

**CABINET**

**CLLR GARETH WILLIAMS  
LEADER OF THE COUNCIL**

**8<sup>TH</sup> JULY 2025**

**KEY DECISION: NO**

**REPORT NO. ED2504**

## **LOCAL GOVERNMENT REORGANISATION**

### **SUMMARY AND RECOMMENDATIONS:**

In March 2025 Cabinet approved the submission of an interim plan prepared on behalf of all 15 Councils across Hampshire and the Isle of Wight (HIOW) in line with Government timescales for the Devolution Priority Programme and associated Local Government Reorganisation (LGR) (Report ACE2506).

The report set out, taking into account sense of place and the economic geography of the area, that a unitary council formed from Rushmoor BC, Hart DC and Basingstoke and Deane BC was the favoured option for this Council. KPMG were subsequently appointed to support Councils across HIOW to prepare the necessary evidence base and support the development of a business case to enable final proposals to be agreed and submitted to Government by 26 September 2025.

The purpose of this report is to provide an update on that work, set out the arrangements for engagement with residents, business, partners and voluntary organisations. The report also brings Cabinet's attention to the proposal to commence work on a Community Governance Review with a view to seeking resident views on the establishment of Parish Councils and/or Neighbourhood Area Committees, and invites their endorsement.

Finally, the report sets out the timetable for the remaining work to enable submission of final proposals to Government. It also sets out the proposed arrangements maintaining the involvement of Members and the associated decision-making timetable.

### **RECOMMENDATIONS**

#### **That the Council be RECOMMENDED to**

- (1) Note the update on the LGR programme to date and the continuing collaboration with 11 other Councils on options that would replace the current 15 councils with four new unitary councils on the mainland, keeping the Isle of Wight as its own unitary council.
- (2) Confirm that a unitary council based on the areas of Rushmoor, Hart and Basingstoke and Deane continues to be the preferred option for Rushmoor as, in line with the assessment criteria, it represents the best balance of a Council large enough to deliver high quality services and value for money, but small enough to be connected the place and the needs of the people the council serves.

- (3) Note the programme of engagement being undertaken to ensure that all residents, business and partners have an opportunity to feed into the process.
- (4) Endorse the recommendation to Council to approve the Terms of Reference for a Community Governance Review as set out in the report LEG2510 to the Corporate Governance, Audit and Standards Committee.

## **1. INTRODUCTION AND BACKGROUND**

- 1.1 The Government selected all councils in the HIOW 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 and the current unitary councils joining together with other councils to create larger, unitary councils. An interim LGR plan was agreed by all 15 Councils across HIOW and was submitted on 21 March 2025.
- 1.2 Unitarisation 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, the County Council, the current unitary councils and all other District Councils in Hampshire will no longer exist.
- 1.3 As set out in report ACE2506, the next stage of the LGR process is the development of a business case or 'case for change' which has to be submitted by 26 September 2025. Following the final business case submission, it is intended that Ministers will decide their preferred option/options for LGR in Hampshire, consult on this and then lay legislation in Parliament leading to new councils taking legal effect from 1 April 2028.
- 1.4 The Government has 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. This authority 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. Government consultation on the proposal to form a Mayoral Combined County Authority for the local government areas in Hampshire County Council, Portsmouth City Council, Isle of Wight Council, and Southampton City Council now referred to as Hampshire and the Solent was undertaken between 17 February and 13 April. The intention is that the elections for the Mayoral Strategic Authority (known as a Mayoral Combined Authority or MCA) will take place in 2026.
- 1.5 Once the Mayoral Strategic Authority (known as a Mayoral Combined Authority or MCA) is established local government in Hampshire and the Solent will be as follows:

- 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);
- New unitary councils covering areas within Hampshire and the Isle of Wight and exercising all current county and district powers;
- Parish and town councils where they exist or are created prior to unitarisation.

## 2. FEEDBACK ON THE INTERIM PLAN

- 2.1 Feedback was received from government on the interim plan on 7 May 2025 and is included in full at Appendix 1. In summary the main comments in the response are as follows:

Single Tier of Local Government: Proposals should aim for a single tier of local government for the entire area and further detail on proposed geography and expected outcomes is needed.

Isle of Wight Exceptional Circumstances: More detail and data required to support the rationale for an 'Island deal'

Decisions on specific unitary solutions: Decisions will be made based on full proposals, not at this point.

Deadline for Proposals: The deadline for final proposals is 26 September 2025 and Extensions are not possible due to the need to maintain the planned timeline for LGR.

Population Criteria: Proposals should consider populations of 500,000 or more, but flexibility is allowed (a guideline, not a hard target). A clear rationale for any deviations from this guideline should be provided.

Collaboration and Data Sharing: Effective collaboration between councils is crucial and final proposals should use consistent data sets and assumptions. 1

Boundary Changes: Proposals involving boundary changes should provide strong justification and clear identification of proposed boundaries is necessary as part of final proposals (proposals should include maps). There are a number of mechanisms to achieve boundary changes dependent upon how fundamental they are.

Critical Service Demand: Detailed financial positions and risk modelling should be included in final proposals. Consideration of council tax harmonisation and financial sustainability is important.

Support for Implementation: £7.6 million will be available for proposal development across 21 areas. Further detail on transformation costs and financial sustainability is needed.

- 2.2 The Government also asked that, if possible, councils in Hampshire submit a single agreed proposal that was supported by all. KPMG who supported the

development of the interim plan were jointly appointed to take this forward. However, during recent weeks Hampshire County Council and East Hampshire District Council have withdrawn to develop their own proposals and Gosport Borough Councils has also withdrawn from the partnership approach but currently is not developing alternative options.

- 2.3 The remaining 12 Councils which include all the other Hampshire Districts, Portsmouth and Southampton City Council's and Isle of Wight Council continue to work together to develop a shared business case and proposal.

### **3. DEVELOPING THE BUSINESS CASE**

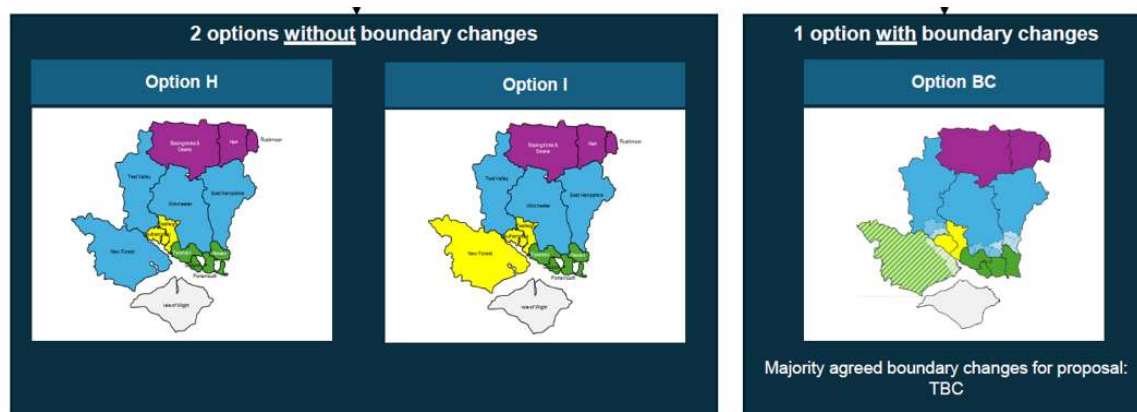
- 3.1 The Government set out a number of criteria for LGR proposals as follows:

- 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 prioritise 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.

- 3.2 An assessment methodology has been agreed between the councils based on the criteria for use in how options will be developed and then evaluated to form the final proposal. A defined analysis approach has been adopted, to ensure that the development of options are aligned to the government criteria. The consideration of options with this analysis aims to provide sufficient information for a compelling case for change as part of the full proposal submission. All options are to be evaluated against a common dataset. The creation of the dataset which has been supported by all Councils, including those no longer part of the KPMG work.

- 3.3 The analysis, in addition to the government's criteria, utilises the guiding principles agreed in the interim plan, financial and service demand analysis, and economic market assessments. It will in due course also be informed by public stakeholder engagement, the plans for which are set out in section 6 below.

- 3.4 On 19 May 2025, the Leaders of 13 councils across the region met to consider 7 LGR options which had been refined from a long list of 12 options. The rationale for the shortlisting of options included the robust assessment methodology explained above. The key decision taken by the leaders at this meeting, was to progress the development of three options to a full case for change. These options are shown in figure 1 below. All the options being progressed propose 4 Unitary Councils covering the mainland Hampshire area. All options are consistent in relation to Rushmoor, combining the area of our borough with the areas covered by Hart District and Basingstoke and Deane Borough Councils.



**Figure 1. Proposed options**

- 3.5 The next phase of work to be facilitated by KPMG is the preparation of a case for change that takes forward these three options with a single submission to Government from the 12 Councils being the desired outcome.
- 3.6 This work with other councils and KPMG has been discussed regularly with the Leaders working group which has been established to support this work. The Leader, Interim Managing Director and officer programme team continue to work at a significant pace to pursue the council's priorities for LGR. This has involved the collective work with KPMG above, working with Hart and Basingstoke and now supporting a significant programme of stakeholder engagement (described below) including meetings with MHCLG, the District Councils' Network, key businesses, partners, and voluntary and community organisations.
- 3.7 The process for developing the case for change has a number of workstreams covering:
- Leadership and Programme
  - Data
  - Finance
  - Governance
  - Service design – including Adult Service, Children's Services, Education, Waste, Housing and Homelessness, Highways and Transport, Economy & Planning and Customer and Digital
  - Democratic and Community representation
  - Engagement
  - Alignment with the devolution process and (eventually) implementation

The Council is represented directly by the Leader, the Interim Managing Director, or a member of ELT on the majority of workstreams. Where the council is not directly involved, we are represented by colleagues from Basingstoke or Hart, or by expert consultants.

- 3.8 Once a 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. Looking beyond the period from September 2025, the Council will need to influence Government decision-making and respond to the Government

consultation. This phase will be critical in shaping the final outcome of the LGR programme. Following the Government decision, the Council will be required to step up implementation along with the other Councils affected, ensuring a smooth transition and effective execution of the programme to deliver new unitary councils.

- 3.9 Inevitably the workload across the Council associated with LGR will continue to increase and it will be necessary for additional capacity and backfill arrangements to be put in place to prevent significant impact on services and delivery of other priorities. The Council has agreed an initial reserve of £100,000 to support LGR and spend on additional resources will be drawn from this reserve.

#### **4. RELATED MATTERS – COMMUNITY GOVERNANCE REVIEW**

- 4.1 One of the key criteria for the Case for Change requires the demonstration of how the new authority will enable stronger community engagement and deliver genuine opportunities for neighbourhood empowerment. The Minister of State for Local Government and Devolution Local Government has emphasised that Local Government Reorganisation should facilitate better and sustained community engagement and needs a clear and accountable system of local area-working and governance.
- 4.2 In other areas of Hampshire, including Hart and Basingstoke, part or all of the district Council's area is also covered by Town and Parish Councils. The [English Devolution White Paper](#) acknowledges that residents value community scale governance, and stated a desire to see stronger community engagement arrangements and strengthened community voice. The [Government's feedback on interim plans](#) acknowledged the value that town and parish councils offer to local communities.
- 4.3 Cabinet is aware of the report of the Monitoring Officer (LEG2510) to CGAS. The report recommends a Community Governance Review, which is the mechanism via which parish councils may be created, is undertaken, during which residents will be asked if they have a preference for Neighbourhood Area Committees, Parish Councils, or the status quo (as far as community representation is concerned).
- 4.4 The first stage of the Review process is for the Council to agree terms of reference that sets out the scope, principles, responsibilities, consultation activity, and schedule. Cabinet are invited to endorse the recommendation in the CGAS report that the Council approve the Terms of reference to commence the review.

#### **5. ALTERNATIVE OPTIONS**

- 5.1 The principal alternative option to engaging the Local Government Review work is for the Council not to proceed to support the work on LGR with the 12 councils. 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. This is not a recommended option.

## **6. CONSULTATION**

- 6.1 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 be meeting more regularly as the development of the full business case progresses. Members are kept up to date with the process through regular all-member on-line briefings.
- 6.2 A letter setting out details about the devolution and LGR process has been sent to over 180 partners, which 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. Staff and all member briefings have taken place and will continue to be held regularly until the case for change is submitted.
- 6.3 It is essential that our residents, businesses, towns and parishes and all stakeholders have the opportunity to have their say at this stage in the process. A Hampshire wide consultation, supported by all 12 councils working collectively with KPMG commenced on 30 June and will run until 27 July. In addition, Basingstoke BC, Hart DC and Rushmoor BC have commissioned face to face survey work with an on-line option to give residents the opportunity to provide views specifically on services they experience and the North Hampshire Unitary option.
- 6.4 The Council is also offering residents a range of face to face 'drop-in' opportunities across the borough during July where officers will respond to questions about LGR and the Community Governance Review. Finally, there are a range of events for partners, other key stakeholders, and businesses.

## **7. IMPLICATIONS**

### ***Risks***

- 7.1 The key risks at this stage of the process relate to timescales and local participation. There is also a longer-term risk that the Council-supported business case is not approved by Government and an alternative option is pursued.
- 7.2 Neither of these risks are 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 while doing the most to support local democracy. This is best achieved by submitting proposals, ideally with full local support, as requested by Ministers.

- 7.3 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***

- 7.4 There are no specific legal implications arising from the recommendations in this report.

***Financial Implications***

- 7.5 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.
- 7.6 There are significant resource requirements to progress the LGR work and the 2025-26 approved budget now includes a supplementary estimate of £100,000 funded from available reserves for this purpose as approved by Cabinet March 2025.
- 7.7 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.
- 7.8 An allocation of Funding from Government was made to all Council's in Hampshire. The distribution of this funding has now been agreed by all Council's and will be used to offset costs in preparing the interim plan and business case.

***Resource Implications***

- 7.9 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. Given the increasing workload and resource pull for this work the initial programme governance arrangements are being reviewed and will be shared with the Leaders Working Group and all members in the coming weeks.

***Equalities Impact Implications***

- 7.10 An Equality Impact Assessment will be prepared as part of the submission of the case for change.

## **8. CONCLUSIONS**

- 8.1 Engaging in the Local Government Reorganisation across Hampshire is a priority in the Council's Delivery Plan. The Council continues to support an approach of four unitary councils on the mainland with the Isle of Wight continuing as a Unitary Council as current.



- 8.2 The preferred option for the Rushmoor council area is to be part of a Unitary authority combined with the areas currently covered by Hart District Council and Basingstoke Borough Council.
- 8.3 Significant engagement with residents, businesses and local partners will be taking place over the coming months to help inform the case for change. The Council will continue to work as part of the group of 12 Councils supported by KPMG to ensure the submission of robust proposals by 26 September 2025 in line with the Governments timetable.

**LIST OF APPENDICES/ANNEXES:**

Appendix 1 – Response to Interim Plan

**BACKGROUND DOCUMENTS:**

English Devolution White Paper  
CGAS report LEG2510  
Cabinet report ACE2506

**CONTACT DETAILS:**

**Report Author** – Karen Edwards, Executive Director





Ministry of Housing,  
Communities &  
Local Government

7 May 2025

## **LOCAL GOVERNMENT REORGANISATION**

### **INTERIM PLAN FEEDBACK: HAMPSHIRE, ISLE OF WIGHT, PORTSMOUTH AND SOUTHAMPTON**

To the Chief Executives 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

New Forest District Council

Rushmoor Borough Council

Test Valley Borough Council

Winchester City Council

Isle of Wight Council

Portsmouth City Council

Southampton City Council

#### **Overview:**

Thank you for submitting your interim plan. The thought from all councils is clear to see. For the final proposals, each council can submit a single proposal for which there must be a clear single option and geography and, as set out in the guidance, we expect this to be for the area as a whole; that is, the whole of the area to which the 5 February invitation was issued.

Our aim for the feedback on interim plans is to support areas to develop final proposals. This stage is not a decision-making point, and our feedback does not seek to approve or reject any option being considered.

The feedback provided relates to the following interim plan submitted by Hampshire, Isle of Wight, Portsmouth and Southampton councils:

- the Hampshire and the Solent, Local Government Reorganisation Plan, 21 March 2025, signed by all councils in Hampshire and the Solent

We have provided feedback on behalf of central government. It takes the form of:

1. A summary of the main feedback points;
2. Our response to the specific barriers and challenges raised in your plans; and
3. An annex with more detailed feedback against each of the interim plan asks.

We reference the guidance criteria included in the invitation letter throughout, a copy of which can be found at [Letter: Hampshire, Isle of Wight, Portsmouth and Southampton – GOV.UK](#). Our central message is to build on your initial work and ensure that final proposal(s) address the criteria and are supported by data and evidence. We recommend that final proposal(s) should use the same assumptions and data sets or be clear where and why there is a difference.

We welcome the work that has been undertaken to develop Local Government Reorganisation (LGR) plans for Hampshire, Isle of Wight, Portsmouth and Southampton. This feedback does not seek to approve or discount any proposal, but provide some feedback designed to assist in the development of final proposals. We will assess final proposals against the guidance criteria provided in the invitation letter and have tailored this feedback to identify where additional information may be helpful in enabling that assessment. Please note that this feedback is not exhaustive and should not preclude the inclusion of additional materials or evidence in the final proposals. In addition, your named area lead, Jesse Garrick, will be able to provide support and help address any further questions or queries.

We are providing written feedback to each invitation area.

### **Summary of Feedback:**

We have summarised the key elements of the feedback below, with further detail provided in Annex A.

1. The criteria asks that a proposal should seek to achieve for the whole area, the establishment of a single tier of local government (see criterion 1). **We recognise that plans are at an early stage and further analysis is planned in the run up to submitting the final proposal(s). Further detail on a proposed geography for new unitary authorities and evidence on the outcomes that are expected to be achieved for the whole area would be welcome.**
2. As set out in the invitation letter, the interim plan process is designed to help support you to develop final proposals. We note your argument regarding the Isle of Wight's exceptional circumstances and request for an 'Island deal'. As you know, **interim plans are not a decision-making point; decisions will be made on the basis of full proposals, and so any decision on a specific unitary solution for**

the Isle of Wight would need to be taken at that point too. More detail on the rationale would be helpful, and you may wish to support existing narratives with data. We have provided more information on addressing the population criteria below.

3. You asked if it was possible to extend the timeframe for providing LGR proposals until November. **As per your invitation, the deadline is the 26 September. The deadline for submitting a proposal has been designed to give areas as much time as possible to develop their final proposals. The timescales for submission are generally more generous than in previous reorganisation exercises. Ministers have set clear timelines, which were determined in the context of decisions to postpone elections, that were not taken lightly. It is important that final proposal(s) are submitted by 26 September 2025 to allow for LGR to take place as planned.**
4. In some of the options you are considering populations that would be below 500,000. As set out in the Statutory Invitation guidance and in the English Devolution White Paper, we outlined a population size of 500,000 or more. This is a guiding principle, not a hard target – we understand that there should be flexibility, especially given our ambition to build out devolution and take account of housing growth, alongside local government reorganisation. **All proposals, whether they are at the guided level, above it, or below it, should set out the rationale for the proposed approach clearly.**
5. We welcome steps taken to come together, as per criterion 4:
  - a. **Effective collaboration between all councils will be crucial; we would encourage you to continue to build strong relationships and agree ways of working, including around effective data sharing. This will support the development of a robust shared evidence base to underpin final proposal(s).**
  - b. **It would be helpful if final proposal(s) use the same assumptions and data sets.**
  - c. **It would be helpful if your final proposal(s) set out how the data and evidence supports all the outcomes you have included and how well they meet the assessment criteria in the invitation letter.**
  - d. **You may wish to consider an options appraisal that will help demonstrate why your proposed approach best meets the assessment criteria in the invitation letter, compared to any alternatives.**

## **Response to specific barriers and challenges raised**

Please see below our response to the specific barriers and challenges that were raised in your interim plan:

### **1. Principle of boundary changes**

We note your desire to develop unitary councils that reflect the current major economies and communities of Hampshire and the Solent and that some of your proposals may lead to boundary changes.

As the Invitation sets out, boundary changes are possible, but that “existing district areas should be considered the building blocks for proposals, but where there is a strong justification more complex boundary changes will be considered.”

The final proposal must specify the area for any new unitary council(s). If a boundary change is part of your final proposal, then you should be clear on the boundary proposed, which could be identified by a parish or ward boundary, or if creating new boundaries by attaching a map.

Proposals should be developed having regard to the statutory guidance which sets out the criteria against which proposals will be assessed (including that listed above). If a decision is taken to implement a proposal, boundary change can be achieved alongside structural change. Alternatively, you could make a proposal for unitary local government using existing district building blocks and consider requesting a Principal Area Boundary Review (PABR) later.

Such reviews have been used for minor amendments to a boundary where both councils have requested a review – such as the recent Sheffield/Barnsley boundary adjustment for a new housing estate. PABRs are the responsibility of the Local Government Boundary Commission for England who will consider such requests on a case-by-case.

### **2. Isle of Wight exceptional circumstances**

You asked for an early decision on the position of the Isle of Wight and to discuss an ‘Island deal’. As set out above this is not a decision-making point so we cannot make any judgments at this time.

We welcome the additional thinking conducted regarding the Isle of Wight. If pursuing this option, it would be helpful to build on the existing rationale and provide a full assessment against each criterion in your final proposal(s).

### **3. Critical service demand**

We note your demand pressures, your different council tax bases, the levels of deprivation and challenges posed by climate change and coastal flooding. It would be helpful if detail on the councils' financial positions and further modelling on risks is set out in detail in the final proposal(s).

With regards to council tax, restructured councils often inherit different council tax levels from their predecessors. There is an established flexible system in legislation for the harmonisation of council tax levels over seven years.

### **4. Support for implementation and ongoing financial stability**

We note the financial pressures in Hampshire and the Solent, plus your request for support on transformation opportunities, autonomy to be flexible around council tax and desire to agree multi-year financial arrangements.

£7.6 million will be made available in the form of local government reorganisation proposal development contributions, to be split across the 21 areas. Further information will be provided on this funding.

In terms of transitional costs as per invitation letter, 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. We would welcome further detail on your estimated transformation costs against full proposals. This may be something you wish to pick up with your MHCLG LGR area lead, Jesse Garrick.

We also note your points around the financial pressures councils are facing. It would be helpful if detail on the councils' financial positions and further modelling could be set out in detail in the final proposal(s).

### **5. Timeline**

You have asked for an extension to the 28 November 2025 to provide proposals. As set out above, it is important that final proposal(s) are submitted by 26 September 2025 to allow for LGR to take place as planned.

**ANNEX A: Detailed feedback on criteria for interim plan**

| <b>Ask – Interim Plan Criteria</b>  | <b>Feedback</b>   |
|---|---|
| <p>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.</p> <p>Relevant criteria:</p> <p>1 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.</p> <p>&amp;</p> <p>2 a-f) Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks.</p> <p>&amp;</p> <p>3 a-c) Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens.</p> | <p>We welcome the initial thinking that has gone into this interim plan and recognise that it is subject to further work. We note the local context and challenges outlined. We appreciate you will be undertaking further analysis, significant further detail that addresses the criteria in the invitation letter and for this to be provided by 26 September would be welcomed.</p> <p>As per criterion 1, the final proposal(s) in accordance with the guidance should put forward a preferred single tier model for the whole invitation area, including describing all the single tier local government structures you are putting forward.</p> <p>Where there are proposed boundary changes, the proposal should provide strong public services and financial sustainability related justification for the change.</p> <p>For the final proposals, each council can submit a single proposal for which there must be a clear single option and geography and, as set out in the guidance, we expect this to be for the area as a whole; that is, the whole of the area to which the 5 February invitation was issued.</p> <p>Given the financial pressures you identify it would also be helpful to understand how efficiency savings have been considered alongside a sense of place and local identity.</p> <p>We recognise that the options outlined in the interim plans are subject to further development. In final proposal(s) it would be helpful to include a high-level financial assessment which covers transition costs and overall forecast operating costs of the new unitary councils.</p> <p>We will assess final proposals against the criteria in the invitation letter. Referencing criteria 1 and 2, you may wish to consider the following bullets:</p> <ul style="list-style-type: none"> <li>• high level breakdowns, for where any efficiency savings will be made, with clarity of assumptions on how estimates have been reached and the data sources used,</li> </ul> |



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|  | <p>including differences in assumptions between proposals</p> <ul style="list-style-type: none"> <li>• it would be helpful to understand how efficiency savings have been considered alongside a sense of place and local identity</li> <li>• information on the counterfactual against which efficiency savings are estimated, with values provided for current levels of spending</li> <li>• a clear statement of what assumptions have been made if the impacts of inflation are taken into account</li> <li>• a summary covering sources of uncertainty or risks, with modelling, as well as predicted magnitude and impact of any unquantifiable costs or benefits</li> <li>• where possible, quantified impacts on service provision as well as wider impacts</li> </ul> <p>We recognise that financial analysis will start once options for the geography have been fully identified. The bullets below indicate where information would be helpful. As per criterion 1 and 2, it would be helpful to see:</p> <ul style="list-style-type: none"> <li>• data and evidence to set out how your final proposal(s) would enable financially viable councils across the whole area, including identifying which option best delivers value for money for council taxpayers</li> <li>• further detail on potential finances of new unitaries, for example, funding, operational budgets, potential budget surpluses/shortfalls, total borrowing (General Fund), and debt servicing costs (interest and MRP); and what options may be available for rationalisation of potentially saleable assets</li> <li>• clarity on the underlying assumptions underpinning any modelling e.g. assumptions of future funding, demographic growth and pressures, interest costs, Council Tax, savings earmarked in existing councils' MTFS</li> <li>• financial sustainability both through the period to the creation of new unitary councils as well as afterwards</li> <li>• as criterion 2e states, and recognising that Southampton City Council has received</li> </ul> |
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|  | <p>Exceptional Financial Support, proposals must additionally demonstrate how reorganisation may contribute to putting local government in the area as a whole on a more sustainable footing, and any assumptions around what arrangements may be necessary to make new structures viable</p> <p>We would welcome further details on how services can be maintained if you are proposing fragmentation of services, such as for social care, children's services, SEND, homelessness, and for wider public services including for public safety. Under criterion 3c, you may wish to consider:</p> <ul style="list-style-type: none"> <li>• how will high quality and sustainable services be maintained for a proposed Isle of Wight or other proposed unitaries, for example, what shared services do you have in mind, how will housing or social care needs be met?</li> <li>• what would proposals mean for local services provision? For example: <ul style="list-style-type: none"> <li>○ impact on SEND services and distribution of funding and sufficiency planning to ensure children can access appropriate support, and how will services be maintained?</li> <li>○ what is the impact on adults and children's care services? How will risks to safeguarding to be managed?</li> <li>○ what partnership options have you considered for joint working across the new unitaries for the delivery of social care services?</li> <li>○ what is the impact on schools, support and funding allocation, and sufficiency of places and how will impacts on school be managed? Will the Isle of Wight's support from Hampshire continue?</li> <li>○ what is the impact on safeguarding? How will risks be managed?</li> <li>○ what is the impact of LGR and devolution on skills funding?</li> <li>○ what are the implications for public health, including consideration of socio-demographic challenges and health inequalities within any new</li> </ul> </li> </ul> |
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|   | <p>boundaries and their implications for current and future health service needs. What are the implications for how residents access services and service delivery for populations most at risk?</p> <p>Further detail would also be welcomed on what opportunities for wider public service reform are enabled by the options.</p>   |
| <p>Include indicative costs and arrangements in relation to any options including planning for future service transformation opportunities.</p> <p>Relevant criteria:<br/>2d) 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.</p> | <p>We note the estimation that costs will likely be above £20 million. In the final proposal, we would welcome further clarity on the assumptions and data used to calculate the transition costs and efficiencies (see criterion 2d).</p> <p>As per criterion 2, the final proposal(s) 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.</p> <ul style="list-style-type: none"> <li>• within this it would be helpful to provide detailed analysis on expected transition and/or disaggregation costs and potential efficiencies of proposals. This could include clarity on methodology, assumptions, data used, what year these may apply and why these are appropriate</li> <li>• detail on the potential service transformation opportunities and invest-to-save projects from unitarisation across a range of services -e.g. consolidation of waste collection and disposal services, and will different options provide different opportunities for back-office efficiency savings?</li> <li>• where it has not been possible to monetise or quantify impacts, you may wish to provide an estimated magnitude and likelihood of impact.</li> <li>• summarise any sources of risks, uncertainty and key dependencies related to the modelling and analysis</li> <li>• detail on the estimated financial sustainability of proposed reorganisation and how debt could be managed locally.</li> </ul> |

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|  | <p>We note the financial challenges highlighted in your response. It would be helpful if detail on the councils' financial positions and further modelling is set out in detail in the final proposal.</p> <p>We welcome the joint work you have done to date and recommend that all options and proposals should use the same assumptions and data sets or be clear where and why there is a difference (linked to criterion 1c).</p>   |
| <p>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.</p> <p>Relevant criteria:<br/>6) New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</p> | <p>New unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</p> <p>Additional details on how the community will be engaged specifically how the governance, participation and local voice will be addressed to strengthen local engagement, and democratic decision-making would be helpful.</p> <p>In your final proposal(s) we would welcome detail on your plans for neighbourhood-based governance, the impact on parish councils, and thoughts about formal neighbourhood partnerships and area committees.</p>  |
| <p>Include early views on how new structures will support devolution ambitions.</p> <p>Relevant criteria:<br/>5a-c) New unitary structures must support devolution arrangements.</p>   | <p>Further detail would be welcome in all plans on how the proposed new structures would support arrangements for the proposed Hampshire and the Solent Mayoral Strategic Authority (MSA).</p> <p>We welcome the area's commitment to devolution, and the adoption of the principle that governance arrangements in a future MSA should continue to equally represent all areas following LGR. Across all proposals, looking towards a potential future MSA, it would be beneficial to provide an assessment that outlines if there are benefits and disadvantages in how each option would interact with an MSA and best benefit the local community, including meeting devolution statutory tests.</p> |

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|   | <p>More detail would also be welcome on the implications of the various LGR options for the timelines and management of devolution across the Hampshire and the Solent geography. While we cannot pre-judge devolution decisions, we are happy to discuss further any eventual transition period as the new unitary authorities and potential MSA are established.</p> <p>We would welcome continued engagement with the Police and Crime Commissioner, Members of Parliaments and wider local stakeholders as you continue to develop your proposal(s).</p> <p>To note, an MSA is the same as a Mayoral Combined Authority or Mayoral Combined County Authority.</p>   |
| <p>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.</p> <p>Relevant criteria:<br/>6a-b) new unitary structures should enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment.</p> | <p>We welcome your interim update against criterion 6, the engagement undertaken so far and your plans for the future. It is for you to decide how best to engage locally in a meaningful and constructive way with residents, voluntary sector, local community groups, neighbourhood boards, parish councils, public sector providers, such as health, police and fire, and local businesses to inform your proposals.</p> <p>You may wish to engage in particular with those who may be affected by any proposed disaggregation of services. It would be helpful to see further detail of your engagement plans and to provide detail that demonstrates how local ideas and views have been incorporated into any final proposal(s).</p> |
| <p>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.</p> <p>Relevant criteria:<br/>2d) Proposals should set out how an area will seek to manage transition costs, including planning for future service transformation</p>        | <p>We would welcome further detail in final proposal(s) over the level of cost and the extent to which the costs are for delivery of the unitary structures or for transformation activity that delivers benefits (see criterion 2d).</p> <p>£7.6 million will be made available in the form of local government reorganisation proposal development contributions, to be split across the 21 areas. Further information will be provided on this funding.</p>  |

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| <p>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.</p>  |  |
| <p>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.</p> <p>Relevant criteria:<br/>4 a-c) 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.</p> | <p>We welcome the ways of working together you have outlined in the interim plan (see criterion 4).</p> <p>Effective collaboration between all councils will be crucial; areas will need to build strong relationships and agree ways of working, including around effective data sharing.</p> <p>This will enable you to develop a robust shared evidence base to underpin final proposals (see criterion 1c). We recommend that final proposals should use the same assumptions and data sets or be clear where and why there is a difference.</p> |