

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% | <ul style="list-style-type: none"> 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.