

Cheltenham Borough Council

Council 17 November 2025

Local Government Reorganisation – Business Case Submission

Accountable member:

Councillor Rowena Hay, Leader

Accountable officer:

Gareth Edmundson, Chief Executive

Ward(s) affected:

All

Key Decision: No

Executive summary:

In February 2025, the Government invited all two-tier local authority areas to bring forward Local Government Reorganisation (LGR) proposals. This letter followed the intention of Government, as set out in the English Devolution White Paper in December 2024, to replace the “two-tier system of local government” (district/borough councils and county councils) with a “a single tier” of local government serving an area through a “unitary council”.

The Government requested interim proposals by 21 March 2025 with final submissions by 28 November 2025. There are now three LGR proposals being put forward by Gloucestershire councils:

- Option 1: A single county-wide unitary authority (1UA) covering the whole county of Gloucestershire (population size c.660,000). Developed jointly by all councils in Gloucestershire.

- Option 2: Two east/west unitary authorities (2UA-EW) for the county, aligning with the district council boundaries in the east of the county (Cheltenham, Cotswold and Tewkesbury, population c.311,000) and the west of the county (Gloucester, Forest of Dean and Stroud, population c.349,000). Developed by all councils in Gloucestershire
- Option 3: A unitary for Gloucester and a unitary for the remainder of Gloucestershire (2UA-GG). This is comprised of a Greater Gloucester Council (an expanded footprint of the existing Gloucester City Council population c. 179,000) and a Gloucestershire Council (amalgamation of the remainder of the surrounding councils with a projected population of c.470,000). This proposal has been developed solely by Gloucester City Council.

It is ultimately a decision for Government which option for LGR is taken forward, based on assessment of the proposals against the following criteria:

- Be the right size to achieve efficiencies, improve capacity and withstand financial shocks (min population 500k).
- Prioritise the delivery of high quality and sustainable public services.
- Meet local needs and be informed by local views.
- Support devolution arrangements.
- Enable stronger community engagement and neighbourhood empowerment.

Cheltenham Borough Council (CBC) is committed to working together with all councils to deliver whichever option is selected by Government to be implemented. In addition, CBC has worked together with all other Gloucestershire councils to develop the 1UA and 2UA-EW found in appendix 3 and 4. However, previously at the interim proposal stage, CBC developed its own submission for an east/west two unitary model that was supported by full Council.

Under this mandate, the council has developed a further policy statement for review by full Council that sets out why a two unitary, east/west split is right for both Cheltenham and Gloucestershire. It explains why, having reviewed the evidence and local context, the east/west two unitary model is the stronger long-term option for Gloucestershire.

The accompanying document, Stronger Places, Stronger Gloucestershire: the case for East and West Gloucestershire. One County, Two Unitary Councils (appendix 6) summarises the strategic, financial and democratic rationale for this preference. It draws on the technical analysis in the business cases while placing greater emphasis on the factors that will ultimately determine success: public trust, place identity, economic specialisation and sustainable scale.

This is not a formal submission to Government, but a policy statement that will inform Cheltenham's contribution to Government's consultation on the options. It is intended to provide clarity on the council's reasoning, to support constructive dialogue with

partners across Gloucestershire, and to ensure Cheltenham's voice is clear as options for reform are considered.

The council's view is that, if reform proceeds, two unitary authorities would:

- Reflect Gloucestershire's dual centres of economic gravity – Gloucester's clean-energy and sustainable-industry strengths and Cheltenham's leadership in cyber, technology and innovation.
- Offer the right scale for capability and connection, and
- Create councils that are trusted, agile and locally accountable, designed to endure for the next 50 years rather than focused on short term savings.

Recommendations:

That Council

1. Notes the completed final business cases and supporting documentation relating to:
 - a. a single unitary for Gloucestershire, appendix 3
 - b. a two unitary East and West Gloucestershire appendix 4
 - c. a two unitary Greater Gloucester/Gloucestershire appendix 5
 - d. stronger places, stronger Gloucestershire – the case for East and West Gloucestershire, appendix 6
2. Council undertakes separate advisory votes on each of the following options to gauge member support for each business case as follows:
 - a. A single unitary for Gloucestershire as detailed in the business case in appendix 3
 - b. A two unitary, East and West Gloucestershire as detailed in the business case in appendix 4
 - c. A two unitary, Greater Gloucester and Gloucestershire as detailed in the business case in appendix 5
3. Refers the advisory votes on the business cases for LGR to Cabinet for consideration as part of their decision making on which LGR option to support in the joint submission to the Ministry of Housing Communities and local government.

1. Implications

1.1 Financial, Property and Asset implications

The business cases attached in appendices 3-5 set out the projected "day 1" positions of each of the proposed options for LGR. In addition, the business cases set out the estimated savings that could be delivered from each of the business cases. However, all business cases are based on assumptions and estimates and

aim to support and inform decision making relating to LGR.

While there are no immediate financial implications that relate to the decision and submission of the LGR business cases, it is expected that there will be significant future costs if the Government continues on the current timeline to implement unitarisation by May 2028.

The costs of implementation are not fully understood at this point but will likely involve backfilling vacancies with interim capacity as employees are utilised to implement the LGR programme, as well as significant costs associated to transformation. The amount of transformation that takes place, for example, investment in new systems, ahead of vesting day of the new local authority(ies) remains unknown but provision will need to be made and correlate to the extent of harmonisation and integration councils want to achieve ahead of May 2028.

Initial estimates suggest a figure of up to £2m in costs may be realistic over the medium term to support LGR. Consideration of this will be made as part of the budget setting process.

Signed off by: Jon Whitlock, Deputy 151 Officer

1.2 Legal implications

The legal process and implications are contained within the body of the report.

The Secretary of State for Housing, Communities and Local Government has powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 to invite areas to submit proposals for LGR. The Secretary of State has exercised those powers in his letter to various authorities dated 5 February 2025 and included within the March Cabinet Report.

The final decision on any unitary structure for Gloucestershire will rest with the government and legislation will be implemented to facilitate any changes.

The projected timescale for LGR implementation can be found in section two of the report. Any changes resulting from LGR will have a significant impact and will be the subject of detailed legal support and advice going forward.

Signed off by: One Legal – legalservices@onelegal.org.uk

1.3 Environmental and climate change implications

There are no environmental considerations at this stage, but full assessment of environmental implications will need to be considered as LGR progresses.

Signed off by: Richard King – Head of Construction

1.4 Corporate Plan Priorities

Not applicable at this stage as the Government's preferred LGR option is yet to be selected, so an assessment can only be made once a decision has been made on the future shape of local government.

However, work is being undertaken with partner councils to scope each council's key corporate plan priorities so they can be considered as part of the LGR transformation process.

1.5 Equality, Diversity and Inclusion Implications

See appendix 2.

2 Background

2.1 On 5 February 2025, the Minister of State for Local Government and English Devolution, wrote to all Gloucestershire Leaders inviting them to bring forward proposals for LGR. Reorganisation would abolish existing county and district councils and create new unitary authorities covering the same geography, aligning with the national English Devolution White Paper ambitions published in December 2024. The minister confirmed the timeline as follows:

- The deadline for the submission of interim proposals as 21 March 2025
- The deadline for the submission of full proposals as 28 November 2025

2.2 In a joint response to the minister submitted on 21 March 2025 Gloucestershire councils outlined three options for reorganisation being considered. These were

- A single unitary for the whole county
- Two unitary councils, one comprising of the districts of the Forest of Dean, Gloucester and Stroud in the west and the districts of Cheltenham, Cotswolds and Tewkesbury in the east.
- A city based unitary comprising of a 'Greater Gloucester' with the remaining footprint of the county forming the other unitary council.

2.3 The letter also attached two appendices these were:

- An options appraisal of a single county unitary and the east/west unitary commissioned by Gloucestershire County Council (GCC).
- An east/west two unitary interim proposal commissioned by CBC.

2.4 The Government has indicated that assessment of proposals will be against criteria that test whether new structures:

- Be the right size to achieve efficiencies, improve capacity and withstand financial shocks (min population 500k).
- Prioritise the delivery of high quality and sustainable public services.
- Meet local needs and be informed by local views.
- Support devolution arrangements.
- Enable stronger community engagement and neighbourhood empowerment.

2.5 The Minister's letter set out an expectation that Leaders in Gloucestershire would work collaboratively. Where more than one proposal is to be submitted, councils must state clearly which authorities support which option, using shared evidence based and consistent assumptions.

2.6 The local council elections in May 2025 resulted in a change in administration at GCC. Following the change of administration, it was then agreed that all councils would work together to develop the business cases for the single county unitary option and the east/west two unitary model.

2.7 GCC commissioned PricewaterhouseCoopers (PwC) to undertake both the analysis and full business case development of two options for LGR in Gloucestershire: a single unitary authority model and a two unitary, east west model (East / West). The analysis and the final business cases are designed to support an evidence-based assessment of both options against the government's published criteria, against which full proposals will be assessed.

2.8 The approach taken has been to evaluate all available data and evidence impartially, with no predetermined outcome. Joint governance was established across all seven councils that included Leaders, Chief Executives, senior officers and consultants who worked in a series of workstreams to gather data, conduct analysis and develop the final business cases.

2.9 Gloucester City Council has progressed the development of the Greater Gloucester proposal separately from the other councils. Although Gloucester City has developed its own proposal, all councils committed to sharing data and information openly to enable the development of all business cases.

2.10 This has resulted in three business cases that are now being put forward for Gloucestershire:

- Option 1: A single county-wide unitary authority (1UA) covering the whole county of Gloucestershire (population size c.660,000). Developed jointly by all councils in Gloucestershire.
- Option 2: Two east/west unitary authorities (2UA-EW) for the county, aligning with the district council boundaries in the east of the county (Cheltenham, Cotswold and Tewkesbury, population c.311,000) and the west of the county

(Gloucester, Forest of Dean and Stroud, population c.349,000). Developed by all councils in Gloucestershire.

- Option 3: A unitary for Gloucester and a unitary for the remainder of Gloucestershire (2UA-GG). This is comprised of a Greater Gloucester Council (an expanded footprint of the existing Gloucester City Council population c. 179,000) and a Gloucestershire Council (amalgamation of the remainder of the surrounding councils with a projected population of c.470,000). This proposal has been developed solely by Gloucester City Council.

2.11 Following the submission of the business cases, the high-level timetable is as follows:

Statutory consultation by Government	November 2025 to January 2026
Government decision on which proposal to implement	March 2026
Making of secondary legislation to provide legislative basis for new unitary councils	Summer to Autumn 2026
Elections to Shadow Authorities – Members elected to new council(s)	May 2027
Shadow period	May 2027 to March 2028
Vesting – unitary councils come out of “shadow” and existing councils are formally abolished	April 2028

2.12 In March 2025, full council expressed a clear preference for an east/west two unitary proposal to be submitted at the interim stage. CBC’s interim proposal set out the strategic rationale for an east/west structure while recognising that other councils might take a different view. Under the mandate, while CBC has clearly stated that it will work positively to implement whatever LGR decision is made by the Government, it has continued to develop a policy statement setting out the strategic case for two unitary councils.

2.13 The appended reports update that position considering the final full business cases being submitted to Government and the formal consultation that will follow.

2.14 A council may either submit its own proposal or a joint proposal with other authorities; however, a council cannot make multiple submissions and therefore cannot indicate support for more than one final proposal. The legislation requires

councils to be consulted on any proposal(s) for LGR within their area before it is implemented. That consultation will provide a further opportunity for CBC to contribute its views once Government has confirmed the next stage in the process.

- 2.15 While the Minister expressed a preference for a single submission from Gloucestershire, it is normal for multiple proposals to be received from areas with differing perspectives, as has been seen elsewhere in the country. CBC therefore sets out its preference for two unitaries as a matter of record, a statement of principle that will inform its engagement with partners and with Government during the forthcoming consultation.

3 Reasons for recommendations

- 3.1 LGR must create councils capable of serving Gloucestershire effectively for the next fifty years, not just the next five. The Government will ultimately make the final decision on the shape of local government in Gloucestershire. However, through the statutory invitation and the criteria set out, the Ministry of Housing Communities and Local Government (MHCLG) have presented a once in a lifetime opportunity for members to both develop and have a view on which option will best serve residents and businesses in Gloucestershire.
- 3.2 All three LGR options that have been developed can be found in appendices iii-v. All business cases are lengthy and detailed documents which include everything from proposed democratic arrangements, financial analysis, outline operating model and options appraisals against the government criteria.
- 3.3 Significant portions of the content between the single unitary and the east/west unitary options is similar due to the nature of the way they were developed. However, differences in content appear within certain sections – particularly the financial analysis and options appraisal, where the single unitary and the east/west proposals diverge.
- 3.4 The Greater Gloucester business case is significantly different from the other two options as Gloucester City Council has developed this option separately to the other councils. Key differences in their assessment of the options appraisal demonstrate that explaining how proposals meet the Government's criteria are subjective and open to interpretation. Ultimately it is up to the members to review all business cases in making their recommendations to Government and then up to the Government to make the final decision on which option will be delivered.
- 3.5 Following advice, it has been confirmed that it is a decision for the Cabinet on whether CBC chooses to support one of the proposals as part of the submission to Government. As such the role of Full Council is to both discuss and then fulfil an advisory role to the Cabinet. Alongside the opportunity to ask questions and

debate the options, Full Council will also undertake an advisory vote. The results of that vote will then support Cabinet in making their final decision at their meeting final decision on November 18 2025. Cabinet's decision on which LGR option to support will then form part of a joint submission to Government setting out which councils support each option.

The case for an east/west two unitary council.

- 3.6 At Full Council in March, the majority of members supported a two unitary, east/west model for Gloucestershire. Under this strong mandate CBC has continued to develop a case for why an east/west unitary would be the best long-term fit for Gloucestershire.
- 3.7 While all seven councils have worked extremely well together in development of two of the business cases, it is inevitable there were differing views across each of the councils as analysis was completed and sections were drafted. This resulted in compromises being made to reach content which was acceptable to all councils. The options analysis and financial analysis were two areas which received scrutiny due to the assumptions underpinning any financial model and the subjective nature and associated arguments contained in the options appraisal.
- 3.8 For these reasons, CBC has produced its own policy statement to accompany the business cases, ensuring that Cheltenham's voice – and the case for why a two-unitary model is the best fit for residents and businesses – is clearly presented. In appendix 6 the full policy statement *Stronger Places, Stronger Gloucestershire: the case for East and West Gloucestershire. One County, two unitary councils* can be found in full. The statement is included to ensure CBC's position is clear and evidence based as Government considers the options for reorganisation. LGR is a significant decision point for Gloucestershire. While it is ultimately for Government to determine the preferred structure, councils have the opportunity and responsibility to help shape the outcome. Expressing a clear position now enables CBC to influence the process constructively and ensure that any reform works for residents, businesses, and communities.
- 3.9 *Stronger Places, Stronger Gloucestershire* (appendix 6) supports the view that the two-unitary, east/west model best meets the test of securing the best future for Cheltenham and Gloucestershire in the long-term. It represents a once-in-a-generation opportunity to design councils that reflect Gloucestershire's dual economic and civic centres and its network of market towns and rural communities. Two unitary authorities that would be large enough for strategic capability and financial resilience, yet small enough to stay connected and locally accountable.

- 3.10 Two unitaries would ensure:

- **Distinct place identity and economic opportunity:** Gloucestershire is not one place but a collection of diverse communities. A single structure risks flattening that diversity into county-wide averages. Gloucestershire's unique two centres of gravity, Cheltenham and Gloucester, and their contrasting geographies demand distinct leadership to unlock their full economic potential
- **Right scale for impact:** Councils of around 310–350,000 residents each would balance efficiency with visibility, enabling decisions that make sense locally.
- **Prevention and proximity:** Smaller, connected councils are better able to intervene early, use data intelligently, and build trusted relationships with residents.
- **Democratic legitimacy:** Residents must be able to recognise, reach, and trust their council; governance must feel close and representative. Two unitaries will also help protect numbers of councillors across Gloucestershire and not see reductions through future boundary reviews.
- **Reform that endures:** A structure designed to last that is agile, connected, and sustainable, avoiding unnecessary complexity or future restructuring.

3.11 The council's assessment of the business cases, alongside its own analysis of Gloucestershire's geography, economy and civic identity, indicates that a two-unitary model offers the strongest long-term foundation for effective local government. The case for this preference rests on five interrelated reasons:

- **Dual centres of gravity:** Gloucestershire's two urban anchors, Gloucester and Cheltenham, sit at the heart of contrasting but complementary economies. Separate unitaries allow each to lead with focus while preserving the diversity that defines the county.
- **Right scale for connection and capability:** Councils of 310–350,000 residents are large enough for strategic delivery and financial resilience, yet small enough to stay connected, agile and accountable.
- **Economic leadership through specialisation:** Two councils can drive growth in distinct national sectors: clean energy and sustainable industry in the west; cyber, technology and innovation in the east.
- **Reform that redesigns how we work:** Two unitaries create the conditions for prevention-first services, place-based housing delivery and agile, data-driven operations that respond quickly to residents.
- **Democratic legitimacy and long-term trust:** Residents identify with councils that reflect their communities. Two balanced authorities sustain visible leadership and political diversity without recreating additional governance layers.

3.12 Endorsing this position at this stage allows the council to:

- Demonstrate strategic leadership within Gloucestershire's ongoing reorganisation discussions.
- Provide clarity to Government, partners and residents on Cheltenham's preferred direction of reform.
- Ensure that the borough's interests are represented in shaping any future governance or devolution arrangements.

4 Devolution

- 4.1 The release of the Government's white paper in December 2024 promised devolution for all areas of England with the ambition to create Mayoral Strategic Authorities (MSA) nationwide.
- 4.2 The first six areas were selected as part of the devolution priority programme. Gloucestershire was not in an advanced position and so was not included in that first wave of creating new MSAs.
- 4.3 At the time of writing this report, there has been no further update on when further rounds of devolution will be undertaken creating the risk that Gloucestershire may result in being left behind in its ability to gain greater regional powers.
- 4.4 LGR was intended to 'unlock' devolution but, at present, it is likely that Gloucestershire will move to implement unitary local government without participation of devolution.
- 4.5 All seven councils have been exploring Gloucestershire's devolution options. At the previous Council meeting in March, Council expressed a preference for Gloucestershire to join the West of England Combined Authority (WECA). However, this remains only a preference with other options still under consideration.

5 Alternative options considered

- 5.1 Three options for LGR are being put forward, as described above.
- 5.2 While this report and associated appendices highlight the council's previous preference for a two unitary, east/west model, it is ultimately a decision for members to debate the LGR business cases available. Following deliberation and council undertaking an advisory vote to express a view on each LGR option, Cabinet will then proceed to making the final decision on which option to support as part of the submission to Government.
- 5.3 A preference for a two unitary model and a policy statement supported by Council and subject to Cabinet decision will not impede the council's ongoing commitment to working collaboratively with Gloucestershire councils, stakeholders and Government as the process of LGR and devolution progresses and we will continue to work hard to ensure that, following the Government's decision on what structure to implement, Cheltenham's residents and businesses continue to receive high quality and sustainable services.

6 Consultation and feedback

- 6.1 CBC has worked collaboratively with partner authorities across Gloucestershire throughout the development of LGR business cases. This has included participation in the Leaders' Group, officer working groups and the commissioning of analysis. These forums have provided a shared evidence base, consistent assumptions and constructive discussion on the future shape of local government in the county.
- 6.2 As set out in the Minister's letter of February 2025, councils are expected to work jointly wherever possible while recognising that differing local preferences may emerge. It was therefore anticipated from the outset that more than one option would be brought forward. The business cases now reflect those differing perspectives.
- 6.3 CBC's previous preference for a two-unitary structure is grounded in the shared technical evidence but places greater weight on local identity, economic specialisation and democratic legitimacy. The council has discussed its emerging position with neighbouring authorities and has sought to maintain an open and constructive dialogue.
- 6.4 This report and the supporting document 'Stronger Places, Stronger Gloucestershire' in appendix 6 does not represent a separate LGR submission to Government but a policy statement designed to inform forthcoming consultation. The document will be shared with Gloucestershire councils, partners and stakeholders to ensure Cheltenham's reasoning is clear and to contribute to a county-wide conversation about the right long-term structure for local government.
- 6.5 Government will run the formal public and stakeholder consultation on the options in the coming months. CBC will participate fully in that process, working collaboratively with other Gloucestershire councils to ensure residents, businesses and partners can contribute their views.

7 Key risks

- 7.1 The main risks relate to the inherent uncertainty of the Government's reorganisation process and if the process is managed carefully. This risk is being actively managed through clear communication, shared evidence, and continued collaboration across Gloucestershire. These are set out in appendix 1.

Report author:

Gareth Edmundson, Chief Executive, gareth.edmundson@cheltenham.gov.uk

Appendices:

1. Risk Assessment
2. Equality Impact Assessment – Screening
3. Single Unitary Business Case
4. Two Unitary, east/west business case
5. Greater Gloucester/Gloucestershire Business Case
6. Policy Statement – Stronger Places, Stronger Gloucestershire

Background information:

[Cheltenham Borough Council, Local Government Reorganisation, Interim Case and letter from Gloucestershire Leaders, March 2025](#)

[Local Government Reorganisation: Policy and programme updates](#)

[English Devolution White Paper](#)

Appendix 1: Risk Assessment

Risk ref	Risk description	Risk owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk response	Controls / Mitigating actions	Control / Action owner	Deadline for controls/ actions
408	Local Government Reorganisation – if local government re-organisation is not managed effectively then it may impact on financial viability, services to residents, motivation and retention.	Gareth Edmundson	4	4	16	Reduce	Discussions with MHCLG and neighbouring councils ongoing. Response to government consultation Ongoing communication with staff e.g. all staff meetings	Gareth Edmundson	July 2026

Appendix 2: Equality Impact Assessment (Screening)

1. Identify the policy, project, function or service change

a. Person responsible for this Equality Impact Assessment

Officer responsible: Gareth Edmundson	Service Area: Cheltenham Borough Council
Title: Local Government Reorganisation	Date of assessment: 24/10/2025
Signature: Gareth Edmundson	

b. Is this a policy, function, strategy, service change or project?

Other

Local Government Reorganisation final submissions

c. Name of the policy, function, strategy, service change or project

Local Government Reorganisation final submissions

Is this new or existing?

New or proposed

Please specify reason for change or development of policy, function, strategy, service change or project

Devolution White Paper released by MHCLG in December 2024, followed by statutory invitation for local government reorganisation

d. What are the aims, objectives and intended outcomes and who is likely to benefit from it?

Aims:

- To make local government structures simpler for residents and businesses
 - To deliver efficiencies
 - To deliver high quality and sustainable services
 - To improve and strengthen local or regional decision making and support economic growth, investment and prosperity
-
- To deliver savings
 - To make councils more resilient
 - To deliver joined up high quality services

Objectives:	• To improve prevention and intervention • Deliver more housing
Outcomes:	• Making taxpayers money go further • Increase investment, jobs and economic growth • Improve wellbeing of residents
Benefits:	• Reduce costs and demand on care services • People living healthier for longer • Reductions in unemployment • More higher value jobs available to local people with the right skills to succeed • Fewer children and young people requiring intervention

e. What are the expected impacts?

Are there any aspects, including how it is delivered or accessed, that could have an impact on the lives of people, including employees and customers.

Yes

Do you expect the impacts to be positive or negative?

Unsure

Please provide an explanation for your answer:

The Government has yet to decide on what structures will be in place in Gloucestershire, so it is premature to make a full assessment, however, the ultimate aim is to deliver more efficient, joined up government that improves services for residents and businesses.

If your answer to question e identified potential positive or negative impacts, or you are unsure about the impact, then you should carry out a Stage Two Equality Impact Assessment.

f. Identify next steps as appropriate

Stage Two required	Yes
Owner of Stage Two assessment	Gloucestershire-wide assessment required
Completion date for Stage Two assessment	To be considered when government have determined the structure of local government, likely in 2026.