

House of Commons: Written Statement (HCWS1455)

Ministry of Housing, Communities and Local Government

Written Statement made by: **Secretary of State for Housing, Communities and Local Government (Steve Reed)** on 25 Mar 2026.

Local Government Reorganisation

This Government is undertaking the biggest reform of local government in a generation, ending the two-tier system and replacing it with new single-tier unitary councils. This agenda is key to this government's vision of local councils that deliver good services for residents and are equipped to drive economic growth, but can empower their communities.

As a government, our number one ambition is growing the economy and putting more money in the pockets of working people. Driving economic growth means acknowledging that cities, towns, and villages don't all perform the same roles in the national economy – they specialise in what they're best at. Public service demand also isn't the same across the country. Some areas have high levels of homelessness and temporary accommodation, others have high need for adult social care due to an older population. Local leaders, both in councils and mayoralties, need to be able to focus on the specific needs of their area.

Reorganisation presents a once-in-a-generation chance to make sure our councils match the modern realities of our places, making sure outdated boundaries are not constraining growth, particularly in our towns and cities. In too many places, council boundaries are misaligned with the needs of their local communities and how those communities live their lives. In Ipswich, for example, the boundaries have remained largely unchanged since the middle of the 19th century, even as population has grown. These outdated and misaligned structures slow down decisions, stifle housing growth, and fragment public service delivery.

This is particularly important for key government priorities on housebuilding, like our target of building 1.5 million homes in England this Parliament. The housing needs of local communities are best met by councils who are closely connected to their communities and understand a place's local identity. This connection is crucial in ensuring that local government can boost economic growth and design public services that respond to local residents.

Reorganisation must also respect local identity, and the distinctive nature of the rural, urban and coastal communities across our country. We want to see councils that are connected to their local residents and communities; councils that mean something to the people they serve.

DECISIONS

I am pleased to announce today the next step in our vital reforms to reorganise local government. On 5 February 2025, councils in the 21 areas of England that still have two-tier local government and neighbouring small unitary authorities were invited to submit proposals for unitarisation.

We invited six areas to put forward proposals by 26 September 2025 – East Sussex and Brighton and Hove; Essex, Southend-on-Sea and Thurrock; Hampshire, Isle of Wight, Portsmouth and

Southampton; Norfolk; Suffolk; and West Sussex.

My department received 17 proposals in total across the areas. I would like to thank councillors and officers in these areas for their hard work. As the House was informed on 19 November, all the proposals received were taken to consultation, which closed on 11 January 2026. We have now considered each proposal carefully against the criteria set out in the invitation letter of 5 February 2025, alongside the responses to the consultation, all representations and all other relevant information to assess the proposals. In summary, these criteria are:

- whether each proposal achieves for the whole of the area concerned the establishment of a single tier of local government;
- whether the councils are the right size to achieve efficiencies, improve capacity and withstand financial shocks;
- whether the unitary structures prioritise the delivery of high quality and sustainable public services to citizens;
- whether councils in the area have sought to work together to come to a view that meets local needs and is informed by local views;
- whether new unitary structures support devolution arrangements;
- whether new unitary structures enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

Decisions on each area have been made on a case-by-case basis, on its own merits, respecting the differences of local circumstances and local people's views. In two areas, I have not yet made a decision, and will make a decision as soon as practicable, so reorganisation can be completed on the planned timeline.

Today, I have written to the Leaders of councils setting out decisions and/or next steps for all six areas. I have decided to implement the following proposals, subject to Parliamentary approval, in these areas:

Essex, Southend-on-Sea and Thurrock: 5 unitary proposal, creating the councils referred to in the proposals as:

- West Essex Council (current local government areas of Epping Forest, Harlow and Uttlesford)
- North East Essex Council (current local government areas of Braintree, Colchester and Tendring)
- Mid Essex Council (current local government areas of Brentwood, Chelmsford and Maldon)
- South West Essex Council (current local government areas of Basildon and Thurrock)
- South East Essex Council (current local government areas of Castle Point, Rochford and Southend-on-Sea).

Hampshire, Isle of Wight, Portsmouth and Southampton: 5 unitary proposal (option 1A) submitted by Eastleigh, Fareham, Hart, Havant, Portsmouth, Rushmoor and Southampton councils, creating the councils referred to in the proposals as:

- North Hampshire Council (current local government areas of Basingstoke and Deane, Hart and Rushmoor)
- Mid Hampshire Council (current local government areas of East Hampshire, New Forest, Test Valley and Winchester, less 11 parishes from all 4 areas)
- South East Hampshire Council (current local government areas from East Hampshire, Fareham, Gosport, Havant, Portsmouth, 3 parishes from East Hampshire and 1 parish from

Winchester)

- South West Hampshire Council (current local government areas of Eastleigh, 4 parishes from New Forest, Southampton and 3 parishes from Test Valley)
- Isle of Wight Council will remain as a separate unitary authority.

Norfolk: 3 unitary proposal, creating the councils referred to in the proposals as:

- West Norfolk Council (current local government areas of Breckland, King's Lynn and West Norfolk, and 9 parishes from South Norfolk).
- Greater Norwich Council (current local government areas of Norwich, 19 parishes from Broadland, and 16 parishes from South Norfolk).
- East Norfolk Council (current local government areas of Broadland (less 19 parishes), Great Yarmouth, North Norfolk, and South Norfolk (less 25 parishes)).

Suffolk: 3 unitary proposal, creating the councils referred to in the proposals as:

- Central and Eastern Suffolk Council (current local government areas of West Suffolk, 21 parishes from Mid Suffolk, and Babergh (less 31 parishes)).
- Western Suffolk Council (current local government areas of Mid Suffolk (less 29 parishes), and East Suffolk (less 25 parishes)).
- Ipswich and South Suffolk Council (current local government areas of Ipswich, 31 parishes from Babergh, 8 parishes from Mid Suffolk, and 25 parishes from East Suffolk).

In implementing the above proposals for reorganisation in Hampshire, Portsmouth, Southampton and the Isle of Wight; Norfolk; and Suffolk, I will exercise my power to modify the base proposals received from councils, in order to make the boundary changes that the councils requested.

Further information on the decisions taken in these areas can be found in the letters to council leaders in the areas, which will be published on gov.uk later today. A summary of the responses to the consultations for proposals in these areas will also be published today.

In East Sussex and Brighton and Hove and West Sussex, after carefully considering the four proposals received across the areas, I have not yet made a decision, due to concerns regarding all four of the proposals I received. But I would like to reassure the House that I am still fully committed to delivering reorganisation in these areas with elections in May 2027 and changes coming into effect from April 2028.

I am considering modifications that could address my concerns, including an option for potential modification of the proposals for further consultation. I have set out further details in a letter to council leaders this morning

I would also like to confirm our commitment to repay in-principle £200m of Thurrock Council's debt in 2026-27. This is a significant and unprecedented commitment which reflects an assessment of value for money for national and local taxpayers, given the significant unsupported debt at the Council linked to historic capital practices. This follows the recent announcement in October 2025 as part of reorganisation in Surrey to repay in-principle £500m of Woking Borough Council's debt in 2026-27.

We have not taken these decisions lightly and they have not been made simply because debt is high at these councils. The decision for Thurrock Council reflects an assessment of value for money and acknowledgement that, even after significant local action to reduce debt, the Council still holds significant unsupported debt that cannot be managed locally in its entirety. I would like to thank the Council's current leadership for its grip of the financial situation and to recognise the progress that has been made to reduce debt.

Further detail on this can be found in the letter to Essex council leaders, which will be published on gov.uk.

To prevent failures like those seen in Thurrock and Woking from happening again, we will now bring into operation the statutory powers enacted in 2023 - but never used by the previous government - which allow direct intervention where authorities take excessive risks in their borrowing and investment practices. These powers will ensure that essential capital investment in services, housing and growth can continue, but within a much stronger framework of safeguards to protect taxpayers from costly and avoidable failure. We will soon launch a consultation to engage with the sector and stakeholders in developing and implementing these powers.

I am pleased to be able to confirm how the £63m in transition funding announced in February will be allocated – making this the first government to provide funding for the reorganisation process. We will provide at least £900,000 for each new unitary authority to help establish effective services and governance arrangements, ensuring funding is provided fairly, consistently, and as quickly as possible. This will mean the Essex invitation area receives £4.5m for five new unitary councils; the Hampshire, Portsmouth and Southampton invitation area receives £3.6m for four new unitary councils; the Norfolk invitation area receives £2.7m for three new unitary councils; and the Suffolk invitation area receives £2.7m for three new unitary councils. We will also provide the Surrey invitation area with £1.8m for two new unitary councils. This approach reflects the differing levels of complexity involved across areas and allows for a small central reserve to be used later for targeted support if needed. Funding will be issued through established, flexible grant mechanisms and my officials will be in touch with councils to confirm next steps.

NEXT STEPS

Delivering reorganisation for the benefit of all residents is a shared endeavour, and ongoing collaboration will be vital to ensure that these reforms are implemented with the interests of residents at their heart.

We remain committed to the timetable we have set out previously, with elections to the new unitary councils taking place in May 2027, ahead of them going live and delivering services in April 2028.

For the other 14 areas going through local government reorganisation, I would like to emphasise that the decisions taken here, and previously in Surrey, do not set any precedent. Decisions will be taken individually, based on the published criteria referred to above, the merits of each proposal we receive, and the local context.

I will deposit in the House library copies of the letter and documents I have referred to, which are also being published on gov.uk today.