

20 MARCH 2025**KEY DECISION? NO****REPORT NO. ACE2506****LOCAL GOVERNMENT REORGANISATION – INTERIM PLAN****SUMMARY AND RECOMMENDATIONS:**

The Government has selected Hampshire and the Isle of Wight, and all councils in the area including Rushmoor Borough Council, to be part of its Devolution Priority Programme (DPP). A requirement of the DPP is that Local Government Reorganisation (LGR) should be taken forward with district councils joining together with other councils to create larger, unitary councils. The Secretary of State has formally requested in a letter sent to the Leader and Chief Executive on 5 February 2025 (copy at Appendix 1) that an interim LGR plan is submitted by the 21 March 2025, with final business case to be submitted later this year.

This report seeks Cabinet approval to submit the interim plan at Appendix 2 to government by the deadline of the 21 March 2025 as required in the letter of the 5 February 2025.

Recommendation

To approve the interim plan at appendix 2 for submission to government by the 21 March 2025 deadline.

1. INTRODUCTION

- 1.1 The Government has selected Hampshire and the Isle of Wight, and all councils in the area including Rushmoor Borough Council, to be part of its Devolution Priority Programme (DPP). A requirement of the DPP is that Local Government Reorganisation (LGR) should be taken forward with district councils joining together with other councils to create larger, unitary councils. The Secretary of State has formally requested that an interim LGR plan is submitted by the 21 March 2025, with final a business case to be submitted by 26 September 2025.
- 1.2 Following the final business case submission, it is intended that Ministers will decide their preferred option for LGR in Hampshire and lay legislation in Parliament leading to new councils taking legal effect from 1 April 2028.
- 1.3 Government's intent to take forward Local Government Reorganisation as set out in the English Devolution White Paper will have significant implications for Rushmoor Borough Council. If taken forward it will see the transfer of the Council's powers, duties, staff, assets etc to a new unitary council by April 2028, following which Rushmoor Borough Council will no longer exist. While in many respects, the Council's services will continue unaffected both in the short term, and in many cases, long into the future, at some point the responsibility of making decisions will transfer from the Council to a new set of Councillors representing residents from a larger geographical area. Until those new Councillors are elected, it is not possible to be certain what their political composition

will be, what resources they will have available to them and what priorities they will set out.

2. BACKGROUND

2.1 Since 1974 local government in Hampshire has consisted of three levels:

- (a) Hampshire County Council, with responsibility for strategic services and infrastructure such as social care, education and highways across the whole of the administrative county;
- (b) 11 district and borough councils, with responsibility for a mix of local services including waste collection, planning and homelessness support within each district;
- (c) In parts of the county, parish and town councils, with responsibility for ultra-local services including allotments, play areas and litter bins.

2.2 From time to time, Government have invited proposals for Local Government Reorganisation and asked that two-tier areas form unitary authorities that combine all powers into a single Council. In recent years, Wiltshire, Dorset and Bournemouth, Christchurch and Poole Council have all been created as new unitary councils. The Government believes that moving from two-tier to unitary local government will achieve a number of benefits including better financial resilience, greater ability to deliver economic growth and clearer local accountability. The letter received from the Secretary of State on 5 February 2025 was essentially the same as these councils received in the past, and has the same legal force.

2.3 The Government has also linked the process of LGR to the separate process of devolution, under which powers and funding would be transferred from central government to a completely new 'strategic authority' covering Hampshire and Isle of Wight, headed by a directly elected Mayor. These authorities would be responsible for setting the key strategic vision for the area as well as having powers and responsibilities for areas such as transport, economic development, skills and employment support. While this report does not directly concern devolution, the Government's conflation of the two issues is important and Cabinet should be aware of how it intends to proceed on both fronts.

2.4 Once the Mayoral Strategic Authority (known as a Mayoral Combined Authority or MCA) is established, the Government's vision for local government in Hampshire will be of three layers, but different layers from the present arrangement:

- (a) An MCA covering Hampshire and the Isle of Wight controlling powers and funding passed down from central Government (with potential for some powers including strategic planning to be drawn upwards from councils);
- (b) A number of new unitary councils – probably between four and six – covering areas within Hampshire and the Isle of Wight and exercising all current county and district powers;
- (c) Parish and town councils (no change)

2.5 The net effect of this change is to create fewer, larger and more strategic local government bodies in Hampshire and the Isle of Wight.

Devolution Priority Programme (DPP)

- 2.6 In order to make progress on both devolution and LGR, the Government has established a fast-track programme under which councils could expect the rapid establishment of a Mayoral Strategic Authority, followed by preparations for LGR by 2028. This decision formally linked the two issues. Only county and unitary councils were eligible to join the DPP, and as part of their application were asked to request the postponement of any elections planned for 2025.
- 2.7 Hampshire County Council and the three unitary councils in the Hampshire and Solent area applied to the DPP on 10 January 2025. Their application was accepted and this was announced to Parliament by the Secretary of State on 5 February 2025. As a result, the planned County Councils elections due on 1 May 2025 have been postponed for 12 months.
- 2.8 The Government has already begun the process of consulting Rushmoor residents on the establishment of an MCA. Assuming it decides to proceed, it is expected that the MCA will be legally established in late 2025, with Mayoral elections taking place in May 2026. This process will be led by the county and unitary councils, with limited opportunity for involvement for district councils. The devolution process will be reported separately to Cabinet as it progresses and the Council will be responding to the Government consultation ahead of the deadline on 13 April 2025.
- 2.9 For district and borough councils, the main consequence of being accepted into the DPP is the requirement to submit proposals for LGR, with an interim plan due to be submitted by 21 March 2025 and full business cases requested to be submitted to Government by September 2025.
- 2.10 The Government set out a number of criteria for LGR proposals and these were included in the Minister's letter in Appendix 1. They are:
- A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government
 - Unitary government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks
 - Unitary structures must priorities the delivery of high quality and sustainable public services to citizens
 - Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.
 - New unitary structures must support devolution arrangements
 - New unitary structures should enable stronger community engagement and deliver genuine opportunities for neighbourhood empowerment.
- 2.11 The letter also set out a range of guidance for Council's to consider in developing proposals.
- 2.12 The Government has also asked that, if possible, councils in Hampshire submit a single agreed proposal that is supported by all. The interim proposal at Appendix 2 represents a response that has been agreed by all 15 Councils across the Hampshire and Solent area.

3 DETAILS OF THE PROPOSAL

Interim Plan (for submission by 21 March 2025)

- 3.1 The Government has asked for an interim LGR submission in a very short timeframe (six weeks), followed by a lengthier period to develop a final business case over the summer of 2025. It is intended that any full business case will be subject to full Council approval prior to submission in September 2025.
- 3.2 Since the English Devolution White Paper was first published, the Council has taken part in workshops for Council Leaders and Chief Executives across Hampshire to consider how councils can work together and the possible ways forward.
- 3.3 KMPG have been appointed to support all 15 councils in Hampshire and Solent to assess the options for unitary councils against the six criteria set out in the letter from the Minister and to support the development of an interim plan to submit to government by the 21 March deadline.
- 3.4 This work with other councils and KPMG has been discussed regularly with the Leaders working group which has been established to support this work.
- 3.5 This report sets out the outcome of that work and the interim plan that it is recommended is submitted to government by the 21 March 2025 deadline.
- 3.6 The interim plan at Appendix 2 sets out a number of guiding principles, addresses each of the questions that government have asked are answered at this stage and raise a number of areas where additional clarity and support from government is required.
- 3.7 In line with the principles set out in the interim plan and at this stage of the process, the Council believes that both the sense of place and economic geography of the area favours a North Hampshire unitary council (comprising the areas of Rushmoor, Hart and Basingstoke and Deane).
- 3.8 The next stage of this work will be to agree possible geographical boundaries so that an evidence base can be developed. This includes seeking the views of residents, partners and businesses on proposals. This will inform the full business case which will be submitted to Government later this year.
- 3.9 Once any final proposal is agreed by full Council and submitted, the government will then decide on the structure of new unitary councils they wish to create in Hampshire and the Solent. Structural change orders, which is the legal process, will then need to go through parliament with those new unitary councils replacing all the existing councils in April 2028.

Alternative Options

- 3.10 The principal alternative option is for the Council not to agree an interim plan. In that case, there would be a high probability of other councils in Hampshire submitting proposals which could lead to an LGR outcome that the council does not support, and/or over which it has no influence.

Consultation

- 3.11 A Leaders Working Group has been established to advise the Leader on matters relating to LGR and Devolution. This group has met three times to date and the Interim Plan and supporting evidence has been shared for comment. It is expected that the Working Group will meet regularly as the development of the full business case progresses. Due to the timescales associated with the submission of the Interim Plan to Government, this decision is considered urgent and this approach has been agreed with the Mayor and Chair of the Overview and Scrutiny Committee.
- 3.12 A letter setting out details about the devolution and LGR process has been sent to over 180 partners and this includes a commitment to a period of engagement as LGR proposals are developed further. A dedicated page on the topics has been established on the Council's website and communications channels are being used to update residents, stakeholders and businesses on progress. Members and staff are being updated on a weekly basis on the topic and staff briefings and all member briefings have taken place, with future updates scheduled in March.

4 IMPLICATIONS (of proposed course of action)

Risks

- 4.1 A key risk at this stage of the process is set out at paragraph 3.10 of this report. There is also a longer-term risk that the Council-supported business case is not approved by Government and an alternative option is pursued.
- 4.2 Neither of these risks is fully controllable, but the best mitigation is for the Council to play an active role in discussions, influence and support the submissions to Government and make the case of what it sees as the best options for Rushmoor residents, businesses, staff and services and do the most to support local democracy. This is best achieved by submitting proposals, ideally with full local support, as requested by Ministers.
- 4.3 Once Ministers have made their decision, there will be a number of project risks arising around continuity of services, retention of staff, completion of projects etc. These will be recorded through the Council's risk management process and appropriate mitigations will be identified.

Legal Implications

- 4.4 The Secretary of State for Housing, Communities and Local Government, in exercise of her powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), can invite any principal authority in the area of the county of Hampshire, to submit a proposal for a single tier of local government. This may be one of the following types of proposal as set out in the 2007 Act:
- Type A – a single tier of local authority covering the whole of the county concerned
 - Type B – a single tier of local authority covering an area that is currently a district, or two or more districts
 - Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county; and one or more relevant adjoining areas

- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

4.5 There will be further legislative updates and wider legal implications for the Council as the proposal and Local Government Reorganisation, moves forward over the next few months.

Financial Implications

4.6 There will be resource requirements to progress the LGR work and the 2025-26 budget includes £100,000 funded from available reserves for this purpose. The 2025-26 budget adopted at Budget Council on 27th February 2025 assumes business as usual and recognises the need to continue the efforts to resolve the MTFS budget deficit through the agreed savings programme. Where possible work will begin to explore how LGR will enable access to service sharing to assist with achieving the savings challenge and harness the opportunities where there are clear advantages and benefits to Rushmoor to progress joint service provision as early as possible. The LGR process and likely outcomes need to progress to a more mature state before a financial assessment can be made on the likely impact on Rushmoor residents.

Resource Implications

4.7 There are no direct staffing resource implications arising from this report to submit an interim plan to government.

4.8 The implementation of the local government reorganisation proposals will have significant staffing resource implications and work is already underway to prepare for these, including an 'ask' of Government for capacity funding to support this work. Work to date has been led by the Chief Executive and Assistant Chief Executive and a small group of officers are supporting activity relating to internal and external communications. The interim Managing Director will set out proposals for how this work will be resourced in the longer term, once an appointment has been made.

Equalities Impact Implications

4.9 Given the level of detail that included at the interim plan stage, an Equality Impact Assessment has not been undertaken at this stage. This will be considered again as work on the business case is developed.

5. CONCLUSIONS

5.1 The Government has required the Council, along with other councils in Hampshire, to submit an initial proposal for local government reorganisation by 21 March 2025. Cabinet is asked to agree the interim plan that has been prepared on behalf of all 15 Councils in the Hampshire and Solent area (see Appendix 2). The final business case will be presented to full Council for approval prior to submission to Government in September 2025.

5.2 Cabinet is asked to approve the interim plan at appendix 2 for submission to government by the 21 March 2025 deadline.

LIST OF APPENDICES/ANNEXES:

Appendix 1 – Letter from Jim McMahon OBE MP, dated 5 February 2025

Appendix 2 – Interim Plan

BACKGROUND DOCUMENTS:

English Devolution White Paper

CONTACT DETAILS:

Report Author – Rachel Barker, Assistant Chief Executive

Appendix 1 – Letter from Jim McMahon OBE MP, dated 5 February 2025



Ministry of Housing, Communities & Local Government

Jim McMahon OBE MP

*Minister of State for Local Government and
English Devolution*
2 Marsham Street
London
SW1P 4DF

Your reference:

Our reference:

To: Leaders of two-tier councils and
neighbouring unitaries in Hampshire
Basingstoke and Deane Borough
Council
East Hampshire District Council
Eastleigh Borough Council
Fareham Borough Council
Gosport Borough Council
Hampshire County Council
Hart District Council
Havant Borough Council
New Forest District Council
Rushmoor Borough Council
Test Valley Borough Council
Winchester City Council
Isle of Wight Council
Portsmouth City Council
Southampton City Council

5 February 2025

Dear Leaders

This Government has been clear on our vision for simpler, more sustainable, local government structures, alongside a transfer of power out of Westminster through devolution. We know that councils of all political stripes are in crisis after a decade of decline and instability. Indeed, a record number of councils asked the government for support this year to help them set their budgets.

This new government will not waste this opportunity to build empowered, simplified, resilient and sustainable local government for your area that will increase value for money for council taxpayers. Local leaders are central to our mission to deliver change for hard-working people in every corner of the country through our Plan for Change, and our councils are doing everything they can to stay afloat and provide for their communities day in, day out. The Government will work closely with you to deliver these aims to the most ambitious timeline.

I am writing to you now to formally invite you to work with other council leaders in your area to develop a proposal for local government reorganisation, and to set out further detail on the criteria, guidance for the development of proposals, and the timeline for this process. A formal invitation with guidance for the development of your proposals is attached at Annex A. This invitation sets out the criteria against which proposals will be assessed.

Developing proposals for reorganisation

We expect there to be different views on the best structures for an area, and indeed there may be merits to a variety of approaches. Nevertheless, it is not in council taxpayers' interest to devote public funds and your valuable time and effort into the development of multiple proposals which unnecessarily fragment services, compete against one another, require lengthy implementation periods or which do not sufficiently address local interests and identities.

The public will rightly expect us to deliver on our shared responsibility to design and implement the best local government structures for efficient and high-quality public service delivery. We therefore expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.

This will mean making every effort to work together to develop and jointly submit one proposal for unitary local government across the whole of your area. The proposal that is developed for the whole of your area may be for one or more new unitary councils and should be complementary to devolution plans. It is open to you to explore options with neighbouring councils in addition to those included in this invitation, particularly where this helps those councils to address concerns about their sustainability or limitations arising from their size or boundaries or where you are working together across a wider geography within a strategic authority.

I understand there will be some cases when it is not possible for all councils in an area to jointly develop and submit a proposal, despite their best efforts. This will not be a barrier to progress, and the Government will consider any suitable proposals submitted by the relevant local authorities.

Supporting places through change

It is essential that councils continue to deliver their business-as-usual services and duties, which remain unchanged until reorganisation is complete. This includes progress towards the Government's ambition of universal coverage of up-to-date local plans as quickly as possible. To support with capacity, I intend to provide some funds for preparing to take forward any proposal, and I will share further information later in the process.

Considering the efficiencies that are possible through reorganisation, we expect that areas will be able to meet transition costs over time from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.

The default position is that assets and liabilities remain locally managed by councils, but we acknowledge that there are exceptional circumstances where there has been failure linked to capital practices. Where that is the case, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation, and Commissioners should be engaged in these discussions. We will continue to discuss the approach that is proposed with the area.

I welcome the partnership approach that is being taken across the sector to respond to the ambitious plans set out in the White Paper. My department will continue to work closely with the Local Government Association (LGA), the District Councils Network, the County

Councils Network and other local government partners to plan how best to support councils through this process. We envisage that practical support will be needed to understand and address the key thematic issues that will arise through reorganisation, including managing service impacts and opportunities for the workforce, digital and IT systems, and leadership support.

Timelines and next steps for interim plans and full proposals

We ask for an interim plan to be submitted on or before 21 March 2025, in line with the guidance set out in the attached Annex. My officials will provide feedback on your plan to help support you to develop final proposals.

As your area has been successful in joining the Devolution Priority Programme, we will be working with you toward an election for the Mayor of the Strategic Authority in May 2026. To help manage these demands, I have decided to make legislation to postpone the local elections in your area from May 2025 to May 2026. My department will work with your area to take forward both devolution and reorganisation to the most ambitious timeline possible. Government will be consulting across your area in February and March on the benefits that devolution will bring, and to allow sufficient time for you to also carry out engagement necessary to develop robust and evidenced unitary proposals, I will expect any full proposal to be submitted **by 26 September**. If I decide to implement any proposal, and the necessary legislation is agreed by Parliament, we will work with you to move to elections to new 'shadow' unitary councils as soon as possible as is the usual arrangement in the process of local government reorganisation.

Following submission, I will consider any and all proposals carefully before taking decisions on how to proceed. My officials are available throughout to discuss how your reorganisation and devolution aspirations might work together and what support you think you might need to proceed.

This is a once in a generation opportunity to work together to put local government in your area on a more sustainable footing, creating simpler structures for your area that will deliver the services that local people and businesses need and deserve. As set out in the White Paper, my commitment is that clear leadership locally will be met with an active partner nationally.

I am copying this letter to council Chief Executives. I am also copying this letter to local Members of Parliament, and the Police and Crime Commissioner.

Yours sincerely,



JIM MCMAHON OBE MP

Minister of State for Local Government and English Devolution

LOCAL GOVERNMENT AND PUBLIC INVOLVEMENT IN HEALTH ACT 2007

INVITATION FOR PROPOSALS FOR A SINGLE TIER OF LOCAL GOVERNMENT

The Secretary of State for Housing, Communities and Local Government, in exercise of his powers under Part 1 of the Local Government and Public Involvement in Health Act 2007 ('the 2007 Act'), hereby invites any principal authority in the area of the county of Hampshire, to submit a proposal for a single tier of local government.

This may be one of the following types of proposal as set out in the 2007 Act:

- Type A – a single tier of local authority covering the whole of the county concerned
- Type B – a single tier of local authority covering an area that is currently a district, or two or more districts
- Type C – a single tier of local authority covering the whole of the county concerned, or one or more districts in the county; and one or more relevant adjoining areas
- Combined proposal – a proposal that consists of two or more Type B proposals, two or more Type C proposals, or one or more Type B proposals and one or more Type C proposals.

Proposals must be submitted in accordance with paragraphs 1 to 3:

1. Any proposal must be made by **26 September 2025**.
2. In responding to this invitation an authority must have regard to the guidance from the Secretary of State set out in the Schedule to this invitation, and to any further guidance on responding to this invitation received from the Secretary of State.
3. An authority responding to this invitation may either make its own proposal or make a proposal jointly with any of the other authorities invited to respond.

Signed on behalf of the Secretary of State for Housing, Communities and Local Government.



F KIRWAN

A senior civil servant in the Ministry of Housing, Communities and Local Government

5 February 2025

SCHEDULE

Guidance from the Secretary of State for proposals for unitary local government.

Criteria for unitary local government

- 1. A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.**
 - a) Proposals should be for sensible economic areas, with an appropriate tax base which does not create an undue advantage or disadvantage for one part of the area.
 - b) Proposals should be for a sensible geography which will help to increase housing supply and meet local needs.
 - c) Proposals should be supported by robust evidence and analysis and include an explanation of the outcomes it is expected to achieve, including evidence of estimated costs/benefits and local engagement.
 - d) Proposals should describe clearly the single tier local government structures it is putting forward for the whole of the area, and explain how, if implemented, these are expected to achieve the outcomes described.

- 2. Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.**
 - a) As a guiding principle, new councils should aim for a population of 500,000 or more.
 - b) There may be certain scenarios in which this 500,000 figure does not make sense for an area, including on devolution, and this rationale should be set out in a proposal.
 - c) Efficiencies should be identified to help improve councils' finances and make sure that council taxpayers are getting the best possible value for their money.
 - d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation opportunities from existing budgets, including from the flexible use of capital receipts that can support authorities in taking forward transformation and invest-to-save projects.
 - e) For areas covering councils that are in Best Value intervention and/or in receipt of Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a firmer footing and what area-specific arrangements may be necessary to make new structures viable.
 - f) In general, as with previous restructures, there is no proposal for council debt to be addressed centrally or written off as part of reorganisation. For areas where there are exceptional circumstances where there has been failure linked to capital practices, proposals should reflect the extent to which the implications of this can be managed locally, including as part of efficiencies possible through reorganisation.

3. Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.

- a) Proposals should show how new structures will improve local government and service delivery, and should avoid unnecessary fragmentation of services.
- b) Opportunities to deliver public service reform should be identified, including where they will lead to better value for money.
- c) Consideration should be given to the impacts for crucial services such as social care, children's services, SEND and homelessness, and for wider public services including for public safety.

4. Proposals should show how councils in the area have sought to work together in coming to a view that meets local needs and is informed by local views.

- a) It is for councils to decide how best to engage locally in a meaningful and constructive way and this engagement activity should be evidenced in your proposal.
- b) Proposals should consider issues of local identity and cultural and historic importance.
- c) Proposals should include evidence of local engagement, an explanation of the views that have been put forward and how concerns will be addressed.

5. New unitary structures must support devolution arrangements.

- a) Proposals will need to consider and set out for areas where there is already a Combined Authority (CA) or a Combined County Authority (CCA) established or a decision has been taken by Government to work with the area to establish one, how that institution and its governance arrangements will need to change to continue to function effectively; and set out clearly (where applicable) whether this proposal is supported by the CA/CCA /Mayor.
- b) Where no CA or CCA is already established or agreed then the proposal should set out how it will help unlock devolution.
- c) Proposals should ensure there are sensible population size ratios between local authorities and any strategic authority, with timelines that work for both priorities.

6. New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.

- a) Proposals will need to explain plans to make sure that communities are engaged.
- b) Where there are already arrangements in place it should be explained how these will enable strong community engagement.

Developing proposals for unitary local government

The following matters should be taken into account in formulating a proposal:

Boundary Changes

- a) Existing district areas should be considered the building blocks for your proposals, but where there is a strong justification more complex boundary changes will be considered.
- b) There will need to be a strong public services and financial sustainability related justification for any proposals that involve boundary changes, or that affect wider public services, such as fire and rescue authorities, due to the likely additional costs and complexities of implementation.

Engagement and consultation on reorganisation

- a) We expect local leaders to work collaboratively and proactively, including by sharing information, to develop robust and sustainable unitary proposals that are in the best interests of the whole area to which this invitation is issued, rather than developing competing proposals.
- b) For those areas where Commissioners have been appointed by the Secretary of State as part of the Best Value Intervention, their input will be important in the development of robust unitary proposals.
- c) We also expect local leaders to engage their Members of Parliament, and to ensure there is wide engagement with local partners and stakeholders, residents, workforce and their representatives, and businesses on a proposal.
- d) The engagement that is undertaken should both inform the development of robust proposals and should also build a shared understanding of the improvements you expect to deliver through reorganisation.
- e) The views of other public sector providers will be crucial to understanding the best way to structure local government in your area. This will include the relevant Mayor (if you already have one), Integrated Care Board, Police (Fire) and Crime Commissioner, Fire and Rescue Authority, local Higher Education and Further Education providers, National Park Authorities, and the voluntary and third sector.
- f) Once a proposal has been submitted it will be for the Government to decide on taking a proposal forward and to consult as required by statute. This will be a completely separate process to any consultation undertaken on mayoral devolution in an area, which will be undertaken in some areas early this year, in parallel with this invitation.

Interim plans

An interim plan should be provided to Government on or before **21 March 2025**. This should set out your progress on developing proposals in line with the criteria and guidance. The level of detail that is possible at this stage may vary from place to place but the expectation is that one interim plan is jointly submitted by all councils in the area. It may be the case that the interim plan describes more than one potential proposal for your area, if there is more than one option under consideration. The interim plan should:

- a) identify any barriers or challenges where further clarity or support would be helpful.
- b) identify the likely options for the size and boundaries of new councils that will offer the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.
- c) include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.
- d) include early views as to the councillor numbers that will ensure both effective democratic representation for all parts of the area, and also effective governance and decision-making arrangements which will balance the unique needs of your cities, towns, rural and coastal areas, in line with the Local Government Boundary Commission for England guidance.
- e) include early views on how new structures will support devolution ambitions.
- f) include a summary of local engagement that has been undertaken and any views expressed, along with your further plans for wide local engagement to help shape your developing proposals.
- g) set out indicative costs of preparing proposals and standing up an implementation team as well as any arrangements proposed to coordinate potential capacity funding across the area.
- h) set out any voluntary arrangements that have been agreed to keep all councils involved in discussions as this work moves forward and to help balance the decisions needed now to maintain service delivery and ensure value for money for council taxpayers, with those key decisions that will affect the future success of any new councils in the area.

Appendix 2 – Interim Plan

Hampshire and the Solent Local Government Reorganisation (LGR) – Interim Plan

21st March 2025



Hampshire and the Solent Local Government Reorganisation (LGR) – Interim Plan

Foreword

Following the invitation letter from MHCLG on 6th February 2025, all of the councils of Hampshire and the Solent have worked rapidly and collaboratively to develop and agree this interim plan.

The interim plan is submitted on behalf of:

- Basingstoke and Deane Borough Council
- East Hampshire District Council
- Eastleigh Borough Council
- Fareham Borough Council
- Gosport Borough Council
- Hampshire County Council
- Hart District Council
- Havant Borough Council
- Isle of Wight Council
- New Forest District Council
- Portsmouth City Council
- Rushmoor Borough Council
- Southampton City Council
- Test Valley Borough Council
- Winchester City Council

We acknowledge the timeline proposed relating to local government reorganisation and devolution and have prepared this interim plan jointly to outline the opportunities and challenges that it presents. We would welcome early feedback from the Government on this interim plan and require clarity and support in four specific areas, outlined in the concluding section of this document.

About Hampshire and the Solent

Hampshire and the Solent is a large and diverse place and our 15 Councils support over 2 million residents. The Isle of Wight and the port cities of Southampton and Portsmouth are already unitary councils, and in addition we are made up of 11 District and Borough Councils and a County Council.



Hampshire and the Solent contributes £33.5bn (GVA) to the UK driven by a range of sectors including finance and business, technology, aerospace and defence, tourism, and agriculture.

We work closely with Hampshire and the Isle of Wight ICS and Frimley ICS.

Across Hampshire and the Solent, including the cities, the Isle of Wight, and some districts, there are pockets of deprivation and unemployment, which creates increased demand on public services.

Working collaboratively, we have agreed upon and highlighted key strengths of Hampshire and the Solent as a region:

1. **Connectivity with place:** A unique identity / culture, and characters of community – aligned with local priorities and place-based challenges.
2. **Strong economy:** Attracts and connects retail, finance, technology and innovation, aerospace, maritime, defence, logistics, trade, tourism, agriculture, creative and more. Fostering innovation was highlighted as a key driver of economic growth and a strength shared across the region.
3. **Highly skilled workforce:** A strong tradition of education and training – making it an attractive location for businesses looking to recruit talented employees. Although, there are areas where educational attainment is below the national average.
4. **A world class environment:** With our blue space of the Solent and a large, protected landscape including our two National Parks; and landowners, communities, businesses and councils committed to restore nature, reduce environmental harm and increase prosperity through natural capital.
5. **Excellent infrastructure:** With easy access to London and other major cities via road, sea, rail, and air, although there remains major need for improvement in coastal and some rural areas, and connectivity with the Isle of Wight.

Working together across the region

We are working closely together both on a devolution arrangement and establishment of a Strategic Authority, and to develop and deliver a form of local government reorganisation which will most benefit the people, communities and businesses of Hampshire and the Solent. The councils of Hampshire and the Solent are clearly aligned in the need to develop local government structures which are fit for the future and have agreed principles to guide our decision-making and approach going forwards.

Following the release of the White Paper in December and since receiving the letter from Jim McMahon MP on 5th February 2025, the councils in Hampshire and the Solent started the process to consider options, and as part of this a strategic advisor was brought on board to support the development of the interim plan. The councils across Hampshire and the Solent have prioritised a professional, equitable and collaborative relationship that underpins the process by which we have developed this interim plan (and will continue to harness throughout the full timeline). Our broad engagement timeline since receiving the letter has been as follows:

- 5th February 2025: Leaders' and Chief Executives met to appoint strategic advisor and agree terms of reference for this work.
- 10th February 2025: Mobilisation and engagement across each council in the region to formally develop plans for this interim plan.
- 11th February 2025 – 18th February 2025: Our strategic advisor held interviews with each council's Chief Executive and the majority of Leaders to identify key strengths, challenges, preferred options, red-lines, and opportunities. Each council was asked the same question-set to ensure a standardised approach.
- 10th February 2025: ongoing weekly engagement with the Chief Executive group to ensure progress against plan and discuss any actions / priorities from key meetings and workshops.
- 19th February 2025: Chief Executive workshop to playback themes from individual council interviews, discuss shared principles, provide an initial appraisal of potential options and plan timeline to submission for this interim plan.

- 24th February 2025: Leaders' and Chief Executive workshop to discuss progress to date and proposed next steps.
- 27th February 2025: Leaders' meeting to agree a set of guiding strategic principles, the content of the interim submission, agree the timeline for the full proposal and review data from across the Hampshire and Solent region.
- 5th & 6th March: Leaders' and Chief Executives met to agree the Interim Plan submission.

Throughout this engagement process, there has been full attendance from each council across Leaders' and Chief Executive stakeholder groups. This has facilitated a rich and targeted discussion of challenges to address and alignment on an agreed approach to developing a final proposal.

Our guiding principles

In the timescale provided, a consensus has yet to be agreed on detailed specific unitary options and so, this has not been included in this interim plan, with the exception that the Isle of Wight which should continue to remain separate and distinct. However, we have identified guiding principles to steer our work going forwards to create sustainable local government structures. Potential options will be appraised in detail, overlaying quantitative and qualitative data (including demand and cost), and consultation with the public and local partners and stakeholders.

The set of guiding strategic principles for LGR and the final submission are outlined below and designed to ensure delivery against the government's criteria and guidance. Where possible, these guiding principles will also apply to the Isle of Wight, although we are unanimous in proposing that it remains as a separate and distinct unitary council.

Our agreed guiding principles for Hampshire and the Solent are as follows:

- Analysis will be based on economic geographies (principally Basingstoke, Winchester, Southampton, Portsmouth) that inform a sense of place, community, and economic growth. No decision has been made on the number of unitaries.
- Sense of place and coherent identity, structure and local connections will shape geographies.
- To support the other principles, options considered will include those which have boundary changes, and those which do not have boundary changes.
- Community engagement will be used to help shape final boundaries, prior to final submission.
- Proposals will ensure there are sensible population ratios between local authorities and any strategic authority, with options retaining equitable representation and voting rights.
- Consideration will be given to the impact on crucial services.
- Proposals will show how new structures will improve local government, service delivery and outcomes.
- New proposed authorities must also be able to form a platform for financial sustainability, and resilience to withstand financial shocks.

Key areas of our interim plan

Below we have set out the key areas of our interim plan which are aligned with the Government's criteria and guidance:

a) Boundaries of new mainland unitaries

We are continuing to evaluate a range of options for unitary structures in Hampshire and the Solent and are therefore not providing a shortlist of options in this interim plan.

Our Chief Executives and Leaders are working collaboratively to understand the area and unitary options. This will inform a decision-making process, including local consultation to identify the best structures for delivery of high-quality and sustainable public services across the area, along with indicative efficiency saving opportunities.

We have unanimously agreed that the Isle of Wight should remain as a separate unitary council due to being an island. This would not preclude exploring shared service arrangements across Hampshire and the Solent, but no model of local government reorganisation will comprehensively address the sustainability of local government on the island when also considering the geographic delivery of services. More detail on this is provided in point b) below.

b) Isle of Wight exceptional circumstances

Reflecting its position as an island, we propose that the Isle of Wight should remain as a separate unitary authority. The island will have a population of 148k people by 2028 which we acknowledge is below the MHCLG guidance regarding population sizes for a unitary. However, we consider that the Isle of Wight meets the criteria of exceptional circumstances related to local identity.

Fundamentally, the cost of providing council services on an island physically separated by water are driven by dislocation and the associated small markets which result in inherently higher costs due to market barriers and a lack of economies of scale. These characteristics cannot be remedied by a council's structure or scale (i.e., even if a boundary is on the mainland). As the physical boundary to the Island remains, the opportunities to reduce fixed costs and make procurement efficiencies and estate rationalisations are limited.

No model of local government reorganisation will address challenges regarding the tax base and financial sustainability of the island, whilst balancing and adding further challenge to the delivery of services from a geographical and financial perspective. Furthermore, Isle of Wight residents possess a distinct cultural identity which does not necessarily align with mainland residents. While we will continue to explore opportunities for shared service arrangements, we require support and clarification to discuss an Island Deal to establish sustainable local government across the whole of Hampshire and the Solent.

c) Indicative costs and future service transformation opportunities.

Hampshire and the Solent has a population of over 2 million people, across 15 local authorities, which includes three existing unitaries. Therefore, this will be a large and complex reorganisation programme.

Previous local government reorganisation costs for smaller areas have ranged from £12-20m over a 12 to 18-month period to encompass programme management, additional ICT investment, meeting branding requirements, additional election costs, legal capacity and supporting staff, residents, and businesses through the process.

Due to the size of Hampshire and the Solent, inflationary pressures (since other reorganisations have taken place) and the need to implement the reorganisation programme for 3 years, our preliminary benchmarking suggests this could be the most expensive LGR programme delivered to date.

We will confirm our view on the expected cost of implementation in our final submission to Government.

Future service transformation opportunities

As all councils have not yet reached consensus on a preferred option of unitary structures, we have not been able to appropriately model transformation opportunities, beyond the very substantial savings, transformation and collaborative working which we have already delivered. We expect to explore opportunities regarding:

- Integration of front-line services and building on leading practice from across organisations in the region;
- Whole-system transformation across health, local government and other statutory partners;
- Consolidation of back-office functions and driving efficiencies through economies of scale in procurement, fleet, contracts and estates;
- Rationalising and improving digital and ICT systems;
- Rationalising supplier spend;
- Economic and housing growth that will stem from the formation of a strategic authority and devolution.

d) Councillor numbers

Democratic representation is an important facet of LGR and devolution. We are considering options for mainland unitary structures with democratic representation as one of the evaluation criteria and will provide indicative councillor numbers as part of our full proposal. Our approach will be informed by Local Government Boundary Commission guidance for England and focused on maintaining the local connection of the new unitaries with their respective communities.

e) Supporting devolution ambitions

We are committed to devolution and have agreed the principle that proposals should ensure there is a sensible population balance between the new mainland unitary authorities, each of which will have equal representation and voting rights on the new strategic authority for all constituent authorities.

f) Local engagement

Due to the timescales, it has not been practical to deliver meaningful local engagement to contribute to this interim plan. We have documented the engagement that we have completed and planned.

We have early engagement sessions planned with representatives from Hampshire Police, Hampshire Fire and Rescue, NHS Hampshire and Isle of Wight ICB, NHS Frimley ICB, New Forest National Park Authority and South Downs National Park Authority in March 2025.

Individual councils have engaged with key stakeholders, including briefing sessions for Parish and Town Councils. Public meetings by two councils were held in March 2025 to provide an update on devolution and LGR.

Our full proposal will be supported by appropriate local engagement with local partners, residents, and businesses, both to inform our decision-making process and to demonstrate local support for the proposal.

g) Indicative costs of preparing proposals

We acknowledge the importance of moving quickly into implementation and are preparing for this. We are balancing that alongside making the right decision for unitary structures, supporting devolution, and running councils alongside our respective change programmes.

We expect the cost of developing a detailed LGR proposal to be around £500k to include communications support, project management, engagement with residents and communities, strategic support, and drafting.

We will be building implementation teams to deliver preparatory work ahead of the Secretary of State's final decision on unitary structures in early 2026. We will confirm the final structure of our proposed PMO and governance structure, resource profile and associated cost in our final submission.

This implementation team will report into an LGR Programme Board and will include a Programme Director and two programme managers to oversee the transition from current state and a programme manager and three project officers to support the development of each future unitary council.

We understand the phases of LGR and how the governance and resourcing will need to change for each phase and are preparing our programme to be able to adapt.

h) How we are working together

We are working together across all of the councils of Hampshire and the Solent. This has included weekly Chief Executive meetings, regular update meetings and workshops with Leaders and Chief Executives and a joint commission for strategic support. This includes contributing to a joint dataset to inform decision-making and common decision-making in the interests of our residents and businesses.

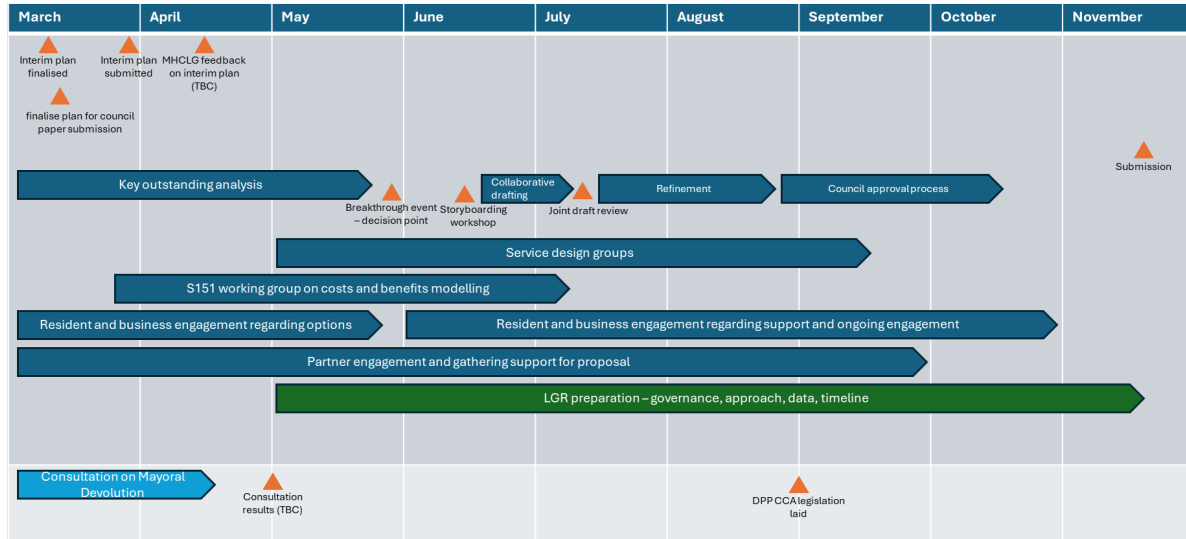
We are working collaboratively and have a solid foundation for implementing LGR and devolution as well as managing service delivery and setting the new unitaries up for success.

Proposed timeline

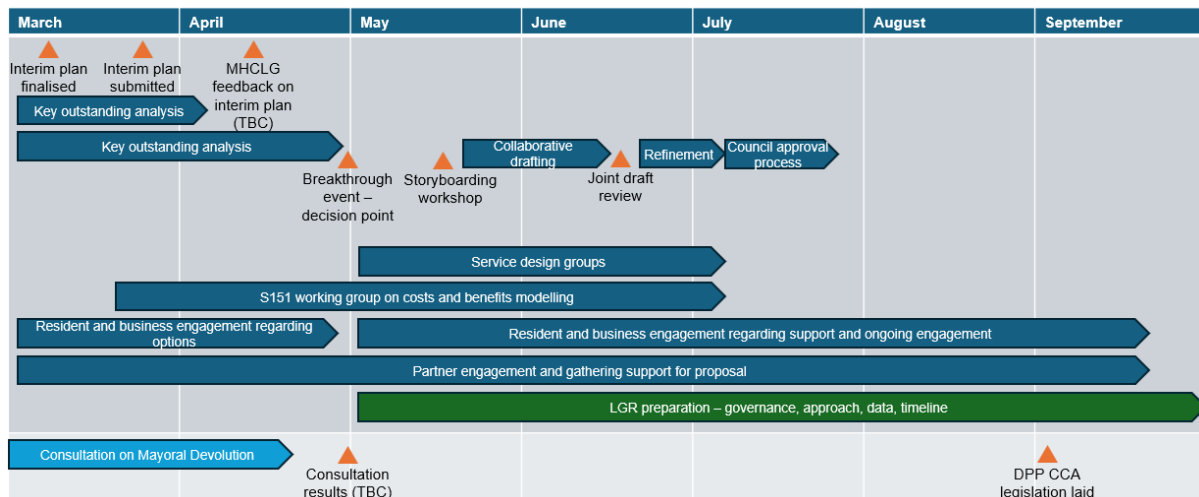
We are delighted to be selected for the Devolution Priority Programme (DPP) and see the benefits of delivering at pace. We are aligned to continue working collaboratively on both the DPP and LGR programme whilst ensuring a level of robust consultation and analysis we believe to be necessary for long-term sustainable services and growth across Hampshire and the Solent. Initial feedback from Government indicated that those on the DPP who are managing the complexity of delivering a new Strategic Authority would be granted extra time to submit their proposal for LGR. However, we have now been given two months less than

other authorities, and in consequence request an extension for the submission of the full proposal until at least 28th November 2025.

Our preferred plan aligning to an end of November 2025 submission date for our full proposal for LGR follows:



We have also outlined a scenario that aligns with the current submission date for the full proposal at the end of September 2025 (please see plan below). However, we collectively agree this accelerated plan with its curtailed time for service planning and engagement poses a risk to the engagement and analysis required to create an effective LGR proposal at the same time as delivery of a Strategic Authority. This timetable also requires that we receive timely feedback on this interim plan and the support required from Government to deliver at such an accelerated pace.



Barriers or Challenges where we require clarity and support

1. Principle of boundary changes: We are looking to develop unitary councils that reflect the current major economies and communities of Hampshire and the Solent, and we will deliver local government fit for the future. We do not have consensus on the proposal of boundary changes but have agreed a principle that, in order to support the other principles, options considered will include those which have boundary changes, and those which do not

have boundary changes. As a result of changes since district boundaries were defined for the 1974 reorganisation, some of the current boundaries in Hampshire split towns, communities and economic geographies. Unitaries should reflect economic geographies and how people access services, healthcare, education, leisure and shopping as well as driving economic and housing growth. As a result, our options analysis may lead to proposed changes to some boundaries (although we will also assess cost, complexity and feasibility of any such changes). To do this with accuracy and confidence, we require:

- a) Clarity on the 500,000 minimum unitary population figure and what justification would be needed in instances where this makes no practical or economic sense for an area; and
- b) confirmation whether boundary changes are acceptable to MHCLG and confirmation of the statutory mechanism, such as a Secretary of State power in the Devolution Bill, to deliver this; and
- c) support to establish a timeline to deliver these structures.

2. Isle of Wight exceptional circumstances: As outlined earlier, reflecting its position as an island, we propose that the Isle of Wight should remain as a separate unitary authority. In order to be able to develop effective options for the mainland, we require early confirmation from the Government regarding the Isle of Wight as an exceptional circumstance and to remain a single unitary authority. Any delay in this confirmation will have an impact on our ability to deliver an accurate and timely options appraisal.

3. Critical service demand: Whilst councils embrace the opportunity to improve and transform service delivery, there are immediate challenges to address around the significant demand and associated financial pressures of Adult Social Care, Children's services, (particularly in SEND) and Homelessness. Efficiencies we will deliver will be off set against these significant demand and cost pressures. There are significant pockets of deprivation in some areas of Hampshire and the Solent, including coastal areas, as well as different council tax bases which will have a varied impact on proposed future unitaries. In addition, we face significant longer-term impacts such as climate change and coastal flooding.

4. Support for implementation and ongoing financial sustainability: As mentioned above, local government in Hampshire and the Solent is under significant financial pressure. The EFS support for Southampton to fund the council's transformation programme, restructuring costs and equal pay, and the request from Hampshire County Council for EFS shows the scale of the challenge we face. As an example, the Hampshire County Council deficit alone is over £216m. To help fill some of the budget gap post-LGR, we require support to fund transformation opportunities and the autonomy to be flexible around council tax.

While there may be opportunities through LGR, we do expect significant challenge from the capacity required to deliver LGR alongside devolution and our existing council's operations and change portfolios. We would request financial support to fund costs relating to the implementation of LGR and would want to agree a multi-year financial arrangements with the government to effectively support transition post vesting day.

5. Timeline: It remains challenging to deliver appropriate local engagement and decision-making in this period, alongside devolution. We therefore request an extension for the full proposal to 28th November 2025. If after a detailed options appraisal has been undertaken, the preferred option requires the need for boundary changes, then we would also request an extension to the implementation timeline to allow sufficient time for the appropriate statutory mechanism to be delivered.

Yours sincerely,

Signed by all Leaders of councils in Hampshire and the Solent

Council	Name of Leader	Signature
Basingstoke and Deane Borough Council		x _____
East Hampshire District Council		x
Eastleigh Borough Council		x _____
Fareham Borough Council		x _____
Gosport Borough Council		x _____
Hampshire County Council		x
Hart District Council		x _____
Havant Borough Council		x
Isle of Wight Council		x _____
New Forest District Council		x _____
Portsmouth City Council		x
Rushmoor Borough Council		x
Southampton City Council		x _____
Test Valley Borough Council		x
Winchester City Council		x _____