

<b>OVERVIEW AND SCRUTINY COMMITTEE</b>	<b>CLLR GARETH WILLIAMS LEADER OF THE COUNCIL</b>
<b>4 SEPTEMBER 2025</b>	<b>REPORT NO: ED2505</b>

## **LOCAL GOVERNMENT REORGANISATION (PRE-DECISION SCRUTINY)**

### **1. INTRODUCTION AND BACKGROUND**

- 1.1 In July 2025 Cabinet considered Report ED2504 which provided an update on the work underway to prepare the Council's proposal for Local Government Reorganisation (LGR). The proposal would set out how a single tier of local government could be established across Hampshire and the Isle of Wight (HIOW).
- 1.2 At that meeting Cabinet recommended that the Council confirm that a unitary council based on the areas of Rushmoor, Hart and Basingstoke and Deane councils continued 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 to the place and the needs of the people the council serves.
- 1.3 At its meeting on 10 July Council agreed this recommendation and noted the programme of engagement being undertaken to ensure that all residents, business and partners had an opportunity to feed into the process.
- 1.4 KPMG have continued to support 12 councils across HIOW to complete the necessary evidence base and develop a business case to enable final proposals to be agreed and submitted to Government by 26 September 2025. Results from the consultation across the borough, joint consultation undertaken with Hart and Basingstoke and joint consultation with the other 11 Hampshire councils have fed into the proposal.
- 1.5 The next stage of the LGR process is the submission of a business case or 'case for change' which has to be made by 26 September 2025. Following the final business case submission, Government's current intention is that Ministers will decide their preferred option/options for LGR in Hampshire in the Autumn, consult on this during November and December 2025 and then make a decision on which proposal to implement in early 2026. Structural Change Orders would then need to go through Parliament, which is likely to happen in Autumn 2026. There would then be elections to the shadow authorities for the new unitary Councils in May 2027. Those shadow authorities will oversee the implementation of the new unitaries with them replacing existing councils on 1 April 2028.
- 1.6 As previously considered the proposal recommends that overall, there should be 4 mainland unitary councils plus the Isle of Wight. Within this there are 3 options for the south of the county and each Council will submit its preferred option to Government.

- 1.7 The proposal will be published in full on 3 September and made available to the Committee as soon as possible. To enable early consideration by this Committee and preparation for the meeting this report sets out key elements from the proposal (case for change) and where appropriate includes information in appendices which will remain exempt until 3 September. A short introductory presentation will also be provided at the beginning of the meeting.

## **2. KEY ELEMENTS OF THE PROPOSAL**

- 2.1 The full proposal sets out how four new unitary councils on the mainland, would meet the government's criteria and best serve our communities into the future by:

- driving economic growth and housing delivery
- delivering high quality and sustainable public services with a focus on innovation and transformation to improve outcomes for communities
- achieving significant savings while being large enough to be financially sustainable
- unlocking and maximising devolution arrangements, working effectively alongside the Isle of Wight Council and the new elected Mayor for Hampshire and the Isle of Wight, as constituent members of the strategic authority
- effectively engaging, empowering and serving their local communities by providing opportunities for residents to shape local decisions.

- 2.2 The proposal states that four new unitary Councils on the mainland, with an average population size of 500,000, provide significant scale in service delivery and will reduce costs accordingly while still being connected to the communities they serve. Importantly they will ensure services are tailored to respond to local needs and improve outcomes for residents.

- 2.3 Exempt Appendix A summarises how the proposal overall meets the following six assessment criteria

- A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.
- Unitary local 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 opportunity for neighbourhood empowerment.

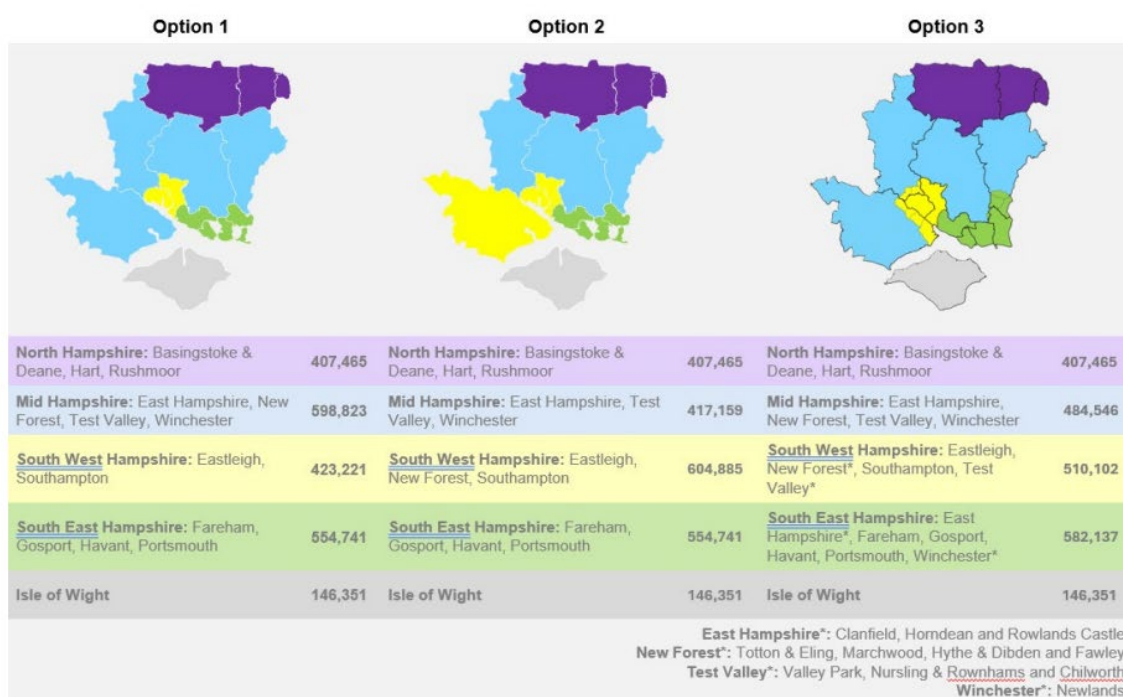
- 2.4 Exempt Appendix B of this report focuses on how the case demonstrates future financial sustainability, including assumptions on implementation costs. Exempt Appendix C sets out how the unitaries will enable stronger community engagement and deliver genuine opportunity for neighbourhood empowerment. This includes the proposed democratic arrangements and reflects the recommendations from the Council's Policy and Projects Advisory Board who considered this matter at its meeting on 22 July 2025.

### **3. CONSULTATION**

- 3.1 This work with other councils and KPMG has been discussed regularly with the Leaders working group which was established to support this work. The Leader, Interim Managing Director and officer programme team have been fully involved in the collective work with KPMG above, working with Hart and Basingstoke and the programme of stakeholder engagement (described below) including meetings with MHCLG, the District Councils' Network, key businesses, partners, and voluntary and community organisations.
- 3.2 Members have been kept up to date with the process through regular all-member on-line briefings and written updates.
- 3.3 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 and encourage participation. Members and staff are being updated on a weekly basis on the topic. Staff briefings and engagement sessions have also taken place.
- 3.4 Members confirmed it was essential that our residents, businesses, towns and parishes and all stakeholders had the opportunity to have their say. A Hampshire wide consultation, supported by all 12 councils working collectively with KPMG ran from 30 June until 27 July. In addition, Basingstoke BC, Hart DC and Rushmoor BC 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.
- 3.5 The Council also undertook a wide range of face to face 'drop-in' opportunities across the borough during July where officers responded to questions about LGR and the Community Governance Review and encouraged participation in the online surveys. Despite talking with over 950 local residents, response to the LGR consultation surveys was relatively low.
- 3.6 In addition to engagement with residents there were a range of on-line and face to face events for partners, the voluntary sector, other key stakeholders, and businesses.
- 3.7 Exempt Appendix D includes 2 consultation reports, the first covering the consultation undertaken by the 12 Council's working together and the second the

consultation report from the survey work undertaken with Basingstoke and Deane and Hart District Council.

- 3.8 In the proposal there are three options for four-new mainland unitaries with the Isle of Wight remaining independent. Each variation is based on establishing a unitary council centred around the major urban economies and the population centres of Southampton, Portsmouth, Winchester and Basingstoke.
- 3.9 All three variations include a North Hampshire Unitary Council encompassing the areas covered by Rushmoor with Basingstoke and Deane and Hart and supported by all 12 councils. Two of the variations are based on amalgamating existing council areas whilst the third option includes some potential boundary changes. The three variations are shown in the diagram below:



- 3.10 All three options meet the criteria well with option 3 providing a more balanced population split across the proposed mainland unitaries and aligns most closely with the principles of establishing new unitary councils based around the major population centres and urban economies. This option is therefore recommended as the Council's preferred option.
- 3.11 The proposal also sets out that the Isle of Wight meets the criteria of exceptional circumstances to remain as existing island unitary authority due to its unique local identity and geography and the fact most services and infrastructure would just need to be duplicated on the Island, were they to be run from a unitary council on the mainland, due to the barriers provided by access only by boat. The full proposal ensures that any genuine opportunities for collaboration with the four new unitary councils on the mainland are maximised. This will include an enhanced partnership whereby the Isle of Wight Council works closely alongside the four new mainland unitaries to explore each opportunity they progress for

transformation and innovation as they move forward through implementation of the full proposal and beyond, to see how they could be applied to the Island.

#### **4. COMMITTEE CONSIDERATION**

4.1 The Cabinet report will recommend that the Council approve the full proposal to government at Appendix 1 for submission to government by the 26th September 2025 deadline confirming that;

(1) a five-unitary council structure, with four new mainland unitary councils plus the Isle of Wight would best meet the Government's criteria and provide the most effective solution for local government reorganisation in Hampshire and the Isle of Wight.

(2) a unitary council based on the areas of Rushmoor, Hart and Basingstoke and Deane is the recommended 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) In relation to the south of the county on balance, option 3 is the council's preferred option in the proposal. This option provides a more balanced population split across the proposed mainland unitaries and aligns most closely with the principles of establishing new unitary councils based around the major population centres and urban economies.

4.2 Members of the Overview and Scrutiny Committee are invited to consider the information in the Appendices, and the full proposal once published, and provide any feedback for consideration by Cabinet at its meeting on 16 September.

#### **LIST OF APPENDICES/ANNEXES:**

Appendix A - Summary Table of how the Proposal meets the six Government Criteria

Appendix B – Financial Sustainability

Appendix C – Proposed democratic arrangements

Appendix D - Consultation Reports

#### **BACKGROUND DOCUMENTS:**

English Devolution White Paper

Cabinet report ACE2506

Cabinet report ED2504

#### **CONTACT DETAILS:**

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**Stacie Dicker** – Programme Officer

## Appendix A – Summary Table of how the Proposal meets the six Government Criteria

<p><b>Criteria 1: A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.</b></p> <ul style="list-style-type: none"> <li>• <b>Balanced configuration:</b> The proposal ensures equitable distribution of resources by avoiding disparities in tax base, population, and GVA among new unitary councils.</li> <li>• <b>Tailored governance and leadership:</b> Strong local leadership with strategies customised to the unique geographies of each unitary area to drive economic growth, high quality service delivery and improved outcomes</li> <li>• <b>Economic development and innovation:</b> Creates a focused environment for business innovation and economic growth by leveraging strengths and fostering partnerships tailored to the needs of the different economic areas.</li> <li>• <b>Infrastructure and housing:</b> Prioritises shaping infrastructure and addressing housing needs with tailored approaches to support delivery and meet local requirements.</li> <li>• <b>Transport and connectivity:</b> Aligns travel geographies with unitary boundaries to enable integrated transport planning, improving connectivity, and reducing congestion.</li> <li>• <b>Community and skills development:</b> Invests in people to build an inclusive workforce, addressing skills gaps and raising living standards to support growth ambitions.</li> <li>• <b>Rural and local engagement:</b> Addresses unique rural challenges and enhances local engagement by aligning governance with community identities and travel-to-work patterns.</li> </ul>
<p><b>Criteria 2: Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks</b></p> <ul style="list-style-type: none"> <li>• <b>Financial sustainability:</b> The proposal addresses current financial challenges by reducing duplicated functions in the two-tier system, centralising back-office support, and empowering each authority to manage its budget based on local needs through place focused transformation and innovation, thereby improving financial resilience.</li> <li>• <b>Efficiency and improving capacity:</b> Brings together capital and revenue planning and enhances transformation teams, the proposal achieves savings through transformation and service redesign tailored to local needs, improving overall service delivery. Recognising that Portsmouth and Southampton have already made many of these efficiencies.</li> <li>• <b>Economic growth and local focus:</b> Enables enhanced economic growth by forming unitary structures around distinct economic areas, ensuring opportunities are realised and challenges addressed to maximise economic potential.</li> <li>• <b>Population balance:</b> Creates balanced new unitary structures that reflect economic areas and local identities.</li> </ul>
<p><b>Criteria 3: Unitary structures must prioritise the delivery of high quality and sustainable public services to citizens</b></p> <ul style="list-style-type: none"> <li>• <b>Local connections and community focus:</b> Effectiveness of services, particularly in areas such as adult social care, is driven by local connections and understanding community needs. The proposal includes co-producing services with local partners through a total place approach and maintaining local relationships which even larger unitaries cannot replicate.</li> </ul>

- **Place-based governance:** Captures local intelligence and prioritises prevention. The proposal aligns services with the lived realities of communities, ensuring they are delivered responsively.
- **Service design and transformation:** The proposal is based on creating genuinely new unitaries through a comprehensive approach to service design, focusing on high-quality and sustainable services. The proposal has prioritised collaboration and transformation opportunities, ensuring services are tailored to local needs. The Isle of Wight Council, whilst remaining independent, will have a transformation partnership with the new unitaries to ensure opportunities are maximised for the Island where appropriate.
- **Adult social care:** Our model focusses on localised neighbourhood service delivery, budgetary savings, and data-driven decision-making. It aligns with the NHS 10-year plan, focusing on prevention and community resilience.
- **Children and young people:** Promotes localised governance and collaboration, addressing educational challenges and supporting children with complex needs. Our proposal emphasises prevention, early intervention, and community-centred approaches.
- **Economic Growth and Strategic Planning:** Aligning services with local economic and social geographies, fostering collaboration and co-investment in infrastructure.
- **Public sector reform:** Aligns with the wider public sector reform agenda, focusing on place-based prevention and tailored collaborative service delivery to meet community needs effectively in each of our areas

**Criteria 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.**

- **Collaborative working:** Extensive collaboration among 12 Councils over six months, involving key stakeholder groups and regular meetings with leaders, chief executives, Section 151 officers, monitoring officers, directors and heads of service. This collaborative approach ensures that the proposal is robust, evidence-based, and informed by a wide range of perspectives.
- **Informed by local views:** The proposal is shaped by joint local government efforts and engagement with local people and partners. A joint survey was conducted to gather views from residents, businesses, and community groups, ensuring that the proposal reflects public sentiment and priorities. A series of workshops have been held with businesses and partners including from the public, voluntary and community sector and town and parish councils. Discussion have also been held with local members of parliament. The Councils are grateful to all of our communities and partners for helping to shape the proposal. This approach prioritises community identity and future-proofs local government to effectively respond to local needs.
- **Travel for work and leisure activities:** Builds on our strong travel-to-work ecosystem, supported by motorways, rail corridors, bus networks, ferries, and active-travel routes. The future unitary Councils are aligned with key population and economic centres as anchors, providing opportunities to streamline travel services.
- **Local identity:** Recognising and preserving the unique character and contributions of the North, Mid, South East, and South West areas and the Isle of Wight. Each area has distinct geographic, historical, economic and cultural identities, which are actively preserved and empowered through the proposal.

**Criteria 5: New unitary structures must support devolution arrangements.**

- **Strategic planning and local delivery:** A Combined/Strategic Authority with five well-balanced unitaries (four new unitaries on the mainland and the Isle of Wight Council) as constituent authorities. This structure enables strategic planning and coordination for nearly 2.2 million people, while the unitary councils focus on local delivery.
- **Effective decision-making:** With five constituent members, our model provides a strong foundation for decision-making. It aims to avoid the pitfalls of smaller Combined Authorities, which may operate as rivals rather than cohesive governance bodies. Our approach draws on the success of Greater Manchester.
- **Balanced new unitary authorities:** Populations between 400,000 and 600,000 of the new unitaries, ensuring balanced representation and avoiding democratic deficits. The proposal also includes the Isle of Wight, emphasising balanced representation and collaboration with non-constituent members like NHS bodies and National Parks.

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

- **Enhanced local representation:** Localised unitary authorities, which would allow for governance that is more tailored and representative. This structure would enable local leaders to better understand and address the unique challenges and opportunities within their areas.
- **Improved service delivery:** Aligning governance structures with local needs and engaging local stakeholders in decision making, means our proposal will deliver services more effectively and efficiently. This will allow for the customisation of services to better fit the specific requirements of each community, leading to improved outcomes in areas such as education, healthcare, and infrastructure.
- **Proposed councillor ratios:** Future indicative councillor ratios are designed to support the individual demands of the four-new mainland unitary configurations and the communities they serve. The proposed configurations aim to optimise the number of councillors to ensure effective representation and governance with an enhanced ward councillor role. The Isle of Wight would continue with its existing councillor numbers.
- **Enhanced neighbourhood working and governance:** A localised place-based approach will see enhanced neighbourhood engagement and delivery models. The new Councils will co-design with communities and local partners neighbourhood governance arrangements that best meet local requirements for each area. This will deliver decision making at the lowest effective level to speed up delivery, tailored to each community's needs.