Strong Places, Stronger Gloucestershire: The case for East and West Gloucestershire. One county, two unitary councils.

Foreword from the Leader of Cheltenham Borough Council

Gloucestershire is a proud and diverse county, home to historic towns, vibrant cities, and thriving rural communities. As local leaders, our responsibility is not only to protect what makes each place special, but to build a future in which all parts of Gloucestershire can flourish.

Leadership in local government is about serving people in ways that make sense to them. We did not ask for local government reorganisation. But if reform is to happen, it must be done once and done right – not for the next few years but for the next fifty years. How we reform matters just as much as whether we reform.

At this critical moment, the question should not be *"how do we merge councils to maximise efficiency?"* but *"how do we redesign local government so that it works better for residents over the long-term?".* This is about building resilience and impact that lasts – not just structural tidiness that saves money but weakens over time.

A two unitary model offers a smarter way forward: targeted governance and investment that foster innovation and growth in both Gloucester and Cheltenham. Two distinct authorities, each with its own urban centre and rural reach, provide balance, clarity and scale. This is a place-based response to reform, designed to endure. It creates a flexible system that supports ageing well, improves skills, expands digital access, and links housing growth with job creation – unlocking productivity and opportunity for decades to come. A single-unitary approach risks short-term cost savings at the expense of long-term resilience.

Public trust is local government's most valuable currency. It is earned through connectedness, visible results, reliable services, honesty, and representation at the right level for each place. If reform is to happen, we should get it right once and for good: decisions made as close to residents as possible and mission focused teams to deliver outcomes. This is not a case against change, it is a case for reform that reflects Gloucestershire, built to last.

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1. Introduction: Redesigning for the long-term

Gloucestershire is not one place: it is a collection of places each with its own identity, economy and challenges: two urban centres driving growth in Cheltenham and Gloucester; historic market towns and Cotswold villages, post-industrial and rural communities. This diversity is Gloucestershire's strength and the reason a single model cannot serve it well.

Local Government Reorganisation (LGR) is often presented as a tidy exercise: unitaries of 500,000 residents or more, streamlining services, and delivering savings. But these are short term goals. The decisions made now will shape Gloucestershire for a generation.

A single unitary serving 659,000 people would flatten Gloucestershire's diversity into county-wide averages. Forcing trade-offs between fundamentally different priorities: Gloucester's regeneration or Cheltenham's tech growth; clean energy or cyber security; rural isolation or rapid ageing. It risks creating distance between residents and decision-makers and centralising power in ways that weaken accountability.

Two unitaries, one serving the West (Gloucester, Stroud, and the Forest of Dean) and one serving the East (Cheltenham, Tewkesbury, and the Cotswolds) offer a better alternative: councils that are both strategic and connected, large enough for capability yet small enough for trust and focused enough to drive economic growth in distinct sectors.

Financially, a single authority performs marginally better on narrow metrics, largely because it avoids disaggregation costs, an unavoidable short-term feature of any county split. But financial efficiency without democratic legitimacy, economic focus, or community connection is a false economy. The two-unitary model delivers substantial savings (£56m over 10 years) while preserving what makes reform sustainable: trust, agility, and connection.

This document sets out 5 strategic reasons why a two-unitary model is the right reform for Gloucestershire, a model designed to work not just today, but for the next fifty years:

1. **Distinct place identity and economic opportunity**: Gloucestershire's unique two centres of gravity, Cheltenham and Gloucester, and their contrasting geographies demand distinct leadership to unlock their full economic potential.
2. **Getting scale right**: Councils of 310–350,000 residents balance capability with connection; the 500,000 benchmark misunderstands modern devolution.
3. **Redesigning how local government works**: Two councils enable scaled prevention, strategic housing delivery, and growth rooted in place.
4. **Building democratic legitimacy**: Two councils reflect Gloucestershire's political diversity and maintain representation that people can reach and trust.
5. **Reform that endures**: A structure designed to last agile, connected, and sustainable, avoiding unnecessary complexity or future restructuring.

2.Five Strategic Arguments for Two Unitaries

2.1 Distinct Place Identity and Economic Opportunity

Gloucestershire has two natural centres of gravity, Gloucester in the west and Cheltenham in the east, each surrounded by distinct communities with different needs, opportunities, and civic cultures. **They are not competing priorities to be balanced, but complementary strengths that need focus.**

The West

Gloucester, Stroud and the Forest of Dean are positioned to lead Britain's clean-energy and sustainable industry transition. There is a strong environmental and voluntary community group presence alongside heritage rooted in manufacturing, forestry and waterways. There is rural deprivation alongside urban opportunity. A western unitary would unite these strengths under one coherent approach to clean energy, land use, and sustainable innovation, that together drive regional prosperity.

The East

Cheltenham anchors the UK's cyber-security ecosystem, complemented by fast emerging agri-tech and advanced engineering. With the world-class asset of GCHQ alongside the Golden Valley Development, the eastern economy fuses cyber security, engineering and digital technology. An eastern unitary would cement Cheltenham's position as a critical part of the UK's technology and security industry while building digital capability.

Why two clusters need two unitaries

These are real economies with distinct institutions, supply chains and investment narratives. Economic clusters succeed through proximity, specialisation and clarity. One large authority would blur these strengths, slow decisions and risk Gloucestershire's growth potential. Two unitaries would instead:

- Provide dual engines of growth and specialist strategies and leadership
- Deliver faster, clearer decisions on investment opportunities.
- Strengthen relationships with employers, universities and investors
- Position Gloucestershire as a powerhouse of innovation, skills and sustainable growth.

2.2 Smarter Scale: Right Sized for Connection and Capability

Each proposed unitary would serve 310,000 and 350,000 people, large enough for strategic capability and financial resilience, small enough to remain connected and agile. **Scale is not neutral. Too small and councils lack the capacity, too large, and they lose connection. Public trust is earned through proximity and responsiveness.**

The Government's notional 500,000 resident threshold is not a legal requirement nor a measure of success. Uniform thresholds ignore what modern devolution demands, agility, partnership and a sense of place. For Gloucestershire, right-sizing means structures that reflect:

- **Dual growth centres**: in Gloucester and Cheltenham, few other areas have that potential.
- **Contrasting geographies**: cathedral cities to national forests, Regency spa towns to Cotswold villages with contrasting opportunities and challenges.
- **Nationally important** but fundamentally different **economic clusters** with clean energy in the West and cyber security in the East.
- **Diverse communities** with different challenges, from deprivation, ageing and rural isolation in differing combinations.

Two unitaries strike the balance – big enough to work, small enough to be connected, delivering:

- **Faster, clearer decision-making:** Fewer layers between problem and solution—decisions made faster, locally.
- **Councillors rooted in their communities:** Reflecting Gloucestershire's political diversity.
- **Strategic housing delivery at the right scale:** Growing homes where they're needed, in ways that make sense to local communities and build support.
- **Staff who know their communities:** Front-line teams connected to place, able to spot needs early and intervene with prevention.
- **Services tailored to local need:** Not diluted into large-unitary compromises.
- **Stronger, more responsive partnerships** with local enterprise and civic networks.

A 659,000-resident single authority would require additional or strengthened local governance arrangements to preserve local voice thereby adding layers rather than removing them. **Scale must serve connection, not replace it.** The two unitaries achieve that balance, keeping accountability strong without adding complexity.

2.3 Redesigning How We Work: Prevention, Housing, and Local Impact

LGR must be about how to redesign councils, so they work better for residents over the long term. Reform must create the conditions to rethink service delivery in three critical areas for Gloucestershire prevention, housing and economic growth.

- **Prevention:** Proximity enables it. When councils know their communities deeply, data is visible, teams empowered and relationships trusted, staff can intervene early without having to navigate a large unitary structure and process, reducing demand and building resilience.
- **Housing done strategically:** Communities back housing that meets local need, connects to jobs and comes with the right infrastructure. Two unitaries make that possible through credible engagement and balanced planning.

- **Growth rooted in place:** Economic opportunity depends on agility and trust. Councils that know their patch can partner effectively, move at pace, and attract investment that reflect local strengths.

This is what redesigning and reform really means. It's not about administrative tidiness; it's about creating the conditions for councils to deliver visible outcomes, locally and sustainably over the long-term. Two unitaries make that vision deliverable, councils that are agile, trusted and designed for modern public service.

2.4 Democratic Legitimacy and Political Deliverability

Gloucestershire's political geography mirrors its diversity. The east and west of the county have distinct political profiles, each with its own civic culture and community priorities. **A single authority would concentrate representation and risk reducing local accountability.** Two unitaries would preserve balanced democracy, allowing each area to reflect its electorate and priorities.

Two unitaries provide a path that is **politically viable, locally credible, and commands trust**. A single unitary authority:

- Reduces local representation, with fewer councillors covering larger areas with less political diverse representation.
- Requires sweeping democratic reorganisation and likely more local governance, adding to the complexity and creating a strategic gap between a big single unitary and communities.
- Concentrate power in ways that feel distant, technocratic, and unaccountable.
- Create a legitimacy gap from day one.

By contrast, the two-unitary model:

- Builds on existing legitimacy and established civic relationships.
- Ensures balanced representation reflective of Gloucestershire's political diversity.
- Keeps decisions closer to communities, with councillors rooted in the places they represent.
- Commands broad-based support from those who know Gloucestershire best.
- Gives staff and members confidence that change is being led with care.
- Creates two strong voices to speak up for Gloucestershire at the regional and national level, doubling our presence and influence in devolution and government discussions.

In an era of fragile public trust, legitimacy cannot be an afterthought, it must be designed in. The two-unitary model starts with credibility – rooted in connection, clarity and with representation people can reach.

2.5 Reform that Endures: Choosing the Council We Want to Become

LGR invites Gloucestershire to choose what kind of councils it wants to build. **The opportunity is to design organisations that are:**

- **Prevention-first, data-driven and locally accountable.** Intervening early, using data to predict need, designing services around outcomes and answerable to the communities they serve, not distant oversight.
- **Mission-focused, with fewer layers and empowered teams.:** With clear roles, fewer layers, and autonomy for teams close to delivery.
- **Coherent, connected and financially strategic:** Intervening where it matters.
- **Agile and adaptive:** Able to grow and adapt to what communities need over time, stay flexible to national changes, and local need

The risk of focusing on scale and short-term efficiency is creating councils that are:

- Larger but slower.
- Structurally tidy but functionally weaker.
- Distant from residents and less responsive to need.
- Overwhelmed by integration complexity and legacy systems.

A single unitary of 659,000-resident authority would almost certainly require extra civic infrastructure – new parish councils, new precepts, more tiers of governance, and prolonged disruption.

The two-unitary model keeps reform simple, purposeful and human. They build on trusted structures, deliver genuine change without bureaucratic overreach and channel energy into service improvement rather than structural integration.

Boldness in reform is not about size, it is about leadership, about clarity, honesty and confidence that different can be better and a focus on the long-term. **The two unitary model embodies that choice:** it prioritises connection over scale and designs a system built to last.

3. The Financial Context: Efficiency with Legitimacy

On headline business case figures, a single unitary delivers marginally higher savings, because it avoids disaggregation costs, particularly for children's and adult services. These transition costs are not a flaw in the two-unitary proposal, they are a feature of any reform creating more than one council. Other large counties such as Essex are also exploring multi-unitary councils for precisely this reason: **place-based legitimacy should not be ruled out over structural simplicity.** The recent decision in Surrey County also underlines the fact that any costs of disaggregation should not simply over-ride the need for reform.

The financial analysis by Price Waterhouse Coopers (PwC) shows that the net recurrent savings from the 2 unitary model is 1.3% of total expenditure in 2028/29 compared to 2.5% for the 1 unitary model. This is a marginal difference given the opportunities for economic growth and the forthcoming Fair Funding Review changes.

Every local government reorganisation business case contains financial modelling that attempts to project accuracy but is ultimately a collection of assumptions and estimates. Even the most comprehensive financial model can never fully reflect the financial reality of an established council, nor capture the impact of the way members make decisions shaped by the needs and views of the residents they represent. In this context it is important to put forward the limitations of the financial modelling completed by PwC thus far:

- The **model is heavily focused on financial efficiencies** through economies of scale, particularly in back-office functions and service delivery
- This **mechanistic, spreadsheet-driven logic** overlooks the **complex, relational nature** of local government services, especially those involving social care, housing, and community engagement
- Activities like **early intervention, prevention, and community support**—often delivered more effectively by smaller authorities—are **difficult to quantify** and thus underrepresented in the model
- The **model makes no allowance for a reduction in performance on in-year council tax collection** rates, which can be anecdotally evidenced. Gloucestershire districts collectively have an in-year collection rate of council tax of 97.8% (based on 2024/25) which compares favourably to recently created unitaries like Somerset 96.67% and North Northamptonshire 94.92%. A 1% reduction would equate to £4.7m. It is highly likely that bringing six districts together to deliver transformation would create at least some drop in collection performance.
- The **model is limited in that it is only able to profile the timing of savings at a high level on a year-by-year basis**. The two-unitary solution will be quicker and simpler to bring together services from three district councils rather than six. The on-going savings will therefore be delivered quicker and will provide a platform for further transformation savings.
- The **model does not include any additional costs for supporting neighbourhood working which would be required in a single larger unitary** which is more remote from its population and would reduce annual savings.

The analysis in business case assumes one of the two new councils (the West) could begin with a modest deficit due to existing cost distribution, but that position would not be allowed to stand. Transition

planning would include resource equalisation and smoothing mechanisms to ensure both new councils start sustainably. Moreover, the modelling cannot account with confidence, for the forthcoming Fair Funding Review, which will rebalance national allocations to reflect deprivation, rurality, and demand. This will strengthen the financial sustainability of both authorities, particularly the West, **making the current figures a conservative baseline rather than a forecast of real risk.**

Under the two unitary financial position:

- Net annual savings are estimated at **£10.8m, compared with £21.1m for a single authority. The difference is marginal on an annual budget of over £850m, (1.3% v 2.5%) and reflects the estimated disaggregation costs rather than ongoing inefficiency; it does not account for the model limitations set out above.**
- Transitional pressures are manageable, and both authorities would be financially sustainable.
- Cost is only one **part of the equation; reform that sacrifices legitimacy, service resilience or staff morale for marginally higher savings is a false economy**.

In short: **the two unitary authority model, achieves comparable financial benefits with far stronger legitimacy, accountability and resilience.**

What financial models miss

Financial modelling focuses on structure, not strategy. It can calculate the cost of merging teams or closing offices, but it cannot quantify the value of agility, trust, or economic opportunity or the cost of getting reform wrong. **Four areas are routinely underestimated:**

1. **Economic opportunity costs:** A large, slow-moving authority, risks losing investment opportunities the foregone GVA would dwarf any structural savings.
2. **The prevention dividend:** Smaller, connected councils can intervene early and reduce long-term demand pressures, something large authorities can struggle to do.
3. **Delivery risk:** A council that saves slightly more on paper but faces, staff attrition, and integration problems will erode those gains quickly.
4. **Democratic disengagement:** When residents don't feel heard, opposition to plans and consultations increases cost and delay.

Taken together, these risks could easily outweigh the £10 million difference between the one and two unitary options, running far higher if reform falters or legitimacy is lost.

The Real Question

The choice before Gloucestershire is not between cheap and expensive reorganisation, as the financial difference is minimal. It is between:

- A single large authority that maximises short-term structural savings but risks losing local connection and the ability to maximise opportunities; or

- Two focused authorities that deliver substantial saving while preserving legitimacy, agility and economic leadership for the long-term.

Efficiency without effectiveness is false economy. The two unitary model delivers both: responsible savings and resilient structure, aligning financial prudence with democratic strength and long-term sustainability.

4. Conclusion: What This Achieves for Gloucestershire

A two-unitary model delivers reform that is credible, connected and built to last, a design that serves Gloucestershire not just for the next few years, but for the next fifty.

✓ **Right sized for agility and connection:** large enough for strategic capability and savings, small enough to stay close to people and place and adapt to changing needs over time.

✓ **Financially strategic**: investing where it matters, managing money carefully rather than simply cutting cost.

✓ **Redesigned services, not just merged structures**: reform that rethinks delivery, not administration.

✓ **Scaled-up prevention**: early intervention made possible by proximity, data and trust.

✓ **Strategic housing delivery**: homes that make sense locally, supported by the right infrastructure.

✓ **Locally rooted economic growth**: investment and jobs driven by councils that know their patch and can move at pace. Reflecting Gloucestershire's dual economic centres and nationally important clusters.

✓ **Stronger local democracy:** councillors who live closer to the people they represent, political diversity, decisions made faster, and communities with a genuine voice.

✓ **Two strong voices for Gloucestershire**: doubling the area's influence in regional and national partnerships.

✓ **Mission-focused teams**: energy and resources flowing to the front line, not lost in bureaucracy

✓ **Reform that works with the grain of Gloucestershire:** aligned with its geography, identity, and civic culture without adding complexity and democratic gaps.

The question is not whether we change, but how we change and whether that change reflects the reality of the communities served. **The two-unitary model is a principled choice, not a compromise. It rejects the "lift and shift" structural reform in favour of real service redesign.**

It is a choice for long-term ambition over convenience. It challenges the assumption that bigger is always better and frames ambition within Gloucestershire's geography, identity and civic culture.

Leadership in local government is about making principled choices. We can design structures that bring decisions closer to residents, connect staff to impact, and earn public trust through visible, reliable, honest service. Or we can settle for an administrative merger that risks creating larger but weaker organisations disconnected from place and people. The two unitary model embodies that leadership – reform done once, done right, and built to last.