

CABINET

**CLLR GARETH WILLIAMS
LEADER OF THE COUNCIL**

16 SEPTEMBER 2025

KEY DECISION: NO

REPORT NO. ED2507

LOCAL GOVERNMENT REORGANISATION

SUMMARY AND RECOMMENDATIONS:

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).

At that meeting, Cabinet recommended that the Council confirm that a unitary council based on the areas of Rushmoor, Hart and Basingstoke & 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.

At its meeting on 10 July, Council agreed this recommendation and noted the programme of engagement being undertaken to ensure that all residents, businesses and partners had an opportunity to feed into the process.

KPMG have continued to support 12 Councils across HIOW to complete 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. Results from the consultation across the borough, joint consultation undertaken with Hart and Basingstoke and joint consultation with the other 11 Hampshire Councils has fed into the proposal. The final proposal 'Close Enough to be Local, Big Enough to Stay Strong' is available at [Local government reorganisation and devolution - Rushmoor Borough Council](#).

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.

The purpose of this report is to seek a recommendation to Council to approve the submission of the proposal and confirm its preference of the three options for the southern area of Hampshire.

RECOMMENDATIONS

That the Council be RECOMMENDED to approve the proposal 'Close Enough to be Local, Big Enough to Stay Strong' for submission to government by the 26 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 & 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 the Council's preferred option that brings together entire existing Council areas is Option 1. The Council would though request that a modification to that option involving a range of boundary changes as shown in Option 3 be considered. This option would provide 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.

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.
- 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 The next stage of the LGR process is the submission of a Proposal or 'case for change' which has to be submitted by 26 September 2025. Following the final business case submission, Governments 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.
- 1.4 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 the 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.

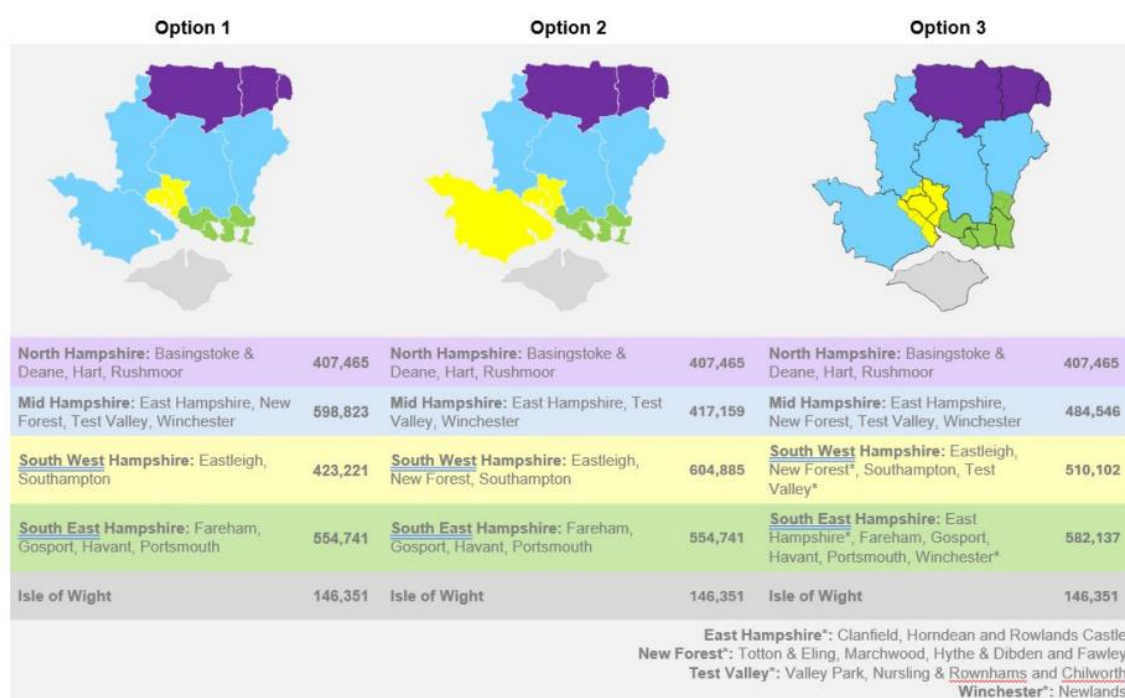
- 1.5 Once the Mayoral Strategic Authority (known as a Mayoral Combined Authority or MCA) is established, local government in Hampshire and the Solent will be as follows:
 - An MCA covering Hampshire and the Isle of Wight controlling powers and funding passed down from Central Government (with potential 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.
- 1.6 An interim LGR plan was agreed by all 15 Councils across HIOW and was submitted on 21 March 2025 and feedback was received from Government on the interim plan on 7 May 2025 and considered in the case for change.
- 1.7 In July, Cabinet were advised that Hampshire County Council and East Hampshire District Council had withdrawn to develop their own proposals and Gosport Borough Council has also withdrawn from the partnership approach, but was not developing alternative options.
- 1.8 The remaining 12 Councils which include all the other Hampshire Districts, Portsmouth and Southampton City Council's and Isle of Wight Council worked together, supported by KPMG to develop the shared business case and proposal which is attached at Appendix 1.

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 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.
- 2.4 All three variations include a North Hampshire Unitary Council encompassing the areas covered by Rushmoor with Basingstoke & Deane and Hart and supported by all 12 Councils. Two of the variations (Option 1 and Option 2) are based on amalgamating existing Council areas whilst the third option includes some potential boundary changes. Option 1 is believed to be preferred to option 2 by the majority of the other 11 Councils. The three variations are shown in the diagram below:



- 2.5 All three options meet the criteria well. Option 3 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. It is understood that the Government would prefer to receive proposals which do not require boundary changes. It is therefore proposed that Cabinet recommend Option 1 as the Council's preferred

option but that it requests a modification to that Option involving a range of boundary changes as shown in Option 3 be considered.

- 2.6 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.
- 2.7 The Government set out six criteria for LGR proposals and the proposal is structured around how the four new mainland unitary councils alongside the Isle of Wight would meet these criteria. The table below provides a summary of how the five unitary model for Hampshire and Isle of Wight would achieve this.

Criteria 1: A proposal should seek to achieve for the whole of the area concerned the establishment of a single tier of local government.
• Balanced configuration: The proposal ensures equitable distribution of resources by avoiding disparities in tax base, population, and GVA among new unitary councils. • Tailored governance and leadership: 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 • Economic development and innovation: 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. • Infrastructure and housing: Prioritises shaping infrastructure and addressing housing needs with tailored approaches to support delivery and meet local requirements. • Transport and connectivity: Aligns travel geographies with unitary boundaries to enable integrated transport planning, improving connectivity, and reducing congestion. • Community and skills development: Invests in people to build an inclusive workforce, addressing skills gaps and raising living standards to support growth ambitions. • Rural and local engagement: Addresses unique rural challenges and enhances local engagement by aligning governance with community identities and travel-to-work patterns.
Criteria 2: Unitary local government must be the right size to achieve efficiencies, improve capacity and withstand financial shocks
• Financial sustainability: 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.

- **Efficiency and improving capacity:** 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.
- **Economic growth and local focus:** Enables enhanced economic growth by forming unitary structures around distinct economic areas, ensuring opportunities are realised and challenges addressed to maximise economic potential.
- **Population balance:** Creates balanced new unitary structures that reflect economic areas and local identities.

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

- **Local connections and community focus:** 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.
- **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.
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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 was established on the Council's website and communications channels were 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 and all other 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. The employees engaging with residents at the face-to-face events noted the following;
 - Residents generally were unaware of the proposed changes
 - They would prefer there to be no change as they felt services were better provided locally and easy access to services was considered important
 - If a change was to happen then there was good support for the North Hampshire option as this resulted in a relatively local area that made most sense to residents
- 3.6 Findings and extracts from the survey consultation reports are included below.

North Hampshire Survey

“Rushmoor, Hart and Basingstoke & Deane, the three existing councils in North Hampshire carried out a comprehensive programme of engagement to inform our proposal. This included:

- An open public survey running on the three council websites conducted by Lake Market Research.
- Lake Market Research company running interviews with residents.
- Workshops with businesses, public sector partners and service providers, voluntary and community groups and parish & town councils.
- Discussions and briefings with local members of parliament.
- A range of regular individual discussions with partner organisations and service providers.
- In Rushmoor a series of roadshows over a two-week period engaged directly with 980 residents.
- Regular staff and union briefings.”

Across Rushmoor, Hart and Basingstoke and Deane the two research streams captured a representative view of resident opinion and ensured that all residents had the opportunity to have their say on local government reorganisation.

- The randomly sampled representative survey undertaken by Lake Market Research achieved responses from 1,544 residents with a demographic population in line with Census statistics.
- The self-selecting online survey was completed by 2,799 people (2,672 of which are residents). The Survey was promoted by Basingstoke and Deane Borough Council, Hart District Council and Rushmoor Borough Council. The majority completing the survey were already aware of reorganisation plans with 61% of respondents aged 55 & over.
- Overall the self-selecting respondents were more positive but over 80% of the random sample agreed that decision about local services should be made by people who understand you local area, 76% agreed that they would support LGR changes if it helps to protect services and 48% of the Random sample and 68% of the self selecting sample supported the North Hampshire Unitary option. With 20% of both samples not wanting to support any change.
- The final results were combined and weighted but when disaggregated 55% of Rushmoor residents supported the North Hampshire Unitary option with a further 10% being prepared to support this or the alternative larger option identified.

Hampshire-wide survey

Working with the 12 commissioning councils, Thinks Insight & Strategy developed a questionnaire including a mix of open-ended and closed questions. The survey and information about LGR and the engagement were hosted on specialist engagement platform Commonplace. The engagement was live between 30th June and 27th July.

This survey was designed to be accessible, with options to request a paper copy or telephone interview provided for greater inclusion. Anyone could respond, with no restrictions or quotas. This means the survey is not necessarily representative of the views of the population as a whole. Rather it shows the views of residents who were keen to have their say on the issue of local government reorganisation.

The following observations were made in the survey report from Thinks:

- Compared to similar engagements that have been hosted on Commonplace, this is a very high response rate.
- In proportion to their populations, New Forest (1.79%), Test Valley (2.09%) and Winchester (1.34%) achieved the highest response rate.
- In council areas where other engagements were also promoted, or where there is less of a difference between proposed options, the response rate was significantly lower (e.g. 0.07% in Hart, 0.11% in Basingstoke, 0.15% in Rushmoor).
- Demographically, the sample skews older, when compared with census data.
- Almost half of respondents are retired and the sample leans towards respondents from a higher socioeconomic background.
- Across respondents the case for reorganisation was not clear although only 1 in 10 strongly opposed the options.
- Most felt that the proposed unitary authorities would be too large and would impact local decision making and service delivery
- Respondents would refer to what makes sense for a County that includes very rural and urban areas. The urban rural divide seen to be about culture and way of life but also about relatively wealthy rural councils having to 'subside' indebted urban areas.
- Rural residents are more worried about losing their voice while urban residents tend to be more open to decisions being made more centrally on behalf of a wider area.

3.7 156 Rushmoor residents completed the Thinks survey. Whilst this response level is not representative, respondents noted the fact that the 3 options were identical for Rushmoor and comments made reflected this with some respondents not feeling they should influence decisions in other parts of the county. Over 50% of respondents were proud to live in their local area and 61% felt connected to their local community. Concerns were expressed by Rushmoor residents around larger authorities being less reflective of local communities with decisions being made less locally.

3.8 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 undertaken during the consultation period.

Proposal

3.9 In relation to the engagement around the proposed North Hampshire Unitary the Proposal states;

“Discussions and feedback have generally been incredibly positive across all groups with:

- The public survey results, based on over 1500 responses through the council websites, showing over 70% support for a North Hampshire Unitary as opposed to only 7% support for a larger unitary council option with approximately 20% not supporting either option or don't know.*
- Local members of parliament are very supportive of our proposal and its alignment with people's sense of place and the opportunities it provides to improve services for communities.*
- Businesses welcome the unique opportunity a North Hampshire unitary council provides to drive and enable further economic growth so that the area maximises its huge potential. For example, the creation of a new unitary council for North Hampshire is supported by the Chambers of Commerce, and businesses of all sizes.*
- Public sector partners and service providers are excited by the prospect of having a unitary council focused on North Hampshire, providing all local government services, who they can work collaboratively with to integrate and transform services.*
- Further education providers are looking forward to the opportunity that a North Hampshire unitary provides to work in a more holistic way to improve educational opportunities and skills development.*
- Voluntary and community groups are really positive about the opportunity to work with a new North Hampshire Unitary to co-design a new commissioning strategy and the future neighbourhood arrangements.*
- Staff have been positive throughout about the improvement this can bring for our residents and the opportunities to work more holistically across wider services. Both staff and the union have welcomed the regular opportunities to put forward their views and help to shape our proposal.”*

Overview and Scrutiny Committee

3.8 The Overview and Scrutiny Committee considered the proposal at a meeting on 4 September. OSC requested that the following concerns be brought to the attention of Cabinet;

- The Committee did not feel that the proposal fully met all of the criteria, in particular;
 - The Committee expressed concerns that the financial information in the proposal is not sufficiently detailed. Specifically, that the financial information is not broken down by the current authority areas or the proposed new unitary areas and that too much of the financial case relies on assumptions.
 - In relation to the proposed changes in Councillor representation, whilst acknowledging that the proposal fits within the parameters set by government and the Boundary Commission, the Committee is concerned that there would be a loss of local connection and

empowerment and that future arrangements should ensure that a diverse range of councillors is possible.

- Given the known situation relating to local government funding, regardless of local government structures, funding needs to be reviewed before any LGR takes place to address this and the Committee requests that a letter be sent to Government highlighting this.

Since the Overview and Scrutiny Committee meeting further information has been provided by KPMG on the savings analysis and this is set out in Appendix 1.

4. ALTERNATIVE OPTIONS

- 4.1 The alternative options to supporting the proposal to Government is for the Council not to proceed to support the proposal developed with the other Hampshire councils or to submit an alternative option. Given the work undertaken and the view that for Rushmoor, this proposal best meets the Government criteria this is not a recommended option.

5. IMPLICATIONS

Risks

- 5.1 The principal risk connected with this decision would arise if the Council does not agree to submit the full proposal. In that case the Council would lose the ability to influence the process.
- 5.2 There is also the risk that the Government decides to implement a competing proposal that is not supported by the Council. This risk is not fully controllable, but the best mitigation is the evidence led process the Council working with the other 11 councils has been through to develop a robust full proposal in line with the government criteria.
- 5.3 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 as part of the implementation programme arrangements.

Legal Implications

- 5.4 There are no specific legal implications arising from the recommendations in this report. The relevant legislation is the Local Government and Public Involvement in Health Act 2007 where 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'), can invite any principal authority in the area of the county of Hampshire, to submit a proposal for a single tier of local government.

Financial Implications

- 5.5 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.
- 5.6 There are significant resource requirements to progress the LGR work and the 2025-26 approved budget includes a supplementary estimate of £100,000 funded from available reserves for this purpose as approved by Cabinet March 2025. An allocation of funding from Government was made to all Council's in Hampshire. The distribution of this funding has been used to offset costs in preparing the interim plan and business case. The 2026-27 budget will include £150k per year budget to be found from reserves or additional savings to cover the cost of progressing LGR.
- 5.7 The cost of developing the full proposal has been shared with the other 11 councils and the specific work for North Hampshire shared with Hart DC and Basingstoke BC. The Council has currently spent approximately £24,000 net on this work after the deduction of MHCLG funding and excluding allocation of staff costs.
- 5.8 The proposal includes a financial case which is set out in section 7 and appendix 5 to the full proposal and is also covered in section 4, criteria 2 in the full proposal. The proposal is designed to address rising service pressures and long-term financial challenges through robust and detailed financial analysis. This balances disaggregation costs, implementation costs and recurring savings, while unlocking transformation opportunities to enhance service delivery and efficiency. Through the financial modelling, two financial scenarios – a base case, which is prudent, and a more ambitious programme of change to deliver transformation and savings faster, which the new councils can achieve are included. The analysis shows that the options in the full proposal will breakeven between 2.2 and 3.1 years and will deliver annual net recurring savings of £63.9 million per year in the base scenario and £91.8 million per year in the more ambitious scenario.
- 5.9 It is important to appreciate that the financial case is based upon previous LGR examples of business case predicted savings, however, these numbers have not retrospectively been proven. Therefore the modeling is based upon assumptions that have not been tested, so a healthy caveat is required on the actual deliverability of the proposed savings in value and timeframes against real costs of implementation and transformation.
- 5.10 The level of proposed savings circa £63.9million to 91.8million per year is based upon a £3.75billion budget, i.e. less than 3% for the level of risk to service delivery continuity and deliverability of the transformation and savings.
- 5.11 Whilst all savings contributions are welcome and necessary to achieve financial sustainability, the business case does not address the level of cost increase driven by demand for services currently experienced by Hampshire County Council in Adult and Children care in the proposed unitary and annual service cost inflation. These increases will be greater than the achievable savings by a

significant factor and are a significant challenge for any future council's financial sustainability.

- 5.12 It is difficult to draw evidence-based conclusions within this proposal because the County business case has not been assessed against the District model's 44 criteria for the purposes of the Rushmoor preferred option. Therefore, any assertions made can only be anecdotal.
- 5.13 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.

Comments reviewed and revised by Peter Vickers, Section 151 Officer, 11 September

Resource Implications

- 5.14 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

- 5.15 A full equality impact assessment is included with the full proposal in appendix 7.

Environmental Impact

- 5.16 The implementation of the proposal will provide opportunities for improvements through rationalisation of buildings, improved service delivery approaches and a more holistic approach to environmental, ecology and biodiversity approaches.

6. CONCLUSIONS

- 6.1 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.
- 6.2 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.
- 6.3 This report therefore recommends that the Council approves the proposal for submission to government as it best meets the government criteria and will support our communities into the future.

LIST OF APPENDICES/ANNEXES:

Appendix 1 - Financial Case Benchmarking Analysis

BACKGROUND DOCUMENTS:

English Devolution White Paper

Cabinet report ACE2506

Cabinet report ED2504

CONTACT DETAILS:

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Appendix 1 - Financial Case Benchmarking Analysis

Benchmarking Overview

KPMG reviewed 14 previous Cases for Change across England ranging from cases submitted between 2009 and 2023 to identify estimated savings and respective unitary population sizes.

Unitary	Year of transition	Number of councils	Projected Base Case savings (Business Case) £	Unitary population
Cornwall	2009	7	15,400,000	532,273
Wiltshire	2009	5	18,000,000	470,981
Dorset	2019	5	14,200,000	376,480
BCP Council	2020	3	13,600,000	395,300
Buckinghamshire	2020	4	18,000,000	546,000
Somerset	2022	4	18,500,000	560,000
Hertfordshire South West	2023	5	36,100,000	595,670
Hertfordshire North East	2023	5	34,200,000	588,695
York & North Yorkshire West	2023	4	19,400,000*	363,297
York & North Yorkshire East	2023	4	24,750,000*	465,375
North Northamptonshire	2021	4	6,100,000	343,614
West Northamptonshire	2021	3	6,000,000	401,996
Cumbria East	2023	3	11,200,000*	225,390
Cumbria West	2023	3	14,150,000*	274,622

*Calculated as the average of the Low and High case savings within the Business Case
Source: LGR Saving Calculation - Top Down Saving Calculation - v04 Hampshire Option [x].xlsx, tab '2. Savings Quantum Analysis'

To estimate the overall reorganisation savings for Hampshire, an average 25/26 savings per capita based on these cases was calculated and applied to the Hampshire population, with a subsequent 10% discount reflecting diseconomies of scale expected by a four unitary model.

The overall reorganisation savings for Hampshire were apportioned to savings categories using a percentage allocation.

Four previous Cases for Change were reviewed to inform an initial allocation across five savings categories.

These savings categories and allocations were developed and refined further based on local government experience and discussions with S151s.

Benchmarking Savings Category	% Total Savings (Based on Somerset, BCP, Dorset and Buckinghamshire Council Cases)	Hampshire Savings Category	% Total Savings (Hampshire Case)	Hampshire % vs Benchmark %	Explanation
Workforce and service line efficiencies	54%	- Optimising Leadership - Right Sizing the Organisation - Centralising Corporate Services - Customer Engagement - Consolidating Fleets & Optimising Routes	56%	+2%	Comparable savings
Systems	2%	Improved Digital & IT Systems	7%	+5%	Increase to reflect opportunity for savings of c. 50% of existing cost base in Base Case
SLAs/ contracts	28%	Service Contract Consolidation	30%	+2%	Comparable savings
Estates/ facilities	7%	Asset & Property Optimisation	3%	-4%	Reduction to reflect more achievable savings of c. 5% of existing cost base in Base Case
Democratic arrangements	9%	Proportionate Democratic Services	4%	-5%	Reduction to reflect more achievable savings of c. 10% of existing cost base in Base Case
Total	100%		100%		

KPMG reviewed the Hampshire and IOW Case (Base Scenario) to the Surrey LGR Case (2unitary and 3unitary scenarios) to compare their estimated annual steady state savings per category and proportion to the combined Districts and County Net Revenue Budgets

Surrey County Case Savings	£m	% Total Net Revenue Expenditure (FY25/26)	Hampshire Case Savings	£m	% Total Net Revenue Expenditure (FY25/26)
Optimising Leadership	2U - £9.3 3U - £3	2U - 0.63% 3U - 0.2%	Optimising Leadership	£4.5	0.1%
Reorganisation benefit	2U - £9.9 3U - £7.3	2U - 0.68% 3U - 0.5%	Right Sizing the Organisation	£32.7	0.9%
			Centralising Corporate Services	£0.8	0.0%
			Customer Engagement	£4.9	0.1%
Transformation benefit	2U - £42.2m 3U - £30.5m	2U - 2.88% 3U - 2.1%	Service Contract Consolidation	£24.5	0.7%
			Asset & Property Optimisation	£2.5	0.1%
			Consolidating Fleets & Optimising Routes	£3.7	0.1%
			Improved Digital & IT Systems	£2.9	0.1%
Total	2U - £61.3m 3U - £40.8m	2U - 4.2% 3U - 2.8% of £1,465.6 Net Revenue Budget		£81.8m	2.2 % of £3,752m Net Revenue Budget

Values calculated as a mid-point of Base and Stretch case

Values represent annual reorganisation benefits.

Figures subject to final review.

Source KPMG Report, Hampshire and the Solent LGR Benchmarking 9th September 2025.