridors, ensuring flexibility and responsiveness to future growth. Please see Appendix 7 for further information on how the 2UA model will realise the ambitions of the Local Growth Plan and the focus of delivering the Central Belt.

Housing and spatial planning at scale: Larger, strategic UAs would have the capacity to deliver housing at scale, meeting ambitious targets and ensuring new homes are aligned with jobs and transport infrastructure. They would be able to engage effectively with investors and agencies by presenting a streamlined offer to Homes England, developers and infrastructure providers. At the same time, the LCCA will coordinate countywide planning through a shared spatial framework and oversee cross-boundary economic development programmes, ensuring balanced and sustainable growth across Lancashire.

Capital investment and economic shaping. With two large UAs, Lancashire would have the scale and resilience to undertake significant capital investment and manage major programmes confidently. This would allow the county to target regeneration by directing incentives and investment to priority places, balancing economic opportunity with areas of greater social need. At the same time, the model promotes distinctiveness by enabling local economic strengths and identities to emerge within a strategic countywide framework, strengthening Lancashire's national and global competitiveness.

Working in partnership on labour market interventions: The model enables Lancashire to align skills programmes directly to growth sectors by using devolved adult education powers to ensure training matches the needs of advanced manufacturing, health innovation, digital, tourism and logistics. It will also support inclusive employment by targeting programmes at tackling worklessness and deprivation, ensuring that all communities benefit from growth. At the same time, the model would harness the role of anchor institutions, such as Lancaster University, the University of Lancashire and local colleges, to strengthen pathways into higher-skilled, higher-waged jobs.

Community safety: The two authorities would work seamlessly with the police and other partners to deliver a safer Lancashire, where crime and anti-social behaviour are tackled at scale and also at neighbourhood level.

Community empowerment: The 2UA model would protect local identity, recognising that residents identify most strongly with their towns and villages, and it will support local governance by resourcing the establishment and strengthening of parish and town councils to ensure local voices are heard.

Neighbourhood delivery models would be embedded within the wider structure to empower communities, allowing decision-making and accountability at the level residents most relate to. Please see section 6.8 for our Community First approach to neighbourhood governance and engagement for Lancashire 2UA model.

Consistency in public realm and highways: The 2UA model would provide the scale and strategic oversight to integrate highways, parking, transport management and wider public realm services, ensuring that residents experience consistent standards across Lancashire.

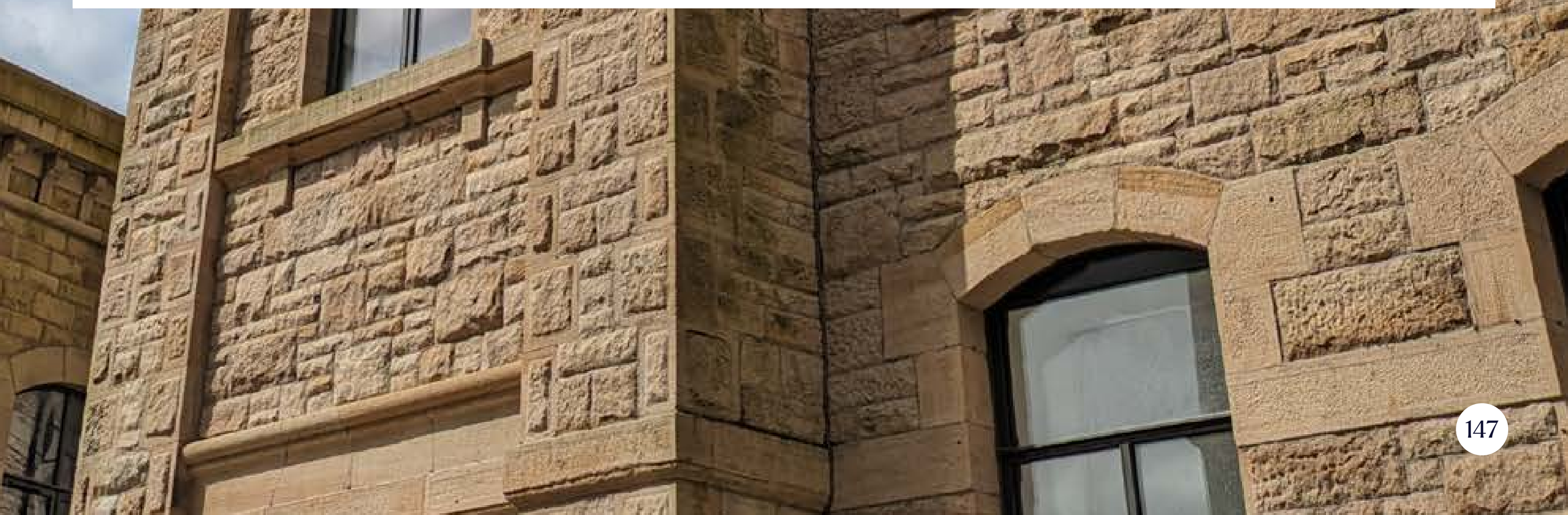
By managing these services at scale, the new authorities would be able to prioritise investment in critical infrastructure, improve road safety and maintenance, and align parking and highways policies with broader economic and environmental goals. The model also allows for more effective coordination and necessary investment to sustain much-valued place-based services such as street cleaning, lighting and public realm improvements, ensuring that local environments are safe, attractive and supportive of growth.

Operating across larger, functional housing-market areas: Each authority would be able to co-ordinate housing growth with transport corridors and strategic infrastructure, ensuring that new development is planned where it can be best supported by roads, rail, utilities, schools and health services. This coherence will allow developer contributions and public investment to be aligned, accelerating the delivery of housing and employment sites.

Integrating planning and infrastructure functions within each unitary: Lancashire will gain the capacity to manage growth strategically; prioritise sites that make best use of existing assets and unlock new areas where investment in connectivity and utilities can deliver lasting returns. Larger planning geographies also remove the constraints smaller districts face in meeting housing targets, giving the new authorities the flexibility to plan for sustainable expansion beyond existing settlements and greenbelt constraints, supported by evidence-based local plans.

Build an integrated Spatial Development Strategy with the Combined County Authority: Joining up the housing, transport and skills agendas. This structure will ensure that development is linked to labour market access, sustainable transport and environmental resilience. It would enable Lancashire to identify and prioritise strategic growth zones, where public and private investment can combine to deliver new homes, jobs and infrastructure that are coherent, connected and future-ready.

Invest further in improving the quality of Lancashire's existing housing stock: The quality of the housing stock in many parts of Lancashire is low and requires investment to bring it up to a suitable standard. This will improve energy efficiency, reduce fuel poverty and support Lancashire's most vulnerable residents. The 2UA model creates two councils with the scale to further progress the positive steps already taken through the Cosy Homes in Lancashire scheme.



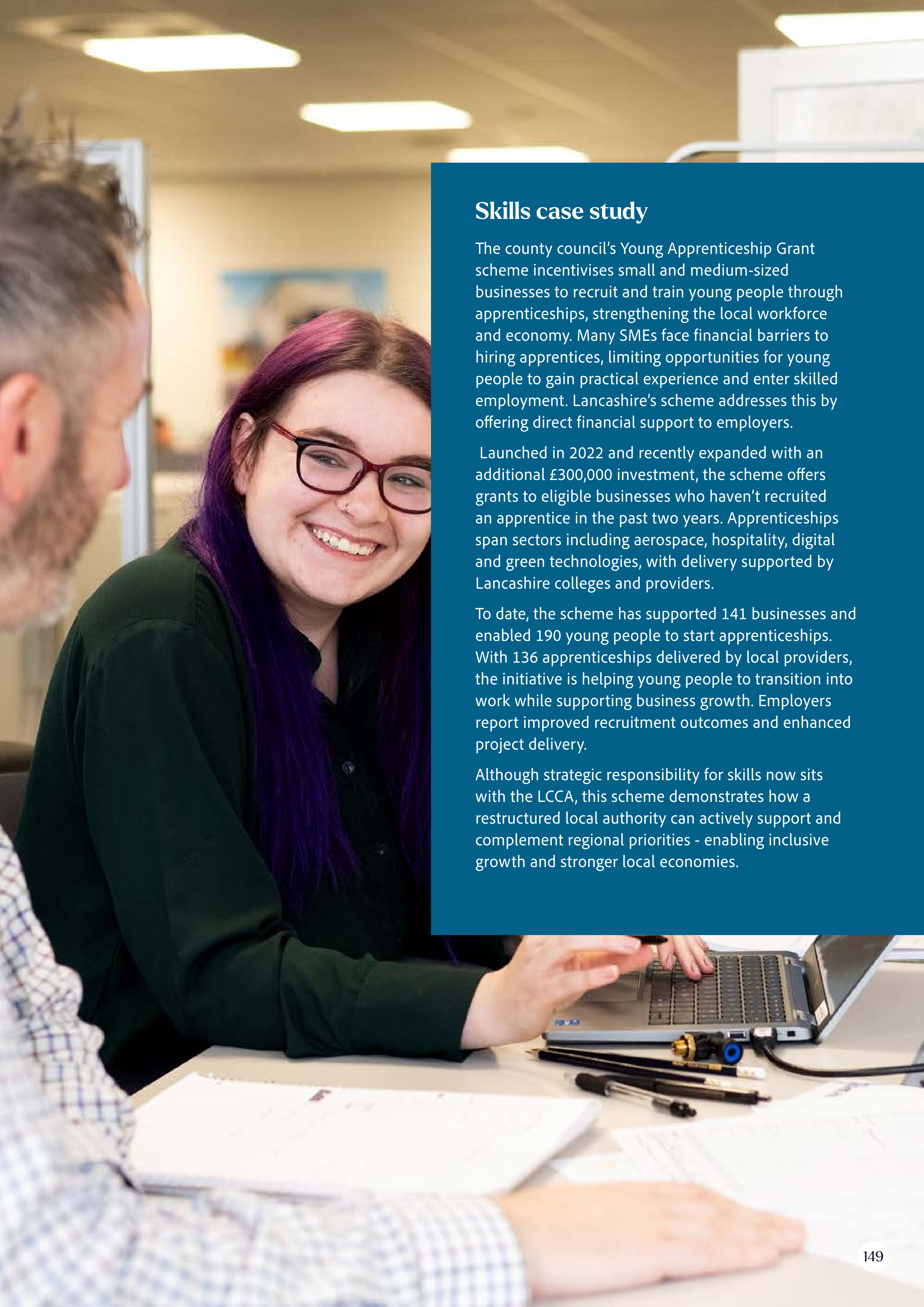
6. Our proposition – Place

Major development case study

A site of international significance, Samlesbury Enterprise Zone can enable transformational economic growth for the whole of Lancashire. Designed to support advanced engineering and manufacturing, hi-tech and research-led sectors, including cyber and robotics, the 120-acre site is primed to become a hub of world-class innovation, Industry 4.0 processes, and disruptive R&D. The site will act as an anchor development for several other emerging economic opportunities across the county.

Samlesbury is the new location for the National Cyber Force HQ and provides a great opportunity to harness new businesses, SMEs and talent into the region. Samlesbury will sit at the heart of an emerging North West Cyber Corridor, running from Manchester to Lancaster.

Through the county council's extensive capital programme, the site has been subject to significant investment and is now ready for development. Currently located in the current South Ribble and Ribble Valley districts, the Enterprise Zone would span unitary borders in all models being considered. It is therefore critical for the future development of Samlesbury, as well as other strategic sites in Lancashire, that new unitary councils have both the capacity to invest in their capital programmes, and the capability to work together strategically to deliver transformational economic growth for the whole county. The 2UA model provides the most assurance in that regard.



Skills case study

The county council's Young Apprenticeship Grant scheme incentivises small and medium-sized businesses to recruit and train young people through apprenticeships, strengthening the local workforce and economy. Many SMEs face financial barriers to hiring apprentices, limiting opportunities for young people to gain practical experience and enter skilled employment. Lancashire's scheme addresses this by offering direct financial support to employers.

Launched in 2022 and recently expanded with an additional £300,000 investment, the scheme offers grants to eligible businesses who haven't recruited an apprentice in the past two years. Apprenticeships span sectors including aerospace, hospitality, digital and green technologies, with delivery supported by Lancashire colleges and providers.

To date, the scheme has supported 141 businesses and enabled 190 young people to start apprenticeships. With 136 apprenticeships delivered by local providers, the initiative is helping young people to transition into work while supporting business growth. Employers report improved recruitment outcomes and enhanced project delivery.

Although strategic responsibility for skills now sits with the LCCA, this scheme demonstrates how a restructured local authority can actively support and complement regional priorities - enabling inclusive growth and stronger local economies.

6. Our proposition – Place

Developing a strategic housing growth approach in the two unitary model:

Unlocking housing growth through strategic scale and capacity

Two new unitary councils in Lancashire offers a unique opportunity to deliver a modern, ambitious housing growth strategy, which can meet Lancashire's current and future housing needs, drive economic growth, and improve outcomes for residents.

With greater financial headroom, strategic capacity and geographic scale, the two unitary model enables a more coherent and impactful approach to housing delivery than smaller, fragmented alternatives.

Across Lancashire, there is varying success in housing delivery levels compared to the government's new standard method of calculating local housing need, as shown in the table below. In the previous year, Blackburn with Darwen, Preston, Ribble Valley, South Ribble and Wyre have outperformed the government's local housing need figures, helped by higher house prices and improved viability. Housing completions in Blackpool, Burnley, Chorley, Lancaster, Pendle and Rossendale are lagging behind the government's targets, with influencing factors being less viability and a shortage of housing land supply. Average housing delivery over the past three years suggests particular challenges in the capacity to meet the government's targets in a number of areas, including Blackpool, Chorley and Lancaster. These varying levels of housing delivery necessitate a more strategic approach to planning. The 2UA model provides the geographic scale required to spread hosing delivery across Lancashire, in order to achieve the targeted levels of delivery. It also shows the need to identify a strong future pipeline of housing land and create a more viable and simplified housing market, to accelerate housing growth.

The emerging Planning and Infrastructure Bill, currently working its way through the parliamentary process, highlights the importance of spatial development strategies, infrastructure alignment and streamlined planning processes. We welcome the progression of dialogue in those areas and will ensure that is embedded into the future councils' approach.

Our model allows for the alignment of housing, planning, transport and economic development functions within a single authority, while also enabling strong collaboration with the Lancashire Combined County Authority (LCCA) on cross-boundary priorities such as the Spatial Development Strategy and Local Transport Plan.

The scale of the two new unitary councils will be a critical enabler in forging and sustaining strategic relationships with key housing partners. Larger authorities are more attractive to major regional housing developers, registered providers and national agencies such as Homes England, as they offer a simplified planning and investment landscape, greater delivery capacity, and the ability to unlock larger, more viable sites. Smaller more diluted models risk weakening this influence, creating complexity for partners and limiting the county's ability to shape and deliver transformational housing programmes.

Table 6.1

Area	Annual local housing need	Average net additions (2021/22 – 2023/24)	Delivery (2023/24)
Blackburn with Darwen	506 dwellings	513	547
Blackpool	585 dwellings	225	175
Burnley	340 dwellings	278	248
Chorley	564 dwellings	277	291
Fylde	410 dwellings	461	348
Hyndburn	301 dwellings	218	253
Lancaster	619 dwellings	286	214
Pendle	333 dwellings	231	122
Preston	590 dwellings	1,366	1,630
Ribble Valley	310 dwellings	578	544
Rossendale	321 dwellings	172	201
South Ribble	489 dwellings	598	579
West Lancashire	562 dwellings	446	476
Wyre	582 dwellings	690	641

6. Our proposition – Place

A strategic framework for housing growth

A housing growth strategy for the new unitary councils should be built around a number of key pillars:

1. Strategic vision and leadership

- Each unitary council will establish a long-term housing vision aligned with wider objectives on economic growth, sustainability and health set out at both the unitary council level, and the LCCA level through the Lancashire Growth Plan, the Lancashire Transport Plan and the forthcoming Spatial Development Strategy.
- Strong governance is key. A Strategic Planning Board will be established at the (LCCA level to oversee cross-boundary planning, coordinate infrastructure investment and ensure consistency across the county.

2. Partnership and collaboration

- The new councils will build strategic partnerships with developers, housing associations and national agencies such as Homes England.
- This includes engaging with the National Energy System Operator (NESO) to ensure energy infrastructure planning is aligned to our targeted areas for housing growth.
- Local Planning Authorities will be empowered to work collaboratively across departments and with external stakeholders to unlock delivery.

3. Capacity and skills

- A modernised strategic planning function will be critical. There is an existing skills deficit in Lancashire across strategic planning, which needs to be addressed through targeted workforce development, cross-authority collaboration and investment in capacity building.
- The two unitary model provides the scale and flexibility to attract and retain talent, and to build specialist teams capable of progressing complex housing programmes across the county. The talent pool is small, and becomes more diluted with increasing numbers of unitary councils.

4. Integration of technology, data and spatial intelligence

- The two unitary model provides the scale and financial capacity to invest in modern planning tools that support a smarter and more efficient planning function.
- Data will be consolidated across wider geographies to build a more accurate and dynamic understanding of housing markets, enabling targeted interventions and more strategic land use planning.
- Robust Strategic Housing Market Assessments (SHMAs) and Local Plans will be developed to reflect the diverse needs of urban, rural and coastal communities.

5. Addressing local needs

- The strategy will prioritise affordable housing, with a focus on vulnerable groups including older people, disabled residents and low-income households.
- There will be greater integration with health and social care services, to ensure future housing development is aligned to the needs of our vulnerable residents, supporting the prevention agenda and reducing demand on acute services.

- Tenure diversity will be promoted, including social rent, shared ownership and intermediate housing.
- Section 106 agreements will be strategically managed across departments to maximise affordable housing contributions.

6. Infrastructure

- Housing growth will be planned in tandem with strategic transport priorities, including the LCCA's Local Transport Plan.
- Wider infrastructure needs including schools, healthcare and utilities will be integrated into housing delivery plans to ensure sustainable communities.

7. Land assembly and management

- The councils' larger footprints will enable a more strategic approach to land assembly, unlocking larger sites for development.
- Housing growth will not rely solely on new build development. As well as encouraging private sector involvement in property conversions, the councils will take a strategic approach to asset management and property rationalisation across the public estate, identifying opportunities to convert underused buildings into residential use, where appropriate.

8. Sustainability and quality

- All new developments will meet high environmental standards, including energy efficiency, flood resilience and air quality.
- Design quality, safety and accessibility will be embedded in planning and procurement processes.
- Existing housing stock, particularly in the private rented sector, will be targeted for retrofit and improvement.

9. Funding and delivery mechanisms

- The councils will leverage their financial strength to attract Homes England funding, government grants, pension fund investment and other external funding opportunities, to accelerate delivery, reduce reliance on core budgets and maximise public value.
- We will explore innovative financing models, including public-private partnerships, and a focus on acting more commercially.
- A focus on value for money and viability will underpin all delivery mechanisms.

10. Community engagement and communication

- Through our Community First model, residents will be actively involved in shaping housing plans, balancing the need for growth with local concerns.
- Our proposed neighbourhood governance structures will be used to ensure local voices influence housing decisions.
- Transparent communication will build public support and address concerns around infrastructure and community cohesion. Our neighbourhood committees will be a key communication channel for this.

11. Monitoring and review

- Clear KPIs and delivery targets will be established and monitored regularly.
- Strategies will be reviewed and adapted based on performance data and community feedback.
- Public reporting will ensure transparency and accountability.

6. Our proposition – Place

Tailoring the strategy to North and South Lancashire

The housing growth strategy will be tailored to reflect the distinct characteristics, challenges, and opportunities of the two new unitary councils - **North Lancashire and South Lancashire** - ensuring that delivery is responsive to local context while benefiting from strategic scale.

North Lancashire

North Lancashire encompasses a diverse geography including coastal towns, rural villages and urban centres such as Lancaster, Preston and Blackpool. The area benefits from strong economic assets in clean energy, advanced manufacturing and digital innovation, alongside a growing university presence and visitor economy.

Key housing strategy priorities for North Lancashire will include:

- **Coastal regeneration**: Supporting housing-led regeneration in areas like Blackpool and Morecambe, where poor-quality housing stock and deprivation persist.
- **Rural housing delivery**: Addressing affordability and access in rural areas such as Ribble Valley and Wyre, where land constraints and infrastructure gaps limit development.
- **University-linked housing**: Working with Lancaster University and the University of Lancashire to support student and graduate accommodation, and retain young talent.
- **Strategic growth corridors**: Aligning housing delivery with transport and employment hubs along the M6 and West Coast Mainline.

The larger footprint of North Lancashire enables planning across wider housing market areas, supporting mixed-tenure developments and unlocking strategic sites that span multiple former district boundaries.

South Lancashire

South Lancashire is more densely urbanised, with significant concentrations of population and housing need in towns such as Blackburn, Burnley, Chorley and Accrington. The area is characterised by a strong industrial heritage, high levels of deprivation in some communities, and growing demand for regeneration and affordable housing.

Key housing strategy priorities for South Lancashire would include:

- **Urban regeneration and brownfield development**: Accelerating housing delivery in post-industrial towns through targeted investment and land remediation.
- **Affordable housing and tenure diversity**: Meeting high demand for social rent, shared ownership and intermediate housing, particularly in areas with low incomes and high housing stress.
- **Strategic alignment with employment zones**: Supporting housing growth near advanced manufacturing and logistics hubs, such as Samlesbury and Burnley Bridge.
- **Infrastructure-led planning**: Co-ordinating housing with transport, schools and health services, especially in growth corridors like the M65 and M61.

South Lancashire's scale and financial resilience will enable more ambitious housing programmes, including larger strategic sites and innovative delivery models, while ensuring that regeneration is inclusive and responsive to community needs.

Delivering the Strategy

The successful development and implementation of a housing growth strategy across two new unitary councils will require strong project management to ensure that the various strategic pillars are effectively integrated and delivered. The scale and strategic capacity of the two unitary model provides a stronger foundation for co-ordinating complex, cross-cutting initiatives than the other options for reorganisation.

Each new council will be better placed to embed robust project management practices within existing structures, drawing on enhanced internal capacity and streamlined governance. This will support the alignment of housing growth with wider priorities such as economic development, transport, health and sustainability.

Key elements of effective project management in this context will include:

- Clear governance arrangements to oversee delivery and ensure accountability.
- Cross-departmental coordination to integrate planning, infrastructure and housing functions.
- Regular monitoring and reporting against defined KPIs and milestones.
- Engagement with partners and communities to ensure responsiveness and transparency.
- By consolidating leadership and delivery functions, the two unitary model enables a more strategic and coordinated approach to housing growth - ensuring that Lancashire can meet its housing needs while delivering better outcomes for residents.

Delivery models and commercial capability

To accelerate delivery, the councils will explore the establishment of dedicated housing delivery vehicles. These vehicles could operate commercially, enabling the councils to act as developers, unlock stalled sites and deliver mixed-tenure housing schemes. Options may include:

- Wholly owned council development companies
- Joint ventures with housing associations or private developers
- Strategic land partnerships
- Local housing investment funds

This commercial approach will be supported by robust governance, risk management, and alignment with the councils' wider regeneration and growth objectives.

Starting delivery now

With the Lancashire Growth Plan and Lancashire Transport Plan soon moving into a delivery phase, we cannot wait for implementation of LGR. There are several steps we propose to take during the transition period:

- Begin strategic engagement with Homes England, NESO, and major housing developers and associations.
- Utilise the development of the Spatial Development Strategy to further develop pan-Lancashire collaboration and consideration of strategic planning over larger geographies.
- Identify priority sites for housing delivery and conversion.
- Ensure housing growth has prominent role in the delivery of the Growth Plan and Local Transport Plan.
- Pilot delivery models and commercial approaches.

These steps will ensure that Lancashire does not lose momentum and that housing growth is aligned with wider strategic priorities from the outset.

6.6 Public services

In moving to a 2UA model, councils will need to understand and address service demand challenges, many of which will not have been reviewed through a strategic Lancashire-wide lens.

A simpler and more resilient structure would enable councils to reduce duplication, improve consistency, and design services around the long-term needs of residents and communities. The benefits span the following key areas:

Economies of scale

- **Streamlined leadership and processes:** Establishing a 2UA model will enable greater economies of scale and significant efficiencies benefits through consolidating and reducing leadership teams, IT systems, and back-office functions such as HR, finance and legal to reduce complexity, duplication and drive down operating costs. This is vitally important to enable the new authorities to free up more funds for frontline service provision and investment in transformation and improvement. It will provide the capacity to invest in local service integration, engaging with communities to provide the services they need locally.
- **Shared resource:** Staff can be deployed strategically to meet demand in areas of greatest need across the authority boundary and larger staffing pools make it easier to cover specialist roles and reduce reliance on expensive interim or agency staff.
- **Enhanced Procurement Power:** A larger authority model enables bulk procurement, larger procurement contracts and stronger negotiating position with suppliers, therefore securing better commercial terms and creating an opportunity to shape the market.
- **Shared Services**: Two authorities would have the ability to strategically consider the opportunities for sharing specialist or transactional services on a case-by-case basis where they can be shown to improve quality, resilience and reduced overheads, while avoiding impacts on the independence of the authorities.

6. Our proposition – Public Services

Strategic capability

A 2UA model would significantly strengthen Lancashire's strategic capacity, because fewer voices would enable a focus on key strategic messages and priorities for Lancashire, enabling the Lancashire councils to work more collaboratively together to ensure a stronger and more influential voice within the North, with central government and with key partners, such as developers and investors.

Larger UAs can adopt a more strategic approach in consideration of wider Lancashire needs when developing strategies for key priorities such as economic growth, transport, housing, energy and digital connectivity, to support development across a wider footprint and support inclusive growth.

- A strategic approach to assets can be taken. Not only should the operational estate for Lancashire councils reduce, but all landholdings can form part of a strategic asset review with a view to realise better use and value from the estate.
- Larger more strategic councils are more resilient to external shocks and better positioned to attract national funding and private sector investment, enabling Lancashire to continually invest in improvement.

Governance

- Fewer councils would result in fewer political and executive leadership teams, therefore decision-making becomes more focused and streamlined, reducing duplication and allowing priorities to be delivered more quickly and with greater consistency.
- Clearer governance will make it easier for residents to understand who is responsible for which services, creating clearer lines of accountability and increasing trust.
- At the regional and national level, two larger councils would be able to work with the LCCA more collaboratively to speak with a more unified voice for Lancashire, focusing on their own priorities, while also working together more effectively to address issues across Lancashire as a whole.
- There will be less duplication when working with partners such as health, police and fire services, meaning resources can instead be directed towards prevention, safeguarding and community resilience.

Continuous innovation and transformation

- The 2UA model will provide the scale and financial capacity needed to develop and deliver coherent long-term transformation strategies, supported by the financial strength to invest in digital technologies and drive continuous innovation and transformation.
- Using a singular resident portal and CRM system across a wider population will not only improve user experience, it will also deliver efficiency savings and enable the capturing of data across a larger population.
- Building on excellent practice already underway, such as the innovative partnership between the county council and Microsoft, the two authorities would be able to invest in artificial intelligence to enhance the productivity and efficiency of services. With larger authorities, further strategic partnerships are more likely to be forged with other major international organisations.
- Standardisation and simplification of technology applications, and a cloud-first approach, would be key to the success of a modern, efficient and effective ICT estate, which will be easier to achieve with fewer unitaries.
- The two councils would be able to be genuinely insight-led, using a range of data sets to better understand local needs and to the impact of their interventions. Critical roles such as data scientists and innovative partnerships with local universities and colleges would be possible.

Consistent Service Delivery

- **Equality of access and provision:** Two large strong local authorities would be able to deliver high-quality services consistently across the whole of Lancashire, regardless of location. They will reduce the chance of postcode-based disparities and inequalities in service offer, for example between rural and urban areas, or more affluent and more deprived areas; driving up standards, practice and outcomes everywhere.
- **Integrated services:** Two large stable authorities give the best opportunity for strategic integration across local services, breaking down silos within and between local authorities, aligning housing, social care, planning and community services to support the needs of each area.
- **Improved strategic planning:** Our new authorities would be able to work together for the whole of Lancashire to help drive the LCCA in developing and delivering a single vision for economic growth, targeted infrastructure investment, and a consistent and comprehensive approach to investing in community development across all our communities.
- **Stronger partnerships**: Larger authorities can engage more effectively with regional bodies, NHS, and central government, influencing policy and securing investment.

For example, they will be able to enhance the strategic relationships with other key public services such as police, fire & rescue, education providers, employment support and the NHS; to deliver a more joined-up, integrated public service offer delivering improved community safety, health and wellbeing, and opportunity.

By operating at scale and with the necessary strategic capacity, two new large authorities for Lancashire would be better placed to be strong and effective partners in co-delivering national level public service reform agendas, such as the NHS 10-year plan, Baroness Casey's independent commission on adult social care, reforms to children's safeguarding, and reform to the SEND system.

Workforce Benefits

- **A positive culture:** The two new councils would be fresh organisations with new and dynamic cultures. Resource would be available to support the workforce through significant change and to build a high support, high challenge culture that delivers results.
- **Career development:** Larger organisations would provide greater opportunity for staff to develop their careers, with the potential for broader opportunities, a wider variety of roles and opportunities to progress.
- **Improved workforce planning:** Recruitment and retention would be driven through a larger talent pool, being able to fill roles more consistently, not competing across number of smaller neighbouring authorities. The larger scale would provide opportunities to more flexibly deploy where required, respond to shifts in service demand, and respond to incidents and crisis events.
- **Specialist expertise**: Larger organisations would have the ability to attract and retain specialist skills by potentially offering more sustainable, better remunerated roles. It would reduce the local competition for the best performing staff in more specialist and harder to recruit into roles, improving the overall and quality of the workforce. There should also be less need for reliance on interims, with resulting benefits in terms of consistency and quality and reduced costs.
- **Resilience in service delivery:** A larger workforce can act to reduce reliance on single points of failure in an organisation and improves the flexibility to be able to cover for critical roles, improving consistency of service provision and management.

6. Our proposition – Public Services

A Simpler and Faster Transition

- **Reduced complexity:** Whilst not underestimating the significant operational and management challenges involved, moving to two Unitary authorities for Lancashire will be less disruptive than reorganisation to multiple authorities. This should make the transition process for straightforward in terms of programme management and delivery, with less complexity around disaggregation of County services and aggregation of existing Unitary and District services across multiple new authority boundaries. The reduced complexity of the transition should also reduce the operational risks to continuity of service provision, reducing risks to our most vulnerable residents who rely on some of our key services on a daily basis.
- **Accelerated benefits**: Reorganising to two large authorities gives the opportunity for potentially faster implementation than other options, which will deliver earlier realisation of efficiency savings, reducing pressure on local authority budgets more quickly. It will also provide the potential to start investing in and implementing service improvements and transformation earlier, with the opportunity for driving service improvements and improved outcomes for residents.
- **Clearer transitional governance**: A reorganisation to two new authorities will provide a simpler approach to establishing new leadership and accountability structures through the transition and implementation period, with fewer new organisations to establish, manage and run in shadow and final form.

Lancashire Case Study: CoPilot in Mental Health Services – AI-Enhanced Social Work and Clinical Support

Lancashire County Council has integrated CoPilot into mental health and social work services to streamline documentation, support neurodiverse staff, and enhance decision-making - improving productivity, clarity, and service delivery. Social workers and mental health professionals face high workloads, complex documentation, and limited tools for inclusive working. Tasks such as legal reports, supervision summaries, and case analysis are time-intensive and often deprioritised due to resource constraints.

CoPilot is used across multiple functions - from summarising supervision transcripts and drafting legal documentation to supporting neurodiverse staff with reading and writing. Tailored prompts and collaborative review processes ensure outputs are accurate, person-centred, and professionally sound.

The use of CoPilot has led to significant time savings, improved clarity in documentation, and enhanced staff confidence. Tasks that once took hours are now completed in minutes. Staff report better communication, improved insight into case patterns, and more time for direct support. Neurodiverse colleagues now use CoPilot instead of legacy tools, and have reported greater productivity and a stronger sense of empowerment.

CoPilot demonstrates how digital innovation can be embedded in frontline services to improve efficiency, inclusivity, and outcomes - a scalable model for a restructured authority seeking smarter working practices.

6. Our proposition – Working in partnership for a stronger Lancashire

6.7 Working in partnership for a stronger Lancashire

The two unitary councils working together and enabling the LCCA

Under two new unitary councils, there is a significant opportunity to improve strategic collaboration on pan-Lancashire issues. Lancashire has a strong track record of working together on cross-cutting matters in recent years. The launch of the Lancashire 2050 framework in 2020 is a shining example of that, with all 15 Lancashire councils coming together to agree a shared vision around economic prosperity, transport and infrastructure, environment, housing, early years, employment and skills, health and wellbeing, and communities and place. These areas naturally span administrative boundaries and require co-ordinated planning and delivery.

The move from 15 councils to two unitary authorities in Lancashire would present a major opportunity to streamline collaboration on county-wide priorities. Under the current structure, coordination across multiple councils often leads to slower progress. With two unitary councils, strategic alignment becomes significantly more achievable, enabling faster, more coherent responses to pan-Lancashire issues.

It is critical that Lancashire's strong identity and brand is protected through reorganisation. The creation of two new unitary councils offers a unique opportunity to strengthen and celebrate that brand. With fewer administrative boundaries, the councils can work together to promote a unified narrative that reflects Lancashire's heritage, culture and economic strengths. Joint initiatives, including county-wide tourism campaigns, cultural festivals and branding strategies, can be more cohesive and impactful than those developed across 15 separate councils.

Two unitary councils are also most primed to support the success of the LCCA. Both unitary councils would play a critical role in enabling the efficient delivery of the LCCA's priorities, such as strategic planning and economic growth, skills development and strategic transport. By creating two councils with similarly matched populations and budgets, you create two constituent councils on an even footing. The current makeup of the LCCA means there is an imbalance in how people across the county are represented. This proposal would enable the LCCA to work more effectively by enhancing Lancashire's ability to deliver cohesive strategies and respond more effectively to regional and national opportunities and challenges.

Shared arrangements between the councils

Our LGR proposal is not built on a dependency on shared arrangements between the two authorities – our financial model does not include any assumptions around additional savings that could be made from that approach. It is important that new unitary councils are sustainable and self-sufficient. The financial viabiliy of new authorities must not be dependent on shared service arrangements.

Similarly, shared arrangements cannot be considered a way of solving other significant issues such as the imbalance of demand for and funding of services across Lancashire – an issue that is addressed in the 2UA model, but not the 4UA and 5UA models.

Sovereignty is another important factor that must be protected, particularly in areas where statutory responsibilities lie. The evidence from the experience of many authorities employing shared arrangements as part of LGR implementation is that many of these services are unwound and discontinued, particularly where they have been introduced without sound individual business cases.

We acknowledge that, in particular circumstances, shared arrangements can enable services to be enhanced and delivered more efficiently at a lower cost. We propose the following set of principles for considering where shared arrangements could be implemented.

All principles must be met for arrangements to be considered, and we therefore anticipate that there will be relatively limited circumstances for genuinely sustainable shared arrangements across the whole county.

1. Strategic fit and operational viability

- Shared services should only be pursued where they align with strategic goals and are operationally and commercially viable, and should not be pursued out of necessity.
- They must be evaluated alongside other delivery models (e.g. insourcing, outsourcing and partnerships) using a structured methodology.

2. Efficiency and resilience

- Consider shared services where they demonstrably reduce duplication, standardise systems, enable scalable digital platforms, enhance procurement power and service resilience.
- Enabling the effective management of a scarcity in skills in capacity, particularly for the provision of specialist services.

3. Risk and governance

- As the number of partners increases, there is increased complexity and risk of failure. Robust governance and risk management protocols need to accompany any shared arrangement.

Working with our partners

Delivering impactful change for Lancashire's residents requires more than structural reform – it needs deep and sustained collaboration with our strategic partners. The transition to two new unitary authorities provides a unique opportunity to reset and strengthen these existing relationships, ensuring that public services are more joined-up, responsive and rooted in the needs of local communities.

We are committed to working collaboratively and transparently with our partners across the public, private, voluntary and community sectors. This includes the NHS, the Police and Crime Commissioner, LCCA, care providers, housing associations, education institutions and the VCSFE sector. We will co-design integrated services, align strategic priorities, and share resources to deliver better outcomes and greater value for money.

The preventative agenda will be a key priority for the new unitary councils and our Community First model. They will focus on early intervention, reducing demand on acute services and improving long-term wellbeing. This needs a fresh approach to partnership. It requires our services to not just be co-ordinated but also aligned in their objectives, funding and delivery mechanisms.

By building on existing partnerships and creating new opportunities for integration, we will ensure that Lancashire's transformation is not just about new structures, but also about better lives, stronger communities and a more resilient public service system.

Aligning with the NHS 10-Year Health Plan

The Plan sets out three major shifts:

- **From hospital to community:** Delivering more care closer to home
- **From analogue to digital:** Using technology to improve access and efficiency
- **From treatment to prevention:** Tackling root causes and reducing demand

Neighbourhood Health Integration

Lancashire's two unitaries would align with the National Neighbourhood Health Implementation Programme, which aims to:

- Establish neighbourhood health teams combining GPs, nurses, social workers, pharmacists and VCSFE partners.
- Focus on long-term conditions and health inequalities in deprived areas.
- Embed care in communities to reduce hospital admissions and improve outcomes.

6. Our proposition – Working in partnership for a stronger Lancashire

Table 6.2 – Opportunities for collaborative working

Partner	Engagement and Integration Opportunities
NHS Hospital Trusts & ICBs	• Joint commissioning of integrated care pathways • Shared workforce planning and digital infrastructure • Alignment of neighbourhood health teams with council locality models • Co-location of services in community hubs
Police & Crime Commissioner (PCC)	• Joint tasking and problem-solving in neighbourhoods • Shared data on vulnerability and community safety • Integrated youth justice and early intervention programmes
Lancashire Combined County Authority (LCCA)	• Alignment of economic development, transport and skills strategies • Shared investment in infrastructure and regeneration • Coordinated lobbying for national funding
Voluntary, Community, Social Enterprise & Faith (VCSFE) Sector	• Commissioning of preventative and wraparound services • Co-production of neighbourhood models • Capacity-building and long-term funding partnerships
Chambers of Commerce and Business Networks	• Skills and employment pathway development • Local economic intelligence sharing • Improved access to finance and simpler inward investment landscape for businesses
Care Providers	• Market shaping and joint workforce development • Shared quality assurance and safeguarding frameworks • Integrated commissioning for domiciliary and residential care
Housing Authorities & Registered Providers	• Joining up housing provision with social care services • Joint housing and health strategies • Co-ordinated homelessness prevention and supported housing • Shared data on housing need and vulnerability
Universities & FE Colleges	• Research partnerships and evaluation • Workforce pipeline development (e.g. social care, digital and health) • Innovation hubs and community learning centres

Driving future transformation and the integration of services across Lancashire – a Public Service Reform Investment Fund

The transformation and integration of public services, to move towards preventative, earlier intervention approaches, reducing acute needs and future demand for services is a vital part of local authority work now, and will only increase in importance in the future.

The financial strength of the two unitary authority option, with the best balance between authorities, the scale on which they can operate and invest in transformation with partners, and the greater efficiencies they can generate through LGR, mean there will be more available resources to invest in developing and implementing the transformation and integration our services will need in the future.

However, the need for transformed and integrated services is not just a pressure faced by local authorities. By improving the effectiveness of public services through preventative and integrated approaches, we will deliver improved outcomes across our communities, benefitting not only our residents, but the wider public service system.

Integrated services that can reduce economic inactivity, improve community cohesion, improve health and wellbeing, and reduce the need for high-cost interventions in childrens and adult social care will have benefits beyond our communities and local authority services. The wider health system, justice system, benefits system and the national Exchequer all benefit from these improved outcomes. It is right that we adopt a joint approach to developing, investing in and implementing the transformation in public services we need.

We propose to set aside a significant amount of resources from the efficiency benefits that could be realised through reorganisation to two unitary authorities into a Lancashire Public Service Reform Investment Fund to drive our collaborative approach to transformation and integration of services. Recognising the wider benefits of this approach we propose that this is a collaborative investment fund with government, recognising the benefits that can be delivered to the wider public sector and national Exchequer.

We propose that the fund would be funded equally from the new authorities and from government with the mission to collaboratively develop integrated, preventative approaches to public service transformation that will deliver improved outcomes for residents and communities, and ultimately long term cost savings for taxpayers.

The fund would invest in business case propositions across the public sector (including LCCA), health, police, employment, education and community partners; which will demonstrably improve long term outcomes and public value, and reduce future cost pressures across public services.

Investments would be subject to robust evaluation to ensure they provide value for money and help form a real world evidence base for effective approaches to integration and prevention across new Local Authorities and partners.

6.8 Community first approach

Communities and neighbourhoods are fundamental to all our lives. We feel most attachment to the places we live: the cities, towns, villages and communities we grow up in, where we raise our families, and where we grow old. We want to feel pride in these places, we want to look after them and enhance them to help to support better lives for all in Lancashire.

75% of survey respondents identify primarily with the town or village in which they live

Local Government Reorganisation is an opportunity to rethink how local authorities relate to communities, with the removal of two-tier local government and a move to larger unitary authorities. We believe it is an opportunity that must be grasped with real ambition for change, bringing the new local authorities closer to the communities they serve.

Our 2UA proposal is to build a bold, community-rooted neighbourhood governance and engagement model to support the transition to two unitary authorities in Lancashire.

We have a clear objective to reset the relationship between local government and our communities to one of mutual trust, delivering stronger local influence, better outcomes for residents and a liberated public service culture. The model is built on principles of trust, place-based working, civic pride and integrated services.

The capacity to invest in a comprehensive neighbourhood model of engagement and delivery, with a commitment to transferring tangible resources and powers to communities demonstrates how the 2UA model for Lancashire will deliver both the efficient, sustainable, high-quality public services we need, with the strong community engagement and influence residents want.

Our Community First approach will complement the implementation of the government's Pride in Place programme, providing funding into areas it describes as doubly disadvantaged in terms of high deprivation and weaker social infrastructure. The Community First approach will support both the implementation of Pride in Place funding across Lancashire, including Skelmersdale, Ribbleton, Morecambe West End, Fleetwood Town and Shadsworth & Intack and enable the new authorities to deliver investment, engagement and empowerment across services and local social infrastructure in every community.

The opportunity for a community first approach

Neighbourhood and community approaches under the current two-tier local government system can suffer with long-standing challenges around fragmented service delivery, limited community influence, and diluted accountability.

The current county and district model has often resulted in overlapping responsibilities, inefficiencies and a disconnect between decision-makers and residents. This means that residents can feel unclear where they should raise issues, whether anything will be done about them, or if issues in their area are ever a priority for the local authority.

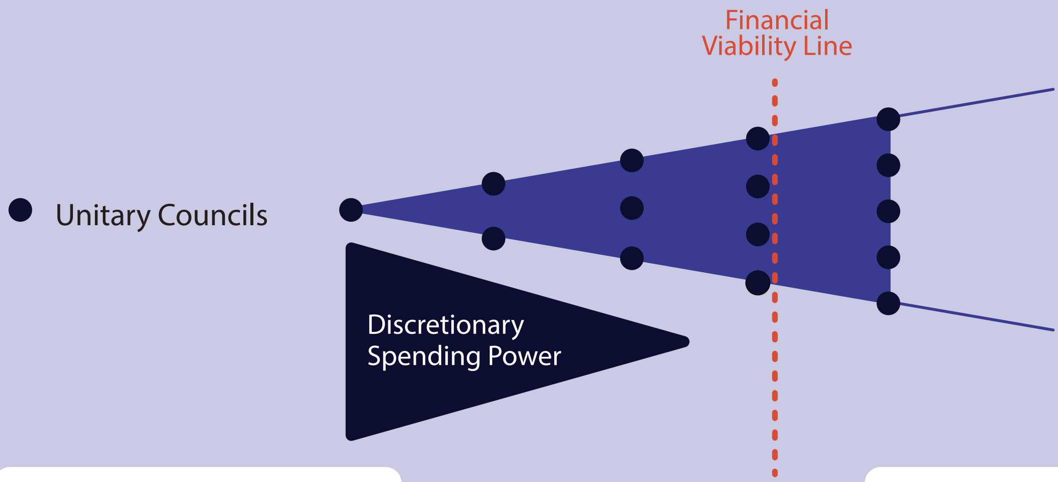
Lancashire's polycentric geography with many towns and villages, and a mixture of rural and urban areas, demands a governance model that reflects local identities and supports the dispersed economic and social realities of our county. Local Government Reorganisation presents a unique opportunity to embed a community-first approach that is integrated, responsive and rooted in place.

Our proposed Community First neighbourhood model offers a streamlined approach that enhances accountability, fosters civic engagement and delivers integrated services tailored to local needs. By establishing two large unitary authorities, we could leverage economies of scale while ensuring that neighbourhoods retain influence and control over decisions that affect their daily lives.

Under the current system, the ability to invest in neighbourhood approaches is more constrained, with significantly more administrative overheads involved in the district and county split, with 693 elected representatives across Lancashire councils. By refocusing our resources to support more meaningful engagement with our neighbourhoods we can drive a new, ambitious approach bringing communities and local authorities closer together to deliver improved influence and outcomes for our communities.

Figure 6.7 – The financial benefit of larger unitaries

The 2 unitary model has certain vulnerabilities, but its financial strength allows the flexibility to offer a more compelling and enhanced vision for place-based and neighbourhood working.



Larger unitaries have more spending power to utilise their precept to provide for discretionary policy areas, such as the ability to fund neighbourhood working

Smaller unitaries will be more restricted to spending their precept on statutory provision only (discretionary spending may be unviable)

Less or no funding for neighbourhood working

6. Our proposition – Community First

Examples of existing community-focused approaches:

Community Safety Partnerships involve multiple public sector partners working together to tackle local issues.

They bring together local authorities, police, fire services, NHS and other partner organisations to tackle local crime and disorder.

There are CSPs in place across the whole Lancashire 14 footprint, apart from Blackpool. A Lancashire Community Safety Partnership Board sits above them.

Place Partnerships are formal public/private sector boards with an independent chair, with some responsibility for devolved funding:

Preston, Pendle, Burnley, Lancaster have place partnerships.

Town Deal Boards - responsible for devolved grant funding / focus on economic growth and interventions. The following places currently have Town Deal Boards:

- Blackpool
- Darwen
- Leyland
- Nelson
- Preston

Family Hub Case Study

Family Hubs involve using physical location as a focus for joined-up place-based interventions.

Lancashire's Family Hubs provide a one-stop shop for children, young people, and families to access coordinated support from council services, the NHS, schools, police, and community organisations - helping families thrive from pregnancy through to adulthood. Historically families experienced fragmented service provision, making it difficult to access timely and appropriate support. The Family Hubs model responds to this by integrating services in accessible, welcoming spaces across Lancashire.

Family Hubs are delivered through multi-agency collaboration, co-locating services and offering both in-person and digital support. Programmes like Bump, Birth and Beyond and Baby and You provide targeted help for early years, while hubs also support SEND, mental health, housing, and employment needs.

Lancashire's Family Hubs are seeing significantly increased footfall and group attendance, with multi-agency delivery sessions often fully booked. New partnerships are forming weekly, enhancing the breadth of services available. A locally developed performance dashboard is tracking reach, participation, quality, and customer satisfaction. Digital engagement is also growing, with strong uptake across websites and social media platforms.

Family Hubs demonstrate how integrated, place-based service delivery can be scaled across a wider footprint - aligning with the vision for two unitary authorities by simplifying access, reducing duplication, and improving outcomes through collaboration.

6. Our proposition – Community First

Case Study – Lancaster hyper-local service delivery

The Village Agents initiative supports Lancashire's ambition to deliver integrated, preventative services closer to home, particularly in rural areas, with a plan to include Lancaster District.

It aligns with the LGR vision by enhancing community resilience, reducing demand on formal adult social care and promoting equitable access to support.

A Village Agent's work includes:

- Linking people to local groups, events, and community resources.
- Offering emotional and practical support to individuals and families.
- Co-ordinating information, advice, and guidance to reduce reliance on statutory services.

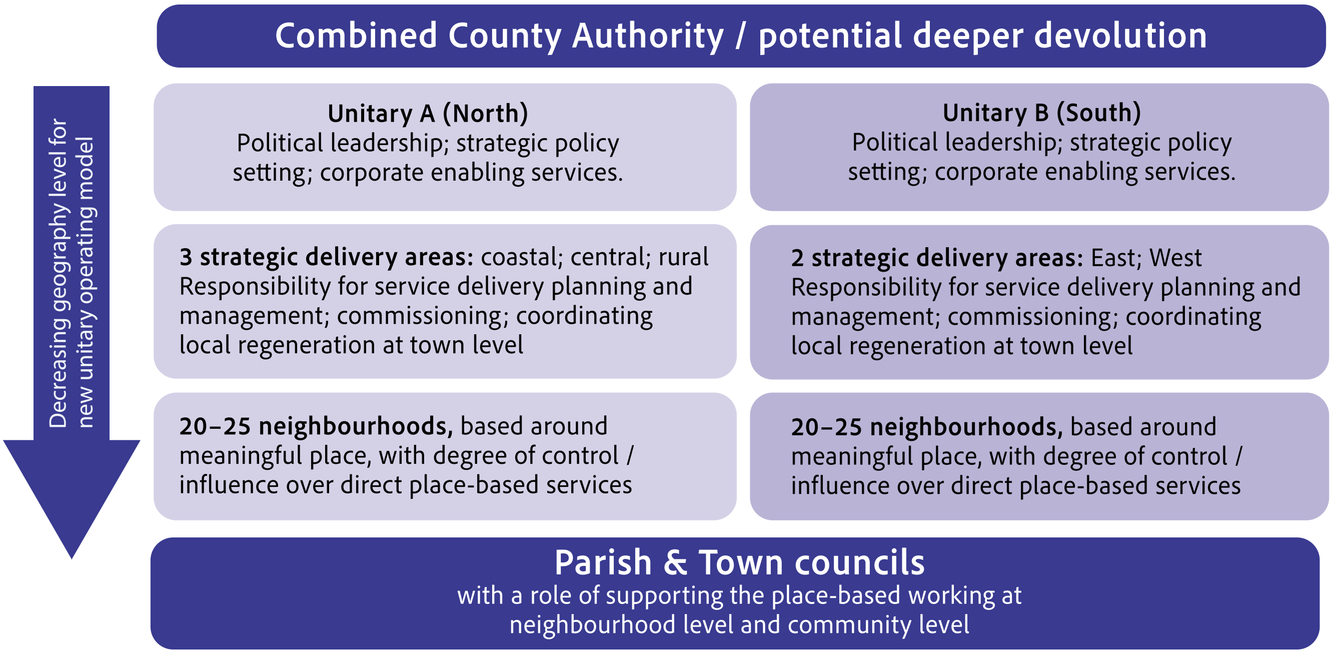
This exemplifies hyper-local delivery in rural settings. Village Agents act as trusted connectors between residents and services, particularly in isolated communities. They provide face-to-face support, signposting and advocacy, often in partnership with local GPs, pharmacies and voluntary groups.

In Lancaster, this model is complemented by the development of a planned Health on the High Street programme, which seeks to bring public health, social care, hospital outpatients, housing and welfare rights with the voluntary sector into accessible town centre locations, such as libraries and community hubs.

The Lancaster Neighbourhood Health Centre (LNHC) Working Group has been established to explore the development of a hub in Lancaster. The Lancashire & South Cumbria Integrated Care Board (ICB) is facilitating this collaboration, supporting the partnership to align objectives, share resources and co-create solutions tailored to community needs. This also ensure alignment with the NHS 10-year plan, which moved to a community focus.

Together, these approaches reduce barriers to care, improve early intervention and foster civic pride through visible, place-based health support.

Figure 6.8 – Illustrative modelling in development



Our Community First vision

Our approach to neighbourhood engagement and governance is founded on a set of clear principles, recognising what residents want from their local authorities and services, what matter to them in terms of local identity and place, and the realities of our county geography and populations.

Our Community First principles

The vision for neighbourhood governance in Lancashire is built on six core principles:

1. **Direct connection with places**: Governance structures will be designed to reflect the unique identities and geographies of Lancashire's diverse communities. Neighbourhood Boards will serve as the primary interface between residents and the unitary authorities, ensuring that local voices are heard and respected.
2. **Focus on residents' needs and views**: Engagement mechanisms such as community assemblies, digital platforms and participatory budgeting will empower residents to shape services and priorities. This resident-centred approach will foster a sense of ownership and responsibility.
3. **Rebuild trust in public institutions**: Transparent decision-making, clear accountability and visible improvements in public services will help rebuild trust between communities and local government.
4. **Reflect Lancashire's polycentric economy**: Tailored governance and service delivery models will be developed for different areas, recognising the economic and social diversity across the county.
5. **Support local service integration**: Multi-agency teams and shared data systems will enable holistic support for residents, reducing duplication and improving outcomes.
6. **Promote civic pride and local assets**: Investment in public realm and community spaces will foster civic pride, enhance wellbeing and strengthen community spirit.

6. Our proposition – Community First

Neighbourhood governance model

Neighbourhood governance is a key element of how the new local authorities will operate, to deliver for all our communities across Lancashire, creating a link between communities, including town and parish councils, with the strategic operational management and decision-making in the unitary authorities.

Our Community First approach means that neighbourhoods will be determined by the people who live there – they must be meaningful to residents as places that people feel attached to in terms of local identity and belonging.

Each neighbourhood would get a degree of control and influence over local services and resources, based on locally identified priorities, and be able to engage and influence the strategic management of the unitary authority, through the strategic delivery areas.

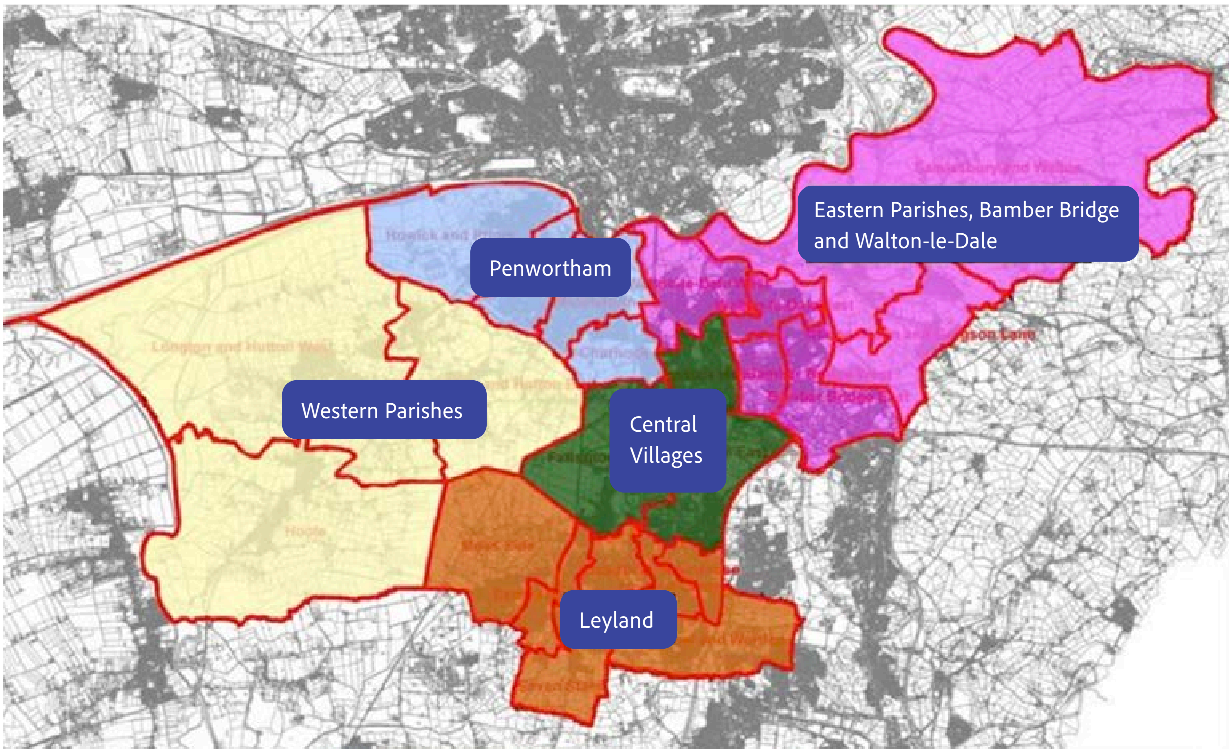
Each neighbourhood would be able to engage with and draw on parish and town council representation in the locality as part of community engagement and governance arrangements.

Area based collaborations around groups of parish and town councils and local authority activities already exist in parts of the county that can be built on to develop the neighbourhood geographies, for example in South Ribble:

South Ribble Borough Council's Community Hub model is a useful example of how neighbourhood footprints can be shaped around meaningful local geographies. These hubs serve as focal points for locality working, each covering a distinct area that reflects the character and needs of its communities.

Some hubs are based on clusters of parish councils, while others cover urbanised areas that are not parished, such as Leyland. This flexible approach allows for neighbourhoods to be defined in ways that make sense to residents and stakeholders, respecting both administrative boundaries and local experience. The South Ribble hubs demonstrate how neighbourhoods can vary significantly in both population and geographic size - ranging from more compact, densely populated areas to larger, more rural expanses.

Figure 6.9 – South Ribble's Community Hub Model



This variance is essential in a county like Lancashire, where settlement patterns are diverse. Importantly many of these hubs are built around existing community assets, such as community centres, which serve as natural convening spaces for meetings, service delivery, and local engagement.

These hubs typically serve populations ranging from around 10,000 to 30,000, offering a scalable model for neighbourhood working that could be adapted across the new unitary authorities.

By building on existing arrangements like these, Lancashire can develop neighbourhood geographies that are both practical and rooted in community identity, forming a strong foundation for future governance and service integration.

Neighbourhood Boards

Neighbourhood Boards will be established in each of our communities across the wider county area, covering the whole of the county footprint. They will be representative bodies for each area, attracting a range of delegated powers, control and influence, with the ability to develop proposals for investment and change in their local area. Each Board will be led by the local elected members of the relevant wards, with the participation of community leaders, service partners and other residents, for example Parish and Town Council representatives and other local civic bodies. Elected members will have a critical role to play as community champions for their areas.

Figure 6.10 – Structure and Function

The neighbourhood governance model will be formed around three coordinated, collaborative structures:

Neighbourhood Boards:

These representative bodies would include elected members, community leaders and service partners. They would have delegated powers over local services, budgets and strategic priorities.

- Accountability; decision-making and devolution

Local area teams:

Multi-agency teams would be co-located within neighbourhoods to deliver integrated services. These teams would include professionals from health, social care, housing and community development.

- Integrated local services, designed around local need and opportunity

Community Forums:

Open forums held regularly to engage residents in deliberation and decision-making, including local and authority wide consultations. Engagement will be supported by digital platforms to ensure participation.

- Direct resident engagement with the local authority

6. Our proposition – Community First

We anticipate there will be around 20 Neighbourhood Boards in each new authority area, representing populations of around 20-40,000 people on average. This will ensure that every neighbourhood has representation, clear accountability and a strong voice.

Each Neighbourhood Board will be supported by dedicated central officer resource in each unitary authority to support neighbourhood activity and planning, drawing on the central enabling functions of the authority, for example around data and insight, finance, communications and engagement, planning, implementation and impact evaluation.

Each new authority will have a community first approach built into the organisational and management structures, with place leadership a key responsibility, and a workforce ethos that is encouraged and enabled to think and act community first, wherever possible.

It would ensure that there is sufficient resource to engage with communities, develop community plans and support delivery of those plans with communities, ensuring that funding going into neighbourhoods is used to deliver maximum impact in every neighbourhood.

By providing this level of support to elected members and the neighbourhoods they represent, the model of two large, strong local authorities for Lancashire will enhance the connection of the local authorities and elected members with communities and residents. This will amplifying community voice and influence into decision-making and providing opportunity and accountability for local control and influence across a range of neighbourhood activity and investment.

Neighbourhood Boards will be responsible for:

- Creating neighbourhood plans, determining local vision and priorities.
- Agreeing neighbourhood deals, with dedicated capital and revenue budgets.
- Developing Neighbourhood Investment Fund proposals and local oversight of delivery.
- Oversight of local community assets, to support community engagement and service delivery.
- Supporting consultation and engagement with residents and local stakeholders.

A range of local assets could also be considered for local control, potentially including:

- Community and Civic Assets
- Public Realm and Local Infrastructure
- Economic and Social Assets
- Local Heritage Sites

Local Area Teams

Local services will be delivered through place-based, multi-agency teams, working in communities to deliver integrated services, driving community-based preventative, locally responsive approaches to services, ranging from health, social care, community development, housing, community safety etc. These services will be strategically managed through the Local Authority, but operationally managed in place, through integrated multi-agency teams, to reflect local need and opportunities. They will have a close relationship with the local Neighbourhood Board, enabling flows on information to inform holistic, place-focused decision-making that can respond to local priorities and needs.

Areas of focus for Local Area Teams will reflect the local communities they serve, but can be expected to have a key role around priorities including approaches to reduce economic inactivity, driving preventative and Early Help approaches to support children and families, and approaches to target areas of demand for Adult Social Care, to better support people in their communities.

Community Forums

To ensure there is visibility and involvement around decision-making in neighbourhoods, Community Forums will provide the opportunities for residents to engage with neighbourhood boards and for the boards and the Local Authority to engage directly with residents. This will provide valuable transparency and accountability for neighbourhoods, opportunities for involvement in influencing local priorities and decisions, and a mechanism to enable the Unitary Authorities to better engage with residents and communities, enabling deeper and more meaningful community consultation.

Neighbourhood Services

There are a range of services which could be delegated to neighbourhoods, in part or in full as part of neighbourhood deals, which could form part of Local Area Team delivery, or wider locally controlled delivery overseen by the Neighbourhood Boards.

- Management of parks, green spaces, and community centres
- Local highways and street cleaning priorities
- Community safety initiatives
- Local planning and development input
- Youth services and early help
- Local health and wellbeing programmes
- Cultural and heritage events
- Local business support and town centre management
- Public realm improvements
- Local transport planning
- Community grants and funding decisions
- Volunteering and civic engagement coordination
- Local housing and homelessness responses
- Environmental initiatives and climate action

6. Our proposition – Community First

Neighbourhoods Investment Fund

Our proposal is to turbo-charge the approach to neighbourhoods under a two unitary authority model with a new Neighbourhoods Fund to invest in the things that matter most to our communities, determined by our communities, and delivered with our communities.

We will allocate a portion of the LGR efficiency dividend that will be delivered through rationalisation to two, strong, streamlined local authorities for Lancashire to be directly reinvested into the communities the new councils serve.

An initial £15m fund will be created in each Authority to provide investments into communities, on the basis of business cases brought forward by those communities, targeting the issues that matter most to them.

The Neighbourhoods Investment Fund will have the purpose of:

- Supporting neighbourhood-led initiatives and Asset Based Community Development
- Funding infrastructure improvements
- Promoting civic pride and community wellbeing

Funding Allocation Process:

1. Annual Call for Proposals from Neighbourhood Boards
2. Opportunity for Participatory Budgeting: Residents views on shortlisted projects
3. Strategic Panel Review: Ensures alignment with authority-wide priorities
4. Transparent Reporting: Public dashboards showing spend and impact

Funding can also be supplemented by external grants, philanthropic contributions, crowd-funding and private sector investment, to crowd-in additional investment into our communities.

Examples of the types of projects the Fund might support:

- Public realm enhancements (e.g. lighting, seating, planting)
- Community hubs and digital inclusion centres
- Local heritage restoration
- Youth and elder engagement programmes & infrastructure
- Clean-up campaigns and environmental stewardship
- Local arts and culture festivals
- Safety and accessibility improvements

6. Our proposition – Community First

Crowdfunding Case Study

Crowdfund Lancashire empowers residents, councils, and businesses to co-fund grassroots culture and sports projects, transforming local ideas into reality through civic crowdfunding. Many small-scale community initiatives struggle to access traditional funding, limiting their potential to improve local wellbeing. Crowdfund Lancashire addresses this gap by enabling direct community investment in projects that matter locally.

Launched in partnership with Spacehive, the UK's leading civic crowdfunding platform, the scheme offers matched funding from Lancashire County Council's £500,000 Culture & Sport Fund. Grants of up to £15,000 are available, with projects receiving council support once they reach 50% of their target. Residents can pledge from as little as £2, making participation accessible to all.

Since November 2022, Crowdfund Lancashire has supported 168 projects with over £2.47 million pledged by 7,687 backers. With a 94% success rate, the initiative has funded diverse projects such as Pendle Stitches and the Blue Flamingo Community Hub, enhancing local culture, sport, and social inclusion. The model fosters civic pride, community ownership, and low-cost access to enriching activities.

Crowdfund Lancashire illustrates how a unitary authority can harness community energy and innovation to deliver local priorities, enabling scalable, citizen-led investment in place-based initiatives.

Role of Parish and Town Councils in the Neighbourhood Model

Local Government Reorganisation is about restructuring the County, Districts and existing Unitary Authorities into new Unitary Authorities for the whole of Lancashire. It does not directly affect Parish and Town Councils. However, Parish and Town Councils will play an important role in our proposed neighbourhood governance model, serving as foundational pillars of local democracy and community representation. Their collaboration with the new neighbourhood structure will ensure that the model is deeply rooted in existing local institutions, enhancing legitimacy, responsiveness, and community trust.

Where they are in place, Parish and Town councils will be key partners in decision-making processes, particularly in areas such as local planning, public realm improvements, community safety, and cultural initiatives. Their statutory powers and proximity to residents mean that they are well-positioned to support the identification of local priorities and advocate for community needs.

In terms of service delivery, Parish and Town Councils can potentially take on a role in locally delegated responsibility for managing local assets such as parks, community centres, and public spaces, in co-ordination with Neighbourhood Boards. They can also coordinate volunteer efforts, civic engagement activities, and local events that foster community spirit and pride.

Their existing networks and knowledge of local contexts will be leveraged to support the work of Neighbourhood Boards and Local Area Teams. By clearly articulating their role within the governance framework, the model ensures that these councils are not only consulted but actively involved in shaping and delivering services and opportunities for their local communities.

This approach of building our Community First approach alongside Parish & Town Councils and other existing local civic bodies strengthens the overall neighbourhood model by embedding it within trusted local institutions, promoting collaboration, and ensuring that governance is truly reflective of and responsive to the communities it serves.

Elected Member numbers and support

A key component of the new governance model under Local Government Reorganisation is the determination of an appropriate number of councillors for the new unitary authorities.

Following LGBCE guidance, the new Council sizes must support:

- **Efficient decision-making** within a streamlined governance structure.
- **Robust scrutiny and accountability** mechanisms.
- **Strong local representation**, particularly in diverse urban and rural communities.
- **Capacity to engage with neighbourhood governance structures**, including town and parish councils and emerging community partnerships.
- **Proposals below 30 or above 100** councillors require strong justification

Currently there are 693 councillors across Lancashire, with 84 County councillors, 516 councillors across the 12 Districts, 42 councillors in Blackpool and 51 councillors in Blackburn with Darwen. Across Lancashire each councillor represents on average 2185 residents.

6. Our proposition – Community First

We propose that across the two new authorities there will be up to 99 councillors for each authority, recognising that the new councils will be among the largest unitaries in the country and accordingly should be around the maximum number of councillors under the LGBCE guidance.

The member support budget in the County Council is currently in the region of £2m per annum, including allowances and support costs. In addition, there is a small team dedicated to member support, training and development and supporting civic events. Similar support to elected members will be offered in the existing unitaries, and in the Districts.

Given the reduction in overall councillor numbers, there is therefore an opportunity to provide a significantly enhanced member support offer to enable members to become true community champions. This would include an enhanced training offer and additional staff dedicated to support for councillor's casework, providing better data to members on a divisional and neighbourhood footprint. It would also involve having dedicated officers working at neighbourhood level to work with councillors in understanding their area.

When coupled with the new community first model for neighbourhood engagement and empowerment, this represents an improved offer of community engagement and neighbourhood governance, ensuring members can more effectively represent their communities and empowering communities to influence and inform decision-making locally and at the Authority level.

How will we know if our Community First approach is working?

Improved Engagement with Communities

Mechanisms:

- Digital Platforms for consultation, feedback, and service co-design
- Neighbourhood Forums with regular, open meetings
- Community Champions to bridge between residents and services
- Local Insight Networks using data to understand needs and trends

Outcomes:

- Increased community participation
- Strengthened relationships with local groups
- Greater trust in local government
- More responsive and tailored services

Engagement will be embedded in all aspects of governance and service delivery. Residents will be treated as active members of their communities, not passive recipients of services. This shift will foster a culture of collaboration, mutual respect, and shared responsibility.

Improved, Integrated, Locally Responsive Services

Approach:

- Place-Based Teams: Co-located services working collaboratively
- Shared Data Systems: Real-time information to inform decisions

Benefits:

- Reduced duplication and inefficiency
- Faster response to local issues
- Holistic support for residents
- Stronger preventative approaches

Integrated services will be designed around the needs of residents, with a focus on early intervention, prevention, and community resilience. Local Area Teams will work closely with Neighbourhood Boards to ensure that services are aligned with local priorities.

Civic Pride and Public Reform

Improving the visual and functional quality of shared spaces has wider benefits for residents, neighbourhoods, and communities. Clean, safe, welcoming public areas honour our heritage and support community wellbeing.

Civic pride is a powerful driver of community spirit and togetherness. When public spaces are clean, safe, and dignified, residents feel a stronger connection to their surroundings and a greater sense of ownership and responsibility.

This pride in place encourages people to participate in local initiatives, respect shared spaces, and engage with their neighbours and local institutions.

Expected Outcomes:

- Enhanced public perception of Lancashire as a well-maintained and respectful place to live and visit
- Increased community participation
- Strengthened relationships between the Council and local groups, including parish councils, veterans' organisations, and volunteer networks
- Improved wellbeing through cleaner, safer, and more attractive environments that promote walking, gathering, and civic interaction
- Greater trust in local government, as visible improvements demonstrate responsiveness and care for community values

6. Our proposition – Community First

Implementation of Community First

The Community First model presents a compelling case for strengthened neighbourhood governance and engagement in Lancashire under a two Unitary Authority structure. It is rooted in community, designed for scale and consistency of approach, with flexibility to be locally tailored and responsive. By investing in place, empowering residents, and integrating services, the new unitary authorities can deliver a stronger, more trusted, and more effective local government. It aligns with central government priorities around local government reorganisation and devolution, public service reform, and community empowerment. It delivers on the concerns of residents and wider stakeholders to protect and respect local identity, to build pride in communities, and to reflect local need and priorities in how we deliver services and invest, and offers a blueprint for how local government in Lancashire can work in partnership with communities to build a better future for all.

As a demonstration of the commitment to delivering for everyone, and creating a genuine community first approach, we will take steps to test out early implementation of this model, before LGR takes effect. This will include:

- Exploring the range of existing community and neighbourhood collaborative structures – e.g. Community Safety Partnerships.
- Building on District led area-based collaborations – e.g. South Ribble Community Hub model.
- Leveraging the input of Parish and Town Councils.

This will enable evidence and learning from the approach to inform the future adoption and roll out into any new Councils, and support a more rapid implementation of a pan-Lancashire wide neighbourhood approach in any new Local Authority Structures.

Our early test and learn implementation will include working with willing neighbourhood partners to:

- Create test beds for neighbourhood boards.
- Pilot Local Area Team with willing partners – e.g. Health on the High Street, Lancaster.
- Develop approaches to enhanced community engagement.
- Re-purpose remaining Lancashire Economic Growth and Development Investment Fund to support pilot projects.
- Enable capacity requirements for the new councils.

The implementation of two unitary authorities for Lancashire provides the strongest foundation to drive tangible improvements for all our residents and communities, delivering consistent, high-quality and resilient services, unleashing innovation, resourcing preventative support for vulnerable residents, and putting community voice, civic pride and accountability at its heart.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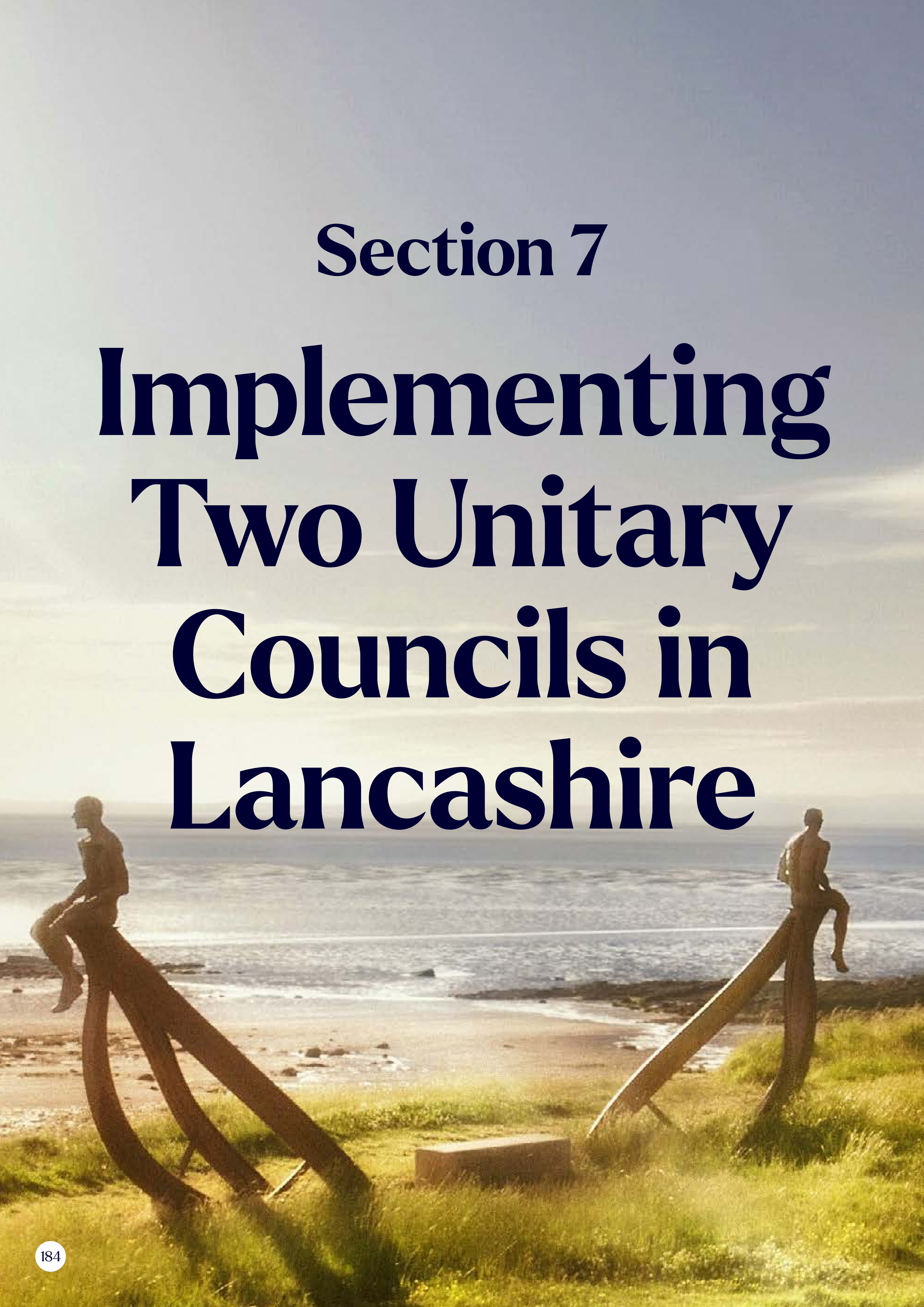
Section 7

Implementing Two Unitary Councils in Lancashire



This chapter outlines the developing plans to deliver a smooth transition to two unitary authorities for Lancashire, working across local authority partners, the wider public sector, communities and central government, to protect key services and vulnerable residents during the transition, and deliver efficient, sustainable, community focused authorities from the very start.

Key Points:

- Five-phase roadmap minimises disruption and safeguards critical services.
- Early engagement with residents and partners to build trust, co-operation and collaboration.
- Finding opportunities for early collaboration, test and learn opportunities and building the foundations for the new councils to hit the ground running.

Conclusion:

A well-managed transition is essential to realise opportunities quickly and maintain and build public and partner confidence. Implementation of two unitary authorities provides the least complex transition, and most assurance that services to our most vulnerable residents will be safeguarded.

7. Implementing Two Unitary Councils in Lancashire

Introduction: A Platform for Purposeful Change in Lancashire

The creation of two new unitary authorities in Lancashire presents a once-in-a-generation opportunity to build on the strengths of the existing councils and design a future model that is more agile, accountable and attuned to the needs of our communities and therefore delivers improved resident outcomes.

Lancashire already benefits from strong partnerships, dedicated public servants and a track record of delivering high-quality services. The 2UA model will harness these foundations to create a more coherent, efficient and sustainable platform for longer-term transformation – one that optimises resources, reduces duplication, embodies prevention and empowers localities to shape services around what matters most to them.

We do not envisage a 'continuing authority' so a collaborative approach is essential, which must not be a top-down imposition. The future operating models will be co-designed across all councils with staff, partners and communities through a structured, inclusive transition programme.

Whilst the final decision from the Secretary of State is awaited, we will proactively commence preparation and transition activity - building shared understanding, exploring delivery models and laying the groundwork for a smooth, quick and ambitious transition. Lancashire is ready to lead, to collaborate and to deliver a new model of local government that is fit for the future and rooted in the strengths of place.

Our long-term ambition is clear: a resilient, tech-enabled authority that invests in prevention, drives better value and improves outcomes. But the first priority must be to get the basics right - the new unitaries must be safe, legal and operational from vesting day. This will be followed by an ambitious transformation programme to maximise the real opportunities that LGR presents.

Reorganisation will also require a review of the governance arrangements for the Lancashire Combined County Authority. We will ensure a smooth transition for the CCA, and the 2UA model will enable the CCA to have the capacity and capability to progress at pace, preparing Lancashire for deeper devolution.

This section sets out our implementation approach: governance arrangements; design principles; programme structure and phases; key deliverables; resourcing; and our approach to risk management – all grounded in lessons from other LGRs and tailored to our unique Lancashire context.

Reorganisation Complexity

With one county council, twelve districts and two unitaries, the existing complexity of local government structure in Lancashire presents a challenge for reorganisation.

This relative complexity compared to other two-tier areas working through LGR, necessitates a credible and managed timetable for implementation. We would welcome more direct engagement with Government on the proposals to be taken forward, and consideration of a phased implementation approach depending on the complexity of change required, with vesting days in 2029 or 2030 as well as 2028.

The chart on the right provides an overview of the combination of existing councils into the proposed two new unitaries and shows the key activities involved for each council.

Bringing together the upper and lower tier services presents a unique opportunity to harness the strengths of the existing models and, with meaningful input from service users, co-design new approaches that reflect best practice while balancing the advantages of scale and local responsiveness.

The shift from fifteen to two authorities will require excellent stakeholder engagement and a genuinely collaborative approach to ensure alignment, trust and shared ownership.

Table 7.1

	Comprised of these legacy councils		
New Unitaries	**County**	**Districts**	**Unitaries**
North	County	Fylde Lancaster Preston Ribble Valley Wyre	Blackpool
South		Burnley Chorley Hyndburn Pendle Rossendale South Ribble West Lancashire	Blackburn with Darwen

Implementation Activity:

Aggregation / Consolidation / Rationalisation

Disaggregation

Transformation

Key to the transition will be understanding the distinct characteristics, service profiles and operational risks of each area. Whilst this proposal has a common vision for the whole of Lancashire, the transition will be need to be tailored according to these factors.

For **North Lancashire**, whilst there are pockets of deprivation in the urban centres, there are also significant rural areas, which may impact some future operating models. There is also a larger ageing population, particularly in Fylde and Wyre, which may increase future demand for adult services. Reorganisation will involve:

- The aggregation of existing district council services.
- The disaggregation of LCC services across the North Lancashire geography.
- The aggregation of LCC and Blackpool Council upper tier services.

For **South Lancashire**, there are significant levels of deprivation in the East and high levels of demand for children's social care. Transition and future operating models particularly need to consider providing targeted investment and capacity in these areas. Reorganisation will involve:

- The aggregation of existing district council services.
- The disaggregation of LCC services across the South Lancashire geography.
- The aggregation of LCC and Blackburn with Darwen Council upper tier services.

7. Implementing Two Unitary Councils in Lancashire

Our preferred 2UA model is the simplest compliant option. Consequently, the least complex and lowest risk option that minimises the inevitable service disruption of implementation and maximises the potential to achieve safe and legal unitaries by vesting day. The 2UA model enables the most efficient and low-risk option in the following ways:

Creation of large unitaries with scale and resources to deal with cross cutting and complex challenges and management of risk	The creation of two unitaries allows for greater financial resilience and ensures there is sufficient capability and capacity to carry out significant transformation activity at pace and over a sustained basis. It will also provide greater financial resilience, enabling more effective response to risks and service demand pressures.
Creation of large authorities that can deliver at pace and support UK prosperity and levelling up within communities	Two new unitarities, that both champion Lancashire, will be able to work at pace on delivering against local priorities as well as maximising the opportunities from government policy implementation, working alongside key partners in a streamlined way.
Making it simpler for Lancashire	There is considerable complexity in splitting services. With the county council being the largest council provider in the area, our proposal ensures the least disruption to key demand-led services such as highways, children's, adults and schools. It will also be easier for key partners and providers to work with only two new councils.

Strategic Oversight and Governance

To ensure successful delivery, a collaborative and robust governance framework will be established from the outset including the following key components:

- **Joint Implementation Board (JIB)**: Comprised of elected Members and senior officers from both unitary councils, with representation from all legacy councils and key partners. This body will oversee transition planning, risk management and stakeholder engagement.
- **Programme Board**: Led by a designated Programme Director, supported by transformation leads from each workstream, this board will oversee, coordinate and manage day-to-day programme delivery and report into the JIB.
- **Independent Assurance**: External advisors will be appointed to provide challenge, assurance and alignment with MHCLG criteria and best practice.

Governance and Managing the Transition

Local Government Reorganisation in Lancashire is among the most complex in the UK since 1974, due to its scale, structural asymmetry and the high operational risks involved. The most significant risks centre on the disaggregation of Lancashire County Council, particularly in relation to people-based services such as adult and children's social care. These services are critical to the wellbeing of the county's most vulnerable residents, and any disruption during transition could have serious consequences—both financially and in terms of real-world outcomes for families and individuals.

Given this, Lancashire County Council must be at the heart of the implementation and transition process, with support from the two existing unitaries and a nominated district lead. Its infrastructure, expertise and statutory responsibilities make it uniquely positioned to ensure continuity and stability. This leading role must be recognised in the interim governance arrangements proposed by government through the Structural Change Order. This will ensure key decisions are made with the right experience and insight and that service delivery remains safe, legal and uninterrupted.

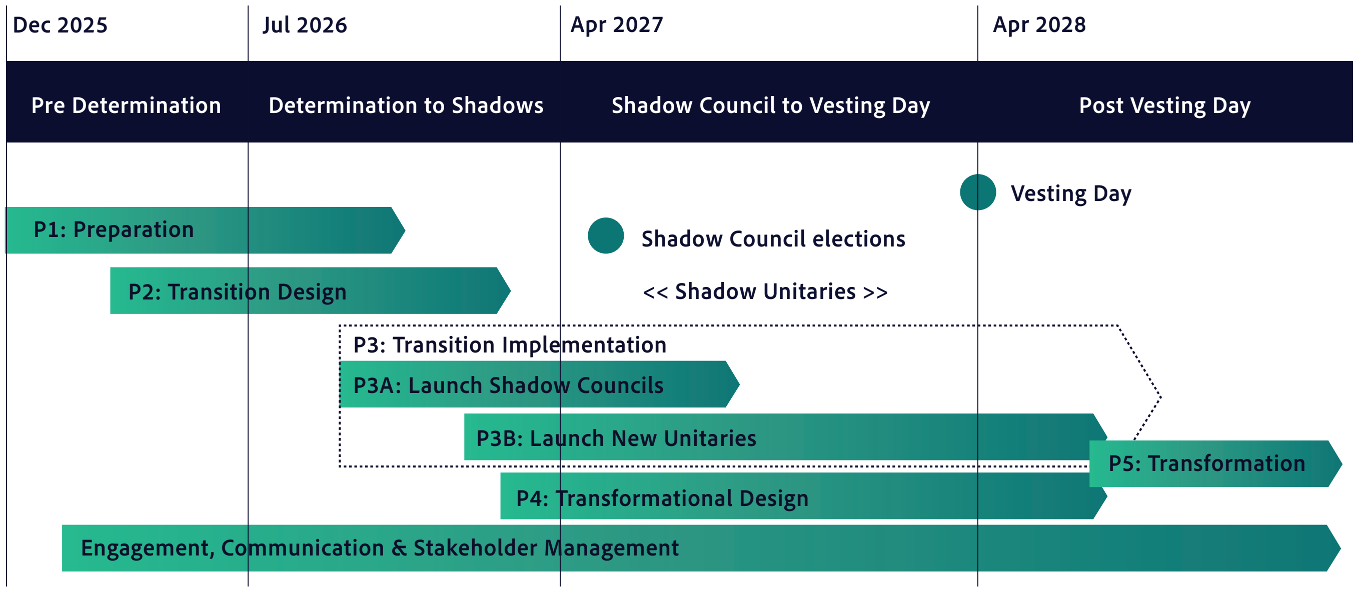
Design principles

To work at pace and maximise the opportunities in the transition leading up to Vesting Day we are committed to working transparently and collaboratively with all councils, wider public sector partners and stakeholders to ensure that Lancashire substantially benefits from LGR. We are committed to:

- Ensuring the delivery, as an absolute minimum, of safe and legal unitaries by Vesting Day to ensure service performance and our resident experience are protected from disruption and enhanced where opportunities arise.
- Beginning transition activity early and proactively, regardless of central government decision timelines.
- Supporting our workforce with clear, transparent, timely and personal development to ensure all staff understand our journey and are ready, resilient and any uncertainty is minimised.
- Engaging partners and residents early to co-design service models and continue the conversations and maintain a focus on collaboration through to full implementation, future delivery and transformation.
- Leveraging collaborative programme management and joint delivery teams to support our transformation journey.
- Adopting anchor frameworks to maintain operational continuity for high-risk services, such as Adults, Children's and SEND.
- Standardising data collection and IT systems to enable seamless service migration.
- Developing a robust data baseline and shared information standards across Lancashire and the local government community.

7. Implementing Two Unitary Councils in Lancashire

Figure 7.1



The proposed phases of the transition and transformation programme are explained in the following sections.

Transition: Establishing the Two New Unitaries

LGR presents a unique opportunity to reshape service delivery around people rather than structures.

The transition phases will include preparation for, and design of, the new unitaries. This will include the essential foundational activities of disaggregation, aggregation, rationalisation and consolidation. Beyond these steps, the focus will be on maximising opportunities and creating two integrated, coherent councils with the ambition, culture, values and technology platforms required to progress into the next phase of ambitious transformation.

Our priority objectives for transition will include:

- Ensure the safe, legal and seamless transfer of statutory services.
- Ensure service continuity, minimising disruption to residents, partners and staff.
- Design / implement two councils with clear vision, priorities and target operating models.
- Establish robust and transparent governance and accountability with locality focused delivery.
- Staff supported seamlessly through transition.
- Rationalise, consolidate and harmonise assets, systems, processes and policies.
- Alignment between the two new unitaries and the CCA.
- Clear and open communication and engagement with all stakeholders.
- Deliver early improved resident outcomes and establish the foundations for further improvements during transformation.

Phase 1: Preparation – Dec 2025 to Oct 2026

Following submission of this proposal, we will undertake robust planning and preparation, building on existing momentum and maintaining strong engagement with our communities and partners, establishing rigorous programme management protocols and enduring governance structures that support our journey through to Vesting Day.

By working collaboratively and sharing service data, structures and systems intelligence, we will establish a robust understanding and approach to ensure we safeguard vital frontline services throughout transition whilst reducing duplication, exploring shared service models, unlocking future transformation opportunities and mitigating risks.

Our key deliverables for this first preparatory phase will include:

- Initial programme resources engaged and mobilised.
- Programme management working practices, standards, protocols and initial governance established.
- Resident, partner and community engagement strategies and plans initiated.
- Ways of working with CCA fully established and embedded.
- Workforce engagement and communications strategy launched.
- Readiness plan commenced for each authority / service to ensure all councils are moving towards vesting day with a consistent and cohesive approach.
- Transition planning initiated, to determines the transition approach for every service and the risks / issues / opportunities of transition (and future transformation), underpinned by essential baseline data to inform detailed design.
- Baseline of data established including ICT (infrastructure and systems), workforce, finance, assets and contracts.
- Draft transition implementation plan developed.
- First draft of risk registers developed for each workstream.

Phase 2: Transition Design – Mar 2026 to Jan 2027

This phase will commence after our preparation phase but before the MHCLG determination, running in parallel with latter work of the preparation phase to expedite design.

Following the Secretary of State's decision, we will build on the collaboration and governance foundations established during the preparatory phase. This will underpin the creation of a joint programme team with a unified methodology and clear, inclusive governance arrangements to guide our programme.

We will develop a governance model that retains service expertise and ensures key preparatory decisions are made by officers with direct experience of service delivery.

All parts of the Lancashire local government system are important and our interim governance proposal will ensure parity with no single authority dominating and all stakeholders engaged.

An Equality Impact Assessment (EQIA) has been completed to inform this business case. While no service or policy changes are being made yet, the EQIA identifies key considerations for the new authorities to maximise positive impact and minimise risk. Once decisions are confirmed, the EQIA will be refreshed and embedded into the design phase to ensure inclusive, equitable outcomes from day one.

Our key deliverables for this transition design phase will include:

- Readiness plans completed for each authority / service.
- TUPE issues clarified and transfer approach determined and planned.
- Design and high-level operating model for the two shadow councils.

7. Implementing Two Unitary Councils in Lancashire

- Service mapping developed.
- Assessment of all current operating models and design of future models for each service with roadmaps in place.
- Initial high level ICT integration design.
- Legal and financial aggregation / disaggregation planned.
- EQIA updated.
- Full transition programme capability mobilised.
- Preparation for novation of contracts.
- Structural Change Orders approved.
- Detailed transition plan complete.

Phase 3A: Transition Implementation – Shadow Council Launch – Oct 26 to Aug 27

This initial phase of transition implementation will focus on establishing the shadow councils. This phase will commence whilst some latter stages of transition design details for the new unitaries are being finalised.

Our key deliverables for this transition implementation and Shadow Council Launch phase will include:

- Appoint officers to the shadow authorities.
- Launch the two shadow authorities.
- Establish shadow authority governance arrangements.
- Undertake shadow authority elections.
- Establish constitutions for the two new unitaries.
- Determine unitary council priorities and agree key policies.
- Agree the culture, values and identity of the new councils.
- Agree medium term financial plans and annual budgets for 2028/29.
- Finalise operating models and design of new services with elected Members.
- Ensure day one plan is robust and risks are well managed.

Phase 3B: Transition Implementation – Two Unitaries Launch – Jan 27 to Jun 28

The second stage of transition implementation is expected to start prior to establishment of the shadow councils and will focus on establishing the two new unitaries and preparing for a safe and legal transition on Vesting Day. This transition phase will run up to Vesting Day and into the first months of the new councils.

Our key deliverables for this transition implementation and new unitaries launch phase will include:

- Recruit top four tiers of management for each new unitary.
- Establish new operating models.
- Implement new ways of working including staff recruitment, member development, embedding new cultures, budget alignment.
- Statutory, safe and legal transfer of functions.
- Transfer of workforce.
- Migration of key systems, data and user testing.
- Initiate structural and service redesign.
- Initiate ICT integration and implement harmonised ICT infrastructure and solutions that establish the platform for further technology development during the transformation phase.

- Disaggregate / aggregate financial and legal matters.
- Aggregate, disaggregate, consolidate and rationalise services.
- Develop corporate plan, vision and values for each new council.
- Launch two new Unitaries and ensure continuity of safe and legal services.
- Monitor and review outputs, outcomes, benefits realisation, budget, targets and review and refine.
- Closedown legacy councils.

Transformation: Optimising the Two New Unitaries

Although for programme management purposes, we are proposing separate phases for transition and transformation, this will be an integrated programme approach that leads seamlessly from transition into transformation. This is designed to maximise pace and effectiveness, but recognising that transformation will comprise of separate programmes designed and led by each council to address the specific requirements of the localities and residents in each authority.

Phase 4: Transformation Design – Feb 27 to Jun 28

Transformation design work will commence in parallel with transition implementation and will be resourced by a separate dedicated team but managed by the overarching Transition and Transformation Programme Director to ensure a cohesive approach that supports the safe and legal Vesting Day priority.

Each new council will independently lead its own transformation design, including setting their own vision, design principles and operating models. However, this process will actively seek opportunities for shared programme delivery to establish common best practices where alignment is beneficial to both organisations.

Design principles will be developed by each new unitary but at this stage are expected to include:

- A resident-first, digital-first, preventative approach that drives improved resident outcomes.
- Local-first decision making and place focused.
- Optimised data and evidence led decision making.
- Enhanced accountability, transparency and visibility.
- Services that are genuinely integrated, using preventative discretionary services to avoid escalation into acute and statutory service provision.

Our key deliverables for this transformation design phase will depend on the vision and priorities of each unitary. But at this stage are expected to include:

- Outline high level model of modern public services.
- Develop the new neighbourhood empowerment and whole-systems model.
- High level target operating model for each council.
- Transformation programme design and plan.
- Business case for the transformation programme.
- Economic growth plan.

Phase 5: Post Vesting Day – Transformation – Starts Jun 2028 to 2032

Commencing after the new councils have been established, there will be separate transformation programmes mobilised for each authority that will also absorb remaining transition activities. With an additional integrated common transformation programme workstream(s) envisaged that avoids duplicative work and exploits the opportunities that are common to both unitaries.

7. Implementing Two Unitary Councils in Lancashire

Key deliverables for this phase will depend on the vision and desired operating model for each unitary, but are expected to include:

- Implementation of a whole-council preventative approach.
- Implementation of new neighbourhood empowerment and whole-systems model.
- Consolidation of customer contact with a single front-door and automated, digital-first resident services.
- Rationalised, consolidated and integrated ICT solutions that enable best practice and value for money service delivery.

Engagement, Communications and Stakeholder Management

Following early establishment of engagement, communication and stakeholder management approaches during the preparation phase, these activities will run for the duration of the programme. Although recognising there will be significant variations in how these activities are delivered at the various phases of the programme and as emphasis shifts from transition to transformation.

The engagement, communication and stakeholder management approaches established during the preparation phase will continue throughout the transition and transformation. However, the delivery of these activities will adapt significantly, varying across phases as emphasis shifts from transition to transformation.

Transition Resourcing and Programme Delivery Structure

Our financial model includes provision, during transition, for a dedicated single central programme team (32 FTE) and a programme management office (20 FTE) working with dedicated transition teams (15 FTE x 2) in each new unitary council.

These teams will include a combination of programme management, programme support, business analysts and subject matter experts for HR, Finance and Legal.

Our proposed transition central Programme Management Office will liaise with legacy and new councils to oversee, manage and coordinate expert workstreams ensuring consistency, efficiency and shared learning. The key workstreams are expected to include:

- Workforce Transition and Culture.
- Service Disaggregation and Redesign.
- ICT and Digital Infrastructure.
- Finance and Assets.
- Legal and Governance.
- Communications and Engagement.
- Locality Empowerment and Devolution Readiness.

Each workstream will have a nominated lead officer, clear milestones underpinned with a detailed delivery plan, a RAID log and appropriate governance / monitoring mechanisms.

Transformation Resourcing and Programme Delivery Structure

Our financial model incorporates an early indicative transformation programme resourcing plan. This includes an early indicative forecast of potential staffing costs for the programme commencing in 2026/27, running through to 2031/32 and assumes the programme will include a review / redesign of every service in each new unitary.

While provision has been included for staffing costs, we expect the transformation will be heavily ICT enabled. We have not included specific provision for technology costs.

Our proposal assumes that transformation will be initiated around a series of 'invest to save' business cases that identify the costs and savings of potential opportunities and are consequently, largely, self-funding over a period of years.

Where there is a clear strategic priority to deliver a transformation initiative with resident benefits, but no financial payback, these initiatives will require a drawdown against the annual recurring savings identified within our financial case for LGR.

Risk Management

Risk Management Approach

A comprehensive risk management approach will be adopted incorporating Lancashire's established risk management methodology to focus on proactive identification, clear mitigations and regular review.

This will be enabled through regularly maintained and reviewed risk registers and appropriate escalation routes.

A well-managed transition is essential to realise opportunities quickly and maintain and build public and partner confidence. Implementation of two unitary authorities provides the least complex transition, and most assurance that services to our most vulnerable residents will be safeguarded.

7. Implementing Two Unitary Councils in Lancashire

Figure 7.2

Risk and Description
Governance Imbalance Governance arrangements don't reflect varying responsibilities of different councils
Service Disruption Risk of interruption to statutory services, especially social care and SEND, including from the disaggregation of those services
Workforce Instability Loss of key staff, low morale and unclear roles
Financial Risk Unexpected one-off costs, budget disaggregation issues, asset misallocation, unfunded liabilities, missed savings opportunities
Contractual Exposure Failure to novate contracts or manage liabilities
ICT & Digital Failure ICT systems not ready or data migration issues
Public Confidence Confusion or resistance from residents and stakeholders
Devolution Misalignment New structures not aligned with future Combined County Authority ambitions
Bureaucratic Complexity Decision making is hindered by overly complex governance arrangements
Legal Challenges and Delays Potential for legal disputes or procedural delays impacting timelines

Initial Risk Register

The table below provides initial identification of key risks and proposed mitigations.

Proposed Initial Mitigations
• Formal interim governance with proportionate representation from both tiers, equal numbers of votes to the two current tiers of local government
• Robust design and planning • Phased transition plans with clear accountability • Business continuity protocols, which are prioritised • Safeguarding oversight
• TUPE compliance and people strategy • Clear and authentic leadership • Early and transparent comms • Co-designed structures • Leadership recruitment
• Robust financial modelling • Detailed financial analysis and monitoring • Asset registers • Transitional finance strategy
• Early contract audit, legal review and structured novation process
• Stabilisation of core systems, secure data transfer protocols and digital governance
• Visible and transparent leadership • Targeted engagement • Clear branding • Clear, timely messaging and proactive communications strategy
• Design governance and locality models with devolution readiness in mind
• Proportionate, streamlined governance with clear accountability
• Early and continual legal engagement and risk assessment • Proactive stakeholder engagement • Clear procedural frameworks

Appendices Summary

Hyperlink	Description
Appendix 1: Balance Analysis	A review of the balance between unitary councils in each of the LGR options, against a range of social, economic and service metrics. The analysis measures the variance between the highest and lowest performing unitary for each metric.
Appendix 2: Financial Modelling	Detailed financial modelling methodology underpinning the financial analysis in Section 5.
Appendix 3: Council Tax	More detailed assessment of council tax across Lancashire and impacts of LGR.
Appendix 4: Financial Resilience	Methodology note for the financial resilience analysis.
Appendix 5: Savings Assumptions Rationale	A detailed note setting out the rationale for assumptions made on savings in the financial analysis.
Appendix 6: Financial Risks facing the new unitary councils	Note of the key financial risks behind the financial analysis and facing the new unitary authorities.
Appendix 7: Realising the ambitions of the Local Growth Plan	A detailed assessment of how the 2UA model will help realise the ambitions of the Local Growth Plan and delivery of the Central Belt.
Appendix 8: Resident Engagement Analysis	Independent analysis report by Cratus Communications summarising the findings of the Resident Engagement Survey.
Appendix 9: Stakeholder Engagement Analysis	Independent analysis report by Cratus Communications summarising the findings of the Stakeholder Engagement Survey.

Hyperlink	Description
Appendix 10: One Council for Lancashire	A concise strategic case summarising the potential benefits of a single county unitary in Lancashire.
Appendix 11: Equality Impact Assessment	Initial Equality Impact Assessment of the 2UA LGR Proposal.
Appendix 12: Newton Europe – People Services Lancashire Analysis	An analysis of high demand people-based services in Lancashire and the impact of reorganisation.
Appendix 13: Councillor Numbers	A summary of existing councillor numbers in Lancashire and benchmarks from recent reorganisations.
Appendix 14: 31 Ten Service Baseline Analysis	Jointly commissioned by the 15 Lancashire Councils – a baseline analysis of services delivered by the councils in Lancashire.
Appendix 15: Metro Dynamics Socioeconomic Baseline Analysis	Jointly commissioned by the 15 Lancashire Councils – a baseline analysis of the socioeconomic landscape in Lancashire, split by LGR option.
Appendix 16: Lancashire 15 Common Dataset	A list of datasets and sources compiled by the 15 Lancashire Councils to form the Common Dataset.
Appendix 17: LG Futures Financial Baseline Analysis	Jointly commissioned by the 15 Lancashire Councils – the financial baseline for LGR options following funding and expenditure disaggregation.

List of Acronyms

A

- AEM - Advanced Engineering and Manufacturing
- AI - Artificial Intelligence
- ASC - Adult Social Care

C

- CAMHS - Child and Adolescent Mental Health Services
- CCA - Combined County Authority
- CHiL - Cosy Homes in Lancashire
- CIC - Children in Care
- CIN - Children in Need
- CIPFA - Chartered Institute of Public Finance and Accountancy
- CLA - Children Looked After
- CPP - Child Protection Plan
- CRM - Customer Relationship Management
- CSP - Community Safety Partnership
- CTR - Council Tax Reduction
- CQC - Care Quality Commission

D

- DSG - Dedicated Schools Grant
- DsPH - Directors of Public Health

E

- EHCP - Education, Health and Care Plan
- EQIA - Equality Impact Assessment

F

- FE - Further Education
- FF2.0 - Fair Funding 2.0
- FTE - Full-Time Equivalent

G

- GVA - Gross Value Added

H

- HR - Human Resources

I

- ICB - Integrated Care Board
- ICT - Information and Communication Technology
- IER - Independent Economic Review

L

- LA - Local Authority
- LAC - Looked After Children
- LCC - Lancashire County Council
- LCCA - Lancashire Combined County Authority
- LGBCE - Local Government Boundary Commission for England
- LGR - Local Government Reorganisation
- LNHC - Lancaster Neighbourhood Health Centre

M

- MCAs - Mayoral Combined Authorities
- MHCLG - Ministry of Housing, Communities & Local Government
- MP - Member of Parliament
- MRP - Minimum Revenue Provision
- MTFP - Medium-Term Financial Plan
- MTFS - Medium-Term Financial Strategy

N

- NCF - National Cyber Force
- NHS - National Health Service
- NoWcard - Concessionary Travel Scheme
- NP11 - Northern Powerhouse 11

O

- ONS - Office for National Statistics

P

- PCC - Police & Crime Commissioner
- PCSO - Police Community Support Officer

R

- RAID - Risks, Assumptions, Issues, Dependencies
- RAG - Red-Amber-Green (rating framework)
- R&D - Research & Development
- RP - Registered Provider
- RS - Revenue Support

S

- SDS - Spatial Development Strategy
- SEND - Special Educational Needs and Disabilities
- SME - Small and Medium-sized Enterprise
- SMR - Small Modular Reactor
- SR2024 - Spending Review 2024

T

- TA - Temporary Accommodation
- TUPE - Transfer of Undertakings (Protection of Employment)

U

- UA - Unitary Authority

V

- VCSFE - Voluntary, Community, Social Enterprise & Faith sector
- VfM - Value for Money

Numbers

- 1UA - Single Unitary Authority
- 2UA - Two Unitary Authorities
- 3UA - Three Unitary Authorities
- 4UA / 4U - Four Unitary Authorities
- 5UA / 5U - Five Unitary Authorities

Sources

The 15 Lancashire Councils have worked collaboratively to develop a single, shared, comprehensive data set and evidence base including economic, financial, and service baselines. The shared dataset and evidence baselines are appended to this proposal in Appendices 14-17.

We have also drawn on other publicly available data, analysis and strategic documents to help inform the development of our proposal, and a list of these is set out below.

Lancashire Growth Plan 2025
Lancashire Local Transport Plan (Consultation Version)
Lancashire Get Working Plan
Index of Multiple Deprivation 2025
ONS 2024 (provisional) employee earnings in the UK
ONS 2022-based household projections for England
Lancashire Insight
Adult Social Care Finance Report (ASCFR), England 2024-2025
Local Authority Interactive Tool (LAIT)
Living Better Lives in Lancashire
Newton Europe – National Report on People Based Services and LGR
Lancashire Children and Young People Needs Assessment 2025
Lancashire County Council SEND Strategy (2025-28)
Lancashire SEND Priority Action Plan
Public health grants to local authorities: 2025 to 2026
Census 2021
Lancashire Independent Economic Review (2021)
Where our Children Live Strategy, LCC
Lancashire County Council Adult Social Care CQC Assessment
NHS 10-Year Health Plan
CCN / PwC – LGR: Evaluating the financial impact of population thresholds
CIPFA Resilience Index
North Yorkshire LGR Proposal
Cumbria LGR Proposal
Somerset LGR Proposal

	Lancashire Growth Plan 2025–2035 (Appendix A) [council.la...ire.gov.uk]
	Lancashire Local Transport Plan – Consultation Version [council.la...ire.gov.uk]
	Get Lancashire Working – Roadmap [council.la...ire.gov.uk]
	English Indices of Deprivation 2025 [gov.uk]
	Employee earnings in the UK: 2024 [ons.gov.uk]
	Household projections for England: 2022-based [ons.gov.uk]
	Lancashire Insight [lancashire.gov.uk]
	Adult social care finance report, England: 2024 to 2025 - GOV.UK
	Local authority interactive tool (LAIT) - GOV.UK
	Living Better Lives in Lancashire – Local Account [lancashire.gov.uk]
	CCN/Newton LGR Report
	2025 Children and Young People Needs Assessment [lancashire.gov.uk]
	SEND Strategy 2025
	SEND Priority Action Plan 2025 [lancashire.gov.uk]
	https://www.gov.uk/government/publications/public-health-grants-to-local-authorities-2025-to-2026
	https://www.ons.gov.uk/census
	LIER_A_New_Prosperity_2021_v1.pdf
	Where Our Children Live – Lancashire County Council [lancashire.gov.uk]
	Lancashire County Council: local authority assessment - Care Quality Commission
	Fit for the future: 10 Year Health Plan for England
	CCN LGR report
	Resilience index
	A-Unitary-Council-for-North-Yorkshire-The-Case-for-Change.pdf
	Cumbria Local Government Reorganisation Case for Change
	Business case for a new single unitary council for Somerset

Charts and Graphics in the Business Case

Tables in the Business Case