

**RECOMMENDATIONS TO CABINET 16TH SEPTEMBER FROM JOINT PANEL MEETING
HELD ON THE 15TH SEPTEMBER**

44

**URGENT BUSINESS - CABINET REPORT - FINAL PROPOSAL FOR LOCAL
GOVERNMENT REORGANISATION IN NORFOLK**

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RESOLVED: That under Standing Order 7.2, the Final Proposal for Local Government Reorganisation in Norfolk be considered as Urgent Business at this meeting. It is required to be taken as an urgent decision due to the requirement to submit the final proposal to the Secretary of State by 26th September 2025.

The Leader, Councillor Beales introduced the report.

The Chief Executive commented further on the content of the report.

The Chair reminded Members this meeting was to scrutinise the proposal of the future of this council and not the principle of Local Government Reorganisation. The Chair invited questions and comments from the Panel.

Councillor Heneghan indicated her support for the proposal and was looking forward to the opportunities a new authority would bring. She added there would be no doubt which authority delivered which services. She thanked all Officers and the Leader for their hard work.

Councillor Kemp echoed Councillor Heneghan's comments on the proposal and indicated her support. She sought clarification and assurance on the calculations of financial figures and the viability of taking on three new services- Children Services, Adult Social Care and Transport Services. She asked for further details on the transition cost and how this was to be afforded.

The Leader, Councillor Beales commented this was a matter of serious debate and questioned if these services could be run with local allocation. He explained having three unitaries allowed local determination. He referred to the report and appendices and highlighted the services and needs were analysed throughout the report. He provided assurance the numbers had been crunched and this was affordable. He added there was risk as this was only projection but outlined the current model was failing therefore moving to a model which has proven to work in other areas. He summarised there was going to be three distinct services and that partnerships can work.

The Deputy Chief Executive and Section 151 Officer referred to the Member Briefing and presentation given previously which outlined the financial figures. She explained this was based on the 2025/2026 budget of all eight authorities. She added expertise was required in regard to new service areas and based on evidence and learning from others experience.

Councillor Kemp commented it would have been useful to Members to have seen those financial figures in the report.

The Chair, Councillor Long asked considering the financial figures being included for Norfolk County Council where was the money being spent and sought clarification if a demand analysis had carried out.

The Leader, Councillor Beales explained the proposed shape of the unitary had been questioned and Norwich City Council were a low spend but high income authority. He

highlighted the complexity of six leaders and geographical areas and sustainability. He commented the west was financially robust, followed by the east and Norwich being sustainable. He highlighted the Section 151 Officers were challenging the figures to ensure the models were sustainable as required by the criteria from Central Government.

Councillor Colwell referred to financial sustainability and the earmarked reserved as a percentage of net revenue expenditure. He commented he understood this was being classified as a red risk but asked for further comments from the Section 151 Officer on this.

The Deputy Chief Executive and Section 151 Officer explained as set out in the report a red rating is classified as having below 5% of earmarked reserves. She explained the policy at the Borough Council was to maintain a 5% minimum general fund reserve therefore the council would always be categorised as a red rating. She added this was also based on what was included in the medium term financial plan which outlined a shortfall in the budget for the next three years which was mitigated by use of the general fund reserves. She provided assurance the gap was actively being closed due to progressing with a savings and efficiency plan.

Councillor Crofts indicated his support for the proposal but questioned the implications of Suffolk proposal to only have one unitary.

The Leader, Councillor Beales explained there were two proposals within Suffolk – one from Suffolk County Council and a three unitary proposal from the District Councils. He commented the initial guidelines on populations had been softened. He highlighted there had been assurance provided from the new Secretary of State, Steve Reed that business continues as usual. Councillor Beales commented Suffolk's population of 750,000 was a challenge for three unitary and he believed 300,000 was sustainable. He reminded Members, the Minister could approve a proposal with modifications.

Councillor Kemp questioned the implications on residents if there was not a local town configuration.

The Leader, Councillor Beales commented there was a good relationship with Norfolk County Council but Norwich was different to West, South and East Norfolk in which the needs, demands and culture differed. He commented local flavour could not be represented from one location. He added there was no academic agreement on a good size of a council. He highlighted the success of a Council was down to quality and management.

Councillor Colwell commented he was surprised the boundaries included Attleborough and Watton. He commented in regards to feedback from residents, that if they wanted to engage with politics within West Norfolk it would take two hours to travel and consequently public transport needed to be considered.

The Leader, Councillor Beales commented it was not just physical distance but also culture and villages should not be forgotten. He added King's Lynn would not replace Norwich and there would be hubs in Dereham and Thetford. He commented further there was real estate in Breckland.

The Vice-Chair, Councillor Parish expressed his support for the three unitary but questioned the shadow authority and cost of employment of staff including appointments and redundancies.

The Deputy Chief Executive and Section 151 Officer provided assurance this had been considered in the modelling. She explained modelling had included a reduction in senior officers such as Chief Executives and Section 151 Officers. She commented modelling and high-level assumptions had also been applied to County Services, for example creation of additional posts in relation to Children Services and Adult Social Care. She explained modelling included reduction in other staffing areas but it was expected that this could be met through vacant posts and natural slippage rather than compulsory redundancies.

The Leader, Councillor Beales commented the anticipated budget for the western unitary was estimated at £620 million and employment figures were expected to increase to 3,500 in the West. He commented during the transition year, support from Officers was needed.

Under Standing Order 34, Councillor Bone indicated his support for the proposal and added this would stop the confusion with who provided services. He added he was pleased to see links with Breckland as there was similarities with King's Lynn.

Councillor Morley, Portfolio Holder for Finance highlighted the excellent work of the consultants and encouraged members to go through all pages of the report and appendices. He commented there was opportunities for the rural part of the district and previously the focus had been on King's Lynn. He added there was detail in the report which stated County expenditure was split on need and service use. He highlighted to Members in the report it identified West Norfolk as providing a financial surplus and strong planning.

Under Standing Order 34, Councillor Bullen commented on the differences and challenges of residents with West Norfolk to residents in the Fens and North Norfolk. He questioned how identity was to be conveyed to the Minister and MHCLG.

The Leader, Councillor Beales commented there was no doubt of a good case being made. He added following conversation with MHCLG there was now recognition of Parish Councils and what they did. Councillor Beales commented this was a decision for all Members and the financial discipline remained. He identified the importance of Cabinet, Members and Officer coming together with Breckland.

The Chair, Councillor Long highlighted dialogue had begun pre Covid with Breckland and South Holland and potential structural changes/merges. He referred to previous legislation and sought clarification that within the submission changes/inclusion of different boundaries were allowed.

The Leader, Councillor Beales commented the 2007 legislation required a proposal to be submitted with existing boundaries but the secretary of state had the ability to modify boundaries however a compliant proposal needed to be made first before a request for modification.

Councillor Kemp questioned the financial liabilities and asked if the County Council £900 million worth of debt had been taken into account.

The Deputy Chief Executive and Section 151 Officer explained the proposals sets out the modelling around a revenue budget which included servicing of the County Council debt. She added in terms of the debt this was part of the balance sheet and not modelled for in the proposal as it would be down to the new unitaries going forward to determine how this is

apportioned across them. She explained from experience in other authorities it could take years to decide on how to disaggregate the balance sheet.

The Chair, Councillor Long commented on the importance of the debt being proportioned equally amongst the unitaries.

The Leader, Councillor Beales highlighted the assurance provided by the Section 151 Officer and the servicing of the debt had been included. He commented some of the debt would be pro rata across the county and further discussion would be carried out in relation to debt.

RESOLVED: The Panel support the following recommendations to Cabinet and Full Council :

Recommendations to Full Council:

1. Notes the content of this report and the 'Future Norfolk: People, Place, Progress – Final Proposal for a Three-Unitary Model for Local Government Reorganisation in Norfolk' (Final Proposal) annexed to this report.
2. Endorses the Final Proposal for a three-unitary model for local government reorganisation in Norfolk.
3. Delegates to the Chief Executive, in consultation with the Leader, the authority to make any necessary non-material amendments to the Final Proposal and to submit the Final Proposal to the Secretary of State for Housing, Communities and Local Government.